

ARKANSAS DEVELOPMENT FINANCE AUTHORITY BOARD OF DIRECTORS MEETING



Thursday, February 20, 2024

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING**

**Public Board Meeting and Board Committee Meetings
Department of Commerce
Via Zoom**

Thursday, February 20, 2025

**AGENDA FOR PUBLIC AND
BOARD COMMITTEE MEETINGS**

10:00 AM

- I. ROLL CALL AND NOTE OF ABSCENCES.
- II. PRESIDENT’S REMARKS TAB 1
- III. MINUTES: ADFA Board of Directors Meeting - January 16, 2025 TAB 2
- IV. CONFIRMING RESOLUTION: REVOLVING LOAN FUND REVENUE BONDS,
SERIES 2025 -
Presented by Ryan Bowman, Friday, Eldredge & Clark TAB 3
- V. AUTHORIZING RESOLUTION: ADOPTING AND APPROVING A SERIES
RESOLUTION OF SINGLE FAMILY MORTGAGE REVENUE BONDS,
2025 SERIES A -
Presented by Kathleen Orlandi, Hawkins Delafield & WoodTAB 4
- VI. REQUEST FOR BOARD OF CORRECTIONS FOR RELEASE OF PRISON
CONSTRUCTION TRUST FUNDS TO RENOVATE FACILITY IN
LITTLE ROCK -
Presented by Jake Bleed TAB 5
- VII. ADFA STAFF BOARD REPORTS:TAB 6
 - President
 - Fiscal
 - Development Finance
 - Homeownership
 - ASLA
 - Communications
- VII. COMMITTEES:
 - Meeting - Housing Review Committee
 - Meeting - Audit Committee

These Committees may go into Closed Session for the purpose of the preliminary review of certain applications and all supporting documentation pursuant to §15-5-409(b) and §15-5-207(c)

CONFIDENTIAL INFORMATION

NO ACTION NEEDED

- I. **REPORT: CONFIDENTIAL** - ADFA Funds Available for Commitment as of January 31, 2025 - **FOR INFORMATION ONLY** TAB 7
- II. **REPORTS: CONFIDENTIAL** - Development Finance - **FOR INFORMATION ONLY**..... TAB 8
 - Bond Guaranty
 - Problem Loan Report

BOARD HOUSING REVIEW COMMITTEE
THURSDAY, FEBRUARY 20, 2025

(Coleman, Chadwell, Mims, O'Connor, Smith)
TO FOLLOW

- I. **MINUTES:** Housing Review Committee Meeting - January 16, 2025..... TAB 9
- II. **ACTION MEMO:** HOME-ARP - Increase of Funding - Arkansas Enterprises for the Developmentally Disabled (AEDD) - Presented by Lori Brockway TAB 10
- III. **UPDATES:** HOME/HOME-ARP/NHTF as of February 2025 - **No Action Needed** Presented by Lori Brockway TAB 11
 - HOME Activities Report
 - IDIS Available to Commit
 - NHTF Activities Report
 - HOME-ARP Activities Report

BOARD AUDIT COMMITTEE
THURSDAY, FEBRUARY 20, 2025

(Sweat, Garner, Hudson, Thomas, & Thurston)
TO FOLLOW

- I. **MINUTES:** Audit Committee Meeting - December 5, 2024 TAB 12
- II. **REVIEW:** Internal Audit Plan - Calendar Year 2025 - Presented by Megan Summitt TAB 13
- III. **REVIEW:** Annual State Bank Exam - Fiscal Year 2024 - Presented by Megan Summitt TAB 14

ADJOURNMENT:

The next regular ADFA Board of Directors meeting is scheduled for **Thursday, April 17, 2025**, ADFA, Arkansas Department of Commerce, 1 Commerce Way, Little Rock, Arkansas.

TAB 1

ADFA
PRESIDENT'S
REMARKS

TAB 2

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

BOARD OF DIRECTORS MEETING

JANUARY 16, 2025

DEPARTMENT OF COMMERCE, 1 COMMERCE WAY

CENTRAL HIGH/OLD MILL MEETING ROOM

LITTLE ROCK, AR

The Board of Directors of the Arkansas Development Finance Authority held its regular monthly Board Meeting Thursday, January 16, 2025, at approximately 10:02 AM.

ADFA Board Members Present: Carey Smith, Chairman; Rod Coleman, Vice-Chairman; Andy Babbitt (Designee, Jim Hudson, Secretary, Department of Finance and Administration); George O'Connor; and John Thurston, Treasurer, Office of Treasurer of State of Arkansas.

ADFA Board Members Present Via Phone or Video: Jon Chadwell; Stephanie Garner; Dr. Lee Lane; Seth Mims; and Kirkley Thomas.

ADFA Board Members Absent: Katelyn Martin; Hugh McDonald, Cabinet Secretary of Department of Commerce; Harold Perrin; and Denise Sweat.

ADFA Staff Present: Mark Conine, President, Arkansas Development Finance Authority; Robert "Ro" Arrington, Vice President, Homeownership and Public Finance; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel; Lori Brockway, Federal Housing Program Manager; Chuck Cathey, Vice President, Development Finance; Kristy Cunningham, Chief Financial Officer; Paula Farthing, Loan Servicing Manager; Sean Doolin, Assistant Controller; Susan Gardner, Assistant Federal Housing Program Manager and Software Coordinator; Alisa Green, HOME-ARP Program Specialist; Tracy Green, Assistant Controller; Kimmy Helble, Executive Assistant to President and Capital Access Program Administrator; Amanda Hill, HOME Program Coordinator; Hope Lewis, Controller; Drew Rogers, Attorney Specialist; Derrick Rose, Director of Outreach and Communication; Nick Sherwood, HOME-ARP; Megan Summitt, Internal Auditor; Tammy White, Compliance Manager; and Tony Williams, Director, Arkansas Student Loan Authority.

ADFA Staff Present Via Phone or Video: Jason Bays, HOME Program Coordinator; Cathy Ganaway, Senior Accountant; Lanita Hastings, HOME Program Coordinator; Carol Leek, HOME Program Coordinator; and Yedda Matthews, Senior Accountant.

Others Present: Jennifer Breseman, ACOM IT; Kenneth Burluson, Ben Ellis, Bill Huffman, Michael Harry, and Amanda O'Neal, Arkansas State Treasurer's Office; Cain Gunnnett, Crews and Associates; Debby Dickson, Department of Agriculture Natural Resources; Ryan

Bowman, and Taylor Marshall, Friday, Eldredge & Clark, LLP; Anne Burger Entekin, Hilltop Securities; Glenda Dean, Simmons Bank; and Bill Gray, Taggart Architects.

Others Present VIA Phone or Video: Casy Kleinhenz, Community Development of NWA; Blake Bumgardner, PDC Companies; Michele Allgood, Mitchell Williams; Kristina Knight, RichSmith Development; Lornea Wells, The McVay Firm, PLLC.; and Matt Darst, Upward Housing Group.

NEW BUSINESS
Minutes, Resolutions, Proposals and Appeals

Call to Order: Chairman Smith called the ADFA Board of Directors Meeting to order at approximately 10:02 AM, then requested a roll call of Board members.

Opening Statement: Chairman Smith welcomed newly elected Arkansas State Treasurer, John Thurston, to the ADFA Board of Directors and extended the welcome to members of State Treasury team that were also in attendance.

President Remarks: Mr. Conine announced to the Board that the ADFA Board of Directors would not convene in June or December for 2025.

Mr. Conine proposed the ADFA Board of Directors convene eight times a year as opposed to the current ten meetings per year being that there had been several months, each year, throughout the past couple of years where a Zoom meeting was held, due to a lighter agenda, in place of an in-person meeting; the months that ADFA Board of Directors would not meet were March, June, September, and December, beginning in 2025.

Mr. Conine stated the legislative session started January 13th and ADFA would monitor the session then update the Board on any activity that involved ADFA.

Mr. Conine announced the ADFA Board of Directors retreat would continue to be held in October and was arranged to take place this year at the Red Apple Inn, Heber Springs, Arkansas.

Mr. Conine stated ADFA was part of National Council of State Housing Agencies (NCSHA), NCSHA was an organization that worked with many of the nation's Housing Finance Agencies (HFAs) and their partners, and NCSHA would hold it's 2025 Legislative Conference in March to which he would provide the Board with an update from the conference.

In closing, Mr. Conine stated the ADFA Board Committee assignments were effective from February through January and that the 2025 assignments would be announced and in effect at the February meeting.

Mr. Conine yielded the floor to Chairman Smith.

Chairman Smith entertained a motion that the ADFA Board of Directors convene eight times a year with the option to hold Zoom meetings, in the off months as needed.

Mr. O'Connor made a motion to approve.

Mr. Babbitt seconded the motion. The motion passed.

ADFA Board Minutes:

December 5, 2024 - ADFA Board of Directors Meeting: Chairman Smith opened discussion for clarification of the minutes from the December 5, 2024, ADFA Board of Directors Meeting which regarded the eighth and ninth paragraphs of the action memo titled *9% LIHTC - Credit Swaps/Extension Requests* which was presented in the Housing Review Committee.

The discussion reflected the intent and accurate action of the memo, which was approved at the December 5, 2024 meeting, that when a credit swap/extension request was granted, the developer would be rendered unqualified to apply for tax credits for one year for each credit swap/extension granted, or the developer would receive a past performance point deduction up to 25 points. The developer would be subject to the past performance point deduction if a credit swap was granted prior to the enactment of the new policy.

Chairman Smith entertained a motion to approve the December 5, 2024, Board of Directors meeting minutes as submitted.

Mr. O'Connor made a motion to approve the minutes as presented.

Mr. Coleman seconded the motion. The motion passed.

December 17, 2024 - ADFA Board of Directors Special Meeting: Chairman Smith presented the minutes from the December 17, 2024, ADFA Board of Directors Special Meeting and queried if there was any further discussion or comments. Being none, Chairman Smith entertained a motion to approve the minutes.

Mr. Thomas made a motion to approve the minutes as presented.

Mr. Chadwell seconded the motion. The motion passed.

SERIES RESOLUTION: AUTHORIZING THE ISSUANCE OF REVOLVING LOAN FUND REVENUE BONDS, SERIES 2025: Chairman Smith yielded the floor to Mr. Arrington for comments.

Mr. Arrington stated this was the second of this series that ADFA facilitated on behalf of Arkansas Natural Resource Commission (ANRC) and Ms. Dickson with ANRC along with several other representatives were in attendance to answer any possible questions.

Ms. Dickson provided an overview of the program and the process, which she clarified that ADFA had no obligation for the payment of the principal interest on the bonds.

Mr. Bowman stated the resolution would authorize up to \$75MM in bonds for the Revolving Loan Program. The current plan would be to offer the bonds in February and return to the Board with a resolution with the results of the bond sale then close on the transaction in early March; that is subject to be amended depending on how the rating agencies provide the information.

Mr. Bowman continued there were parameters set in Section 205 of this resolution that the bond sale must meet those parameters for Friday Firm to return to the ADFA Board at the next scheduled meeting.

Being no further discussion, Chairman Smith entertained a motion to approve the Series Resolution Authorizing the Issuance of Revolving Loan Fund Revenue Bonds, Series 2025, as presented.

Mr. Coleman made a motion to approve the Resolution as presented.

Mr. O'Connor seconded the motion. The motion passed.

AUTHORIZING RESOLUTION: AUTHORIZING PAYMENT TO NON-STATE EMPLOYED BOARD MEMBERS OF A PER-MEETING STIPEND: Mr. Conine presented the Resolution authorizing payment of an \$85 per-meeting stipend and mileage to each non-state employed Board member for their service on the ADFA Board of Directors.

Mr. Conine stated this resolution is presented each year.

Mr. O'Connor made a motion to approve the resolution Authorizing Payment to Non-State Employed Board Members of a Per-Meeting Stipend as presented.

Mr. Coleman seconded the motion. The motion passed.

ADFA Staff Board Reports: For information only. No action needed.

OTHER BUSINESS
Committee Meetings and Reports to the Board

Investment and Administration Committee:

Minutes: Mr. O'Connor presented the minutes of the September 19, 2024, Investment and Administration Committee meeting. Being there was no additional comments, or corrections, Mr. O'Connor entertained a motion to approve the minutes.

Mr. Babbitt made a motion to approve the minutes as presented.

Mr. Coleman seconded the motion. The motion passed.

Discussion: Operating Results and General Fund Review as of September 30, 2024: Ms. Cunningham began her overview of the Operating Results and General Fund Review as of September 30, 2024, with the comparison of the Balance Sheets and Income Statements stated that it was normal course of business with the issuance of bonds, lending out proceeds, and federal programs are the majority of the fluctuations. Of the \$100MM of Single Family Mortgage Revenue Bonds that were issued in May and September of 2024, \$85.1MM was in the pipeline and \$78.4MM had closed loans with homebuyers. Series A and B officially closed out with all the bonds proceeds in mid-December, Series C of 2024 had started in December at quarter ending.

Ms. Cunningham stated that due to Covid programs ending, such as the HAF program, it is expected to see a rise in write-offs and delinquencies in the next quarter.

Ms. Cunningham continued with the Venture Capital Investment Trust Fund and stated that one distribution was received in this quarter and would appear as an investment income until the year-end audit after the receipt of the K-1 Schedules at which could adjust return to capital or income.

Mr. Conine expounded that often times correspondence would be received from a fund or company throughout the year with an anticipatory statement that the distribution would be a gain, but it is not until the K-1 is received that it can be trued up.

Ms. Cunningham continued to the Fiscal Year-to-Date Activity and noted the Single Family issuance had been the only bond issuance for the fiscal year, there had been scheduled redemptions, and one Economic Development payoff.

Ms. Cunningham progressed to Sources of Cash to Fund Operations and reminded the Board that this is used to operate the ADFA agency. The Single Family Administrative fees will increase in November, there was a correction to what was received in July and the

amount will increase as ADFA receives a fee with bond transactions, and the 2024 bond fees were due in January.

Ms. Cunningham concluded with the offer to answer questions.

Mr. Conine briefly revisited Sources of Cash to Fund Operations and stated this is ADFA's equivalent to general revenue, ADFA does not receive special revenue or anything of the like. This is how the agency is funded, including insurance match, retirement match, employees' salaries, etc., it is all generated from these programs which are mostly private market.

Being no further discussion, Mr. O'Connor entertained a motion to accept the Operating Results and General Fund Review as of September 30, 2024.

Mr. Babbitt made a motion to accept the review as presented.

Mr. Coleman seconded the motion. The motion passed.

Professional Selection Committee:

Minutes: Mr. Chadwell, Acting Committee Chair, presented the minutes from the August 15, 2024, Professional Selection Committee meeting. Being there were no comments or questions, Mr. Chadwell entertained a motion to approve the minutes.

Mr. Thomas made a motion to approve the minutes as presented.

Mr. Coelman seconded the motion. The motion passed.

Action Memo: Request for Proposals (RFPs) - Professional Contracts: On behalf of the Staff Professional Selection Committee, Mr. Arrington presented the RFP for professional contracts and stated all staff members that are affected by the professionals are considered.

Mr. Arrington continued that the contracts for Single Family Master Servicer, ServiSolutions, and Single Family TBA Mortgage Provider, Hilltop Securities, are requested to be extended for one calendar year.

Mr. Chadwell entertained a motion to approve the Staff recommendations for ServiSolutions and Hilltop Securities.

Mr. Coleman made a motion to approve the Staff recommendations.

Mr. Thomas seconded the motion. The motion passed.

Housing Review Committee:

Minutes: Mr. Coleman presented the minutes from the December 5, 2024, Housing Review Committee meeting.

As determined, by the full Board, in the discussion of the December 5, 2024, full Board meeting minutes, the discussion would also need to be reflected in the Housing Review Committee minutes and is as follows.

Chairman Smith opened discussion for clarification of the minutes from the December 5, 2024, ADFA Board of Directors Meeting which regarded the eighth and ninth paragraphs of the action memo titled *9% LIHTC - Credit Swaps/Extension Requests* which was presented in the Housing Review Committee.

The discussion reflected the intent and accurate action of the memo, which was approved at the December 5, 2024 meeting, that when a credit swap/extension request was granted, that the developer would be rendered unqualified to apply for tax credits for one year for each credit swap/extension granted, or the developer would receive a past performance point deduction up to 25 points. The developer would be subject to the past performance point deduction if a credit swap was granted prior to the enactment of the new policy.

Mr. Coleman entertained a motion to approve the minutes as presented.

Mr. O'Connor made a motion to approve the minutes.

Mr. Chadwell seconded the motion. The motion passed.

Action Item: HOME-ARP - Arkansas Enterprises for the Developmentally Disabled (AEDD): Mr. Coleman announced that the action memo had been pulled from the agenda and would be presented at the February meeting for consideration.

No action needed at this time.

Updates: HOME/HOME-ARP/NHTF:

- **HOME Open Activities Report:** Ms. Brockway commented that Vineyards at Monticello Phase II and Peaks at Little Rock Phase II are anticipated to be closed out in February 2025.

Ms. Brockway stated the repayment for the Washington County Habitat for Humanity failed projects had been received and she is awaiting repayment instructions from HUD.

- **HOME-ARP Activities Report:** Ms. Brockway stated the Nonprofit Operating Expense Assistance funds were steadily being dispensed.

Ms. Brockway commented that ADFA Staff continued to work with the Non-profits that were awarded Nonprofit Supportive Services but projected she would need to return to the Board with de-obligation requests of the funds from the Nonprofits that have not maintained the conditions to utilize the funds.

Ms. Brockway continued that Women and Children First had received a notice to proceed, and Our House was expected to provide their final documents needed then will be issued their notice to proceed; Next Step Day Room reported the Children's Shelter and AEDD were working with them to complete their project more expeditiously.

- **National Housing Trust Fund (NHTF) Activity Report:** Ms. Brockway stated ADFA had 2023 NHTF funds in the amount of \$1,753,433 that would need to be committed. ADFA Staff would assess previously awarded projects to determine if any were eligible for an exchange of funds between NHTF and HOME.

Ms. Brockway continued that her team was also focused on a constructive plan for the Administrative funds that were in need to be utilized.

The floor was opened for a brief discussion where Ms. Brockway reminded the Board of the timeframe in which HOME-ARP and NHTF funds are required to be committed and expended; NHTF funds must be committed within two years of being received and expended within four years, whereas HOME-ARP funds had a five-year expenditure deadline.

Ms. Brockway noted, in October of 2023, HUD notified ADFA it was provided with an incorrect calculation of HOME-ARP funds and that a substantial amendment would be provided on the issuance guidance; ADFA is still waiting for the guidance from HUD.

Ms. Brockway commented that Ms. Susan Gardner and Ms. Alisa Green had worked diligently with Horne LLP on the Emergency Services Grant (ESG) which at the time of the application deadline there were 35 applications with the total requested amount of \$4,160,110.46; there are approximately \$1,800,000 ESG funds available to award, so it is expected that within the next three months the most eligible applications would be brought before the Board for consideration. Ms. Brockway further commented that Department of Health Services (DHS) notified ADFA that \$598,695 of remaining ESG funds would be transferred to ADFA.

Ms. Stephanie Garner reminded the Board that she wanted to be recused from any decision-making or vote regarding ESG funds due to the agency in which she is affiliated with had completed and submitted an application.

For information only. No action needed.

Report: Compliance Monitoring Activities: October - December 2024: Ms. White commented the Compliance team had performed well with the various obstacles they faced throughout the year. They were able to work all of the audits, leaving only six files open and eighteen physical inspections which are awaiting corrections from the respective management company.

Ms. White anticipated that 2025 would be an even better year once she hired additional staff for which she had already been conducting interviews.

For information only. No action needed.

Reports: Mr. Cathey provided a brief update to the Board that ADFA received a check on the sale of the asset of the Magnolia property. Mr. Cathey further stated that recovery was anticipated which would leave only one Problem Loan to report on, which was under a lease contract, and that payment would cover the bond payments.

For information only. No action needed.

ADJOURNMENT

Closing Statement: Chairman Smith announced that he would prepare the 2025 Committee Assignments and welcomed the requests from the Board members to update their service for a specific committee. His goal was to have the assignments distributed before the February Board meeting.

Adjournment: Being no further business, Chairman Smith adjourned the ADFA Board of Directors meeting at approximately 11:01 AM.

Minutes approved and signed this 16th day of January, 2025.

Mark Conine,
President/Secretary

Carey Smith,
Chairman of the Board

TAB 3

**RESOLUTION CONFIRMING THE AGGREGATE
PRINCIPAL AMOUNT, MATURITY AND INTEREST RATE
SCHEDULES, AND REDEMPTION FEATURES OF THE
REVOLVING LOAN FUND REVENUE BONDS,
SERIES 2025**

**RESOLUTION CONFIRMING THE AGGREGATE
PRINCIPAL AMOUNT, MATURITY AND INTEREST RATE
SCHEDULES, AND REDEMPTION FEATURES OF THE
REVOLVING LOAN FUND REVENUE BONDS,
SERIES 2025**

BE IT RESOLVED by the Board of Directors of the Arkansas Development Finance Authority ("ADFA") on February 20, 2025 that, pursuant to the Revolving Loan Fund Revenue Bond Program General Bond Resolution adopted on July 20, 2023, and the Series Resolution Authorizing the Issuance of Revolving Loan Fund Revenue Bonds, Series 2025 in a Principal Amount Not To Exceed \$75,000,000 adopted on January 16, 2025 (the "Series Resolution"), this resolution is adopted as follows:

Section 1. **Authority For This Resolution.** This resolution constitutes the Confirming Resolution as defined in the Series Resolution and is adopted pursuant to the provisions of the Arkansas Development Finance Authority Act, as amended from time to time, codified at Arkansas Code Annotated §§ 15-5-101 to -318, inclusive, and the Series Resolution.

Section 2. (a) **Details of Series 2025 Bonds.** The Arkansas Development Finance Authority Revolving Loan Fund Revenue Bonds, Series 2025 (the "Series 2025 Bonds") shall be issued in the aggregate principal amount of \$_____ and shall bear interest at the rate or rates of interest per annum (calculated on the basis of a year consisting of twelve 30-day months) payable on June 1 and December 1 of each year, commencing December 1, 2025, and shall mature in the years and in the amounts as follows:

<u>Year</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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(b) The following conditions required by the Series Resolution have been met for the Series 2025 Bonds:

(1) the principal amount of the Series 2025 Bonds does not exceed \$75,000,000;

(2) the aggregate true interest cost of the Series 2025 Bonds (after taking into account original issue discount and premium and underwriters' discount but excluding costs of issuing the Series 2025 Bonds) does not exceed 5.50%;

(3) the purchase price of the Series 2025 Bonds is not less than 98% of par (without regard to original issue discount or premium); and

(4) the final maturity of the Series 2025 Bonds is not later than June 1, 2055.

Section 3. **Optional Redemption of Series 2025 Bonds.** The Series 2025 Bonds maturing on or after June 1, _____, are subject to redemption prior to maturity beginning on June 1, _____, at the option of ADFA, as a whole or in part at any time, at a redemption price equal to the outstanding principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

Section 4. **Sinking Fund Redemption of Series 2025 Bonds.** The Series 2025 Bonds maturing on June 1, _____ are subject to redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date for redemption from sinking fund redemption payments on June 1 in the years and in the amounts as follows:

Series 2025 Bonds Due June 1, _____

<u>Year</u> <u>(June 1)</u>	<u>Amount</u>
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Section 5. **Extraordinary Mandatory Redemption of Series 2025 Bonds.** The Series 2025 Bonds maturing on and after June 1, _____ shall be subject to extraordinary mandatory redemption prior to their scheduled maturities, on _____, 2026 (the "One-Year Extraordinary Mandatory Redemption"), in an amount equal to the Computation Amount (as hereinafter defined) applicable to the One-Year Computation Period (as hereinafter defined), plus accrued interest to the date of such extraordinary mandatory redemption, at the redemption prices set forth below, expressed as percentages of the principal amount of each maturity of the Series 2025 Bonds so redeemed:

<u>Maturity</u> <u>(June 1)</u>	<u>Redemption</u> <u>Price (%)</u>	<u>Maturity</u> <u>(June 1)</u>	<u>Redemption</u> <u>Price (%)</u>
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The Series 2025 Bonds maturing on and after June 1, _____ shall be subject to extraordinary mandatory redemption prior to their scheduled maturities, on _____, 2028 (the "Three-Year Extraordinary Mandatory Redemption"), in an amount equal to the Computation Amount applicable to the Three-Year Computation Period (as hereinafter defined), plus accrued interest to the date of such extraordinary mandatory redemption, at the redemption prices set forth below, expressed as percentage of the principal amount of each maturity of the Series 2025 Bonds so redeemed:

<u>Maturity</u> <u>(June 1)</u>	<u>Redemption</u> <u>Price (%)</u>	<u>Maturity</u> <u>(June 1)</u>	<u>Redemption</u> <u>Price (%)</u>
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"Computation Amount" means surplus proceeds (rounded to the next higher \$5,000 denomination) equal to the remainder of (A) thirty percent (30%) of the Net Proceeds less proceeds of the Series 2025 Bonds directly or indirectly used to make loans or grants as of the last day of the One-Year Computation Period (but not less than zero) or (B) ninety-five percent (95%) of the Net Proceeds less the proceeds of the Series 2025 Bonds directly or indirectly used to make loans or grants as of the last day of the Three-Year Computation Period (but not less than zero). "Net Proceeds" means the amounts received from the sale of the Series 2025 Bonds less proceeds used to pay costs of issuance, including underwriters' discount, during all or any portion of the One-Year Computation Period, or the Three-Year Computation Period, as the case may be.

"One-Year Computation Period" means the period ending on the last day of the one-year period commencing on the date of issuance of the Series 2025 Bonds. "Three-Year Computation Period" means the period ending on the last day of the three-year period commencing on the date of issuance of the Series 2025 Bonds.

The foregoing notwithstanding, the Series 2025 Bonds shall not be subject to the Three-Year Extraordinary Mandatory Redemption if ADFA obtains an opinion of nationally recognized bond counsel to the effect that, if ADFA does not cause the extraordinary mandatory redemption to occur, it will not adversely affect the excludability of interest on the Series 2025 Bonds from gross income for federal income tax purposes.

Section 6. **Bond Purchase Agreement.** The Bond Purchase Agreement, in the form executed by the President, and the execution thereof by the President are hereby approved and confirmed.

Section 7. **Effective Date.** This resolution shall take effect immediately.

ADOPTED AND APPROVED this February 20, 2025.

Carey Smith, Chair

ATTEST:

Mark Conine, President and Secretary

APPROVAL BY ANRC

The Arkansas Natural Resources Commission hereby approves the foregoing Confirming Resolution.

DATED February 20, 2025.

**ARKANSAS NATURAL RESOURCES
COMMISSION**

Authorized Representative

TAB 4

AUTHORIZING RESOLUTION

A RESOLUTION ADOPTING AND APPROVING (1) A SERIES RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2025 SERIES A AND SUCH ADDITIONAL SERIES AS MAY BE NECESSARY SUBJECT TO THE LIMITATIONS OF THIS RESOLUTION, (2) THE DISTRIBUTION OF OFFICIAL STATEMENTS, (3) THE BOND PURCHASE CONTRACT AND (4) THE CONTINUING DISCLOSURE AGREEMENT.

WHEREAS, the Seventy-Fifth General Assembly of the State of Arkansas at its 1985 Regular Session enacted Act No. 1062 of 1985, to be known and cited as the Arkansas Development Finance Authority Act, which is codified at Arkansas Code Annotated Section 15-5-101 *et seq.*, as amended and supplemented (the “Act”); and

WHEREAS, there was created by the Act, a body politic and corporate known and identified as the Arkansas Development Finance Authority (the “Authority”), such Authority being created and established to serve a public purpose and to act for the public benefit in improving the health, safety and welfare of the State and the general public; and

WHEREAS, among the purposes of the Authority, as established and declared by the General Assembly, are to encourage the construction and ownership of housing for families and persons of low and moderate income, in an orderly and sustained manner, so as to alleviate deteriorating housing conditions and improve the health, safety, convenience and welfare of the citizens of the State; and

WHEREAS, the Authority has determined that it will best serve and fulfill the purposes for which it was created by the establishment of a program which will provide for the construction and ownership of housing for families and persons of low and moderate income; and

WHEREAS, to provide for more residential single-family housing for families of low and moderate income, the Authority has developed a Mortgage-Backed Securities/Mortgage Loans Program; and

WHEREAS, the Authority has previously designated the firm of Raymond James & Associates, Inc. as senior manager (with such other underwriters as are selected by the Authority, the “Underwriters”) to underwrite the Authority’s Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities/Mortgage Loans Program); and

WHEREAS, the Authority has previously designated the firm of Hawkins Delafield & Wood LLP to serve as bond counsel with respect to the Authority’s Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities/Mortgage Loans Program); and

WHEREAS, the Authority has previously adopted its Amended and Restated Single Family Mortgage Revenue Bond General Resolution (Mortgage-Backed Securities/Mortgage Loans Program) on July 20, 1995, as amended and restated on May 16, 2013, as may be further amended and supplemented from time to time (the “General Resolution”), as well as a Mortgage Origination Agreement (which incorporates by reference Program Guides) with various

mortgage lenders and a Program Administration and Servicing Agreement with a mortgage loan servicer; and

WHEREAS, a public hearing was held on February 8, 2024, in the offices of the Authority on the issuance of not to exceed \$250,000,000 in principal amount of its single family mortgage revenue bonds, including the Bonds (as defined below); and

WHEREAS, in order to prepare for the issuance of the Authority's Single Family Mortgage Revenue Bonds, 2025 Series A (Mortgage-Backed Securities/Mortgage Loans Program) (the "Bonds"), the Authority hereby authorizes the preparation, delivery and execution of the following documents (and such other documents related thereto as may be necessary or desirable):

1. Series Resolution Authorizing the Issuance and Sale of not to exceed \$85,000,000 Single Family Mortgage Revenue Bonds, 2025 Series A (Mortgage-Backed Securities/Mortgage Loans Program) (the "Series Resolution");
2. Bond Purchase Contract by and between the Authority and the Underwriters with respect to the Bonds (the "Bond Purchase Contract");
3. Continuing Disclosure Agreement with respect to the Bonds (the "Continuing Disclosure Agreement"); and
4. Preliminary Official Statement with respect to the Bonds (the "Preliminary Official Statement"), including as finalized in the form of the Final Official Statement with respect to the Bonds (the "Final Official Statement" and; together with the Preliminary Official Statement, the "Official Statements").

NOW, THEREFORE, BE IT RESOLVED BY THE AUTHORITY, AS FOLLOWS:

Section 1. Authorization of Issuance of Bonds. There is hereby approved and authorized the issuance by the Authority of an aggregate principal amount of Bonds not to exceed \$85,000,000, subject to the terms and conditions set forth in the General Resolution and the Series Resolution.

Section 2. Sale of Bonds. The sale of the Bonds to the Underwriters pursuant to the Bond Purchase Contract is hereby approved and authorized; provided, however, the sale of such Bonds shall be upon terms substantially as set forth in the Bond Purchase Contract and subject to the further conditions that all such Bonds mature not later than 32 years after the date of issuance of the Bonds and bear interest at rates which shall not exceed the highest lawful interest rate at the time the Bond Purchase Contract is executed. The Bonds shall be issued as fixed-rate bonds.

Section 3. Approval and Authorization of Documents. The Series Resolution, the Official Statements, the Bond Purchase Contract and the Continuing Disclosure Agreement, will be and the same are in all respects hereby adopted, as applicable, approved, authorized, ratified and/or confirmed in substantially the respective forms and content presented to the Authority on this date, and the President (or in his absence, the Vice President for Finance and Administration or the Vice President of Homeownership and Public Finance) will be and is hereby authorized

and directed to execute, seal and/or deliver, for and on behalf of the Authority, the Series Resolution, the Official Statements, the Bond Purchase Contract and the Continuing Disclosure Agreement, in substantially the form and content presented to the Authority on this date and conformed to the terms of the issuance of the Bonds contained in the Bond Purchase Contract and otherwise in form approved by the President. The Series Resolution, Official Statements, the Bond Purchase Contract and the Continuing Disclosure Agreement may contain such changes, modifications, additions and deletions therein as shall be determined by the President (or in his absence, the Vice President for Finance and Administration or the Vice President of Homeownership and Public Finance) to be necessary, desirable or appropriate, such person's respective execution thereof to constitute conclusive evidence of such person's approval of any and all changes, modifications, additions and deletions.

The preparation and distribution of the Preliminary Official Statement to prospective purchasers of the Bonds are hereby approved. The Chair, Vice Chair and the President (or in his absence, the Vice President for Finance and Administration or the Vice President of Homeownership and Public Finance) are hereby authorized and directed to cause the Preliminary Official Statement to be delivered for and in the name of the Authority, with such provisions therein as shall be approved by such officers, any of whom are authorized to execute and deliver to the Underwriters a certificate, to the effect that the Preliminary Official Statement is deemed final for the purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended (the "Rule").

The preparation and distribution to various prospective and actual purchasers of the Bonds of the Final Official Statement is hereby approved. The Chair, Vice Chair and the President (or in his absence, the Vice President for Finance and Administration or the Vice President of Homeownership and Public Finance), for and on behalf of the Authority, are authorized to execute such Final Official Statement.

Section 4. Authority To Execute and Deliver Additional Documents. The President (or in his absence, the Vice President for Finance and Administration or the Vice President of Homeownership and Public Finance) is hereby authorized to direct Bond Counsel to prepare any and all additional certificates, documents and other papers and to perform all other acts as he may deem necessary or appropriate to implement and carry out the purposes and intent of this Resolution, including the preamble thereto. The President (or in his absence, the Vice President for Finance and Administration or the Vice President of Homeownership and Public Finance) is hereby authorized to execute and deliver for and on behalf of the Authority any and all additional certificates, documents and other papers and to perform all other acts as he or she may deem necessary or appropriate to implement and carry out the purposes and intent of this Resolution.

Section 5. Public Hearing. The action of the President and any other officers of the Authority in giving notice of a public hearing with respect to the issuance of the Bonds and conducting such public hearing, and issuing a report, if necessary, as to such proceedings to the Governor of the State of Arkansas so as to obtain her approval, if necessary, of the issuance of the Bonds or any portion of the Bonds, is hereby approved, authorized and directed and, with respect to such actions already taken, ratified and confirmed.

Section 6. Authorization of Vice President for Finance and Administration and Vice President of Homeownership and Public Finance. Whereas the President of the Authority may be unavailable for the closing of the issuance and sale of the Bonds, the Vice President for Finance and Administration or the Vice President of Homeownership and Public Finance of the Authority are hereby authorized and directed to take all actions that the President is authorized or directed to take under the terms of this Resolution.

Section 7. Severability. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 8. Prior Resolutions. To the extent provisions of prior resolutions, or parts thereof, are in conflict with the provisions of this Resolution, this Resolution, to the extent of such conflict, shall govern.

Section 9. Effective Date. This Resolution is adopted by the Authority's Board of Directors on February 20, 2025.

Section 10. Captions. The captions or headings in this Resolution are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Resolution.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

SERIES RESOLUTION

**AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED
\$85,000,000 SINGLE FAMILY MORTGAGE REVENUE BONDS, 2025 SERIES A
(MORTGAGE-BACKED SECURITIES/MORTGAGE LOANS PROGRAM)**

Adopted February 20, 2025

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ARKANSAS DEVELOPMENT FINANCE AUTHORITY

Series Resolution Authorizing the Issuance and Sale of Not to Exceed
\$85,000,000 Single Family Mortgage Revenue Bonds, 2025 Series A
(Mortgage-Backed Securities/Mortgage Loans Program)

Adopted February 20, 2025

WHEREAS, the Seventy-Fifth General Assembly of the State of Arkansas at its 1985 Regular Session enacted Act No. 1062 of 1985, to be known and cited as the Arkansas Development Finance Authority Act, which is codified at Arkansas Code Annotated Section 15-5-101 *et seq.*, as amended and supplemented (the “Act”); and

WHEREAS, there was created by the Act, a body politic and corporate known and identified as the Arkansas Development Finance Authority (the “Authority”), such Authority being created and established to serve a public purpose and to act for the public benefit in improving the health, safety and welfare of the State and the general public; and

WHEREAS, among the purposes of the Authority, as established and declared by the General Assembly, are to encourage the construction and rehabilitation of housing for the elderly and for families and persons of low and moderate income, in an orderly and sustained manner, so as to alleviate deteriorating housing conditions and improve the health, safety, convenience and welfare of the citizens of the State, by providing financing; and

WHEREAS, the Authority has determined to provide such financing by purchasing “Eligible Collateral” (as defined below) consisting of Mortgage Loans (as defined in the General Resolution) and Mortgage-Backed Securities (as defined in the General Resolution) backed by pools of Mortgage Loans made to qualified persons and families by qualified lending institutions pursuant to the Act; and

WHEREAS, the Authority desires to authorize the issuance of its Single Family Mortgage Revenue Bonds, 2025 Series A (Mortgage-Backed Securities/Mortgage Loans Program) for the purposes of (i) acquiring Eligible Collateral and (ii) paying certain costs of issuance; and

WHEREAS, pursuant to Section 2.02(b) of the General Resolution, the Authority must adopt a Series Resolution which establishes certain requirements for the Bonds (as hereinafter defined);

NOW, THEREFORE, BE IT RESOLVED by the Arkansas Development Finance Authority and the members thereof, as follows:

ARTICLE I

DEFINITIONS AND AUTHORITY

Section 1.01. Definitions.

(a) Except as provided in the WHEREAS clauses above and in paragraph (b) of this Section 1.01, all defined terms in this Series Resolution shall have the same meanings as such defined terms are given in the General Resolution.

(b) As used in this Series Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“*Authority Fee*” means a fee payable to the Authority on each Bond Payment Date to the extent moneys are available in the Revenue Account, as provided in Section 5.05(c) of the General Resolution, in an amount equal to [0.15]% annually (one-half payable semiannually) of the then-outstanding principal amount of Eligible Collateral held with respect to the Bonds; *provided, however*, that if any such Eligible Collateral shall have been outstanding for less than six months, such fee shall be prorated for such semiannual period on a 30-day month, 360-day-per-year basis. Under certain circumstances, the Authority Fee may be decreased to not less than 0% (one-half payable semiannually) or may be increased from time to time with the written confirmation from the Rating Agency (defined hereinafter).

“*Bonds*” or “*2025 Series A Bonds*” means the Authority’s Single Family Mortgage Revenue Bonds, 2025 Series A (Mortgage-Backed Securities/Mortgage Loans Program) authorized by and issued under the General Resolution and this Series Resolution.

“*Bond Counsel*” means Hawkins Delafield & Wood LLP, acting as bond counsel to the Authority, or any attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of municipal bonds, appointed from time to time by the Authority.

“*Bond Obligation*” means, with respect to any Bond or any maturity of Bonds or all Outstanding Bonds and as of any given date of calculation, the Outstanding principal amount of such Bond (or maturity of Bonds or all Outstanding Bonds).

“*Bond Purchase Contract*” means the Bond Purchase Contract between the Authority and Underwriters relating to the purchase and sale of the Bonds.

“*Cumulative 2025 Series A Restricted Percentages*” means the percentages anticipated by the Authority and set forth as follows which represent the cumulative percentage of Mortgage Repayments and Mortgage Prepayments on Eligible Collateral purchased in whole or in part, directly or indirectly, with moneys made available by the issuance of the 2025 Series A Bonds, that will, after payments of scheduled principal and interest and Sinking Fund Installments, constitute 2025 Series A Restricted Recoveries of Principal, in accordance with the Code:

Cumulative 2025 Series A Restricted Recoveries of Principal Percentages

The period beginning [____], 2025 and ending [____], 2035	0%
The period beginning [____], 2035 and continuing thereafter until the final redemption or payment of all 2025 Series A Bonds	100%

“*Delivery Period*” means the period of time for the purchase of Eligible Collateral by the Trustee from the Servicer, and with respect to the moneys on deposit in the Acquisition Account attributable to the 2025 Series A Bonds, such period will begin on [____] and will end on [____], but such period may be extended pursuant to Section 4.04(b) to no later than [____].

“*General Resolution*” means the Amended and Restated Single Family Mortgage Revenue Bond General Resolution (Mortgage-Backed Securities/Mortgage Loans Program), adopted by the Authority on July 20, 1995, as amended and restated on May 16, 2013, and as further amended and supplemented from time to time, including as supplemented by this Series Resolution.

“*FHLMC Pool Purchase Contract*” means the Pool Purchase Contract entered into by and between FHLMC and the Servicer relating to the sale by the Servicer of Mortgage Loans to FHLMC and the servicing thereof.

“*FNMA Pool Purchase Contract*” means the Pool Purchase Contract entered into by and between FNMA and the Servicer relating to the sale by the Servicer of Mortgage Loans to FNMA and the servicing thereof.

“*Issue Date*” means, with respect to a Mortgage-Backed Security, the first day of the month the Mortgage-Backed Security is issued by the Servicer.

“*Notice Address*” means:

- (a) As to the Authority: Arkansas Development Finance Authority
1 Commerce Way, Suite 602
Little Rock, AR 72202
Attention: President
- (b) As to the Servicer: ServiSolutions
7460 Halcyon Pointe Drive, Suite 200
Montgomery, AL 36117
Attention: Single-Family
- (c) As to the Trustee: Simmons Bank

501 South Main Street
Pine Bluff, AR 71601
Attention: Corporate Trust Department;
ADFA MBS Bond Program,
2025 Series A

(d) As to S&P: S&P Global Ratings
55 Water Street
New York, NY 10041
Attention: Mortgage Surveillance Group

(e) As to the Mortgage Lender, the address shown on the Origination Agreement.

“*Origination Agreement*” means any Mortgage Origination Agreement, entered into pursuant to any Series Resolution by and among the Authority, the Servicer and a Mortgage Lender by which the Mortgage Lender agrees to make Mortgage Loans and to sell and assign such Mortgage Loans, with servicing released, to the Servicer, including the Mortgage Origination Agreement and Program Guides, dated as of the effective date as defined therein, by and among the Authority, the Servicer and the Mortgage Lenders.

“*Origination Period*” means the period during which the Servicer may acquire Mortgage Loans from Mortgage Lenders and with respect to the 2025 Series A Bonds, such period has begun and shall end [_____], but such period may be extended pursuant to Section 4.04(b) hereof to no later than [_____].

“*PSA Prepayment Model*” means the standard or model developed by the Securities Industry and Financial Markets Association (formerly The Bond Market Association and the Public Securities Association (“PSA”)) to measure prepayment speeds on 30-year mortgage loans.

“*Recoveries of Principal*” means any Mortgage Prepayments or Mortgage Repayments on Eligible Collateral (or participation interests therein), or any other recovery of principal on any Eligible Collateral purchased in whole or in part, directly or indirectly, with moneys made available by the issuance of the Bonds, not applied to a scheduled installment of principal and interest on the Bonds.

“*Resolution Bonds*” means all bonds issued under the General Resolution.

“*Serial Bonds*” shall mean the 2025 Series A Bonds designated as serial bonds in Section 2.03.

“*Series Resolution*” means this Series Resolution Authorizing the Issuance and Sale of Not to Exceed \$85,000,000 Single Family Mortgage Revenue Bonds, 2025 Series A (Mortgage-Backed Securities/Mortgage Loans Program) of the Authority, adopted February 20, 2025.

“*Servicer*” means ServiSolutions, a division of the Alabama Housing Finance Authority, as servicer under the Origination Agreement and the Servicing Agreement, and its successors or

assigns, or any substitute servicer designated by the Authority in accordance with the Servicing Agreement and any other entity so designated by the Authority.

“*Servicing Agreement*” means any Program Administration and Servicing Agreement to be entered into by and among the Authority, the Trustee and the Servicer, including the Program Administration and Servicing Agreement for Mortgage Loans Financed with Mortgage Revenue Bonds between the Authority and the Servicer dated as of February 29, 2024, together with separate Participating Lender Agreements among the Servicer and the Participating Lenders approved by the Authority.

“*Servicing Release Fee*” means a nonrefundable fee, payable at the times and in the amounts specified in Section 4.04 of the Servicing Agreement.

“*Term Bonds*” shall mean the 2025 Series A Bonds designated as term bonds in Section 2.03.

“*2025 Series A Cumulative Prepayments*” means the amount of Mortgage Prepayments of Eligible Collateral purchased in whole or in part, directly or indirectly, with moneys made available by the issuance of the 2025 Series A Bonds, expressed on a cumulative basis.

“*2025 Series A Bonds Outstanding Applicable Amounts*” means the amounts of the 2025 Series A Bonds which are calculated to be Outstanding based on the assumed receipt of Mortgage Prepayments received with respect to Mortgage Loans purchased in whole or in part, directly or indirectly, with moneys made available by the issuance of the 2025 Series A Bonds at [___]% of the PSA Prepayment Model and redemption of the 2025 Series A Bonds in accordance with this Series Resolution. The 2025 Series A Bonds Outstanding Applicable Amounts may be adjusted as set forth in Section 3.02(a)(v) herein. The “2025 Series A Bonds Outstanding Applicable Amounts” are equal to the amounts in each of the monthly periods ending on the dates set forth in the table of 2025 Series A Bonds Outstanding Applicable Amounts set forth in Exhibit B (subject to adjustment as set forth herein).

“*2025 Series A Premium PAC Bonds*” means the 2025 Series A Bonds maturing on [_____].

“*2025 Series A Premium PAC Bonds Outstanding Applicable Amounts*” means the amounts of the 2025 Series A Premium PAC Bonds which are calculated to be Outstanding based on the assumed receipt of Mortgage Prepayments received with respect to Mortgage Loans purchased in whole or in part, directly or indirectly, with moneys made available by the issuance of the 2025 Series A Bonds at [___]% of the PSA Prepayment Model. The 2025 Series A Premium PAC Bonds Outstanding Applicable Amounts may be adjusted as set forth in Section 3.02(a)(vi) herein. The “2025 Series A Premium PAC Bonds Outstanding Applicable Amounts” are equal to the amounts in each of the monthly periods ending on the dates set forth in the table of 2025 Series A Premium PAC Bonds Outstanding Applicable Amounts set forth in Exhibit C (subject to adjustment as set forth herein).

“*2025 Series A Restricted Recoveries of Principal*” means, as set forth in Section 3.03(a), Recoveries of Principal related to Eligible Collateral purchased in whole or in part, directly or

indirectly, with moneys made available by the issuance of the 2025 Series A Bonds received more than ten (10) years after the date of issuance of the 2025 Series A Bonds (or, to the extent the 2025 Series A Bonds are treated as refunding bonds under the Code, the respective dates of issuance of the original bonds which were refunded).

“*Underwriters*” means, in connection with the issuance and sale of the Bonds, Raymond James & Associates, Inc., Stephens Inc., Carty, Harding & Hearn, Inc., Crews & Associates, Inc.

(c) The rules of construction set forth in Section 1.02 of the General Resolution shall apply to this Series Resolution, unless the context otherwise requires.

Section 1.02. Ratification and Approval of Prior Actions. All actions heretofore taken by any member of the Board of Directors of the Authority, by any officer of the Authority, Bond Counsel, or counsel to the Authority on behalf of the Authority, to further the acquisition of a rating to be received from S&P or any other Rating Agency publishing a rating on the Bonds if S&P shall cease to publish a rating on the Bonds, to allow for the issuance of the Bonds are hereby ratified and approved.

Section 1.03. Origination Agreement and Servicing Agreement.

(a) The Origination Agreement and the Servicing Agreement, each as defined herein and in substantially the respective forms presented to the Authority, are hereby approved.

(b) Each Authorized Officer is hereby authorized to execute and deliver one or more Origination Agreements and the Servicing Agreement, each substantially in the form submitted to the Authority, with such changes, variations, omissions and insertions as such Authorized Officer shall approve. The execution thereof by any such Authorized Officer shall constitute conclusive evidence of such approval.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Issuance of Bonds.

(a) There is hereby authorized the issuance of 2025 Series A Bonds of the Authority in an amount not to exceed \$85,000,000 in order to provide sufficient moneys for the Authority to conduct the Program in accordance with and subject to the terms, conditions and limitations established in the General Resolution and this Series Resolution.

(b) The 2025 Series A Bonds are special, limited obligations of the Authority secured by the pledge provided herein and in the General Resolution. The 2025 Series A Bonds shall be issued subject to the terms, conditions and limitations established in this Series Resolution and secured by the pledge provided in Section 1.03 of the General Resolution.

Section 2.02. Purposes. The proceeds made available by the issuance of the 2025 Series A Bonds shall be used for the purposes of (i) implementing the Program by purchasing Eligible Collateral and (ii) providing funds for deposit in the Bond Proceeds Account, the

Acquisition Account and such other Funds and Accounts as may be specified in a supplement to this Series Resolution. Notwithstanding anything herein to the contrary, amounts on deposit in the Acquisition Account, from moneys made available therefor under this Series Resolution, shall be applied solely to the purchase of Eligible Collateral.

Section 2.03. Maturities and Interest Rates. The 2025 Series A Bonds will bear interest from the date of delivery, at the rates set forth below, and will mature on the dates and in the principal amounts set forth below. Interest on the 2025 Series A Bonds will be payable semiannually on January 1 and July 1 in each year, commencing [July 1, 2025] and shall be calculated based upon a 360-day year of twelve 30-day months for the actual number of days elapsed.

[\$[_____] Serial Bonds

<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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\$[_____] [_____] % Term Bonds due [_____]

 [\$[_____] [_____] % Premium PAC Term Bonds due [_____] @ [_____] %]

Section 2.04. Denominations; Dated Dates; Form of Bond.

(a) The 2025 Series A Bonds will be issuable only as fully registered bonds and will be dated the date of delivery. The 2025 Series A Bonds will be issuable only in denominations of \$5,000 and integral multiples thereof.

(b) The 2025 Series A Bonds shall be identified by a legend consisting of the letters “RA” and the number of the Bond. All 2025 Series A Bonds shall be numbered consecutively from 1 upwards within each of the designations described above. The 2025 Series A Bonds need not be authenticated or delivered in consecutive order.

(c) The form of the 2025 Series A Bonds shall be substantially the form attached hereto as Exhibit A. The 2025 Series A Bonds shall contain on the face thereof the following

statement: “THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM, AND SECURED BY A PLEDGE OF, THE ELIGIBLE COLLATERAL AND THE OTHER REVENUES AND FUNDS DESCRIBED HEREIN. THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF ARKANSAS CODE ANNOTATED §§ 15-5-101 ET SEQ., AS AMENDED, AND IS THE OBLIGATION ONLY OF THE AUTHORITY, AND IN NO EVENT SHALL THIS BOND CONSTITUTE AN INDEBTEDNESS OF THE STATE OF ARKANSAS OR AN INDEBTEDNESS FOR WHICH THE FAITH AND CREDIT OF THE STATE OR ANY OF ITS REVENUES ARE PLEDGED OR AN INDEBTEDNESS SECURED BY A LIEN ON OR A SECURITY INTEREST IN ANY PROPERTY OF THE STATE OF ARKANSAS. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.”

Section 2.05. Sale of Bonds.

(a) The 2025 Series A Bonds shall be sold and delivered in the manner, at the purchase price and on the terms and conditions set forth in the Bond Purchase Contract.

(b) Amounts attributable to the 2025 Series A Bonds may, upon Authority direction, be invested in participation interests representing or wholly backed by, or funds invested solely in, United States Treasury obligations.

Section 2.06. Payment of Bonds.

(a) The Principal Installments and Redemption Price of the 2025 Series A Bonds shall be payable at the principal office of the Trustee. Interest on the 2025 Series A Bonds shall be payable solely by check or draft drawn upon the Trustee and mailed to the address of the registered owner thereof as it appears on the registry books of the Authority, determined as of the close of business on the applicable Record Date. Owners of 2025 Series A Bonds in an aggregate principal amount of not less than \$1,000,000 may arrange for payment of interest or Redemption Price by wire transfer. The Principal Installments or Redemption Price of and interest on the 2025 Series A Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by this Series Resolution.

(b) Notwithstanding anything above to the contrary, the 2025 Series A Bonds shall each initially be issued in book-entry form only, with one fully registered bond for each maturity date and interest rate in aggregate principal amounts equal to the amount of principal maturing on each such date of the 2025 Series A Bonds, and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), or such other name as may be requested by an authorized representative of DTC. On original issue, the 2025 Series A Bonds shall be deposited with DTC for the purpose of maintaining a book-entry system for recording the ownership interest of its participants and the transfer of those interests among its participants. In the event that DTC determines not to continue to act as securities depository for the 2025 Series A Bonds or the Authority determines not to continue the book-entry system for recording ownership interest in the 2025 Series A Bonds with DTC, the Authority will discontinue the book-entry system with DTC. If the Authority does not select another qualified

securities depository to replace DTC (or a successor depository) in order to continue a book-entry system, the Trustee will register and deliver replacement bonds in the form of fully registered certificates, in authorized denominations or integral multiples thereof with respect to the 2025 Series A Bonds, in accordance with instructions from Cede & Co., as nominee for DTC. In the event that the Authority identifies a qualified securities depository to replace DTC, the Trustee, in accordance with instructions given to the Trustee by Cede & Co., as nominee for DTC, or any other nominee then being used by DTC, shall register and deliver replacement Bonds, fully registered in the name of such depository, or its nominee, in the denominations as set forth above, as reduced from time to time prior to maturity in connection with redemptions or retirements by purchase, call or payment, and in such event, such depository is to then maintain the book-entry system for recording ownership interest in the 2025 Series A Bonds. Notwithstanding anything to the contrary set forth in this Series Resolution, while the 2025 Series A Bonds are in book-entry form only, (i) payment of principal of and Redemption Price of or interest on the 2025 Series A Bonds shall be in accordance with the procedures of the securities depository, and (ii) in the event that less than all of the 2025 Series A Bonds of a like maturity and interest rate are to be redeemed, the particular Bonds of such maturity and interest rate, or portion thereof, to be redeemed shall be selected by the securities depository by lot, or in such other manner as such securities depository shall determine.

(c) There is hereby created, in the manner and to the extent provided herein, a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of and interest on all the 2025 Series A Bonds. The 2025 Series A Bonds shall be special limited obligations of the Authority secured by an equal charge and lien on revenues and moneys of the Authority pledged in Section 1.03 of the General Resolution.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Optional Redemption.

(a) Except as otherwise set forth in Section 3.01(b) hereof with respect to the 2025 Series A Premium PAC Bonds, the 2025 Series A Bonds are subject to redemption at the option of the Authority on and after [_____], in whole or in part at any time, from any moneys available to the Authority, at a Redemption Price equal to the principal amount of such Bonds or portions thereof to be so redeemed plus accrued interest to the date fixed for redemption.

(b) The 2025 Series A Premium PAC Bonds are subject to optional redemption in whole or in part, from any moneys available to the Authority, on the redemption dates specified below at the redemption prices specified below:

2025 Series A Premium PAC Bonds

<u>Redemption Date</u>	<u>Redemption Price</u>
[] – []	
[] – []	
[] – []	
[] – []	
[] – []	
[] and thereafter	

(c) Amounts deposited in a subaccount within the Optional Redemption Account shall be applied to purchase or redeem such Bonds of the related series following the deposit therein.

(d) In the event of a partial redemption of the 2025 Series A Bonds pursuant to the optional redemption described in Section 3.01(a) hereof, the Authority may direct the maturity or maturities and interest rate or interest rates of the Bonds, as the case may be, and the amounts thereof so to be redeemed, provided that the Authority provides a Certificate of Projected Revenues showing that there will be moneys sufficient to make scheduled Debt Service Payments. If the Authority makes no direction with respect to the redemption of the Bonds of a particular maturity or maturities and interest rate or interest rates, if applicable, then the Bonds shall be redeemed proportionately among all of the Outstanding maturities and interest rates of the Bonds. The Trustee shall select by lot the Bonds within a maturity to be redeemed in such manner as the Trustee deems fair.

Section 3.02. Special Redemption from Moneys in the Special Redemption Account. The 2025 Series A Bonds are subject to special redemption at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, from amounts deposited in the applicable subaccount within the Special Redemption Account, as follows, except as otherwise specified under subsection (a) below for the 2025 Series A Premium PAC Bonds:

(a) *Redemption of 2025 Series A Bonds from Unexpended Proceeds.*

(i) The 2025 Series A Bonds are subject to special redemption, as a whole or in part, on any date, from moneys with respect to such Bonds held in the 2025 Series A Acquisition Subaccount that are not used to acquire Eligible Collateral and transferred from the 2025 Series A Acquisition Subaccount to the Special Redemption Account, except that the 2025 Series A Premium PAC Bonds will be redeemed at the original purchase price thereof. Moneys on deposit in the 2025 Series A Acquisition Subaccount may be transferred to the Special Redemption Account at any time during the Delivery Period upon the direction of the Authority to be used to redeem the 2025 Series A Bonds.

(ii) The Authority shall redeem the 2025 Series A Bonds within 42 months from the date of issuance with any unexpended proceeds of the 2025 Series A Bonds as required by Section 143 of the Code (provided that amounts with respect to the 2025 Series A Bonds less than \$250,000 shall not be required to be so applied to redeem 2025 Series A Bonds), unless the Authority receives an opinion from Bond Counsel to the

effect that failure to redeem will not adversely affect the exclusion of interest on the 2025 Series A Bonds from gross income for federal income tax purposes.

(iii) In the event the 2025 Series A Bonds are subject to special redemption from unexpended proceeds pursuant to this Section 3.02(a), the applicable 2025 Series A Bonds to be redeemed shall be selected by the Trustee from among all the Outstanding maturities of the 2025 Series A Bonds, on a reasonably proportionate basis, in such manner as the Trustee shall deem fair; *provided, however*, that the selection of applicable 2025 Series A Bonds to be redeemed may be otherwise determined by the Authority, as provided in a written direction to the Trustee, accompanied by a Certificate of Projected Revenues giving effect to such redemption in accordance with the terms of this Series Resolution.

(iv) If, in accordance with Section 4.04 hereof, the aggregate outstanding principal amount of the Eligible Collateral from Bond proceeds is less than \$1,000,000, the Authority may direct the Trustee to sell the Eligible Collateral and utilize the proceeds from such sale for the redemption of all Outstanding 2025 Series A Bonds.

(v) In the event of any special redemption of 2025 Series A Bonds pursuant to this Section 3.02(a), the 2025 Series A Bonds Outstanding Applicable Amount for the current and each future monthly period shall each be reduced by an amount equal to the product of such 2025 Series A Bonds Outstanding Applicable Amount and a fraction (a) the numerator of which equals the sum of the amount of the moneys disbursed from the 2025 Series A Acquisition Subaccount to redeem the 2025 Series A Bonds and (b) the denominator of which equals the sum of the amount of moneys initially deposited by the Trustee in the 2025 Series A Acquisition Subaccount.

(vi) In the event of any special redemption of 2025 Series A Premium PAC Bonds pursuant to this Section 3.02(a), the 2025 Series A Premium PAC Bonds Outstanding Applicable Amount for the current and each future monthly period shall each be reduced by an amount equal to the product of such 2025 Series A Premium PAC Bonds Outstanding Applicable Amount and a fraction (a) the numerator of which equals the sum of the amount of the moneys disbursed from the 2025 Series A Acquisition Subaccount to redeem the 2025 Series A Premium PAC Bonds and (b) the denominator of which equals the sum of the amount of moneys initially deposited by the Trustee in the 2025 Series A Acquisition Subaccount.

(vii) Following any mandatory redemption of 2025 Series A Bonds from unexpended proceeds, the Authority will provide or cause to be provided to the Trustee revised tables of 2025 Series A Bonds Outstanding Applicable Amounts and 2025 Series A Premium PAC Bonds Outstanding Applicable Amounts, which revised tables will commence with the first day of the month next following the date of mandatory redemption from unexpended proceeds, if any.

(viii) In the event that on the first day of any given calendar month more than \$25,000 is on deposit in the 2025 Series A Special Redemption Subaccount within the

Special Redemption Account, such moneys may be used for the redemption of Outstanding 2025 Series A Bonds.

(b) *Redemption of 2025 Series A Bonds from Mortgage Prepayments.*

(i) Subject to clause (ii) below, the 2025 Series A Bonds shall be subject to special redemption at the option of the Authority, in whole or in part on any date, from 2025 Series A Cumulative Prepayments received and held in the 2025 Series A Prepayment Subaccount. The Authority shall select, at its option, the 2025 Series A Bonds subject to redemption pursuant to this provision from among any maturity or interest rate of 2025 Series A Bonds. In redeeming the 2025 Series A Bonds from Mortgage Prepayments, the Bonds shall be selected for redemption as follows: amounts remaining following the redemptions specified in clause (ii) below shall be applied, unless otherwise directed by the Authority (accompanied by a Certificate of Projected Revenues giving effect to such redemption), to the redemption of those maturities of the 2025 Series A Bonds (excluding the 2025 Series A Premium PAC Bonds) which would produce, as nearly as practicable, a pro rata redemption of the 2025 Series A Bonds (excluding the 2025 Series A Premium PAC Bonds) to the extent that the 2025 Series A Cumulative Prepayments as of such date to be applied to the redemption of the 2025 Series A Bonds pursuant to the provisions of (b)(ii) below and this paragraph (b)(i)(A) shall not cause the outstanding principal amount of the 2025 Series A Bonds to be less than the 2025 Series A Bonds Outstanding Applicable Amount at [___]% of the PSA Prepayment Model (as shown in Exhibit B) as of such date, which is calculated based on the assumed receipt of Mortgage Prepayments received with respect to the Mortgage Loans purchased in whole or in part, directly or indirectly, with moneys made available by the issuance of the 2025 Series A Bonds at [___]% of the PSA Prepayment Model.

(ii) The 2025 Series A Premium PAC Bonds shall be subject to mandatory redemption, in whole or in part on each Bond Payment Date, from and to the extent of Mortgage Prepayments received with respect to Mortgage Loans purchased in whole or in part, directly or indirectly, from moneys made available by the issuance of the 2025 Series A Bonds, but only if the outstanding principal amount of such 2025 Series A Premium PAC Bonds following such redemption is not less than the 2025 Series A Premium PAC Bonds Outstanding Applicable Amount as of such date, which is calculated based on the assumed receipt of Mortgage Prepayments received with respect to the Mortgage Loans purchased in whole or in part, directly or indirectly, with moneys made available by the issuance of the 2025 Series A Bonds at [___]% of the PSA Prepayment Model.

(iii) Notwithstanding any other provision of this Section 3.02(b), but subject to Section 3.03(a), redemptions of the 2025 Series A Bonds from Mortgage Prepayments shall not occur if the Authority, in order to comply with certain tax covenants relating to yield on the Mortgage Loans, is required to use Mortgage Prepayments relating to Mortgage Loans purchased directly or indirectly in whole or in part with moneys made available by the issuance of the 2025 Series A Bonds to finance new Mortgage Loans or if such redemption would have a material adverse effect on the Authority's ability to pay

when due the principal of and interest on the Resolution Bonds Outstanding under the Resolution after such redemption.

(c) *Special Redemption of Bonds from Excess Revenues.*

(i) The 2025 Series A Bonds are subject to special redemption at the option of the Authority, in whole or in part, on any date, from Revenues transferred to the 2025 Series A Special Redemption Subaccount from the 2025 Series A Revenue Subaccount after the transfers therefrom for the payment of Program Expenses and fees to the Authority, after the deposit of funds in certain other Accounts pursuant to the Resolution, after the Debt Service Payments have been made with respect to the 2025 Series A Bonds, and after effecting all redemptions required with respect to the 2025 Series A Bonds. In redeeming the 2025 Series A Bonds from excess Revenues under this Section 3.02(c)(i), the Bonds shall be selected for redemption by the Authority at its option from among maturities and interest rates; *provided, however*, that, with respect to the 2025 Series A Premium PAC Bonds, in accordance with Section 3.03(a), the amount of the 2025 Series A Premium PAC Bonds selected for redemption shall not cause the Outstanding amount of the 2025 Series A Premium PAC Bonds to be less than the applicable 2025 Series A Premium PAC Bonds Outstanding Applicable Amount.

(ii) The 2025 Series A Bonds are subject to special redemption at the option of the Authority, in whole or in part, on any date, from amounts transferred to the 2025 Series A Special Redemption Subaccount from any excess Revenues attributable to any Resolution Bonds (subject to applicable federal tax laws) after all transfers required under any applicable Series Resolution for the payment of Program Expenses and fees to the Authority, after the deposit of funds in certain other Accounts pursuant to the applicable Series Resolution, after the Debt Service Payments have been made with respect to such Resolution Bonds, and after effecting all redemptions required with respect to such Resolution Bonds. In redeeming the 2025 Series A Bonds from excess Revenues under this Section 3.02(c)(ii), the Bonds shall be selected for redemption by the Authority at its option from among any maturities and interest rates; *provided, however*, that, with respect to the 2025 Series A Premium PAC Bonds, in accordance with Section 3.03(a), the amount of the 2025 Series A Premium PAC Bonds selected for redemption shall not cause the Outstanding amount of the 2025 Series A Premium PAC Bonds to be less than the applicable 2025 Series A Premium PAC Bonds Outstanding Applicable Amount.

(d) *Special Cleanup Redemption of Bonds.* The 2025 Series A Bonds are subject to special redemption, as a whole, on any date, at the direction of the Authority, if the sum of the moneys and the market value of Investment Obligations allocated to the 2025 Series A Bonds and held in the 2025 Series A Revenue Subaccount, the 2025 Series A Prepayment Subaccount, and the 2025 Series A Special Redemption Subaccount is sufficient to pay the principal amount of all such 2025 Series A Bonds Outstanding plus accrued interest thereon to the date fixed for redemption and all necessary expenses.

Section 3.03. Application of Recoveries of Principal.

(a) With respect to the 2025 Series A Bonds, the amount resulting from multiplying the amount of Recoveries of Principal by the applicable Cumulative 2025 Series A Restricted Percentages shall be 2025 Series A Restricted Recoveries of Principal, and shall, in accordance with the Code, be used to redeem 2025 Series A Bonds pursuant to Section 3.01, 3.02(b), 3.02(c)(i) or 3.02(d) above. To the extent 2025 Series A Restricted Recoveries of Principal are received (at least sixty (60) days prior to the applicable redemption date), such redemptions may occur at such times and with such frequency as the Authority elects, but at least once in each semiannual period, commencing with the semiannual period ending [July 1, 2025]; provided, however, that no such redemptions are required (except such redemptions as are required pursuant to Section 3.02(b)(ii) with respect to the 2025 Series A Premium PAC Bonds) if the amount of 2025 Series A Restricted Recoveries of Principal in such semiannual period does not equal or exceed \$250,000.

(b) Any Recoveries of Principal allocable to the 2025 Series A Bonds received on a cumulative basis in excess of the amounts to be applied to the redemption of the 2025 Series A Bonds, as described in clause (a) above under this Section 3.03, may, in the Authority's discretion, subject to the requirements of the Resolution, be applied to the redemption of Outstanding Resolution Bonds on any date and to such maturities as the Authority may elect at its option, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the redemption date or such Recoveries of Principal may be recycled to purchase Eligible Collateral.

(c) Notwithstanding the provisions of Section 3.03(a) hereof to the contrary, the Authority shall not be required to apply 2025 Series A Restricted Recoveries of Principal to the redemption of 2025 Series A Bonds (except such redemptions as are required pursuant to Section 3.02(b)(ii) with respect to the 2025 Series A Premium PAC Bonds) in the event that the Authority shall receive the written opinion of Bond Counsel to the effect that, as a result of the repeal of Section 143(a)(2)(A)(iv) of the Code or otherwise, the provisions of federal tax law no longer require such a redemption.

(d) To the extent redemption is not required pursuant to Section 3.03(a), redemption of the 2025 Series A Bonds from Recoveries of Principal shall not occur (i) if the Authority, in order to comply with certain tax covenants relating to yield on the Mortgage Loans, is required to use Recoveries of Principal relating to Mortgage Loans purchased in whole or in part, directly or indirectly, with moneys made available by the issuance of the 2025 Series A Bonds to finance new Mortgage Loans or (ii) if such redemption would have a material adverse effect on the Authority's ability to pay when due the principal of and interest on the Resolution Bonds Outstanding coming due under the Resolution after such redemption.

Section 3.04. Sinking Fund Redemption.

(a) The Term Bonds are subject to mandatory redemption prior to maturity, in part, at a Redemption Price of 100% of the principal amount to be redeemed plus accrued interest to the date fixed for redemption, from Sinking Fund Installments which are required to be made in

amounts sufficient to redeem on January 1 or July 1 of each year specified below the respective principal amounts of such Term Bonds specified for each such year, as follows:

\$[_____] [___]% 2025 Series A Term Bonds due [_____]

<u>January 1</u>	<u>Principal Amount</u>	<u>July 1</u>	<u>Principal Amount</u>
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*

* Maturity

\$[_____] [___]% 2025 Series A Term Bonds due [_____]

<u>January 1</u>	<u>Principal Amount</u>	<u>July 1</u>	<u>Principal Amount</u>
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* Maturity

\$[_____] [___]% 2025 Series A Term Bonds due [_____]

<u>January 1</u>	<u>Principal Amount</u>	<u>July 1</u>	<u>Principal Amount</u>
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* Maturity

\$[_____] [___]% 2025 Series A Term Bonds due [_____]

<u>January 1</u>	<u>Principal Amount</u>	<u>July 1</u>	<u>Principal Amount</u>
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* Maturity

\$[_____] [____]% 2025 Series A [Premium PAC] Term Bonds due [_____]

January 1 Principal Amount July 1 Principal Amount

*

* Maturity

(b) The Sinking Fund Installments set forth above may be reduced as described under Section 3.08 of the General Resolution.

Section 3.05. Notice of Redemption. The Trustee shall give notice of redemption as provided in Section 3.02 of the General Resolution. Notwithstanding anything to the contrary set forth above, while any Bonds are in book-entry form, the notice required by this Section 3.05 shall be given in accordance with the procedures of DTC or any successor or replacement securities depository.

ARTICLE IV

ESTABLISHMENT OF ACCOUNTS AND APPLICATION OF BOND PROCEEDS

Section 4.01. Establishment of Accounts. The following Funds and Accounts are created and established pursuant to Article V of the General Resolution and this Series Resolution and shall be held by the Trustee and used for the purposes authorized by the General Resolution and specified in this Series Resolution:

- (a) In the Program Fund:
 - (i) the 2025 Series A Acquisition Subaccount within the Acquisition Account;
 - (ii) the Costs of Issuance Account; and
 - (iii) the 2025 Series A Bond Proceeds Subaccount within the Bond Proceeds Account.
- (b) In the Revenue Fund:
 - (i) the 2025 Series A Revenue Subaccount within the Revenue Account;
 - (ii) the 2025 Series A Prepayment Subaccount within the Prepayment Account;
 - (iii) the 2025 Series A Rebate Subaccount within the Rebate Account; and
 - (iv) the 2025 Series A Capitalized Interest Account.
- (c) In the Redemption Fund:
 - (i) the 2025 Series A Special Redemption Subaccount within the Special Redemption Account; and
 - (ii) the 2025 Series A Optional Redemption Subaccount within the Optional Redemption Account.

The Trustee may also establish separate Funds or Accounts and subaccounts to be held by the Trustee, as and when needed, in connection with the Authority's establishment of requirements for the Mortgage Loan portion of the Program.

Section 4.02. Application of Bond Proceeds and Other Contributed Moneys and Assets.

All of the proceeds of the 2025 Series A Bonds, together with any funds contributed by the Authority, shall be deposited as set forth in the closing memo executed by an Authorized Officer and delivered to the Trustee.

Section 4.03. Application of Capitalized Interest Account.

(a) Moneys on deposit in the 2025 Series A Capitalized Interest Account shall be applied as follows:

(i) To pay interest on the 2025 Series A Bonds from and including the first Bond Payment Date until the end of the Delivery Period, to the extent sufficient moneys are not available in the Revenue Account to enable the Trustee to make the transfers from the Revenue Account as provided in Section 5.05(d) of the General Resolution; and

(ii) Upon the Trustee's purchase of a Mortgage-Backed Security from the Servicer, as applicable, to purchase accrued interest on such Mortgage-Backed Security, as provided in Section 4.04 herein with respect to the 2025 Series A Bonds.

(b) Any amounts remaining in the Capitalized Interest Account at the point in time when all monies originally deposited to the Acquisition Account have been expended shall, if so directed by the Authority, first, in amounts to be determined by cash flows approved by the Rating Agency, if not required for any further Debt Service Payments or payments required herein, be applied to reimburse the Authority for moneys contributed by it to the 2025 Series A Capitalized Interest Account, and the balance remaining, if any, shall be transferred to the Revenue Account and into such subaccount(s) as the Authority may direct upon consultation with Bond Counsel.

Section 4.04. Application of Program Fund.

(a) (i) Moneys in the Acquisition Account shall be used and withdrawn, as provided in this Section 4.04, solely for:

(A) the purchase of Eligible Collateral from the Authority or the Servicer, as applicable; *provided, however*, with respect to the purchase of Eligible Collateral which consists of Mortgage Loans, that (a) the Authority shall deliver a Certificate of Projected Revenues reflecting, after such purchase of Eligible Collateral and in each succeeding Bond Year thereafter, that the amount of Revenues and any other revenues, investment income or funds reasonably estimated by the Authority to be available for the payment of the Debt Service Payments and Program Expenses are in each such Bond Year at least equal to such Debt Service Payments and Program Expenses for each such Bond Year, and (b) the Trustee shall have received a Rating Confirmation;

(B) transfer to the Special Redemption Account for the purchase or redemption of the 2025 Series A Bonds, all as hereinafter provided;

(C) as provided in the General Resolution.

(ii) The Trustee shall disburse moneys from the Acquisition Account for the acquisition of Mortgage-Backed Securities from the Authority or the Servicer, as applicable, pursuant to the Servicing Agreement, and shall pay the Authority or Servicer, as applicable, therefor an amount equal to [100.25]% of the principal amount thereof (or such other percentage specified by the Authority), plus accrued interest, if any. The purchase price of each Mortgage-Backed Security, as provided above, shall be paid from the Acquisition Account; *provided, however*, that the then accrued and unpaid interest on such Mortgage-Backed Security shall be paid from the Revenue Account, or, if sufficient funds are not available therefor in the Revenue Account, from the Capitalized Interest Account to the extent of any such deficiencies. Upon payment of the next Debt Service Payment and the subsequent interest payment on the Mortgage-Backed Security, an amount equal to the accrued interest on the purchase of such Mortgage-Backed Security shall be deposited to the account from which the funds were withdrawn. The outstanding principal amount of any Mortgage-Backed Security shall be not more than the outstanding aggregate principal amount of Mortgage Loans underlying such Mortgage-Backed Security.

(iii) If at the end of the Delivery Period, less than \$1,000,000 of such aggregate amount initially deposited in the Acquisition Account from the proceeds, or the equivalent thereof, of 2025 Series A Bonds has been used to purchase Eligible Collateral, then such Eligible Collateral may be sold and the proceeds thereof shall be considered unexpended proceeds of the 2025 Series A Bonds. Such unexpended proceeds shall be transferred to the 2025 Series A Special Redemption Subaccount within the Special Redemption Account. If it is then determined that the sum of the amounts of money and the market value of Investment Obligations held in the Revenue Account, the Acquisition Account, the Capitalized Interest Account, and the Special Redemption Account, and therein the subaccounts applicable to the 2025 Series A Bonds, together with the market value of all Eligible Collateral applicable to the 2025 Series A Bonds, then such moneys may be used for the redemption of all Outstanding 2025 Series A Bonds from unexpended proceeds of the 2025 Series A Bonds.

(iv) The Authority covenants to monitor amounts in the Acquisition Account to ensure that money is made available to finance Mortgage Loans in Targeted Areas for at least twelve (12) months after [_____], 2025, with respect to the proceeds of the 2025 Series A Bonds, in an amount necessary to comply with the Code.

(b) The Origination Period and the Delivery Period with respect to the 2025 Series A Bonds may be extended from time to time to a date certain, but the end of the Origination Period shall be not later than [_____] and the end of the Delivery Period shall be not later than [_____], upon receipt by the Trustee, no later than fifteen (15) days prior to the currently established end of the existing Origination Period, of a certificate of the Authority accompanied by the following:

(i) An opinion of Bond Counsel to the Authority addressed to the Authority and the Trustee to the effect that such an extension and the continued use of moneys in the Acquisition Account to acquire Eligible Collateral will not adversely affect the

exclusion from gross income for purposes of federal income taxation of interest on the 2025 Series A Bonds;

(ii) A Certificate of Projected Revenues provided by an investment banking firm or financial consulting firm, selected by the Authority, or Bond Counsel to the Authority showing that extending the Origination Period and Delivery Period will not adversely affect the availability of Revenues sufficient to make timely payment of principal of and interest on the 2025 Series A Bonds, the Authority Fee and the Fiduciary Expenses; and

(iii) Written confirmation from S&P, or any other Rating Agency publishing, at the request of the Authority, a rating on the 2025 Series A Bonds if S&P shall cease to publish a rating on such Bonds, that the extension of the Origination Period and the Delivery Period will not adversely affect the current rating on such Bonds.

ARTICLE V

REVENUES

Section 5.01. Pledge and Assignment; Revenue Fund.

(a) Subject only to the provisions of this Series Resolution and the General Resolution permitting the application thereof for or to the purposes and on the terms and conditions set forth herein and therein, there are hereby pledged to secure the payment of the principal of and interest on the 2025 Series A Bonds in accordance with their terms and the provisions of the General Resolution and this Series Resolution all of the Revenues, all of the proceeds of the 2025 Series A Bonds and any other amounts held in any fund or account established pursuant to this Series Resolution and the General Resolution (except amounts in the Rebate Account) and all of the right, title and interest of the Authority in the Eligible Collateral, the Servicing Agreement and the Origination Agreement (including all agreements entered into under such agreement). Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the 2025 Series A Bonds, without any physical delivery thereof or further act.

(b) The Authority transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of the 2025 Series A Bonds, all of the Revenues and other moneys pledged in subsection (a) of this Section and all of the right, title and interest of the Authority in the Eligible Collateral, the Servicing Agreement and the Origination Agreement. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected and received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce the terms, covenants and conditions of the Eligible Collateral, the Servicing Agreement and the Origination Agreement to the extent provided therein and to preserve and protect the priority of its interest in and under the Eligible Collateral, the Servicing Agreement and the Origination Agreement.

(c) All Revenues with respect to the 2025 Series A Bonds, other than those required to be deposited in the Rebate Account as set forth in an Authority Request, shall be promptly deposited by the Trustee upon receipt thereof in the appropriate subaccount within the Revenue Account, or, if a Mortgage Prepayment, in the appropriate subaccount within the Prepayment Account. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the General Resolution and this Series Resolution. The Trustee shall make transfers from the Revenue Account and Prepayment Account in accordance with Section 5.05 of the General Resolution; *provided, however*, that the fees paid to the Trustee pursuant to Section 5.05(c) of the General Resolution shall not exceed [.02]% annually (subject to a [\$1,000] minimum annual fee), commencing [July 1, 2025], of the total Outstanding principal amount of the 2025 Series A Bonds, so long as Simmons Bank is the Trustee. If any Successor Trustee is appointed pursuant to Article VIII of the General Resolution and it becomes necessary to pay more than [.02]% annually (subject to a [\$1,000] minimum annual fee) as stated in the preceding sentence, the Authority covenants to reduce the Authority Fee by an amount equaling the difference between the fee stated above and the fee of the Successor Trustee.

(d) The GNMA Securities acquired by the Trustee on behalf of the Authority shall be held at all times by the Trustee in certificated form or through the Federal Reserve Bank of New York or such other GNMA depository (to the extent such corporation is effecting a book-entry transfer of such GNMA Securities) in trust for the benefit of the Bondholders. If the Trustee does not receive a payment on a GNMA I Security when due on the fifteenth day of each month, the Trustee shall immediately notify the Servicer and the Federal Reserve Bank of New York, or its successors, to the extent such corporation is effecting book-entry transfers of such GNMA Securities, and if such payment is not received by the seventeenth day of the month, shall demand payment from GNMA, in accordance with the GNMA Guaranty. If the Trustee does not receive a payment on a GNMA II Security by the twenty-second day of any month, the Trustee shall immediately notify the CPTA, as defined in the Servicing Agreement, and demand wire transfer in immediately available funds of the required payment from the CPTA, and, if not so paid, demand payment from GNMA in accordance with the GNMA Guaranty. If the GNMA I or GNMA II Securities are not held by the Federal Reserve Bank of New York or such other GNMA depository, but are in the physical possession of the Trustee, the demand to GNMA shall be made on the fifteenth day in the case of a GNMA I Security and the twentieth day in the case of a GNMA II Security.

(e) The FNMA Securities acquired by the Trustee on behalf of the Authority shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be held in book-entry form as described in this subsection. A FNMA Security will be issued in book-entry form through the book-entry system of the Federal Reserve System, pursuant to which the FNMA Security shall have been registered on the books of the Federal Reserve Bank in the name of the Trustee (acting as a “depository” within the meaning of 24 C.F.R. Section 81.44(b)), and the Trustee shall have received confirmation in writing that the depository is holding such FNMA Security on behalf of, and has identified such FNMA Security on its records as belonging to, the Trustee. If the Trustee does not receive payment or advice from the depository of payment, with respect to a FNMA Security when due by the close of business on the twenty-fifth day of any month (or the next business day if the twenty-fifth is not a business day), the Trustee

shall demand payment from FNMA in connection with the guaranty of timely payments of principal and interest by FNMA.

(f) The FHLMC Securities acquired by the Trustee on behalf of the Authority shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be held in book-entry form as described in this subsection. A FHLMC Security will be issued in book-entry form through the book-entry system of the Federal Reserve System, pursuant to which the FHLMC Security shall have been registered on the books of the Federal Reserve Bank in the name of the Trustee (acting as a “depository” within the meaning of 24 C.F.R. Section 81.44(b)), and the Trustee shall have received confirmation in writing that the depository is holding such FHLMC Security on behalf of, and has identified such FHLMC Security on its records as belonging to, the Trustee. If the Trustee does not receive payment or advice from the depository of payment, with respect to a FHLMC Security when due by the close of business on the twenty-fifth day of any month (or the next business day if the twenty-fifth is not a business day), the Trustee shall demand payment from FHLMC in connection with the guaranty of timely payments of principal and interest by FHLMC.

(g) Except as may be provided in Section 3.02(b)(iii) hereof, neither the Authority nor the Trustee shall sell or otherwise dispose of the Eligible Collateral after their acquisition for an amount less than an amount sufficient, together with other amounts then held under the General Resolution and this Series Resolution and available for the payment of principal of and interest on the 2025 Series A Bonds, to provide for the payment of all Outstanding 2025 Series A Bonds in accordance with Section 7.02 or Article XI of the General Resolution, or Section 3.01 hereof, or Section 3.02(b), (c) and (d) hereof, and the payment of all amounts due the Trustee with respect to the 2025 Series A Bonds, provided that notwithstanding anything herein or in the General Resolution to the contrary any sale or other disposition of FNMA Securities or FHLMC Securities shall be subject to the restrictions of such sale set forth in the FNMA Pool Purchase Contract or the FHLMC Pool Purchase Contract, as applicable, and in Section 5.01 hereof. This Section 5.01(g) can be modified, amended or supplemented only in accordance with the provisions of Article X of the General Resolution, which requires the consent of 100% of the Holders of the applicable Series of Bonds Outstanding.

Section 5.02. Mortgage Prepayments, Mortgage Repayments and Revenues.

(a) All Revenues received by the Authority shall be paid to the Trustee immediately upon their receipt by the Authority. All Revenues, other than those required to be deposited in the Rebate Account as set forth in an Authority Request, and except as provided otherwise in this Series Resolution, other series resolutions of the Authority or the General Resolution, shall be deposited by the Trustee in the applicable subaccount of the Revenue Account or Prepayment Account, as applicable. There may also be deposited in the Revenue Fund, at the option of the Authority, any other moneys of the Authority, unless required to be otherwise applied as provided by this Series Resolution or other series resolution supplemental hereto.

(b) After making all transfers from the 2025 Series A Revenue Subaccount in accordance with Section 5.05(b), (c) and (e) of the General Resolution, the Trustee shall transfer any amounts in excess of \$25,000 remaining in the 2025 Series A Revenue Subaccount to the

Special Redemption Account to be applied to the redemption of Resolution Bonds pursuant to Section 3.02 hereof.

(c) [RESERVED]

(d) On the Business Day next preceding each Bond Payment Date, all amounts in the 2025 Series A Prepayment Subaccount shall be transferred to the Revenue Account and applied pursuant to Section 5.02(a) and 5.02(b) hereof with respect to the 2025 Series A Bonds. If at any time amounts held in the 2025 Series A Prepayment Subaccount exceed \$5,000 or such other amount specified by the Authority to the Trustee, and, unless otherwise directed by the Authority, if two Business Days prior to the Bond Payment Date there are any amounts on deposit in the 2025 Series A Prepayment Subaccount to be used for special redemption pursuant to Section 3.02, the amounts in the 2025 Series A Prepayment Subaccount shall be immediately transferred to the 2025 Series A Special Redemption Account and used to redeem the 2025 Series A Bonds, as described in Article III hereof. Except as required pursuant to the Code, the Authority shall not be required to redeem any Bonds from Mortgage Prepayments and excess revenues if such redemption would have a material adverse effect on its ability to pay when due the principal of and interest on the Bonds Outstanding under the Resolution after such redemption.

(e) With respect to the Bonds, the Trustee shall pay or transfer from the 2025 Series A Revenue Subaccount Revenues in the applicable order of priority set forth in Section 5.05 of the General Resolution, subject to the provisions set forth in this Series Resolution.

(f) The Trustee shall make the transfers to and withdrawals from the Rebate Account in accordance with Section 5.05 of the General Resolution.

(g) Immediately after being deposited in the 2025 Series A Prepayment Subaccount in accordance with Section 5.08 of the General Resolution, Mortgage Prepayments of Eligible Collateral purchased in whole or in part, directly or indirectly, with moneys made available by the issuance of the 2025 Series A Bonds shall be transferred to the 2025 Series A Prepayment Subaccount. If, on any date, the amount of Mortgage Prepayments on deposit in the 2025 Series A Prepayment Subaccount exceeds the amount of 2025 Series A Cumulative Prepayments required to redeem 2025 Series A Premium PAC Bonds in accordance with Section 3.02(b)(ii) on the next succeeding Bond Payment Date, an amount of Mortgage Prepayments equal to such excess shall be transferred to the 2025 Series A Prepayment Subaccount.

Section 5.03. Transfer of Moneys to Special Redemption Account. If amounts held in the Subaccounts within the Revenue Account, the Capitalized Interest Account, the Prepayment Account and the Special Redemption Account with respect to any of the 2025 Series A Bonds, valuing all Investment Obligations not including the Eligible Collateral (except pursuant to a sale of Eligible Collateral on the terms and conditions set forth in the General Resolution) held in such funds at “market value,” are sufficient to pay all Fiduciary Expenses and to redeem all Outstanding 2025 Series A Bonds pursuant to Section 3.02(d) hereof on the next date for which notice of redemption may be given pursuant to Section 3.02 of the General Resolution, then all such amounts, net of Fiduciary Expenses, shall be transferred to the Special Redemption Account and all such Investment Obligations shall be liquidated to the extent

necessary to provide moneys sufficient for such redemption. For purposes of this Section 5.03, “market value” shall mean the lesser of (a) the average of the bid and ask prices most recently published prior to the date of determination for those Investment Obligations the bid and ask prices of which are published on a regular basis in The Wall Street Journal or, if not there, in The New York Times, or the average bid price as of the date of determination by any two nationally recognized government securities dealers selected by the Trustee for those Investment Obligations the bid and ask prices of which are not published on a regular basis as set forth above; or (b) par value (plus, prior to the first payment of interest following purchase, the amount of any accrued interest paid as a part of the purchase price) for Investment Obligations which are certificates of deposit and bankers’ acceptances, or, for all other Investment Obligations, the lesser of cost (exclusive of accrued interest after the first payment of interest following purchase) or par value (plus, prior to the first payment of interest following purchase the amount of any accrued interest paid as part of the purchase price); provided, however, that any repurchase agreements or investment agreements shall be valued, respectively, at the unpaid repurchase price or principal balance collectible pursuant thereto.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Program Covenants.

All covenants in this Section 6.01 relate solely to that portion of the Program related to Mortgage-Backed Securities. When the Authority establishes that portion of the Program related to Mortgage Loans, covenants related to the Mortgage Loan portion of the Program will be created.

(a) The Authority and the Trustee shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the Program, the General Resolution, this Series Resolution, all other applicable laws and regulations and with sound banking practices and principles, use and apply the amounts held in the Acquisition Account (except as otherwise provided in Section 4.04) to purchase Mortgage-Backed Securities and shall do all such acts and things necessary to produce Revenues sufficient to pay when due the principal of and interest on the 2025 Series A Bonds and shall take all steps, actions and proceedings reasonably necessary in the judgment of the Authority to enforce the terms, covenants and conditions of the Mortgage-Backed Securities, the Servicing Agreement and the Origination Agreement.

The Authority shall supervise, or cause to be supervised, each Mortgage Lender’s compliance with the Origination Agreement. In the event the Servicing Agreement or the Origination Agreement shall be cancelled or terminated for any reason, the Authority shall proceed with due diligence to procure appropriate successor parties, subject to the provisions of the Origination Agreement and the Servicing Agreement and the requirements of GNMA under the GNMA Guide, FNMA under the FNMA Guides and FHLMC under the FHLMC Guides. During the period necessary to obtain such successors, the Trustee shall, subject to the approval of GNMA, FNMA and FHLMC, cause to be performed the duties and responsibilities of the Servicer or the Mortgage Lender, as the case may be, under the agreement cancelled or

terminated and shall be compensated therefor, in addition to the compensation payable to it under the General Resolution or any other instrument, in the same manner and amounts as provided under the Origination Agreement or the Servicing Agreement cancelled or terminated.

(b) Subject to Section 4.04, amounts in the Acquisition Account to be used to purchase Mortgage-Backed Securities shall be used to purchase only Mortgage-Backed Securities which (i) are backed by Mortgage Loans which are in compliance with the Act, the Code and the Program, (ii) comply with the requirements set forth in the Servicing Agreement and (iii) in the aggregate have scheduled payments of principal and interest at least sufficient, together with other expected Revenues, to pay when due the principal of and interest on the 2025 Series A Bonds and Program Expenses.

(c) The Authority shall enforce or cause to be enforced the provisions of the Origination Agreement which provide that each Mortgage Lender shall cause mortgage insurance issued by the FHA under Section 203(b), 203(b)(2), 203(h), 203(k), 221(d)(2) or 234(c) of the National Housing Act, private mortgage insurance, or an FmHA or VA Guaranty, to be in effect for each Mortgage.

(d) The Authority shall enforce or cause to be enforced the provisions of the Origination Agreement which require that no Mortgage shall be sold, assigned or otherwise disposed of by the Servicer, except (i) pursuant to a covenant to repurchase contained in the Origination Agreement, (ii) to correct any failure of the Mortgage, the related residence or the related mortgagor to meet the requirements of Section 143 of the Code, (iii) in connection with any action or proceedings taken in the event of default on any Mortgage or as may be necessary for the purpose of realizing the benefits of the mortgagee's title insurance with respect to such Mortgage or (iv) for assignment to GNMA, FNMA, or FHLMC, as applicable, upon issuance by the Servicer, FNMA, or FHLMC, as applicable, of each Mortgage-Backed Security. No Mortgage-Backed Security shall be sold, assigned or otherwise disposed of; *provided, however*, all Mortgage-Backed Securities may be sold, at the sole discretion of the Authority pursuant to Section 4.04 hereof and in connection with the occurrence of an Event of Default and a declaration of the 2025 Series A Bonds to be due and payable in accordance with the provisions of Section 7.02 of the General Resolution. Subject to the provisions of this subsection and the approval of GNMA, FNMA, or FHLMC, as applicable, any Mortgage may be sold, assigned or otherwise disposed of, and the Authority and the Trustee, through the Servicer, shall direct the Mortgage Lender to take all necessary action and execute and deliver all necessary instruments to confirm any such sale, assignment or disposition and to vest title to the Mortgage in the purchaser, assignee or other recipient thereof.

(e) The Authority shall not, without the written consent of the Trustee, alter, modify or cancel or agree to consent to alter, modify or cancel any agreement which relates to or affects the security for the 2025 Series A Bonds. In giving its consent, the Trustee may rely upon a Certificate of the Authority or an opinion of counsel. The Trustee shall not consent to any change in the maturity of any Mortgage-Backed Security.

(e) The Authority shall not consent to the modification of, or modify, the rate or rates of interest, or the amount or time of payment of any installment of interest or principal, or the security for or any of the terms or provisions of any Mortgage or any insurance on or with

respect thereto in any manner which would result in the failure of such Mortgage to satisfy the conditions set forth in subsection (b) of this Section 6.01 or which would materially impair the security of the 2025 Series A Bonds.

(f) The Authority shall not amend, modify or supplement the Origination Agreement or the Servicing Agreement or consent to any such amendment, modification or supplementation, without the written consent of the Trustee. The Trustee shall give such written consent only if, based on the opinion of Bond Counsel (i) such changes will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security hereby given for the payment of the 2025 Series A Bonds, (ii) the Trustee first obtains the written consent of the Holders of a majority in Bond Obligation to such amendment, modification or termination or (iii) such amendment is necessary to preserve the exclusion of interest on the 2025 Series A Bonds from gross income of the owners thereof for federal income tax purposes.

(g) The Authority and the Trustee hereby acknowledge that no FNMA Prospectus Supplement will be prepared or available as to the FNMA Securities. The Authority and the Trustee agree that the FNMA Securities may not be transferred except as provided in the FNMA Pool Purchase Contract and that this provision may be amended only with the written consent of FNMA.

(h) The Authority and the Trustee hereby acknowledge that no FHLMC Prospectus Supplement will be prepared or available as to the FHLMC Securities. The Authority and the Trustee agree that the FHLMC Securities may not be transferred except as provided in the FHLMC Pool Purchase Contract and that this provision may be amended only with the written consent of FHLMC.

Section 6.02. Covenants of Trustee Regarding Purchase of Mortgage-Backed Securities.

(a) In connection with the purchase of each Mortgage-Backed Security, the Trustee covenants that it will verify that:

(i) The purchase price of the Mortgage-Backed Security is [100.25]% of the current outstanding principal amount of such Mortgage-Backed Security plus interest accrued to the date of acquisition and that the initial pass through rate on the Mortgage-Backed Security will be not less than the rate per annum shown on the most recent Certificate of Projected Revenues; *provided, however*, the Authority exercises its right to modify the fixed interest rate established on a Mortgage-Backed Security, either above or below these limits, with the approval of Bond Counsel, and provided further that such pass-through rate shall at all times be 0.50% less than the fixed interest rate applicable to the Mortgage Loans securing the Mortgage-Backed Security.

(ii) After giving effect to the purchase of the Mortgage-Backed Security, the aggregate value of all Mortgage-Backed Securities purchased, valued at their outstanding principal balance plus accrued interest thereon, plus unexpended proceeds in the Acquisition Account and other moneys held under the General Resolution (including

accrued interest thereon) (other than amounts in the Rebate Account) exceeds the principal amount of Outstanding 2025 Series A Bonds plus accrued interest thereon.

(iii) The form of the Mortgage-Backed Security conforms to the requirements of the GNMA Guide, the FNMA Guide or the FHLMC Guide, as applicable.

(iv) It has been delivered to the Federal Reserve Bank of New York an irrevocable instruction to the effect that all fees arising in connection with the limited purpose account are to be charged to another account maintained by the Federal Reserve Bank of New York for the Trustee.

(v) The Federal Reserve Bank of New York has delivered a certificate to the Trustee to the effect that based on the instruction regarding payments of its fees, the Federal Reserve Bank of New York will not charge the specified limited purpose account for so long as the instruction remains in effect. The certificate may make exceptions (as provided in the amended Federal Reserve Bank of New York rules) (A) to charge the cash balance for the limited purpose account for the recovery of securities or cash credited to the specified limited purpose account by mistake and (B) to secure and repay any advance of principal and interest made by the Federal Reserve Bank of New York.

(vi) Counsel has opined to S&P that the Trustee has a first priority perfected security interest in the GNMA collateral, which opinion may be qualified with respect to any lien, claim or charge of the Federal Reserve Bank of New York against the cash balance of the specified limited purpose account (but not the GNMA securities themselves). The opinion should, however, refer to the certificate, mentioned in paragraph (v) above.

(b) The Trustee shall evaluate each Mortgage-Backed Security immediately after its creation. The Trustee shall purchase the Mortgage-Backed Security only after the verification described in this Section 6.02(a) has been completed. Upon purchase, the Trustee shall be furnished with (A) a Mortgage-Backed Security in certificated form, registered in the name of the Trustee, as Trustee under the General Resolution; (B) a Mortgage-Backed Security credited to the account of the Trustee at a clearing corporation as defined under and pursuant to the Uniform Commercial Code applicable to the clearing corporation and the clearing corporation is registered as a clearing agency under the Securities Exchange Act of 1934; (C) for FNMA Securities, the confirmation described in Section 5.01(e) hereof; (D) for FHLMC Securities, the confirmation described in Section 5.01(f) hereof; or (E) for GNMA Securities that are in the form of book entries maintained in limited purpose accounts and not in agency accounts on the records of the Participants Trust Corporation or such other depository institution qualified as such under the Monetary Control Act of 1980 (“Book-Entry Securities”), written evidence that (1) the Federal Reserve Bank of New York has made an appropriate entry in its records of the transfer of such Book-Entry Securities to the account of the Depository (defined below) and (2) the Depository has sent the Trustee confirmation of the purchase of such Book-Entry Securities by the Trustee and also by book entry or otherwise identifies such Book-Entry Securities as belonging to the Trustee, so that the Trustee at all times has a perfected first priority security interest in such GNMA Security. The “Depository” shall be a clearing corporation which is a participant in the Federal Reserve Bank of New York and which has a custody

agreement with the Trustee with respect to the GNMA Securities. If so qualified, the Trustee may be the Depository and shall not require the confirmation set forth in (2) above.

(c) For so long as the 2025 Series A Bonds are Outstanding, the Trustee shall purchase the Mortgage-Backed Securities from proceeds attributable to the 2025 Series A Bonds as the Authority directs.

(d) The Trustee shall furnish information concerning the 2025 Series A Bonds and the Program to S&P upon reasonable request thereof and shall inform S&P upon the first purchase of a Mortgage-Backed Security from the Servicer.

CERTIFICATE OF PRESIDENT AND SECRETARY

The undersigned, President of the Arkansas Development Finance Authority, does hereby certify that the foregoing Series Resolution was duly adopted by the members of said Authority on February 20, 2025.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Authority this [__]th day of April, 2025.

ARKANSAS DEVELOPMENT FINANCE
AUTHORITY

By: _____
Mark Conine, President

(SEAL)

TRUSTEE'S ACCEPTANCE

Simmons Bank hereby accepts and agrees to perform the duties and obligations imposed on it as Trustee under the Series Resolution Authorizing the Issuance and Sale of Not to Exceed \$85,000,000 Single Family Mortgage Revenue Bonds, 2025 Series A (Mortgage-Backed Securities/Mortgage Loans Program), adopted by the Arkansas Development Finance Authority on February 20, 2025.

IN WITNESS WHEREOF, the Trustee has caused this Acceptance to be executed by its duly authorized officer, on this [__]th day of April, 2025.

SIMMONS BANK, as Trustee

By: _____
Senior Vice President and
Corporate Trust Manager

EXHIBIT A

FORM OF 2025 SERIES A BOND

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM, AND SECURED BY A PLEDGE OF, THE ELIGIBLE COLLATERAL AND THE OTHER REVENUES AND FUNDS DESCRIBED HEREIN. THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF ARKANSAS CODE ANNOTATED §§ 15-5-501 *et seq.*, AS AMENDED, AND IS THE OBLIGATION ONLY OF THE AUTHORITY, AND IN NO EVENT SHALL THIS BOND CONSTITUTE AN INDEBTEDNESS OF THE STATE OF ARKANSAS OR AN INDEBTEDNESS FOR WHICH THE FAITH AND CREDIT OF THE STATE OF ARKANSAS OR ANY OF ITS REVENUES ARE PLEDGED OR AN INDEBTEDNESS SECURED BY A LIEN ON OR A SECURITY INTEREST IN ANY PROPERTY OF THE STATE OF ARKANSAS. THE AUTHORITY HAS NO TAXING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA OR ANY AGENCY THEREOF OR THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION OR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

No. RA-__ \$_____

UNITED STATES OF AMERICA

STATE OF ARKANSAS

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BOND,
2025 SERIES A
(MORTGAGE-BACKED SECURITIES/MORTGAGE LOANS PROGRAM)

Maturity Date	Bond Date	CUSIP
[January 1] [July 1], 20__	[_____], 2025	041083_____

Interest Rate: _____% Per Annum

Registered Holder: Cede & Co.

Principal Sum: _____ Dollars

THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY, a public agency and instrumentality of the State of Arkansas (herein called the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the registered holder identified above, or registered assigns, the principal sum specified above on the maturity date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender of this Bond at the corporate

trust office of Simmons Bank (the “Trustee” or the “Paying Agent”), and to pay interest to the registered holder hereof on such principal sum from the dated date hereof, or, if later, from the date to which interest has been duly paid, at the rate of per annum interest specified above until such principal sum is paid, payable semiannually on each January 1 and July 1, commencing [July 1, 2025] (each, a “Bond Payment Date”). The principal or redemption price of and interest on the Bond is payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. The principal or redemption price of this Bond is payable at the principal office of the Trustee.

Interest on this Bond shall be payable by check or draft mailed to the registered owner at its address appearing on the registration books of the Authority kept for that purpose at the principal office of the Trustee, determined as of the close of business on the applicable Record Date or at such other place as may be provided for such payment by the appointment of any other Paying Agent as permitted by the Resolution. Owners of the Bonds in an aggregate principal amount of not less than \$1,000,000 may arrange for payment of interest by wire transfer. The Record Date for payment of interest is the fifteenth day of the month next preceding the date on which the interest is to be paid, whether or not a Business Day.

This Bond is issued under and by virtue of Arkansas Code Annotated Sections 15-5-101 *et seq.*, as amended and supplemented (the “Act”), and under and pursuant to the resolution of the Authority adopted July 20, 1995, as amended and restated on May 16, 2013, and as further amended and supplemented from time to time entitled “Single Family Mortgage Revenue Bond General Resolution (Mortgage-Backed Securities/Mortgage Loans Program)” (the “General Resolution”), as supplemented by the Series Resolution Authorizing the Issuance and Sale of Not to Exceed \$85,000,000 Single Family Mortgage Revenue Bonds, 2025 Series A (Mortgage-Backed Securities/Mortgage Loans Program), adopted February 20, 2025 (the “Series Resolution”), (such General Resolution and Series Resolution and any and all such further resolutions being herein collectively called the “Resolution”).

This Bond is one of the duly authorized “Single Family Mortgage Revenue Bonds, 2025 Series A (Mortgage-Backed Securities/Mortgage Loans Program)” (the “Bonds” or “2025 Series A Bonds”) limited to the aggregate principal amount of \$85,000,000 and duly issued under and by virtue of the Act and under and pursuant to the Resolution. Copies of the Resolution are on file at the office of the Authority, and at the corporate trust office of the Trustee, and reference to the Resolution and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the rights and remedies of the registered holders of the Bonds with respect to such pledge and covenants, the terms and conditions upon which the Bonds are issued thereunder and a statement of the rights, duties, immunities and obligations of the Authority and of the Trustee. Such pledge and other obligations of the Authority under the Resolution may be discharged on or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution. All terms not otherwise defined herein shall have the meaning set forth in the Resolution.

The Bonds are issued for the purpose of providing funds for the Authority to provide money for the acquisition of Eligible Collateral and to pay the cost of issuance.

To the extent and in the manner permitted by the terms thereof, the Resolution and any resolution amendatory thereof or supplemental thereto may be modified or amended; provided, however, that no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holders of all such Bonds, or shall reduce the percentage or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment without the consent of the holders of all Bonds then outstanding.

This Bond is transferable by the registered holder hereof in person or by his duly authorized attorney, as provided in the Resolution, only upon the books of the Authority kept for the purpose at the corporate trust office of the Trustee (i) upon presentation and surrender of this Bond at the corporate trust office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered holder or his duly authorized attorney and (ii) upon payment of the charges prescribed in the Resolution. Thereupon a new fully registered Bond of the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefor as provided in the Resolution. The Authority, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever, and neither the Authority, the Trustee nor any Paying Agent shall be affected by a notice to the contrary.

The 2025 Series A Bonds are issuable only in fully registered form, in denominations of \$5,000 or any integral multiple thereof, and comprise Serial Bonds maturing on January 1, 2026 and on each January 1 and July 1 thereafter to and including [_____] and Term Bonds maturing on [_____].

The 2025 Series A Bonds are subject to optional, special, and mandatory redemption as described in the Series Resolution.

In the event that any Bond is to be called for redemption, notice of such redemption, setting forth such information as is required pursuant to the Resolution, shall be given upon mailing a copy of the redemption notice by first-class mail (or, in the case of holders of more than \$1,000,000 in principal amount of the Bonds, by certified mail, return receipt requested) not less than thirty (30) or more than forty-five (45) days prior to the date fixed for redemption to the registered holder of each Bond to be redeemed at the address shown on the registration books and to one or more national services which record bond redemption data. Failure by the Trustee to mail notice of redemption pursuant to the Resolution to any one or more of the holders of any Bond designated for redemption or to any of such national information services shall not affect the sufficiency of the proceeding for redemption with respect to the holders to whom such notice was mailed.

On the specified redemption date, all Bonds so called for redemption shall cease to bear interest and shall no longer be secured by the Resolution, provided moneys for their redemption are on deposit at the place of payment at that time.

The holder of this Bond shall have no right to enforce the provisions of the Resolution, or to institute any action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as otherwise expressly provided in the Resolution. In addition, the right of the holder of this Bond to institute or prosecute a suit for the enforcement of payment hereof or to enter a judgment in any such suit is limited to the extent that such action would result in the surrender, impairment, waiver or loss of the security provided under the Resolution for the equal and ratable benefit of all holders of Bonds.

In case an Event of Default shall occur, the principal of this Bond may be declared due and payable in the manner and with the effect provided in the Resolution.

It is hereby certified and recited by the Authority that all acts, conditions and things necessary to be done precedent to and in the issuance of the Bonds in order to make the Bonds the legal, valid and binding special limited obligations of the Authority in accordance with their terms have been done, have happened and have been performed in regular and due form as required by law, and that the issuance of the Bonds did not at the time of issuance exceed or violate any constitutional, statutory or other limitation upon the amount of indebtedness prescribed by law or the Resolution.

Unless the Trustee's Certificate of Authentication hereon has been duly executed on behalf of the Trustee, this Bond shall not be entitled to any benefit under the Resolution or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chair and its seal to be hereunto imprinted and attested to by the facsimile signature of its President.

ARKANSAS DEVELOPMENT FINANCE
AUTHORITY

By: _____
Chair

Attest:

President

(SEAL)

TRUSTEE’S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution adopted by the Arkansas Development Finance Authority and is one of the Single Family Mortgage Revenue Bonds, 2025 Series A (Mortgage-Backed Securities/Mortgage Loans Program).

Authentication Date: _____, 2025

SIMMONS BANK, as Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

(please print or typewrite name and address of transferee) the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed: _____

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the within Bond in every particular, without alteration or enlargement or any change whatever.

PLEASE INSERT SOCIAL SECURITY
NUMBER OR OTHER IDENTIFYING
NUMBER OF ASSIGNEE

The following abbreviations, when used in this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common UTMA _____ Custodian _____
TEN ENT - as tenants by the entireties (Cust) (Minor)
JT TEN - as joint tenants with right under Uniform Transfer to Minors Act
of survivorship and not as _____
tenants in common (State)

Additional abbreviations may also be used though not in the list above.

EXHIBIT B

2025 SERIES A BONDS OUTSTANDING APPLICABLE AMOUNTS

(BASED ON [___]% PSA)

Monthly Period <u>Ending</u>	2025 Series A Bonds Outstanding <u>Applicable Amount</u>[†]
-----------------------------------------	---------------------------------------------------------------------------------

[†] As set forth in Appendix G of the Final Official Statement.

EXHIBIT C

2025 SERIES A PREMIUM PAC BONDS OUTSTANDING APPLICABLE AMOUNTS

(BASED ON []% PSA)

Monthly Period <u>Ending</u>	2025 Series A Premium PAC Bonds Outstanding Applicable <u>Amount</u>[†]
-----------------------------------------	-------------------------------------------------------------------------------------------------

[†] As set forth in Appendix H of the Final Official Statement.

TAB 5

MEMORANDUM

To: ADFA Board of Directors
From: Jake Bleed, General Counsel
Date: Feb. 14, 2025
Subject: Request for Release of Funding from Prison Construction Trust Fund

The Arkansas Department of Corrections has submitted a request for the release of not to exceed \$2,000,000 from the Prison Construction Trust Fund to be used for the renovation and enhancement of a facility currently owned by the Arkansas Department of Human Services.

That facility is located at 4800 West 7th Street in Little Rock and will be renovated to provide additional bed space for inmates of the Department of Corrections. The Department of Corrections has entered into a lease with the Department of Human Services to use the property. The lease was approved by the Board of Corrections on Wednesday, February 12. This request comes with the approval of Governor's Office, which has asked the Department of Corrections to move quickly to increase bed space.

Please note: This request was submitted after the deadline for the submission of documents to the ADFA board for consideration at the February meeting. However, given the emphasis placed by the Governor's office on increasing prison bed space, the Department of Corrections does not wish to delay consideration of the release of these funds until the next meeting of the ADFA board in April. For that reason, they have asked consideration of this request at the February meeting.

At the time of writing this memo, the Department of Corrections had not yet obtained approval for the project by the Division of Building Authority, as required under Ark. Code Ann. § 22-3-1225. In the event that approval is not granted prior to the February meeting, this request will be made contingent upon subsequent receipt of approval by the Division.

2025 WOMEN'S HEALTH UNIT RENOVATION

**CONTRACT FOR THE CONSTRUCTION AND EQUIPPING OF
CORRECTION OR PRISON FACILITIES**

This CONTRACT FOR THE CONSTRUCTION AND EQUIPPING OF CORRECTION OR PRISON FACILITIES is between the ARKANSAS DEVELOPMENT FINANCE AUTHORITY (the "Authority"), a body politic and corporate, organized, and existing under the laws of the State of Arkansas, and the ARKANSAS DEPARTMENT OF CORRECTIONS (the "DOC"), an agency of the State of Arkansas.

WITNESSETH:

WHEREAS, the Authority maintains the Prison Construction Trust Fund (the "Fund") pursuant to Ark. Code Ann. § 22-3-1225; and

WHEREAS, the DOC desires to construct and equip correction or prison facilities to be used by the DOC as described in § 22-3-1225(c)(1), as more specifically described in Exhibit A to this Contract (the "Project"), utilizing monies in the Fund in an amount not to exceed **\$2,000,000** (the "Project Amount"); and

WHEREAS, the Authority is authorized by law to fund or to provide for the funding of the Project by various methods, including contracts, in accordance with the provisions of the Arkansas Development Finance Authority Act, § 15-5-101 through 106 (the "Act"), and to pledge the cash funds collected by it from the sale of annual license plate validation decals and deposited in the Fund, after payment of the amounts as specified in § 22-3-1225(b), to the repayment of such contracts, provided that the project, the plans therefor, and the construction thereof have been reviewed and approved by the Department of Transformation and Shared Services Division of Building Authority (DBA); and

WHEREAS, the DOC desires that the Authority fund the Project in an amount not to exceed the Project Amount to enable the DOC to complete the Project, and the Authority has agreed to do the same; and

WHEREAS, it is desirable that the Authority and the DOC enter into this contract pursuant to Ark. Code Ann. § 22-3-1225 for the purpose of funding the Project from monies in the Fund in an amount not to exceed the Project Amount; and

WHEREAS, pursuant to and in accordance with the provisions of ACA § 22-3-1225 and the Act, and pursuant to official action of the Authority, the Authority and the DOC propose to enter into this Contract upon the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. The following words and terms shall have the following meanings:

“DBA” means the Arkansas Department of Transformation and Shared Services - Division of Building Authority, being the agency created by Ark. Code Ann. § 22-2-104, or any successor agency.

“Authority” means the Arkansas Development Finance Authority, being the authority created by Ark. Code Ann. § 15-5-101 et seq., and any successor authority or agency.

“Board” means the Arkansas Board of Corrections, being the board created by Ark. Code Ann. § 12-27-101 et seq., and any successor board.

“Construct” or “construction” has the meaning assigned in Ark. Code Ann. § 22-3-1203, *i.e.*, to acquire, construct, reconstruct, remodel, expand, install, or equip all lands, buildings, structures, improvements, or other property, either real, personal, or mixed, which is useful in connection with the building, and to make other necessary expenditures in connection therewith by such methods and in such manner as the DBA shall determine to be necessary or desirable to accomplish the powers, purposes, and authorities set forth in Ark. Code Ann. Title 22, Chapter 3, Subchapter 12 (§§ 22-3-1201 to -1225). The term “construct” or “construction” shall be construed as including purchasing instructional equipment and major maintenance projects.

“Contract” means this Contract for the Purchase, Construction and Equipping of Correction or Prison Facilities, dated as of, between the Authority and the DOC, and any amendments and supplements hereto.

“DOC” means the Arkansas Department of Corrections, being the department created by Ark. Code Ann. § 25-43-401, and any successor department or agency.

“Equip” has the meaning assigned in Ark. Code Ann. § 22-3-1203, *i.e.*, to install or place on or in any building or structure, or in connection with the use and operation of any building or structure, equipment of any and every kind, whether or not affixed, including, without limiting the generality of the foregoing, equipment used or employed in connection with the prison agriculture and industry programs; instructional equipment, materials, and books for use by any state-supported institution of higher education; and any and all library and reference books and materials.

“Project” means the purchase, construction, and equipping of the correction or prison facilities to be used by the DOC more specifically described in Exhibit A attached to this Contract.

“Project Amount” means an amount not to exceed **\$2,000,000**.

ARTICLE II
REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Authority. The Authority represents and covenants that:

(a) The Authority is a body corporate and politic of the State, duly organized and existing under the laws of the State. Under the provisions of Ark. Code Ann. § 22-3-1225, the Act, and the Constitution of the State, the Authority is authorized to enter into the transactions to be performed by it under this Contract and to carry out its obligations hereunder. The Authority has been duly authorized to execute and deliver this Contract.

(b) Nothing in this Contract shall be construed to require the Authority to operate the Project.

(c) Notwithstanding anything herein contained to the contrary, it is the intention of the Authority that any obligation it may hereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from the moneys in the Fund.

Section 2.2. Representations and Covenants of the DOC. The DOC represents and covenants as follows:

(a) The DOC was created on July 1, 2019 under Transformation pursuant to § 25-43-401. The administrative functions of nine (9) state entities were transferred to the DOC by a cabinet-level transfer. The Arkansas Division of Correction (“ADC”) and the Arkansas Division of Community Correction (“ACC”) are two of the state entities transferred into the DOC, pursuant to § 25-43-402. As a result of these transfers, the DOC is the department within the Executive Department of the State and is the department having general supervision and control of all offenders committed to, or in the custody of, the State's penitentiaries, the governing body of which is the Board. The Secretary of the DOC has the power to enter into this Contract, as the chief executive of the Department, and has duly authorized the execution and delivery of this Contract by proper action of the Board.

(b) Neither the execution and delivery of this Contract, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof conflicts with or results in a breach of the terms, conditions, or provisions of any agreement or instrument to which the DOC is now a party or by which the DOC is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge, or encumbrance whatsoever upon any of the property or assets of the DOC under the terms of any instrument or agreement except as provided herein.

(c) There is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or public board or body, known to be pending or threatened against or affecting the DOC, nor to the best of the knowledge of the DOC is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the transactions contemplated by this Contract or which, in any way, would adversely affect the

validity or enforceability of this Contract.

(d) The Project is of the type authorized and permitted by Ark. Code Ann. § 22-3-1225(c)(1).

(e) The Project, the plans therefor, and the construction thereof have been reviewed and approved by the DBA.

ARTICLE III FUNDING OF THE PROJECT

Section 3.1. Agreement to Purchase, Construct and Equip the Project.

(a) The Project shall be purchased, constructed, and equipped by and shall belong to and be the property of the DOC.

(b) The DOC will make all contracts and do all things necessary for the purchase, construction, and equipping of the Project, and the DOC agrees that:

(c) The Contract will cause the Project to be purchased, constructed, and equipped in accordance with the specifications and directions of the DOC.

(d) The Contract will allow for the purchase, construct, and equip the Project with all reasonable dispatch and use its best efforts to cause construction and equipping of the Project to be completed as soon as may be practicable, delays caused by *force majeure* excepted.

(e) So long as the DOC is not in Default under any of the provisions of this Contract, the DOC shall have full power to carry out the acts and agreements provided in this Section, and such power is granted and confirmed irrevocably by the Authority to the DOC and is accepted by the DOC, and shall not be terminated by any act of the Authority or of the DOC.

Section 3.2. Disbursements from the Fund.

(a) The Authority will make disbursements from the Fund to pay the cost of the Project, or to reimburse the DOC for any cost of the Project paid by the DOC.

(b) The Authority will make disbursements upon receipt of a requisition signed by the Secretary of the DOC.

(c) In making any payment from the Fund, the Authority may rely conclusively on requisitions and certificates delivered to it pursuant to this Section and the Authority shall be relieved of all liability with respect to the accuracy of such requisitions and certificates and the making of such payments in accordance with such requisitions and certificates and all liability to see to the proper application thereof by the DOC.

Section 3.3. Furnishing Documents to the Authority. The DOC agrees to cause such

requisitions to be directed to the Authority as may be necessary to effect payments out of the Fund in accordance with Section 3.2. The Authority shall retain a record of all such requisitions.

Section 3.4. Plans and Specifications; Modifications to Project. The DOC agrees to maintain plans and specifications for the Project. The DOC may make any changes in or modifications of the plans and specifications, and may make any deletions from or substitutions or additions to the Project without the prior consent of the Authority, so long as such changes or modifications in the plans and specifications, or deletions from or substitutions or additions to the Project, do not materially alter the size, scope, or character of the Project, impair the structural integrity and utility of the Project, or violate the requirements of any governmental authority. If any such changes or modifications in the plans and specifications, or if any such deletions from or substitutions or additions to the Project, materially alter the size, scope, or character of the Project or impair the structural integrity and utility of the Project then, and in such event, no such changes, modifications, substitutions, deletions, or additions shall be made without the express written consent of the DBA. The DOC covenants and agrees that no changes, modifications, substitutions, deletions, or additions shall be made with respect to the Project if such change disqualifies the Project for funding with moneys in the Fund.

ARTICLE IV AMOUNTS PAYABLE

Section 4.1. Amounts Payable. The DOC will pay to the Authority the reasonable fees and expenses of the Authority in connection with the Project incurred during the term of this Contract.

ARTICLE V SPECIAL COVENANTS

Section 5.1. No Warranty of Condition or Suitability by the Authority. The Authority makes no warranty, either express or implied, as to the Project or the condition thereof, or that the Project will be suitable for the purposes or needs of the DOC.

Section 5.2. Access to Books and Records. The DOC agrees that the Authority and its duly authorized agents shall also be permitted, at all reasonable times, to examine the books and records of the DOC with respect to the Project.

Section 5.3. Further Assurances and Corrective Instruments. The Authority and the DOC agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or for carrying out the expressed intention of this Contract.

Section 5.4. Authority and Authorized DOC Representatives. Whenever under the provisions of this Contract the approval of the Authority or the DOC is required or the Authority or the DOC is required to take some action at the request of the other, such approval or such request shall be given for the Authority by its President or any designated Officer and for the DOC by its Secretary or his designee; the Authority and any party hereto shall be authorized to act on any such approval or request.

ARTICLE VI
MISCELLANEOUS

Section 6.1. Term of Contract. This Contract shall remain in full force and effect from the date hereof to and including such date as the Project has been completed or until such time as all of the fees and expenses of the Authority shall have been fully paid or provision made for such payments, whichever is later; provided that this Contract may be terminated prior to such date.

Section 6.2. Notices. All notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows:

To the Authority: Arkansas Development Finance Authority Attention: Public Finance Officer 1 Commerce Way Little Rock, AR 72202	To the DOC: Arkansas Department of Corrections Attention: Office of the Secretary 1302 Pike Avenue, Suite C North Little Rock, AR 72114
----------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------

The Authority and the DOC may designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

Section 6.3. Binding Effect. This Contract shall inure to the benefit of and shall be binding upon the Authority, the DOC, and their respective successors and assigns.

Section 6.4. Severability. In the event any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.5. Execution in Counterparts. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.6. Applicable Law. This Contract shall be governed by and construed in accordance with the laws of the State of Arkansas.

Section 6.7. Captions. The captions and headings in this Contract are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or Sections of this contract.

IN WITNESS WHEREOF, the Authority and DOC have caused this Contract to be executed in their respective names by their duly authorized officials as of the date first above written.

ARKANSAS DEVELOPMENT FINANCE
AUTHORITY

BY: _____

TITLE: _____

ARKANSAS DEPARTMENT OF CORRECTIONS

BY: Lindsay Wallace

TITLE: Secretary of Corrections

ARKANSAS BOARD OF CORRECTIONS

BY: Benny Magness

TITLE: Chairman

Exhibit A - Project Description

The Department of Corrections, Division of Correction (ADC), has leased a building, located at 4800 W 7th Street, Little Rock, AR 72205, from the Arkansas Department of Health and Human Services and intends to undertake a comprehensive renovation to enhance its functionality, safety, and efficiency. The renovation project will focus on upgrading the building's infrastructure, modernizing interior spaces, and ensuring compliance with all applicable building codes and regulations. The budget for this project is not expected to exceed **\$2,000,000**.

TAB 6

PRESIDENT



Memorandum

To: ADFA Board of Directors
From: Mark Conine
Date: February 11, 2025
Subject: President's Report



-
- The Arkansas 95th General Assembly commenced its Regular Session on January 13, 2025. ADFA is closely monitoring legislative developments to remain well-informed and prepared for any potential impacts on our organization. As part of these efforts, I attended legislative sessions hosted by the Arkansas State Chamber of Commerce and Stephens Inc. on January 21 and 22. These sessions provided an opportunity to strengthen relationships with elected officials, which will be essential in advocating for ADFA's interests.
 - On January 13, I met with representatives from the Arkansas Office of Outdoor Recreation and Arkansas venture capital firms to discuss the potential creation of an Arkansas Outdoor Recreation Fund. This fund would support small businesses in the outdoor recreation sector, with ADFA potentially contributing through the State Small Business Credit Initiative (SSBCI).
 - Given recent changes within the Federal Executive Branch, we are engaging with key federal agencies, including HUD and the U.S. Treasury, to assess potential impacts on funding sources for the federal programs we administer. By maintaining open communication and staying informed on policy developments, we aim to ensure the long-term success and sustainability of these programs.
 - On February 4, I had the opportunity to speak about ADFA programs to members of the Lead-AR leadership program, led by ADFA Board Member Jon Chadwell. The event was held at the Arkansas Electric Cooperatives Corporation headquarters in Little Rock.

- On February 5, I addressed the Arkansas Senate Revenue & Taxation Committee to propose the elimination of three annual reports currently prepared by ADFA for the General Assembly. Streamlining our reporting process will enhance efficiency while ensuring all relevant information remains accessible through alternative sources.
- On February 12, I met with several former legislators to discuss a proposed affordable housing developments in southwest Little Rock. Our discussion centered on opportunities for ADFA to collaborate with local stakeholders to support the development of accessible, high-quality housing options in the region for veterans and seniors.

FISCAL



Memorandum

TO: ADFA Board of Directors
FROM: Kristy Cunningham, CFO *KC*
DATE: February 11, 2025
RE: February 2025 Board Meeting CFO Report

I have attached the unaudited financial statements for the months ended October 31, 2024, and November 30, 2024. The November 2024 Statement of Revenues, Expenses, and Changes in Fund Balance (income statement) reflects five months of activity for FY25 (ending June 30, 2025). Actual combined revenues over expenses (includes venture capital programs, excludes inter-agency programs,) is a net income of \$13,329,945.

Note: The federal financial assistance “net” (revenues minus expenses) accounted for income of \$6,979,266, thus causing part of the overall net income of \$13,329,945. The federal financial assistance “net” is the difference between federal funds received and federal funds expended. It does not represent a true net operating income – it is a timing of funds received/expended. Also, federal funds received are used to fund repayable loans which are reported as loans receivables on the balance sheet and not expensed.

Staff is busy with updating bond documents for the ANRC RLF bond issue and ADFA Single Family bond issue. Both issues should close in March and/or April.

There are currently eleven new loans closing this month for the ANRC RLF programs. We are still completing year end loan confirmations for several programs and working on some issues with certain housing projects.

Accounting staff is consistently busy attempting to get caught up. We have hired Jenise Tucker as full-time accountant. She started out as a temporary staff in loan servicing and then started working for accounting after David was hired. We have another position open in accounting and hope to find a qualified person to fill that position.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
BALANCE SHEET - UNAUDITED
OCTOBER 31, 2024

For Internal Purposes Only

	SINGLE FAMILY	FEDERAL AND MULTI FAMILY	ECONOMIC DEVELOPMENT	GENERAL FUND	TOBACCO SETTLEMENT	STUDENT LOAN PROGRAMS	Component Unit VENTURE CAPITAL INVESTMENT TRUST FUND	TOTAL
ASSETS:								
Cash and cash equivalents	119,432,006	38,787,242	97,486,477	51,933,691	404,070	45,236,722	1,953,118	355,233,326
Accounts receivable	-	3,554,880	(3,812)	846,918	-	16,891	-	4,414,877
Accrued interest receivable	841,312	186,085	652,251	611,498	1,555	344,726	-	2,637,427
Accrued rent receivable	-	-	280,565	53,484	-	-	-	334,049
Investments, at amortized cost	100,667,500	-	10,254,758	64,673,488	-	3,128,524	23,116,707	201,840,977
Loans receivable, at amortized cost, net	-	109,226,096	149,630,753	49,577,519	65,900,797	13,774,744	2,525,003	390,634,912
Long Term Receivable	-	-	-	-	-	-	-	-
Real Estate Owned	-	-	-	-	-	-	-	-
Deferred charges	-	-	-	1,641,342	-	-	-	1,641,342
Direct Financing Leases	-	-	124,650,115	3,295,389	-	-	-	127,945,504
GASB 87 Leases	-	-	-	-	-	-	-	-
Capitalized Assets	-	439,397	-	3,314,460	-	2,043,615	-	5,797,472
Other Assets	-	-	-	-	-	-	-	-
TOTAL ASSETS	220,940,818	152,193,700	382,951,107	175,947,789	66,306,422	64,545,222	27,594,828	1,090,479,886
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Bonds and notes payable, net of unamortized discounts and premiums	115,160,312	3,035,731	291,169,451	-	65,900,797	-	2,300,749	477,567,040
Lease Liability GASB 87	-	-	-	287,673	-	-	-	287,673
Accrued interest payable	1,482,620	13,604	3,795,792	-	-	-	10,954	5,302,970
Accounts payable	-	687,430	5,007,169	4,001,884	-	66,398	515	9,763,396
OPEB and pension liabilities	-	-	-	6,052,541	-	-	-	6,052,541
Deferred fees, advances, grants and credits	-	-	-	-	-	-	-	-
Total liabilities	116,642,932	3,736,765	341,546,363	11,818,349	66,306,422	66,398	2,312,218	542,429,447
FUND BALANCES								
Restricted by bond resolution and programs	104,297,886	148,456,935	41,404,744	-	-	62,435,209	25,282,610	381,877,384
Invested in capital assets	-	-	-	3,314,460	-	2,043,615	-	5,358,075
Unrestricted	-	-	-	160,814,980	-	-	-	160,814,980
TOTAL LIABILITIES AND FUND BALANCES	220,940,818	152,193,700	382,951,107	175,947,789	66,306,422	64,545,222	27,594,828	1,090,479,886

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR
THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2024 - UNAUDITED

For Internal Purposes Only

	SINGLE FAMILY	FEDERAL AND MULTI FAMILY	ECONOMIC DEVELOPMENT	GENERAL FUND	TOBACCO SETTLEMENT	STUDENT LOAN PROGRAMS	Component Unit VENTURE CAPITAL INVESTMENT TRUST FUND	TOTAL
REVENUES:								
Interest income:								
Loans and direct leases	-	348,613	3,560,499	854,561	1,084,312	221,816	-	6,069,801
Investments	2,851,628	495,839	547,777	1,311,835	-	921,141	634,584	6,762,804
Amortization of discounts and premiums on loans and investments, net	-	-	-	-	-	-	-	-
	9,663	-	(852)	1,755	-	-	-	10,566
Financing fee income	-	-	123,669	2,230,410	-	-	21,775	2,375,854
Total Interest Income	2,861,291	844,452	4,231,093	4,398,561	1,084,312	1,142,957	656,359	15,219,025
Federal financial assistance	-	6,312,462	15,248	-	-	-	-	6,327,710
Rental Real Estate	-	-	-	-	-	74,938	-	74,938
Default Management Services	-	-	-	-	-	35,212	-	35,212
Special Allowance Income	-	-	-	-	-	-	-	-
Other income (loss)	-	-	-	22,800	-	18	-	22,818
TOTAL REVENUES	2,861,291	7,156,914	4,246,341	4,421,361	1,084,312	1,253,125	656,359	21,679,703
EXPENSES:								
Interest on bonds and notes:								
Current interest	1,172,716	11,206	3,316,192	-	-	-	78,491	4,578,605
Accreted interest	-	-	-	-	1,084,312	-	-	1,084,312
Total interest on bonds and notes	1,172,716	11,206	3,316,192	-	1,084,312	-	78,491	5,662,917
Amortized public discounts and premiums on bonds and notes	(14,274)	-	-	-	-	-	-	(14,274)
Provision for losses	-	-	-	-	-	5,990	-	5,990
Federal financial assistance programs	-	483,216	-	-	-	-	-	483,216
Loan Servicing and Other Contractual Services	-	-	-	-	-	88,199	-	88,199
Default Management Services	-	-	-	-	-	29,418	-	29,418
Special Allowance expense	-	-	-	-	-	-	-	-
Rental Real Estate	-	-	-	-	-	77,121	-	77,121
Administrative expenses:	-	-	-	-	-	-	-	-
Salaries and benefits	-	-	-	1,624,075	-	200,956	-	1,825,031
Operations and maintenance	-	402,777	19,329	363,966	-	82,145	-	868,217
Other	679,545	82,403	66,773	182,034	-	259,449	162,966	1,433,170
TOTAL EXPENSES	1,837,987	979,602	3,402,294	2,170,075	1,084,312	743,278	241,457	10,459,005
REVENUES OVER (UNDER) EXPENSES	1,023,304	6,177,312	844,047	2,251,286	-	509,847	414,902	11,220,698
Transfer (to) from other funds	2,002,620	-	(2,098,571)	(2,060,537)	-	-	2,060,000	(96,488)
REVENUES OVER (UNDER) EXPENSES	3,025,924	6,177,312	(1,254,524)	190,749	-	509,847	2,474,902	11,124,210
FUND BALANCES:								
Beginning of period	101,271,962	142,279,623	42,659,268	163,938,691	-	63,968,977	22,807,708	536,926,229
End of Period	104,297,886	148,456,935	41,404,744	164,129,440	-	64,478,824	25,282,610	548,050,439

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
BALANCE SHEET - UNAUDITED
NOVEMBER 30, 2024

For Internal Purposes Only

	SINGLE FAMILY	FEDERAL AND MULTI FAMILY	ECONOMIC DEVELOPMENT	GENERAL FUND	TOBACCO SETTLEMENT	STUDENT LOAN PROGRAMS	Component Unit VENTURE CAPITAL INVESTMENT TRUST FUND	TOTAL
ASSETS:								
Cash and cash equivalents	111,050,038	38,918,405	98,384,770	54,002,596	405,629	45,498,486	1,955,706	350,215,630
Accounts receivable	-	3,550,861	20,409	841,665	-	30,377	-	4,443,312
Accrued interest receivable	823,303	175,471	421,707	612,339	1,444	312,198	-	2,346,462
Accrued rent receivable	-	-	145,860	64,963	-	-	-	210,823
Investments, at amortized cost	109,860,043	-	10,239,952	62,547,456	-	2,781,356	23,116,707	208,545,514
Loans receivable, at amortized cost, net	-	110,094,923	149,165,588	50,331,534	66,171,875	14,116,888	2,525,003	392,405,811
Long Term Receivable	-	-	-	-	-	-	-	-
Real Estate Owned	-	-	-	-	-	-	-	-
Deferred charges	-	-	-	1,641,342	-	-	-	1,641,342
Direct Financing Leases	-	-	123,775,761	3,295,390	-	-	-	127,071,151
GASB 87 Leases	-	-	-	-	-	-	-	-
Capitalized Assets	-	420,293	-	3,313,236	-	2,037,821	-	5,771,350
Other Assets	-	-	-	-	-	-	-	-
TOTAL ASSETS	221,733,384	153,159,953	382,154,047	176,650,521	66,578,948	64,777,126	27,597,416	1,092,651,395

LIABILITIES AND FUND BALANCES

LIABILITIES:

Bonds and notes payable, net of unamortized discounts and premiums	115,154,025	3,035,731	290,244,451	-	66,171,875	-	2,300,749	476,906,831
Lease Liability GASB 87	-	-	-	287,673	-	-	-	287,673
Accrued interest payable	1,904,168	16,308	3,946,865	-	-	-	17,665	5,885,006
Accounts payable	-	699,486	4,704,841	3,995,314	-	74,592	515	9,474,748
OPEB and pension liabilities	-	-	-	6,052,540	-	-	-	6,052,540
Deferred fees, advances, grants and credits	-	-	41,906,257	1,475,093	407,073	-	-	43,788,423
Total liabilities	117,058,193	3,751,525	340,802,414	11,810,620	66,578,948	74,592	2,318,929	542,395,221

FUND BALANCES

Restricted by bond resolution and programs	104,675,191	149,408,428	41,351,633	-	-	62,664,713	25,278,487	383,378,452
Invested in capital assets	-	-	-	3,313,236	-	2,037,821	-	5,351,057
Unrestricted	-	-	-	161,526,665	-	-	-	161,526,665

**TOTAL LIABILITIES AND FUND
BALANCES**

TOTAL LIABILITIES AND FUND BALANCES	221,733,384	153,159,953	382,154,047	176,650,521	66,578,948	64,777,126	27,597,416	1,092,651,395
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ARKANSAS DEVELOPMENT FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR
THE FIVE MONTH PERIOD ENDED NOVEMBER 30, 2024 - UNAUDITED

For Internal Purposes Only

	SINGLE FAMILY	FEDERAL AND MULTI FAMILY	ECONOMIC DEVELOPMENT	GENERAL FUND	TOBACCO SETTLEMENT	STUDENT LOAN PROGRAMS	Component Unit VENTURE CAPITAL INVESTMENT TRUST FUND	TOTAL
REVENUES:								
Interest income:								
Loans and direct leases	-	430,517	4,202,645	1,069,172	1,355,390	286,928	-	7,344,652
Investments	3,671,675	609,667	668,460	1,595,055	-	1,149,241	637,172	8,331,270
Amortization of discounts and premiums on loans and investments, net	11,616	-	(1,003)	2,250	-	-	-	12,863
Financing fee income	-	-	134,123	2,825,504	-	-	21,775	2,981,402
Total Interest Income	3,683,291	1,040,184	5,004,225	5,491,981	1,355,390	1,436,169	658,947	18,670,187
Federal financial assistance	-	7,192,143	19,060	-	-	-	-	7,211,203
Rental Real Estate	-	-	-	-	-	97,614	-	97,614
Default Management Services	-	-	-	-	-	36,856	-	36,856
Special Allowance Income	-	-	-	-	-	-	-	-
Other income (loss)	-	-	-	25,600	-	18	-	25,618
TOTAL REVENUES	3,683,291	8,232,327	5,023,285	5,517,581	1,355,390	1,570,657	658,947	26,041,478
EXPENSES:								
Interest on bonds and notes:								
Current interest	1,594,265	13,910	4,135,195	-	-	-	85,201	5,828,571
Accreted interest	-	-	-	-	1,355,390	-	-	1,355,390
Total interest on bonds and notes	1,594,265	13,910	4,135,195	-	1,355,390	-	85,201	7,183,961
Amortized public discounts and premiums on bonds and notes	(20,562)	-	-	-	-	-	-	(20,562)
Provision for losses	-	-	-	-	-	5,990	-	5,990
Federal financial assistance programs	-	576,533	-	-	-	-	-	576,533
Loan Servicing and Other Contractual Services	-	-	-	-	-	93,584	-	93,584
Default Management Services	-	-	-	-	-	31,582	-	31,582
Special Allowance expense	-	-	-	-	-	-	-	-
Rental Real Estate	-	-	-	-	-	86,345	-	86,345
Administrative expenses:								
Salaries and benefits	-	-	-	1,890,878	-	237,400	-	2,128,278
Operations and maintenance	-	410,295	19,329	447,569	-	91,796	-	968,989
Other	708,979	102,784	65,894	201,751	-	290,403	162,967	1,532,778
TOTAL EXPENSES	2,282,682	1,103,522	4,220,418	2,540,198	1,355,390	837,100	248,168	12,587,478
REVENUES OVER (UNDER) EXPENSES	1,400,609	7,128,805	802,867	2,977,383	-	733,557	410,779	13,454,000
Transfer (to) from other funds	2,002,620	-	(2,110,502)	(2,076,173)	-	-	2,060,000	(124,055)
REVENUES OVER (UNDER) EXPENSES	3,403,229	7,128,805	(1,307,635)	901,210	-	733,557	2,470,779	13,329,945
FUND BALANCES:								
Beginning of period	101,271,962	142,279,623	42,659,268	163,938,691	-	63,968,977	22,807,708	536,926,229
End of Period	104,675,191	149,408,428	41,351,633	164,839,901	-	64,702,534	25,278,487	550,256,174

DEVELOPMENT FINANCE

MEMORANDUM

Date: February 11, 2025

To: ADFA Board of Directors

From: Chuck Cathey *CC*

Subject: Development Finance Monthly Activity Report

Bond Guaranty and Lending Programs

Several companies have inquired about guaranteed bond financing and requested information and application packages. FerroSource Metal Products continues to work with Big River Steel on land acquisitions and building construction details, we will be looking for a possible presentation in April or May for an ADFA Bond Guarantee on City of Osceola or Mississippi County issued bonds with a Direct Loan Participation with SSBCI funds under our Treasury approved allocation agreement.

The \$1MM SSBCI CDFI Loan Participation to Southern Bancorp Community Partners with matching from Simmons Bank has signed documents and we are expecting the initial draw down of funds this week.

Asset Management

Reviewing requests for draws against reserves and uploading of current year financials to MITAS is ongoing for HOME, NHTF and TCAP loans assigned for Asset Management. All Asset Management Fees for 2024 were collected and we are now collecting on 2025 billings.

Venture Capital Programs

Highway Ventures has amended their corporate and fund ownership structure to be compliant with SSBCI conflict of interest guidelines and moving forward with closing on the \$2.5MM approved investment. The \$1MM approved direct investment in Adaptiiv by the Arkansas Venture Capital Development Fund is in final legal review and we expect closing by end of month.

Capital Access Program

Since its inception in 1993, the Capital Access Program (CAP) has made loan loss reserve contributions to lenders totaling \$2.04MM in support of \$43.3MM in loans to small business. The average loan to small businesses enrolled in the program is \$37,732 and has resulted in 4,412 jobs being created or retained.

MEMORANDUM

DATE: February 11, 2025

TO: ADFA Board of Directors

FROM: Chuck Cathey *CC*

RE: Problem Loan Report - January 31, 2025

The Authority's problem loans currently consist of 1 loan to 1 Borrower with outstanding balances totaling \$2,965,000 and delinquent amounts totaling \$1,558,369. The Authority's Bond Guaranty Reserve Fund has currently provided bondholder debt service payments totaling \$1,451,499 for the Borrower. The Authority has agreed to entered into an 18-month repayment agreement with 1 Guarantor for payment of \$358,611 in prior debt service payments made on the company's behalf prior to the bonds paying off. The Authority is filing suit for an approximate deficiency of \$201,171 against the guarantors of 1 loan that has cleared bankruptcy and the bonds are being redeemed effective March 1, 2025.

Based on current collateral and recovery values, if the Authority was forced to collect on the remaining loan, the loss exposure to the Bond Guaranty Reserve Fund is estimated to be as much as \$1,482,500.

HOMEOWNERSHIP & PUBLIC FINANCE

ADFA Ginnie Pipeline (2/7/2025)

High Level Summary

Parameter	2/7/2025	2/6/2025	2/5/2025	2/4/2025	2/3/2025	1/31/2025	1/30/2025	1/29/2025
Incremental								
New Lock Count	4	3	2	5	4	2	2	-
Cancel Lock Count*	-	1	1	1	-	1	-	1
Pooled Lock Count	-	-	-	-	-	-	-	-
New Lock Balance	930,532	612,131	217,489	936,128	763,317	590,456	435,957	-
Cancel Lock Balance*	-	112,917	170,805	112,818	-	215,916	-	240,562
Pooled Loan Balance	-	-	-	-	-	-	-	-
Cumulative								
Total Lock Count	175	171	169	168	164	160	159	157
Total Cancel Lock Count*	1,709	1,709	1,708	1,707	1,706	1,706	1,705	1,705
Total Pooled Lock Count	5,537	5,537	5,537	5,537	5,537	5,537	5,537	5,537
Total Lock Orig Balance	34,171,082	33,240,550	32,743,299	32,696,615	31,873,305	31,109,988	30,735,448	30,299,491
Total Cancel Lock Balance*	274,811,337	274,811,337	274,698,420	274,527,615	274,414,797	274,414,797	274,198,881	274,198,881
Total Pooled Loan Balance	908,594,262	908,594,262	908,594,262	908,594,262	908,594,262	908,594,262	908,594,262	908,594,262
Avg Orig Loan Size	195,263	194,389	193,747	194,623	194,349	194,437	193,305	192,990
Avg Orig Term	360	360	360	360	360	360	360	360
Avg Lock Term	45	45	45	45	45	45	45	45
Avg Gross Rate	6.5246	6.5253	6.5265	6.5266	6.5273	6.5279	6.5232	6.5218
Lender Count	42	42	42	42	42	41	41	41
Avg FICO Score	694	694	694	694	694	693	693	693
Pct First Time Buyer	-	-	-	-	-	-	-	-

Cancels*: Locks cancelled on day they were reserved are omitted from this summary

Current Lock Status

Rank	Status	Count	Balance	Percent
1	RESERVATION	89	\$17,228,715	50.4%
2	FUNDED	86	\$16,942,367	49.6%

Days before Cancellation

Lock Age	Count	Balance	Percent
<= 10	307	\$49,523,556	18.0%
<= 20	249	\$42,358,106	15.4%
<= 30	188	\$31,830,946	11.6%
<= 40	121	\$18,974,886	6.9%
<= 50	119	\$17,605,807	6.4%
<= 60	102	\$15,854,446	5.8%
<= 70	108	\$18,104,047	6.6%
> 70	515	\$80,559,543	29.3%

Max: 378 || Min: 1 || WAvg: 49

LENDER

Lock Volume By Lender (Top 16)

Rank	Lender Name	Count	Balance	Percent	%Closed	%Purchased	DayCount1*	DayCount2**
1	Fairway Independent Mortgage Corporation	34	\$6,280,628	18.4%	13.3%	9.7%	24	82
2	Flat Branch Home Loans	26	\$5,277,262	15.4%	11.4%	10.4%	20	54
3	Arvest Bank	9	\$1,678,697	4.9%	3.4%	2.4%	20	75
4	First Trust Home Loans	7	\$1,569,643	4.6%	3.1%	2.2%	24	49
5	Centennial Bank	6	\$1,409,621	4.1%	2.9%	2.9%	14	45
6	Eustis Mortgage Corporation,	8	\$1,301,756	3.8%	2.3%	1.8%	28	55
7	Usa Mortgage	5	\$1,285,090	3.8%	3.0%	1.2%	22	79
8	Lendlo Mortgage, Llc	5	\$1,278,551	3.7%	2.2%	2.2%	22	79
9	Eagle Bank & Trust Company	5	\$1,075,066	3.1%	2.1%	0.9%	24	100
10	Highlands Residential Mortgage, Ltd.	5	\$1,052,892	3.1%	0.8%	0.8%	31	94
11	Nfm, Inc.	5	\$852,668	2.5%	2.0%	0.8%	28	75
12	Simmons Bank	4	\$841,966	2.5%	0.6%	0.6%	31	64
13	Associated Mortgage Corp	3	\$780,625	2.3%	2.3%	0.0%	5	-
14	Bank Of Little Rock Mortgage Corporation	4	\$678,384	2.0%	1.1%	1.1%	11	55
15	Sfmc, Lp	3	\$601,796	1.8%	1.1%	1.1%	13	76
16	First Community Bank	4	\$595,954	1.7%	1.7%	1.1%	11	43

DayCount1*: Num days from rate lock to lender loan closing (weighted avg of only those loans that have closed and are in the pipeline currently)

DayCount2**: Num days from rate lock to servicer purchase (weighted avg of only those loans that have been purchased by servicer and securities not settled)

GEOGRAPHIC

Lock Volume By City (Top 20)

Rank	City	Count	Balance	Percent
1	Springdale	9	\$2,422,279	7.1%
2	Little Rock	13	\$2,385,390	7.0%
3	North Little Rock	11	\$1,775,232	5.2%
4	Benton	7	\$1,532,787	4.5%
5	Bentonville	4	\$1,247,582	3.7%
6	Fort Smith	5	\$1,059,620	3.1%
7	Van Buren	5	\$1,038,834	3.0%
8	Rogers	4	\$1,007,414	2.9%
9	Centerton	3	\$859,150	2.5%
10	Siloam Springs	3	\$838,322	2.5%
11	Searcy	4	\$806,932	2.4%
12	Conway	4	\$799,262	2.3%
13	Malvern	5	\$754,241	2.2%
14	Jonesboro	3	\$752,026	2.2%
15	Texarkana	4	\$672,476	2.0%
16	Paragould	4	\$647,033	1.9%
17	Hot Springs	4	\$635,346	1.9%
18	Blytheville	4	\$614,577	1.8%
19	Lowell	2	\$588,275	1.7%
20	Winslow	2	\$556,729	1.6%

Lock Volume By County (Top 20)

Rank	County	Count	Balance	Percent
1	Benton	22	\$5,951,077	17.4%
2	Pulaski	31	\$5,303,731	15.5%
3	Washington	13	\$3,532,763	10.3%
4	Saline	10	\$2,136,159	6.3%
5	Sebastian	7	\$1,405,961	4.1%
6	Craighead	6	\$1,277,137	3.7%
7	White	7	\$1,248,631	3.7%
8	Crawford	6	\$1,225,392	3.6%
9	Faulkner	6	\$1,213,053	3.5%
10	Mississippi	7	\$1,099,241	3.2%
11	Lonoke	5	\$901,370	2.6%
12	Hot Spring	6	\$837,112	2.4%
13	Conway	4	\$775,689	2.3%
14	Miller	4	\$672,476	2.0%
15	Garland	4	\$635,346	1.9%
16	Jefferson	4	\$593,106	1.7%
17	Cross	2	\$545,928	1.6%
18	Greene	3	\$521,576	1.5%
19	Clark	3	\$510,107	1.5%
20	Pope	2	\$325,397	1.0%

VOLUME

Lock Volume By Week

Week Of	Count	Balance	Percent
02/03/2025	18	\$3,459,597	10.1%
01/27/2025	11	\$2,456,491	7.2%
01/20/2025	8	\$1,312,959	3.8%
01/13/2025	15	\$3,013,859	8.8%
01/06/2025	11	\$2,121,734	6.2%
12/30/2024	6	\$1,023,450	3.0%
12/23/2024	5	\$996,122	2.9%
12/16/2024	9	\$1,647,335	4.8%
12/09/2024	16	\$3,395,156	9.9%
Older	76	\$14,744,379	43.1%

Lock Expirations By Week

Week Of	Count	Balance	Percent
03/25/2024	1	\$112,917	0.3%
06/03/2024	1	\$152,093	0.4%
08/26/2024	1	\$88,369	0.3%
12/09/2024	1	\$307,811	0.9%
12/16/2024	1	\$172,812	0.5%
12/23/2024	2	\$495,753	1.5%
12/30/2024	3	\$672,413	2.0%
01/06/2025	10	\$1,982,344	5.8%
01/13/2025	8	\$1,473,220	4.3%
Farther Out	147	\$28,713,350	84.0%

Lock Volume By Extension Days

Days	Count	Balance	Percent
7	8	\$1,368,686	4.0%
15	9	\$1,858,775	5.4%
22	8	\$1,805,774	5.3%
28	1	\$29,456	0.1%
30	2	\$253,606	0.7%
37	3	\$593,428	1.7%
45	2	\$328,833	1.0%
52	1	\$232,045	0.7%
60	2	\$379,989	1.1%
70	1	\$255,290	0.7%
74	1	\$137,464	0.4%
75	1	\$64,804	0.2%

PROFIT / LOSS

Potential MBS Settle Volume By Month

Settle Month	Count	Balance	Percent	SRP	Rate Lock Px	Total Lock Px	Svcr Buy Px	HFA Buy Px	DPA**	Extn Fee	Est HFA Gain*
February	46	\$8,834,371	25.9%	1.44930	101.46959	102.91889	101.73315	100.28385	-	0.00856	1.19430
March	57	\$11,544,190	33.8%	1.35769	101.44748	102.80517	101.75000	100.39231	-	0.07187	1.12704
April	62	\$11,792,300	34.5%	0.93317	101.80444	102.73761	101.75000	100.81683	-	0.03520	1.02282
May	10	\$2,000,221	5.9%	1.55677	100.95822	102.51499	101.75000	100.19323	-	0.06320	0.82819

Est HFA Gain*: This is an estimate only

DPA**: For first mortgages where a DPA amount could not be found, a DPA loan of the percent based on program guidelines was assumed

Past Settlements

Settle Dt	Count	Issue Bal	SRP	Rate Lock Px	Total Lock Px	Svcr Buy Px	HFA Buy Px	DPA**	Extn Fee	Est HFA Gain*	Premium***
4/6/2020	26	\$3,413,487	1.05075	102.95006	104.00080	101.75000	100.69925	-	0.00890	2.25970	\$100,700
4/28/2020	16	\$1,895,720	0.53876	103.48363	104.02239	101.75000	101.21124	-	0.03395	2.30634	\$66,040
5/20/2020	27	\$3,859,215	0.71341	103.26310	103.97651	101.75000	101.03659	-	0.02002	2.24653	\$125,930
6/22/2020	128	\$18,385,766	0.75934	103.38223	104.14157	101.75000	100.99066	-	0.07815	2.46972	\$621,850
7/16/2020	114	\$17,249,537	0.83444	103.62791	104.46235	101.75000	100.91556	-	0.08145	2.79380	\$625,797
8/17/2020	121	\$18,609,835	0.78436	103.63551	104.41987	101.75000	100.96564	-	0.10340	2.77327	\$676,562
9/16/2020	115	\$17,318,542	0.54730	103.75817	104.30547	101.75000	101.20270	-	0.09487	2.65034	\$650,860
10/16/2020	108	\$15,951,363	0.63736	103.56981	104.20717	101.75000	101.11264	-	0.15067	2.60784	\$569,433

Past Settlements

Settle Dt	Count	Issue Bal	SRP	Rate Lock Px	Total Lock Px	Svcr Buy Px	HFA Buy Px	DPA**	Extn Fee	Est HFA Gain*	Premium***
11/16/2020	115	\$17,161,742	0.86362	103.21593	104.07955	101.73396	100.87034	-	0.13309	2.47868	\$551,910
12/17/2020	120	\$18,799,345	0.93836	102.99114	103.92950	101.73821	100.79985	-	0.10428	2.29556	\$562,314
1/15/2021	134	\$20,189,709	0.86093	103.02338	103.88430	101.75000	100.88907	-	0.15555	2.28985	\$610,411
2/12/2021	132	\$20,108,666	0.79298	103.16956	103.96254	101.75000	100.95702	-	0.14606	2.35860	\$637,357
3/15/2021	72	\$10,817,824	0.69500	103.32151	104.01651	101.74437	101.04937	-	0.18289	2.45502	\$359,315
3/18/2021	52	\$8,066,959	0.52853	103.54483	104.07337	101.75000	101.22147	-	0.01323	2.33659	\$285,960
4/16/2021	127	\$18,695,261	0.34314	104.21959	104.56273	101.75000	101.40686	-	0.14248	2.95521	\$788,864
5/17/2021	93	\$13,737,916	0.29164	104.58970	104.88134	101.74375	101.45210	-	0.15017	3.28777	\$630,529
6/16/2021	106	\$16,868,639	0.36569	104.36279	104.72848	101.74197	101.37627	-	0.14010	3.12662	\$735,943
7/16/2021	114	\$17,413,758	0.55090	104.01025	104.56115	101.75000	101.19910	-	0.13660	2.94775	\$698,336
8/16/2021	126	\$20,163,099	0.70011	103.71615	104.41626	101.73883	101.03872	-	0.14488	2.82231	\$749,290
9/16/2021	125	\$18,612,511	0.42627	104.15928	104.58555	101.74704	101.32078	-	0.14892	2.98742	\$774,146
10/16/2021	149	\$23,785,794	0.52639	104.05173	104.57813	101.74794	101.22155	-	0.11352	2.94370	\$963,737
11/15/2021	139	\$21,775,623	0.84617	103.41358	104.25975	101.74363	100.89746	-	0.10982	2.62594	\$743,328
12/15/2021	120	\$19,027,475	0.72342	103.40495	104.12837	101.74660	101.02318	-	0.11971	2.50148	\$647,876
1/14/2022	93	\$13,858,334	0.29227	103.86358	104.15585	101.74406	101.45179	-	0.06039	2.47218	\$535,427
2/16/2022	146	\$22,951,548	0.19483	103.85396	104.04879	101.74280	101.54797	-	0.11482	2.42081	\$884,544
3/16/2022	91	\$13,542,009	0.21139	103.75381	103.96520	101.74473	101.53334	-	0.10448	2.32495	\$508,341
4/18/2022	96	\$15,130,615	0.35802	103.67935	104.03737	101.74104	101.38302	-	0.09816	2.39449	\$556,708
5/16/2022	98	\$16,249,333	0.69994	103.22634	103.92628	101.72240	101.02245	-	0.09109	2.29498	\$524,258
6/16/2022	90	\$14,980,807	0.97492	102.46944	103.44436	101.74335	100.76843	-	0.06005	1.76105	\$369,942
7/18/2022	103	\$18,021,734	0.87274	102.14685	103.01959	101.73058	100.85784	-	0.05772	1.34674	\$386,900
8/15/2022	91	\$15,377,213	0.72484	102.14636	102.87120	101.73302	101.00818	-	0.06582	1.20400	\$330,050
9/16/2022	118	\$19,667,426	0.81004	102.12394	102.93398	101.73932	100.92928	-	0.06943	1.26409	\$417,724
10/17/2022	91	\$15,690,128	0.96143	101.88596	102.84740	101.74516	100.78373	-	0.11363	1.21587	\$295,910
11/16/2022	115	\$18,501,744	1.08480	101.76973	102.85453	101.74144	100.65663	-	0.12600	1.23909	\$327,430
12/15/2022	116	\$19,756,822	1.14011	101.64554	102.78565	101.73229	100.59218	-	0.06210	1.11546	\$325,107
1/18/2023	57	\$9,075,200	1.11509	101.57826	102.69335	101.75000	100.63491	-	0.11724	1.06059	\$143,230
2/15/2023	58	\$9,429,866	1.01301	101.89507	102.90807	101.72608	100.71307	-	0.07166	1.25366	\$178,702
3/16/2023	61	\$9,619,673	0.94584	102.05390	102.99974	101.73328	100.78745	-	0.05397	1.32043	\$197,579
4/17/2023	62	\$10,118,478	1.24919	101.63008	102.87927	101.72656	100.47737	-	0.08273	1.23544	\$164,939
5/15/2023	70	\$12,139,722	1.37866	101.52752	102.90618	101.72886	100.35020	-	0.03223	1.20955	\$185,437
6/14/2023	95	\$17,649,354	1.42837	101.35226	102.78063	101.74776	100.31939	-	0.05387	1.08674	\$238,665
7/17/2023	96	\$16,171,580	1.23571	101.70555	102.94127	101.74527	100.50956	-	0.08483	1.28083	\$275,815
8/16/2023	117	\$20,255,436	1.26181	101.55553	102.81735	101.71392	100.45211	-	0.08276	1.18618	\$315,080
9/15/2023	155	\$27,682,942	1.25226	101.48485	102.73711	101.73761	100.48535	-	0.09695	1.09645	\$411,050
10/18/2023	120	\$20,745,473	1.12373	101.52911	102.65284	101.73952	100.61579	-	0.07130	0.98461	\$317,220
11/7/2023	60	\$11,162,908	1.28692	101.33306	102.61998	101.73958	100.45266	-	0.07647	0.95687	\$148,808
11/27/2023	44	\$7,464,889	1.13229	101.50256	102.63484	101.72790	100.59561	-	0.08665	0.99359	\$112,164
12/7/2023	16	\$2,942,580	1.50973	101.13867	102.64840	101.72214	100.21241	-	0.04616	0.97242	\$33,506
12/26/2023	52	\$9,092,051	1.29816	101.31253	102.61069	101.70275	100.40460	-	0.09004	0.99797	\$119,336
1/9/2024	27	\$3,776,677	1.24248	101.38135	102.62384	101.75000	100.50752	-	0.08122	0.95505	\$52,169
1/25/2024	48	\$8,885,750	1.36510	101.15286	102.51796	101.72156	100.35646	-	0.09308	0.88948	\$102,440
2/8/2024	54	\$9,354,864	1.36968	101.13525	102.50493	101.75000	100.38032	-	0.11621	0.87114	\$106,201
3/15/2024	86	\$16,088,775	1.49855	101.05785	102.55640	101.75000	100.25145	-	0.05863	0.86503	\$170,194
4/15/2024	67	\$12,474,445	1.43440	101.44389	102.87829	101.73992	100.30552	-	0.03989	1.17825	\$180,117
5/15/2024	67	\$12,907,466	1.31686	101.91526	103.23212	101.75000	100.43314	-	0.03718	1.51930	\$247,212
6/14/2024	60	\$12,918,812	1.54433	101.80857	103.35290	101.72017	100.17584	-	0.05195	1.68468	\$233,646
7/17/2024	39	\$7,052,628	1.52939	102.09381	103.62321	101.71293	100.18354	-	0.04585	1.95613	\$147,669
8/15/2024	69	\$12,964,763	1.38098	102.18942	103.57040	101.75000	100.36902	-	0.11848	1.93888	\$283,853
9/18/2024	91	\$16,609,607	1.24170	102.15634	103.39805	101.72228	100.48058	-	0.10130	1.77706	\$358,160
10/16/2024	62	\$12,277,351	1.40456	101.79379	103.19835	101.75000	100.34544	-	0.08256	1.53091	\$220,229
11/15/2024	74	\$14,120,577	1.44222	101.65139	103.09361	101.74310	100.30088	-	0.12534	1.47585	\$233,186
12/16/2024	60	\$11,327,607	1.53104	101.33433	102.86537	101.73807	100.20703	-	0.11872	1.24602	\$151,148
1/15/2025	43	\$8,649,286	1.52877	101.29984	102.82860	101.75000	100.22123	-	0.11208	1.19068	\$112,427

Est HFA Gain*: This is an estimate only
DPA**: For first mortgages where a DPA amount could not be found, a DPA loan of the percent based on program guidelines was assumed
Premium***: This is simply (Rate Lock Px - 100) / 100 * Issue Bal



COLLATERAL

Original Balance Distribution

Orig Balance	Count	Balance	Percent
<= \$50,000	1	\$29,456	0.1%
<= \$100,000	7	\$564,852	1.7%
<= \$150,000	44	\$5,637,252	16.5%
<= \$200,000	48	\$8,455,093	24.7%
<= \$250,000	35	\$7,795,967	22.8%
<= \$300,000	28	\$7,570,978	22.2%
<= \$350,000	9	\$2,914,155	8.5%
> \$350,000	3	\$1,203,329	3.5%

Max: \$441,750 || Min: \$29,456 || WAvg: \$195,263

Gross Rate Distribution

Gross Rate	Count	Balance	Percent
6.1250	4	\$859,950	2.5%
6.3750	36	\$6,940,271	20.3%
6.5000	77	\$15,037,619	44.0%
6.6250	32	\$6,653,144	19.5%
6.7500	24	\$4,439,636	13.0%
6.8750	2	\$240,462	0.7%

Lock Volume By Property Category

Category	Count	Balance	Percent
EXISTING CONSTRUCTION	164	\$31,489,230	92.2%
NEW CONSTRUCTION	11	\$2,681,852	7.8%

Lock Volume By Product

Product	Count	Balance	Percent
SF-FHA INSURED-EXISTING	170	\$33,456,143	97.9%
SF-RURAL DEVELOPMENT	3	\$417,070	1.2%
SF-VA GUARANTEE D-EXISTING	2	\$297,869	0.9%

BORROWER

Annual Household Income Distribution

Income	Count	Balance	Percent
<= \$30,000	2	\$258,235	0.8%
<= \$40,000	10	\$1,057,364	3.1%
<= \$50,000	18	\$2,621,183	7.7%
<= \$60,000	16	\$2,596,124	7.6%
<= \$70,000	20	\$3,111,258	9.1%
<= \$80,000	20	\$3,742,491	11.0%
<= \$90,000	20	\$4,019,279	11.8%
<= \$100,000	24	\$5,473,904	16.0%
<= \$110,000	14	\$3,519,399	10.3%
<= \$120,000	19	\$4,777,655	14.0%
> \$120,000	12	\$2,994,190	8.8%

Max: \$141,981 || Min: \$29,395 || WAvg: \$80,547

Age Distribution

Borr Age	Count	Balance	Percent
<= 20	3	\$388,799	1.1%
<= 25	36	\$7,123,090	20.8%
<= 30	31	\$6,302,336	18.4%
<= 35	30	\$6,106,221	17.9%
<= 40	24	\$4,769,262	14.0%
<= 45	11	\$2,034,483	6.0%
<= 50	17	\$3,058,265	8.9%
<= 55	12	\$2,195,725	6.4%
<= 60	7	\$1,513,683	4.4%
> 60	4	\$679,218	2.0%

Max: 68 || Min: 18 || WAvg: 36

FICO Distribution

Borr FICO	Count	Balance	Percent
<= 640	3	\$653,444	1.9%
<= 660	41	\$8,325,246	24.4%
<= 680	36	\$6,413,803	18.8%
<= 700	23	\$4,383,023	12.8%
<= 720	23	\$5,012,647	14.7%
<= 740	27	\$4,841,398	14.2%
<= 760	13	\$2,310,555	6.8%
<= 780	6	\$1,393,909	4.1%
<= 800	1	\$348,570	1.0%
> 800	2	\$488,487	1.4%

Max: 811 || Min: 640 || WAvg: 694

Lock Volume By Borr Ethnicity

Ethnicity	Count	Balance	Percent
WHITE	102	\$19,474,968	57.0%
BLACK	31	\$5,608,417	16.4%
HISPANIC	19	\$4,460,286	13.1%
OTHER	20	\$4,218,947	12.3%
AMERICAN INDIAN	2	\$269,036	0.8%
ASIAN	1	\$139,428	0.4%

Lock Volume By Marital Status

Status	Count	Balance	Percent
Married	94	\$19,203,504	56.2%
Unmarried	66	\$12,167,064	35.6%
Single	15	\$2,800,514	8.2%

Lock Volume By Household Size

Size	Count	Balance	Percent
1	51	\$8,856,466	25.9%
2	66	\$12,706,967	37.2%
3	27	\$5,723,234	16.7%
4	19	\$4,455,155	13.0%
5	6	\$1,015,214	3.0%
6	4	\$977,285	2.9%
7	1	\$216,015	0.6%
8	1	\$220,746	0.6%

Lock Volume By Borrower Gender

Gender	Count	Balance	Percent
M	79	\$15,337,617	44.9%
F	80	\$15,288,417	44.7%
	16	\$3,545,047	10.4%

ADFA Conventional Pipeline (2/7/2025)

High Level Summary

Parameter	2/7/2025	2/6/2025	2/5/2025	2/4/2025	2/3/2025	1/31/2025	1/30/2025	1/29/2025
Incremental								
New Lock Count	1	-	-	-	2	1	1	1
Cancel Lock Count*	-	-	-	-	-	-	-	-
Pooled Lock Count	-	11	-	-	-	-	-	-
New Lock Balance	219,925	-	-	-	466,930	168,150	187,564	242,499
Cancel Lock Balance*	-	-	-	-	-	-	-	-
Pooled Loan Balance	-	2,021,983	-	-	-	-	-	-
Cumulative								
Total Lock Count	26	25	36	36	36	34	33	32
Total Cancel Lock Count*	494	494	494	494	494	494	494	494
Total Pooled Lock Count	805	805	794	794	794	794	794	794
Total Lock Orig Balance	5,394,461	5,174,536	7,218,514	7,218,514	7,218,514	6,751,584	6,583,434	6,395,870
Total Cancel Lock Balance*	80,882,758	80,882,758	80,882,758	80,882,758	80,882,758	80,882,758	80,882,758	80,882,758
Total Pooled Loan Balance	136,137,674	136,137,674	134,115,691	134,115,691	134,115,691	134,115,691	134,115,691	134,115,691
Avg Orig Loan Size	207,479	206,981	200,514	200,514	200,514	198,576	199,498	199,871
Avg Orig Term	360	360	360	360	360	360	360	360
Avg Lock Term	45	45	45	45	45	45	45	45
Avg Gross Rate	6.8491	6.8480	6.7972	6.7972	6.7972	6.7940	6.7887	6.7825
Lender Count	17	17	20	20	20	19	18	18
Avg FICO Score	736	739	741	741	741	740	740	740
Pct First Time Buyer	-	-	-	-	-	-	-	-

Cancels*: Locks cancelled on day they were reserved are omitted from this summary

Current Lock Status

Rank	Status	Count	Balance	Percent
1	RESERVATION	22	\$4,629,983	85.8%
2	FUNDED	4	\$764,478	14.2%

Days before Cancellation

Lock Age	Count	Balance	Percent
<= 10	149	\$24,088,929	29.8%
<= 20	67	\$11,775,253	14.6%
<= 30	59	\$8,857,749	11.0%
<= 40	38	\$6,122,169	7.6%
<= 50	37	\$6,032,456	7.5%
<= 60	27	\$3,893,985	4.8%
<= 70	21	\$3,646,412	4.5%
> 70	96	\$16,465,806	20.4%

Max: 709 || Min: 1 || WAvg: 41

LENDER

Lock Volume By Lender (Top 16)

Rank	Lender Name	Count	Balance	Percent	%Closed	%Purchased	DayCount1*	DayCount2**
1	Eagle Bank & Trust Company	3	\$713,800	13.2%	0.0%	0.0%	-	-
2	First Community Mortgage, Inc.	3	\$603,591	11.2%	4.5%	4.5%	27	49
3	Eng Lending	3	\$533,929	9.9%	3.3%	0.0%	51	-
4	Simmons Bank	2	\$388,075	7.2%	0.0%	0.0%	-	-
5	Fairway Independent Mortgage Corporation	2	\$359,075	6.7%	3.3%	3.3%	31	94
6	Crosscountry Mortgage Llc	1	\$357,058	6.6%	0.0%	0.0%	-	-
7	Geneva Financial, Llc	1	\$351,500	6.5%	0.0%	0.0%	-	-
8	Regions Bank DbA Regions Mortgage	1	\$296,820	5.5%	5.5%	0.0%	16	-
9	Centennial Bank	1	\$294,500	5.5%	0.0%	0.0%	-	-
10	Arvest Bank	2	\$281,705	5.2%	2.9%	0.0%	14	-
11	Cmg Mortgage, Inc.	1	\$252,103	4.7%	4.7%	0.0%	20	-
12	Midwest Mortgage Associates Corp	1	\$242,250	4.5%	4.5%	0.0%	25	-
13	First Horizon Home Loan Corporation	1	\$207,200	3.8%	3.8%	3.8%	17	66
14	Usa Mortgage	1	\$147,155	2.7%	2.7%	0.0%	25	-
15	Luminate Home Loans	1	\$135,800	2.5%	2.5%	2.5%	30	57
16	Eustis Mortgage Corporation,	1	\$123,500	2.3%	0.0%	0.0%	-	-

DayCount1*: Num days from rate lock to lender loan closing (weighted avg of only those loans that have closed and are in the pipeline currently)

DayCount2**: Num days from rate lock to servicer purchase (weighted avg of only those loans that have been purchased by servicer and securities not settled)

GEOGRAPHIC

Lock Volume By City (Top 20)

Rank	City	Count	Balance	Percent
1	Springdale	3	\$843,423	15.6%
2	Sherwood	4	\$626,079	11.6%
3	Fort Smith	2	\$416,027	7.7%
4	Scott	1	\$357,058	6.6%
5	Hiwasse	1	\$351,500	6.5%
6	Greenbrier	1	\$344,000	6.4%
7	Little Rock	2	\$299,500	5.6%
8	Damascus	1	\$269,800	5.0%
9	Rogers	1	\$242,250	4.5%
10	Austin	1	\$219,925	4.1%
11	Walnut Ridge	1	\$207,200	3.8%
12	Barling	1	\$187,564	3.5%
13	Bismarck	1	\$180,000	3.3%
14	Gurdon	1	\$179,075	3.3%
15	Mayflower	1	\$157,505	2.9%
16	Elizabeth	1	\$147,155	2.7%
17	Benton	1	\$135,800	2.5%
18	Boles	1	\$124,200	2.3%
19	Jonesboro	1	\$106,400	2.0%

Lock Volume By County (Top 20)

Rank	County	Count	Balance	Percent
1	Pulaski	7	\$1,282,637	23.8%
2	Benton	4	\$1,185,070	22.0%
3	Sebastian	3	\$603,591	11.2%
4	Faulkner	2	\$501,505	9.3%
5	Van Buren	1	\$269,800	5.0%
6	Washington	1	\$252,103	4.7%
7	Lonoke	1	\$219,925	4.1%
8	Lawrence	1	\$207,200	3.8%
9	Hot Spring	1	\$180,000	3.3%
10	Clark	1	\$179,075	3.3%
11	Baxter	1	\$147,155	2.7%
12	Saline	1	\$135,800	2.5%
13	Scott	1	\$124,200	2.3%
14	Craighead	1	\$106,400	2.0%

VOLUME

Lock Volume By Week

Week Of	Count	Balance	Percent
02/03/2025	3	\$686,855	12.7%
01/27/2025	4	\$778,213	14.4%
01/20/2025	4	\$837,924	15.5%
01/13/2025	3	\$354,100	6.6%
01/06/2025	1	\$357,058	6.6%
12/16/2024	1	\$242,403	4.5%
12/09/2024	5	\$1,270,973	23.6%
12/02/2024	1	\$147,155	2.7%
11/25/2024	1	\$207,200	3.8%
Older	3	\$512,580	9.5%

Lock Expirations By Week

Week Of	Count	Balance	Percent
12/11/2023	1	\$157,505	2.9%
01/13/2025	1	\$176,000	3.3%
01/20/2025	1	\$207,200	3.8%
02/03/2025	4	\$704,280	13.1%
02/10/2025	3	\$892,923	16.6%
02/17/2025	1	\$242,403	4.5%
03/10/2025	3	\$604,758	11.2%
03/17/2025	1	\$106,400	2.0%
03/24/2025	5	\$1,017,924	18.9%
Farther Out	6	\$1,285,068	23.8%

Lock Volume By Extension Days

Days	Count	Balance	Percent
30	1	\$179,075	3.3%

PROFIT / LOSS

Potential MBS Settle Volume By Month

Settle Month	Count	Balance	Percent	SRP	Rate Lock Px	Total Lock Px	Svcr Buy Px	HFA Buy Px	DPA**	Extn Fee	Est HFA Gain*
February	3	\$540,705	10.0%	0.93536	101.02138	101.95675	101.75000	100.81464	-	-	0.20675
March	8	\$1,839,606	34.1%	0.95000	101.14714	102.09714	101.75000	100.80000	-	0.02409	0.37123
April	10	\$1,971,581	36.5%	1.00000	101.35283	102.35283	101.75000	100.75000	-	-	0.60283
May	5	\$1,042,569	19.3%	1.00000	101.30444	102.30444	101.75000	100.75000	-	-	0.55444

Est HFA Gain*: This is an estimate only

DPA**: For first mortgages where a DPA amount could not be found, a DPA loan of the percent based on program guidelines was assumed

Past Settlements

Settle Dt	Count	Issue Bal	SRP	Rate Lock Px	Total Lock Px	Svcr Buy Px	HFA Buy Px	DPA**	Extn Fee	Est HFA Gain*	Premium***
5/13/2020	10	\$1,263,794	0.85000	102.80026	103.65026	101.75000	100.90000	-	0.01190	1.91217	\$35,390
6/11/2020	6	\$674,499	0.85000	102.43589	103.28589	101.75000	100.90000	-	0.07626	1.61215	\$16,430
7/9/2020	16	\$2,280,709	0.85000	103.08898	103.93898	101.75000	100.90000	-	0.19974	2.38871	\$70,451
8/10/2020	18	\$2,286,031	0.85000	103.17529	104.02529	101.75000	100.90000	-	0.15852	2.43381	\$72,588
9/9/2020	10	\$1,253,509	0.85000	103.15454	104.00454	101.75000	100.90000	-	0.10941	2.36394	\$39,542
10/8/2020	7	\$1,188,201	0.85000	103.11365	103.96365	101.75000	100.90000	-	0.11913	2.33278	\$36,996
11/9/2020	10	\$1,452,939	0.85000	102.78461	103.63461	101.75000	100.90000	-	0.11896	2.00357	\$40,459
12/10/2020	12	\$1,672,150	0.85000	102.81344	103.66344	101.75000	100.90000	-	0.13860	2.05204	\$47,045
1/11/2021	9	\$1,465,299	0.85000	102.83023	103.68023	101.75000	100.90000	-	0.12573	2.05596	\$41,471
2/8/2021	12	\$1,943,856	0.85000	102.77026	103.62026	101.75000	100.90000	-	0.22338	2.09364	\$53,850
3/26/2021	31	\$4,588,271	0.85000	102.90661	103.75661	101.75000	100.90000	-	0.17559	2.18220	\$133,363

Past Settlements

Settle Dt	Count	Issue Bal	SRP	Rate Lock Px	Total Lock Px	Svcr Buy Px	HFA Buy Px	DPA**	Extn Fee	Est HFA Gain*	Premium***
4/9/2021	6	\$636,815	0.85000	102.80623	103.65623	101.75000	100.90000	-	0.33040	2.23662	\$17,870
5/10/2021	4	\$718,176	0.85000	103.60583	104.45583	101.75000	100.90000	-	0.10766	2.81349	\$25,896
6/9/2021	14	\$1,973,031	0.85000	103.48023	104.33023	101.75000	100.90000	-	0.12235	2.70257	\$68,666
7/9/2021	17	\$3,058,970	0.85000	102.97082	103.82082	101.75000	100.90000	-	0.25799	2.32881	\$90,877
8/9/2021	8	\$1,426,709	0.85000	103.09890	103.94890	101.75000	100.90000	-	0.16256	2.36147	\$44,212
9/9/2021	12	\$1,653,906	0.85000	102.86556	103.71556	101.75000	100.90000	-	0.16366	2.12922	\$47,394
10/8/2021	6	\$902,088	0.85000	103.11551	103.96551	101.75000	100.90000	-	0.21258	2.42809	\$28,105
11/5/2021	14	\$2,099,226	0.85000	103.18731	104.03731	101.75000	100.90000	-	0.10269	2.39000	\$66,909
12/8/2021	12	\$1,748,549	0.85000	102.91839	103.76839	101.75000	100.90000	-	0.10533	2.12372	\$51,030
1/10/2022	8	\$1,257,053	0.85000	102.72884	103.57884	101.75000	100.90000	-	0.06710	1.89594	\$34,303
2/9/2022	11	\$2,007,393	0.85000	102.89980	103.74980	101.75000	100.90000	-	0.12045	2.12025	\$58,210
3/9/2022	10	\$1,468,123	0.85000	102.44188	103.29188	101.75000	100.90000	-	0.07680	1.61868	\$35,850
5/9/2022	17	\$3,187,200	0.85000	102.69414	103.54414	101.75000	100.90000	-	0.16441	1.95855	\$85,868
6/8/2022	6	\$854,173	0.85000	102.62329	103.47329	101.75000	100.90000	-	0.04558	1.76887	\$22,407
7/11/2022	7	\$1,355,521	0.85000	101.62059	102.47059	101.75000	100.90000	-	-	0.72059	\$21,967
9/9/2022	14	\$2,058,306	0.85000	101.78499	102.63499	101.75000	100.90000	-	0.11409	0.99909	\$36,741
10/7/2022	4	\$599,339	0.85000	101.74135	102.59135	101.75000	100.90000	-	0.07198	0.91333	\$10,437
11/8/2022	8	\$1,573,600	0.85000	101.04293	101.89293	101.75000	100.90000	-	0.06900	0.21193	\$16,412
12/8/2022	5	\$694,709	0.85000	101.42801	102.27801	101.75000	100.90000	-	0.04524	0.57325	\$9,921
1/9/2023	7	\$873,108	0.85000	101.72354	102.57354	101.75000	100.90000	-	0.09326	0.91680	\$15,048
2/8/2023	15	\$2,253,454	0.85000	101.90780	102.75780	101.75000	100.90000	-	0.08429	1.09209	\$42,991
3/8/2023	12	\$1,839,989	0.86857	101.83113	102.69969	101.75000	100.88143	-	0.03952	0.98921	\$33,693
4/10/2023	11	\$2,034,137	0.89670	101.20612	102.10282	101.75000	100.85330	-	0.00412	0.35694	\$24,534
5/8/2023	12	\$1,897,722	0.90000	100.90367	101.80367	101.75000	100.85000	-	0.01905	0.07272	\$17,149
6/8/2023	17	\$2,978,748	0.90000	101.03609	101.93609	101.75000	100.85000	-	0.04117	0.22726	\$30,863
7/10/2023	22	\$4,326,565	0.90000	100.89675	101.79675	101.75000	100.85000	-	0.06153	0.10827	\$38,798
8/9/2023	20	\$3,927,809	0.90000	101.06432	101.96432	101.75000	100.85000	-	0.14798	0.36230	\$41,804
9/11/2023	30	\$5,323,425	0.90000	101.19784	102.09784	101.75000	100.85000	-	0.09191	0.43975	\$63,766
10/6/2023	24	\$4,698,110	0.90000	101.17059	102.07059	101.75000	100.85000	-	0.06440	0.38499	\$54,996
11/8/2023	21	\$3,529,637	0.90000	101.15250	102.05250	101.75000	100.85000	-	0.07077	0.37327	\$40,679
12/8/2023	24	\$3,923,423	0.90000	101.02476	101.92476	101.75000	100.85000	-	0.06724	0.24200	\$40,206
1/10/2024	18	\$3,534,028	0.90000	100.91719	101.81719	101.75000	100.85000	-	0.17556	0.24275	\$32,414
2/9/2024	36	\$6,440,644	0.90000	101.07659	101.97659	101.75000	100.85000	-	0.04698	0.27357	\$69,339
3/8/2024	19	\$3,086,468	0.93034	101.15612	102.08646	101.75000	100.81966	-	0.00965	0.34611	\$35,683
4/8/2024	19	\$3,019,105	0.92684	101.04622	101.97307	101.75000	100.82316	-	0.08289	0.30596	\$31,587
5/8/2024	20	\$3,682,801	0.95000	101.14821	102.09821	101.75000	100.80000	-	0.02309	0.37130	\$42,286
6/10/2024	22	\$4,642,245	0.95000	101.21597	102.16597	101.75000	100.80000	-	0.04303	0.45900	\$56,448
7/10/2024	10	\$1,788,688	0.95000	101.36078	102.31078	101.75000	100.80000	-	0.04184	0.60262	\$24,340
8/8/2024	16	\$2,992,135	0.95000	101.22027	102.17027	101.75000	100.80000	-	0.08082	0.50109	\$36,512
9/11/2024	19	\$3,722,960	0.95000	101.10838	102.05838	101.75000	100.80000	-	0.14639	0.45476	\$41,265
10/9/2024	22	\$3,951,119	0.95000	101.22268	102.17268	101.75000	100.80000	-	0.13830	0.56097	\$48,309
11/8/2024	21	\$4,187,512	0.95000	101.41522	102.36522	101.75000	100.80000	-	0.12425	0.73947	\$59,263
12/9/2024	14	\$2,711,196	0.95000	101.55669	102.50669	101.75000	100.80000	-	0.04505	0.80174	\$42,205
1/9/2025	19	\$3,408,516	0.95000	101.26895	102.21895	101.75000	100.80000	-	0.16177	0.63071	\$43,252

Est HFA Gain*: This is an estimate only
DPA**: For first mortgages where a DPA amount could not be found, a DPA loan of the percent based on program guidelines was assumed
Premium***: This is simply (Rate Lock Px - 100) / 100 * Issue Bal

COLLATERAL

Original Balance Distribution

Orig Balance	Count	Balance	Percent
<= \$100,000	1	\$100,000	1.9%
<= \$150,000	6	\$752,485	13.9%
<= \$200,000	7	\$1,221,918	22.7%
<= \$250,000	5	\$1,154,277	21.4%
<= \$300,000	4	\$1,113,223	20.6%
<= \$350,000	1	\$344,000	6.4%
> \$350,000	2	\$708,558	13.1%

Max: \$357,058 || Min: \$100,000 || WAvg: \$207,479

Gross Rate Distribution

Gross Rate	Count	Balance	Percent
6.5000	5	\$1,270,973	23.6%
6.7500	3	\$469,785	8.7%
6.8750	6	\$1,268,903	23.5%
7.0000	8	\$1,873,195	34.7%
7.1250	3	\$354,100	6.6%
7.3750	1	\$157,505	2.9%

Lock Volume By Property Category

Category	Count	Balance	Percent
EXISTING CONSTRUCTION	23	\$4,498,084	83.4%
NEW CONSTRUCTION	3	\$896,377	16.6%

Lock Volume By Product

Product	Count	Balance	Percent
SF-CONVENTIONAL	26	\$5,394,461	100.0%

BORROWER

Annual Household Income Distribution

Income	Count	Balance	Percent
<= \$40,000	1	\$100,000	1.9%
<= \$50,000	1	\$124,200	2.3%
<= \$60,000	2	\$251,230	4.7%
<= \$70,000	4	\$567,405	10.5%
<= \$80,000	3	\$691,125	12.8%
<= \$90,000	5	\$1,373,200	25.5%
<= \$110,000	3	\$563,278	10.4%
<= \$120,000	3	\$649,892	12.0%
> \$120,000	4	\$1,074,131	19.9%

Max: \$131,408 || Min: \$38,484 || WAvg: \$86,527

Age Distribution

Borr Age	Count	Balance	Percent
<= 20	1	\$242,250	4.5%
<= 25	8	\$1,263,772	23.4%
<= 30	8	\$1,767,701	32.8%
<= 35	1	\$124,200	2.3%
<= 45	3	\$915,425	17.0%
<= 50	1	\$176,000	3.3%
> 60	4	\$905,113	16.8%

Max: 74 || Min: 20 || WAvg: 36

FICO Distribution

Borr FICO	Count	Balance	Percent
<= 680	2	\$462,175	8.6%
<= 700	3	\$600,500	11.1%
<= 720	5	\$1,111,325	20.6%
<= 740	4	\$641,455	11.9%
<= 760	4	\$660,567	12.2%
<= 780	6	\$1,309,278	24.3%
<= 800	2	\$609,161	11.3%

Max: 797 || Min: 666 || WAvg: 737

Lock Volume By Borr Ethnicity

Ethnicity	Count	Balance	Percent
WHITE	16	\$3,109,328	57.6%
HISPANIC	6	\$1,476,720	27.4%
OTHER	3	\$684,213	12.7%
AMERICAN INDIAN	1	\$124,200	2.3%

Lock Volume By Marital Status

Status	Count	Balance	Percent
Married	12	\$3,123,727	57.9%
Unmarried	11	\$1,916,634	35.5%
Single	3	\$354,100	6.6%

Lock Volume By Household Size

Size	Count	Balance	Percent
1	10	\$1,515,960	28.1%
2	10	\$2,361,876	43.8%
3	5	\$1,172,625	21.7%
6	1	\$344,000	6.4%

Lock Volume By Borrower Gender

Gender	Count	Balance	Percent
F	14	\$2,419,731	44.9%
M	10	\$2,397,747	44.4%
	2	\$576,983	10.7%

Arkansas Student
Loan Authority
(ASLA)



To: ADFA Board of Directors
From: Tony Williams, Director - Student Loan Authority Division
Re: Monthly Board Meeting Memorandum
Date: February 11, 2025

Alice L. Walton School of Medicine (AWSOM)

Discussions have been taking place with the Alice L. Walton School of Medicine (AWSOM) to determine how ADFA/ASLA can assist in providing financial assistance to their students. The school is in the process of enrolling its inaugural class of 48 students who are scheduled to begin classes in July 2025. However, the school is not expected to be eligible for participation in Title IV Federal Student Aid Programs until the spring of 2027, which creates a void in funding options for their students.

Until now, ADFA/ASLA has only made loans to students attending schools that are eligible to receive Title IV federal student aid; ASLA is amending its Title IV eligibility requirement for AWSOM to help meet the funding needs of these medical school students as the school completes the Title IV eligibility process. It may be important to note that bond rating agencies do not consider a school’s Title IV eligibility in their rating analysis of a lender’s loan portfolio, and AWSOM students will be held to the same credit underwriting requirements as ASLA’s other private student loan borrowers.

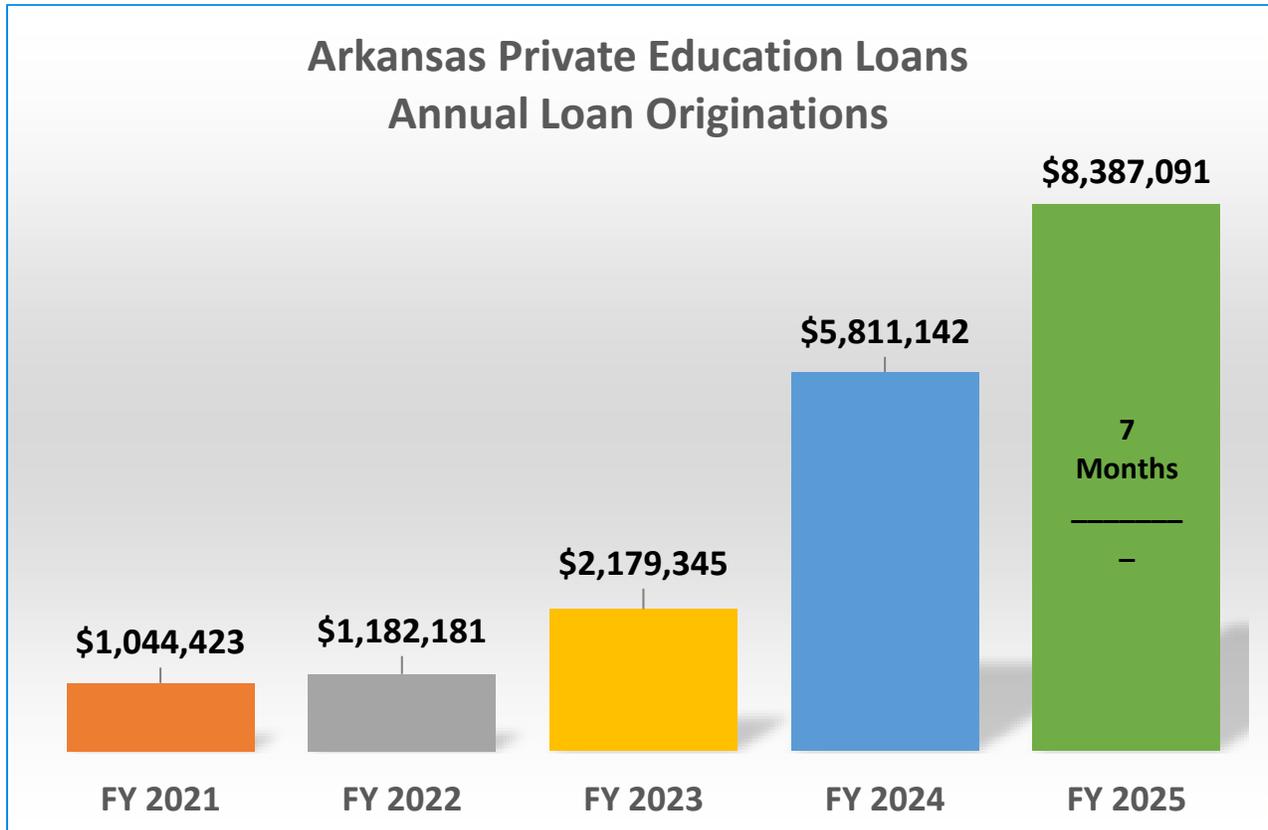
On a related note, ASLA plans to invite the four Arkansas medical schools to participate in an advisory council to help us determine how we should structure a loan to meet the specific needs of medical school students. Of specific concern is the residency period which can create significant financial challenges for doctors. During the residency period, which can be three to seven years, doctors typically do not earn enough to cover living expenses and student loan payments. ASLA is considering offering an extended grace period as an option to ease the financial burden for medical students. ASLA will seek feedback from the medical schools to determine if there are other needs we can address within our loan program.

Request for Proposals

Two student loan-related RFP’s have been posted on the ADFA website; one for a “Loan Originator and Loan Servicer” and the other for “Financial Strategic Advisor”. Potential candidates have until March 26 to submit proposals. New contracts are expected to be in effect on July 1, 2025.

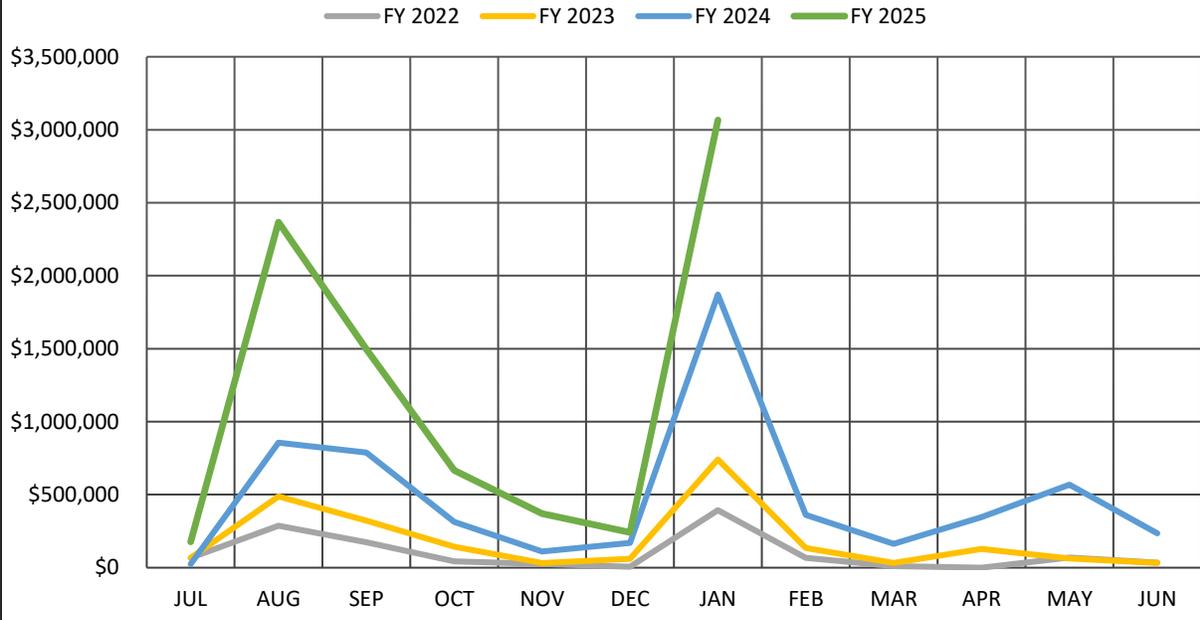
Private Education Loan Volume

The following graphs and reports represent ASLA’s private education loan volume and overall loan portfolio information. We expect total loan volume to reach approximately \$10 million for Fiscal Year 2025.

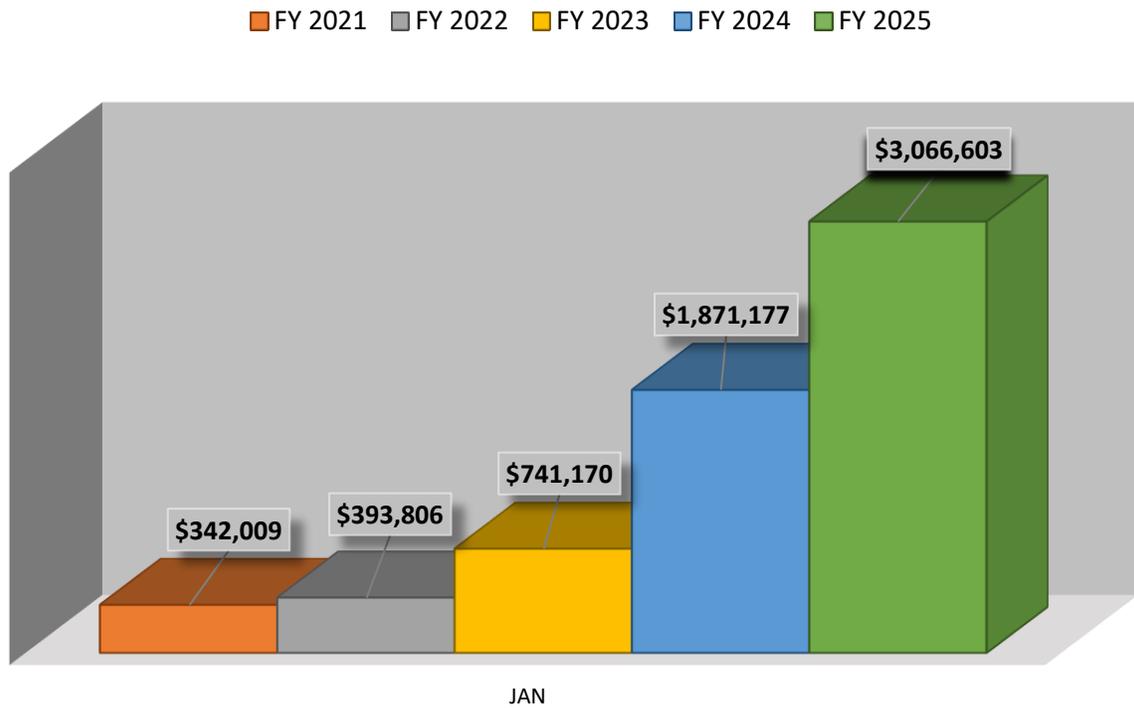


ARKANSAS EDUCATION LOANS				
FY 2025 Originations/Disbursements				
	Student	Family	Refinance	Totals
JUL	\$ 108,087.00	\$ -	\$ 69,174.00	\$ 177,261.00
AUG	\$1,512,780.00	\$ 395,535.00	\$ 458,905.00	\$2,367,220.00
SEP	\$1,299,224.00	\$ 196,977.00	\$ -	\$1,496,201.00
OCT	\$ 369,915.00	\$ 81,627.00	\$ 216,071.00	\$ 667,613.00
NOV	\$ 248,656.00	\$ 30,250.00	\$ 90,963.00	\$ 369,869.00
DEC	\$ 146,291.00	\$ 5,000.00	\$ 91,033.00	\$ 242,324.00
JAN	\$2,502,015.00	\$ 564,588.00	\$ -	\$3,066,603.00
TOTAL	\$6,186,968.00	\$1,273,977.00	\$ 926,146.00	\$8,387,091.00
				\$8,387,091.00

Arkansas Education Loans Loan Volume Comparison January 31, 2025

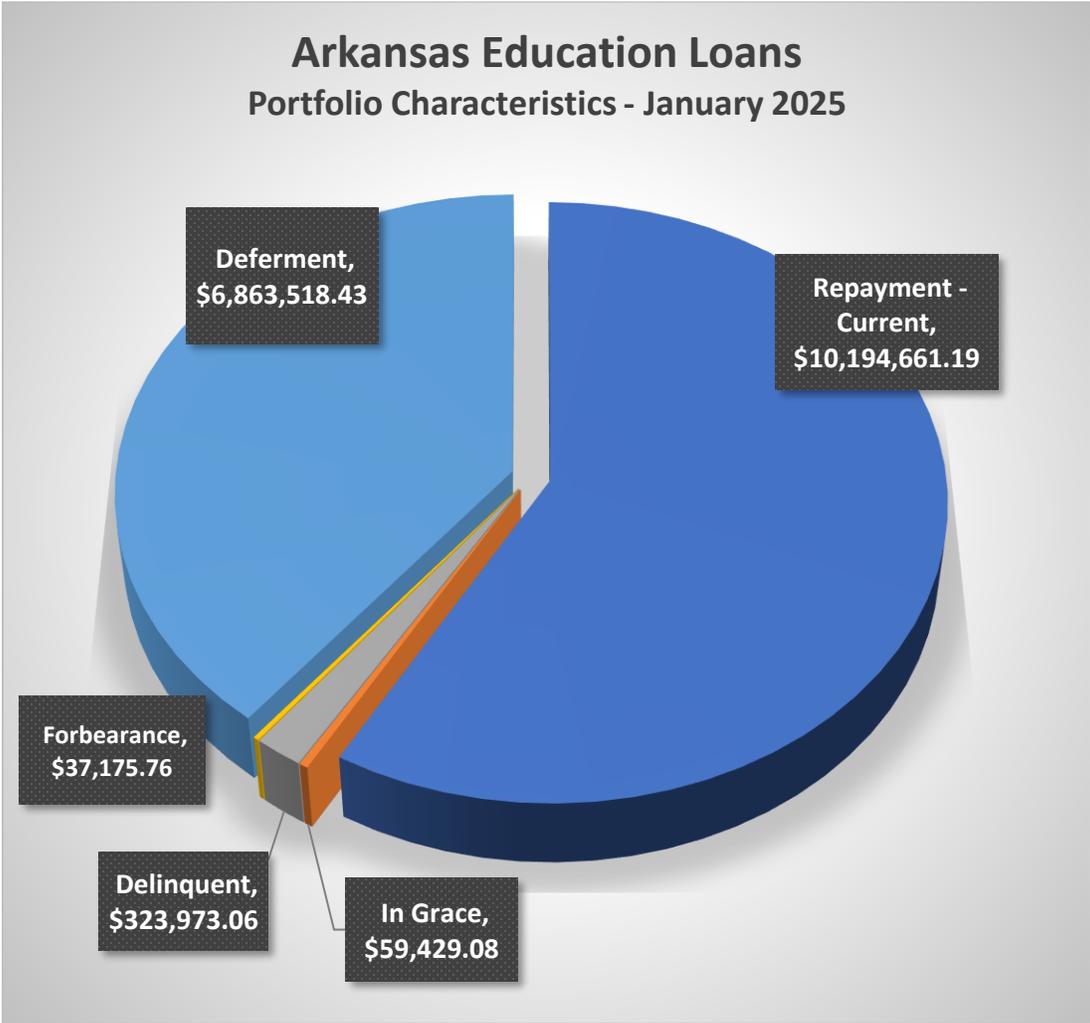


Arkansas Education Loans Month of January - Disbursement Comparison



Portfolio Characteristics - Month Ending January 2025

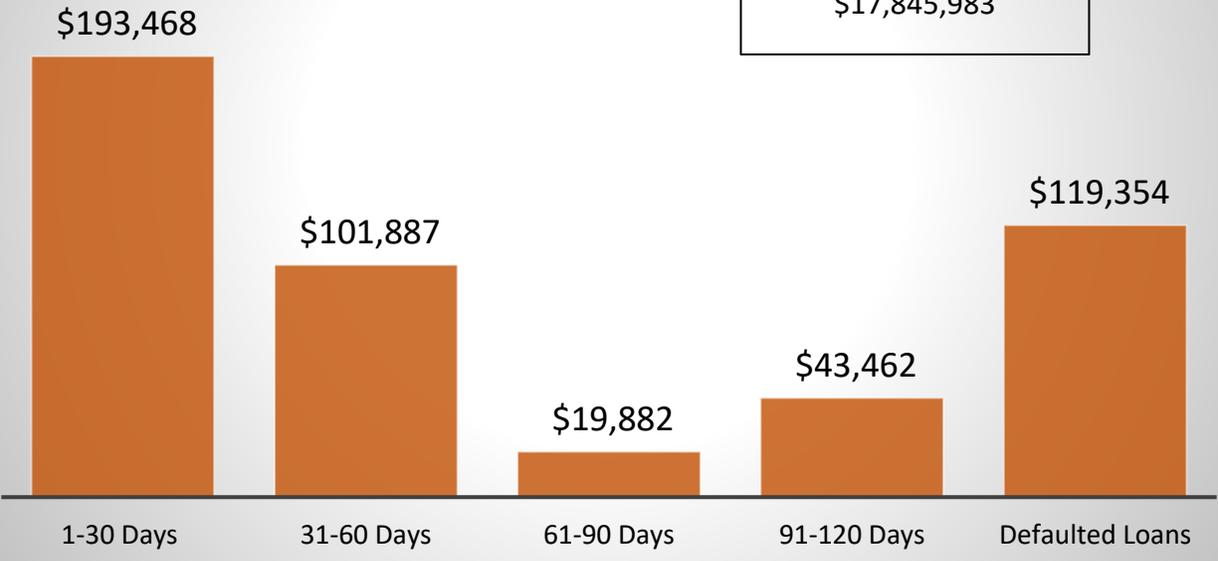
	# of Loans	Principal	Interest	Total
Repayment - Current	761	\$ 10,194,661.19	\$ 28,659.38	\$ 10,223,320.57
In Grace	5	\$ 59,429.08	\$ 76.60	\$ 59,505.68
Delinquent	33	\$ 323,973.06	\$ 11,365.35	\$ 335,338.41
Forbearance	6	\$ 37,175.76	\$ 3,206.48	\$ 40,382.24
Deferment	584	\$ 6,863,518.43	\$ 323,917.71	\$ 7,187,436.14
TOTAL	1389	\$ 17,478,757.52	\$ 367,225.52	\$ 17,845,983.04



Arkansas Education Loans Delinquent and Defaulted Loans

January 2025

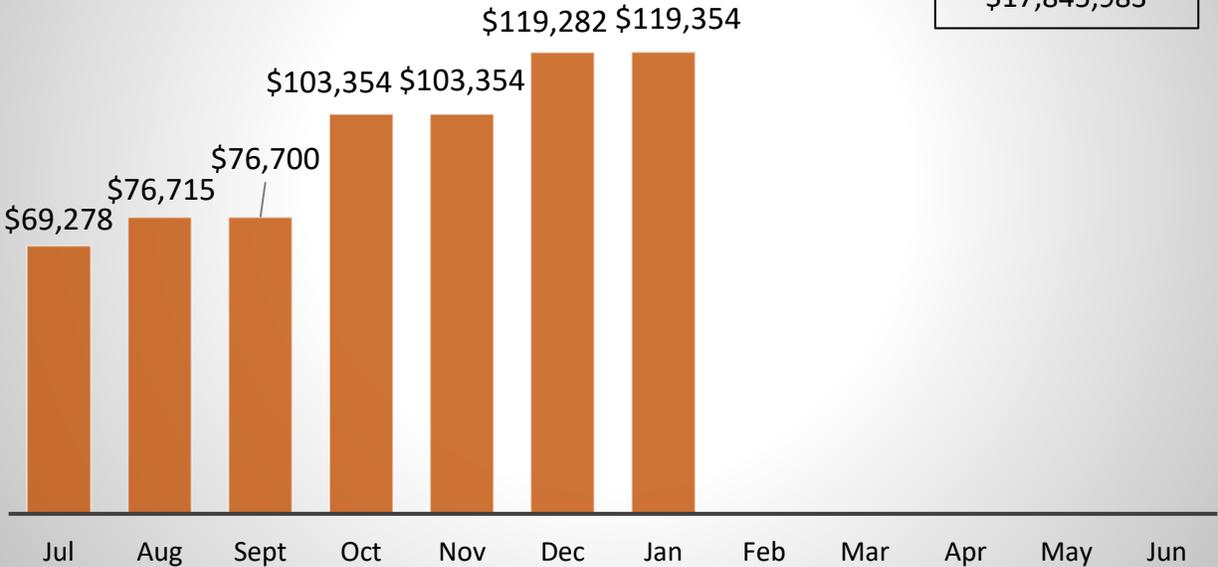
Total Loan Portfolio:
\$17,845,983



Arkansas Education Loans Total Loans in Default

July 2024 through January 2025

Total Loan Portfolio:
\$17,845,983



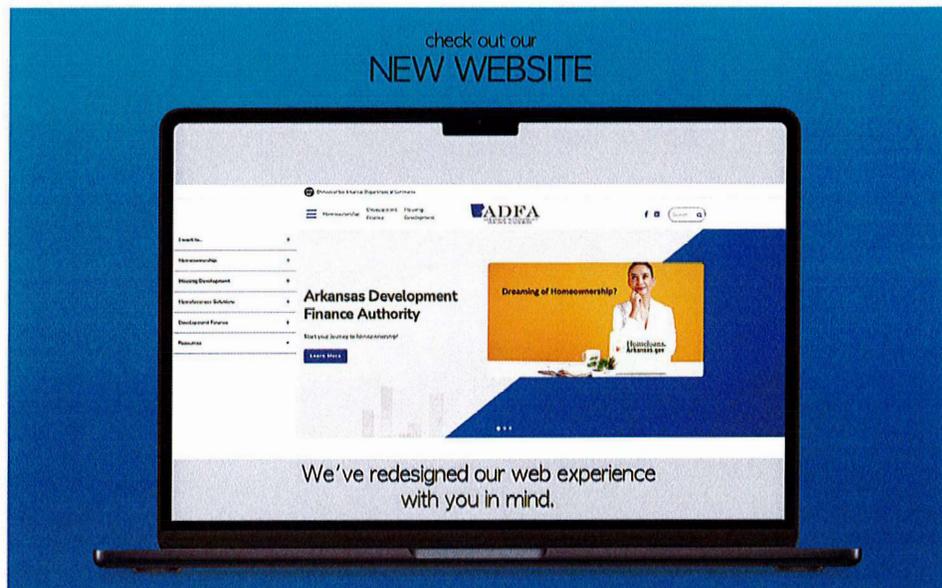
COMMUNICATIONS



Memorandum

To: ADFA Board of Directors
From: Derrick Rose
Date: February 10, 2025
Subject: Outreach and Communications Report

- We are happy to report that ADFA's newly redesigned website (adfa.arkansas.gov) went live on Wednesday, February 5! The site features:
 - a cleaner, responsive design that adapts seamlessly to desktops, mobile devices and tablets;
 - improved accessibility of documents, making them easier to locate and download
 - a better user experience that encourages self-service, potentially reducing calls to the ADFA team and enhancing overall efficiency.



- Successfully submitted ADFA's FY 2024 Annual Report of Program Activity to the Governor and General Assembly by the January 31 deadline, providing a comprehensive overview of our organization's accomplishments and impact throughout the year. The report can be viewed at <https://adfa.arkansas.gov/financial-information/>

- I had the pleasure of speaking to the North Central Arkansas Board of Realtors luncheon in Mountain Home on Thursday, February 6. I appreciated the opportunity to discuss ADFA's homeownership programs with this dedicated and engaged group of real estate professionals.

Arkansas Development Finance Authority is with **Derrick Warren Rose**.
Published by Derrick Warren Rose
February 6 at 1:00 PM · 🌐

I had the pleasure of speaking at the North Central Arkansas Board of Realtors luncheon today in Mountain Home. My thanks to Malory Dollard of Arvest Mortgage for the invitation. It was a wonderful opportunity to discuss ADFA homeownership programs with such an engaged and dedicated group of real estate professionals. Their commitment to connecting people with the resources they need to achieve homeownership is inspiring.

I'm grateful to Malory and the entire North Central Arkansas Board of Realtors for their warm welcome and hospitality. Together, we're working to create a brighter future for Arkansas families and communities.



- News clippings follow this report.



Process begins to build Fort Smith homeless campus, ADFA approves grants

[Local News](#)[News on the Wire](#)

by [The City Wire staff](#) (info@thecitywire.com) February 25, 2015 5:18 pm 319 views

The Old Fort Homeless Coalition is moving forward with the design and bid process after receiving approval of \$695,000 in grants from the Arkansas Development Finance Authority to support the first phase of construction on the Riverview Hope Campus just south of downtown Fort Smith.

Work on the first phase of the homeless services center is estimated to cost \$2.9 million. The campus will be located at 301 S. E St., in a former furniture manufacturing plant. First phase work will include a 75-bed low-barrier emergency shelter, cafeteria and commercial kitchen, showers, laundry area, classrooms, counseling rooms, barber shop, kennels, bulk storage and a worship center.

The planned Riverview Hope Campus is expected to provide access to counseling, case management, medical and mental health services, basic education/GED classes, job training and placement services. Food, shelter, a worship center, bathrooms, showers, barbershop, laundry, storage and kennels will also be available.

Services through the center are planned to assist almost 200 people a day, Monday-Friday.

A \$350,000 donation from Mercy and a \$100,000 donation from Fort Smith businessman Bennie Westphal was announced Jan. 8 and followed a \$100,000 donation announced Dec. 10 by the Richard Griffin Family.

Mercy is also planning to operate a 6,000-square-foot low-income Medicaid clinic on the campus.

Financial support from Mercy, Westphal and the Griffins raised collections to \$2.1 million, according to Debbie Everly, director of homeless programs for Fort Smith. The \$2.1 million includes \$603,441 in Community Development Block Grant funds from the city of Fort Smith, \$500,000 from the Federal Home Loan Bank of Dallas; and \$646,559 in private, foundation and in-kind gifts.

"These grants from the State of Arkansas are the culmination of nearly five years of effort by hundreds of citizens in our area," Everly said in a statement issued Wednesday (Feb. 25). "Homeless service agencies, churches, private donors, and public officials are committed to providing a comprehensive services campus to address the wide array of needs of those experiencing homelessness and others needing access to various social services."

Phase two is valued at \$700,000 and includes 12 single-occupancy rooms for those who are transitioning away from the homeless campus. Phase three is a \$330,000 project to provide 25 beds for the chronically homeless with mental illness.



Rating Action Commentary

Fitch Rates Arkansas Dev Fin Auth's 2025 Revolving Fund Bonds 'AAA'; Outlook Stable

Thu 06 Feb, 2025 - 2:16 PM ET

Fitch Ratings - New York - 06 Feb 2025: Fitch Ratings has assigned a 'AAA' rating to the following obligations issued by the Arkansas Development Finance Authority (ADFA):

--Approximately \$69.0 million revolving loan fund revenue bonds, series 2025.

Bond proceeds will be used to fund, in whole or in part, clean water and drinking water loans and to pay costs of issuance. The bonds are expected to sell via negotiation the week of Feb 17.

Additionally, Fitch has affirmed the 'AAA' rating on ADFA's approximately \$104.6 million series 2023 bonds.

The Rating Outlook is Stable.

VIEW ADDITIONAL RATING DETAILS

The 'AAA' rating reflects the ability of the State Revolving Fund (SRF) bond program's (the program) financial structure to absorb hypothetical pool defaults in excess of Fitch's 'AAA' stress scenario without causing an interruption in bond payments. Aggregate pool credit risk is measured using Fitch's Portfolio Stress Model (PSM), and the strength of the program's financial structure is measured using Fitch's Cash Flow Model.

The pool produced a 'AAA' liability rating stress hurdle of 38.0% in Fitch's PSM, while cash flow modeling demonstrates that the program can continue to pay bond debt service with a default tolerance rate of 78.2% in the first four-year period, providing a net cushion of 40.2%. The default tolerance rate is 100% in each of the middle and last four-year periods, providing a net cushion of 62% in each period.

As the default tolerance is in excess of the 'AAA' stress hurdle, this implies a passing result under Fitch's criteria.

SECURITY

The bonds are secured by i) loan repayments from local governmental entities or other owners of water systems, wastewater systems or other environmental projects; and ii) certain pledged funds and accounts as provided in the Revolving Loan Fund Revenue Bond Program General Bond Resolution.



The place for all things credit union™

February 5, 2025

United Federal Credit Union to offer down payment assistance to mortgage borrowers in agreement with the Arkansas Development Finance Authority

SPRINGDALE, AR (February 5, 2025) |

To support borrowers in reaching their homeownership goals, United Federal Credit Union (United) has partnered with the Arkansas Development Finance Authority (ADFA) to offer mortgage assistance for qualified applicants. The ADFA Down Payment Assistance Program (DPA) can provide up to \$15,000 for down payment and closing cost assistance. ADFA's Down Payment Assistance (DPA) Loan is a second mortgage with a 10-year term. It carries the same interest rate as the "ADFA Move-Up" Loan Program.

United operates six branches in Arkansas, including Fort Smith, Van Buren, Springdale, and Rogers. As an official trusted lender of the program, United mortgage advisors and the operational support team are prepared to help residents get started on their homeownership journey.

"Partnering with the Arkansas Development Finance Authority is a huge win for our communities as we join forces to help more people achieve their dream of homeownership," said Jason Hedden, United's Mortgage Production Manager in Arkansas. "The journey to becoming a first-time homebuyer can be daunting, especially with the median home price in Arkansas at over \$230,000. However, with the incredible support of United's mortgage advisors and the Down Payment Assistance program, people will find the path to homeownership much smoother and more accessible. The future looks bright for aspiring homeowners in our state, and we're here to make those dreams a reality."

The Down Payment Assistance program aims to make homeownership more accessible for low to moderate-income families and individuals across Arkansas and is available to qualifying applicants of the "ADFA StartSmart" or "ADFA Move-Up" first mortgage programs. "United is committed to helping first-time homebuyers realize their dreams of owning their own home," said Andrew Clarkson, Vice President National Mortgage Production. "Our team is dedicated to going above and beyond, providing extra time and effort to ensure first-time homebuyers feel confident and supported throughout the entire process. We are proud to offer yet another program to give United's mortgage advisors in multiple states another tool to help members get into their first home."

In 2023, United announced its participation in down payment assistance programs in Michigan and Nevada, and helped 39 members with down payment assistance in 2024 alone. United continues to explore ways to participate in similar programs in other states the credit union serves.

For more information on the Down Payment Assistance program in Arkansas, interested individuals can contact a United mortgage advisor by visiting <https://unitedfcu.com/products-and-services/mortgage/find-an-advisor>.

TAB 7

TAB 8

TAB 9

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
ADFA BOARD – HOUSING REVIEW COMMITTEE

JANUARY 16, 2025

DEPARTMENT OF COMMERCE, 1 COMMERCE WAY
CENTRAL HIGH/ OLD MILL MEETING ROOM
LITTLE ROCK, AR

Housing Review Committee Members Present: Rod Coleman, Committee Chair; George O'Connor; and Carey Smith.

Housing Review Committee Members Via Phone or Video: Jon Chadwell; Stephanie Garner; and Seth Mims.

Housing Review Committee Members Absent: Denise Sweat.

ADFA Board Members Present: Andy Babbitt (Designee, Jim Hudson, Secretary, Department of Finance and Administration); and John Thurston, Treasurer, Office of Treasurer of State of Arkansas.

ADFA Board Members Present Via Phone or Video: Dr. Lee Lane; and Kirkley Thomas.

ADFA Board Members Absent: Katelyn Martin; Hugh McDonald, Cabinet Secretary of Department of Commerce; and Harold Perrin.

ADFA Staff Present: Mark Conine, President, Arkansas Development Finance Authority; Robert “Ro” Arrington, Vice President, Homeownership and Public Finance; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel; Lori Brockway, Federal Housing Program Manager; Chuck Cathey, Vice President, Development Finance; Kristy Cunningham, Chief Financial Officer; Paula Farthing, Loan Servicing Manager; Sean Doolin, Assistant Controller; Susan Gardner, Assistant Federal Housing Program Manager and Software Coordinator; Alisa Green, HOME-ARP Program Specialist; Tracy Green, Assistant Controller; Kimmy Helble, Executive Assistant to President and Capital Access Program Administrator; Amanda Hill, HOME Program Coordinator; Hope Lewis, Controller; Drew Rogers, Attorney Specialist; Derrick Rose, Director of Outreach and Communication; Nick Sherwood, HOME-ARP; Megan Summitt, Internal Auditor; Tammy White, Compliance Manager; and Tony Williams, Director, Arkansas Student Loan Authority.

ADFA Staff Present Via Phone or Video: Jason Bays, HOME Program Coordinator; Cathy Ganaway, Senior Accountant; Lanita Hastings, HOME Program Coordinator; Carol Leek, HOME Program Coordinator; and Yedda Matthews, Senior Accountant.

Others Present: Jennifer Breseman, ACOM IT; Kenneth Burleson, Ben Ellis, Bill Huffman, Michael Harry, and Amanda O'Neal, Arkansas State Treasurer's Office; Cain Gunnnett, Crews and Associates; Glenda Dean, Simmons Bank; and Bill Gray, Taggart Architects.

Others Present VIA Phone or Video: Casy Kleinhenz, Community Development of NWA; Blake Bumgardner, PDC Companies; Michele Allgood, Mitchell Williams; Kristina Knight, RichSmith Development; Lornea Wells, The McVay Firm, PLLC.; and Matt Darst, Upward Housing Group.

Call to Order: Mr. Coleman, Committee Chair, called the meeting to order at approximately 10:41 AM.

Minutes: Mr. Coleman presented the minutes from the December 5, 2024, Housing Review Committee meeting.

As determined, by the full Board, in the discussion of the December 5, 2024, full Board meeting minutes, the discussion would also need to be reflected in the Housing Review Committee minutes and is as follows.

Chairman Smith opened discussion for clarification of the minutes from the December 5, 2024, ADFA Board of Directors Meeting which regarded the eighth and ninth paragraphs of the action memo titled *9% LIHTC - Credit Swaps/Extension Requests* which was presented in the Housing Review Committee.

The discussion reflected the intent and accurate action of the memo, which was approved at the December 5, 2024 meeting, that when a credit swap/extension request was granted, that the developer would be rendered unqualified to apply for tax credits for one year for each credit swap/extension granted, or the developer would receive a past performance point deduction up to 25 points. The developer would be subject to the past performance point deduction if a credit swap was granted prior to the enactment of the new policy.

Mr. Coleman entertained a motion to approve the minutes as presented.

Mr. O'Connor made a motion to approve the minutes.

Mr. Chadwell seconded the motion. The motion passed.

Action Item: HOME-ARP - Arkansas Enterprises for the Developmentally Disabled (AEDD): Mr. Coleman announced that the action memo had been pulled from the agenda and would be presented at the February meeting for consideration.

No action needed at this time.

Updates: HOME/HOME-ARP/NHTF:

- **HOME Open Activities Report:** Ms. Brockway commented that Vineyards at Monticello Phase II and Peaks at Little Rock Phase II are anticipated to be closed out in February 2025.

Ms. Brockway stated the repayment for the Washington County Habitat for Humanity failed projects had been received and she is awaiting repayment instructions from HUD.

- **HOME-ARP Activities Report:** Ms. Brockway stated the Nonprofit Operating Expense Assistance funds were steadily being dispensed.

Ms. Brockway commented that ADFA Staff continued to work with the Non-profits that were awarded Nonprofit Supportive Services but projected she would need to return to the Board with de-obligation requests of the funds from the Nonprofits that have not maintained the conditions to utilize the funds.

Ms. Brockway continued that Women and Children First had received a notice to proceed, and Our House was expected to provide their final documents needed then will be issued their notice to proceed; Next Step Day Room reported the Children's Shelter and AEDD were working with them to complete their project more expeditiously.

- **National Housing Trust Fund (NHTF) Activity Report:** Ms. Brockway stated ADFA had 2023 NHTF funds in the amount of \$1,753,433 that would need to be committed. ADFA Staff would assess previously awarded projects to determine if any were eligible for an exchange of funds between NHTF and HOME.

Ms. Brockway continued that her team was also focused on a constructive plan for the Administrative funds that were in need to be utilized.

The floor was opened for a brief discussion where Ms. Brockway reminded the Board of the timeframe in which HOME-ARP and NHTF funds are required to be committed and expended; NHTF funds must be committed within two years of being received and expended within four years, whereas HOME-ARP funds had a five-year expenditure deadline.

Ms. Brockway noted, in October of 2023, HUD notified ADFA it was provided with an incorrect calculation of HOME-ARP funds and that a substantial amendment would be provided on the issuance guidance; ADFA is still waiting for the guidance from HUD.

Ms. Brockway commented that Ms. Susan Gardner and Ms. Alisa Green had worked diligently with Horne LLP on the Emergency Services Grant (ESG) which at the time of the application deadline there were 35 applications with the total requested amount of \$4,160,110.46; there are approximately \$1,800,000 ESG funds available to award, so it is expected that within the next three months the most eligible applications would be brought before the Board for consideration. Ms. Brockway further commented that Department of Health Services (DHS) notified ADFA that \$598,695 of remaining ESG funds would be transferred to ADFA.

Ms. Stephanie Garner reminded the Board that she wanted to be recused from any decision-making or vote regarding ESG funds due to the agency in which she is affiliated with had completed and submitted an application.

For information only. No action needed.

Report: Compliance Monitoring Activities: October - December 2024: Ms. White commented the Compliance team had performed well with the various obstacles they faced throughout the year. They were able to work all of the audits, leaving only six files open and eighteen physical inspections which are awaiting corrections from the respective management company.

Ms. White anticipated that 2025 would be an even better year once she hired additional staff for which she had already been conducting interviews.

For information only. No action needed.

Adjournment: Being no further business, Mr. Coleman made a motion to submit the actions reports, and updates of the Housing Review Committee in the form of a report to the full Board.

Mr. O'Connor seconded the motion.

The Housing Review Committee adjourned at approximately 10:57 AM.

Minutes approved and signed this 16th day of January 2025.

Rod Coleman,
Housing Review Committee Chair

TAB 10

**STAFF HOUSING REVIEW COMMITTEE
ACTION MEMORANDUM**

HRC Meeting: February 20, 2025
Presented By: Lori Brockway

Prepared By: Alisa Green

HOUSING PARTNER	
Name of Entity:	Arkansas Enterprises for the Developmentally Disabled (AEDD)
Address of Entity:	105 E Roosevelt Rd. Little Rock, AR 72206
Contact Person:	Georganna Huddleston
Phone	501-801-3637
Email Address:	georganna.imhoff@aeddinc.org

DEVELOPMENT INFORMATION	
Name of Development:	AEDD Community Housing Scattered Sites in Cabot and North Little Rock Pulaski and Lonoke Counties MITAS: #5495

ACTION REQUESTED	
<ul style="list-style-type: none"> Developer is seeking to increase the HOME ARP funding to \$4,618,543. This is \$685,000 increase from the original request of \$3,933,543 in HOME ARP funding. The request revision is due to the increase in construction costs of earth work, site improvements, fire safety, and noise control for the 3 NCS scattered site homes. 	

BACKGROUND INFORMATION	
Amount Requested:	
ADFA HOME ARP: \$4,618,543 in the form of a forgivable loan.	
Background Information:	
The original development budget was \$4,370,737, with the cost increase due to unforeseen construction items the new development budget is \$5,751,897. The total budget increased by \$1,381,160.	

	Original	Increase	New Budget
Total development budget:	\$4,370,737	\$1,381,160	\$5,751,897

Number of units: 18 NCS units scattered sites consisting of 3 homes.

Sources of Funds:			
	Original	Increase	Request Revision Total
-Community Living Inc.	\$437,194	\$696,160	\$1,133,354
-HOME ARP:	\$3,933,543	\$685,000	\$4,618,543
Unit breakdown:	Original	Request Revision	
-HOME ARP NCS	18 NCS Units	18 NCS Units	
-Average Cost per sq. foot:	\$285.89	\$376.24	

Recommended for Approval

TAB 11

HOME
Activities Report

STATUS OF HOME ACTIVITIES - IDIS

2/10/2025

FUNDING STATUS - PROJECTS

IDIS Activity	Activity Type	Activity Name	Activity Status	Last Draw Date	Home Units	Total Units	Committed Amount	Drawn Amount	% HOME Expended
14782	NC	Electric Park	Open	9/17/2024	5	56	\$450,000.00	\$405,000.00	90%
14787	NC	Cobblestone Farm Community/Fayetteville Housing Partners	Open	7/10/2024	10	89	\$1,600,000.00	\$1,211,156.00	76%
14812	NC	The Vineyards At Cabot	Open	11/13/2024	11	72	\$1,840,000.00	\$1,512,000.01	82%
14829	REHAB	Fair Oaks Apartments Rehab	Open	1/7/2025	19	100	\$2,000,000.00	\$1,800,000.00	90%
14859	NC	Sager Creek Crossing II	Open	12/3/2024	10	60	\$1,515,000.00	\$1,363,500.00	90%
14915	NC	Cottage Lane Village	Open	9/10/2024	11	40	\$1,760,000.00	\$702,285.39	40%
14918	NC	The Peaks at Springdale III	Open	1/15/2025	11	72	\$1,925,000.00	\$193,500.00	10%
14919	NC	Spavinaw Creek Senior Housing	Open	8/27/2024	9	40	\$1,560,000.00	\$732,099.60	47%
14928	NC	Loraine Park of Lowell	Open	1/7/2025	9	60	\$1,500,000.00	\$419,191.79	28%
14942	NC	StonebrookPark and MeadowBrook Park Ph II	Open		9	42	\$1,050,000.00	\$0.00	0%
14944	NC	The Vineyards At Cabot Ph II	Open	1/7/2025	8	48	\$1,320,000.00	\$256,623.51	19%
								\$16,520,000.00	\$8,595,356.30

DEADLINE STATUS - PROJECTS

IDIS Activity	Activity Type	Activity Name	Earliest Grant Yr	Expenditure Deadline	Period of Performance	SF-425 Filing Deadline	Grant Closeout Deadline	Written Agreement Date	IDIS - 4 YR Project Completion Deadline	NOTES	Inspection Date	% Construction Completion	Inspection Phase
14782	NC	Electric Park	2019	9/30/2027	9/30/2027	1/28/2028	9/30/2028	12/12/2022	12/12/2026		10/30/2024	100%	FINAL
14787	NC	Cobblestone Farm Community/Fayetteville Housing Partners	2018	9/30/2026	9/30/2026	1/28/2027	9/30/2027	8/18/2023	8/18/2027		1/7/2025	78%	CONSTRUCTION
14812	NC	The Vineyards At Cabot	2018	9/30/2026	9/30/2026	1/28/2027	9/30/2027	10/16/2023	10/16/2027		11/25/2024	50%	CONSTRUCTION
14829	REHAB	Fair Oaks Apartments Rehab	2020	9/30/2028	9/30/2028	1/28/2029	9/30/2029	12/1/2023	12/1/2027		1/2/2025	75%	CONSTRUCTION
14859	NC	Sager Creek Crossing II	2020	9/30/2028	9/30/2028	1/28/2029	9/30/2029	3/20/2024	3/20/2028		12/10/2024	99%	FINAL
14915	NC	Cottage Lane Village	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	5/28/2024	5/28/2028		12/10/2024	5%	CONSTRUCTION
14918	NC	The Peaks at Springdale III	2020	9/30/2028	9/30/2028	1/28/2029	9/30/2029	6/26/2024	6/26/2028		12/3/2024	1%	CONSTRUCTION
14919	NC	Spavinaw Creek Senior Housing	2020	9/30/2028	9/30/2028	1/28/2029	9/30/2029	6/14/2024	6/14/2028		12/10/2024	14%	CONSTRUCTION
14928	NC	Loraine Park of Lowell	2020	9/30/2028	9/30/2028	1/28/2029	9/30/2029	8/24/2023	8/24/2027		12/3/2024	1%	CONSTRUCTION
14942	NC	StonebrookPark and MeadowBrook Park Ph II	2020	9/30/2028	9/30/2028	1/28/2029	9/30/2029	9/9/2024	9/9/2028		12/17/2024	20%	CONSTRUCTION
14944	NC	The Vineyards At Cabot Ph II	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	8/12/2024	8/12/2028		1/14/2025	25%	CONSTRUCTION

FAILED PROJECTS

IDIS Activity	Activity Type	Activity Name	Activity Status	Last Draw Date	Home Units	Total Units	Committed Amount	Drawn Amount	% HOME Expended
14741	NC	*Washington County Habitat For Humanity	Failed	7/8/2024	1	1	\$94,903.29	\$94,903.29	100%
14778	NC	*Washington County Habitat For Humanity	Failed	1/29/2024	1	1	\$90,475.77	\$90,475.77	100%
							\$185,379.06	\$185,379.06	

FUNDING STATUS - ADMIN

IDIS Activity	Activity Type	Activity Name	Activity Status	Last Draw Date	Home Units	Total Units	Committed Amount	Drawn Amount	% HOME Expended
14509	ADMIN	ADFA ADMINISTRATION (2020/18 AD - 2020 PA)	Open	2/22/2023			\$2,063,296.03	\$1,072,546.99	52%
14510	ADMIN	ADFA ADMIN / RECORDING 2020	Open	9/13/2023			\$11,347.00	\$11,347.00	100%
14677	ADMIN	ADFA ADMINISTRATION 2021	Open				\$1,405,251.30	\$0.00	0%
14762	ADMIN	ADFA ADMINISTRATION 2022	Open				\$1,730,109.66	\$0.00	0%
14940	ADMIN	ADFA ADMINISTRATION 2023	Open				\$1,616,016.87	\$0.00	0%
							\$6,826,020.86	\$1,083,893.99	
TOTAL HOME							\$23,531,399.92	\$9,864,629.35	

IDIS
Available to Commit

NHTF FUNDS AVAILABLE - IDIS

2/10/2025			Committed Amount	Drawn Amount	
NHTF			FUNDING TOTALS	\$10,031,346.41	\$6,061,133.92
AVAILABLE TO COMMIT					
	Grant Year	Available to Subgrant			
EN	2024	\$2,700,085.43			
	2023	\$1,753,433.71			
		\$4,453,519.14	<i>Available for Projects</i>	Less Board Approvals Not Yet Committed	Available to Commit
				\$1,000,000.00	\$3,453,519.14

HOME FUNDS AVAILABLE - IDIS

			Committed Amount	Drawn Amount	
HOME			FUNDING TOTALS	\$23,531,399.92	\$9,864,629.35
AVAILABLE TO COMMIT					
	Grant Year	Available to Subgrant			
EN	2024	\$6,644,757.00			
	2023	\$7,935,228.75			
	2022	\$8,608,720.50			
	2021	\$7,469,071.75			
PI	2024	\$2,878,529.31			
	2023	\$5,021,877.35			
	2022	\$5,240,549.38			
	2021	\$3,101,238.54			
HP	2024	\$91,643.56			
	2023	\$266,205.52			
	2022	\$169,959.52			
IU	2024	\$772,391.54			
	2023	\$162,783.60			
		\$48,362,956.32	<i>Available for Projects</i>	Less Board Approvals Not Yet Committed	Available to Commit
CR	2024	\$1,328,951.40		\$28,782,143.00	\$19,580,813.32
	2023	\$1,587,045.75		<i>*Villas at Spring Valley Pulled Application</i>	
	2022	\$1,480,588.45			
		\$4,396,585.60	<i>Available for CHDO Projects</i>	Less Board Approvals Not Yet Committed	Available for CHDO Commitments
				\$0.00	\$4,396,585.60

NHTF
Activities Report

STATUS OF NHTF ACTIVITIES - IDIS

2/10/2025

FUNDING STATUS - PROJECTS

IDIS Activity ID	Program Year	Activity Type	Activity Name	Activity Status	Last Draw Date	Initial Funding Date	HTF Units	Total Units	Committed Amount	Drawn Amount	PCT
13893	2020	NC	COBBLESTONE FARM COMMUNITY (NHTF)	Open	8/29/2023	9/8/2020	5	89	\$450,000.00	\$449,000.00	99.8%
13894	2020	NC	PATRIOT PARK (NHTF)	Open	7/10/2024	9/8/2020	14	60	\$1,650,000.00	\$1,649,000.00	99.9%
14341	2021	RH	SUNSET TERRACE, LLC (NHTF)	Open	5/22/2024	7/23/2021	14	87	\$2,000,000.00	\$1,800,000.00	90.0%
14813	2023	NC	THE VINEYARDS AT CABOT (NHTF)	Open	2/4/2025	11/13/2023	3	72	\$425,000.00	\$334,575.01	78.7%
14830	2023	RH	FAIR OAKS APARTMENTS REHAB (NHTF)	Open	1/7/2025	1/17/2024	19	100	\$2,000,000.00	\$1,678,008.09	83.9%
14917	2024	NC	THE PEAKS AT SPRINGDALE PH III (NHTF)	Open	2/4/2025	8/6/2024	4	72	\$605,000.00	\$45,000.00	7.4%
14922	2024	NC	LORAIN PARK OF LOWELL (NHTF)	Open		8/19/2024	9	60	\$1,500,000.00	\$0.00	0.0%
										\$8,630,000.00	\$5,955,583.10

DEADLINE STATUS - PROJECTS

IDIS Activity ID	Program Year	Activity Type	Activity Name	Earliest Grant Yr	Expenditure Deadline	Period of Performance	SF-425 Filing Deadline	Grant Closeout Deadline	Written Agreement Date	IDIS - 4 YR Project Completion Deadline	NOTES	Inspection Date	% Construction Completion	Inspection Phase
13893	2020	NC	COBBLESTONE FARM COMMUNITY (NHTF)	2018	9/12/2023	9/12/2025	1/10/2026	9/12/2026	9/2/2020	12/31/2024 Extended	POTENTIAL TO BE BLOCKED IN IDIS	1/7/2025	78%	CONSTRUCTION
13894	2020	NC	PATRIOT PARK (NHTF)	2018	9/12/2023	9/12/2025	1/10/2026	9/12/2026	9/2/2020	12/31/2024 Extended	POTENTIAL TO BE BLOCKED IN IDIS	12/11/2024	<1%	CONSTRUCTION
14341	2021	RH	SUNSET TERRACE, LLC (NHTF)	2019	7/31/2024	7/31/2026	11/28/2026	7/31/2027	7/22/2021	7/22/2025		12/4/2024	99%	CONSTRUCTION
14813	2023	NC	THE VINEYARDS AT CABOT (NHTF)	2022	8/29/2027	8/29/2029	12/27/2029	8/29/2030	10/16/2023	10/16/2027		1/14/2025	100%	CONSTRUCTION
14830	2023	RH	FAIR OAKS APARTMENTS REHAB (NHTF)	2022	8/29/2027	8/29/2029	12/27/2029	8/29/2030	12/12/2023	12/12/2027		1/27/2025	75%	CONSTRUCTION
14917	2024	NC	THE PEAKS AT SPRINGDALE PH III (NHTF)	2020	7/31/2025	7/31/2027	11/28/2027	7/31/2028	6/26/2024	6/26/2028		1/28/2025	5%	CONSTRUCTION
14922	2024	NC	LORAIN PARK OF LOWELL (NHTF)	2022	8/29/2027	8/29/2029	12/27/2029	8/29/2030	8/19/2024	8/19/2028		1/22/2025	1%	CONSTRUCTION

FUNDING STATUS - ADMIN

IDIS Activity ID	Program Year	Activity Type	Activity Name	Activity Status	Status Date	Initial Funding Date	Committed Amount	Drawn Amount	PCT	Expenditure Deadline	DEOBLIGATED	
14350	2020	ADMIN	ADFA NHTF ADMIN 2020	Open	1/27/2025	8/11/2021	\$231,588.00	\$105,550.82	46%	7/31/2025		
14512	2021	ADMIN	ADFA NHTF ADMIN 2021	Open	11/23/2021	11/23/2021	\$412,310.90	\$0.00	0%	10/31/2026		
14725	2022	ADMIN	ADFA NHTF ADMIN 2022	Open	2/13/2023	2/13/2023	\$457,393.80	\$0.00	0%	8/29/2027		
14921	2023	ADMIN	ADFA NHTF ADMIN 2022	Open	8/9/2024	8/9/2024	\$300,053.71	\$0.00	0%	8/1/2028		
							\$1,401,346.41	\$105,550.82				
							TOTAL NHTF		\$10,031,346.41	\$6,061,133.92		

HOME - ARP
Activities Report

HOME-ARP												
Organization	Proposed Use	Status	Funding Year 1	Expended date to	Approved Disbursement	% Expended	Funding Year 2	3 Months (Yr 1) 25%	6 Months (Yr 1) 50%	9 Months (Yr 1) 75%	12 Months (Yr 1) 100%	
Restore Hope, Inc	Operating Expense Assistance	Notice to Proceed	\$150,000.00	\$106,023.20	\$106,023.20	71%	\$150,000	\$37,500.00	\$75,000.00	\$112,500.00	\$150,000.00	
Riverview Hope Campus	Operating Expense Assistance	Notice to Proceed	\$58,299.00	\$58,299.00	\$58,299.00	100%	\$79,947	\$14,574.75	\$29,149.50	\$43,724.25	\$58,299.00	
Arkansas Enterprises for the Developmentally Disabled, Inc (AEDD)	Operating Expense Assistance	Notice to Proceed	\$150,000.00	\$125,000.00	\$125,000.00	83%	\$150,000	\$37,500.00	\$75,000.00	\$112,500.00	\$150,000.00	
Legal Aid of Arkansas	Operating Expense Assistance	Notice to Proceed	\$150,000.00	\$125,000.00	\$125,000.00	83%	\$150,000	\$37,500.00	\$75,000.00	\$112,500.00	\$150,000.00	
Fort Smith Children's Shelter	Operating Expense Assistance	Notice to Proceed	\$50,000.00	\$50,000.00	\$50,000.00	100%	\$73,702	\$12,500.00	\$25,000.00	\$37,500.00	\$50,000.00	
Next Step Day Room Inc	Operating Expense Assistance	Notice to Proceed	\$68,250.00	\$68,250.00	\$68,250.00	100%	\$68,250	\$17,062.50	\$34,125.00	\$51,187.50	\$68,250.00	
Women & Children First	Operating Expense Assistance	Notice to Proceed	\$150,000.00	\$139,717.06	\$139,717.06	93%	\$150,000	\$37,500.00	\$75,000.00	\$112,500.00	\$150,000.00	
			\$776,549.00	\$672,289.26	\$672,289.26	87%	\$821,899	\$194,137.25	\$388,274.50	\$582,411.75	\$776,549.00	
Organization	Proposed Use	Status	Supportive Services	Project Delivery	Approved Disbursement	% Expended	TBD	6 Months 25%	12 Months 50%	18 Months 75%	24 Months 100%	
Legal Aid of Arkansas	Supportive Services	Notice to Proceed	\$660,766.00	n/a	\$61,977.84	9%		\$165,191.50	\$330,383.00	\$495,574.50	\$660,766.00	
Restore Hope, Inc	Supportive Services	Notice to Proceed	\$900,000.00	\$90,000.00	\$88,635.80	9%		\$247,500.00	\$495,000.00	\$742,500.00	\$990,000.00	
Riverview Hope Campus	Supportive Services	Notice to Proceed	\$700,000.00	\$50,000.00	\$32,674.87	4%		\$187,500.00	\$375,000.00	\$562,500.00	\$750,000.00	
Serve NWA	Supportive Services	Notice to Proceed	\$300,000.00	\$30,000.00	\$48,600.89	15%		\$82,500.00	\$165,000.00	\$247,500.00	\$330,000.00	
Fort Smith Children's Shelter	Supportive Services	Notice to Proceed	\$537,900.00	\$53,790.00	\$162,896.46	28%		\$147,922.50	\$295,845.00	\$443,767.50	\$591,690.00	
Women & Children First	Supportive Services	Notice to Proceed	\$717,000.00	\$71,700.00	\$9,333.07	1%		\$197,175.00	\$394,350.00	\$591,525.00	\$788,700.00	
Next Step Day Room Inc	Supportive Services	Notice to Proceed	\$92,000.00	\$9,200.00	\$39,301.23	39%		\$25,300.00	\$50,600.00	\$75,900.00	\$101,200.00	
Peace at Home Family Shelter	Supportive Services	DeObligated	\$0.00	\$0.00	\$0.00	0%		\$0.00	\$0.00			
Our House Inc	Supportive Services	Notice to Proceed	\$635,000.00	\$63,500.00	\$27,067.70	4%		\$174,625.00	\$349,250.00	\$448,875.00	\$698,500.00	
Ouachita Children, Youth & Family Center	Supportive Services	Notice to Proceed	\$413,000.00	\$41,300.00	\$0.00	0%		\$113,575.00	\$227,150.00	\$340,725.00	\$454,300.00	
Center for Arkansas Legal Services	Supportive Services	Notice to Proceed	\$591,261.00	\$59,126.00	\$13,430.39	2%		\$162,596.75	\$325,193.50	\$487,790.25	\$650,387.00	
Community Action Program for Central AR	Supportive Services	Notice to Proceed	\$900,000.00	\$90,000.00	\$14,307.85	1%		\$247,500.00	\$495,000.00	\$742,500.00	\$990,000.00	
St Bernards Development Foundation	Supportive Services	Notice to Proceed	\$300,000.00	\$30,000.00	\$50,069.52	15%		\$82,500.00	\$165,000.00	\$247,500.00	\$330,000.00	
			\$6,746,927.00	\$588,616.00	\$548,295.62	7%		\$1,833,885.75	\$3,667,771.50	\$5,426,657.25	\$7,335,543.00	
Organization	Proposed Use	Status	ADFA HOME-ARP NCS Project Funding	Approved Disbursement	% Expended	TBD	TBD					
Women & Children First	Non-Congregate Shelter	Pre-Construction	\$ 7,000,000.00									
Next Step Day Room Inc	Non-Congregate Shelter	Pre-Construction	\$ 3,163,875.23									
Arkansas Enterprises for the Developmentally Disabled, Inc (AEDD)	Non-Congregate Shelter	Pre-Construction	\$ 3,933,543.00									
Fort Smith Children's Shelter	Non-Congregate Shelter	Pre-Construction	\$ 1,562,128.00									
Our House Inc	Non-Congregate Shelter	Pre-Construction	\$ 3,722,484.85									
			\$ 19,382,031.08									
									*Report as of February 11, 2025			

TAB 12

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

BOARD OF DIRECTORS MEETING

DECEMBER 5, 2024

DEPARTMENT OF COMMERCE, 1 COMMERCE WAY

RIVERVIEW MEETING ROOM

LITTLE ROCK, AR

ADFA Board Audit Committee Members Present: Jim Hudson; Carey Smith; and Larry Walther.

ADFA Board Audit Committee Members Present Via Phone or Video: Denise Sweat, Audit Committee Chair.

ADFA Board Audit Committee Members Absent: Harold Perrin.

ADFA Board Members Present: Jon Chadwell; Rod Coleman; Stephanie Garner; Dr. Lee Lane; and George O'Connor.

ADFA Board Audit Committee Members Present Via Phone or Video: Katelyn Martin; Seth Mims; and Kirkley Thomas.

ADFA Board Members Absent: Hugh McDonald, Cabinet Secretary of Department of Commerce.

ADFA Staff Present: Mark Conine, President, Arkansas Development Finance Authority; Robert "Ro" Arrington, Vice President, Homeownership and Public Finance; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel; Lori Brockway, Federal Housing Program Manager; Chuck Cathey, Vice President, Development Finance; Kristy Cunningham, Chief Financial Officer; Sean Doolin, Assistant Controller; Paula Farthing, Loan Servicing Manager; Alisa Green, HOME-ARP Program Specialist; Tracy Green, Assistant Controller; Kimmy Helble, Executive Assistant to President and Capital Access Program Administrator; Amanda Hill, HOME Program Coordinator; Hope Lewis, Controller; Drew Rogers, Attorney Specialist; Derrick Rose, Director of Outreach and Communication; Tammy White, Compliance Manager; and Tony Williams, Director, Arkansas Student Loan Authority.

ADFA Staff Present Via Phone or Video: David Denman, Loan Operations Coordinator; Cathy Ganaway, Senior Accountant; Lanita Hastings, HOME Program Coordinator; Carol Leek, HOME Program Coordinator; and Nick Sherwood, Compliance, HOME-ARP.

Others Present: Alex Dunphy and Bruce Ross, Adaptiiv Medical Technologies, Inc.; Eric Munson, Arkansas State Treasurer's Office; Elston Blake Forte, Partners for Better

Housing; Blake Bumgardner, PDC Companies; Cheryl Schluterman, Raymond James; and Glenda Dean, Simmons Bank.

Others Present VIA Phone or Video: Lydia Alston, Community Development of NWA; Traci Williams, Domera Development; Jonathan Tedford and Adam Watson, Franklin County & River Valley Coalition; Michele Allgood, Mitchell Williams; Nona McVay and Lornea Wells, The McVay Firm, PLLC.; Rosemary Underwood; and Matt Darst, Upward Housing Group.

Call to Order: Ms. Sweat called the meeting to order at approximately 10:44 AM.

Audit Committee:

Minutes: Ms. Sweat presented the Audit Committee minutes from the October 31, 2024, meeting, and queried if any Committee member had questions or comments in regard to the minutes.

Being no comments or questions were posed, Mr. Smith made a motion to approve the October 31, 2024, Audit Committee meeting minutes.

Mr. Walther seconded the motion.

The motion passed.

Review: Compliance Audit Report – Fiscal Year 2024: Mr. Conine announced that Ms. Summit had been out for several days and unavailable to present the Compliance Audit Report, but that he would take lead of the presentation.

Mr. Conine reminded the Committee and Board that ADFA is not required to provide internal audit reports, it has been a voluntary practice because of the value it adds, and he considered it to be similar to constructive criticism, and thought it guided ADFA on how to become even better.

Mr. Conine clarified that remarks highlighted in blue were statements from either himself or a staff member in response to some type of recommendation, which many of the recommendations had to do with documentation.

Mr. Conine stated the key point he learned from the Compliance Audit Report was that ADFA needed to get “staffed up” and apply better record keeping procedures, which the lack of had been due to staff turnover; some of which was unexpected bereavements of associates, retirement, etc., all of whom were essential.

Mr. Conine focused on the Asset Management side of Compliance, which is the financial review of all the federal developments that ADFA has, which encompassed

financial and other documentation that was submitted to Ms. White; it is recommended to have a portal in MITAS that would be beneficial to ADFA and the Compliance department to better manage this portion of compliance.

Ms. Sweat added that nothing was alarming in the report and believed that Ms. Summitt's recommendations were reflective of how to improve as ADFA grows, and staffing changes.

Mr. Smith interjected that he thought the recommendations would also benefit the Staff Housing Review Committee to move forward with developments and to observe that compliance is maintained throughout the process of the projects.

Mr. Smith read from Ms. Summitt's Recommendation #1; "This will ensure the developers/managers are educated on the importance of the requirements for asset management before we issue any sort of penalties associated with non-compliant disclosures."

Mr. Smith then read from Recommendation #2; "It is recommended that a corrective action letter be created through MITAS and sent out to the developers/managers.", this would be a better way to communicate with developers when a project has begun to fall below the average in scoring.

Again, Mr. Smith read from Ms. Summitt's recommendations, Recommendation #3; "We recommend ADFA look at instituting some type of incentive to encourage the developers to submit the required documentation timely. Having over 25 to 50% of the required financial documents not being submitted to be reviewed puts a burden on ADFA for reporting purposes."

Mr. Smith stated that having reviewed the audit from a Housing Review perspective, he wanted to encourage ADFA to implement some of these recommendations.

Mr. Conine announced that one factor that may help Staff Housing Review with some of the mentioned items was that Staff came up with the idea to start Developer Training and that part of the training would be to explain that if the developer was to receive funding from ADFA, the developer would also be signing up for the compliance as part of the deal, so that the developer fully understood the guidelines, timelines, and deadlines.

Ms. White offered additional dialog with the explanation in regard to turnover on the side of the management company, many times, the first 15 years of compliance is misunderstood from the second 15 years, or the new management company is unaware of the guidelines, and ADFA has no way of contacting the new manager because they were not informed of the change until much later.

Mr. Chadwell suggested to create an annual fee to the developer, and the only way to not have to pay the annual fee is to follow all the guidelines, deadlines, and be in compliance, then the developer would also receive a letter stating that due to the developer upholding the compliance guidelines for the year, the fee would be waived.

After some additional discussion, Ms. Sweat noted that with management responses to the recommendations, that some of the ideas brought to the table would need to have an opportunity to work through and distinguish what improvements may be needed for the future.

Mr. Smith made a motion to accept the Compliance Audit Report as presented.

Mr. Walther seconded the motion.

The motion passed.

Adjournment: Being no further discussion or comments, Ms. Sweat submitted her report of the Audit Committee in the form of a motion to the full Board for approval.

Mr. Walther seconded the motion.

The Committee meeting adjourned at approximately 11:10 AM.

Minutes approved and signed this 5th day of December 2024.

Denise Sweat, Audit Committee Chair

TAB 13

MEMORANDUM

To: ADFA Board Audit Committee
From: Megan Summitt, Internal Auditor
Date: February 10, 2025
Subject: Summary of the Audit Plan for the Calendar Year 2025

The audit plan submitted for approval outlines the hours anticipated to be dedicated to the three selected programs to be audited. The selected programs are as follows Loan Servicing Department, Tax-Exempt Multi-Family Housing Bond Program and the Low-Income Housing Tax Credit Program, Start Smart Single-Family Program.

The plan also outlines the various other duties, and the hours required for those. These include SEC Disclosures, Meetings, Federal Audit Requirements, Statewide Audit Requirements, and leave time for the year.

Internal Audit Plan

Calendar Year 2025

STATE OF ARKANSAS



ARKANSAS DEVELOPMENT FINANCE AUTHORITY

**REPORT TO THE BOARD OF DIRECTORS
AUDIT COMMITTEE**

INTERNAL AUDIT PLAN

FOR THE YEAR ENDING DECEMBER 31, 2025

1 Commerce Way Suite 602
Little Rock, AR 72202
Phone: (501) 682-5915

February 10, 2025

The Audit Committee
Of the Board of Directors
Of the Arkansas Development Finance Authority

Internal Audit provides continual feedback on the operational effectiveness of the Arkansas Development Finance Authority (ADFA) to the ADFA Audit Committee (Committee) by following the International Standards for the Professional Practice of Internal Auditing (Standards). The 2025 Internal Audit Plan has been prepared in accordance with the Standards by evaluating risks for auditable areas and planning audits for the areas ranked with the highest risk for the year ending December 31, 2025. Audit coverage is based upon the number of hours the internal auditor has available for audits; however, these hours may deviate throughout the year depending upon any approved changes made by the Committee. The internal audit activities will provide the Committee with information regarding the adequacy of accounting information and operating controls, as well as the effectiveness of compliance with Federal and State government regulations and ADFA policy and procedures.

Internal audit work could include the following:

- Substantive audit procedures to determine the accuracy of account balances.
- Procedural audits designed to determine compliance with ADFA policies and procedures.
- Regulatory compliance procedures to test the effectiveness of compliance with Federal and State government regulations.
- Data processing testing to determine that present systems are effectively utilized.
- Annual risk assessment analysis, with management's input, to determine auditable units.
- Annual third-party servicer reviews to ensure proper controls are in place at the servicer level (SSAE 18 and USAP)
- Data analysis to ensure completeness and accuracy of internal and external information.
- Assistance to the external auditors performing the annual independent audit.
- Agency control self-assessment facilitation.
- Pre-audit reviews to prepare areas targeted for audit by regulatory agencies.
- Consulting services for policy/procedure review and new divisions

The details of the 2025 Internal Audit Plan are included in the attached documents.

Arkansas Development Finance Authority
Internal Audit

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Internal Audit Mission

ADFA Internal Audit is dedicated to providing internal control and system reviews to improve the efficiency and accountability of ADFA.

Audit Committee Responsibility

The primary responsibility of the Committee is to assist the Board of Directors (Board) in carrying out their responsibilities as they relate to ADFA processes and procedures, internal control structure, and internal and external reporting practices. The Committee should maintain open communication between the Board, external auditors, internal auditors, and management. The following are specific responsibilities:

- To recommend to the Board the appointment of external auditors at determined fees and to approve the scope of the audit examination.
- To review and approve the internal audit plan and audit staff.
- To review external audit reports, internal audit reports, State Bank Department examination reports, regulatory reports and ensure management incorporates recommendations appropriately.
- To review the ADFA internal and external reporting processes, and the ADFA internal control structure and make recommendations for improvement.

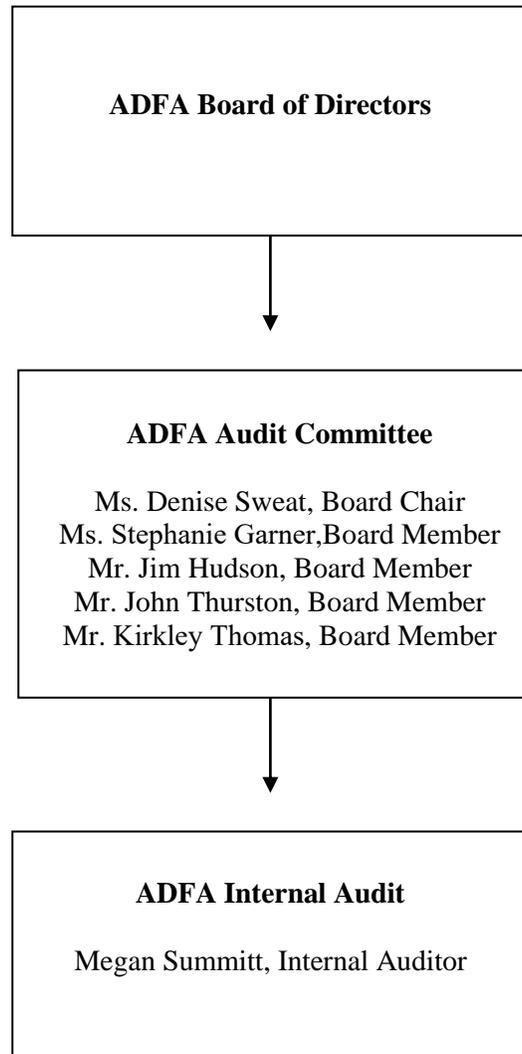
Internal Audit Responsibility

The primary responsibilities of the internal audit function are to assist members of management, the Committee, and the Board in the effective discharge of their responsibilities. To accomplish this, the internal audit function will provide: (1) audit reports detailing findings and recommendations for improvement, (2) management's response(s) to the recommendations, and (3) on-going status reports for the open audit findings. The 2025 Internal Audit Plan was developed by utilizing a risk-based approach in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The following are specific responsibilities:

- Review the departments and programs within ADFA to determine whether they are operating efficiently and effectively to meet management's objectives, comply with policies/procedures, and adhere to the mission of the agency.
- Determine the adequacy and effectiveness of the systems used for internal accounting and the sufficiency of operating controls.
- Review the means of safeguarding assets and verifying the existence of assets.
- Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information.
- Review the established systems to ensure compliance with policies, procedures, laws, and regulations which could have a significant impact on operations and reports.
- Suggest improvements to policies, procedures, and operations.
- Coordinate audit efforts with external auditors and regulatory authorities.
- Investigate any fraud and cooperate with prosecuting authorities as needed.

- Report outstanding findings from the Audit Findings Control System (AFCS)
- Report significant audit findings, the status of the annual audit plan, staffing issues, and the results of any special projects to the Committee.
- Issue written reports to the Vice President (of the area being audited) and the ADFA President detailing audit results, recommendations, and management's responses.

Audit Organization Chart



2025 Summary of Planned Audits

The planned audits are based upon a risk assessment performed by Internal Audit with input from ADFA management. These audits are listed below. The following page is a list of all auditable areas within ADFA and the budgeted hours for each audit along with estimated time budgeted for other activities, including administration, continuing education, and anticipated leave. Please note that these hours are subject to change. If the hours categorized under the Administration section are less than anticipated, then the hours spent on planned audits may increase, or additional audits may be completed. Significant changes to this plan will be presented to the Committee for approval.

Planned Audits:

- Loan Servicing Department
- Start Smart Single-Family Program
- Tax- Exempt Multi Family Housing Bonds Program and the Low-Income Housing Tax Credit Program

2025 ADFA Auditable Areas and Audit Hours Allocation

PREPARED BY: Megan Summitt

DATE: 1/15/2025

	2025
	Budgeted Hours
FINANCE AND ADMINISTRATION	
Controller Accounting Department (includes Tobacco Bonds Programs)	
Governmental Infrastructure Program	
Finance Department	
Payroll/Human/Budget Resources Department	
Purchasing Department	
Loan Servicing Department (includes Insurance and Taxes)	300
Interagency Programs with Natural Resources Commission	
FAF and NBMIR Loan Programs	
College Tech Revolving Loan	
Investment Department	
SEC Disclosure Monitoring	
HOMEOWNERSHIP	
Single Family Housing Department	240
Public Finance	
Outreach	
DEVELOPMENT FINANCE	
Arkansas Venture Development Fund	
Arkansas Venture Capital Development Fund	
Arkansas Institutional Fund	
Industrial Development Bond Program	
Small Business Guaranty Program	
Capital Access Program	
MULTIFAMILY HOUSING	
General Counsel	
Tax-Exempt Multi-Family Housing Bond Program and the Low-Income Housing Tax Credit Program	300
HOME Department	
Housing Compliance Department	
Neighborhood Stabilization Program	
National Housing Trust Fund NHTF	
Preservation Revolving Loan Fund Program	
FEDERAL HOUSING PROGRAMS	
HOME Single Family New Construction (Habitat for Humanity)	
INFORMATION TECHNOLOGY	
ARKANSAS STUDENT LOAN AUTHORITY	
MISC	
Statewide Control Self-Assessment Facilitation	80
SEC Disclosures and Arbitrage	220
Planning and Compliant Annual Audit Plan	60
SSBCI Quarterly Reviews	160
MERS Annual Audit	80
ADMINISTRATION	
Average Leave (Annual/Sick)	260
Holiday	96
Administration, Planning, Meetings	200
Third Party Reviews	30
Continuing education	40
Work with Frost	14
Total Hours	2080

TAB 14

MEMORANDUM

To: ADFA Board Audit Committee
From: Megan Summitt, Internal Auditor
Date: February 10, 2025
Subject: Summary of the Arkansas State Bank Examiners Report of the Bond Guaranty Program

The Annual State Bank Examination of the Bond Guaranty Program was completed December 2, 2024. The examination was performed with 100% of the portfolio reviewed.

There were no technical exceptions noted during the loan review. There were no downgrades of the loans identified, and reserves were considered sufficient against classified assets.

Annual State Bank
Examiner Report
Fiscal Year 2024



Arkansas State
Bank Department



Hugh McDonald
Secretary of Commerce
Susannah T. Marshall
Bank Commissioner
Arkansas State Bank Department

December 11, 2024

Mr. Mark Conine
President
Arkansas Development Finance Authority
P. O. Box 8023
Little Rock, AR 72203-8023

Dear Mr. Conine:

Enclosed are the findings of the Arkansas State Bank Department's review of the Arkansas Development Finance Authority's (ADFA) Bond Guaranty program and Intermediary Relending program, as specified in the Interagency Agreement. The examination team noted that the volume of classified assets have decreased since the last review. In addition, credit administration and problem loan identification practices are satisfactory with no additional downgrades recommended.

Please review the attached Report and contact our office if you have any questions or comments.

Cordially,

Susannah T. Marshall
Bank Commissioner

STM/aph



Loan Review

Arkansas Development Finance Authority
Little Rock, AR

Date Examination Commenced:
November 18, 2024

THIS REPORT IS STRICTLY CONFIDENTIAL

This report has been made by an examiner appointed by the Arkansas State Bank Department. The information contained in this report is based upon the books and records of the agency, upon statements made to the examiner by officers, and employees, and upon information obtained from other sources believed to be reliable. It is recommended that each director, in accordance with his or her responsibilities to the agency, thoroughly review the report.

This copy of the report is the property of the Arkansas State Bank Department and is furnished to the agency examined for its confidential use. Under no circumstances shall the agency, or any of its directors, officers or employees disclose or make public in any manner the report or any portion thereof. If a subpoena or other legal process is received calling for production of this report, The Arkansas State Bank Department should be notified immediately. The attorney at whose instance the process was issued and, if necessary, the court that issued it should be advised of these restrictions.

Susannah T. Marshall
Bank Commissioner

**ARKANSAS DEVELOPMENT
FINANCE AUTHORITY**
Little Rock, Arkansas

Date of Financial Statements: 10/31/24
Date Examination Commenced: 11/18/24
Date Examination Completed: 12/02/24

Matthew A. Rose
Examiner-In-Charge

COMMENTS AND CONCLUSIONS

ORGANIZATION

The organization's mission is to promote economic growth in the state of Arkansas by providing and supporting financing for affordable housing, agricultural business enterprises, industrial and economic development, capital improvement for state agencies and local governments, higher education funding and related programs, and by promoting better economic policy. There have been no changes in senior management since the previous loan review. Mark Conine continues to serve as President of Arkansas Development Finance Authority (ADFA). Charles Cathey continues to oversee the loan portfolio as Vice President (VP). Loan volume has decreased slightly since the previous review. Senior management anticipates that loan volume will remain relatively stable in 2025.

CLASSIFIED ASSETS

The volume of classified assets has decreased since the previous loan review from \$3,836M to \$3,146M as of November 18, 2024. This amount is comprised of two relationships and represents 8.04 percent of the loan portfolio. Refer to *Assets Subject to Adverse Classification or Special Mention* page for further details. The organization continues to appropriately identify problem loans and assign proper risk ratings. No downgrades were by identified by examiners. Classifications as a percentage of total loans have remained within a consistent range over the past ten years.

LOAN DOCUMENTATION

Credit administration practices remain adequate. The borrower's financial condition is reviewed on an annual basis, and any substantive changes in the borrower's financial condition are documented in the credit file. No technical exceptions were noted during the loan review.

INFORMATION SYSTEMS

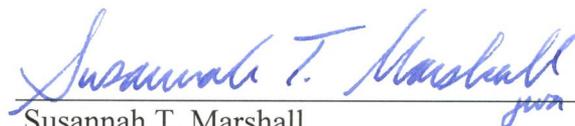
The process of analyzing and identifying problem loans is satisfactory. Loan trial, past due and problem loan update information is considered adequate.

MEETING WITH MANAGEMENT

An exit interview was conducted on December 2, 2024, with VP Charles Cathey. Representing the Arkansas State Bank Department was Examiner-In-Charge Matthew A. Rose and Certified Examinations Manager Joel Futrell. All major items were discussed, and senior management was receptive to examiner comments.

SUPPORTING DOCUMENTS

Page 2 details the classified loans and accompanying write-ups. Loan amounts are rounded to the thousandth.


Susannah T. Marshall
Bank Commissioner

ASSETS SUBJECT TO ADVERSE CLASSIFICATION OR SPECIAL MENTION

Amounts Descriptions and Comments	Special Mention	Substandard	Doubtful	Loss
2,965 J&E Food Group, LLC Warren, Arkansas Internally Rated-Class 5		2,965		

Classified amount represents the current balance of a \$3,000M note that originated on July 1, 2019. The company was formed in 2017 by John White. Proceeds were utilized to purchase poultry processing equipment and make improvements to a previously owned ADFA property. Collateral includes a first R/E mortgage on land and buildings along with a lien on FF&E. Equipment design flaws, FDA approval delays, and Covid-19 issues at first delayed the starting date for operations and then ultimately left the plant unable to begin operations. Per VP Cathey, J&E Food group, LLC, signed a deed-in-lieu of foreclosure and a new investor has signed a lease-purchase agreement. As of this review, all parties are waiting on the state of Alabama to issue a Certificate of Good Standing for J&E Foods to deliver to the title company to complete the closing process. Lease terms and deed-in-lieu documents have been reviewed by all parties.

No financials are available for review due to the plant having never been in production. Payments have been delinquent since March 31, 2020. The credit has been assigned an internal classification rating of Substandard. A specific reserve of \$1,483M is allocated to the loan. In addition, ADFA has assigned a salvage value of the same amount.

278 Texas CLT, LLC Magnolia, Arkansas Internally Rated-Class 5		181		
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Classified amount represents the current balance of a \$500M note that originated on June 27, 2019. The company was founded just prior to the COVID-19 pandemic and struggled with numerous related issues in supply chain interruption, market deterioration, and direct competition from Walton family backed companies. In addition, internal issues such as the absence of key management and internal fraud led to further deterioration of the company. Some investors did infuse capital; however, the company did eventually file bankruptcy. In August 2024, Blackmon Auctions, Inc., Little Rock, Arkansas was granted access to auction off all materials, inventory, and assets of Texas CLT, LLC. Payments have been delinquent since July 31, 2023. The Texas trustee assigned to the bankruptcy determined that net proceeds of \$97M would be applied to the balance. The remaining balance has been assigned an internal classification rating of Substandard and is fully reserved. ADFA will seek delinquency judgement against all guarantors.

TOTAL ADVERSELY CLASSIFIED LOANS	\$3,146M
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LOANS NOT SUPPORTED BY PROPER DOCUMENTATION

Name	Amount	Statement	Exception
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NO DOCUMENTATION DEFICIENCIES WERE NOTED DURING THE REVIEW.

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- 1. Appraisal
 - 2. Title Opinion/Title Insurance
 - 3. Borrowing Authorization
 - 4. Recordation
 - 5. Insurance
 - 6. Collateral Assignment

- 7. Operating Statement
- 8. Cash Flow Projections
- 9. Not Signed in Official Capacity
- 10. Income Information
- 11. Other (Explain)