



FY 2025

ANNUAL REPORT

OF PROGRAM ACTIVITY - JULY 1, 2024 - JUNE 30, 2025



CATEGORIES

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Established in 1985, the Arkansas Development Finance Authority (ADFA) serves as the successor to the Arkansas Housing Development Agency, originally created in 1977. ADFA is authorized to borrow funds and issue bonds, providing crucial financing for affordable housing initiatives, diverse business and economic development projects, and capital improvements for state agencies. Effective July 1, 2017, the Arkansas Student Loan Authority (ASLA) merged with ADFA, and both entities are self-funded primarily through investment and loan earnings, in addition to federal funds. As the exclusive issuer of bonds for state agencies, ADFA plays a vital role in supporting Arkansas's growth.

ADFA, including ASLA, is governed by a 14-member board of directors comprising the Director of the Department of Finance and Administration, the State Treasurer, eleven public members appointed by the Governor, and the President of the Authority (non-voting). Together, they work to support ADFA's mission of promoting economic growth in Arkansas by offering financial backing for various programs, including affordable housing, industrial and economic development, capital improvements for state agencies and local governments, healthcare, and higher education funding. The board members represent a broad range of expertise and interests from all geographic regions of the state, ensuring a well-rounded and diverse approach to driving the state's economy forward.

INTRODUCTION

A significant milestone in ADFA's history took place in FY2025 with the passage of Arkansas Act 944 of 2025, which clarifies the Arkansas Development Finance Authority's (ADFA) status as an independent instrumentality. It was passed during the 95th legislative session, became an Act on April 21, 2025, and took effect on July 1, 2025, marking ADFA's transition to independent operation.

The legislation removes ADFA from the Department of Commerce and establishes it as an independent state instrumentality. This change provides ADFA with greater operational flexibility with procurement, spending and employee compensation that will increase efficiency in funding and development projects, such as affordable housing.

State of Arkansas As Engrossed: S4/7/25 S4/9/25

A Bill

95th General Assembly A Bill
Regular Session, 2025 HOUSE BILL 1797

By: Representative Beaty Jr.

By: Senator Gilmore

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY; TO CLARIFY THE ROLE OF THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY; TO TRANSFER THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY OUT OF THE DEPARTMENT OF COMMERCE; TO PROVIDE FOR THE INDEPENDENCE OF THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY; TO EXEMPT THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY FROM CERTAIN STATE REGULATIONS; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

LENDING PROGRAMS

The FY2025 Annual Report of Program Activity organizes the work of the Arkansas Development Finance Authority into three categories:

- **CATEGORY 1 - Lending Programs** - Activities include Single Family Homeownership, Multi-Family Housing, Development Finance, Public Finance, and Student Loans.
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- **CATEGORY 2 - Non-Lending Programs** - Activities include College Planning Services, Housing Compliance Monitoring, and Bond Issuances.
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- **CATEGORY 3 - American Rescue Plan (ARP) Programs** - ADFA, on behalf of the State of Arkansas, administers two American Rescue Plan-funded programs: HOME-ARP, and the State Small Business Credit Initiative (SSBCI).

SECTION 2 - SINGLE FAMILY HOMEOWNERSHIP

HOMEOWNERSHIP

ADFA Homeownership and Down Payment Assistance Programs make purchasing a home more affordable for low-to-moderate income families and individuals. These programs greatly reduce the out-of-pocket expense to the buyer.

Participating lenders originate, process, and close all ADFA mortgage loans.

- **Single Family First Mortgage Program**
 - **StartSmart First Time Homebuyer Program** - a below market rate 30-year mortgage for low-to-moderate income first-time homebuyers.
 - **Move-Up Program** - an affordable 30-year fixed rate mortgage.
- **Single Family Second Mortgage Programs**
 - **Down Payment Assistance (DPA) Program** - a 10-year second mortgage for up to \$15,000 for down payment and closing cost assistance.

- FY 2025 Single Family Move-Up Program Loans by County - Sorted A-Z
 - 771 loans totaling \$148,825,894
- FY 2025 Single Family StartSmart Program Loans by County - Sorted A-Z
 - 677 loans totaling \$114,521,761
- FY 2025 Down Payment Assistance Loans by County - Sorted A-Z
 - 1,267 loans totaling \$12,937,508

MOVE-UP FIRST MORTGAGE LOANS BY COUNTY - FY 2025

Loan Amount	County	# of Loans
\$323,485.00	Arkansas	2
\$376,067.00	Ashley	3
\$798,756.00	Baxter	5
\$18,023,431.00	Benton	69
\$342,085.00	Boone	3
\$121,400.00	Bradley	1
\$149,625.00	Calhoun	1
\$861,132.00	Carroll	5
\$1,369,629.00	Clark	7
\$282,684.00	Clay	2
\$428,533.00	Cleburne	3
\$228,779.00	Cleveland	2
\$1,609,806.00	Conway	10
\$4,841,357.00	Craighead	26
\$4,237,711.00	Crawford	23
\$3,432,481.00	Crittenden	15
\$1,249,940.00	Cross	6

Loan Amount	County	# of Loans
\$394,228.00	Dallas	3
\$170,749.00	Desha	2
\$830,674.00	Drew	5
\$8,264,138.00	Faulkner	38
\$724,972.00	Franklin	5
\$3,302,868.00	Garland	20
\$1,843,839.00	Grant	9
\$3,037,705.00	Greene	17
\$348,570.00	Hempstead	1
\$2,393,485.00	Hot Spring	15
\$147,283.00	Howard	1
\$1,409,039.00	Independence	8
\$91,315.00	Jackson	1
\$2,082,898.00	Jefferson	14
\$294,074.00	Johnson	2
\$373,450.00	Lawrence	2
\$564,092.00	Lincoln	3

MOVE-UP FIRST MORTGAGE LOANS BY COUNTY - FY 2025

Loan Amount	County	# of Loans
\$466,394.00	Little River	3
\$227,155.00	Logan	2
\$5,732,690.00	Lonoke	30
\$184,594.00	Madison	1
\$1,867,213.00	Miller	11
\$2,840,427.00	Mississippi	18
\$695,763.00	Quachita	4
\$645,589.00	Perry	3
\$105,061.00	Phillips	1
\$198,965,900	Poinsett	11
\$145,809.00	Polk	1
\$3,662,802.00	Pope	20
\$21,690,338.00	Pulaski	120
\$987,023.00	Randolph	6
\$12,799,108.00	Saline	62
\$120,772.00	Searcy	1
\$7,689,176.00	Sebastian	44

Loan Amount	County	# of Loans
\$242,625.00	Sevier	2
\$878,276.00	Sharp	6
\$330,910.00	St Francis	3
\$289,480.00	Stone	2
\$427,377.00	Union	2
\$1,591,491.00	Van Buren	11
14,442,767.00	Washington	56
\$3,038,777.00	White	17
\$784,338.00	Yell	5
\$148,825,894.00		771

STARTSMART FIRST TIME HOMEBUYER FIRST MORTGAGE - FY 2025

Loan Amount	County	# of Loans
\$132,554.00	Arkansas	1
\$12,389,771.00	Benton	55
\$405,933.00	Boone	3
\$162,626.00	Bradley	1
\$116,161.00	Calhoun	1
\$289,656.00	Carroll	1
\$63,822.00	Chicot	1
\$817,160.00	Clark	5
\$135,353.00	Clay	1
\$411,409.00	Cleburne	3
\$98,090.00	Cleveland	1
\$278,314.00	Columbia	2
\$572,408.00	Conway	4
\$5,104,931.00	Craighead	35
\$3,515,574.00	Crawford	22
\$10,792,205.00	Crittenden	63

Loan Amount	County	# of Loans
\$259,139.00	Cross	2
\$336,073.00	Desha	4
\$297,515.00	Drew	2
\$9,087,865.00	Faulkner	50
\$162,011.00	Franklin	1
\$1,160,096	Garland	9
\$186,558.00	Grant	1
\$1,746,667.00	Greene	12
\$83,700.00	Hempstead	1
\$638,126.00	Hot Spring	5
\$706,995.00	Independence	5
\$317,009.00	Jackson	3
\$2,323,092.00	Jefferson	18
\$242,132.00	Johnson	2
\$873,638.00	Lawrence	6
\$287,883.00	Logan	2

STARTSMART FIRST TIME HOMEBUYER FIRST MORTGAGE - FY 2025

Loan Amount	County	# of Loans
\$5,200,089.00	Lonoke	29
\$1,051,112.00	Madison	5
\$862,732.00	Miller	5
\$805,672.00	Mississippi	6
\$162,308.00	Nevada	2
\$161,616.00	Ouachita	1
\$196,278.00	Perry	1
\$534,348.00	Phillips	5
\$170,749.00	Pike	1
\$947,775.00	Poinsett	8
\$1,357,477.00	Pope	9
\$90,909.00	Prairie	1
\$17,870,802.00	Pulaski	110
\$565,214.00	Randolph	5
\$7,581,870.00	Saline	44
\$4,665,398.00	Sebastian	29

Loan Amount	County	# of Loans
\$499,581.00	Sharp	4
\$98,188.00	St Francis	1
\$643,489.00	Van Buren	5
\$12,401,165.00	Washington	52
\$4,493,603.00	White	31
\$166,920.00	Yell	1
\$114,521,761.00		677

DOWN PAYMENT ASSISTANCE LOANS BY COUNTY - FY 2025

Loan Amount	County	# of Loans
\$39,100.00	Arkansas	4
\$25,226.00	Ashley	3
\$57,988.00	Baxter	5
\$1,159,754.00	Benton	97
\$27,667.00	Boone	4
\$16,650.00	Bradley	2
\$3,500.00	Calhoun	1
\$54,669.00	Carroll	5
\$5,700.00	Chicot	1
\$88,305.00	Clark	10
\$13,900.00	Clay	3
\$62,978.00	Cleburne	6
\$26,200.00	Cleveland	3
\$12,070.00	Columbia	2
\$135,991.00	Conway	13
\$447,629.00	Craighead	52
\$344,580.00	Crawford	36

Loan Amount	County	# of Loans
\$585,284.00	Crittenden	58
\$64,576.00	Cross	7
\$22,929.00	Dallas	3
\$47,080.00	Desha	6
\$56,110.00	Drew	6
\$775,082.00	Faulkner	69
\$51,397.00	Franklin	6
\$257,436.00	Garland	28
\$105,054.00	Grant	9
\$220,671.00	Greene	26
\$24,225.00	Hempstead	2
\$153,906.00	Hot Spring	18
\$10,500.00	Howard	1
\$111,836.00	Independence	11
\$10,950.00	Jackson	2
\$262,610.00	Jefferson	32
\$39,014.00	Johnson	4

DOWN PAYMENT ASSISTANCE LOANS BY COUNTY - FY 2025

Loan Amount	County	# of Loans
\$24,745.00	Lawrence	3
\$28,990.00	Lincoln	3
\$22,155.00	Little River	3
\$41,524.00	Logan	4
\$589,368.00	Lonoke	55
\$63,975.00	Madison	6
\$147,178.00	Miller	15
\$164,271.00	Mississippi	23
\$12,608.00	Nevada	2
\$51,547.00	Ouachita	5
\$51,162.00	Perry	4
\$46,743.00	Phillips	6
\$6,087.00	Pike	1
\$143,343.00	Poinsett	18
\$5,000.00	Polk	1
\$292,528.00	Pope	27
\$6,450.00	Prairie	1

Loan Amount	County	# of Loans
\$2,215,810.00	Pulaski	211
\$57,181.00	Randolph	8
\$1,100,899.00	Saline	98
\$6,000.00	Searcy	1
\$611,719.00	Sebastian	64
\$27,200.00	Sevier	2
\$75,696.00	Sharp	9
\$27,050.00	St Francis	4
\$25,000.00	Stone	2
\$18,050.00	Union	2
\$156,770.00	Van Buren	14
\$1,156,198.00	Washington	94
\$374,605.00	White	40
\$71,589.00	Yell	6
\$12,937,508.00		1267

SECTION 3 - MULTI-FAMILY HOUSING ACTIVITY FY 2025

The Low Income Housing Tax Credit (LIHTC) Program, HOME Investment Partnerships Program (HOME), and National Housing Trust Fund (NHTF) collectively help to finance affordable multi-family housing in Arkansas by offering complementary resources. Through the HOME and NHTF Programs, ADFA provides gap financing to developers for a wide range of affordable housing activities for lower-income households. The LIHTC program incentivizes private developers to develop affordable housing by monetizing tax credits to private investors. Projects often combine these funding sources -- with developers using LIHTC to attract private investment and using HOME and NHTF funds to support construction, rehabilitation, and affordability efforts. This collaboration enhances financial viability, allowing for a more comprehensive approach to addressing the diverse housing needs of low-income individuals and families in Arkansas.

LOW INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM 9%

Each year, Arkansas receives an allocation of "9% credits" from the Internal Revenue Service to allocate to developers for the construction and acquisition/rehabilitation of affordable housing units in the state. As the demand for these credits consistently outpaces the supply, ADFA awards them through a competitive process open to applicants statewide. In FY2025 ADFA allocated 9,302,700 of 9% LIHTC to 9 applicants to construct 463 units of affordable housing.

LOW INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM 4%

In FY 2025, ADFA did not issue any bond volume cap for 4% LIHTC.

LOW INCOME HOUSING TAX CREDIT PROGRAM (continued on page 15)

LOW INCOME HOUSING TAX CREDIT PROGRAM - FY 2025

Allocation 2025		9,265,062	*9% LIHTC 2025 State Allocation		*state population 3,088,354
		638,768	2024 9% LIHTC Carryforward		multiplied times 3 per
		4,065,500	Prior Years Returned Credits		capita = 9,265,062
		13,969,330	2025 State Total for Allocation		
<u>Development Name</u>	<u>County</u>	<u>LIHTC</u>			
Avalon at Clarksville	Johnson	1,221,000			
Avalon at Hope	Hempstead	1,221,000			
Enclave Estates at Batesville	Independence	1,221,000			
Mount Ida Housing	Montgomery	360,800			
Pine Ridge Place	Pulaski	1,235,300			
Timber Ridge	Grant	1,201,200			
Villas at Spring Valley	Lonoke	884,400			
Waystone Batesville Family	Independence	1,188,000			
Waystone Batesville Senior	Independence	770,000			
		9,302,700	Total Allocated		
		4,666,630	Carryforward to 2026		

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME PROGRAM) & NATIONAL HOUSING TRUST FUND (NHTF)

The **HOME Investment Partnerships Program** and the **National Housing Trust Fund** collaborate to address the housing needs of low- and extremely low-income Arkansans by providing critical funding and resources. These programs support a range of activities, including new construction, rehabilitation, and rental assistance, ensuring access to safe, decent, and affordable housing across the state.

FEDERAL HOUSING PROGRAMS - HOME/NHTF

DEVELOPMENT NAME	COUNTY	CONG. DISTRICT	PROJECT TYPE	LIHTC YR	TOTAL UNITS	HOME UNITS	HOME HOUSE-HOLDS	NHTF UNITS	HOME FUNDING DISBURSED	NHTF FUNDING DISBURSED
STONERIDGE DUPLEXES OF BENTONVILLE	BENTON	3RD	MULTI-FAMILY RENTAL	2020	100			7		\$1,125,000.00
ROCK RIDGE POINTE	PULASKI	2ND	MULTI-FAMILY RENTAL	2021	85			8		\$900,000.00
THE PEAKS AT LITTLE ROCK, PH II	PULASKI	2ND	MULTI-FAMILY RENTAL	2021	96	11		4	\$1,787,000.00	\$570,833.00
STONE RIDGE AT SPRINGDALE	WASHINGTON	3RD	MULTI-FAMILY RENTAL	2023	72	5			\$450,000.00	
MEADOWS AT FAYETTEVILLE	WASHINGTON	3RD	MULTI-FAMILY RENTAL	2020	80	5			\$450,000.00	
THE PEAKS AT LITTLE ROCK, PH II	PULASKI	2ND	MULTI-FAMILY RENTAL	2021	96	11			\$1,787,000.00	
VALLEY POINTE TOWNHOMES	LONOKE	1ST	MULTI-FAMILY RENTAL	2022	50	11		7	\$1,450,628.00	\$925,834.00
STONERIDGE DUPLEXES OF BENTONVILLE PH II	BENTON	3RD	MULTI-FAMILY RENTAL	2020	50	9			\$1,575,000.00	
SAGER CREEK CROSSING II	BENTON	3RD	MULTI-FAMILY RENTAL	2023	40	10			\$1,515,000.00	
HOUSING AUTHORITY OF THE CITY OF FORT SMITH - TBRA	SEBASTIAN	3RD	TBRA				36		\$279,746.50	
LIFE STYLES, INC. - TBRA	WASHINGTON	3RD	TBRA				3		\$23,377.20	
					669	62	39	26	\$9,317,752	\$3,521,667.00

SECTION 4 - DEVELOPMENT FINANCE

Part 1: Development Finance includes the **ADFA Bond Guaranty Program, Capital Access Program (CAP), Small Business Loan Guaranty Program, CDFI Loan Participation Program, and Other Municipal Guaranteed Revenue Bonds.**

Part 2: ADFA administers the programs of the **Arkansas Venture Capital Investment Trust (AVCIT)**. The AVCIT was created pursuant to the provisions of the laws of the State of Arkansas, including Title 28, Chapter 72, Subchapter 2 of the Arkansas Code of 1987 Annotated. In accordance with legislation for FY 2020, the operations of the AVCIT were streamlined and simplified from five (5) funds to three (3) funds and ADFA now administers the **Arkansas Institutional Fund (AIF), the Arkansas Venture Development Fund (AVDF), and the Arkansas Venture Capital Development Fund (AVCDF)** for the AVCIT.

ADFA BOND GUARANTY PROGRAM

An ADFA bond guaranty improves a company's credit worthiness to make bonds marketable nationwide.

ADFA GUARANTEED REVENUE BONDS - FY 2025

Congressional District / County / City	Guarantees	Guarantee Amount
ADFA Bond Guaranty Program	0	\$0

CAPITAL ACCESS PROGRAM (CAP) - FY 2025

The ADFA Capital Access Program makes funds available to borrowers who might otherwise have difficulty in obtaining conventional bank loans.

ADFA, as administrator, is not a party to loan transactions and plays no role in underwriting, approving, or servicing the loans. ADFA's purely administrative role reduces paperwork while at the same time assuring risk-taking by lenders.

The Capital Access Program has been a lending incentive for working capital loans for several types of industry within the state, including agriculture, manufacturing, wholesale/retail, construction, and service.

CAPITAL ACCESS PROGRAM			
Congressional District	County	Loans	Loan Insurance Amount
1	Craighead	1	\$50,000.00
	Crittenden	1	\$19,800.00
District 1 Totals		2	\$69,800.00
Congressional District	County	Loans	Loan Insurance Amount
2	Pulaski	3	\$100,000.00
	Saline	1	\$50,000.00
District 2 Totals		4	\$150,000.00
Congressional District	County	Loans	Loan Insurance Amount
3	Benton	3	\$145,000.00
	Washington	7	\$175,500.00
District 3 Totals		10	\$320,500.00
Congressional District	County	Loans	Loan Insurance Amount
4	Drew	1	\$15,000.00
	Pulaski	1	\$15,000.00
District 4 Totals		2	\$30,000.00
Fiscal Year 2025 Totals		18	\$570,300.00

SMALL BUSINESS REVOLVING LOAN PROGRAM - FY 2025

ADFA utilizes State Small Business Credit Initiative (SSBCI) funding to provide up to 50% loan guarantees to Arkansas financial institutions through the Small Business Revolving Loan Fund (Act 623 of 1989). The program helps small businesses access financing by guaranteeing loans that might otherwise be denied due to collateral valuation gaps or insufficient equity. Arkansas lenders originate and underwrite the loans, while ADFA provides the guarantee after review and approval.

Key Program Features:

Maximum Guarantee: 50% (up to \$250,000)

Maximum Loan Amount: \$500,000

Eligible Borrowers: Arkansas small businesses (SBA-defined)

Loan Type: Term loans

Fees: 2% guarantee fee (no application or underwriting fees)

SMALL BUSINESS LOAN GUARANTY PROGRAM			
Congressional District	County	Loans	Loan Guaranty Amount
1	Jackson	1	\$111,835.30
District 1 Totals		1	\$111,835.30
Fiscal Year 2025 Totals		1	\$111,835.30

COMMUNITY DEVELOPMENT FINANCE INSTITUTION (CDFI) LOAN PARTICIPATION PROGRAM - FY 2025

ADFA provides \$7.5 million in SSBCI funding through direct loan participations with Community Development Finance Institutions (CDFIs) to create or supplement revolving loan funds for small business lending. The program leverages private capital by requiring a minimum 1:1 match of private funds to SSBCI funds, lowering the overall cost of capital for CDFIs to expand their lending capacity to Arkansas small businesses.

Key Program Features:

Loan Structure: Co-lending participation or parallel loans with lead lenders

Interest Rate: 1.00% (below market)

Maximum Term: 10 years

Match Requirement: Minimum \$1 private funds to \$1 SSBCI funds

Prepayment: Allowed without penalty

CDFI LOAN PARTICIPATION PROGRAM			
Congressional District	County	Loans	Loan Participation Amount
2	Pulaski	1	\$1,000,000.00
District 2 Totals		1	\$1,000,000.00
Congressional District	County	Loans	Loan Insurance Amount
	Washington	1	\$500,000.00
District 3 Totals		1	\$500,000.00
Fiscal Year 2025 Totals		2	\$1,500,000.00

VENTURE CAPITAL - FY 2025

Part 2: ADFA administers the programs of the **Arkansas Venture Capital Investment Trust (AVCIT)**. The AVCIT was created pursuant to the provisions of the laws of the State of Arkansas, including Title 28, Chapter 72, Subchapter 2 of the Arkansas Code of 1987 Annotated. In accordance with legislation for FY 2020, the operations of the AVCIT were streamlined and simplified from five (5) funds to three (3) funds and ADFA now administers the **Arkansas Institutional Fund (AIF)**, the **Arkansas Venture Development Fund (AVDF)**, and the **Arkansas Venture Capital Development Fund (AVCDF)** for the AVCIT.

To date the AVCIT programs have made investments totaling \$37,323,686 in Arkansas. The specific investment activity in the State of Arkansas for these programs during FY2025 is outlined in the chart below.

District	County	New Investments Funded		Other Activity	
		Number	Total Funded	Distributions Received	Write Downs
1			0	0	0
Congressional District 1 Total			0	0	0
				0	0
2	Pulaski	2	1,260,000	24,277	427,270
Congressional District 2 Total		2	1,260,000	24,277	427,270
3	Benton	1	500,000	0	600,000
		2	2,611,492	0	1,229,935
Congressional District 3 Total		3	3,111,492	0	1,829,935
4			0	55,838	79,861
Congressional District 4 Total			0	55,838	79,861
Fiscal Year 2025 Totals		5	4,371,492	80,115	2,337,066

SECTION 5 - PUBLIC FINANCE

ADFA is a public body politic and corporate, created in 1985 as successor to the Arkansas Housing Development Agency created in 1977. ADFA's enabling legislation authorizes it to borrow money and issue bonds to provide sufficient funding for financing affordable housing, various business and economic development projects, and capital improvements for state agencies. ADFA is the exclusive issuer of bonds for state agencies.

ADFA BOND ISSUES

ADFA Bond Issues and Conduit Bond Issues for FY 2025

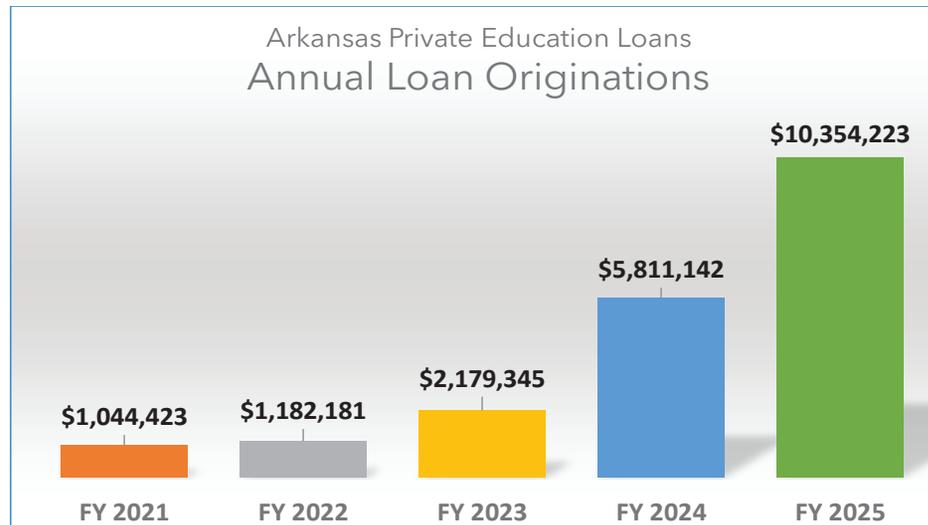
Fiscal Year	Official Name of Bond Issue	Description of Use of Debt Proceeds	Original Obligation \$	Original Interest Rate	Issuance Date	Type of Issuance
2025	2024 AMS - Little Rock Project	Loan to finance new project	27,000,000.00	7.0/8.50	07/17/2024	Original
2025	2024 Series C SFMRB	Single family housing	50,000,000.00	3.2/5.0	09/24/2024	Original
2025	2024 Artspace - Little Rock	Multifamily housing	15,125,000.00	7.8	10/10/2024	Original
2025	2024 Washington Reg Med Center	Loan to finance new project	57,000,000.00	5	10/10/2024	Original
2025	2024 Baptist Health Tax-Exem Ref	Converted to Tax-Exempt 2020	81,980,000.00	2.04	12/04/2024	Refunding

SECTION 6 - STUDENT LOAN AUTHORITY - FY 2025



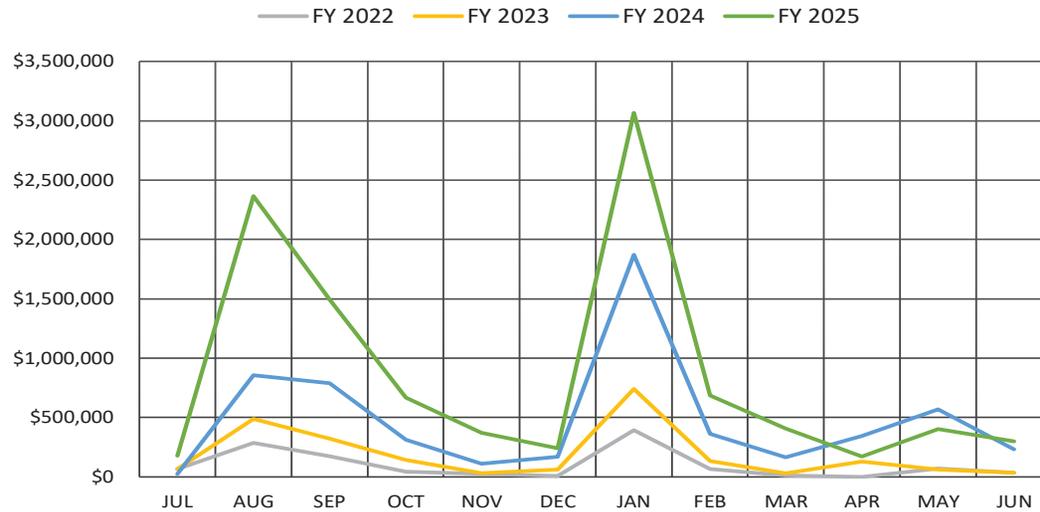
Private Education Loan Volume

Private student loan volume for Fiscal Year 2025 reached \$10,354,223, which was an increase of 78% over the previous fiscal year. We expect strong growth to continue but at a slightly slower pace. Our projected loan volume for Fiscal Year 2026 is approximately \$16 million, which is an increase of slightly over 50%.



Looking further into the future, the One Big Beautiful Bill recently passed by Congress eliminates the Federal Grad PLUS Loan Program for new borrowers beginning July 1, 2026. Federal Grad PLUS Loans are estimated to have funded close to \$60 million in education costs in Arkansas in the 2024-25 academic year. The upcoming void caused by the phase-out of Federal Grad PLUS loans will create a substantial need for graduate-level student loan funding.

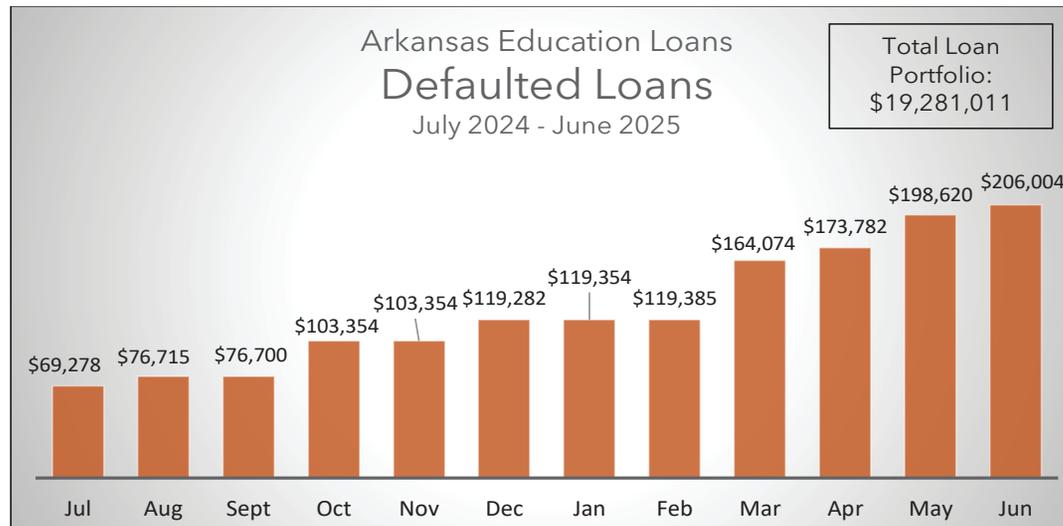
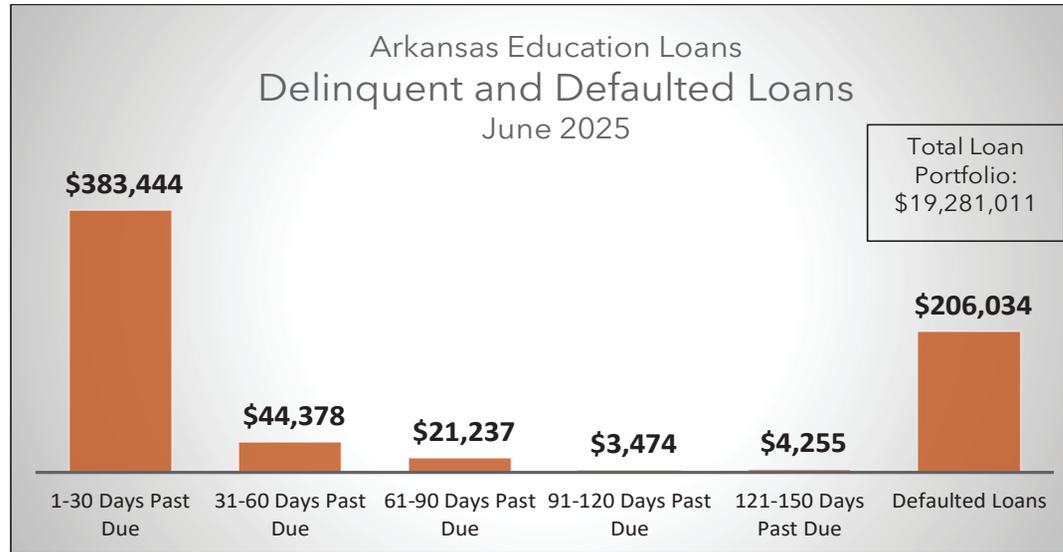
Arkansas Education Loans Fiscal Year Loan Volume Comparison June 30, 2025



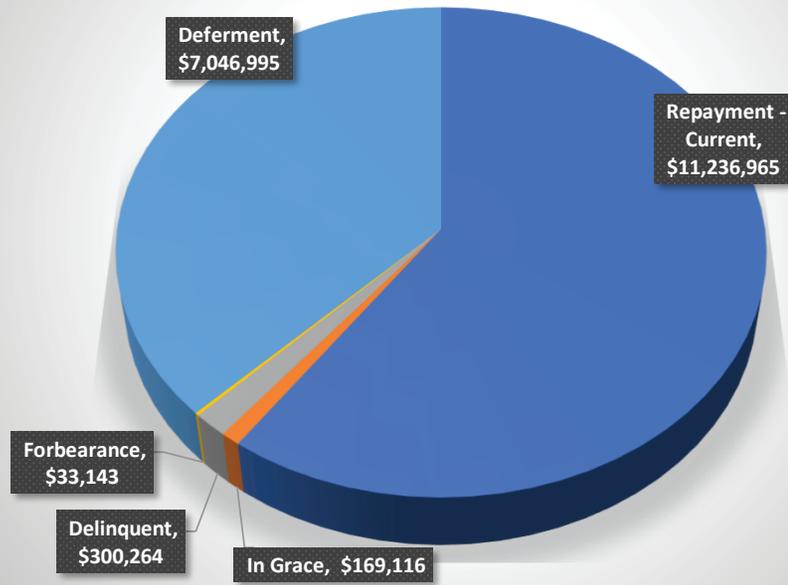
ARKANSAS EDUCATION LOANS				
FY 2025 Originations/Disbursements				
	Student	Family	Refinance	Totals
JUL	\$ 108,087.00	\$ -	\$ 69,174.00	\$ 177,261.00
AUG	\$1,512,780.00	\$ 395,535.00	\$ 458,905.00	\$ 2,367,220.00
SEP	\$1,299,224.00	\$ 196,977.00	\$ -	\$ 1,496,201.00
OCT	\$ 369,915.00	\$ 81,627.00	\$ 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
FEB	\$ 609,165.00	\$ 39,180.00	\$ 36,805.00	\$ 685,150.00
MAR	\$ 182,184.00	\$ 40,143.00	\$ 183,393.00	\$ 405,720.00
APR	\$ 113,862.00	\$ -	\$ 57,954.00	\$ 171,816.00
MAY	\$ 159,907.00	\$ 22,967.00	\$ 220,049.00	\$ 402,923.00
JUN	\$ 139,747.00	\$ 5,000.00	\$ 156,776.00	\$ 301,523.00
TOTAL	\$7,391,833.00	\$1,381,267.00	\$1,581,123.00	\$ 10,354,223.00

Loan Loss Reserves

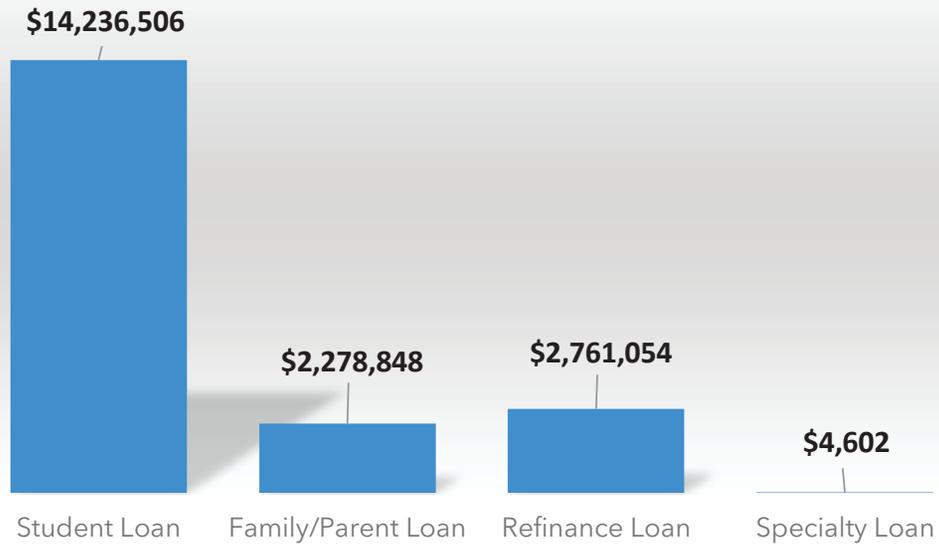
ASLA recalculates its Loan Loss Reserve at the beginning of each fiscal year to account for the potential of increased losses as the total student loan portfolio increases. The Loan Loss Reserve is calculated as 7% of the total amount of outstanding loans. This year on July 1, the loan loss reserve was increased to \$1,315,100, up from \$679,560. There were no losses written off in Fiscal Year 2025 since the loans currently in default status have not been deemed uncollectable.



Arkansas Education Loans Portfolio Characteristics - June 2025



Arkansas Education Loans Outstanding Balances by Loan Program As of June 30, 2025



NON-LENDING PROGRAMS

The FY2025 Annual Report of Program Activity organizes the work of the Arkansas Development Finance Authority into three categories:

- **Lending Programs** - Activities include Single Family Homeownership, Multi-Family Housing, Development Finance, Public Finance, and Student Loans.
- **Non-Lending Programs** - *Activities include College Planning Services, Housing Compliance Monitoring, and Bond Issuances.*
- **American Rescue Plan (ARP) Programs** - ADFA, on behalf of the State of Arkansas, administers two American Rescue Plan-funded programs: HOME-ARP, and the State Small Business Credit Initiative (SSBCI).

SECTION 7 - NON-LENDING PROGRAMS

AFFORDABLE HOUSING COMPLIANCE REVIEWS BY COUNTY

The **ADFA Compliance Department** is responsible for federal compliance monitoring of new construction and acquisition rehabilitation of multi-family and single-family rental developments. We monitor the Low-Income Housing Tax Credit (LIHTC), HOME Program, National Housing Trust Fund, and other ADFA Programs which average 20 to 35 years of affordability compliance. The Compliance Department reviews tenant files and physical conditions of ADFA funded developments for compliance with all program rules and regulations. Tenant files are reviewed for compliance with income and rent restrictions and other federal regulations associated with projects during the affordability period. The Compliance Department is also responsible for physical inspections of projects throughout the affordability period to ensure they meet the physical standard codes of the National Standards for the Physical Inspection of Real Estate (NSPIRE) Regulations in maintaining a safe, sanitary, and sound living environment. ADFA works with the HUD Alignment Group, Real Estate Assessment Center (REAC) Inspector, and other professionals to assist in assuring ADFA funded developments are in compliance with federal rules and regulations.

County	Projects Reviewed
Arkansas	3
Ashley	1
Baxter	13
Benton	18
Boone	4
Bradley	2
Calhoun	1
Carroll	4
Chicot	3
Clark	4
Clay	0
Cleburne	1
Cleveland	0
Columbia	1
Conway	0
Craighead	11
Crawford	0
Crittenden	12

Cross	0
Dallas	1
Desha	6
Drew	1
Faulkner	5
Franklin	0
Fulton	1
Garland	3
Grant	0
Greene	3
Hempstead	3
Hot Springs	0
Howard	0
Independence	2
Izard	2
Jackson	2
Jefferson	2
Johnson	4
Lafayette	2
Lawrence	3

Lee	2
Lincoln	0
Little River	2
Logan	2
Lonoke	1
Madison	1
Marion	1
Miller	8
Mississippi	7
Monroe	1
Montgomery	0
Nevada	0
Newton	4
Ouachita	1
Perry	0
Phillips	4
Pike	0
Poinsett	0
Polk	0
Pope	3

Prairie	0
Pulaski	38
Randolph	3
Saline	6
Scott	0
Searcy	0
Sebastian	3
Sevier	0
Sharp	4
St. Francis	5
Stone	4
Union	3
Van Buren	0
Washington	18
White	5
Woodruff	2
Yell	0
TOTAL	246

ADFA ISSUED & OUTSTANDING BONDS - SUMMARIZED

Bonds Issued by ADFA from 7/1/2024-6/30/2025:				
ADFA			\$193,525,000	
GO Bonds			-	
Conduit Bonds			381,105,000	
			\$574,630,000	
Outstanding Bonds Issued by ADFA (excluding conduit and GO debt):				
		Original Allocation	Current Remaining	%
Fiscal Year		of Outstanding Bonds (\$)	Principal Outstanding (\$)	Outstanding
2025		870,087,314	699,666,021	80.41%
2024		684,822,314	537,004,963	78.42%
2023		621,889,563	408,899,513	65.75%
2022		622,641,340	433,615,606	69.64%
Outstanding GO Bonds Issued by ADFA:				
		Original Allocation	Current Remaining	%
Fiscal Year		of Outstanding Bonds (\$)	Principal Outstanding (\$)	Outstanding
2025		250,880,000	117,335,000	46.77%
2024		250,880,000	140,425,000	55.97%
2023		250,880,000	162,660,000	64.84%
2022		250,880,000	179,205,000	71.43%
Outstanding Conduit Bonds issued by ADFA (ADFA or the State of Arkansas has no financial obligation):				
		Original Allocation	Current Remaining	%
Fiscal Year		of Outstanding Bonds (\$)	Principal Outstanding (\$)	Outstanding
2025		3,383,585,797	2,916,652,979	86.20%
2024		3,089,430,797	2,666,785,967	86.32%
2023		2,810,369,286	2,366,596,407	84.21%
2022		2,220,569,286	1,863,715,381	83.93%

AMERICAN RESCUE PLAN PROGRAMS

The FY2025 Annual Report of Program Activity organizes the work of the Arkansas Development Finance Authority into three categories:

- **Lending Programs** - Activities include Single Family Homeownership, Multi-Family Housing, Development Finance, Public Finance, and Student Loans.
- **Non-Lending Programs** - Activities include College Planning Services, Housing Compliance Monitoring, and Bond Issuances.
- **American Rescue Plan (ARP) Programs** - ADFA, on behalf of the State of Arkansas, administers two American Rescue Plan-funded programs: HOME-ARP, and the State Small Business Credit Initiative (SSBCI).

SECTION 8 - HOME-AMERICAN RESCUE PLAN (ARP)

The American Rescue Plan of 2021 (ARP), also called the COVID-19 Stimulus Package, Pub.L. 117–2 (March 11, 2021) provides \$5 billion to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations by providing housing, rental assistance, supportive services, and non-congregate shelter to reduce homelessness and increase housing stability across the country.

These grant funds will be administered through HUD’s HOME Investment Partnerships Program (HOME) and are known as HOME-ARP funds.

ADFA’s eligible **HOME-ARP** activities include **acquisition and development of non-congregate shelter, supportive services, and nonprofit operating assistance**.

HOME-ARP funds must assist people in HOME-ARP “qualifying populations,” which include:

- Sheltered and unsheltered homeless populations, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a));
- Those currently housed populations at risk of homelessness, as defined in section 401(1) of the McKinney-Vento Homeless Assistance Act (42U.S.C. 113060(1));
- Those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking;
- Other families requiring services or housing assistance or to prevent homelessness.
- In September 2021, HUD announced that the State of Arkansas will receive \$37,547,010 in HOME-ARP funds. This supplemental funding was allocated by formula under the HOME entitlement program.

ADFA’s HOME-ARP Allocation Plan was approved by HUD on November 14, 2022. A substantial amendment to the HOME-ARP Allocation Plan—which included preferences—was approved on June 21, 2023.

HOME ARP - NON-CONGREGATE SHELTER - FY 2025

The American Rescue Plan (ARP) provides funding to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. These grant funds will be administered through HUD's HOME Investment Partnerships Program (HOME).

Non-congregate shelter refers to temporary housing options that provide private spaces or units for individuals and families experiencing homelessness or displacement.

FEDERAL HOUSING PROGRAMS - HOME-ARP (NCS)

DEVELOPMENT NAME	COUNTY	CONG. DISTRICT	PROJECT TYPE	TOTAL UNITS	NCS	HOME-ARP FUNDED
ARKANSAS ENTERPRISE FOR THE DEVELOPMENTALLY DISABLED (AEDD)	LONOKE, PULASKI	1ST, 2ND	NON-CONGREGATE SHELTER HOUSING	18	18	\$4,618,543.00
NEXT STEP DAY ROOM, INC	SEBASTIAN	3RD	NON-CONGREGATE SHELTER HOUSING	30	30	\$3,696,295.23
OUR HOUSE, INC	PULASKI	2ND	NON-CONGREGATE SHELTER HOUSING	11	11	\$3,772,484.85
WOMEN AND CHILDREN FIRST	PULASKI	2ND	NON-CONGREGATE SHELTER HOUSING	44	44	\$7,000,000.00
				103	103	\$19,087,323.08

HOME ARP - SUPPORTIVE SERVICES - FY 2025

The American Rescue Plan (ARP) provides funding to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. These grant funds will be administered through HUD's HOME Investment Partnerships Program (HOME).

Supportive Services - these services aim to help beneficiaries achieve housing stability and self-sufficiency by offering resources such as mental health and substance abuse counseling, job training, financial literacy workshops, and case management tailored to their unique needs. By addressing the root causes of housing instability, Supportive Services play a crucial role in ensuring long-term success for participants.

FEDERAL HOUSING PROGRAMS - HOME-ARP (SS)

NON-PROFIT NAME	COUNTY	CONG. DISTRICT	ACTIVITY TYPE	POP SERVED	HH SERVED	HOME-ARP FUNDING DISBURSED
CENTER FOR ARKANSAS LEGAL SERVICES (CALs)	ALL	ALL	SUPPORTIVE SERVICES	1200		\$187,328.30
COMMUNITY ACTION PROGRAM FOR CENTRAL ARKANSAS	CLEBURN, FUALKNER, WHITE	2ND	SUPPORTIVE SERVICES		25	\$389,293.49
FORT SMITH CHILDREN'S EMERGENCY SHELTER	SEBASTIAN	3RD	SUPPORTIVE SERVICES	40		\$316,520.45
LEGAL AID OF ARKANSAS, INC.	ALL	ALL	SUPPORTIVE SERVICES	450		\$94,684.42
NEXT STEP DAY ROOM, INC	SEBASTIAN	3RD	SUPPORTIVE SERVICES	600		\$48,410.06
OUACHITA CHILDREN, YOUTH, AND FAMILY SERVICES, INC	GARLAND	4TH	SUPPORTIVE SERVICES	125		\$20,751.65
OUR HOUSE, INC	PULASKI	2ND	SUPPORTIVE SERVICES	100		\$321,856.49
RESTORE HOPE, INC.	PULASKI	2ND	SUPPORTIVE SERVICES	400		\$242,942.52
RIVERVIEW HOPE CAMPUS	SEBASTIAN	3RD	SUPPORTIVE SERVICES	1037		\$179,502.53
SERVE NORTHWEST ARKANSAS, INC	WASHINGTON	3RD	SUPPORTIVE SERVICES	40		\$3,952.00
ST. BERNARDS DEVELOPMENT FOUNDATION	JONESBORO	1ST	SUPPORTIVE SERVICES	40		\$193,582.83
WOMEN AND CHILDREN FIRST	PULASKI	2ND	SUPPORTIVE SERVICES	540		\$95,823.34
				4572	25	\$2,094,648.08

HOME ARP - NONPROFIT OPERATING EXPENSE ASSISTANCE - FY 2025

The American Rescue Plan (ARP) provides funding to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. These grant funds will be administered through HUD’s HOME Investment Partnerships Program (HOME).

Nonprofit Operating Expense Assistance - provides crucial funding to support the daily operational costs of nonprofit organizations working to address the needs of individuals experiencing homelessness, those at risk of homelessness, and other vulnerable populations. By covering expenses such as employee salaries, administrative costs, and other organizational overhead, this assistance enables nonprofits to continue their vital work throughout the compliance period.

FEDERAL HOUSING PROGRAMS - HOME-ARP (OP)

NON-PROFIT NAME	COUNTY	CONG. DISTRICT	ACTIVITY TYPE	HOME-ARP FUNDING DISBURSED
ARKANSAS ENTERPRISE FOR THE DEVELOPMENTALLY DISABLED (AEDD)	LONIKE, PULASKI	1ST, 2ND	NON-PROFIT OPERATING	\$150,000
FORT SMITH CHILDREN’S EMERGENCY SHELTER	SEBASTIAN	3RD	NON-PROFIT OPERATING	\$56,830
LEGAL AID OF ARKANSAS, INC.	ALL	ALL	NON-PROFIT OPERATING	\$156,250
NEXT STEP DAY ROOM, INC	SEBASTIAN	3RD	NON-PROFIT OPERATING	\$81,204
RESTORE HOPE, INC.	PULASKI	2ND	NON-PROFIT OPERATING	\$165,766
RIVERVIEW HOPE CAMPUS	SEBASTIAN	3RD	NON-PROFIT OPERATING	\$78,110
WOMEN AND CHILDREN FIRST	PULASKI	2ND	NON-PROFIT OPERATING	\$195,026
				\$883,185

STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI) - FY 2025

The American Rescue Plan Act of 2021 (ARPA) reauthorized and amended the Small Business Jobs Act of 2010, codified at 12 U.S.C. § 5701 et seq., to provide \$10 billion to fund the State Small Business Credit Initiative (SSBCI) as a response to the economic effects of the COVID-19 pandemic. SSBCI is a federal program administered by the Department of the Treasury that was created to strengthen capital programs that support private financing to small businesses, including capital access programs and other credit support programs (loan guarantees, loan participations, and venture capital investment programs) of eligible jurisdictions (i.e., states, the District of Columbia, territories, Tribal governments, and eligible municipalities).

Arkansas was awarded up to \$81,621,691 with \$72,791,251 payable in 3 tranches over 6 years, where eighty percent (80%) of each tranche must be expended to draw the next tranche of funds and \$8,830,440 of additional incentive funds available for meeting specific deployment targets to underserved businesses and individuals from each of the 3 tranches. The program requires an initial minimum of \$1 private funds match each \$1 of SSCBI funds with a plan to produce \$10 of private funds match for each \$1 of SSBCI funds over the 9-year life of the program.

ADFA was approved for the SSBCI Tranche 1 Allocation of \$24,021,112 on 12/13/2022 and began deployment of matching funds in April 2023. To apply for a SSBCI Tranche 2 Allocation of \$24,021,112, ADFA is required to commit and obligate at least 80% or \$19,216,890 of Tranche 1 Funds by matching executed note or investment agreement prior to 12/13/2025. As of 06/30/2025 ADFA had committed 73% or \$17,587,857 and obligated 61% or \$14,743,857 of the required 80% or \$19,216,890 of Tranche 1 funds.

Treasury mandated deployment of funds into the following specific targeted areas:
 Socially and Economically Disadvantaged Individuals (SEDI) Owned Businesses, Very Small Businesses (VSB) with less than 10 employees, Main Capital Allocation for General Distribution to all Small Businesses

ADFA is required to deploy funds through the following approved existing programs:

Capital Access Program (CAP), Small Business Revolving Loan Guaranty Fund, Bond Guaranty Loan Participation Program, CDFI Loan Participation Program, Disadvantaged Business Enterprises Program, Arkansas Venture Development Fund (Fund to Fund Investment), Arkansas Venture Capital Development Fund (Direct Company Investment)

SSBCI activity for Fiscal Year 2025		
<u>Program</u>	<u>Committed</u>	<u>Disbursed</u>
Capital Access Program	\$ 21,828	\$ 21,828
Small Business Revolving Loan Guaranty Program	\$ 111,835	\$ 111,835
CDFI Loan Participation Program	\$2,000,000	\$1,500,000
Venture Capital Direct Investment Program	\$ 0	\$2,300,000
Venture Capital Fund Investment Program	<u>\$4,500,000</u>	<u>\$1,760,000</u>
Fiscal Year 2025 Totals	\$6,633,663	\$5,693,663

Subsequent Event: On 12/19/2025, ADFA was informed by the U.S. Department of the Treasury that Treasury was terminating the availability of Arkansas' un-transferred SSBCI Capital Program allocated funds for Tranche 2 and Tranche 3 due to the lack of expending, transferring or obligating at least 80% of the Tranche 1 allocated funds by the 3-year anniversary of its allocation agreement dated 12/13/2022.

As we close fiscal year 2025, we celebrate not only another year of program growth but a transformative milestone for the Arkansas Development Finance Authority. With the passage of Act 944, ADFA began a new chapter as an independent state instrumentality, positioned to serve Arkansas families and communities with greater efficiency and flexibility than ever before.

The growth reflected in this report demonstrates that our mission remains unchanged even as our structure evolves: to expand access to affordable housing, strengthen local economies, and create opportunities across our state. From record mortgage closings to vital tax credit investments, we continue to make a measurable difference in the lives of Arkansans.

As we enter this new era of independence, we remain committed to enhancing our programs, building stronger partnerships, and seeking innovative solutions to address Arkansas's evolving needs.

On behalf of the entire ADFA team, thank you for your continued support and collaboration. Together, we are building a stronger, more prosperous Arkansas for all.

Warm Regards,
Robert "Ro" Arrington
ADFA President

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