



December 11, 2017

Senator Bill Sample, Co-Chair  
Representative Jim Dotson, Co-Chair  
Arkansas Legislative Council  
Room 315, State Capitol  
Little Rock AR 72201

Dear Senator Sample and Representative Dotson:

As required by ACA §15-5-1110(a), I am providing information that describes the financial condition, the results, and economic impact of the Arkansas Development Finance Authority's (ADFA) Arkansas Credit Reserve Program (Ar Cash).

ADFA has decided to discontinue this program because of a lack of interest from financial institutions. This will be the last report of any new lending activity for AR Cash.

The ADFA AR Cash program was designed to encourage financial institutions to make loans to small businesses that fell just outside their conventional underwriting standards. Most lending institutions were eligible to participate in AR Cash and the lenders (not ADFA) underwrote the loans. ADFA was not a party to loan transactions and played no role in underwriting, approving or servicing the loans. AR Cash offered a form of loan portfolio insurance that provided up to 100% coverage on certain loan charge offs. As more loans were made through the program, the protection afforded to the lender increased. The loan loss reserve will continue to be used to cover charged off loans when or if a claim is requested until no loans are remaining with an outstanding balance.

Please feel free to contact me directly at 682-5905 if you have any questions or would like to learn more about ArCash and ADFA.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley T. H.", is written over a light blue circular stamp.

Brad Henry  
Vice President Development Finance



Arkansas Credit Reserve Program  
Statement of Net Position - UNAUDITED  
June 30, 2017

**ASSETS**

Cash and cash equivalents	106,322
Accrued interest receivable:	
Investment	<u>-</u>
<b>Total Assets</b>	<u>106,322</u>

**LIABILITIES**

Other payables	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>

**NET POSITION**

Restricted by program requirements	<u>106,322</u>
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Arkansas Credit Reserve Program  
Statement of Revenues, Expenses and Changes in Net Position - UNAUDITED  
For the Year Ended June 30, 2017

**OPERATING REVENUES:**

Interest income:	
Investment Interest Income	103
Reserve Fees	<u>35,876</u>
<b>Total operating revenues:</b>	<b>35,979</b>

**OPERATING EXPENSES:**

Program administration	<u>-</u>
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**OPERATING INCOME** 35,979

**CHANGE IN NET POSITION** 35,979

**NET POSITION:**

Beginning of year	<u>70,343</u>
End of year	<u>106,322</u>

# AR CASH PROGRAM

ACR Summary 12/5/2017	TOTAL # OF LOANS	LOAN AMOUNT	RESERVE ACCT BALANCE	ADFA FEE AMOUNT	BORROWER FEE AMOUNT	Loan Renewal Fee	MINORITY OWNED	F/T JOBS	P/T JOBS	CLAIM FILED	2016 LOAN BALANCE
<b>BANK NAME</b>											
ARVEST BANK Fort Smith	43	1,175,228.34	99,794.98	87,820.00	11,533.02	220.00	15	136	145		\$664,877.37
Southern Bancorp Arkadelphia	3	57,676.75	6,579.79	6,000.00	565.00		2	2	9		\$19,786.48
<b>TOTALS*</b>											
	46	\$1,232,905.09	\$106,374.77	\$93,820.00	\$12,098.02	\$220.00	17	138	154		\$684,663.85

Total # of loans does not reflect renewals

Program Comparative Totals	No. Of Loans	Amount of Loans	Public Funds
Minority/Female Loans Report	17	\$454,161.49	\$34,370.00
Total Program Activity	46	\$1,232,905.09	\$93,820.00
<b>Percentage</b>			
Minority/Female Loan Activity	37%		