



STATE OF ARKANSAS
**Department of Finance
and Administration**

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May 7, 2021

Senator Jonathan Dismang, Co-Chair
Representative Michelle Gray, Co-Chair
Performance Evaluation & Expenditure Review Committee
Arkansas Legislative Council
State Capitol Building
Little Rock, AR 72201

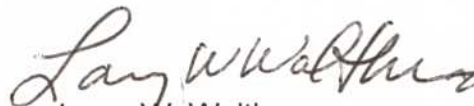
RE: FY 21 American Rescue Plan Act Request

Dear Co-Chairs:

Pursuant to Section 37 of Act 997 of 2021, I am forwarding the attached American Rescue Plan Act request(s) that have received my approval as Chief Fiscal Officer of the State.

Department of Commerce – Development Finance Authority
Homeowners Assistance Fund - \$6,333,031

Sincerely,


Larry W. Walther
Cabinet Secretary

LWW

Attachment(s)

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 37 OF ACT 997 OF 2021**

Agency: Dept of Commerce - ADFA Business Area Code: 0395
 Program Title: Homeowner Assistance Fund
 Granting Organization: U.S. Dept of the Treasury CFDA #: _____
 Effective Date of Authorization: Beginning: 5/1/2021 Ending: 6/30/2021

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 The Homeowner Assistance Fund (HAF) program is to assist homeowners that have experienced financial hardship associated with the coronavirus pandemic after January 20, 2020. Funds will be used to prevent delinquencies, mortgage defaults, foreclosures, loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship.

American Rescue Plan Act Program Funding

Functional Area Code: COMM Fund Code: FDARPA
 Funds Center Code: NEW Internal Order/WBS Element _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: HAF Program (590:00:46)	6,333,031
Other:	
Total	\$ 6,333,031

Anticipated Duration of Federal Funds: 9/30/2025

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DFA IGS State Technology Planning Date
 Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.


Positions to be established: (list each position separately)

* unclassified positions only


Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: 
 Cabinet Secretary/Agency Director Date


 Office of Budget Date
 ey 5/5/21

Office of Personnel Mgmt Date

 4/30/21
 CABINET SECRETARY Date
 Michael Preston, Cabinet Secretary, Arkansas Department of Commerce 

HOMEOWNERSHIP ASSISTANCE FUND (HAF)

ARKANSAS FUNDING AMOUNT	\$63,330,313.00
First Disbursement	\$ 6,333,031.30
State must execute Financial Assistance Agreement, agree to only pay for Qualified Expenses and possibly fund pilot programs to targeted households	
50% of first payment can be used for planning, community engagement, needs assessment & administrative expenses	\$3,166,515.00
Second Disbursement	\$56,997,281.70
Only available after the State develops and submits its HAF Plan	

HAF PLAN

The HAF Plan will describe the needs, the design of each program we will use to expend the funds, performance goals, and information that describes our readiness to implement the programs. Treasury must approve the Plan before Second Disbursement will be released.

ELIGIBLE LOANS

The primary target of the program includes loans that have a balance at or below FHFA conforming loan limits for Freddie Mac or Fannie Mae, which is \$548,250 for 2021.

TARGETED HOMEOWNERS

At least 60% of HAF must be targeted to homeowners that have no more than:

- (a) 100% of Area Median Income (AMI), defined as 2 times the income limit for very low-income families, for the relevant household size, or
- (b) 100% of median income for the U.S. (2021 - \$79,900), whichever is greater.

Except for very unusual cases, (b) will be the relevant measurement in Arkansas.

Balance of HAF should be targeted to “socially disadvantaged Individuals”, who are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities. HUD has established all the various income limit amounts.

ELIGIBLE HOMEOWNERS

Homeowners that have experienced financial hardship associated with the coronavirus pandemic after January 20, 2020 and have incomes no more than 150% of the area median income (AMI). Funds to those that only qualify as Eligible Homeowners may only be disbursed after prioritization of funds to Targeted Homeowners is achieved.

USE OF FUNDS

Funds may be used to prevent delinquencies, mortgage defaults, foreclosures, loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship (no direct tie to COVID-19 hardship).

1. Mortgage payment assistance;
2. Payments to reinstate a mortgage or pay costs related to a forbearance, delinquency, or default;
3. Payment for mortgage principal reduction, including second mortgages provide by a non-profit or government entity;
4. Facilitate mortgage interest rate reductions;
5. Payments for homeowner utilities, internet service, homeowner insurance, flood insurance, mortgage insurance, homeowner association fees or liens, condo association fees or common area charges; and down-payment assistance loans provided by non-profits or government entities.
6. Payments for delinquent property taxes and to prevent tax foreclosures;
7. Payments to prevent displacement such as home repairs to make a dwelling habitable or to get the homeowner clear title to the property;
8. Payments to counseling agencies approved by HUD, for counseling or educational services;
9. Payments for legal services to Targeted households to prevent foreclosure or displacement, but no more than 5% of total funding that we receive;
10. Payments to reimburse us for qualified expenses previously spent between January 21, 2020 and the First Disbursement date; and
11. Payments for planning, community engagement, needs assessment, and administrative expenses, not to exceed 15% of total funding (\$9,499,500).

REPORTING AND MONITORING

The state must submit quarterly reports that includes financial data, targeting data and “other information”. The state will be required to make annual reports to Treasury regarding the impact of the HAF Program.

Treasury reserves the right to terminate further payments of HAF payments, demand repayment or seek other remedies for non-compliance.

The HAF program has many similarities with the Hardest Hit Program from the Great Recession.

Arkansas did not receive any of those funds but the states that did receive it report significant audit issues with the OIG. This issue alone suggests a methodical approach to implementation.

PUBLIC INPUT

ADFA is working with other organizations and other interested parties to solicit public input in developing the HAF Plan. We will host online town hall meetings, and possibly in-person meetings, to obtain public input on the assistance needed in their communities.

IMPLEMENTATION AND ADMINISTRATION

The target date of the HAF Plan submittal to Treasury is June 30, 2021.

Legislative approval will be needed for appropriation.

ADFA has identified two partners/vendors to assist with developing the HAF Plan and administering the program: HORNE LLP (www.hornellp.com) and ProLink (www.prolinksolutions.com). HORNE LLP and ProLink will assist ADVA in developing the HAF Plan, provide marketing and outreach support, call center support (call center will be located in Central Arkansas and 15-20 Arkansans will be hired), online underwriting software, data analytics of the program, disbursement rosters, customer service, and compliance reporting.