

# **ARKANSAS STUDENT LOAN AUTHORITY**

## **ANNUAL CONTINUING DISCLOSURE REPORT**

**Report For Period Ended: June 30, 2009**

**Base CUSIP Number: 041150**

This Annual Continuing Disclosure Report (the "Report") is provided by the Arkansas Student Loan Authority (the "Authority"), a body corporate and politic and an instrumentality of the State of Arkansas, pursuant to Continuing Disclosure Agreements dated as of May 1, 1996, September 1, 1997, September 1, 2000, February 1, 2002, January 1, 2004, March 1, 2005 and June 1, 2006 (collectively, the "Agreements"), between the Authority and Regions Bank, as trustee for the Authority's Student Loan Revenue Bonds, Series 1996 (the "Series 1996 Bonds"), Student Loan Revenue and Refunding Bonds, Series 1997 (the "Series 1997 Bonds"), Student Loan Revenue and Revenue Refunding Bonds, Series 2000 (the "Series 2000 Bonds"), Student Loan Revenue and Refunding Bonds, Series 2004 (the "Series 2004 Bonds"), Student Loan Revenue and Refunding Bonds, Series 2005 (the "Series 2005 Bonds") and Student Loan Revenue Bonds, Series 2006 (the "Series 2006 Bonds"). Under the Agreements, the Authority undertook to provide or cause to be provided at least annually to each Nationally Recognized Municipal Securities Information Repository (as defined in the Agreements) and the state information depository located in the State of Arkansas, if any, financial information and operating data, as of the end of the most recently-completed fiscal year of the Authority, regarding the Authority and each Series of its outstanding Bonds (the "Annual Report"). (As of the date of this Report, there is no state information depository located in the State of Arkansas.) Pursuant to the Agreements, the Authority is also required to make disclosure of certain Material Events, as defined in the Agreements, which definitions track the definition of "material events" contained in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule").

## I. INFORMATION RELATED TO THE AUTHORITY'S BOND ISSUES

### A. *Outstanding Bonds of the Authority*

As of June 30, 2009, the Authority had the following bonds outstanding:

	<b>Original Par Amount</b>	<b>Outstanding Par Amount</b>	<b>Interest Rate Type</b>	<b>Lien Priority</b>	<b>Final Maturity</b>
Series 1994A	\$53,400,000	\$0	Auction	Senior	06/01/09
Series 1994B	6,600,000	0	Fixed	Subordinate	06/01/09
Series 1996A	42,900,000	42,900,000	Auction	Senior	06/01/10
Series 1996B	14,000,000	0	Fixed	Subordinate	06/01/10
Series 1997A	31,150,000	31,150,000	Auction	Senior	06/01/14
Series 1997B	17,400,000	0	Fixed	Subordinate	06/01/14
Series 2000A-1	55,000,000	45,550,000	Auction	Senior	06/01/30
Series 2000A-2	20,000,000	14,450,000	Auction	Senior	06/01/30
Series 2002A-1	56,000,000	0	Auction	Senior	06/01/36
Series 2002A-2	5,800,000	0	Auction	Senior	12/01/09
Series 2004A-1	60,000,000	43,000,000	Auction	Senior	12/01/38
Series 2004A-2	59,500,000	59,500,000	Auction	Senior	12/01/38
Series 2004A-3	15,500,000	0	Auction	Senior	12/01/38
Series 2005A-1	70,000,000	70,000,000	Auction	Senior	12/01/39
Series 2005A-2	58,700,000	43,700,000	Auction	Senior	12/01/39
Series 2005A-3	58,650,000	58,550,000	Auction	Senior	12/01/39
Series 2006A-1	44,000,000	44,000,000	Auction	Senior	12/01/40
Series 2006A-2	58,500,000	58,500,000	Auction	Senior	12/01/40
Series 2006A-3	61,100,000	61,100,000	Auction	Senior	12/01/40
Series 2006A-4	25,000,000	25,000,000	Auction	Senior	12/01/40
Series 2006B-1	<u>15,000,000</u>	<u>15,000,000</u>	Auction	Subordinate	12/01/40
<b>Total</b>	<b><u>\$828,200,000</u></b>	<b><u>\$612,400,000</u></b>			

### B. *Issuance of Bonds Under the 2000 Amended and Restated Indenture*

The Authority currently funds its program of originating and acquiring student loans through the proceeds of bonds issued pursuant to an Indenture of Trust dated as of November 15, 1994, as amended, and as amended and restated by its Amended and Restated Indenture of Trust, dated as of September 1, 2000, as further supplemented and amended by the First Supplemental Indenture of Trust dated as of September 1, 2000, the Second Supplemental Indenture of Trust dated as of February 1, 2002, the Third Supplemental Indenture of Trust dated as of January 1, 2004, the Fourth Supplemental Indenture of Trust dated as of March 1, 2005 and the Fifth Supplemental Indenture of Trust dated as of June 1, 2006 each between the Authority and Regions Bank, as trustee (the "2000 Amended and Restated Indenture"). The Authority has previously issued bonds

under an Indenture of Trust, dated as of October 1, 1992, as supplemented and amended, between the Authority and Regions Bank, as trustee (the "1992 Indenture"). There are no bonds or other obligations currently outstanding under the 1992 Indenture.

**C. Redemption History; Bonds Under 2000 Amended and Restated Indenture**

Series	Maturity Date	Interest Rate	Original Amount	Principal Matured	Principal Redemptions	Principal Outstanding
1994A	June 1, 2009	Variable	\$ 53,400,000	\$0	\$53,400,000	\$0
1994B	June 1, 2009	7.25%	6,600,000	0	6,600,000	0
1996A	June 1, 2010	Variable	42,900,000	0	0	42,900,000
1996B	June 1, 2010	6.25%	14,000,000	0	0	14,000,000 <sup>1</sup>
1997A	June 1, 2014	Variable	31,150,000	0	0	31,150,000
1997B	June 1, 2006	5.10%	6,420,000	6,420,000	0	0
1997B	June 1, 2009	5.35%	7,130,000	0	7,130,000	0
1997B	June 1, 2014	5.60%	3,850,000	0	3,850,000	0
2000A-1	June 1, 2030	Variable	55,000,000	0	9,450,000	45,550,000
2000A-2	June 1, 2030	Variable	20,000,000	0	5,550,000	14,450,000
2002A-1	June 1, 2036	Variable	56,000,000	0	56,000,000	0
2002A-2	December 1, 2009	Variable	5,800,000	0	5,800,000	0
2004A-1	December 1, 2038	Variable	60,000,000	0	17,000,000	43,000,000
2004A-2	December 1, 2038	Variable	59,500,000	0	0	59,500,000
2004A-3	December 1, 2038	Variable	15,500,000	0	15,500,000	0
2005A-1	December 1, 2039	Variable	70,000,000	0	0	70,000,000
2005A-2	December 1, 2039	Variable	58,700,000	0	15,000,000	43,700,000
2005A-3	December 1, 2039	Variable	58,650,000	0	100,000	58,550,000
2006A-1	December 1, 2040	Variable	44,000,000	0	0	44,000,000
2006A-2	December 1, 2040	Variable	58,500,000	0	0	58,500,000
2006A-3	December 1, 2040	Variable	61,100,000	0	0	61,100,000
2006A-4	December 1, 2040	Variable	25,000,000	0	0	25,000,000
2006B-1	December 1, 2040	Variable	15,000,000	0	0	15,000,000
Total			<u>\$828,200,000</u>	<u>\$6,420,000</u>	<u>\$116,630,000</u>	<u>\$612,400,000</u>

<sup>1</sup> Defeased to first redemption date with proceeds of the Series 2004 Bonds deposited to an escrow agreement.

**II. INFORMATION RELATED TO THE AUTHORITY'S STUDENT LOAN FINANCE PROGRAM**

The presentation of financial information and operating data in this Part II of this Annual Report is intended to show recent historical information and is not intended to indicate future or continuing trends with respect to the Authority's education loan portfolios.

The information provided herein is subject to change without notice, and the delivery hereof shall not, under any circumstances, create any implication that there has been no change in the matters addressed herein after June 30, 2009. In addition, the delivery hereof shall not, under any circumstances, create any implication that there have been no other changes in the affairs of the Authority after June 30, 2009.

A. *Fund and Account Balances Related to Acquisition of Student Loans*

The Authority primarily utilized the funds and accounts under the 2000 Amended and Restated Indenture to operate its program during the fiscal year ended on June 30, 2008. On July 1, 2008, the Authority's recycling authority expired. Pursuant to the 2000 Amended and Restated Indenture, after July 1, 2008, funds deposited in the referenced accounts will be used to redeem outstanding bonds until such time as the Authority's ability to recycle is restored. Fund and account balances under the 2000 Amended and Restated Indenture related to the origination and acquisitions of student loans, as of June 30, 2009, were as follows:

Series 1994 Student Loan Recycling Account	\$698,037
Series 1996 Student Loan Recycling Account	30,975,708
Series 1997 Student Loan Recycling Account	2,889,683
Series 2000 Student Loan Recycling Account	1,728,175
Series 2004 Student Loan Recycling Account	3,086,348
Series 2005 Student Loan Recycling Account	2,881,067
Series 2006 Student Loan Recycling Account	5,643,144

End of Recycling Period: July 1, 2008

The Authority entered into an \$80,000,000 line of credit with the State of Arkansas on June 8, 2008. The line of credit is separate and apart from and not part of the 2000 Amended and Restated Indenture. The Authority anticipates that the line of credit will be the primary, if not the only, source of funds to operate its program during the fiscal year commencing on July 1, 2008, and July 1, 2009. The amount drawn and outstanding on the state line of credit as of June 30, 2009, was as follows:

State Line of Credit	\$23,000,000
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B. *Loan Volume for Twelve Months Ending June 30, 2009*

Loan financing by the Authority during the twelve months ended June 30, 2009 was approximately as shown in the following table (Indenture Trust Estate only):

	<u>Authority Total Amount</u>	<u>Percent</u>
Origination of Stafford/PLUS Loans*	\$509,306	76%
Origination of Consolidation Loans**	32,261	5%
Acquisition of Stafford/PLUS Loans***	<u>126,213*</u>	<u>19%</u>
Total Loans Financed	<u>\$667,780</u>	<u>100%</u>

\*Second disbursements for loans originated in fiscal year ending June 30, 2008.

\*\*Loan applications originated in fiscal year ended June 30, 2008.

\*\*\*Loans discharged from bankruptcy and repurchased from guarantor as required by federal regulations.

C. *Loan Portfolio Data as of June 30, 2009*

**1. General**

At June 30, 2009, the current principal balance of the Authority's education loan principal receivable from borrowers and average borrower indebtedness was approximately as shown in the following table:

<u>Holder</u>	<u>Eligible Loan Principal</u>	<u>Average Borrower Indebtedness</u>
Authority Total	\$566,579,888	\$12,211
Indenture Trust Estate	\$567,713,080	\$12,236

**2. Loan Guarantee or Insurance**

At June 30, 2009, the percentages of the current principal balance of the Authority's education loans was guaranteed approximately as shown in the following table:

<b>Guarantor</b>	<b>Principal Location</b>	<b>Percent of Total Portfolio</b>	<b>Percent of Indenture Trust Estate</b>
SLGFA	Little Rock, AR	98%	98%
USA Funds	Indianapolis, IN	2	2
Secretary, USDE	Washington, DC	<1	<1
TSAC	Nashville, TN	<1	<1
Other	Various	<u>&lt;1</u>	<u>&lt;1</u>
		<u>100%</u>	<u>100%</u>

### 3. Loan Type

At June 30, 2009, the percentages of current principal balance of the Authority's education loans by loan type was approximately as shown in the following table:

Loan Type	Percent of Total Portfolio	Percent of Indenture Trust Estate
Federal Stafford		
Subsidized	32%	32%
Unsubsidized	<u>26</u>	<u>26</u>
Total Federal Stafford	58%	58%
Federal SLS	<1	<1
Federal PLUS	3	3
Federal Consolidation	<u>39</u>	<u>39</u>
Loan Principal Receivable	<u>100%</u>	<u>100%</u>

### 4. Loan Status

At June 30, 2009, the percentages of current principal balance of the Authority's education loans by loan status were approximately as shown in the following table:

<u>Loan Status</u>	<u>Percent of Total Portfolio</u>	<u>Percent of Indenture Trust Estate</u>
Interim Loans:		
In-School	14%	14%
Grace	4%	4%
Deferment	<u>19%</u>	<u>19%</u>
Subtotal-Interim	<u>37%</u>	<u>37%</u>
Repayment Loans:		
Current	39%	39%
Delinquent 30-270 days	9%	9%
Forbearance	14%	14%
In-Claims	<u>1%</u>	<u>1%</u>
Subtotal-Repayment	<u>63%</u>	<u>63%</u>
Total Loans	<u>100%</u>	<u>100%</u>

## 5. School Type

At June 30, 2009, the percentages of current principal balance of the Authority's education loans by school type were approximately as shown in the following table:

<u>School Type</u>	<u>Percent of Total Portfolio</u>	<u>Percent of Indenture Trust Estate</u>
4-Year Schools	82%	82%
2-Year Schools	13%	13%
Technical/Proprietary Schools	2%	2%
Unknown or Consolidation	<u>3%</u>	<u>3%</u>
Total	<u>100%</u>	<u>100%</u>

## 6. Loan Servicing

At June 30, 2009, the servicing of the current principal balance of the Authority's education loans, on a percentage basis, was approximately as shown in the following table:

<u>Servicer</u>	<u>Principal Location</u>	<u>Percent of Total Portfolio</u>	<u>Percent of Indenture Trust Estate</u>
Nelnet, Inc.	Aurora, CO	7%	7%
EdFinancial Services, LLC	Knoxville, TN	<u>93%</u>	<u>93%</u>
Total		<u>100%</u>	<u>100%</u>

## III. DESCRIPTION OF ATTACHMENTS

Attached to this Annual Report is the following:

Attachment A: Financial Statements and Supplementary Information with Independent Auditor's Report: June 30, 2009 and 2008

**Attachment A**

**Financial Statements and Supplementary Information with  
Independent Auditor's Report: June 30, 2009 and 2008**