

FY 2025

Historical Recap through FY 25

Portfolio	FY22	FY23	FY24	FY25
COMMERCIAL				
Apps	116	150	157	82
Closed	36	41	57	28
D/W	64	79	96	40
Pipeline	26	22	31	39
ENVIRONMENTAL				
Apps	30	31	23	14
Closed	20	20	20	7
D/W	3	2	9	2
Pipeline	7	10	2	6
HOME IMPROVEMENT				
Apps	110	245	174	85
Closed	69	154	159	63
D/W	2	75	19	4
Pipeline	39	12	10	11
HWWS				
Apps	36	58	38	15
Closed	24	29	14	11
D/W	10	26	29	7
Pipeline	2	7	24	2

General Updates

Commercial Loans – As of March 31st, end of Q2 FY25, the commercial lenders have closed 28 loans for a total of \$768,625.87. Currently ahead of FY24 pace by 2 loans and \$18k.

TLL Temple Foundation has invited CU to apply for an additional \$500,000 in loan capital to continue the work in East Texas.

Small Business lenders have a strong pipeline of 39 active applications for Q3 FY25.

Infrastructure Loans – As of March 31st, end of Q2 FY25 the environmental lender closed 7 loans in the amount of \$1,632,576.12 in water/wastewater loans. In Q1, we only had 1 loan in the amount of \$20k.

USDA RLF. CU has \$1.2MM in revolving loan fund in need to be deployed by September 2025. Lending, together with our Communications and Infrastructure teams, have developed a Loan Blitz strategy to comply with the fast-approaching deadline. The strategy includes discounted rates and collaborations with RCAP partners, outside CU's territory.

DWS – The Environmental lender has closed 11 loans in the amount of \$120,342.50, as of March 31st. The DOL and Environmental Lender continue meeting with the Director of Environmental and the Environmental Leadership Team monthly to discuss all pending projects and outreach opportunities.

CU met with DWS program manager to understand new policy guidelines on reporting. This new process delayed several loan opportunities due to the lack of direction from USDA on how to implement and comply with the new guidelines. These challenges have been resolved as of mid-January.

As with the RLF funds, CU currently has an available revolving loan fund in the amount of \$790k that needs to be deployed by September 2025. Our Communications team has been assisting with a strategy for outreach and marketing, aside from contacting the RCAP partners to provide our lending product in their territory.

Home Improvement Loans – Small Dollar Home Improvement program closed 55 loans and deployed \$184,048.18. In December 2024, CU hired Jesse Saldaña as the new Loan Officer in charge of the Small Dollar consumer loan programs in South Texas and the Arkansas Delta.

The Home Improvement Loan program in the Arkansas Delta was scheduled to be launched in March 2025, after a minor delay. In the first week after the launch, we closed 3 loans in the amount of \$10,500.

CDFI Fund has yet to announce the SDL award for 2025.

The Housing staff has been leading the outreach efforts locally, by promoting the program with existing and new partners in Pine Bluff and Dumas, AR.

CDFI Recertification – CU has received the notice of Certification.

Policy Exceptions

None.

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New Products

Audits & Reports Loan

Water systems, wastewater systems, and municipalities are often required to complete audits and various types of reports on an annual basis. These reporting requirements may stem from state or federal regulations, or they may be necessary when applying for financial assistance such as grants, low-interest loans, or infrastructure funding.

In many cases, these reports—such as financial audits, engineering assessments, or environmental impact studies—are critical for demonstrating compliance, identifying system needs, and securing future funding.

Problem Loans

To comply with our newly established monitoring and collection guidelines, our Lending Team has been working on determining which debt is considered uncollectable. We are acting on the accounts that are past due over 150 days or have failed to contact CU in the past 3 months. As we “clean up” all portfolios from bad debt, our write-offs in the commercial portfolio have substantially increased in Q2 and Q3. Even with the attempts to recover collateral and call on the guarantees, the current total of bad debt has increased to \$144k.

Collection Process

Standardization of the collection procedure has been a focus of the last 3 quarters. Collection letters are sent out after each returned payment (NSF) and at 30, 60, 90 and 120 days past due. The letters are sent clearly marked past due. Emails are sent to reinforce the collection efforts. As a result, we have seen increased engagement in borrowers who are falling behind.

Monitoring Process

Monitoring is a requirement of our loan agreement for environmental and commercial loans. Good monitoring requirements cement the borrower/lender relationship, alerts CU to potential problems and allows us to see address collateral issues. Collection of financial statements has been an ongoing challenge. To address this, we have regular email reminders sent quarterly. Collection of financials have increased over the past year from around 0% to 35-50%. Consistency of “the ask” moving forward should see this percentage increase in the future.

Loan Software

Application for Commercial, Environmental and Water wells are all being processed through the new system. Home Improvement will start by the end of May. Loan data should be caught up by June 1 for parallel run with NLS. Working with Finance to address issues with reporting.

Environmental Loans:

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	Total Owed	Comments	Modified	Risk Rating /Change
Old Tamina	\$305,047.29	The city of Shenandoah is taking over the system and should have funds for payoff by Dec. 2024.	N/A	Paid off \$413,964.85!!! 2/12/25
Smith Management	\$203,450.00	South Plains WSC has been approved to get the assets transferred over from Mr. Smith (which includes the \$210K CU debt). The new WSC has included CU's debt in TWDB grant. CU should get repaid by the end of FY25.	N/A	Kurt Grant working TWDB on grant application
E Smith	\$52,241.97	The board is still a bit fractured but we're trying to get ETXMUD to take over CU wrote off \$64,092.30 of P&I. Current principal balance of \$38,500 will go back on the books with a per diem of \$7.31 from the date of the write off. USDA has provided conditional approval for additional funding. System is procuring a new engineer.	N/A	Kurt Grant

Commercial Loans:

Borrower	Loan Amt	Comments	Modified	Partner; Risk Support	Risk Rating /Change
Riko's	4,891.50	The restaurant owner has discontinued all communication.			Written Off
Airport Exec	2,515.59	Loan 1 had been paid in full. Borrower has not been able to make payments on the second loan	Yes		Watch-WO
Author of Beauty	4,735.29	Borrower has made 1 payment in the past calendar year. Without significant engagement we will charge off 1 st QT 2025	Yes		Written Off

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Olde Road Café	14,780.27	Charged Off – borrower unresponsive			Written Off
Trinity Truck Driving School	49,562.75	Borrower has sold collateral. Loan to be written off in 3rd Quarter 2025. We will not pursue ADFA on this loan.	Yes	ADFA	Loss Expected
Glory Boutique	6,772.54	The borrower is once again in default on the loan agreement. No contact in the past 5 months. WO 3 rd QT			Watch - TA
Chef Yates	21,969.22	The borrower is in contact with the lender but is unable to make payments.			Watch-WO
Blink Research Center	13,283.74	Borrower no longer making payments after an attempt to pay off the loan after initial write off. WO 3 rd Qt if no contact			Loss Expected – will move to Watch-WO if payments continue
Aunt Terri's	9,238.99	Moved out of SBA portfolio – promise to pay \$75.00 has not been honored.			Written Off
Slabridger Trucking	19342.71	The borrower is no longer operating his business. Truck was repossessed earlier this year. Borrower promises to pay \$75.00 monthly	Yes	ADFA	Watch - WO
DC Elite Carriers	21,872.01	The borrower has filed for bankruptcy. Will pursue collateral.			Loss Expected
JAB Trucking and Logistics	8,333.97 14,011.01	Borrowers have once again fallen behind but have made a couple payments in good faith. ADFA will be pursued for losses if payment does not resume.	Yes	ADFA	Loss Expected

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Classy Cuisine	8037.33 1675.34	1 st qt payments of 100.00. Loss still expected. WO 3 rd Quarter if payments not kept.	Yes		Loss Expected
AAA Home Improvement	39,644.59	Borrower has agreed to \$300.00 a month payment and is being encouraged to liquidate the collateral. Will pursue ADFA for losses if we write off.	Yes	ADFA	Loss Expected
Alele Mart	25,707.23	The borrower is no longer in operation and is working with CU to fulfill her obligation. Paymetns are not regular	Yes	ADFA	Watch - WO
Empire Sports	14,125.21 36,283.32	Borrowers are in contact with the lender. Business is currently not operational. Payments have stopped. Write off 3 rd Quarter.	Yes		Watch --WO
Unite the Vibe	7,064.61 10,636.42	Borrower filed for bankruptcy . CU has contacted the borrower's lawyer to pursue collateral.	Yes		Loss Expected
K House Kandles	9550.42	Borrower taken off Auto draft due to returns. \$50.00 payment in 5 months.			Watch-WO
Sprick's	178,851.64	The borrower has communicated that work is picking up and he is hopeful that he will be able to resume payments. Working with eteam. And in close communication with Lending.	No		Watch -TA
Dena's Sweetly Unique Cakes	44,091.21	Dena is no longer in communication with lending. She has missed 4 payments making up 2. She has missed the last 2 payments and will not respond to any communication.	No		Watch-TA

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Borrower	Modification Date	Modification Reason	Principal Modified
1st Quarter			
L'ETOILE NAIL SALON	10/16/2024	Interest Only for 2 month/Cash Flow	19375.34
URBAN HEIGHTS INVESTMENTS, LLC	11/13/2024	Deferred 2 months/lost contract	51232.70
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MURPHY'S BAKERY AND BURGERS	11/13/2024	Int Only 2 month/Building Market Share	28811.18
EMPIRE SPORTS BAR AND GRILL, LLC	12/6/2024	Deferred/business struggling to open	Did not sign
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DUNCAN HOME IMPROVEMENTS, INC.	12/12/2024	Interest Only for 2 month/Cash Flow	16614.10
PAULA ANDERSON COACHING	12/23/2024	Interest only for 2 months/Cash Flow	1148.52
TROYER AG	1/7/2025	Refi to monthly payments	33807.64
KAYS KUTE FRUIT LLC INTEREST ONLY	1/9/2025	Three Months interest only	28989.22
KAY'S INTEREST ONLY MOD	1/9/2025	Three Months interest only	9021.96
PAULA ANDERSON COACHING AND CONSULTING 314 MOD	3/26/2025	Three Months interest only	3651.09