

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION FOR THE
YEARS ENDED JUNE 30, 2005 AND 2004, AND
INDEPENDENT AUDITORS' REPORT

WASHINGTON STATE HOUSING FINANCE COMMISSION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR THE
YEARS ENDED JUNE 30, 2005 AND 2004

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Washington State Housing Finance Commission
Seattle, Washington

We have audited the accompanying statement of net assets of the Washington State Housing Finance Commission at June 30, 2005 and the related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of Washington State Housing Finance Commission management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Washington State Housing Finance Commission as of June 30, 2004 were audited by other auditors, whose report dated June 10, 2005 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington State Housing Finance Commission as of June 30, 2005, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis on pages 3 through 8 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of Washington State Housing Finance Commission management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information, which is the responsibility of Washington State Housing Finance Commission management, has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Moss Adams LLP

Seattle, Washington
January 24, 2006

WASHINGTON STATE HOUSING FINANCE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2005

As management of the Washington State Housing Finance Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2005. This overview and analysis is required by accounting principles generally accepted in the United States of America Generally Accepted Accounting Principles ("GAAP") in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* ("GASB 34").

FINANCIAL HIGHLIGHTS

During the fiscal year ended or as of June 30, 2005 ("FY 2005"):

- Net assets increased \$5.9 million to \$95 million due to increases in bond programs (\$2.8 million) and an increase in the Program Investment Fund (\$3.1 million).
- The issuance of new bonds resulted in investments increasing \$119.0 million in bond programs investment agreements.
- Mortgage-backed securities, net, increased by \$14.6 million. This fluctuation is in part due to the effect of unrealized gains in FY05 (\$3.4 million) opposed to unrealized losses in FY04 (\$24.0 million) in adjusting mortgage-backed securities to market value at year end. Gains and losses in adjusting mortgage-backed securities to market value are **unrealized**, but must be recognized in the current year according to Generally Accepted Accounting Principles ("GAAP")
- Mortgage loans, net of discounts, premium, deferred commitment fees, and unamortized bond insurance premium increased \$57.9 million due to draws of funds from recently issued bonds.
- Total bonds and notes payable of \$2,421.6 million were outstanding, net of premiums and discounts. This represents a net increase of \$225.0 million (10.2%) resulting from the issuance of bonds (\$465.0 million) and a decrease from principal payments on bonds (\$241.0 million).
- Total operating revenues increased \$36.8 million, due to an increase in the fair market value of mortgage-backed securities of \$3.4 million in 2005 as compared to a reduction of \$23.9 million in 2004, and a net increase in interest and other income (\$9.4 million) resulting from increases in the amount of the mortgage-backed securities held and mortgage loans

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MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2005 (CONTINUED)

outstanding. Total operating expenses increased \$8.6 million due to increases in bond interest expense related the increase in bonds and notes outstanding.

- The increase in net assets in the Program Investment Fund to \$34.1 million resulted from operating income of \$.3 million and a \$2.8 million transfer of net assets from the General Operating Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: Management's Discussion and Analysis, the basic financial statements, and the supplementary schedules. The financial statements are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

The financial statements report information for all Commission programs and operations. The statement of net assets includes all of the Commission's assets and liabilities. All of the revenues and expenses of the Commission are accounted for in the statement of revenues, expenses, and changes in net assets. Program financial statements are presented as supplementary schedules. These statements separate the financial statements into bond programs, program investment fund, and general operations.

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Assets

The following table summarizes the changes in assets, liabilities, and net assets between June 30, 2005 and 2004 (in millions):

Assets	2005	2004	Change	
Cash And Cash Equivalents	\$ 74.4	\$ 101.3	\$ (26.9)	(26.6) %
Investments	474.9	355.9	119.0	33.4
Accrued Interest Receivable	11.4	10.3	1.1	10.7
Fees Receivable, Net	0.6	0.4	0.2	50.0
Other Receivables	0.5	0.5	-	-
Mortgage-Backed Securities, Net	519.1	504.5	14.6	2.9
Mortgage Loans, Net	1,406.1	1,348.2	57.9	4.3
Unamortized Bond Issuance Costs	62.9	52.7	10.2	19.4
Prepaid Fees And Other	2.9	2.9	-	-
Total Assets	<u>\$2,552.8</u>	<u>\$2,376.7</u>	<u>\$ 176.1</u>	<u>7.4 %</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2005 (CONTINUED)**

Statement of Net Assets (continued)

	<u>2005</u>	<u>2004</u>	<u>Change</u>	
Liabilities And Fund Equity				
Accounts Payable And Other Liabilities	\$ 17.7	\$ 74.7	\$ (57.0)	(76.3)%
Accrued Interest Payable	15.8	14.3	1.5	10.5
Accrued Arbitrage Rebate	1.8	1.1	0.7	63.6
Deferred Revenue	0.6	0.5	0.1	20.0
Project Equity Held For Borrower	0.3	0.6	(0.3)	(50.0)
Notes Payable And Bond Fund Financing	50.7	50.9	(0.2)	(0.4)
Bonds Payable, Net	2,370.8	2,145.6	225.2	10.5
Total Liabilities	<u>\$2,457.7</u>	<u>\$ 2,287.7</u>	<u>\$ 170.0</u>	<u>7.4%</u>
Net Assets				
Restricted				
Bond Operations	\$ 42.3	\$ 39.5	\$ 2.8	7.1%
Grants & Donations In PIF	0.6	0.6	-	-
Invested In Capital Assets	0.2	0.3	(0.1)	(33.3)
Unrestricted:	-	-	-	-
Bond Obligations, Operations & Legal	17.8	17.7	0.1	0.6
Dedicated Program Investment Fund	34.1	31.0	3.1	10.0
Total Net Assets	<u>\$ 95.0</u>	<u>\$ 89.1</u>	<u>\$ 5.9</u>	<u>6.6%</u>

The net assets of the Commission increased by \$5.9 million, or 6.6%, from the June 30, 2004 amount. Net assets increased due a larger number of bond transactions resulting in greater fee income in both the bond fund and general operations.

Net assets of the bond programs are classified as restricted as the uses of the funds are directed by trust indentures. The Commission has designated a General Operating Fund reserve dedicated to maintaining its future commitments and ensuring its ability to meet unforeseen fiscal or legal challenges. Additionally, it has created the Program Investment Fund to make strategic investments in higher-risk programs to support the financing and production of low-income housing, special needs housing, and facilities that provide community services primarily to low-income persons. The total amount designated for this purpose is \$34.1 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2005 (CONTINUED)

Statements of Revenues, Expenses, and Changes in Net Assets

The following table summarizes the changes in revenues and expenses between 2005 and 2004 (in millions):

	2005	2004	Change	
Revenues:				
Bond programs mortgage interest	\$ 82.0	\$ 73.4	\$ 8.6	11.7%
Bond programs investments and other income	9.1	8.3	.8	9.6
Bond Program gain (loss) on mortgage-backed securities	3.4	(23.9)	27.3	114.2
Program fees	15.3	15.8	(0.5)	(3.2)
General Operating Fund interest income	0.9	-	0.9	100.0
Total Revenues	<u>\$ 110.7</u>	<u>\$ 73.6</u>	<u>\$ 37.1</u>	<u>50.4%</u>
Expenses:				
Bond programs interest expense	\$ 87.5	\$ 77.6	\$ 9.9	12.8%
Other bond programs expenses	9.5	10.6	(1.1)	(10.4)
Salaries and wages	4.4	4.2	0.2	4.8
Other General Operating Fund and Program Investment Fund expenses	3.4	3.5	(0.1)	(2.9)
Total Expenses	<u>\$ 104.8</u>	<u>\$ 95.9</u>	<u>\$ 8.9</u>	<u>9.3%</u>
Change in net assets	<u>\$ 5.9</u>	<u>\$ (22.3)</u>	<u>\$ 28.2</u>	<u>126.4%</u>

Mortgage related interest earnings (\$82.0 million) and bond interest expense (\$87.5 million) are the primary components of total revenues and expenses, respectively, for the bond programs. The Commission's revenues in the General Operating Fund were primarily generated from issuer fees (\$9.1 million).

DEBT ADMINISTRATION

The Commission has long-term debt obligations of \$2,421.5 million, net of bond premium and discounts at June 30, 2005. The Commission's bond funds are held by a trustee or paying agent who ensures that bond resolution requirements are met, including payments of debt service and funding of necessary reserves. At June 30, 2005, amounts held by the trustees and paying agents represent full funding of these requirements.

Most of the debt issued by the Commission is tax-exempt and is issued under the Internal Revenue Code and Treasury Regulations governing either mortgage revenue bonds or residential rental projects. The Federal Tax Reform Act of 1986 imposes an annual ceiling on the aggregate amount of federally tax-exempt private activity bonds, including bonds for housing, student loans, exempt facilities, small issue industrial, redevelopment, and certain public utility projects that may be issued during any calendar year by or on behalf of states and their political

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MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2005 (CONTINUED)

subdivisions. The private-activity volume cap received by Washington State is allocated to eligible issuers pursuant to the Revised Code of Washington Chapter 39.86. The Commission's single-family and multifamily programs rely on private activity bonds subject to this volume cap. Bonds issued under the nonprofit facilities program are private activity bonds, which are not subject to this cap.

The Commission's ability to recycle tax-exempt debt is limited by the federal rule, commonly known as the 10-year rule, which prohibits refunding of mortgage prepayments received more than 10 years after the date of issuance of the bonds. The Commission also issues limited amounts of taxable debt in order to supplement its tax-exempt authority and for lending under programs where federal restrictions are inconsistent with the program requirements.

The Commissioners have adopted policies that govern the process followed to issue debt. All bonds issued in the single-family program are backed by Fannie Mae, Ginnie Mae, or Freddie Mac securities and are rated either an Aaa by Moody's Investors Service or AAA by Standard and Poor's Ratings Services. Multifamily and nonprofit publicly sold bond issues generally must have a minimum initial A rating by one of the major rating agencies.

The Commission continually investigates and utilizes available debt management techniques to achieve its goals of reducing interest expense and preserving the maximum amount of bonding authority. The Commission retires high interest rate debt as opportunities for economic refunding occur, and for preservation of bonding authority.

The Commission's outstanding debt is limited to three billion dollars by the Revised Code of Washington Section 43.180.160. The Commission has no general obligation bonds and does not currently have an issuer credit rating.

Net bonds and notes payable as of June 30, 2005, was \$2,421.5 million, an increase of \$225.0 million from 2004. Changes by program are summarized in the following table:

	<u>2004</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Changes</u>	<u>2005</u>
Single-Family	\$ 691.9	\$ 156.4	\$ (134.4)	\$ 22.0	\$ 713.9
Multifamily Housing	893.7	257.2	(73.5)	183.7	1,077.4
Nonprofit Housing	362.4	21.6	(12.5)	9.1	371.5
Nonprofit Facilities	248.5	33.6	(23.4)	10.2	258.7
Total	<u>\$ 2,196.5</u>	<u>\$ 468.8</u>	<u>\$ (243.8)</u>	<u>\$ 225.0</u>	<u>\$ 2,421.5</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
*YEAR ENDED JUNE 30, 2005 (CONTINUED)***

ADDITIONAL INFORMATON

Questions and inquiries may be directed to the Senior Director of Finance, or the Senior Controller, at Washington State Housing Finance Commission, 1000 2nd Avenue, Suite 2700, Seattle, WA, 98104 (206-464-7139).

WASHINGTON STATE HOUSING FINANCE COMMISSION

STATEMENTS OF NET ASSETS

June 30, 2005 and 2004

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
	Total	Total
ASSETS		
CASH and CASH EQUIVALENTS	\$ 74,378,600	\$ 101,296,376
INVESTMENTS:		
U.S. government and agencies securities	29,759,365	29,255,395
Investment agreements	445,091,690	326,617,197
TOTAL INVESTMENTS	474,851,055	355,872,592
ACCRUED INTEREST RECEIVABLE	11,404,830	10,310,448
FEES RECEIVABLE, net	597,754	366,081
OTHER RECEIVABLES	514,854	547,151
MORTGAGE-BACKED SECURITIES, COST	508,619,689	497,426,573
Cumulative unrealized gain on mortgage-backed securities	<u>10,461,782</u>	<u>7,071,673</u>
MORTGAGE-BACKED SECURITIES, fair value	519,081,471	504,498,246
MORTGAGE LOANS, net	1,406,102,527	1,348,212,318
UNAMORTIZED BOND ISSUANCE COSTS	62,888,762	52,683,345
PREPAID FEES and OTHER	<u>2,891,745</u>	<u>2,919,737</u>
TOTAL ASSETS	<u><u>\$ 2,552,711,598</u></u>	<u><u>\$ 2,376,706,294</u></u>

See notes to financial statements.

	June 30, 2005 <u>Total</u>	June 30, 2004 <u>Total</u>
LIABILITIES and NET ASSETS		
ACCOUNTS PAYABLE and OTHER LIABILITIES	\$ 17,736,529	\$ 74,662,527
ACCRUED INTEREST PAYABLE	15,768,960	14,295,199
ACCRUED ARBITRAGE REBATE	1,774,801	1,104,998
DEFERRED REVENUE	598,077	472,023
PROJECT EQUITY HELD FOR BORROWER	323,545	581,612
PRIVATE PLACEMENT PROGRAMS NOTES PAYABLE and BOND FUND FINANCING	50,745,777	50,897,526
BONDS PAYABLE:		
Current interest bonds	2,160,034,470	1,931,401,550
Taxable bonds	200,576,690	194,402,202
Compound interest bonds	9,640,989	20,302,973
Unamortized bond premium	2,189,149	1,270,786
Unamortized bond discount	(1,681,998)	(1,799,416)
TOTAL BONDS PAYABLE	<u>2,370,759,300</u>	<u>2,145,578,095</u>
TOTAL LIABILITIES	2,457,706,989	2,287,591,980
NET ASSETS		
Restricted:		
Bond operations	42,296,592	39,535,648
Grants and donations to Program Investment Fund	600,000	600,000
Invested in capital assets, net of related debt	230,502	271,762
Unrestricted:		
General operations	17,769,498	17,728,238
Program Investment Fund	34,108,017	30,978,666
TOTAL NET ASSETS	<u>95,004,609</u>	<u>89,114,314</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 2,552,711,598</u>	<u>\$ 2,376,706,294</u>

See notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION

STATEMENTS OF REVENUES, EXPENSES and CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2005 and 2004

	June 30, 2005 Total	June 30, 2004 Total
REVENUES:		
Interest earned on mortgage loans and mortgage-backed securities	\$ 82,010,468	\$ 73,375,973
Other interest and investment income	9,378,436	8,014,345
Gain (loss) on mortgage-backed securities	3,390,109	(23,942,356)
Other fee income	15,270,222	15,829,311
Nonoperating revenues - Grants and donations	599,888	369,474
TOTAL REVENUES	110,649,123	73,646,747
EXPENSES:		
Interest on debt	87,555,426	77,944,157
Amortization of bond discount (premium)	(33,267)	53,365
Amortization of bond issuance costs	5,823,365	5,281,761
Servicing and commission fees	1,131,307	1,233,363
Salaries and wages	4,401,569	4,210,431
Communication and office expense	2,293,849	2,381,758
Trustee and paying agent fees	229,936	262,546
Professional fees	422,164	407,314
Amortization of bond insurance premium	169,862	115,105
Other	2,164,729	3,626,769
Nonoperating expenses - Grants and donations	599,888	369,474
TOTAL EXPENSES	104,758,828	95,886,043
EXCESS (DEFICIENCY) of REVENUES over EXPENSES	5,890,295	(22,239,296)
NET ASSETS:		
Total net assets, beginning of year	89,114,314	111,353,610
Total net assets, end of year	\$ 95,004,609	\$ 89,114,314

See notes to financial statements.

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STATEMENTS of CASH FLOWS YEARS ENDED JUNE 30, 2005 and 2004

	June 30, 2005 Total	June 30, 2004 Total
OPERATING ACTIVITIES:		
Receipts for interest on mortgages	\$ 94,952,867	\$ 84,342,997
Receipts for other fee income	10,892,437	13,287,233
Receipts for loans and mortgage prepayments	205,906,755	256,100,493
Payments for acquisition of loans and mortgages	(342,756,777)	(318,292,023)
Payments for bond program expenses	(17,524,156)	(18,162,714)
Payments to employees and suppliers	(6,593,764)	(7,215,084)
Net cash provided (used) by operating activities	(55,122,638)	10,060,902
INVESTING ACTIVITIES:		
Purchase of investments	(663,953,620)	(305,547,509)
Sale of investments	544,975,156	267,468,202
Interest received on investments	9,453,380	7,928,713
Net cash used by investing activities	(109,525,084)	(30,150,594)
CAPITAL FINANCING ACTIVITIES:		
Project equity requisitioned	(258,067)	(168,241)
Proceeds from sale of bonds and notes	763,867,672	467,340,737
Interest paid on debt	(86,005,663)	(79,386,935)
Debt repayments	(539,873,996)	(333,459,705)
Net cash provided by capital financing activities	137,729,946	54,325,856
NET INCREASE in CASH and CASH EQUIVALENTS	(26,917,776)	34,236,164
CASH and CASH EQUIVALENTS:		
Beginning of year	101,296,376	67,060,212
End of year	\$ 74,378,600	\$ 101,296,376

See notes to financial statements.

	June 30, 2005 <u>Total</u>	June 30, 2004 <u>Total</u>
RECONCILIATION of EXCESS (DEFICIENCY)		
of REVENUES over EXPENSES to NET CASH		
PROVIDED (USED) by OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses	\$ 5,890,291	\$ (22,239,296)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:		
Amortization of mortgage premium	72,068	78,170
Amortization of mortgage discount	(1,183,934)	(2,406,422)
Amortization of bond insurance premium	17,813	23,760
Amortization of bond issuance costs	6,365,018	6,280,245
Amortization of bond premium	(150,687)	(39,647)
Amortization of bond discount	117,419	93,013
Amortization of deferred fee income	(6,621,875)	(4,532,943)
Cash provided (used) by changes in operating assets and liabilities:		
Purchase of mortgage loans	(342,756,777)	(318,292,023)
Repayments of mortgage loans	205,906,755	256,100,493
Interest and other receivables	(9,474,604)	(6,743,089)
Interest and other payables	90,085,983	77,796,285
Unrealized gain (loss) on securities	(3,390,108)	23,942,356
Net cash provided (used) by operating activities	<u>\$ (55,122,638)</u>	<u>\$ 10,060,902</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)

NOTE 1: ORGANIZATION, PROGRAM FUNDS and SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Washington State Housing Finance Commission (the "Commission") was created in 1983 by the legislature of the state of Washington (the "State") to "act as a financial conduit which, without using public funds or lending the credit of the state or local government, can issue nonrecourse revenue bonds and participate in federal, state, and local housing programs thereby making additional funds available at affordable rates to help provide housing throughout the state." In March 1990, the state legislature passed a bill authorizing the Commission to issue bonds to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations. Legislation included a limit on the total debt of the Commission may maintain. The Commission's debt limit is \$3 billion.

The Commission has eleven voting members. Two commissioners, the state treasurer and the director of the Department of Community, Trade and Economic Development, serve ex officio, by virtue of their office. Eight members are appointed by the governor to a four-year term. The chair of the Commission is appointed by, and serves at the pleasure of, the governor.

The Commission is legally separate from the State. The Commission does not receive state appropriations and does not impose a financial burden on, nor accrue any financial benefit to, the State. Legal restrictions on the Washington State legislature's ability to impose its will on the Commission and the inability of the governor to remove the majority of the voting members of the Commission, prevent the State from being considered to be financially accountable for the Commission. However, in the State's Comprehensive Annual Financial Report ("CAFR"), the Commission is presented as a discrete component unit of the State.

Program Funds:

Single-Family Home Ownership Program: These funds, established under separate trust indentures, account for the proceeds from the sale of Single-Family Mortgage Revenue Bonds and the debt service requirements of these bonds. Activities of these funds are, in general, limited to the purchase of mortgage-backed securities containing pools of certain mortgage loans secured by mortgages on Single-Family, owner-occupied, new or existing residential housing located in Washington State.

Loans in the programs are made to first-time homebuyers (except for loans in targeted areas) whose income does not exceed the limits established by the Commission. Mortgage rates for these programs are:

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

Single-Family Program Mortgage Rates for Bond Issues outstanding

<u>Bond Issue</u>	<u>Rate</u>	<u>Bond Issue</u>	<u>Rate</u>	<u>Bond Issue</u>	<u>Rate</u>
1995-1A3	6.85%	1999 A/4N/4T	6.95%	2002 2A, 3A/ 3N-R	6.75%
1997 3A/3T	6.65	1999 A/5N/5T	6.99	2002 4A	5.50, 5.75, 6.25
1997 4A/4N/4T	6.55	2000 1A/1T	7.45	2002 5A	5.25
1998 1A/1N/1T	6.25	2000 A/2N/2T	7.55	2003 1A/1N	4.99 & 5.10
1998 2A/2T	6.25	2000 A/3N/3T	7.55	2003 2A/2N	4.99 & 5.25
1998 3A/3N/3T	6.25 & 6.35	2000 4A/4T	5.50, 5.99, 6.30, 6.95	2003 3A/3N	5.10 & 5.25
1998 4A/4T, 4A (CAB) *	6.25	2000 5A-R/5N-R	8.35	2004 1A/1N	4.85, 5.05, 5.25
1998 5A/5N/5T, 5A (CAB) *	5.99	2001 1A/N	5.99	2004 2A/2N	5.1 to 5.5
1998 CRA-A	5.75	2001 2A	6.15	2004 3A	5.2 to 5.6
1999 1A/1N/1T, 1A (CAB) *	5.95	2001 3A-/3N-R	7.95	2004 4	4.85, 5.5
1999 2A/2N//2T, 2A (CAB) *	6.05	2001 4A/4T	6.30	2005 1	4.8 to 5.45
1999 3A/3T	6.75	2001 5A	5.99	2005 2	4.95 to 5.45
1999 CRA-A	6.50	2002 1A	6.25		

Multifamily Housing Bond Program: These funds, established under separate trust indentures, account for the proceeds from the sale of mortgage revenue bonds and the debt service requirements of these bonds.

Bond proceeds for the Multifamily Housing Bond Program are used by the trustee of the program funds to purchase qualified mortgages and mortgage-backed securities from mortgage lenders. The issuer of the mortgage-backed securities, the mortgagor, or the letter of credit provider will pay the bond trustee principal and interest in amounts calculated to meet periodic debt service payments on the bonds.

Private placement notes are tax-exempt notes issued and privately placed by the Commission, the proceeds of which are used to finance construction or rehabilitation and permanent loans on multifamily rental housing projects. Activities of these funds also include the purchase, construction, refinancing, and/or remodeling of continuing care retirement communities and nursing homes. The tax-exempt notes are funded by the investors at such time as disbursements are made for acquisition, construction, or rehabilitation.

Nonprofit Housing Bond Program: These funds account for bonds issued on behalf of nonprofit housing organizations. The funds are used to purchase, construct, refinance, and/or remodel projects containing low-income housing.

Nonprofit Facilities Bond Program: These funds account for the bonds sold to purchase loans of organizations that are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The loans, which may be secured by real and/or personal property, are used by 501(c)(3) organizations for capital acquisitions and/or improvements.

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)*

General Operating Fund: The General Operating Fund was established by the Commission to account for the fiscal activities related to the administration of its ongoing program responsibilities. Revenues of the General Operating Fund are derived primarily from fees earned on bond issues, tax credit allocations, compliance monitoring, and interest income on operating and Program Investment Fund investments. All funds received by the Commission are generated by its activities. Expenditures are not appropriations from the State.

The Commission first adopted a General Operating Fund Reserve Policy in 1989. The current policy requires the maintenance of general reserves of \$18 million based upon capital adequacy analyses. General reserves provide income to fund current operations, help to ensure a sufficient revenue stream for the Commission to remain independent of State funds, and safeguard the Commission's ability to meet its future legal and program obligations.

Program Investment Fund: The Commission established its Program Investment Fund in 1989. This fund represents Commission reserves above those required by the General Operating Fund Reserve Policy and is strategically invested in programs to support the financing and production of low-income housing, special needs housing, and facilities that provide community services. In addition to the Commission's contribution, some bond issues produce other revenues that flow to the Program Investment Fund. These funds are accounted for as revenue in the Program Investment Fund.

NOTE 2: SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission has applied all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989 (unless they conflict with or contradict GASB pronouncements): Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. The more significant of the Commission's accounting policies are described below.

Measurement Focus and Basis of Accounting: All Program Investment and General Operating Funds of the Commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The operating statements for all funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. These funds utilize the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Unclassified Balance Sheet: The Commission's business cycle is greater than one year. As such, all assets and liabilities of the Bond Funds are deemed to be long-term. Within the General Operating Fund and Program Investment Fund, cash and cash equivalents, fees receivable, net and

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)*

accounts payable and other liabilities are classified as short-term. All other assets and liabilities within the General Operating Fund and Program Investment Fund are deemed to be long-term.

Cash and Cash Equivalents: Cash deposits held in the bond fund are held in the corporate trust departments of commercial banks in the bond issue's name. Cash deposits held by the General Operating Fund are entirely covered by the Federal Depository Insurance Corporation ("FDIC") or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission ("PDPC"). For purposes of the statements of cash flows, the Commission considers all highly liquid, interest-bearing instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

Investments: Investments in the General Operating and Program Investment Funds are managed by U. S. Bancorp Asset Management and are comprised of securities issued or guaranteed by the U.S. government. These marketable securities are valued at fair value based upon quoted market prices as of June 30, 2005 and 2004. Guaranteed investment contracts held in the Restricted Bond Funds are stated at cost as the redemption terms are not affected by market rates.

Mortgage-Backed Securities: Mortgage-backed securities are presented at their fair value based on quoted market prices as of June 30, 2005 and 2004.

Mortgage Loans on Real Estate: Mortgage loans on real estate are stated at their unpaid principal balance, increased by mortgage premiums or reduced by unearned discounts, and reduced by deferred commitment fees and unamortized bond insurance premiums.

Provision for Possible Loan Losses: The Single-Family Program, Multifamily Housing Program, Nonprofit Housing Program and Nonprofit Facilities Program bonds are non-recourse revenue bonds payable solely from the assets specifically pledged under the trust indenture with respect to such bonds. No assets of the Commission, other than those assets held under such trust indentures, are pledged to payment of the bonds, therefore no loan loss reserve is deemed necessary on these transactions. No loan loss provisions have been considered necessary, as the current assets held by all the outstanding Single-Family indentures are mortgage-backed securities, of which payment is guaranteed.

The Commission provides for estimated losses on loans in its Program Investment Fund based on its past loan loss experience, known and inherent risks in the portfolio and current economic conditions. The allowance for loan losses is increased by charges to expense and decreased by charge-offs (net of recoveries).

Other Assets: Furniture, fixtures, equipment and leasehold improvements are accounted for in the General Operating Fund and are stated at cost, less accumulated depreciation and amortization. The Commission's policy is to capitalize assets with a cost of \$750 or more. Depreciation and amortization are charged to current operations on the straight-line method over the estimated useful lives of the assets.

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)*

Deferred Revenue: Deferred revenue represents the unearned portion of the Commission's compliance monitoring fees that are received in advance. These fees are recorded as other fee income on the statement of revenues, expenses and changes in net assets when earned.

Bonds Payable: Current interest serial and term bonds are stated at their principal amounts outstanding, net of unamortized bond discount, if any. Compound interest bonds, which are stated at their accreted values, represent amounts equal to the original offering price compounded at the original issue yield to maturity from the date of delivery of each issue to the respective balance sheet date. Certain bonds in the multifamily and nonprofit programs are variable rate bonds remarketed on a daily, weekly, or monthly basis and are subject to market rate fluctuation.

Unamortized Bond Issuance Cost, Unamortized Bond Premium and Unamortized Bond Discount: Unamortized bond issuance costs, unamortized bond premium and unamortized bond discounts are amortized using the bonds outstanding method.

Project Equity Held for Borrower: Project equity held for borrower represents funds contributed by the borrower to complete the bond issuance that are held in trust, pursuant to the terms of the indenture. The funds may be used for project expenditures or interest costs, or to fund reserve funds or lag deposits necessary to meet rating agency requirements. The funds are accounted for as a liability until such time as the funds are requisitioned and released to the borrower.

Compensated Absences: Permanent employees of the Commission earn annual leave in accordance with length of service. Generally, a maximum of 240 hours of annual leave may be accumulated. Upon termination, employees are entitled to compensation for their unused leave.

In addition, scheduled and nonscheduled work period employees may earn compensatory time at the rate of time-and-one-half up to a maximum of 240 hours. This is paid to the employee at the end of each biennium ending June 30 of the odd numbered year or upon termination of employment. Employees classified as "exceptions work period employees" may earn exchange time at the rate of actual time worked up to a maximum of 174 hours. Upon separation or transfer to another agency, the employee is given the opportunity to postpone his/her cessation of employment until the accumulated authorized exchange time has been used.

Employees earn sick leave at the rate of one day per month and may be compensated for accumulated sick leave at the rate of 25% percent in many circumstances. In consideration of this, the Commission accrues all cost associated with compensated absences and 25% of sick leave, including an allowance for payroll taxes.

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)

Net Assets: Net assets are classified into three components: Restricted, Invested in capital assets, net of related debt, and Unrestricted, defined as follows:

Restricted net assets have constraints placed on use by external parties such as creditors, grants, laws or regulations.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation. The Commission does not hold any debt related to capital assets.

Unrestricted net assets consists of the remaining assets and liabilities.

Revenue Recognition: The primary source of revenue for the Commission is interest earned on its mortgage loans outstanding, mortgage-backed securities and other investments. This revenue is used to pay interest expense on the bonds outstanding.

In addition the Commission earns fees on its bond issues, which are allocated to the Restricted Bond, General Operating, and Program Investment Funds and which are recorded as other fee income on the statement of revenues, expenses and changes in net assets. The Commission earned \$15,270,222 and \$15,829,311 in other fee income during the fiscal years ended June 30, 2005 and 2004, respectively. Other fee income is comprised of the following:

	<u>2005</u>	<u>2004</u>
Commission fees	\$ 4,842,147	\$ 4,513,673
Other program fees	5,333,907	5,308,468
Other income	<u>5,094,168</u>	<u>6,007,170</u>
	\$15,270,222	\$15,829,311

Interest and fees are recognized on the accrual basis.

Income Taxes: The Commission, as an instrumentality of the state of Washington, is exempt from federal and state income taxes. Accordingly, no provision for income taxes is necessary.

Rebateable Arbitrage: Arbitrage earnings that are owed to the United States Department of the Treasury are recorded as accrued arbitrage rebate and based on estimated calculations performed by an independent valuation specialist on an ongoing basis. This liability does not reflect any unrealized appreciation or depreciation as a result of recording investment securities at fair market value.

Use of Estimates: The preparation of the statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. The Commission used estimates in determining the allowance for doubtful accounts, arbitrage rebate liability, accrued sick leave and other contingencies. Actual results may differ from those estimates.

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)

NOTE 3: INVESTMENTS

General Operating and Program Investment Funds:

Investment Policy: While RCW 43.180.080(5) grants the Commission the authority to invest its funds, it provides no investment guidelines or restrictions. The State law generally limits the type and character of investment of “public funds.” In light of the Commission’s authorizing legislation, Washington State court decisions, and the sources of its dedicated funds, the Commission finds that the investment limitations on public funds do not apply to its dedicated funds. As a matter of policy, however, the Commission believes that, at this time, an appropriate course of conduct is to invest its dedicated funds in a manner consistent with the investment limitations on public funds. The Commission has entered into an agreement with U.S. Bancorp Asset Management to manage the investment of a portion of the General Operating and Program Investment Funds’ reserves, subject to the following policy.

The Commission may invest in non-governmental investments, including certificates of deposit, banker’s acceptances, and repurchase agreements. In addition, the following governmental investments are eligible:

1. Treasury bills, notes, and other obligations issued by the United States Department of the Treasury and backed by the full faith and credit of the U.S. government
2. Federal Home Loan Bank notes and bonds
3. Federal Land Bank bonds
4. Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation
5. The obligations of certain government-sponsored entities whose obligations are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System
6. Shares of mutual funds with portfolios consisting of only U.S. government bonds or U.S. government guaranteed bonds issued by federal agencies with average maturities of less than four years

Limiting investments to those authorized with the policy minimizes the Commission’s exposure to credit risk on general operating funds. The investments of the General Operating and Program Investment Funds are registered, or securities are held by the Commission’s agent in the Commission’s agent’s name and therefore subject to custodial credit risk. However, the Commission addresses this custodial credit risk by pre-qualifying institutions with which the Commission places investments and maintaining a standard of quality for its investments.

Examining the maturities of the Commission’s General Operating and Program Investment Fund securities can reveal information about interest rate risk. Cash, Cash Equivalents, and Investment Securities along with maturities of the Commission’s debt securities, as of June 30, 2005 consist of the following:

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

Cash, Cash Equivalents and Investment Securities - General Operations and Program Investment Fund

Type	Cost	Maturities (In Years)				
		Less than 0.5	0.5 - 1	1 - 2	2 - 10	More than 10
Deposits	\$ 270,121	\$ 270,121	\$ -	\$ -	\$ -	\$ -
Money market fund	2,286,020	2,286,020	-	-	-	-
US Agencies	21,319,085	165,905	3,634,516	5,509,395	10,336,590	1,672,679
US Treasuries	8,596,085	-	545,144	-	8,050,941	-
Totals	<u>\$ 32,471,311</u>	<u>\$ 2,722,046</u>	<u>\$ 4,179,660</u>	<u>\$ 5,509,395</u>	<u>\$ 18,387,531</u>	<u>\$ 1,672,679</u>

Bond Programs:

The indenture for each bond issue outlines the permitted investments for that transaction. Generally, bond proceeds are invested in investment agreements with institutions whose rating is at least equivalent to the rating on the bonds being issued and for terms specified in the indentures. These investment agreements are binding agreements but are not usually collateralized by specifically identified securities and, as such, are not tradable or subject to risk categorization. However, generally there are provisions that require the provider to collateralize the investment should the rating of the provider downgrade below the required standard, thereby minimizing the Commission's exposure to credit risk within the bond funds. Investments in the bond programs are comprised primarily of guaranteed investment contracts and are stated at cost as the redemption terms are not affected by market rates. Investments within the bond programs are held by the Trustee in the name of the bond issue, thereby minimizing custodial credit risk.

Funds not in investment agreements are held in money market accounts in the name of the bond issuance. Although all of the program funds must be used for program purposes, certain other funds have been restricted for payment of debt service as required by the bond indentures.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

The Commission places no limit on the amount that may be invested in any one investment agreement provider. The following table lists investments held by the Single Family Programs in issuers that represent 5% or more of the total investments held by the Single Family Program at June 30, 2005:

Investment Issuer	Amount
AIG	\$ 31,709,572
HYPO Bayerische	17,030,346
Trinity	218,589,638

NOTE 4: MORTGAGE-BACKED SECURITIES

The bond proceeds for all Single-Family bond issues issued since 1988 have been used to purchase modified mortgage-backed securities in which principal and interest are guaranteed by either the Government National Mortgage Association (Ginnie Mae), whose guarantee is backed by the full faith and credit of the U.S. government or the Federal National Mortgage Association (Fannie Mae). Certain of the securities include variable rate mortgages; however, any interest rate risk is mitigated by the related variable rate bond issues with the same terms. Nine funds in the Multifamily Housing and one fund in Nonprofit Housing Bond Programs also contain mortgage-backed securities.

For the fiscal year ended June 30, 2005, the net increase in fair market value, based upon quoted market price at the fiscal year end, was \$3,390,109. The following table shows the sources of the gains (losses) on mortgage-backed securities on the statements of revenue, expenses, and changes in net assets for 2005 and 2004 by program.

Gain (loss) on Mortgage-Backed Securities as of June 30:

	2005			2004		
	Single-Family	Multifamily & Non- Profit Housing	Total	Single-Family	Multifamily	Total
Unrealized gain (loss) due to adjustment to market value	\$1,987,218	\$1,402,891	\$3,390,109	(\$21,760,888)	(\$2,181,468)	(\$23,942,356)

Cumulative unrealized gains for fiscal years 2005 and 2004 are \$10,461,782 and \$7,071,673 respectively and are included in the balance of mortgage-backed securities on the statement of net assets.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

NOTE 5: MORTGAGE LOANS

Multifamily Loans:

The multifamily loans are stated at their unpaid principal balance, increased by premiums or reduced by unearned discounts, and reduced by deferred commitment fees and unamortized bond insurance premiums, which are amortized over the life of the loan. No loan loss provisions have been considered necessary as most of the Commission's multifamily bond issues obtain credit enhancement from a third party that pays or secures the payment of principal and interest on the bonds. However, in some programs, the only collateral for the payment of principal and interest is the real estate loan. The Commission has generally limited investment in such bonds to a small number of bond owners, who must be sophisticated investors that have underwritten the real estate loan. These investors have authority under the bond documents to enforce remedies against the projects to protect their interests as investors. These limited investor bond issues include private placements and bond fund issues. On most issues where there have been delinquencies in the payment of debt service, workout agreements have been reached between the bond owner/investor and the borrower.

Nonprofit Capital Facilities Loans:

The nonprofit capital facilities loans are stated at their unpaid principal balance, increased by premiums or reduced by unearned discounts, and reduced by deferred commitment fees and unamortized bond insurance premiums which are amortized over the life of the loan. No loan loss provisions have been considered necessary as the majority of nonprofit capital facilities loans are backed by letters of credit from banks. In addition, the nonprofit capital facilities program has bond issues where the loan is the direct collateral for repayment of bond principal and interest, similar to the multifamily loans previously discussed. These issues have been sold to a limited number of sophisticated investors.

NOTE 6: FURNITURE, FIXTURES and EQUIPMENT

Furniture, fixtures and equipment as shown below are included in prepaid fees and other on the statements of net assets.

	Useful Life	June 30, 2004	Increase	Decrease	June 30, 2005
Furniture, fixtures and equipment	3 to 10 years	\$ 968,180	\$ 71,090	\$ (140,263)	\$ 899,007
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total Assets		\$ 1,144,238	\$ 71,090	\$ (140,263)	\$ 1,075,065
Less accumulated depreciation		(872,477)	(110,837)	138,751	(844,563)
Net Book Value		\$ 271,761	\$ (39,747)	\$ (1,512)	\$ 230,502

**WASHINGTON STATE
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

NOTE 7: BONDS and NOTES PAYABLE

Bonds issued by the Commission are limited obligations payable solely from and secured by a pledge of the mortgage loans (including any insurance payments made with respect thereto), restricted investments and undisbursed bond proceeds and the earnings thereon held under the indenture authorizing the bonds.

Interest Rate Swaps. On June 16, 2005, the Commission entered into an interest rate swap agreement in connection with issuing variable rate mortgage revenue bonds. The intention of the swap is to create debt with a synthetic, collared interest rate the range of which is lower than achievable from long-term fixed rate bonds to achieve the Commission's goal of lending to low- and moderate-income first-time home buyers at below market, fixed interest rates.

Using rates as of June 30, 2005, debt service requirements of the outstanding variable rate debt and associated net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swap, Net</u>	<u>Total</u>
2006	\$ 0	\$ 255,000	\$ 121,000	\$ 376,000
2007	0	255,000	121,000	376,000
2008	0	255,699	121,332	377,031
2009	0	255,000	121,000	376,000
2010	0	255,000	121,000	376,000
2011	0	255,000	121,000	376,000
2012	0	255,699	121,332	377,031
2013	0	107,589	51,052	158,641

The terms and counterparty credit ratings of the outstanding swap as of June 30, 2005, are contained below. The initial notional amount of the swap matches the principal amount of the associated debt.

<u>Associated Bond Series</u>	<u>Current Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Rate Received</u>	<u>Swap Termination Date</u>	<u>Counterpart Credit Rating</u>
2005 - S VR2	\$10,000,000	June 16, 2005	3.30%	BMA over 3.92%	December 1, 2012	AA2/P-1

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)*

The maturity of the variable debt exceeds that of the swap by twenty-four years creating the risk that variable rates after the swap terminates may exceed the swap fixed rate to the Commission of 3.30% yet the Commission will not be able to obtain a subsequent interest rate agreement.

The Commission's swap contract is based upon the International Swap Dealers Association Master Agreement, which includes standard termination events. The swap contract may be terminated by either party if the other party fails to perform under the terms of the contract. Upon termination, a payment is due to one party irrespective of causality based upon the market value of the swap. The potential termination risks to the Commission are the liability for a termination payment to the counterparty or the inability to replace the swap under favorable financial terms. To reduce the Commission's termination risk, the swap contract limits the counterparty's ability to terminate due to the following Commission actions or events: payment defaults, other defaults that remain uncured for thirty days after notice, bankruptcy and insolvency.

The terms of the swaps expose the Commission to potential credit risk with the counterparty upon the occurrence of a termination event. The swap agreements contain collateral requirements based upon counterparty credit ratings and the fair value of the swap. These bi-lateral requirements are established to mitigate potential credit risk exposure. These requirements were met as of June 30, 2005.

The Commission may incur amortization risk because the Commission may receive prepayments from the mortgage loans portfolio that cannot be used to call other bonds of the same Series or to cross-call into other Series. The flexibility of the Commission's operating policy and other series of bonds as well as the use of Planned Amortization Class (PAC) Bonds for restricted principal payments minimizes this risk. Additionally, the Commission may terminate the swaps at market value at any time.

The Commission incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Commission pays a variable rate on its AMT bonds based on a weekly remarking rate but, under the terms of its swap, received a variable rate based upon the weekly Bond Marketing Association (BMA) rate which is based upon AA non-AMT variable rate demand bonds. Basis risk will vary over time due to inter-market conditions. As of June 30, 2005, the interest rate on the Commission's variable rate debt was 2.55% per annum while the interest rate on the swap was 2.09% per annum. In order to reduce the cumulative effect of basis risk the variable rate determination structure included cash flow modeling with bond rate assumptions at ten basis points above BMA.

The structure of the variable interest rate payments the Commission receives from its swap contract is based upon the historical long-term relationship between taxable and tax-exempt short-term interest rates. Tax risk represents a risk that may arise due to a change in the tax code that may fundamentally alter this relationship. The Commission has chosen to assume this risk because it was not economically feasible to transfer to the swap counterparty.

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)*

Bond Defeasance: Defeasance amounts are deposited in irrevocable trusts to provide for all future debt service payments on the bonds. Accordingly, neither the assets of the respective trust accounts or the liabilities for the defeased bonds are reflected in the Commission's financial statements. Funds held in the respective trust accounts are qualifying U.S. Government securities and are assumed sufficient to service and redeem the defeased bonds. The difference between the cost to defease outstanding debt and the carrying value of bonds defeased by refunding bonds is deferred and amortized over the shorter of the remaining term of the refunded bonds or the term of the refunding bonds, using the straight line-method.

In July 2004, the Commission issued 2004 Series 2A & 2N Single-Family Program Bonds of \$38,885,000, with a weighted average interest rate of 5.00% of which \$3,885,000 were refunding bonds used to refund \$3,885,000 of outstanding 1994 Series C1 Single-Family Bonds with a weighted average interest rate of 6.43%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$704,186, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$586,762.

In August 2004, the Commission issued 2004 Series 3A Single-Family Program Bonds of \$33,500,000 with a weighted average interest rate of 4.87% of which \$3,545,000 were used to refund portions of the following bond issues:

- In September 2004, \$320,000 of outstanding 1991 Series D & E Single-Family Capital Appreciation Bonds with variable interest rates. As a result of this current refunding, the Commission reduced its total debt service requirements by \$787,358, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$859,604.
- In September 2004, \$2,275,000 of outstanding 1994 Series A2 Single-Family Bonds with a weighted average interest rate of 6.35%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$871,956 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$670,025.
- In September 2004, \$950,000 of outstanding 1994 Series B Single-Family Bonds with a weighted average interest rate of 6.71%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$272,999 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$216,364.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

In December 2004, the Commission issued 2004 Series 4 Single-Family Program Bonds of \$23,790,000, with a weighted average interest rate of 4.32% of which \$3,790,000 were refunding bonds used to refund \$3,790,000 of outstanding 1995 Series B Single-Family Bonds with a weighted average interest rate of 6.53%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$1,655,635, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,012,592.

As of June 30, 2005, the Commission had outstanding notes and bonds of \$2.4 billion. The bonds bear interest ranging from 1.0% to 8.69% and mature in varying amounts through 2049. Future principal and interest requirements by program are shown in the following table.

Fiscal year ended June 30:	Total Principal Redemptions	Total Interest Redemptions	Total Debt Service
2006	\$ 26,842,881	\$ 94,194,416	\$ 121,037,297
2007	52,056,751	91,294,095	143,350,846
2008	243,296,527	84,106,472	327,402,999
2009	53,014,272	81,381,642	134,395,914
2010	44,459,627	79,759,209	124,218,836
2011-2015	199,848,350	378,766,555	578,614,905
2016-2020	213,978,660	326,509,464	540,488,124
2021-2025	318,406,907	261,741,812	580,148,719
2026-2030	500,187,909	198,043,774	698,231,683
2031-2035	373,625,565	97,818,900	471,444,465
2036-2040	290,085,477	41,522,535	331,608,012
2041-2045	104,955,000	3,735,469	108,690,469
2046-2050	240,000	30,345	270,345
	<u>\$ 2,420,997,926</u>	<u>\$ 1,738,904,688</u>	<u>\$ 4,159,902,614</u>

Changes in bonds outstanding during the fiscal year are summarized in the following table:

	<u>June 30, 2004</u>	<u>Issued</u>	<u>Redeemed</u>	<u>June 30, 2005</u>
Total	<u>\$2,197,004,251</u>	<u>\$465,308,459</u>	<u>\$241,314,784</u>	<u>\$2,420,997,926</u>

**WASHINGTON STATE
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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

NOTE 8: COMMITMENTS

Mortgage Loans: The Commission has committed to purchase mortgage loans to the extent qualified loans are available under each of the programs currently in the acquisition phase. The Commission's commitments by program as of June 30, 2005 are shown below:

Program	Amount
Single-Family Housing Program	\$ 78,790,000
Multifamily Housing Program	400,550,000
Nonprofit Housing Program	174,480,000
Nonprofit Facilities Program	<u>87,050,000</u>
	740,870,000
Loan disbursements through June 30, 2005	<u>499,445,410</u>
Loan commitments at June 30, 2005	<u>\$ 241,424,590</u>

Operating Lease: The Commission has lease commitments for office space on a long-term basis. Lease expense was \$808,297 and \$809,973 for the fiscal years ended June 30, 2005 and 2004, respectively. Commitments for future minimum lease payments are \$820,816 for the fiscal year ended June 30, 2006.

NOTE 9: EMPLOYEE BENEFIT PLANS

Deferred Compensation Plan: The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Commission employees, permits them to defer a portion of their salaries until future years. The deferred compensation is paid to employees upon termination, retirement, death or unforeseeable emergency. The money is held under a separate fund by the State; therefore, neither an asset nor liability is recorded on the Commission's financial statements.

Retirement Plan: The Commission's employees participate in the Public Employees' Retirement System ("PERS") of the State. The legislature established PERS in 1947. PERS is a cost-sharing multiple-employer retirement system. Membership in the system includes elected officials; State employees; employees of the Supreme, Appeals and Superior Courts; employees of legislative committees; community college, college and university employees not in national higher education retirement programs such as TIAA/CREF; judges of district and municipal courts; noncertified employees of school districts; and employees of local government. Approximately 51% of PERS salaries are from State employment.

Commission employees may retire at the age of 65 with 5 years of service or at age 55 with 20 years of service, with an allowance of 2% per year of service of the average final salary (average final compensation is based on the greatest compensation during any consecutive 60-month period). Retirements prior to age 65 are actuarially reduced. There is no cap on years of service

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

credit, and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3% annually.

PERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to PERS accrue interest at a rate specified by the Washington State Department of Retirement Systems (“DRS”). During the fiscal year 2005, the DRS-established rate of interest on employee contributions was 5.5%, compounded quarterly. Retirement benefit provisions are established in State statute and may be amended only by the State legislature. Employees in PERS can elect to withdraw total employee contributions and interest earnings thereon upon termination. PERS benefits are vested after an employee completes five years of eligible service.

Each biennium the legislature establishes employer and employee contribution rates. These rates are developed by the Office of the State Actuary to fully fund the plan. All employers are required to contribute at the level established by the legislature. The methods used to determine the contribution requirements are established under State statute in accordance with chapters RCW 41.40 and 41.45. The Commission and employee contributions to the pension plan are detailed below:

For the years ended June 30,

	2005	2004	2003
Gross covered salaries	\$3,545,034	\$3,325,818	\$3,153,816
Commission’s contribution	49,066	46,460	41,632
Commission’s contribution rate	1.38%	1.40%	1.32%
Employees’ contribution	44,113	40,541	24,064
Employees’ contribution rate	1.24%	1.22%	0.76%

The pension obligation was calculated on a pension system basis and cannot be disclosed on a plan basis. The Washington State Department of Retirement Services does not make separate measurements of pension benefit obligations of individual employers. Historical trend and other information regarding the plan are presented in the Washington State Department of Retirement Systems 2004 annual financial report.

The plan information for the fiscal year 2005 has been presented in the State Department of Retirement Systems 2005 annual financial report, which may be obtained at:

Washington State Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380
www.drs.wa.gov

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

NOTE 10: RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; natural disasters; and acts of terrorism for which the agency carries commercial insurance. As of June 30, 2005 there were no known asserted or unasserted claims or judgments against the Commission.

NOTE 11: RELATED PARTY TRANSACTIONS

The Commission provides staff and other administrative services to the following state agencies:

Charges for Services	For the years ended June 30,	
	2005	2004
Washington Higher Education Facilities Authority	\$ 153,562	\$138,048
Tobacco Settlement Authority	14,249	22,449
Receivable from (payable to):	As of June 30,	
	2005	2004
Washington Higher Education Facilities Authority	\$121,629	\$89,185
Tobacco Settlement Authority	(3,398)	6,536

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

NOTE 12: SUBSEQUENT EVENTS

The Commission has issued additional bonds subsequent to June 30, 2005 as shown below:

Bond Issues Subsequent to June 30, 2005

DATE	PROJECT	AMOUNT
SINGLE FAMILY HOUSING		
08/04/05	Single Family 2005 Series 3A	\$ 19,795,000
09/29/05	Single Family 2005 Series 4A	24,380,000
12/15/05	Single Family 2005 Series 5A	24,710,000
MULTI-FAMILY HOUSING		
07/15/05	Fairwinds Redmond Project	27,500,000
08/12/05	Lodge at Eagle Ridge	13,550,000
08/31/05	Parkland Terrace Apartment	1,600,000
08/31/05	Westgate Terrace Apartment	3,218,000
09/01/05	Courtside Refunding	9,305,000
09/27/05	Pinehurst Apartment	14,185,000
09/27/05	New Haven Apartment	19,000,000
09/27/05	Cambridge Apartments	12,650,000
09/29/05	Vintage at Silverdale	19,575,000
10//25/05	Cedar Ridge Retirement & Assisted Living	15,100,000
11/22/05	Scenic Vista Senior Apartments	6,100,000
11/28/05	Yesler Apartments	13,788,000
12/07/05	Bluffs at Evergreen	12,300,000
12/08/05	Kamiakin Apartments	8,275,000
NON-PROFIT HOUSING		
08/04/05	Josephine Sunset Home	7,293,188
10/05/05	Horizon House	56,700,000
10/13/05	Christian Health Care Center	7,532,219
11/03/05	Wesley Homes Lea Hill & Refunding	58,000,000
NON-PROFIT FACILITY		
07/20/05	Local 26 Educational Development Trust	3,500,000
10/05/05	Lutheran Community Services	6,200,000
10/06/05	Seattle Art Museum	50,000,000
11/07/05	Morningside - STEP	2,244,188
11/09/05	Valley Residential Services - STEP	640,000
		<u>\$ 437,140,595</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)

Bonds redeemed by the trustee under the normal and early redemption provisions of the trust indentures subsequent to June 30, 2005, are detailed below:

Bonds Redeemed Subsequent to June 30, 2005:

<u>Bond Issue</u>	<u>Call Amount</u>	<u>Bond Issue</u>	<u>Call Amount</u>
SINGLE FAMILY		MULTIFAMILY - For-Profit Housing	
SF Draw Down Program 05A&B	\$ 43,599,000	PP 1988-Montevista	\$ 6,654
SF 95-1A3	75,000	MF 90A&B - (11b)	20,000
SF 97 3A	345,000	92A&B FNMA Refunding	322,194
SF 97 4A/4N	60,000	Canyon Lakes	80,000
SF 98 1A/1N	350,000	Canyon Lakes II	120,000
SF 98 2A	110,000	MF Preservation Program	18,327
SF 98 3A/3N	1,275,000	Mallard Cove	15,000
SF 98 4A	700,000	Gilman Meadows	15,000
SF 98 5A/5N	254,972	Inglenook Court	1,000,000
SF 98 CRA-A	145,000	Summerglenn Apartments	50,000
SF 99 1A/1N	1,087,167	LTC Properties	390,000
SF 99 2A/2N	1,220,000	Courtside Apartment	50,000
SF 99 3A	1,610,000	Pooled Loan Program	* 9,680,000
SF 99 CRA-A	25,000	Lake Washington Apts	300,000
SF 99 4A/4N	1,195,000	Pacific Inn Apartments	55,000
SF 99 5A/5N	900,000	Assisted Living	* 6,625,000
SF 00 1A	300,000	Hamilton Place Senior Living	80,000
SF 00 2A/2N	180,000	Larkin Apartments	105,000
SF 00 3A	265,000	Country Manor One Project	2,000,000
SF 00 4A	385,000	Sherwood Springs	155,000
SF 00 5N-R	485,000	98 GNMA Refunding	110,000
SF 01 1A/N	1,265,000	Clare House	35,000
SF 01 2A	13,630,000	Boardwalk Apts	105,000
SF 01 3A-R/3N-R	145,000	Oxford Square Apartments	105,000
SF 01 4A/4T	1,460,000	Regency Park Apartments	155,000
SF 01 5A	7,875,000	WoodRose Apartments	60,000
SF 02 1A	3,205,000	Summer Ridge Apartments	80,000
SF 02 2A, 3AR	515,000	Mill Pointe	230,000
SF 02 4A	995,000	Silver Springs Apartments	9,653
SF 02 5A	985,000	Holly Village	55,000
SF 03 1A/1N	595,000	Vintage at Bremerton- Elderly	45,000
SF 03 2A/2N	990,000	Granite Falls	70,000
SF 03 3A/3N	375,000	Ferris View	7,829
SF 04 1A/1N	1,485,000	Evergreen 2000 (GNMA)	55,000
SF 04 2A/2N	475,000	Carlyle Care Center	90,000
SF 04 3A/3N	410,000	Lakewood Meadows	55,000
SF 04 4A/4N	330,000	Springfield Meadows Apartments Project	205,000
SF 05 1A/1N	35,000	Country Club Apartments Project	180,000

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

Bonds Redeemed Subsequent to June 30, 2005 (continued):

<u>Bond Issue</u>	<u>Call Amount</u>	<u>Bond Issue</u>	<u>Call Amount</u>
MULTIFAMILY - For-Profit Housing (Cont.)		Non-Profit Housing	
Monticello Park Project	\$ 55,000	Gonzaga University	\$ 315,000
Vintage @ Vancouver Senior Living Project	120,000	Nikkei Concerns	205,000
Parkside Apartments	190,000	Horizon House Project	* 12,140,000
Silverwood Apartments Project 2001	13,093	Nikkei Manor	100,000
Ocean Ridge Apartments 2001	30,039	Riverview Lutheran	115,000
Viewcrest Village	31,812	Seattle Univ Auxiliary	* 22,455,000
Parkway Apartments	80,000	Crista Ministries Projects & Refunding	1,135,000
Bridgewood @ Four Seasons	45,000	WA Odd Fellows Home	210,000
Park Hill	21,412	Presbyterian Ministries Rev & Refunding	225,000
Deer Run 2002	39,460	Tacoma Lutheran '99	150,000
Quail Run	25,150	Golden Sands Apts	55,000
Heatherwood Apts.	1,890,000	The Kline Galland Center	480,000
Fort Vancouver Terrace Apartments	45,389	Rockwood Retirement Communities	495,000
Alaska House 2004	45,000	Wesley Homes '99 Project & Refunding	* 7,795,000
International House 2004	45,000	Living Care Centers	255,000
Highlander Apartments II	1,650,000	Kingsbury Terrace	25,000
Burke Gilman	95,000	Pioneer Human Services '01	900,000
Cedar Landing Refunding Bonds	51,031	Kenney Home Project 2001	265,000
		Rockwood Forest Estates	155,000
		Evangelical Lutheran Good Samaritan Society	55,000
		Nickerson Area Properties	145,000
MF STEPP - For-Profit Housing		Emerald Heights 2003 Expansion	665,000
Fir @ 17th	22,332	Judson Park 2004 A & B	230,000
Riverside Landing	15,247	Mercy Housing	50,458
Arrowhead Park	21,986	Mercy Housing II - Cobble Knoll	26,760
Heritage Sunset	21,883	Hearthstone 2004	205,000
Heritage Grove	29,583		
Bayswater Apts	17,080	MF STEPP - Non-Profit Housing	
Assembly Apts	26,050	Mental Health North	45,989
Mt. Baker Apts	20,276	Summerfield	26,808
Westhampton Apts	38,510	Glendale Apts	2,592,322
Southampton Apts	24,210	Wilton Apts	8,497
Covington Commons Apts	9,150	Wildwood Apartments	1,375,379
Rockwood Terrace	11,721	Adams Apartments	2,852
Terrace Apartments	8,684	Bellevue Apartments	7,565
Tashiro-Kaplan Artist Housing	438,740	Paradise Mobile Home Park	3,445
Village at Granite Falls	15,355	Vue Mobile	3,107
Yakima Gardens	8,125	Blue Mountain Apartments	2,671
Oregon Place	9,955		

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)**

Bonds Redeemed Subsequent to June 30, 2005:

<u>Bond Issue</u>	<u>Call Amount</u>	<u>Bond Issue</u>	<u>Call Amount</u>
MF STEPP - Non-Profit Housing (Cont.)		STEPP - Non Profit Capital Facilities (Cont.)	
3904 Martin Luther King Way Apts	\$ 6,207	Work Force Development	\$14,060
Christian Health Care Center	146,651	Lake Washington Rowing Club	10,809
Brentwood Apartments	10,436	Campfire Service Center	8,159
Clallam County Hostelries	5,959	SKCAC Industries	14,896
Interaction/Transition - Transition House	4,541	Boys and Girls Club of Snohomish County	3,424
Episcopal Homes	100,348	ElderHealth Norwest	5,203
Warm Beach	39,800	Genesis House	14,488
St. Andrew's Place	30,837	Heath Bldg/Lindeman	6,470
Der Garten Haus	5,593	Little Red School House	5,971
Nuuanu Pali Apartments Project	4,948	People for People 1999	24,035
Northaven II Assisted Living Project	26,075	Pacific NW Research Institute	70,103
Meadowdale Apartments	33,662	SEED/Homesight Project	4,994
		NW Washington Fair	13,134
NON-PROFIT CAPITAL FACILITIES		Benton-Franklin Support Network	16,576
YMCA of Greater Seattle	250,000	Nova Services	12,869
Pioneer Human Services	265,000	Pullman Community Action Center	5,286
YMCA of Snohomish County	200,000	Community Youth Services	100,000
Plumbers & Pipefitters	105,000	Henry Cogswell College	60,004
Antioch	6,400,000	Washington School Principals' Project	41,016
Virginia Mason	655,000	Tacoma-Pierce County Humane Society Proj.	40,265
CC of Spokane Foundation	140,000	Island School Expansion and Remodel	13,631
YMCA-Puyallup/Pierce County	240,000	Nova School Project	21,731
YMCA-Inland Northwest	115,000	Harlequin Productions Project	7,967

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2005 AND 2004 (CONTINUED)

Bonds Redeemed Subsequent to June 30, 2005:

YMCA-Snohomish County '99	165,000	Artist Trust Project	2,208
YMCA-Columbia/Willamette Valley	125,000	Girl Scouts-Totem Council Project	18,616
South Sound YMCA '99	\$135,000	Hyla Middle School Project	\$ 8,796
St. Vincent dePaul Project	165,000	YMCA of Grays Harbor Project	191,480
University Prep Academy	100,000	Spokane Valley Community Center	18,972
CC of Spokane Foundation '00	100,000	Tomorrows Hope	8,658
Seattle Academy of Arts & Sciences	80,000	Southside Senior Center	7,026
Greens at Merrill Creek	85,000	The Institute for Family Development	7,771
Southwest WA Pipe Trades Training Center	100,000	New Horizons School	3,616
Evergreen School 2002	140,000	Children's Village Foundation Project	12,876
Annie Wright School	225,000	Hopelink	282,647
Overlake School	170,000	Goodwill Industries of Inland NW	74,845
Gonzaga Preparatory School	200,000	Harbor Montessori	15,449
Antioch University	145,000	Puget Sound Electrical Apprenticeship & Training Trust	118,294
		Opportunity Council	19,730
STEPP - Non Profit Capital Facilities		Martha & Mary	11,569
Bertschi	13,529	Whatcom Family YMCA 2004	17,741
PAWS	4,973	Jewish Federation of Greater Seattle	22,370
Pacific Science Center	62,838	French American School	22,781
Audubon Society	3,587	Columbia Basin College Foundation	56,533
		St. Vincent de Paul	17,476

- *Indicates full defeasance*

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**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

SUPPLEMENTARY SCHEDULES
for the YEARS ENDED JUNE 30, 2005, and 2004

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM NET ASSETS

JUNE 30, 2005

	Restricted Programs		
	Single-Family Housing Bond Program	Multifamily Housing Bond Program	Nonprofit Housing Bond Program
ASSETS			
CASH and CASH EQUIVALENTS	\$ 21,134,697	\$ 29,094,115	\$ 15,916,408
INVESTMENTS:			
U.S. government and agencies securities	-	-	-
Investment agreements	282,021,513	129,688,343	9,478,642
TOTAL INVESTMENTS	282,021,513	129,688,343	9,478,642
ACCRUED INTEREST RECEIVABLE	2,184,337	5,170,191	2,899,891
FEES RECEIVABLE, net	-	-	-
OTHER RECEIVABLES	-	-	-
MORTGAGE-BACKED SECURITIES, COST	440,653,666	64,084,088	3,881,935
Cumulative unrealized gain on mortgage-backed securities	6,490,992	3,497,739	473,051
MORTGAGE-BACKED SECURITIES, fair value	447,144,658	67,581,827	4,354,986
MORTGAGE LOANS, net	-	821,355,074	339,270,158
UNAMORTIZED BOND ISSUANCE COSTS	5,922,803	42,103,695	8,406,381
PREPAID FEES and OTHER	-	244,169	2,228,092
TOTAL ASSETS	\$ 758,408,008	\$ 1,095,237,414	\$ 382,554,558

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	June 30, 2005 Total	June 30, 2004
\$ 5,521,434	\$ 2,711,946	\$ -	\$ 74,378,600	\$ 101,296,376
-	16,064,154	13,695,211	29,759,365	29,255,395
23,903,192	-	-	445,091,690	326,617,197
23,903,192	16,064,154	13,695,211	474,851,055	355,872,592
896,794	253,617	-	11,404,830	10,310,448
-	597,754	-	597,754	366,081
-	447,069	67,785	514,854	547,151
-	-	-	508,619,689	497,426,573
-	-	-	10,461,782	7,071,673
-	-	-	519,081,471	504,498,246
224,532,274	-	20,945,021	1,406,102,527	1,348,212,318
6,455,883	-	-	62,888,762	52,683,345
-	419,484	-	2,891,745	2,919,737
\$ 261,309,577	\$ 20,494,024	\$ 34,708,017	\$ 2,552,711,598	2,376,706,294

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM NET ASSETS

JUNE 30, 2005

	Restricted Programs		
	Single-Family Housing Bond Program	Multifamily Housing Bond Program	Nonprofit Housing Bond Program
LIABILITIES and NET ASSETS			
ACCOUNTS PAYABLE and OTHER LIABILITIES	\$ 2,619,761	\$ 6,484,403	\$ 6,151,061
ACCRUED INTEREST PAYABLE	2,598,840	6,699,953	4,484,359
ACCRUED ARBITRAGE REBATE	1,774,801	-	-
DEFERRED REVENUE	-	-	-
PROJECT EQUITY HELD FOR BORROWER	-	323,545	-
PRIVATE PLACEMENT PROGRAMS NOTES PAYABLE and BOND FUND FINANCING	-	50,385,777	-
BONDS PAYABLE:			
Current interest bonds	697,237,446	862,460,753	359,789,402
Taxable bonds	5,560,000	164,091,690	13,030,000
Compound interest bonds	9,640,989	-	-
Unamortized bond premium	1,435,216	685,578	68,355
Unamortized bond discount	(4,819)	(199,919)	(1,413,803)
TOTAL BONDS PAYABLE	<u>713,868,832</u>	<u>1,027,038,102</u>	<u>371,473,954</u>
TOTAL LIABILITIES	720,862,234	1,090,931,780	382,109,374
NET ASSETS			
Restricted:			
Bond operations	37,545,774	4,305,634	445,184
Grants and donations to Program Investment Fund			
Invested in capital assets, net of related debt	-	-	-
Unrestricted:			
General operations	-	-	-
Program Investment Fund	-	-	-
TOTAL NET ASSETS	<u>37,545,774</u>	<u>4,305,634</u>	<u>445,184</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 758,408,008</u>	<u>\$ 1,095,237,414</u>	<u>\$ 382,554,558</u>

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	June 30, 2005 Total	June 30, 2004
\$ 585,357	\$ 1,895,947	\$ -	\$ 17,736,529	\$ 74,662,527
1,985,808	-	-	15,768,960	14,295,199
-	-	-	1,774,801	1,104,998
-	598,077	-	598,077	472,023
-	-	-	323,545	581,612
360,000	-	-	50,745,777	50,897,526
240,546,869	-	-	2,160,034,470	1,931,401,550
17,895,000	-	-	200,576,690	194,402,202
-	-	-	9,640,989	20,302,973
-	-	-	2,189,149	1,270,786
(63,457)	-	-	(1,681,998)	(1,799,416)
258,378,412	-	-	2,370,759,300	2,145,578,095
261,309,577	2,494,024	-	2,457,706,989	2,287,591,980
-	-	-	42,296,592	39,535,648
-	-	600,000	600,000	600,000
-	230,502	-	230,502	271,762
-	17,769,498	-	17,769,498	17,728,238
-	-	34,108,017	34,108,017	30,978,666
-	18,000,000	34,708,017	95,004,609	89,114,314
\$ 261,309,577	\$ 20,494,024	\$ 34,708,017	\$ 2,552,711,598	\$ 2,376,706,294

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM REVENUES, EXPENSES and CHANGES in PROGRAM NET ASSETS FOR THE YEAR ENDED JUNE 30, 2005

	Restricted Programs		
	Single-Family Housing Bond Program	Multifamily Housing Bond Program	Nonprofit Housing Bond Program
REVENUES:			
Interest earned on mortgage loans and mortgage-backed securities	\$ 25,019,242	\$ 33,685,604	\$ 13,817,718
Other interest and investment income	8,290,073	189,788	1,940
Gain (loss) on mortgage-backed securities	1,987,218	1,204,120	198,771
Other fee income	1,244,826	3,033,496	787,300
Nonoperating revenues - Grants and donations	-	-	-
TOTAL REVENUES	36,541,359	38,113,008	14,805,729
EXPENSES:			
Interest on debt	30,390,688	33,891,987	13,712,369
Amortization of bond discount (premium)	(107,638)	(20,593)	91,440
Amortization of bond issuance costs	1,552,883	2,826,054	666,125
Servicing and commission fees	951,029	174,195	6,083
Salaries and wages	-	-	-
Communication and office expense	-	-	-
Trustee and paying agent fees	209,733	18,692	1,511
Professional fees	-	-	-
Amortization of bond insurance premium	-	48,688	121,174
Other	876,986	1,287,743	-
Nonoperating expenses - Grants and donations	-	-	-
TOTAL EXPENSES	33,873,681	38,226,766	14,598,702
EXCESS (DEFICIENCY) of REVENUES over EXPENSES	2,667,678	(113,758)	207,027
NET ASSETS:			
Total net assets, beginning of year	34,878,096	4,419,392	238,157
Distribution of equity	-	-	-
Total net assets, end of year	\$ 37,545,774	\$ 4,305,634	\$ 445,184

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	June 30, 2005 Total	June 30, 2004
\$ 9,487,904	\$ -	\$ -	\$ 82,010,468	\$ 73,375,973
-	896,635	-	9,378,436	8,014,345
-	-	-	3,390,109	(23,942,356)
778,303	9,086,694	339,603	15,270,222	15,829,311
-	599,888	-	599,888	369,474
10,266,207	10,583,217	339,603	110,649,123	73,646,747
9,484,380	-	76,002	87,555,426	77,944,157
3,524	-	-	(33,267)	53,365
778,303	-	-	5,823,365	5,281,761
-	-	-	1,131,307	1,233,363
-	4,401,569	-	4,401,569	4,210,431
-	2,293,849	-	2,293,849	2,381,758
-	-	-	229,936	262,546
-	422,164	-	422,164	407,314
-	-	-	169,862	115,105
-	-	-	2,164,729	3,626,769
-	599,888	-	599,888	369,474
10,266,207	7,717,470	76,002	104,758,828	95,886,043
-	2,865,747	263,601	5,890,295	(22,239,296)
-	18,000,000	31,578,669	89,114,314	111,353,610
-	(2,865,747)	2,865,747	-	-
\$ -	\$ 18,000,000	\$ 34,708,017	\$ 95,004,609	\$ 89,114,314

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM CASH FLOWS *CASH and CASH EQUIVALENTS*

	Restricted Programs		
	Single-Family Housing Bond Program	Multifamily Housing Bond Program	Nonprofit Housing Bond Program
OPERATING ACTIVITIES:			
Receipts for interest on mortgages	\$ 25,180,785	\$ 44,678,369	\$ 14,309,872
Receipts for other fee income	1,231,009	267,190	-
Receipts for loans and mortgage prepayments	112,241,884	60,610,383	11,901,404
Payments for acquisition of loans and mortgage	(112,790,568)	(190,302,772)	(25,571,389)
Payments for bond program expenses	(2,289,730)	(13,965,325)	(547,399)
Payments to employees and suppliers	-	-	-
Net cash provided (used) by operating activities	23,573,380	(98,712,155)	92,488
INVESTING ACTIVITIES:			
Purchase of investments	(467,464,463)	(164,531,197)	(7,872,168)
Sale of investments	449,965,587	70,562,173	18,975,361
Interest received on investments	8,495,087	(56,341)	18,188
Net cash used by investing activities	(9,003,789)	(94,025,365)	11,121,381
NONCAPITAL FINANCING ACTIVITIES:			
Contributions	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
CAPITAL FINANCING ACTIVITIES:			
Project equity requisitioned	-	(258,067)	-
Proceeds from sale of bonds and notes	431,189,000	268,139,554	27,307,189
Interest paid on debt	(30,599,668)	(32,117,120)	(13,695,647)
Debt repayments	(410,021,928)	(84,529,133)	(18,307,560)
Net cash provided (used) by capital financing activities	(9,432,596)	151,235,234	(4,696,018)
NET INCREASE (DECREASE) in CASH and CASH EQUIVALENTS	5,136,995	(41,502,286)	6,517,851
CASH and CASH EQUIVALENTS:			
Beginning of year	15,997,702	70,596,401	9,398,557
End of year	\$ 21,134,697	\$ 29,094,115	\$ 15,916,408

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total
\$ 10,783,841	\$ -	\$ -	\$ 94,952,867
-	9,054,422	339,816	10,892,437
17,632,009	-	3,521,075	205,906,755
(8,933,041)	-	(5,159,007)	(342,756,777)
(721,702)	-	-	(17,524,156)
-	(6,517,761)	(76,003)	(6,593,764)
18,761,107	2,536,661	(1,374,119)	(55,122,638)
(23,581,822)	987,658	(1,491,628)	(663,953,620)
5,472,035	-	-	544,975,156
(9,778)	1,006,224	-	9,453,380
(18,119,565)	1,993,882	(1,491,628)	(109,525,084)
-	(2,865,747)	2,865,747	-
	(2,865,747)	2,865,747	-
-	-	-	(258,067)
37,231,929	-	-	763,867,672
(9,593,228)	-	-	(86,005,663)
(27,015,375)	-	-	(539,873,996)
623,326	-	-	137,729,946
1,264,868	1,664,796	-	(26,917,776)
4,256,566	1,047,150	-	101,296,376
\$ 5,521,434	\$ 2,711,946	\$ -	\$ 74,378,600

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM CASH FLOWS *CASH and CASH EQUIVALENTS*

	Restricted	
	Single-Family Housing Bond Program	Multifamily Housing Bond Program
RECONCILIATION of EXCESS (DEFICIENCY) of REVENUES over EXPENSES to NET CASH PROVIDED (USED) by OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses	\$ 2,667,678	\$ (113,761)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:		
Amortization of mortgage premium	-	72,068
Amortization of mortgage discount	(1,034,228)	-
Amortization of bond insurance premium	504	17,309
Amortization of bond issuance costs	1,703,660	2,884,384
Amortization of bond premium	(108,516)	(39,478)
Amortization of bond discount	878	18,885
Amortization of deferred fee income	(1,997,284)	(2,847,617)
Cash provided (used) by changes in operating assets and liabilities:		
Purchase of mortgage loans	(112,790,568)	(190,302,772)
Repayments of mortgage loans	112,241,884	60,610,383
Interest and other receivables	(7,094,301)	(2,083,212)
Interest and other payables	31,970,890	34,275,776
Unrealized gain (loss) on securities	(1,987,217)	(1,204,120)
Net cash provided (used) by operating activities	<u>\$ 23,573,380</u>	<u>\$ (98,712,155)</u>

Programs				
Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	June 30, 2005 Total
\$ 207,027	\$ -	\$ 2,865,747	\$ 263,600	\$ 5,890,291
-	-	-	-	72,068
(146,183)	(3,523)	-	-	(1,183,934)
-	-	-	-	17,813
978,171	798,803	-	-	6,365,018
(2,693)	-	-	-	(150,687)
94,133	3,523	-	-	117,419
(978,171)	(798,803)	-	-	(6,621,875)
(25,571,389)	(8,933,041)	-	(5,159,007)	(342,756,777)
11,901,404	17,632,009	-	3,521,075	205,906,755
95,090	567,981	(960,375)	213	(9,474,604)
13,713,870	9,494,158	631,289	-	90,085,983
(198,771)	-	-	-	(3,390,108)
\$ 92,488	\$ 18,761,107	\$ 2,536,661	\$ (1,374,119)	\$ (55,122,638)

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE OF NOTES AND BONDS PAYABLE FOR THE YEAR ENDED JUNE 30, 2005, with COMPARATIVE TOTALS for 2004

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2005	2004
<u>Single Family (Stand Alones)</u>					
Single Family 1988A&B	11/03/88	\$ 85,499,983	07/01/15	\$ -	\$ 550,000
Single Family 1991D&E (CAB) *	12/18/91	69,299,879	01/01/25	-	443,029
Single Family Draw Down Program	05/30/02	500,000,000	06/01/36	210,833,000	205,654,800
Single Family 1994A-1,A-2	04/06/94	15,000,000	01/01/26	-	3,290,000
Single Family 1994C-1,D-1	10/03/94	25,000,000	01/01/28	-	5,400,000
Single Family 1994B	01/03/95	10,000,000	01/01/26	-	1,490,000
Single Family 1995B&C	05/02/95	35,000,000	01/01/27	-	6,320,000
Single Family 1998 CRA-A	11/19/98	5,300,000	01/01/31	2,845,000	4,125,000
Single Family 1999 CRA-A	07/29/99	5,350,000	07/01/31	1,535,000	2,585,000
				\$ 215,213,000	\$ 229,857,829
<u>Single Family (Open Indenture)</u>					
Single Family 1995-1A3	05/01/96	20,000,000	06/01/28	\$ 225,000	\$ 1,055,000
Single Family 1996 1A1	05/30/96	25,000,000	12/01/27	-	330,000
Single Family 1996 2A/2N/2T	09/04/96	30,000,000	12/01/27	-	435,000
Single Family 1996 3A/3T	12/04/96	20,000,000	06/01/28	-	300,000
Single Family 1997 2A/2N	05/15/97	34,525,000	12/01/28	-	445,000
Single Family 1997 3A/3T	08/27/97	21,600,000	12/01/28	1,225,000	5,795,000
Single Family 1997 4A/4N/4T	11/20/97	20,000,000	06/01/29	495,000	8,180,000
Single Family 1998 1A/1N/1T	02/26/98	20,000,000	06/01/29	7,565,000	8,720,000
Single Family 1998 2A/2T	04/23/98	16,000,000	06/01/29	10,840,000	11,045,000
Single Family 1998 3A/3N/3T	06/04/98	34,480,000	12/01/29	10,500,000	14,170,000
Single Family 1998 4A/4T, 4A (CAB) *	08/27/98	35,002,696	06/01/30	16,850,000	25,182,222
Single Family 1998 5A/5N/5T, 5A (CAB) *	11/19/98	22,217,675	06/01/30	16,961,575	17,569,819
Single Family 1999 1A/1N/1T, 1A (CAB) *	02/24/99	25,001,382	06/01/30	15,289,414	17,424,046
Single Family 1999 2A/2N//2T, 2A (CAB) *	05/27/99	23,500,452	12/01/30	8,200,000	13,428,857
Single Family 1999 3A/3T	06/24/99	30,000,000	12/01/30	6,040,000	8,920,000
Single Family 1999 4A/4N/4T	08/25/99	35,000,000	12/01/30	9,540,000	15,380,000
Single Family 1999 5A/5N/5T	11/02/99	32,575,000	06/01/31	14,055,000	17,320,000
Single Family 2000 1A/1T	02/24/00	30,000,000	06/01/31	585,000	1,515,000
Single Family 2000 2A/2N/2T	04/27/00	35,000,000	12/01/31	1,190,000	3,315,000
Single Family 2000 3A/3N/3T	07/12/00	32,000,000	12/01/31	640,000	2,300,000
Single Family 2000 4A/4T	11/14/00	23,000,000	06/01/32	2,205,000	3,390,000
Single Family 2000 5A-R/5N-R	11/14/00	14,280,000	06/01/22	1,575,000	1,720,000
Single Family 2001 1A/N	02/28/01	20,000,000	12/01/32	15,910,000	18,150,000
Single Family 2001 2A	05/30/01	27,000,000	12/01/32	16,355,000	23,760,000
Single Family 2001 3A-R/3N-R	05/30/01	5,695,000	06/01/22	1,250,000	1,905,000
Single Family 2001 4A/4T	07/26/01	30,000,000	12/01/32	20,590,000	27,000,000
Single Family 2001 5A	11/15/01	20,000,000	06/01/33	15,505,000	19,340,000
Single Family 2002 1A	03/14/02	20,000,000	06/01/33	5,945,000	16,855,000
Single Family 2002 2A, 3A/ 3N-R	05/30/02	43,110,000	12/01/33	7,104,592	29,525,494
Single Family 2002 4A	08/30/02	25,000,000	12/01/33	19,945,000	20,575,000
Single Family 2002 5A	01/15/03	23,580,000	12/01/33	21,169,557	22,442,766
Single Family 2003 1A/1N	05/21/03	20,000,000	06/01/26	18,815,000	19,915,000
Single Family 2003 2A/2N	09/25/03	24,500,000	12/01/24	22,710,375	23,488,086
Single Family 2003 3A/3N	11/19/03	23,885,000	06/01/34	22,608,700	23,394,002
Single Family 2004 1A/1N	03/18/04	37,325,000	12/01/34	35,387,037	37,123,241
Single Family 2004 2A/2N	07/07/04	38,885,000	06/01/35	38,231,863	-
Single Family 2004 3A/3N	08/25/04	33,500,000	06/01/35	32,993,474	-
Single Family 2004 4A/4N	12/09/04	23,790,000	12/01/35	23,723,848	-
Single Family 2005 1A/1N	03/31/05	25,000,000	12/01/35	25,000,000	-
Single Family 2005 2A/VR-2A	06/16/05	30,000,000	03/01/36	30,000,000	-
				497,225,435	461,413,533
Unamortized Bond Premium				1,435,216	633,332
Unamortized Bond Discount				(4,819)	(5,697)

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE OF NOTES AND BONDS PAYABLE FOR THE YEAR ENDED JUNE 30, 2005, with COMPARATIVE TOTALS for 2004

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2005	2004
				\$ 713,868,832	\$ 691,898,997
<u>Multi-Family Housing</u>					
Willowgreen	11/18/86	\$ 9,275,000	10/01/10	\$ 9,275,000	\$ 9,275,000
Orchard Hills	12/31/86	5,650,000	12/31/06	5,650,000	5,650,000
Crowne Pointe	12/31/86	5,075,000	12/31/06	5,075,000	5,075,000
Newport Village	02/11/87	13,000,000	01/31/07	13,000,000	13,000,000
Mill Plain	02/25/88	12,400,000	01/01/10	12,400,000	12,400,000
James St. Crossing	03/29/88	16,379,123	12/01/08	16,379,123	16,379,123
Private Placement 1988	02/18/88	7,200,000	03/01/08	406,654	438,403
Pacific First Federal 1988B	09/14/88	47,525,000	10/01/20	-	6,512,000
Columbia Park	06/29/89	5,685,000	01/01/05	-	655,000
Multifamily 1990A&B - (11b)	12/18/90	9,200,000	07/01/23	710,000	3,140,000
1992 A&B Fannie Mae Refunding	12/09/92	89,631,894	01/01/18	5,974,691	15,536,022
Canyon Lakes	07/28/93	4,565,000	07/01/18	4,295,000	4,370,000
Burke Gilman	11/30/93	4,640,000	07/01/25	-	3,875,000
Canyon Lakes II	10/19/94	6,935,000	10/01/19	6,530,000	6,645,000
Arbors on the Park	10/01/94	14,850,000	10/01/24	14,850,000	14,850,000
Evergreen Ridge	12/09/94	6,050,000	12/01/24	-	4,940,000
Multifamily Preservation Program	10/13/94	2,611,300	10/01/24	2,411,510	2,437,262
Mallard Cove	02/01/95	8,920,000	01/01/30	8,840,000	8,860,000
Gilman Meadows	02/01/95	6,875,000	01/01/30	6,815,000	6,835,000
Ingenook Court	05/25/95	8,300,000	07/01/25	8,300,000	8,300,000
Heatherstone Apartments	07/12/95	9,800,000	07/01/25	7,715,000	8,010,000
Summerglenn Apartments	11/16/95	7,000,000	11/01/25	6,225,000	6,275,000
Wandering Creek Project	11/22/95	5,300,000	01/01/26	5,300,000	5,300,000
Pacific Crest Apartments	11/28/95	5,815,000	01/01/26	5,155,000	5,255,000
LTC Properties	12/13/95	8,300,000	12/01/15	5,935,000	6,300,000
Courtside Apartments	02/28/96	10,600,000	01/01/26	9,305,000	9,505,000
Pooled Loan Program	03/29/96	11,170,000	01/01/21	9,710,000	9,935,000
Lake Washington Apartments	10/30/96	10,750,000	10/01/26	9,850,000	10,050,000
Brittany Park Project	11/07/96	14,200,000	11/01/21	13,035,000	13,035,000
Pacific Inn Apartments	11/08/96	5,900,000	05/01/28	5,325,000	5,435,000
Eaglepoint	11/27/96	6,450,000	07/01/28	6,450,000	6,450,000
Winterhill	11/27/96	8,700,000	07/01/28	8,700,000	8,700,000
Assisted Living	11/21/96	8,500,000	01/01/17	6,625,000	6,970,000
Meridian Court	12/12/96	8,000,000	12/01/28	6,700,000	6,700,000
Hamilton Place Senior Living	12/20/96	4,140,000	07/01/28	3,750,000	3,825,000
Larkin Apartments	12/20/96	5,565,000	07/01/28	5,040,000	5,140,000
Country Manor One Project	03/27/97	11,620,000	01/01/12	3,910,000	9,810,000
Merrill Gardens	07/14/97	12,500,000	07/01/22	8,125,000	8,125,000
Glenbrooke Apartments	09/04/97	11,200,000	07/01/29	-	10,805,000
Marketplace Apartments	09/04/97	8,600,000	07/01/29	-	8,305,000
Sherwood Springs	09/24/97	8,810,000	09/01/27	8,105,000	8,250,000
Anchor Village	12/10/97	10,750,000	12/15/27	10,750,000	10,750,000
1998 Ginnie Mae Refunding	01/21/98	7,515,000	07/01/30	6,925,000	7,030,000
Private Placement Lake Washington Apartments	01/27/98	600,000	06/30/36	600,000	600,000
Rosecreek Senior Living	02/26/98	4,755,000	02/01/28	4,350,000	4,435,000
Twin Ponds Apartments	02/26/98	7,355,000	02/01/28	6,735,000	6,865,000
Clare House	05/01/98	4,100,000	07/01/30	4,005,000	4,035,000
Brittany Park II	08/12/98	5,800,000	11/01/21	5,540,000	5,540,000
Alderbrook Apartments	09/02/98	13,200,000	06/01/30	12,410,000	12,595,000
Summit Apartments	09/02/98	8,750,000	06/01/30	8,220,000	8,345,000
Boardwalk Apartments	09/14/98	12,400,000	09/01/28	11,730,000	11,830,000
Cedar Landings Apartments	11/30/98	7,000,000	12/01/28	-	6,625,000
Oxford Square Apartments	11/30/98	6,000,000	12/01/28	5,575,000	5,670,000
Avalon Ridge Apartments	10/14/99	18,755,000	05/15/26	18,755,000	18,755,000

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE OF NOTES AND BONDS PAYABLE FOR THE YEAR ENDED JUNE 30, 2005, with COMPARATIVE TOTALS for 2004

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2005	2004
Regency Park Apartments	09/23/99	11,150,000	09/01/29	10,140,000	10,285,000
WoodRose Apartments	11/09/99	9,000,000	06/15/32	8,215,000	8,315,000
Summer Ridge Apartments	12/13/99	4,740,000	12/01/29	4,410,000	4,485,000
Mill Pointe	12/21/99	14,500,000	01/01/30	13,015,000	13,230,000
Silver Springs Apartments	12/22/99	10,270,000	12/22/29	10,250,138	10,262,592
Holly Village	12/23/99	8,800,000	07/15/32	7,960,000	8,050,000
Burke Gilman Place 2000	02/16/00	4,495,000	07/01/35	3,835,000	4,027,000
Vintage at Bremerton Senior Project	09/29/00	7,600,000	05/15/33	6,730,000	6,810,000
Granite Falls	10/03/00	3,930,000	10/01/27	3,805,000	3,870,000
Ferris View	10/11/00	1,425,000	11/01/31	1,104,938	1,117,582
Evergreen 2000 (Ginnie Mae)	10/17/00	5,950,000	01/01/36	5,780,000	5,840,000
Carlyle Care Center	12/22/00	4,700,000	12/01/25	4,490,000	4,575,000
Lakewood Meadows	11/21/00	7,850,000	07/15/33	7,715,000	7,805,000
Springfield Meadows Apartments Project	08/06/01	17,000,000	01/01/34	15,260,000	15,450,000
Country Club Apartments Project	08/09/01	12,920,000	08/01/32	12,595,000	12,765,000
Monticello Park Project	08/13/01	10,475,000	08/01/26	10,250,000	10,305,000
Vintage at Vancouver Senior Living Project	12/06/01	10,250,000	01/15/35	10,250,000	10,250,000
Parkside Apartments	10/30/01	11,700,000	01/20/43	11,360,000	11,545,000
Woodlands Apartments Project 2001	12/07/01	6,600,000	07/15/34	6,600,000	6,600,000
Silverwood Apartments Project 2001	12/11/01	3,825,000	11/01/38	3,800,730	3,813,173
Ocean Ridge Apartments 2001	12/21/01	9,000,000	11/01/38	8,925,761	8,973,834
Alderwood Court	05/17/02	7,645,000	06/15/35	7,645,000	7,645,000
Tama Qua (Whisperwood)	05/14/02	7,900,000	05/15/35	7,300,000	7,900,000
Valley View Apartments 2002	02/19/02	2,880,000	09/15/20	2,880,000	2,880,000
Olympic Heights Apartments 2002	02/19/02	5,165,000	09/15/20	5,165,000	5,165,000
Viewcrest Village	05/21/02	10,904,000	10/01/38	10,807,438	10,867,050
Parkway Apartments	06/20/02	9,180,000	07/20/37	9,000,000	9,070,000
Bridgewood at Four Seasons	10/04/02	9,800,000	10/01/32	9,745,000	9,800,000
Park Hill	08/27/02	7,000,000	04/01/34	6,713,159	6,994,475
Deer Run	10/01/02	4,900,000	05/01/30	4,846,793	4,900,000
Quail Run	12/06/02	7,150,000	07/01/35	7,132,751	7,150,000
Heatherwood Apts.	12/11/02	21,350,000	01/01/35	21,350,000	21,350,000
Tashiro Kaplan	04/30/03	5,290,000	01/20/45	5,290,000	5,290,000
Mallard Lake Park Apts.	11/26/02	18,500,000	05/15/35	15,500,000	18,500,000
Fort Vancouver	04/03/03	6,668,000	09/01/39	6,579,846	6,642,235
Auburn Meadows	07/02/03	8,600,000	07/01/36	8,600,000	8,600,000
Vintage at Mt. Vernon	06/05/03	10,000,000	01/15/37	10,000,000	10,000,000
Stonegate Apartments	09/15/03	10,500,000	05/15/36	10,300,000	10,300,000
Alaska House	07/15/04	8,040,000	07/20/45	8,040,000	-
International House	07/15/04	7,390,000	07/20/45	7,390,000	-
Rosemont Retirement & Assisted Living Comm	10/20/03	8,250,000	10/01/36	8,250,000	8,250,000
Olympic Place Retirement & Assisted Living Comm	11/24/03	10,575,000	11/01/36	10,575,000	10,575,000
Woodland Senior Housing Community	11/18/03	14,715,000	11/01/35	14,715,000	14,715,000
Stonebrook Apartments	10/28/04	15,710,000	02/01/37	15,710,000	11,500,000
Rainier Court Apartments	12/23/03	17,000,000	12/15/36	17,000,000	17,000,000
Rolling Hills Apartments	05/27/04	8,750,000	06/15/37	8,750,000	8,750,000
Highlander Apartments II	04/30/04	10,000,000	05/01/37	10,000,000	10,000,000
Lowman Building	06/30/04	7,100,000	01/01/29	7,100,000	7,100,000
Silver Creek Retirement & Assisted Living	11/16/04	15,300,000	11/01/40	15,300,000	-
Silver Creek Apartments	05/26/04	17,500,000	12/15/37	17,500,000	17,500,000
Crestview West Apartments	12/01/04	14,000,000	12/15/37	14,000,000	-
Vintage at Everett	06/30/04	17,750,000	01/15/38	17,750,000	17,750,000
Vintage at Richland	06/29/04	11,750,000	01/15/38	11,750,000	11,750,000
Columbia Heights Retirement	10/15/04	12,925,000	10/01/39	12,925,000	-
Ballinger Court Apartments	09/01/04	5,800,000	09/15/37	5,800,000	-
Burke-Gilman 2004 Refunding	07/19/04	3,835,000	07/01/18	3,790,000	-
Arbor Park Apt Homes	07/30/04	9,135,000	07/30/21	9,135,000	-
Washington Terrace Apt	09/30/04	11,250,000	09/15/37	11,250,000	-

WASHINGTON STATE HOUSING FINANCE COMMISSION

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Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2005	2004
Deer Run West	12/22/04	6,270,000	06/15/37	6,270,000	-
Merrill Gardens at Queen Anne	12/17/04	30,200,000	12/01/40	30,200,000	-
Merrill Gardens at Renton	12/17/04	23,100,000	12/01/40	23,100,000	-
Valley View Apartments	12/22/04	29,675,000	05/01/38	29,675,000	-
Vintage at Burien Apartments Project	12/22/04	7,300,000	01/15/38	7,300,000	-
Vintage at Sequim	01/27/05	8,390,000	03/01/38	8,390,000	-
Seaport Landing Retirement & Asst Living Comm	02/07/05	13,200,000	02/01/41	13,200,000	-
Park Vista Retirement Project	03/07/05	15,250,000	03/01/41	15,250,000	-
Cedar Landings Apartments	01/03/05	8,260,000	01/01/15	8,218,582	-
Highland Park	06/30/05	11,300,000	07/15/38	11,300,000	-
Ridgeview Apartments	04/29/05	12,390,000	11/01/22	8,993,895	-
Streamlined Tax Exempt Private Placement - Multi-Family Housing					
Arrowhead	05/31/94	1,200,000	06/01/09	923,533	965,692
Heritage Sunset	11/15/94	1,260,000	12/01/09	1,005,779	1,043,826
Heritage Grove	02/17/95	1,600,000	03/01/10	1,314,534	1,358,456
Bayswater Apts.	05/04/95	925,000	05/01/10	747,752	772,487
Assembly Apts	09/10/97	3,000,000	05/01/23	2,706,808	2,756,419
Mt. Baker Apts	10/15/98	2,320,000	10/01/28	2,102,226	2,140,930
Westhampton Apts	12/01/98	2,851,662	12/01/08	2,436,334	2,510,255
Southampton Apts	11/01/99	2,698,909	03/01/08	2,446,505	2,492,846
Covington Commons Apts	06/11/99	2,600,000	07/01/29	1,245,491	1,262,893
Rockwood Terrace	09/29/99	1,551,107	10/01/14	1,442,858	1,465,131
Terrace Apartments	08/28/00	1,222,000	08/01/30	1,164,548	1,181,039
Tashiro-Kaplan Artist Housing	04/28/03	1,156,030	07/04/05	438,740	1,066,049
Village at Granite Falls	12/05/03	750,000	10/01/10	750,000	750,000
Yakima Gardens	12/18/98	942,500	01/01/29	857,826	873,339
Oregon Place	07/14/00	2,500,000	08/01/30	1,218,461	1,237,446
Nuuuanu Pali Apartments Project	01/31/02	725,000	02/01/32	695,815	705,242
				1,076,938,220	893,327,801
Unamortized Bond Discount				(199,919)	(218,804)
Unamortized Bond Premium				685,578	566,406
				\$ 1,077,423,878	\$ 893,675,403
Non-Profit Housing					
SNAP 1991 A	03/26/91	4,000,000	07/01/18	\$ -	\$ 147,187
Gonzaga University	04/08/93	6,500,000	07/01/14	4,085,000	4,380,000
Nikkei Concerns	10/20/94	6,250,000	10/01/19	4,615,000	4,810,000
The Hearthstone Project	05/31/95	5,780,000	01/01/21	-	4,740,000
Horizon House Project	10/03/95	13,765,000	07/01/27	12,140,000	12,390,000
Nikkei Manor	11/06/96	3,100,000	10/01/21	2,600,000	2,700,000
Panorama City	01/29/97	24,300,000	01/01/27	19,900,000	20,500,000
Riverview Lutheran	07/23/97	4,000,000	07/01/22	3,355,000	3,465,000
Seattle University Auxiliary	03/26/98	23,745,000	07/01/31	22,455,000	22,800,000
Crista Ministries Projects & Refunding	06/08/98	17,475,000	07/01/17	12,845,000	13,850,000
WA Odd Fellows Home	10/15/98	10,100,000	07/01/28	9,170,000	9,370,000
Presbyterian Ministries Rev & Refunding	02/25/99	11,965,000	01/01/29	10,920,000	11,130,000
Tacoma Lutheran 1999	07/15/99	6,510,000	01/01/24	5,850,000	5,990,000
Golden Sands Apartments	09/03/99	3,050,000	07/01/29	2,895,000	2,950,000
The Kline Galland Center	09/23/99	27,500,000	07/01/29	27,045,000	27,500,000
Rockwood Retirement Communities	11/23/99	27,000,000	01/01/30	24,910,000	25,380,000
Wesley Homes 1999 Project & Refunding	12/01/99	9,200,000	01/01/20	7,795,000	8,110,000
Living Care Centers	10/26/00	14,950,000	10/01/30	14,270,000	14,510,000
Kingsbury Terrace	02/09/01	4,100,000	07/01/42	4,045,000	4,065,000
Pioneer Human Services '01	08/02/01	7,100,000	08/01/19	6,200,000	6,490,000
Kenney Home Project 2001	11/15/01	18,135,000	12/01/31	17,885,000	18,135,000
Rockwood Forest Estates	05/23/02	9,560,000	01/01/34	9,485,000	9,560,000

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Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2005	2004
Evangelical Lutheran Good Samaritan Society	05/01/01	2,080,000	07/01/08	1,935,000	1,985,000
Nickerson Area Properties	08/20/03	10,745,000	01/01/05	10,600,000	10,745,000
Franke Tobey Jones	08/27/03	13,035,000	09/01/33	13,035,000	13,035,000
Green River Community College	07/24/03	19,050,000	07/01/15	19,050,000	19,050,000
Emerald Heights 03 Expansion	07/01/03	38,460,000	07/01/33	38,015,000	38,460,000
Judson Park 04 A&B	01/02/04	10,310,000	01/01/29	10,085,000	10,310,000
Mercy Housing	09/19/03	6,445,215	09/19/33	6,292,300	6,390,764
Mercy Housing - Cobble Knoll, Phase II	11/30/04	3,900,000	11/01/34	3,873,382	-
Hearthstone	12/02/04	12,000,000	12/01/29	12,000,000	-
Streamlined Tax Exempt Private Placement - Multi-Family Nonprofit Housing					
Mental Health North	07/14/92	1,255,147	07/01/10	551,840	639,124
Summerfield	06/28/93	1,945,000	06/01/10	1,588,792	1,640,591
Glendale Apts	04/13/95	2,965,000	04/01/25	2,592,322	2,644,515
Wilton Apts	06/21/95	620,000	10/01/15	500,556	516,567
Wildwood Apartments	05/17/96	1,560,000	06/01/11	1,375,379	1,402,299
Adams Apartment	05/29/96	310,000	06/01/11	272,782	278,191
Bellevue Apartments	03/28/97	575,700	03/01/22	483,693	498,037
Paradise Mobile Home Park	05/16/97	432,831	06/01/27	392,548	399,050
Vue Mobile	05/16/97	390,331	06/01/27	354,004	359,867
Blue Mountain Apartments	02/01/00	248,800	02/01/25	225,516	230,581
3904 Martin Luther King Way Apts	03/01/00	561,000	04/01/25	507,735	519,539
Christian Health Care Center	03/15/01	6,650,000	04/01/26	5,110,321	5,392,347
Brentwood Apartments	08/27/02	1,491,000	09/01/32	1,439,987	1,459,925
Clallam County Hosteldries	11/25/02	366,843	12/01/22	339,740	351,174
Interaction/Transition House	03/04/03	600,000	03/01/18	580,219	589,297
Episcopal Homes	11/09/93	5,850,000	05/01/10	4,379,156	4,573,216
Warm Beach	10/25/95	1,800,000	05/01/16	1,270,979	1,346,601
St. Andrew's Place	07/29/97	3,000,000	08/01/27	2,687,794	2,751,157
Der Garten Haus	09/21/98	650,000	10/01/18	590,181	600,848
Fir @ 17th	12/16/94	1,250,000	07/01/20	1,021,734	1,054,197
Riverside Landing	12/12/97	2,043,000	06/01/29	1,896,636	1,925,554
Northaven II Assisted Living Project	10/27/93	2,134,000	11/01/03	1,648,869	1,699,145
Meadowdale Apartments	02/18/05	5,680,000	02/01/15	5,657,938	-
				372,819,403	363,819,773
Unamortized Bond Discount				(1,413,803)	(1,507,935)
Unamortized Bond Premium				68,355	71,048
				\$ 371,473,955	\$ 362,382,886
Non-Profit Facilities					
YMCA of Greater Seattle	09/17/91	7,700,000	07/01/11	\$ 4,450,000	\$ 4,700,000
Pioneer Human Services	10/17/91	4,595,000	07/01/11	1,390,000	1,640,000
YMCA of Snohomish County	08/17/94	5,000,000	08/01/19	2,930,000	3,130,000
Plumbers & Pipe fitters	12/07/95	3,400,000	07/01/20	2,655,000	2,755,000
Antioch	10/04/96	7,500,000	01/01/27	-	6,580,000
Virginia Mason	12/03/97	27,410,000	01/01/24	24,300,000	24,915,000
American Red Cross	02/05/98	1,200,000	02/01/08	360,000	480,000
Community College of Spokane Foundation	09/24/98	3,155,000	07/01/08	2,765,000	2,890,000
YMCA-Puyallup/Pierce County	12/02/98	11,000,000	12/01/08	9,060,000	9,530,000
YMCA-Inland Northwest	04/08/99	5,800,000	07/01/29	5,585,000	5,695,000
YMCA-Snohomish County 1999	06/09/99	4,600,000	06/01/27	3,145,000	3,310,000
YMCA-Columbia/Willamette Valley	08/12/99	3,900,000	08/01/24	3,555,000	3,675,000
South Sound YMCA 1999	09/30/99	5,500,000	01/01/24	4,920,000	5,050,000
St. Vincent dePaul Project	02/01/00	5,000,000	02/01/30	4,260,000	4,755,000
University Prep Academy	05/04/00	7,000,000	07/01/30	6,700,000	6,800,000

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				2005	2004
Community College of Spokane Foundation 2000	08/04/00	8,800,000	07/01/30	8,460,000	8,560,000
Seattle Academy of Arts & Sciences	10/02/00	15,445,000	01/01/31	15,300,000	15,375,000
Greens at Merrill Creek	10/12/00	17,310,000	06/01/24	17,080,000	17,235,000
Southwest WA Pipe Trades Training Center	10/31/00	4,230,000	10/01/25	3,785,000	3,940,000
Open Window School	08/05/03	6,600,000	08/01/28	6,600,000	6,600,000
Evergreen School 2002	06/27/02	9,500,000	07/01/28	9,360,000	9,500,000
Tacoma Art Museum	06/04/02	10,000,000	06/01/32	10,000,000	10,000,000
Annie Wright School	12/13/02	6,000,000	12/01/23	5,780,000	6,000,000
United Way of King County	03/11/03	8,500,000	03/01/28	6,820,000	8,160,000
Overlake School	10/02/03	10,030,000	10/01/29	9,330,000	10,030,000
Gonzaga Preparatory School	09/18/03	10,000,000	09/01/33	9,800,000	10,000,000
Childhaven	12/12/03	5,000,000	06/01/24	-	5,000,000
Museum of History and Industry	12/23/03	5,000,000	12/01/33	5,000,000	5,000,000
Antioch University Project	05/18/05	6,780,000	01/01/27	6,780,000	-
The Northwest School - Northwest Addition	06/07/05	11,000,000	06/01/32	11,000,000	-
Forest Ridge School	06/30/05	12,765,000	07/01/32	12,765,000	-
Streamlined Tax Exempt Private Placement - Nonprofit Facilities					
Bertschi	06/26/91	683,142	07/01/16	461,153	488,688
PAWS	03/03/92	308,813	02/28/17	180,203	190,056
NW Center for the Retarded	08/31/94	800,000	08/31/04	-	30,132
Metropolitan Development Council	09/07/95	3,275,000	07/01/16	-	543,880
Pacific Science Center	02/21/96	3,287,021	01/01/09	500,606	620,128
Audobon Society	04/17/96	100,000	05/01/11	49,572	56,453
Work Force Development	05/23/96	1,027,000	12/01/21	849,194	875,902
Lake Washington Rowing Club	06/05/96	600,000	06/01/06	431,643	456,265
Campfire Service Center	07/31/96	359,700	08/01/06	254,355	269,893
SKCAC Industries	08/07/96	1,100,000	08/01/06	909,672	937,849
Boys and Girls Club of Snohomish	09/18/96	230,200	09/01/06	187,946	194,486
ElderHealth Northwest	12/06/96	517,720	12/01/11	703,800	713,649
Sno-King Sheet Metal Training Center	06/03/97	926,437	06/01/17	-	106,243
The Northwest School	06/05/97	2,000,000	06/01/07	-	932,840
Genesis House	06/12/97	660,000	06/01/07	493,150	520,908
Heath Building/Lindeman	08/29/97	501,208	09/01/07	425,096	437,378
Little Red School House	04/29/04	385,941	05/01/23	329,504	341,039
People for People 1999	04/30/99	1,500,000	05/01/14	1,299,562	1,349,957
Pacific NW Research Institute	05/06/99	2,700,000	07/01/14	1,895,617	2,030,000
SEED Homesight Project	06/25/99	950,000	07/01/09	567,202	858,217
NW Washington Fair	05/13/99	616,000	05/01/19	833,539	576,710
Benton-Franklin Support Network	07/09/99	920,000	08/01/09	761,265	792,929
Nova Services	03/01/00	650,000	03/01/20	552,449	573,751
Pullman Community Action Center	03/30/00	700,000	04/01/30	654,488	664,549
Community Youth Services	07/31/00	1,640,000	07/31/10	100,000	200,000
Henry Cogswell College	08/22/01	2,800,000	08/01/16	2,386,243	2,500,936
Washington School Principal's Project	06/01/01	700,000	06/01/21	539,806	592,566
Tacoma-Pierce County Humane Society	10/02/01	1,915,000	11/02/11	1,412,571	1,489,578
Island School Expansion and Remodel	11/01/01	1,300,000	11/01/26	749,346	786,430
Nova School Project	11/02/01	845,000	11/01/11	472,578	801,976
Harlequin Productions Project	11/08/01	538,750	11/01/21	487,125	502,711
Artist Trust Project	11/30/01	350,000	11/30/31	335,587	339,968
Girl Scouts-Totem Council Project	12/28/01	2,576,000	01/01/32	2,463,031	2,498,588
Hyla Middle School Project	12/26/01	650,000	01/01/27	608,525	622,928
YMCA of Grays Harbor Project	01/04/02	2,750,000	01/31/22	221,793	987,862
Spokane Valley Community Center	05/22/02	682,500	06/01/22	515,936	552,749
Tomorrows Hope	04/05/02	860,000	04/01/27	810,717	827,221
Southside Senior Center	05/22/02	650,000	06/01/22	592,282	612,959
The Institute for Family Development	06/28/02	750,000	02/01/27	698,383	716,412

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Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2005	2004
New Horizon's School	07/31/02	875,000	08/01/32	841,445	854,004
Children's Village Foundation Project	09/06/01	975,000	09/01/21	737,495	762,007
Hopelink	11/08/02	2,200,000	11/01/06	830,159	1,385,791
Goodwill Industries of Inland NW	12/23/02	3,000,000	01/01/23	2,650,595	2,779,392
Harbor Montessori	07/02/03	1,300,000	07/01/28	1,243,976	1,273,999
Puget sound Electrical Apprenticeship	05/20/03	4,614,004	05/01/18	4,151,817	4,381,388
Opportunity Council	09/04/03	1,350,000	09/01/23	1,283,646	1,322,039
Martha & Mary	12/09/03	1,416,000	12/01/28	1,080,212	1,402,388
Whatcom Family YMCA 2004	02/04/04	1,100,000	02/01/24	1,053,606	1,088,280
Jewish Federation of Greater Seattle	02/27/04	797,500	03/01/19	751,575	788,610
French American School	04/21/04	1,875,000	02/01/25	1,856,681	1,875,000
Columbia Basin College Foundation	04/08/04	799,802	10/01/10	656,558	772,631
Metropolitan Development Council	12/30/04	2,403,530	12/01/31	956,364	-
St. Vincent de Paul	03/09/05	2,050,000	06/01/30	2,038,802	-
				258,801,870	248,585,315
Unamortized Bond Discount				(63,457)	(66,980)
				\$ 258,738,413	\$ 248,518,335
Totals				\$ 2,421,505,078	\$ 2,196,475,621

* Capital Appreciation Bonds