WASHINGTON STATE HOUSING FINANCE COMMISSION

Independent Auditor's Report and Financial Statements with Supplemental Information

June 30, 2006 and 2005

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Washington State Housing Finance Commission

We have audited the accompanying statements of net assets of the Washington State Housing Finance Commission at June 30, 2006 and 2005 and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the Washington State Housing Finance Commission management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 the Washington State Housing Finance Commission as of June 30, 2006 and 2005, and the results of its operations and its cash flows for the years 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 9 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 the 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 audits were 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 the Washington State Housing Finance Commission management, has been subjected to the procedures applied in the audits 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
December 22, 2006

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, 2006. 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, 2006 ("FY 2006"):

- Net assets decreased $28.9 million to $66.1 million due to the recognition of unrealized losses on mortgage-backed securities ($35.2 million) partially offset by the increase in revenues over expenses in the bond program ($2.9 million) as well as an increase in the Program Investment Fund ($3.4 million).

- The funding of mortgage loans resulted in investments decreasing $57.5 million in bond programs investment agreements.

- Mortgage-backed securities ("MBS"), net, increased by $25.6 million. This fluctuation is in part due to the increase in purchases of MBS pools made available by the bond issues within the single family program. The increase is offset by the unrealized loss ($35.2 million) in FY 2006 occurring 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 $252.8 million due to draws of funds from recently issued bonds.

- Total bonds and notes payable of $2,712.5 million were outstanding, net of premiums and discounts. This is a net increase of $291.0 million (12%) from the net effect of the issuance of bonds ($667.9 million) and a decrease from principal payments on bonds ($376.9 million).

- Total revenues decreased $12.3 million, due to a decrease in the fair market value of mortgage-backed securities of $35.2 million as compared to an increase of $3.4 million in 2005, and a net increase in interest and other income ($26.3 million) resulting from increases in the amount of the mortgage-backed securities held and mortgage loans outstanding. Total expenses increased $22.5 million due to increases in bond interest expense related to the increase in bonds and notes outstanding and higher rates on variable rate debt.

- The increase in net assets in the Program Investment Fund to $37.5 million resulted from operating income of $.1 million and a $3.3 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 schedules 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, 2006 and 2005 (in millions):

	2006	2005	Change	
Assets				
Cash and cash equivalents	$ 116.1	$ 74.4	$ 41.7	56.0%
Investments	417.3	474.8	(57.5)	(12.1)
Accrued interest receivable	14.0	11.4	2.6	22.8
Fees receivable, net	0.9	0.6	0.3	50.0
Other receivables	0.4	0.5	(0.1)	(20.0)
Mortgage-backed securities, net	544.7	519.1	25.6	4.9
Mortgage loans, net	1,663.2	1,410.4	252.8	17.9
Unamortized bond issuance costs	70.5	62.9	7.6	12.1
Prepaid fees and other	2.8	2.9	(0.1)	(3.4)
Total assets	$ 2,829.9	$ 2,557.0	$ 272.9	10.7%

Statements of Net Assets (Continued)

	2006	2005	Change	
Liabilities				
Accounts payable and other liabilities	$ 32.5	$ 22.0	$ 10.5	47.7%
Accrued interest payable	16.7	15.8	0.9	5.7
Accrued arbitrage rebate	0.3	1.8	(1.5)	(83.3)
Deferred revenue	0.7	0.6	0.1	16.7
Project equity held for borrower	1.1	0.3	0.8	266.7
Notes payable and bond fund financing	39.5	50.7	(11.2)	(22.1)
Bonds payable, net	2,673.0	2,370.8	302.2	12.7
Total liabilities	$ 2,763.8	$ 2,462.0	$ 301.8	12.3%
Net assets				
Restricted				
Bond operations	$ 10.0	$ 42.3	$ (32.3)	(76.4%)
Grants and donations to PIF	0.6	0.6	-	-
Invested in capital assets	0.2	0.2	-	-
Unrestricted				
General operations	17.8	17.8	-	-
Program Investment Fund	37.5	34.1	3.4	10.0
Total net assets	$ 66.1	$ 95.0	$ (28.9)	(30.4%)

The net assets of the Commission decreased by $28.9 million, or 30.4%, from the June 30, 2005 amount. Net assets decreased due to the change in unrealized loss on mortgage-backed securities ($38.6 million) that, while required to be recognized by accounting standards, is not expected to be realized. This decrease was offset by 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 because 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 $37.5 million.

Statements of Revenues, Expenses, and Changes in Net Assets

The following table summarizes the changes in revenues and expenses between 2006 and 2005 (in millions):

	2006	2005	Change	
Revenues				
Bond programs mortgage interest	$ 102.3	$ 82.0	$ 20.3	24.8%
Bond programs investments and other income	12.2	9.1	3.1	34.1
Bond program gain (loss) on mortgage-backed securities	(35.2)	3.4	(38.6)	(1,135.3)
Program fees	18.5	15.3	3.2	20.9
General Operating Fund interest income	0.6	0.9	(0.3)	(33.3)
Total revenues	$ 98.4	$ 110.7	$ (12.3)	(11.1%)
Expenses				
Bond programs interest expense	$ 109.6	$ 87.5	$ 22.1	25.3%
Other bond programs expenses	9.5	9.5	-	-
Salaries and wages	4.9	4.4	0.5	11.4
Other General Operating Fund and Program Investment Fund expenses	3.3	3.4	(0.1)	(2.9)
Total expenses	$ 127.3	$ 104.8	$ 22.5	21.5%
Change in net assets	$ (28.9)	$ 5.9	$ (34.8)	(589.8%)

Mortgage related interest earnings ($102.3 million) and bond interest expense ($109.6 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 ($10.1 million).

DEBT ADMINISTRATION

The Commission has long-term debt obligations of $2,712.5 million, net of bond premium and discounts at June 30, 2006. 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, 2006, 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 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 Code of Federal Regulations, title 26, commonly known as the ten-year rule, which prohibits refunding of mortgage prepayments received more than ten 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 uses 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 four and one half 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, 2006 was $2,712.5 million, an increase of $291.0 million from 2005. Changes by program are summarized in the following table:

	2005	Issued	Redeemed	Changes	2006
Single-Family	$ 713.9	$ 249.8	$ (225.6)	$ 24.2	$ 738.1
Multifamily Housing	1,077.4	176.0	(80.7)	95.3	1,172.7
Nonprofit Housing	371.5	127.3	(59.8)	67.5	439.0
Nonprofit Facilities	258.7	114.8	(10.8)	104.0	362.7
	$ 2,421.5	$ 667.9	$ (376.9)	$ 291.0	$ 2,712.5

COMPARISON OF FISCAL YEARS 2005 WITH 2004

Statements of Net Assets

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

	2005	2004	Change	
Assets				
Cash and cash equivalents	$ 74.4	$ 101.3	$ (26.9)	(26.6%)
Investments	474.8	356.0	118.8	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	1,410.4	1,348.2	62.2	4.6
Unamortized bond issuance costs	62.9	52.7	10.2	19.4
Prepaid fees and other	2.9	2.9	-	-
Total assets	$ 2,557.0	$ 2,376.8	$ 180.2	7.6%
Liabilities				
Accounts payable and other liabilities	$ 22.0	$ 74.7	$ (52.7)	(70.5%)
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	$ 2,462.0	$ 2,287.7	$ 174.3	7.6%
Net assets				
Restricted				
Bond operations	$ 42.3	$ 39.5	$ 2.8	7.1%
Grants and donations to PIF	0.6	0.6	-	-
Invested in capital assets	0.2	0.3	(0.1)	(33.3)
Unrestricted				
General operations	17.8	17.7	0.1	0.6
Program Investment Fund	34.1	31.0	3.1	10.0
Total net assets	$ 95.0	$ 89.1	$ 5.9	6.6%

The following summarizes the changes in combined net income between fiscal years 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	0.8	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	$ 110.7	$ 73.6	$ 37.1	50.4%
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	$ 104.8	$ 95.9	$ 8.9	9.3%
Change in net assets	$ 5.9	$ (22.3)	$ 28.2	(126.5%)

During the fiscal year ended June 30, 2005 the Commission's combined total assets increased by $180.2 million, attributable to the increase in mortgage loans and investments resulting from increased bond issuances activities during the year. Combined total net income of $5.9 million for fiscal year ended June 30, 2005 increased the Commission's total net assets by $28.2 million or 126.5% resulting primarily from the 2005 $3.4 million unrealized gain on mortgage-backed securities (MBS) as compared to the 2004 unrealized loss on MBS of $23.9.

The Commission's combined change in net assets for 2005 was $5.9 as compared to $(22.3) for 2004 resulting from an increase in bond activity revenues in 2005 as well as the previously noted significant impact of the unrealized change in the market value of the MBS.

ADDITIONAL INFORMATION

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, Washington 98104 (206-464-7139).

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See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2006 AND 2005

ASSETS

	2006	2005
CASH AND CASH EQUIVALENTS	$ 116,106,678	$ 74,378,600
INVESTMENTS		
U.S. government and agencies securities	29,944,467	29,759,365
Investment agreements	387,364,163	445,091,690
	417,308,630	474,851,055
ACCRUED INTEREST RECEIVABLE	14,025,965	11,404,830
FEES RECEIVABLE, net	870,744	597,754
OTHER RECEIVABLES	401,843	514,854
MORTGAGE-BACKED SECURITIES, cost	569,393,446	508,619,689
Cumulative unrealized gain (loss) on mortgage-backed securities	(24,706,501)	10,461,782
MORTGAGE-BACKED SECURITIES, fair value	544,686,945	519,081,471
MORTGAGE LOANS, net	1,663,245,098	1,410,440,987
UNAMORTIZED BOND ISSUANCE COSTS	70,451,262	62,888,762
PREPAID FEES AND OTHER	2,774,346	2,891,745
TOTAL ASSETS	$ 2,829,871,511	$ 2,557,050,058

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	2006	2005
ACCOUNTS PAYABLE AND OTHER LIABILITIES	$ 32,447,704	$ 22,074,989
ACCRUED INTEREST PAYABLE	16,740,310	15,768,960
ACCRUED ARBITRAGE REBATE	294,160	1,774,801
DEFERRED REVENUE	704,378	598,077
PROJECT EQUITY HELD FOR BORROWER	1,136,658	323,545
PRIVATE PLACEMENT PROGRAMS, NOTES PAYABLE AND BOND FUND FINANCING	39,494,123	50,745,777
BONDS PAYABLE		
Current interest bonds	2,450,880,426	2,160,034,470
Taxable bonds	210,347,129	200,576,690
Compound interest bonds	8,376,584	9,640,989
Unamortized bond premium	4,649,365	2,189,149
Unamortized bond discount	(1,241,930)	(1,681,998)
	2,673,011,574	2,370,759,300
TOTAL LIABILITIES	2,763,828,907	2,462,045,449
NET ASSETS		
Restricted		
Bond operations	9,966,172	42,296,592
Grants and donations to Program Investment Fund	600,000	600,000
Invested in capital assets	243,857	230,502
Unrestricted		
General operations	17,756,143	17,769,498
Program Investment Fund	37,476,432	34,108,017
	66,042,604	95,004,609
TOTAL LIABILITIES AND NET ASSETS	$ 2,829,871,511	$ 2,557,050,058

See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
REVENUES		
Interest earned on mortgage loans		
and mortgage-backed securities	$ 102,245,773	$ 82,010,468
Other interest and investment income	12,761,566	9,378,436
Gain (loss) on mortgage-backed securities	(35,168,283)	3,390,109
Other fee income	18,051,195	15,270,222
Nonoperating revenues		
Grants	489,872	599,888
	98,380,123	110,649,123
EXPENSES		
Interest on debt	109,946,325	87,555,426
Amortization of bond discount	436,939	117,420
Amortization of bond premium	(230,559)	(150,687)
Amortization of bond issuance costs	6,743,709	5,823,365
Servicing and commission fees	1,513,051	1,131,307
Salaries and wages	4,861,322	4,401,569
Communication and office expense	2,145,092	2,293,849
Trustee and paying agent fees	268,821	229,936
Professional fees	427,298	422,164
Amortization of bond insurance premium	306,881	169,862
Other	433,377	2,164,729
Nonoperating expenses		
Grants	489,872	599,888
	127,342,128	104,758,828
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(28,962,005)	5,890,295
NET ASSETS		
Balance, beginning of year	95,004,609	89,114,314
Balance, end of year	$ 66,042,604	$ 95,004,609

See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
OPERATING ACTIVITIES		
Receipts for interest on mortgages	$ 112,254,207	$ 94,952,867
Receipts for other fee income	12,246,298	10,892,437
Receipts for loans and mortgage prepayments	243,507,757	205,906,755
Payments for acquisition of loans and mortgages	(553,064,176)	(342,756,777)
Payments for bond program expenses	(14,949,076)	(17,524,156)
Payments to employees and suppliers	(7,928,767)	(6,593,764)
Net cash from operating activities	(207,933,757)	(55,122,638)
INVESTING ACTIVITIES		
Purchase of investments	(469,384,154)	(663,953,620)
Sale of investments	527,156,569	544,975,156
Interest received on investments	11,643,588	9,453,380
Net cash from investing activities	69,416,003	(109,525,084)
CAPITAL FINANCING ACTIVITIES		
Project equity (paid) received, net	813,113	(258,067)
Proceeds from sale of bonds and notes	690,336,318	763,867,672
Interest paid on debt	(108,667,618)	(86,005,663)
Debt repayments	(402,235,981)	(539,873,996)
Net cash from capital financing activities	180,245,832	137,729,946
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,728,078	(26,917,776)
CASH AND CASH EQUIVALENTS		
Beginning of year	74,378,600	101,296,376
End of year	$ 116,106,678	$ 74,378,600

See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
RECONCILIATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES TO NET CASH USED FOR OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	$ (28,962,005)	$ 5,890,295
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash from operating activities		
Amortization of mortgage premium	1,368	72,068
Amortization of mortgage discount	(3,799,815)	(1,183,934)
Amortization of bond insurance premium	11,447	17,813
Amortization of bond issuance costs	7,455,295	6,365,018
Amortization of bond premium	(230,559)	(150,687)
Amortization of bond discount	436,939	117,420
Amortization of deferred fee income	(8,202,278)	(6,621,875)
Purchase of mortgage loans	(571,456,232)	(347,095,237)
Repayments of mortgage loans	247,270,452	205,906,755
Unrealized (gain) loss on securities	35,168,283	(3,390,108)
Cash from changes in operating assets and liabilities		
Interest and other receivables	(11,064,741)	(9,474,606)
Interest and other payables	125,438,089	94,424,440
Net cash from operating activities	$ (207,933,757)	$ (55,122,638)

See accompanying notes to financial statements.

Note 1 - Description of Business

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 authorized the Commission to issue bonds to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations. The legislation included a limit on the total debt of the Commission may maintain. The Commission's debt limit is $4.5 billion.

The Commission has 11 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

Bond Program Funds: Bond program 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. The bond proceeds are used by the trustee 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 debt service payments on the bonds. The Commission currently issues bonds under the following programs:

Single-Family Home Ownership Program: Activities of this fund 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.

Note 1 - Description of Business (Continued)

Loans in the program 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 this program are:

Single-Family Program Mortgage Rates for Bond Issues Outstanding

Bond Issue	Rate	Bond Issue	Rate	Bond Issue	Rate
1995-1A3	6.85%	2000 1A/1T	7.45%	2003 1A/1N	4.99 & 5.10
1997 3A/3T	6.65	2000 2A/2N/2T	7.55	2003 2A/2N	4.99 & 5.25
1997 4A/4N/4T	6.55	2000 3A/3N/3T	7.25 & 7.55	2003 3A/3N	5.10 & 5.25
1998 1A/1N/1T	6.25	2000 4A/4T	5.50, 5.99, 6.30 & 6.95	2004 1A/1N	4.85, 5.05, & 5.25
1998 2A/2T	6.25	2000 5A-R/5N-R	7.25 & 7.55	2004 2A/2N	5.10 to 5.5
1998 3A/3N/3T	6.25 & 6.35	2001 1A/N	5.99	2004 3A	5.2 to 5.6
1998 4A/4T, 4A (CAB)*	6.25	2001 2A	6.15	2004 4	4.85 to 5.5
1998 5A/5N/5T, 5A (CAB)*	5.99	2001 3A-R/3N-R	5.99	2005 1	4.8 to 5.45
1998 CRA-A	5.75	2001 4A/4T	5.99 & 6.30	2005 2A/2A VR	4.95 to 5.45
1999 1A/1N/1T,1A (CAB)*	5.95	2001 5A	5.99	2005 3A	4.95 to 5.45
1999 2A/2N//2T, 2A (CAB)*	6.05	2002 1A	6.25	2005 4A	5.25 to 5.75
1999 3A/3T	6.75	2002 2A, 3A/3N-R	6.75	2005 5A	5.25 to 5.75
1999 CRA-A	6.5	2002 4A	5.50, 5.75, & 6.25	2006 1AS/1A	5.25 to 5.75
1999 A/4N/4T	6.95	2002 5A	5.25	2006 2AS/2A	5.375 to 5.825
1999 5A/5N/5T	6.99				

* Capital Appreciation Bonds

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

<u>Nonprofit Housing Bond Program</u>: 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.

<u>Nonprofit Facilities Bond Program</u>: These funds account for the bonds sold to purchase non-housing facility 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.

<u>General Operating Fund</u>: The General Operating Fund was established by the Commission to account for the fiscal activities related to the administration of its programs. Revenues of the General Operating Fund are derived primarily from fees earned on bond issues, low income housing 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.

Note 1 - Description of Business (Continued)

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. The Commission strategically invests in the Program Investment Fund 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 outside parties have contributed resources for these programs. Further, 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 accounts and transactions 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 statement of net assets. The statement of revenues, expenses, and changes in net assets 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

Reclassifications - Certain reclassifications have been reflected on the 2005 financial statements to conform to the current year presentation.

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, accrued interest receivable, fees receivable, net, accounts payable and other liabilities, and deferred revenue 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 in the bond fund are held in the corporate trust departments of commercial banks in the bond issue's name. The total amount of uncollateralized or uninsured cash equivalents in the bond fund is $32.4 million as of June 30, 2006. 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 First American Funds 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, 2006 and 2005. Guaranteed investment contracts held in the Restricted Bond Funds are non-participating and therefore 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, 2006 and 2005.

Mortgage Loans, Net - Mortgage loans, net 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 over the life of the loan.

Provision for Possible Loan Losses - The mortgage loans and mortgage-backed securities are funded by the Single-Family Program, Multifamily Housing Program, Nonprofit Housing Program and Nonprofit Facilities Program bonds which 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

Single Family Mortgage Loans - 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.

Multifamily and Nonprofit Housing Mortgage Loans - 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 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 Mortgage Loans - 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.

Program Investment Fund - 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.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

Private Placement Notes - Private placement notes are tax-exempt notes issued and privately placed by the Commission with lenders, the proceeds of which are used to finance construction or rehabilitation and permanent loans on multifamily rental housing projects. The tax-exempt notes are funded by the investors at such time as disbursements are made for acquisition, construction, or rehabilitation.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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 consist 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 $18,051,195 and $15,270,222 in other fee income during the fiscal years ended June 30, 2006 and 2005, respectively. Other fee income is comprised of the following:

	2006	2005
Commission fees	$ 5,498,143	$ 4,842,147
Other program fees	6,088,103	5,333,907
Other income	6,464,949	5,094,168
	$ 18,051,195	$ 15,270,222

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 uses estimates in determining the allowance for doubtful accounts, arbitrage rebate liability, accrued sick leave and other contingencies. Actual results may differ from those estimates.

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 First American Funds 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.

Note 3 - Investments (Continued)

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, 2006 consist of the following:

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

		Maturities (In Years)				
Type	Cost	Less than 0.5	0.5 - 1	1 - 2	2 - 10	More than 10
Deposits	$ 184,174	$ 184,174	$ -	$ -	$ -	$ -
Money market fund	2,320,416	2,320,416	-	-	-	-
US Agencies	20,965,249	90,418	2,004,259	5,311,655	12,691,866	867,051
US Treasuries	9,287,351	-	-	904,913	8,382,438	-
	$ 32,757,190	$ 2,595,008	$ 2,004,259	$ 6,216,568	$ 21,074,304	$ 867,051

Note 3 - Investments (Continued)

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 credit 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 in the event the rating of the provider is downgraded 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.

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, 2006:

Investment Issuer	Amount
AIG	$ 67,035,440
Bayerische Landesbank	$ 31,901,093
Pallas Capital	$ 53,157,051
Trinity Funding	$ 75,912,548

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) or the Federal National Mortgage Association (Fannie Mae), whose guarantee is backed by the full faith and credit of the U.S. government. 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, 2006, the net decrease in fair market value, based upon quoted market price at the fiscal year end, was $35,168,283. 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 2006 and 2005 by program.

Gain (loss) on mortgage-backed securities as of June 30:

	2006			2005		
	Single-Family	Multifamily & Non-Profit Housing	Total	Single-Family	Multifamily & Non-Profit Housing	Total
Unrealized gain (loss) due to adjustment to market value	$ (30,628,182)	$ (4,540,101)	$ (35,168,283)	$ 1,987,218	$ 1,402,891	$ 3,390,109

Cumulative unrealized gains (loss) for fiscal years 2006 and 2005 are ($24,706,501) and $10,461,782, respectively and are included in the balance of mortgage-backed securities on the statement of net assets.

Note 5 - Furniture, Fixtures and Equipment

Furniture, fixtures and equipment as shown below at June 30, 2006 and 2005 are included in prepaid fees and other on the statements of net assets.

	Useful Life	2005	Increase	Decrease	2006
Furniture, fixtures and equipment	3 to 10 years	$ 899,007	$ 117,528	$ -	$ 1,016,535
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total assets		1,075,065	117,528	-	1,192,593
Less accumulated depreciation		(844,563)	(104,173)	-	(948,736)
Net book value		$ 230,502	$ 13,355	$ -	$ 243,857

Note 6 - 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, 2006, 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.

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2007	$ -	$ 403,000	$ (5,000)	$ 398,000
2008	-	404,104	(5,000)	399,104
2009	-	403,000	(5,000)	398,000
2010	-	403,000	(5,000)	398,000
2011	-	403,000	(5,000)	398,000
2012	-	404,104	(5,000)	399,104
2013	-	170,033	(2,139)	167,894

The terms and counterparty credit ratings of the outstanding swap as of June 30, 2006, are contained below. The notional amount of the swap matches the principal amount of the associated debt.

Associated Bond Series	Current Notional Amount	Effective Date	Fixed Rate Paid	Rate Received	Fair Value	Swap Termination Date	Counterpart Credit Rating
2005 - S VR2	$ 10,000,000	June 16, 2005	3.30%	BMA over 3.92%	$ 94,207	December 1, 2012	AA2/P-1

The maturity of the variable debt exceeds that of the swap by 24 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.

Note 6 - Bonds and Notes Payable (Continued)

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 30 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, 2006.

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 Commissions 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, 2006, the interest rate on the Commission's variable rate debt was 4.03% per annum while the interest rate on the swap was 3.97% 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 chance 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.

Note 6 - Bonds and Notes Payable (Continued)

Bond Defeasance - Bond defeasances in the Multifamily, Nonprofit Housing and Nonprofit Facilities programs are not disclosed since the cash flows and economic gain or loss accrues to the borrower and not the Commission as the issuer. In the Single Family bond program 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.

Note 6 - Bonds and Notes Payable (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, 2006, the Commission had outstanding notes and bonds of $2.7 billion. The bonds bear interest ranging from 1.0% to 8.69% and mature in varying amounts through 2048. Future principal and interest requirements by program are shown in the following table.

Fiscal Year Ending June 30:	Total Principal Redemptions	Total Interest Redemptions	Total Debt Service
2007	$ 186,168,008	$ 109,923,137	$ 296,091,145
2008	29,336,747	110,756,042	140,092,789
2009	42,897,208	109,004,307	151,901,515
2010	44,296,403	108,629,596	152,925,999
2011	34,073,969	107,242,447	141,316,416
2012-2016	150,269,079	514,766,015	665,035,094
2017-2021	191,736,548	472,401,124	664,137,672
2022-2026	386,191,829	406,461,503	792,653,332
2027-2031	474,679,285	310,137,828	784,817,113
2032-2036	597,373,894	198,102,894	795,476,788
2037-2041	494,240,292	62,751,529	556,991,821
2042-2046	69,095,000	4,375,263	73,470,263
2047-2048	8,740,000	234,850	8,974,850
	$ 2,709,098,262	$ 2,514,786,535	$ 5,223,884,797

Changes in bonds outstanding during the fiscal year ended June 30, 2006 are summarized in the following table:

June 30, 2005	Issued	Redeemed	June 30, 2006
$ 2,420,997,926	$ 665,007,815	$ 376,907,479	$ 2,709,098,262

Note 7 - 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, 2006 are shown below:

Program	Amount
Single-Family Housing Program	$ 233,040,000
Multifamily Housing Program	499,398,000
Nonprofit Housing Program	247,165,000
Nonprofit Facilities Program	180,850,000
	1,160,453,000
Loan disbursements through June 30, 2006	694,249,283
Loan commitments at June 30, 2006	$ 466,203,717

Operating Lease - The Commission has lease commitments for office space on a long-term basis. Lease expense for the fiscal years ended June 30, 2006 and 2005 was $809,405 and $808,297, respectively. Commitments for future minimum lease payments are as follows:

For the Year Ending June 30:	
2007	$ 669,864
2008	669,864
2009	669,864
2010	669,864
2011	669,864
	$ 3,349,320

Note 8 - 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.

Note 8 - Employee Benefit Plans (Continued)

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 five 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 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 2006, 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, 2006, 2005 and 2004:

	2006	2005	2004
Gross covered salaries	$ 3,831,299	$ 3,545,034	$ 3,325,818
Commission's contribution	$ 93,484	$ 49,066	$ 46,460
Commission's contribution rate	2.44%	1.38%	1.40%
Employees' contribution	$ 93,376	$ 44,113	$ 40,541
Employees' contribution rate	2.44%	1.24%	1.22%

Note 8 - Employee Benefit Plans (Continued)

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 2005 annual financial report.

The plan information for the fiscal year 2006 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
PO Box 48380
Olympia, WA 98504-8380
www.drs.wa.gov

Note 9 - 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, 2006, there were no known asserted or unasserted claims or judgments against the Commission.

Note 10 - Related Party Transactions

The Commission provides staff and other administrative services to the following state agencies as of and for the years ended June 30, 2006 and 2005:

Charges for Services	2006	2005
Washington Higher Education Facilities Authority	$ 177,673	$ 153,562
Tobacco Settlement Authority	$ 19,442	$ 14,249
Receivable From (Payable To):		
Washington Higher Education Facilities Authority	$ 38,000	$ 121,629
Tobacco Settlement Authority	$ 8,880	$ (3,398)

Note 11 - Subsequent Events

As of December 22, 2006, the Commission has issued $642,777,820 in additional bonds subsequent to June 30, 2006.

As of December 22, 2006, bonds redeemed by the trustee under the normal and early redemption provisions of the trust indentures total $110,319,383 subsequent to June 30, 2006.

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SUPPLEMENTAL INFORMATION

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM NET ASSETS
JUNE 30, 2006 AND 2005

	Restricted Programs		
ASSETS	Single-Family Housing Bond Program	Multifamily Housing Bond Program	Nonprofit Housing Bond Program
CASH AND CASH EQUIVALENTS	$ 28,539,820	$ 39,721,960	$ 37,119,476
INVESTMENTS			
U.S. government and agencies securities	-	-	-
Investment agreements	237,962,818	71,345,299	23,392,883
	237,962,818	71,345,299	23,392,883
ACCRUED INTEREST RECEIVABLE	3,105,474	6,061,841	2,562,767
FEES RECEIVABLE, net	-	-	-
OTHER RECEIVABLES	-	-	-
MORTGAGE-BACKED SECURITIES, cost	501,708,764	63,831,713	3,852,969
Cumulative unrealized gain (loss) on mortgage-backed securities	(24,137,190)	(676,440)	107,129
MORTGAGE-BACKED SECURITIES, fair value	477,571,574	63,155,273	3,960,098
MORTGAGE LOANS, net	-	970,948,041	374,916,970
UNAMORTIZED BOND ISSUANCE COSTS	6,617,696	46,965,920	8,929,975
PREPAID FEES AND OTHER	-	146,783	2,018,586
TOTAL ASSETS	$ 753,797,382	$ 1,198,345,117	$ 452,900,755

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total 2006	Total 2005
$ 7,912,699	$ 2,812,723	$ -	$ 116,106,678	$ 74,378,600
-	15,663,526	14,280,941	29,944,467	29,759,365
54,663,163	-	-	387,364,163	445,091,690
54,663,163	15,663,526	14,280,941	417,308,630	474,851,055
1,995,537	300,346	-	14,025,965	11,404,830
-	870,744	-	870,744	597,754
-	332,438	69,405	401,843	514,854
-	-	-	569,393,446	508,619,689
-	-	-	(24,706,501)	10,461,782
-	-	-	544,686,945	519,081,471
293,420,145	-	23,959,942	1,663,245,098	1,410,440,987
7,937,671	-	-	70,451,262	62,888,762
-	608,977	-	2,774,346	2,891,745
$ 365,929,215	$ 20,588,754	$ 38,310,288	$ 2,829,871,511	$ 2,557,050,058

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM NET ASSETS (CONTINUED)
JUNE 30, 2006 AND 2005

LIABILITIES AND NET ASSETS	Restricted Programs Single-Family Housing Bond Program	Multifamily Housing Bond Program	Nonprofit Housing Bond Program
ACCOUNTS PAYABLE AND OTHER LIABILITIES	$ 2,995,992	$ 16,658,718	$ 9,902,026
ACCRUED INTEREST PAYABLE	2,925,546	7,480,846	3,877,882
ACCRUED ARBITRAGE REBATE	294,160	-	-
DEFERRED REVENUE	-	-	-
PROJECT EQUITY HELD FOR BORROWER	-	1,136,658	-
PRIVATE PLACEMENT PROGRAMS, NOTES PAYABLE AND BOND FUND FINANCING	-	39,254,123	-
BONDS PAYABLE			
Current interest bonds	721,451,852	956,277,659	427,770,472
Taxable bonds	4,305,000	176,767,129	12,195,000
Compound interest bonds	8,376,584	-	-
Unamortized bond premium	3,977,939	605,328	66,098
Unamortized bond discount	(62,759)	(192,373)	(986,798)
	738,048,616	1,133,457,743	439,044,772
TOTAL LIABILITIES	744,264,314	1,197,988,088	452,824,680
NET ASSETS			
Restricted			
Bond operations	9,533,068	357,029	76,075
Grants and donations to Program Investment Fund	-	-	-
Invested in capital assets	-	-	-
Unrestricted			
General operations	-	-	-
Program Investment Fund	-	-	-
	9,533,068	357,029	76,075
TOTAL LIABILITIES AND NET ASSETS	$ 753,797,382	$ 1,198,345,117	$ 452,900,755

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total 2006	Total 2005
$ 772,736	$ 1,884,376	$ 233,856	$ 32,447,704	$ 22,074,989
2,456,036	-	-	16,740,310	15,768,960
-	-	-	294,160	1,774,801
-	704,378	-	704,378	598,077
-	-	-	1,136,658	323,545
240,000	-	-	39,494,123	50,745,777
345,380,443	-	-	2,450,880,426	2,160,034,470
17,080,000	-	-	210,347,129	200,576,690
-	-	-	8,376,584	9,640,989
-	-	-	4,649,365	2,189,149
-	-	-	(1,241,930)	(1,681,998)
362,460,443	-	-	2,673,011,574	2,370,759,300
365,929,215	2,588,754	233,856	2,763,828,907	2,462,045,449
-	-	-	9,966,172	42,296,592
-	-	600,000	600,000	600,000
-	243,857	-	243,857	230,502
-	17,756,143	-	17,756,143	17,769,498
-	-	37,476,432	37,476,432	34,108,017
-	18,000,000	38,076,432	66,042,604	95,004,609
$ 365,929,215	$ 20,588,754	$ 38,310,288	$ 2,829,871,511	$ 2,557,050,058

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND CHANGES IN PROGRAM NET ASSETS
YEARS ENDED JUNE 30, 2006 AND 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	$ 24,750,218	$ 47,879,974	$ 16,886,203
Other interest and investment income	11,957,805	217,954	5,875
Gain (loss) on mortgage-backed securities	(30,628,182)	(4,174,179)	(365,922)
Other fee income	1,782,727	3,690,826	1,523,088
Nonoperating revenues			
Grants	-	-	-
	7,862,568	47,614,575	18,049,244
EXPENSES			
Interest on debt	32,718,870	47,742,750	16,447,971
Amortization of bond discount (premium)	(189,661)	(28,705)	424,746
Amortization of bond issuance costs	1,302,972	3,602,152	1,313,582
Servicing and commission fees	1,351,232	148,250	13,569
Salaries and wages	-	-	-
Communication and office expense	-	-	-
Trustee and paying agent fees	223,832	36,010	8,979
Professional fees	-	-	-
Amortization of bond insurance premium	-	97,375	209,506
Other	468,029	(34,652)	-
Nonoperating expenses			
Grants	-	-	-
	35,875,274	51,563,180	18,418,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(28,012,706)	(3,948,605)	(369,109)
NET ASSETS			
Balance, beginning of year	37,545,774	4,305,634	445,184
Distribution of equity	-	-	-
Balance, end of year	$ 9,533,068	$ 357,029	$ 76,075

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total 2006	Total 2005
$ 12,729,378	$ -	$ -	$ 102,245,773	$ 82,010,468
-	579,932	-	12,761,566	9,378,436
-	-	-	(35,168,283)	3,390,109
525,003	10,097,232	432,319	18,051,195	15,270,222
-	489,872	-	489,872	599,888
13,254,381	11,167,036	432,319	98,380,123	110,649,123
12,729,378	-	307,356	109,946,325	87,555,426
-	-	-	206,380	(33,267)
525,003	-	-	6,743,709	5,823,365
-	-	-	1,513,051	1,131,307
-	4,861,322	-	4,861,322	4,401,569
-	2,145,092	-	2,145,092	2,293,849
-	-	-	268,821	229,936
-	427,298	-	427,298	422,164
-	-	-	306,881	169,862
-	-	-	433,377	2,164,729
-	489,872	-	489,872	599,888
13,254,381	7,923,584	307,356	127,342,128	104,758,828
-	3,243,452	124,963	(28,962,005)	5,890,295
-	18,000,000	34,708,017	95,004,609	89,114,314
-	(3,243,452)	3,243,452	-	-
$ -	$ 18,000,000	$ 38,076,432	$ 66,042,604	$ 95,004,609

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM CASH FLOWS
YEAR ENDED JUNE 30, 2006

	Restricted Programs	
	Single-Family Housing Bond Program	Multifamily Housing Bond Program
OPERATING ACTIVITIES		
Receipts for interest on mortgages	$ 24,170,564	$ 55,453,908
Receipts for other fee income	1,782,727	1,052
Receipts for loans and mortgage prepayments	107,049,368	67,726,672
Payments for acquisition of loans and mortgages	(167,370,071)	(211,670,164)
Payments for bond program expenses	(2,836,779)	(8,654,153)
Payments to employees and suppliers	-	-
Net cash from operating activities	(37,204,191)	(97,142,685)
INVESTING ACTIVITIES		
Purchase of investments	(287,524,591)	(90,663,808)
Sale of investments	331,583,286	149,006,853
Interest received on investments	11,247,780	215,537
Net cash from investing activities	55,306,475	58,558,582
NONCAPITAL FINANCING ACTIVITIES		
Contributions	-	-
CAPITAL FINANCING ACTIVITIES		
Project equity (paid) received, net	-	813,113
Proceeds from sale of bonds and notes	269,670,000	177,444,385
Interest paid on debt	(32,392,163)	(46,961,856)
Debt repayments	(247,974,998)	(82,083,694)
Net cash from capital financing activities	(10,697,161)	49,211,948
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,405,123	10,627,845
CASH AND CASH EQUIVALENTS		
Beginning of year	21,134,697	29,094,115
End of year	$ 28,539,820	$ 39,721,960

Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total
$ 18,758,465	$ 13,871,270	$ -	$ -	$ 112,254,207
-	-	10,031,820	430,699	12,246,298
57,942,310	10,789,407	-	-	243,507,757
(89,803,491)	(81,205,529)	-	(3,014,921)	(553,064,176)
(1,752,507)	(1,709,493)	-	3,856	(14,949,076)
-	-	(7,621,423)	(307,344)	(7,928,767)
(14,855,223)	(58,254,345)	2,410,397	(2,887,710)	(207,933,757)
(36,802,967)	(54,437,674)	400,628	(355,742)	(469,384,154)
22,888,727	23,677,703	-	-	527,156,569
(119,090)	(233,843)	533,204	-	11,643,588
(14,033,330)	(30,993,814)	933,832	(355,742)	69,416,003
-	-	(3,243,452)	3,243,452	-
-	-	-	-	813,113
127,556,320	115,665,613	-	-	690,336,318
(17,054,449)	(12,259,150)	-	-	(108,667,618)
(60,410,250)	(11,767,039)	-	-	(402,235,981)
50,091,621	91,639,424	-	-	180,245,832
21,203,068	2,391,265	100,777	-	41,728,078
15,916,408	5,521,434	2,711,946	-	74,378,600
$ 37,119,476	$ 7,912,699	$ 2,812,723	$ -	$ 116,106,678

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2006

	Restricted Programs	
	Single-Family Housing Bond Program	Multifamily Housing Bond Program
RECONCILIATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES TO NET CASH FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	$ (28,012,706)	$ (3,948,605)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash from operating activities		
Amortization of mortgage premium	-	1,368
Amortization of mortgage discount	(3,279,262)	(77,418)
Amortization of bond insurance premium	10,379	1,068
Amortization of bond issuance costs	1,325,986	3,937,506
Amortization of bond premium	(192,049)	(36,251)
Amortization of bond discount	2,390	7,546
Amortization of deferred fee income	(2,081,209)	(3,929,265)
Purchase of mortgage loans	(168,292,534)	(221,843,234)
Repayments of mortgage loans	107,049,368	67,726,672
Unrealized gain (loss) on securities	30,628,182	4,174,179
Cash from changes in operating assets and liabilities		
Interest and other receivables	(8,711,968)	(1,030,826)
Interest and other payables	34,349,232	57,874,575
Net cash from operating activities	$ (37,204,191)	$ (97,142,685)

Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total
$ (369,109)	$ -	$ 3,243,452	$ 124,963	$ (28,962,005)
-	-	-	-	1,368
(440,313)	(2,822)	-	-	(3,799,815)
-	-	-	-	11,447
1,648,722	543,081	-	-	7,455,295
(2,259)	-	-	-	(230,559)
427,003	-	-	-	436,939
(1,648,722)	(543,082)	-	-	(8,202,278)
(93,447,239)	(81,095,610)	-	(6,777,615)	(571,456,232)
57,942,311	10,789,407	-	3,762,694	247,270,452
365,922	-	-	-	35,168,283
469,525	(862,078)	(927,786)	(1,608)	(11,064,741)
20,198,936	12,916,759	94,731	3,856	125,438,089
$ (14,855,223)	$ (58,254,345)	$ 2,410,397	$ (2,887,710)	$ (207,933,757)

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF NOTES AND BONDS PAYABLE
YEAR ENDED JUNE 30, 2006 WITH COMPARATIVE TOTALS FOR 2005

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2006	Balance Outstanding 2005
Single Family (Stand Alones)					
Single Family Draw Down Program	05/30/02	$ 500,000,000	06/01/36	$ 69,371,000	$ 210,833,000
Single Family 1998 CRA-A	11/19/98	5,300,000	01/01/31	2,210,000	2,845,000
Single Family 1999 CRA-A	07/29/99	5,350,000	07/01/31	1,380,000	1,535,000
				72,961,000	215,213,000
Single Family (Open Indenture)					
Single Family 1995-1A3	05/01/96	20,000,000	06/01/28	-	225,000
Single Family 1997 3A/3T	08/27/97	21,600,000	12/01/28	190,000	1,225,000
Single Family 1997 4A/4N/4T	11/20/97	20,000,000	06/01/29	350,000	495,000
Single Family 1998 1A/1N/1T	02/26/98	20,000,000	06/01/29	6,660,000	7,565,000
Single Family 1998 2A/2T	04/23/98	16,000,000	06/01/29	10,620,000	10,840,000
Single Family 1998 3A/3N/3T	06/04/98	34,480,000	12/01/29	7,445,000	10,500,000
Single Family 1998 4A/4T, 4A (CAB) *	08/27/98	35,002,696	06/01/30	15,685,000	16,850,000
Single Family 1998 5A/5N/5T, 5A (CAB) *	11/19/98	22,217,675	06/01/30	16,771,806	16,961,575
Single Family 1999 1A/1N/1T, 1A (CAB) *	02/24/99	25,001,382	06/01/30	12,719,777	15,289,414
Single Family 1999 2A/2N//2T, 2A (CAB) *	05/27/99	23,500,452	12/01/30	6,215,000	8,200,000
Single Family 1999 3A/3T	06/24/99	30,000,000	12/01/30	4,075,000	6,040,000
Single Family 1999 4A/4N/4T	08/25/99	35,000,000	12/01/30	7,490,000	9,540,000
Single Family 1999 5A/5N/5T	11/02/99	32,575,000	06/01/31	12,640,000	14,055,000
Single Family 2000 1A/1T	02/24/00	30,000,000	06/01/31	15,000	585,000
Single Family 2000 2A/2N/2T	04/27/00	35,000,000	12/01/31	580,000	1,190,000
Single Family 2000 3A/3N/3T	07/12/00	32,000,000	12/01/31	200,000	640,000
Single Family 2000 4A/4T	11/14/00	23,000,000	06/01/32	1,590,000	2,205,000
Single Family 2000 5A-R/5N-R	11/14/00	14,280,000	06/01/22	915,000	1,575,000
Single Family 2001 1A/N	02/28/01	20,000,000	12/01/32	6,495,000	15,910,000
Single Family 2001 2A	05/30/01	27,000,000	12/01/32	2,285,000	16,355,000
Single Family 2001 3A-R/3N-R	05/30/01	5,695,000	06/01/22	1,055,000	1,250,000
Single Family 2001 4A/4T	07/26/01	30,000,000	12/01/32	18,115,000	20,590,000
Single Family 2001 5A	11/15/01	20,000,000	06/01/33	4,270,000	15,505,000
Single Family 2002 1A	03/14/02	20,000,000	06/01/33	2,355,000	5,945,000
Single Family 2002 2A, 3A/ 3N-R	05/30/02	43,110,000	12/01/33	5,863,692	7,104,592
Single Family 2002 4A	08/30/02	25,000,000	12/01/33	12,280,000	19,945,000
Single Family 2002 5A	01/15/03	23,580,000	12/01/33	19,181,347	21,169,557
Single Family 2003 1A/1N	05/21/03	20,000,000	06/01/26	17,245,000	18,815,000
Single Family 2003 2A/2N	09/25/03	24,500,000	12/01/24	20,627,662	22,710,375
Single Family 2003 3A/3N	11/19/03	23,885,000	06/01/34	21,873,397	22,608,700
Single Family 2004 1A/1N	03/18/04	37,325,000	12/01/34	32,290,834	35,387,037
Single Family 2004 2A/2N	07/07/04	38,885,000	06/01/35	36,323,551	38,231,863
Single Family 2004 3A/3N	08/25/04	33,500,000	06/01/35	31,580,538	32,993,474
Single Family 2004 4A/4N	12/09/04	23,790,000	12/01/35	23,109,832	23,723,848
Single Family 2005 1A/1N	03/31/05	25,000,000	12/01/35	24,770,000	25,000,000
Single Family 2005 2A/VR-2A	06/16/05	30,000,000	03/01/36	29,945,000	30,000,000
Single Family 2005 3A	08/04/05	19,795,000	06/01/36	19,795,000	-
Single Family 2005 4	09/29/05	24,380,000	06/01/36	24,380,000	-
Single Family 2005 5	12/15/05	24,535,000	06/01/36	24,535,000	-
Single Family 2006 1	01/25/06	99,265,000	06/01/37	99,265,000	-
Single Family 2006 2	04/12/06	79,370,000	12/01/37	79,370,000	-
				661,172,436	497,225,435
Unamortized Bond Premium				3,977,939	1,435,216
Unamortized Bond Discount				(62,759)	(4,819)
				738,048,616	713,868,832

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2006	Balance Outstanding 2005
Multi-Family Housing					
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
Crowne Pointe	12/31/86	5,075,000	12/31/06	-	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
Multifamily 1990A&B - (11b)	12/18/90	9,200,000	07/01/23	690,000	710,000
1992 A&B Fannie Mae Refunding	12/09/92	89,631,894	01/01/18	5,697,013	5,974,691
Canyon Lakes	07/28/93	4,565,000	07/01/18	4,215,000	4,295,000
Canyon Lakes II	10/19/94	6,935,000	10/01/19	6,410,000	6,530,000
Arbors on the Park	10/01/94	14,850,000	10/01/24	14,850,000	14,850,000
Multifamily Preservation Program	10/13/94	2,611,300	10/01/24	2,380,840	2,411,510
Mallard Cove	02/01/95	8,920,000	01/01/30	8,820,000	8,840,000
Gilman Meadows	02/01/95	6,875,000	01/01/30	6,790,000	6,815,000
Inglenook 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	7,400,000	7,715,000
Summerglenn Apartments	11/16/95	7,000,000	11/01/25	6,175,000	6,225,000
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	5,050,000	5,155,000
LTC Properties	12/13/95	8,300,000	12/01/15	5,545,000	5,935,000
Courtside Apartments	02/28/96	10,600,000	01/01/26	9,255,000	9,305,000
Pooled Loan Program	03/29/96	11,170,000	01/01/21	-	9,710,000
Lake Washington Apartments	10/30/96	10,750,000	10/01/26	9,550,000	9,850,000
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	5,215,000	5,325,000
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
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	3,670,000	3,750,000
Larkin Apartments	12/20/96	5,565,000	07/01/28	4,935,000	5,040,000
Country Manor One Project	03/27/97	11,620,000	01/01/12	-	3,910,000
Merrill Gardens	07/14/97	12,500,000	07/01/22	8,125,000	8,125,000
Sherwood Springs	09/24/97	8,810,000	09/01/27	7,950,000	8,105,000
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	6,815,000	6,925,000
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	4,260,000	4,350,000
Twin Ponds Apartments	02/26/98	7,355,000	02/01/28	6,595,000	6,735,000
Clare House	05/01/98	4,100,000	07/01/30	3,970,000	4,005,000
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
Summit Apartments	09/02/98	8,750,000	06/01/30	-	8,220,000
Boardwalk Apartments	09/14/98	12,400,000	09/01/28	11,525,000	11,730,000
Oxford Square Apartments	11/30/98	6,000,000	12/01/28	5,470,000	5,575,000
Avalon Ridge Apartments	10/14/99	18,755,000	05/15/26	18,755,000	18,755,000
Regency Park Apartments	09/23/99	11,150,000	09/01/29	9,985,000	10,140,000
WoodRose Apartments	11/09/99	9,000,000	06/15/32	8,115,000	8,215,000
Summer Ridge Apartments	12/13/99	4,740,000	12/01/29	4,330,000	4,410,000

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2006	Balance Outstanding 2005
Multi-Family Housing (Continued)					
Mill Pointe	12/21/99	$ 14,500,000	01/01/30	$ 12,785,000	$ 13,015,000
Silver Springs Apartments	12/22/99	10,270,000	12/22/29	10,230,229	10,250,138
Holly Village	12/23/99	8,800,000	07/15/32	7,865,000	7,960,000
Burke Gilman Place 2000	02/16/00	4,495,000	07/01/35	3,835,000	3,835,000
Vintage at Bremerton Senior Project	09/29/00	7,600,000	05/15/33	6,645,000	6,730,000
Granite Falls	10/03/00	3,930,000	10/01/27	3,735,000	3,805,000
Ferris View	10/11/00	1,425,000	11/01/31	1,091,302	1,104,938
Evergreen 2000 (Ginnie Mae)	10/17/00	5,950,000	01/01/36	5,725,000	5,780,000
Carlyle Care Center	12/22/00	4,700,000	12/01/25	-	4,490,000
Lakewood Meadows	11/21/00	7,850,000	07/15/33	7,620,000	7,715,000
Springfield Meadows Apartments Project	08/06/01	17,000,000	01/01/34	15,055,000	15,260,000
Country Club Apartments Project	08/09/01	12,920,000	08/01/32	12,415,000	12,595,000
Monticello Park Project	08/13/01	10,475,000	08/01/26	10,155,000	10,250,000
Vintage at Vancouver Senior Living Project	12/06/01	10,250,000	01/15/35	-	10,250,000
Parkside Apartments	10/30/01	11,700,000	01/20/43	11,170,000	11,360,000
Woodlands Apartments Project 2001	12/07/01	6,600,000	07/15/34	6,495,000	6,600,000
Silverwood Apartments Project 2001	12/11/01	3,825,000	11/01/38	3,787,637	3,800,730
Ocean Ridge Apartments 2001	12/21/01	9,000,000	11/01/38	8,873,310	8,925,761
Alderwood Court	05/17/02	7,645,000	06/15/35	7,545,000	7,645,000
Tama Qua (Whisperwood)	05/14/02	7,900,000	05/15/35	7,300,000	7,300,000
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	10,742,396	10,807,438
Parkway Apartments	06/20/02	9,180,000	07/20/37	8,920,000	9,000,000
Bridgewood at Four Seasons	10/04/02	9,800,000	10/01/32	9,660,000	9,745,000
Park Hill	08/27/02	7,000,000	04/01/34	6,675,771	6,713,159
Deer Run	10/01/02	4,900,000	05/01/30	4,777,973	4,846,793
Quail Run	12/06/02	7,150,000	07/01/35	7,088,894	7,132,751
Heatherwood Apts.	12/11/02	21,350,000	01/01/35	19,460,000	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	14,725,000	15,500,000
Fort Vancouver	04/03/03	6,668,000	09/01/39	6,500,813	6,579,846
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	7,995,000	8,040,000
International House	07/15/04	7,390,000	07/20/45	7,345,000	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	15,710,000
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	8,350,000	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	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	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	12,925,000
Ballinger Court Apartments	09/01/04	5,800,000	09/15/37	5,800,000	5,800,000
Burke-Gilman 2004 Refunding	07/19/04	3,835,000	07/01/18	3,695,000	3,790,000
Arbor Park Apt Homes	07/30/04	9,135,000	07/30/21	9,135,000	9,135,000
Washington Terrace Apt	09/30/04	11,250,000	09/15/37	11,250,000	11,250,000
Deer Run West	12/22/04	6,270,000	06/15/37	6,270,000	6,270,000
Merrill Gardens at Queen Anne	12/17/04	30,200,000	12/01/40	30,200,000	30,200,000
Merrill Gardens at Renton	12/17/04	23,100,000	12/01/40	23,100,000	23,100,000
Valley View Apartments	12/22/04	29,675,000	05/01/38	29,675,000	29,675,000

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF NOTES AND BONDS PAYABLE (CONTINUED)
YEAR ENDED JUNE 30, 2006 WITH COMPARATIVE TOTALS FOR 2005

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2006	Balance Outstanding 2005
Multi-Family Housing (Continued)					
Vintage at Burien Apartments Project	12/22/04	$ 7,300,000	01/15/38	$ 7,300,000	$ 7,300,000
Vintage at Sequim	01/27/05	8,390,000	03/01/38	8,390,000	8,390,000
Seaport Landing Retirement & Asst Living Comm	02/07/05	13,200,000	02/01/41	13,200,000	13,200,000
Park Vista Retirement Project	03/07/05	15,250,000	03/01/41	15,250,000	15,250,000
Cedar Landings Apartments	01/03/05	8,260,000	01/01/15	8,104,397	8,218,582
Highland Park	06/30/05	11,300,000	07/15/38	11,300,000	11,300,000
Ridgeview Apartments	04/29/05	12,390,000	11/01/22	12,090,056	8,993,895
Fairwinds - Redmond	07/15/05	27,500,000	07/01/41	27,500,000	-
Pinehurst Apartments	09/27/05	14,185,000	3/15/2039	14,185,000	-
The Vintage at Silverdale	09/29/05	19,575,000	9/15/2039	19,575,000	-
Lodge at Eagle Ridge	08/17/05	13,550,000	8/1/2041	13,550,000	-
New Haven Apartments	09/27/05	19,000,000	3/15/2039	19,000,000	-
Cambridge Apartments	09/27/05	12,650,000	3/15/2039	12,650,000	-
Yesler Apartments	11/28/05	13,788,000	1/1/2024	3,581,365	-
Scenic Vista Senior Apartment	11/22/05	6,100,000	1/1/2039	6,100,000	-
Kamiakin Apartments	11/23/05	8,275,000	5/1/2042	8,275,000	-
Cedar Ridge Retirement and Assisted Living Facility	10/25/05	15,100,000	10/1/2041	15,100,000	-
Bluffs at Evergreen	12/07/05	12,300,000	1/1/2024	11,037,166	-
Vintage at Vancouver	02/10/06	8,900,000	4/1/2036	8,889,952	-
Crowne Pointe Apartments	05/26/06	8,740,000	12/1/2047	8,740,000	-
Streamlined Tax Exempt Private Placement - Multi-Family Housing					
Arrowhead	05/31/94	1,200,000	06/01/09	878,932	923,533
Heritage Sunset	11/15/94	1,260,000	12/01/09	961,334	1,005,779
Heritage Grove	02/17/95	1,600,000	03/01/10	1,254,612	1,314,534
Bayswater Apts.	05/04/95	925,000	05/01/10	712,492	747,752
Assembly Apts	09/10/97	3,000,000	05/01/23	2,653,841	2,706,808
Mt. Baker Apts	10/15/98	2,320,000	10/01/28	2,061,033	2,102,226
Westhampton Apts	12/01/98	2,851,662	12/01/08	-	2,436,334
Southampton Apts	11/01/99	2,698,909	03/01/08	2,397,365	2,446,505
Covington Commons Apts	06/11/99	2,600,000	07/01/29	1,226,878	1,245,491
Rockwood Terrace	09/29/99	1,551,107	10/01/14	1,419,008	1,442,858
Terrace Apartments	08/28/00	1,222,000	08/01/30	1,146,873	1,164,548
Tashiro-Kaplan Artist Housing	04/28/03	1,156,030	07/04/05	-	438,740
Village at Granite Falls	12/05/03	750,000	10/01/10	-	750,000
Yakima Gardens	12/18/98	942,500	01/01/29	841,319	857,826
Oregon Place	07/14/00	2,500,000	08/01/30	1,198,230	1,218,461
Nuuanu Pali Apartments Project	01/31/02	725,000	02/01/32	685,757	695,815
Westgage Terrace Apts	08/31/05	3,218,000	03/01/22	3,218,000	-
Parkland Terrace Apts	08/31/05	1,600,000	04/01/22	1,600,000	-
				1,172,298,911	1,076,938,219
Unamortized Bond Discount				(192,373)	(199,919)
Unamortized Bond Premium				605,328	685,578
				1,172,711,866	1,077,423,878
Non-Profit Housing					
Gonzaga University	04/08/93	6,500,000	07/01/14	3,770,000	4,085,000
Nikkei Concerns	10/20/94	6,250,000	10/01/19	4,410,000	4,615,000
Horizon House Project	10/03/95	13,765,000	07/01/27	-	12,140,000
Nikkei Manor	11/06/96	3,100,000	10/01/21	2,500,000	2,600,000
Panorama City	01/29/97	24,300,000	01/01/27	19,240,000	19,900,000
Riverview Lutheran	07/23/97	4,000,000	07/01/22	3,240,000	3,355,000
Seattle University Auxiliary	03/26/98	23,745,000	07/01/31	-	22,455,000
Crista Ministries Projects & Refunding	06/08/98	17,475,000	07/01/17	11,710,000	12,845,000
WA Odd Fellows Home	10/15/98	10,100,000	07/01/28	8,960,000	9,170,000
Presbyterian Ministries Rev & Refunding	02/25/99	11,965,000	01/01/29	10,695,000	10,920,000
Tacoma Lutheran 1999	07/15/99	6,510,000	01/01/24	5,700,000	5,850,000
Golden Sands Apartments	09/03/99	3,050,000	07/01/29	2,840,000	2,895,000

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2006	Balance Outstanding 2005
Non-Profit Housing (Continued)					
The Kline Galland Center	09/23/99	$ 27,500,000	07/01/29	$ 26,565,000	$ 27,045,000
Rockwood Retirement Communities	11/23/99	27,000,000	01/01/30	24,415,000	24,910,000
Wesley Homes 1999 Project & Refunding	12/01/99	9,200,000	01/01/20	-	7,795,000
Living Care Centers	10/26/00	14,950,000	10/01/30	14,015,000	14,270,000
Kingsbury Terrace	02/09/01	4,100,000	07/01/42	4,020,000	4,045,000
Pioneer Human Services 2001	08/02/01	7,100,000	08/01/19	5,040,000	6,200,000
Kenney Home Project 2001	11/15/01	18,135,000	12/01/31	17,620,000	17,885,000
Rockwood Forest Estates	05/23/02	9,560,000	01/01/34	9,330,000	9,485,000
Evangelical Lutheran Good Samaritan Society	05/01/01	2,080,000	07/01/08	1,880,000	1,935,000
Nickerson Area Properties	08/20/03	10,745,000	01/01/05	10,455,000	10,600,000
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	37,350,000	38,015,000
Judson Park 04 A&B	01/02/04	10,310,000	01/01/29	9,855,000	10,085,000
Mercy Housing	09/19/03	6,445,215	09/19/33	6,189,328	6,292,300
Mercy Housing - Cobble Knoll, Phase II	11/30/04	3,900,000	11/01/34	3,821,439	3,873,382
Hearthstone	12/02/04	12,000,000	12/01/29	11,795,000	12,000,000
Horizon House	10/05/05	56,700,000	10/01/35	56,700,000	-
Wesley Homes	11/03/05	58,000,000	01/01/36	58,000,000	-
Streamlined Tax Exempt Private Placement - Multi-Family Nonprofit Housing					
Mental Health North	07/14/92	1,255,147	07/01/10	458,223	551,840
Summerfield	06/28/93	1,945,000	06/01/10	1,534,552	1,588,792
Glendale Apts	04/13/95	2,965,000	04/01/25	-	2,592,322
Wilton Apts	06/21/95	620,000	10/01/15	483,216	500,556
Wildwood Apartments	05/17/96	1,560,000	06/01/11	-	1,375,379
Adams Apartment	05/29/96	310,000	06/01/11	266,974	272,782
Bellevue Apartments	03/28/97	575,700	03/01/22	468,288	483,693
Paradise Mobile Home Park	05/16/97	432,831	06/01/27	385,522	392,548
Vue Mobile	05/16/97	390,331	06/01/27	347,668	354,004
Blue Mountain Apartments	02/01/00	248,800	02/01/25	220,076	225,516
3904 Martin Luther King Way Apts	03/01/00	561,000	04/01/25	495,109	507,735
Christian Health Care Center	03/15/01	6,650,000	04/01/26	-	5,110,321
Brentwood Apartments	08/27/02	1,491,000	09/01/32	1,418,792	1,439,987
Clallam County Hostelries	11/25/02	366,843	12/01/22	327,656	339,740
Interaction/Transition House	03/04/03	600,000	03/01/18	570,708	580,219
Episcopal Homes	11/09/93	5,850,000	05/01/10	4,176,181	4,379,156
Warm Beach	10/25/95	1,800,000	05/01/16	1,189,493	1,270,979
St. Andrew's Place	07/29/97	3,000,000	08/01/27	2,625,230	2,687,794
Der Garten Haus	09/21/98	650,000	10/01/18	578,814	590,181
Fir @ 17th	12/16/94	1,250,000	07/01/20	975,476	1,021,734
Riverside Landing	12/12/97	2,043,000	06/01/29	1,865,590	1,896,636
Northaven II Assisted Living Project	10/27/93	2,134,000	11/01/03	1,595,745	1,648,869
Meadowdale Apartments	02/18/05	5,680,000	02/01/15	5,588,972	5,657,938
Christian Health Care Center	10/13/05	7,532,219	10/02/20	4,899,232	-
Josephine Sunset Home	08/04/05	7,320,000	08/01/25	7,293,188	-
				439,965,472	372,819,403
Unamortized Bond Discount				(986,798)	(1,413,803)
Unamortized Bond Premium				66,098	68,355
				439,044,772	371,473,955
Non-Profit Facilities					
YMCA of Greater Seattle	09/17/91	7,700,000	07/01/11	4,200,000	4,450,000
Pioneer Human Services	10/17/91	4,595,000	07/01/11	1,125,000	1,390,000
YMCA of Snohomish County	08/17/94	5,000,000	08/01/19	2,730,000	2,930,000
Plumbers & Pipe fitters	12/07/95	3,400,000	07/01/20	2,550,000	2,655,000
Virginia Mason	12/03/97	27,410,000	01/01/24	23,645,000	24,300,000

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2006	Balance Outstanding 2005
Non-Profit Facilities (Continued)					
American Red Cross	02/05/98	$ 1,200,000	02/01/08	$ 240,000	$ 360,000
Community College of Spokane Foundation	09/24/98	3,155,000	07/01/08	2,625,000	2,765,000
YMCA-Puyallup/Pierce County	12/02/98	11,000,000	12/01/08	8,580,000	9,060,000
YMCA-Inland Northwest	04/08/99	5,800,000	07/01/29	5,470,000	5,585,000
YMCA-Snohomish County 1999	06/09/99	4,600,000	06/01/27	2,980,000	3,145,000
YMCA-Columbia/Willamette Valley	08/12/99	3,900,000	08/01/24	3,430,000	3,555,000
South Sound YMCA 1999	09/30/99	5,500,000	01/01/24	4,785,000	4,920,000
St. Vincent dePaul Project	02/01/00	5,000,000	02/01/30	4,000,000	4,260,000
University Prep Academy	05/04/00	7,000,000	07/01/30	6,600,000	6,700,000
Community College of Spokane Foundation 2000	08/04/00	8,800,000	07/01/30	8,360,000	8,460,000
Seattle Academy of Arts & Sciences	10/02/00	15,445,000	01/01/31	15,220,000	15,300,000
Greens at Merrill Creek	10/12/00	17,310,000	06/01/24	16,910,000	17,080,000
Southwest WA Pipe Trades Training Center	10/31/00	4,230,000	10/01/25	3,685,000	3,785,000
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	9,220,000	9,360,000
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	5,555,000	5,780,000
United Way of King County	03/11/03	8,500,000	03/01/28	6,480,000	6,820,000
Overlake School	10/02/03	10,030,000	10/01/29	9,160,000	9,330,000
Gonzaga Preparatory School	09/18/03	10,000,000	09/01/33	8,100,000	9,800,000
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	6,635,000	6,780,000
The Northwest School - Northwest Addition	06/07/05	11,000,000	06/01/32	11,000,000	11,000,000
Forest Ridge School	06/30/05	12,765,000	07/01/32	12,765,000	12,765,000
Lutheran Community Services	10/05/05	6,200,000	10/01/32	6,200,000	-
Seattle Art Museum	10/06/05	50,000,000	07/01/33	50,000,000	-
The Bush School	04/17/06	24,000,000	04/01/34	24,000,000	-
Bertschi School	06/15/06	6,300,000	06/01/35	6,300,000	-
Seattle Country Day School	06/13/06	12,800,000	07/01/32	12,800,000	-
Streamlined Tax Exempt Private Placement - Nonprofit Facilities					
Bertschi	06/26/91	683,142	07/01/16	-	461,153
PAWS	03/03/92	308,813	02/28/17	169,754	180,203
Pacific Science Center	02/21/96	3,287,021	01/01/09	372,786	500,606
Audubon Society	04/17/96	100,000	05/01/11	42,298	49,572
Work Force Development	05/23/96	1,027,000	12/01/21	820,581	849,194
Lake Washington Rowing Club	06/05/96	600,000	06/01/06	-	431,643
Campfire Service Center	07/31/96	359,700	08/01/06	237,831	254,355
SKCAC Industries	08/07/96	1,100,000	08/01/06	879,313	909,672
Boys and Girls Club of Snohomish	09/18/96	230,200	09/01/06	180,990	187,946
ElderHealth Northwest	12/06/96	1,200,000	12/01/11	693,200	703,800
Genesis House	06/12/97	660,000	06/01/07	463,753	493,150
Heath Building/Lindeman	08/29/97	501,208	09/01/07	411,926	425,096
Little Red School House	04/29/98	385,941	05/01/23	317,422	329,504
People for People 1999	04/30/99	1,500,000	05/01/14	1,248,741	1,299,562
Pacific NW Research Institute	05/06/99	2,700,000	07/01/14	1,753,397	1,895,617
SEED Homesight Project	05/13/99	616,000	07/01/09	557,057	567,202
NW Washington Fair	06/25/99	950,000	05/01/19	806,797	833,539
Benton-Franklin Support Network	07/09/99	920,000	08/01/09	727,469	761,265
Nova Services	03/01/00	650,000	03/01/20	523,768	552,449
Pullman Community Action Center	03/30/00	700,000	04/01/30	643,740	654,488
Community Youth Services	07/31/00	1,640,000	07/31/10	-	100,000
Henry Cogswell College	08/22/01	2,800,000	08/01/16	2,264,391	2,386,243
Washington School Principal's Project	06/01/01	700,000	06/01/21	483,921	539,806
Tacoma-Pierce County Humane Society	10/02/01	1,915,000	11/02/11	1,330,490	1,412,571
Island School Expansion and Remodel	11/01/01	1,300,000	11/01/26	728,355	749,346
Nova School Project	11/02/01	845,000	11/01/11	327,322	472,578
Harlequin Productions Project	11/08/01	538,750	11/01/21	469,043	487,125
Artist Trust Project	11/30/01	350,000	11/30/31	330,897	335,587
Girl Scouts-Totem Council Project	12/28/01	2,576,000	01/01/32	2,425,218	2,463,031
Hyla Middle School Project	12/26/01	650,000	01/01/27	590,648	608,525

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2006	Balance Outstanding 2005
Streamlined Tax Exempt Private Placement - Nonprofit Facilities (Continued)					
YMCA of Grays Harbor Project	01/04/02	$ 2,750,000	01/31/22	$ 19,503	$ 221,793
Spokane Valley Community Center	05/22/02	682,500	06/01/22	477,524	515,936
Tomorrows Hope	04/05/02	860,000	04/01/27	793,119	810,717
Southside Senior Center	05/22/02	650,000	06/01/22	570,423	592,282
The Institute for Family Development	06/28/02	750,000	02/01/27	679,470	698,383
New Horizon's School	07/31/02	875,000	08/01/32	835,363	841,445
Children's Village Foundation Project	09/06/01	975,000	09/01/21	711,316	737,495
Hopelink	11/08/02	2,200,000	11/01/06	252,634	830,159
Goodwill Industries of Inland NW	12/23/02	3,000,000	01/01/23	2,493,740	2,650,595
Harbor Montessori	07/02/03	1,300,000	07/01/28	1,212,572	1,243,976
Puget Sound Electrical Apprenticeship	05/20/03	4,614,004	05/01/18	3,912,181	4,151,817
Opportunity Council	09/04/03	1,350,000	09/01/23	1,242,954	1,283,646
Martha & Mary	12/09/03	1,416,000	12/01/28	1,056,608	1,080,212
Whatcom Family YMCA 2004	02/04/04	1,100,000	02/01/24	1,017,282	1,053,606
Jewish Federation of Greater Seattle	02/27/04	797,500	03/01/19	-	751,575
French American School	04/21/04	1,875,000	02/01/25	1,801,180	1,856,681
Columbia Basin College Foundation	04/08/04	799,802	10/01/10	542,076	656,558
Metropolitan Development Council	12/30/04	2,403,530	12/01/31	2,375,446	956,364
St. Vincent de Paul	03/09/05	2,050,000	06/01/30	2,002,275	2,038,802
NW Pipe Trade - Local 26 Educational Dev. Trust	07/20/05	3,500,000	04/01/31	3,500,000	-
Morningside	11/07/05	2,244,118	11/01/30	2,191,501	-
Valley Residential Services	11/09/05	640,000	11/01/20	630,980	-
Goodwill Industries - Spokane Complex	03/01/06	2,400,000	03/01/26	2,384,427	-
Richland Health Science Center - Columbia Basin	03/30/06	2,950,000	09/01/31	3,300,000	-
N.E.W.J.A. Training Center	05/05/06	874,989	05/01/06	871,386	-
Whatcom Community College Foundation	05/11/06	1,076,990	06/01/31	1,075,375	-
				362,700,443	258,801,870
Unamortized Bond Discount				-	(63,457)
				362,700,443	258,738,413
Totals				$ 2,712,505,697	$ 2,421,505,078

* Capital Appreciation Bonds