WASHINGTON STATE HOUSING FINANCE COMMISSION

Report of Independent Auditors and Financial Statements with Supplemental Information

June 30, 2012 and 2011

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Washington State Housing Finance Commission

We have audited the accompanying statements of net position of the Washington State Housing Finance Commission (the "Commission") as of June 30, 2012 and 2011 and the related statements of revenues, expenses and changes in net position 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2012 and 2011, 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.

As discussed in Note 2 to the financial statements, the Commission adopted the accounting requirements of Governmental Accounting Standards Board (GASB) No. 65, which resulted in the restatement of previously reported amounts for the year ended June 30, 2011.

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements. The supplemental schedules of program net position, results of program revenues, expenses, and changes in program net position, and program cash flows on pages 36 through 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules of program net position, results of program revenues, expenses, and changes in program net position and program cash flows are fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Seattle, Washington
November 13, 2012

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, 2012. This overview and analysis is required by accounting principles generally accepted in the United States of America for governmental entities.

FINANCIAL HIGHLIGHTS

During the fiscal year ended, or as of June 30, 2012 ("FY 2012"):

- Net position increased $37.2 million to $256.9 million primarily due to the revenue over expense in the Bond Fund ($30.4 million) and the increase in the Program Investment Fund ($6.8 million). The increase in bond program net position is partly due to the recognition of the increase in the fair market value of the mortgage-backed securities ("MBS") ($20.0 million). Also, continued stability in interest rates on the MBS in the Single Family Bond Program coupled with a corresponding reduction in the average interest rate of the associated debt through strategic redemptions resulted in a greater increase to net position. The increase in the net position of the Program Investment Fund primarily resulted from a $7.0 million transfer from the General Operating Fund.

- Total assets decreased by $79.3 million due, in part, to:

  ✓ A decrease in net mortgage loans and MBSs ($39.0 million) following an increase in prepayments from borrowers

  ✓ A decrease in cash equivalents and investments ($41.9 million) as bond proceeds were used to fund conduit project costs and purchase single family MBS's, partially offset by an increase in interest and other receivables.

- Total bonds and notes payable of $3.6 billion were outstanding, net of premiums and discounts. This is a net decrease of $94.3 million (2.5%) from the net effect of issuance of bonds ($341.5 million) and a decrease from principal payments ($435.8 million).

- Bond program revenues (mortgage interest, investment and other, unrealized gain on mortgage-backed securities) increased by $14.8 million due mostly to the increase in the unrealized gains on mortgage-backed securities. General Operating revenue decreased by $76.5 million due primarily to the reduction in projects subsidies received from tax credit programs funded by the American Recovery and Reinvestment Act of 2009 ("ARRA") as the final payments under the program were made during FY 2012. Because of the pass-through nature of the ARRA funds, these disbursements also contributed to the decrease in general operating fund expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: Management's Discussion and Analysis, the basic financial statements, and the notes to the financial statements. The basic financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

During 2012 the Commission adopted recently issued GASB statements No. 63 and 65, which changed the accounting for certain bond and loan related activity. In accordance with the transition provisions of these statements, the Commission has elected to early adopt these statements and the changes in accounting related to them were applied retrospectively for all prior years presented. Please see Note 2 for additional information.

The financial statements report information for all Commission programs and operations. The statement of net position includes all of the Commission's assets, liabilities and deferred inflows and outflows of resources. All of the revenues and expenses of the Commission are accounted for in the statement of revenues, expenses, and changes in net position. Program financial statements are presented as supplementary schedules. These schedules separate the financial statements into General Operating Fund, Program Investment Fund, and Bond Fund.

Economic Outlook

During the fiscal year ended June 30 2012, program activity continued to recover slowly from the Great Recession. The economic outlook seems to be stabilizing, but the pace of improvement remains slow. Certain domestic and global economic and political events remain wildcards in the outlook for the economy. Federal programs such as the Housing and Economic Recovery Act of 2008 ("HERA"), the American Recovery and Reinvestment Act of 2009 ("ARRA") and the U.S. Treasury's New Issue Bond Program ("NIBP") which helped the Commission provide financing alternatives during the recession, have ended. Tax-exempt interest rates remain low, but are tightly compressed with taxable rates. However, we have seen increasing use of our conduit bond programs and the demand for the Housing Tax Credits that we allocate remains competitive and they are significantly oversubscribed.

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Position

The following table summarizes the changes in assets and deferred outflows of resources, liabilities, and net position between June 30, 2012 and 2011, in millions.

	2012	2011 (as restated)	Change	
Assets				
Cash and cash equivalents	$ 148.9	$ 189.5	$ (40.6)	(21.4%)
Investments	113.4	114.7	(1.3)	(1.1)
Accrued interest receivable	8.9	8.2	0.7	8.5
Fees receivable, net	2.0	0.3	1.7	566.7
Other receivables	0.3	0.5	(0.2)	(40.0)
Mortgage-backed securities, net	1,134.6	1,161.2	(26.6)	(2.3)
Mortgage loans, net	2,598.1	2,610.5	(12.4)	(0.5)
Prepaid fees and other	1.2	1.8	(0.6)	(33.3)
Total assets	4,007.4	4,086.7	(79.3)	(1.9)
Deferred outflows of resources	2.3	2.1	0.2	9.5
Total assets and deferred outflows of resources	$ 4,009.7	$ 4,088.8	$ (79.1)	(1.9%)

FINANCIAL ANALYSIS OF THE COMMISSION (CONTINUED)

	2012	2011 (as restated)	Change	
Liabilities				
Accounts payable and other liabilities	$ 87.8	$ 97.1	$ (9.3)	(9.6%)
Accrued interest payable	17.4	17.2	0.2	1.2
Accrued arbitrage rebate	-	0.4	(0.4)	(100.0)
Unearned revenue and other	6.4	5.1	1.3	25.5
Derivative instrument - interest rate swap	2.3	2.1	0.2	9.5
Project equity held for borrower	11.2	5.2	6.0	115.4
Obligations under reverse repurchase agreement	-	20.0	(20.0)	-
Bonds and notes payable, net	3,627.7	3,722.0	(94.3)	(2.5)
Total liabilities	$ 3,752.8	$ 3,869.1	$ (116.3)	(3.0%)
Net position				
Restricted				
Bond operations	$ 159.7	$ 129.3	$ 30.4	23.5%
Grants and donations to PIF	1.1	1.1	-	-
Invested in capital assets	0.1	0.2	(0.1)	(50.0)
Unrestricted				
General operations	17.9	17.8	0.1	0.6
Program Investment Fund	78.1	71.3	6.8	9.5
Total net position	$ 256.9	$ 219.7	$ 37.2	16.9%

Assets decreased as cash equivalents and investments were used to fund mortgage commitments. Scheduled and early redemptions, coupled with less new bond issuances during the fiscal year resulted in a decrease in the bond payable balance of $94.3 million. The net position of the Commission increased $37.2 million from the June 30, 2011 amount as restated. Of this increase in net position, $30.4 million resulted from interest earned on investments, mortgage loans and mortgage-backed securities (including the unrealized gain on the securities) in excess of bond related expense. The remaining $6.8 million increase is attributable to the $7.0 million operating income in General Operating Fund, partially offset by a small operating loss in the Program Investment Fund.

The net position of the bond programs is 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 $78.1 million.

FINANCIAL ANALYSIS OF THE COMMISSION (CONTINUED)

Statements of Revenues, Expenses, and Changes in Net Position

The following table summarizes the changes in revenues and expenses between 2012 and 2011 (in millions):

	2012	2011 (as restated)	Change	
Revenues				
Bond programs mortgage interest	$ 104.1	$ 107.1	$ (3.0)	(2.8%)
Bond programs investments and other income	4.1	2.6	1.5	57.7
Bond program gain on mortgage-backed securities	20.0	3.6	16.4	455.6
Other bond fees	4.8	4.9	(0.1)	(2.0)
Program fees and grants	44.7	117.0	(72.3)	(61.8)
General Operating Fund interest income	0.8	0.8	-	-
Total revenues	$ 178.5	$ 236.0	$ (57.5)	(24.4%)
Expenses				
Bond programs interest expense	$ 96.5	$ 99.7	$ (3.2)	(3.2%)
Other bond programs expenses	6.1	4.5	1.6	35.6
Salaries and wages	5.4	5.4	-	-
Other General Operating Fund and Program Investment Fund expenses	33.3	106.2	(72.9)	(68.6)
Total expenses	$ 141.3	$ 215.8	$ (74.5)	(34.5%)
Change in net position	$ 37.2	$ 20.2	$ 17.0	84.2%

The primary components of total revenues for the bond funds are mortgage-related interest earnings ($104.1 million) and the unrealized gain on mortgage-backed securities ($20.0 million) while bond interest expense ($96.5 million) is the primary component of total expense for the bond funds. During FY 2012 the Commission's General Operating Fund revenue included $15.8 million of tax credit assistance and housing counseling and foreclosure relief funds. These funds were also included as program expenses ($15.8 million) in the General Operating Funds as all funds received were disbursed to qualifying projects. The remaining Commission revenues in the General Operating Fund are generated primarily from issuer fees ($14.3 million).

DEBT ADMINISTRATION

The Commission has long-term debt obligations of $3.6 billion, net of bond premium and discounts at June 30, 2012. The Commission's bond program 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, 2012, 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, beginning farmers/ranchers, 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 Homeownership and Multifamily Housing Programs rely on private activity bonds subject to this volume cap. Bonds issued under the Nonprofit Programs 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 Homeownership Program are backed by Federal National Mortgage Association ("Fannie Mae"), Government National Mortgage Association ("Ginnie Mae"), or Federal Home Loan Mortgage Corporation ("Freddie Mac") securities and are rated equal to the credit rating of the United States by Moody's Investors Service or by Standard and Poor's Ratings Services. Multifamily and Nonprofit Program publicly sold bond issues generally must have a minimum initial A rating by one of the major rating agencies.

The Commission evaluates and uses available debt management techniques to achieve its goals of reducing interest expense and preserving the maximum amount of bonding authority in the Single-family Homeownership Program. In implementing these techniques, the Commission often retires higher interest rate debt as opportunities for economic refunding occur, to reduce overall borrowing costs and for preservation of bonding authority.

The Commission's outstanding debt is limited to six 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.

DEBT ADMINISTRATION (CONTINUED)

Net bonds and notes payable as of June 30, 2012 was $3.6 billion, a decrease of $94.3 million from 2011. Changes by program are summarized in the following table (in millions):

	2011 (as restated)	Issued	Redeemed	Changes	2012
Single-family	$ 792.2	$ -	$ 115.8	$ (115.8)	$ 676.4
Home Ownership (NIPB)	293.8	118.3	57.7	60.6	354.4
Multifamily Housing	1,489.5	147.5	81.6	65.9	1,555.4
Nonprofit Housing	727.5	54.5	110.9	(56.4)	671.1
Nonprofit Facilities	419.0	21.2	69.8	(48.6)	370.4
	$ 3,722.0	$ 341.5	$ 435.8	$ (94.3)	$ 3,627.7

COMPARISON OF FISCAL YEARS 2011 WITH 2010

Statements of Net Position

The following table summarizes the changes in combined adjusted net position between June 30, 2011 and 2010 (in millions):

	2011 (as restated)	2010 (as restated)	Change	
Assets				
Cash and cash equivalents	$ 189.5	$ 271.9	$ (82.4)	(30.3%)
Investments	114.7	143.8	(29.1)	(20.2)
Accrued interest receivable	8.2	14.1	(5.9)	(41.8)
Fees receivable, net	0.3	1.8	(1.5)	(83.3)
Other receivables	0.5	0.3	0.2	66.7
Mortgage-backed securities, net	1,161.2	1,104.7	56.5	5.1
Mortgage loans, net	2,610.5	2,682.3	(71.8)	(2.7)
Prepaid fees and other	1.8	2.2	(0.4)	(18.2)
Total assets	4,086.7	4,221.1	(134.4)	(3.2)
Deferred outflows of resources	2.1	2.4	(0.3)	(12.5)
Total assets and deferred outflows of resources	$ 4,088.8	$ 4,223.5	$ (134.7)	(3.2%)

COMPARISON OF FISCAL YEARS 2011 WITH 2010 (CONTINUED)

	2011 (as restated)	2010 (as restated)	Change	
Liabilities				
Accounts payable and other liabilities	$ 97.1	$ 78.8	$ 18.3	23.2%
Accrued interest payable	17.2	18.5	(1.3)	(7.0)
Accrued arbitrage rebate	0.4	0.4	-	-
Unearned revenue and other	5.1	5.3	(0.2)	(3.8)
Derivative instrument - interest rate swap	2.1	2.4	(0.3)	(12.5)
Project equity held for borrower	5.2	2.3	2.9	126.1
Obligations under reverse repurchase agreement	20.0	-	20.0	-
Bonds and notes payable, net	3,722.0	3,916.3	(194.3)	(5.0)
Total liabilities	$ 3,869.1	$ 4,024.0	$ (154.9)	(3.8%)
Net position				
Restricted				
Bond operations	$ 129.3	$ 115.3	$ 14.0	12.1%
Grants and donations to PIF	1.1	0.5	0.6	120.0
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	71.3	65.7	5.6	8.5
Total net position	$ 219.7	$ 199.5	$ 20.2	10.1%

The following summarizes the changes in revenues and expenses between fiscal years 2011 and 2010 (in millions):

	2011 (as restated)	2010 (as restated)	Change	
Revenues				
Bond programs mortgage interest	$ 107.1	$ 106.4	$ 0.7	0.7%
Bond programs investments and other income	2.6	3.3	(0.7)	(21.2)
Bond program loss on mortgage-backed securities	3.6	40.9	(37.3)	(91.2)
Program fees	121.9	59.1	62.8	106.3
General Operating Fund interest income	0.8	1.5	(0.7)	(46.7)
Total revenues	$ 236.0	$ 211.2	$ 24.8	11.7%

COMPARISON OF FISCAL YEARS 2011 WITH 2010 (CONTINUED)

	2011 (as restated)	2010 (as restated)	Change	
Expenses				
Bond programs interest expense	$ 99.7	$ 103.7	$ (4.0)	(3.9%)
Other bond programs expenses	4.5	5.5	(1.0)	(18.2)
Salaries and wages	5.4	5.4	-	-
Other General Operating Fund and Program Investment Fund expenses	106.2	44.4	61.8	139.2
Total expenses	$ 215.8	$ 159.0	$ 56.8	35.7%
Change in net position	$ 20.2	$ 52.2	$ (32.0)	(61.3%)

During the fiscal year ended June 30, 2011 the Commission's total assets decreased by $134.4 million attributable to a decrease in net mortgage loans caused by an increase in prepayments, and with a decrease in cash equivalents and investments from bond proceeds on hand used to fund conduit borrower project costs and purchase single family MBSs.

Of the Commission's $20.2 million increase in net position, $14 million represents revenue over expenses generated by the bond fund and the increase in the program investment fund ($6.2 million). The increase in the bond fund is mostly due to the stability of interest rates on MBSs in the Single Family Bond Program coupled with a corresponding reduction in the average rate of the associated debt through strategic redemptions. The increase in net position of the Program Investment Fund resulted from operating income of $0.7 million and a $5.4 million transfer from the General Operating Fund.

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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ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2012	2011 (as restated)
CASH AND CASH EQUIVALENTS	$ 148,842,919	$ 189,462,328
INVESTMENTS		
U.S. government and agencies securities	38,709,590	38,321,090
Investment agreements	74,717,003	76,410,588
	113,426,593	114,731,678
ACCRUED INTEREST RECEIVABLE	8,912,533	8,208,568
FEES RECEIVABLE, net	2,027,329	267,254
OTHER RECEIVABLES	292,680	501,154
MORTGAGE-BACKED SECURITIES, cost	1,029,914,166	1,076,591,440
Cumulative unrealized gain on mortgaged-backed securities	104,640,405	84,638,714
MORTGAGE-BACKED SECURITIES, fair value	1,134,554,571	1,161,230,154
MORTGAGE LOANS, net	2,598,135,642	2,610,488,661
PREPAID FEES AND OTHER	1,226,409	1,829,147
TOTAL ASSETS	4,007,418,676	4,086,718,944
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	2,277,583	2,077,693
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,009,696,259	$ 4,088,796,637

See accompanying notes to financial statements.

LIABILITIES AND NET POSITION

	2012	2011 (as restated)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	$ 87,778,933	$ 97,137,370
ACCRUED INTEREST PAYABLE	17,361,268	17,196,120
ACCRUED ARBITRAGE REBATE	5,102	333,364
UNEARNED REVENUE AND OTHER	6,405,857	5,124,227
DERIVATIVE INSTRUMENT - INTEREST RATE SWAP	2,277,583	2,077,693
PROJECT EQUITY HELD FOR BORROWER	11,199,996	5,214,405
OBLIGATIONS UNDER REVERSE REPURCHASE AGREEMENTS	-	19,995,000
BONDS PAYABLE		
Current interest bonds	3,502,799,811	3,532,050,184
Taxable bonds	119,281,757	184,997,133
Unamortized bond discount	(1,027,002)	(873,858)
Unamortized bond premium	6,690,249	5,812,098
	3,627,744,815	3,721,985,557
TOTAL LIABILITIES	3,752,773,554	3,869,063,736
NET POSITION		
Restricted		
Bond operations	159,737,405	129,348,806
Grants and donations to Program Investment Fund	1,082,696	1,079,424
Invested in capital assets	75,847	219,515
Unrestricted		
General operations	17,924,153	17,780,485
Program Investment Fund	78,102,604	71,304,671
	256,922,705	219,732,901
TOTAL LIABILITIES AND NET POSITION	$ 4,009,696,259	$ 4,088,796,637

	2012	2011 (as restated)
REVENUES		
Interest earned on mortgage loans and mortgage-backed securities	$ 104,130,814	$ 107,090,158
Other interest and investment income	4,897,637	3,389,887
Gain on mortgage-backed securities	20,001,691	3,583,083
Other fee income	20,035,266	18,822,123
Nonoperating revenues - grants	29,455,780	103,065,309
	178,521,188	235,950,560
EXPENSES		
Interest on debt	96,490,709	99,660,896
Amortization of bond discount	246,856	62,840
Amortization of bond premium	(1,183,855)	(952,117)
Bond issuance costs	3,418,464	2,107,334
Amortization of bond insurance premium	458,709	109,284
Servicing and commission fees	2,217,418	2,660,370
Salaries and wages	5,368,231	5,400,787
Communication and office expense	1,491,499	1,653,926
Professional fees	1,631,558	1,433,551
Trustee and paying agent fees	249,829	284,557
Other	1,486,186	1,157,185
Nonoperating expenses - grants	29,455,780	102,140,309
	141,331,384	215,718,922
EXCESS OF REVENUES OVER EXPENSES	37,189,804	20,231,638
NET POSITION		
Balance, beginning of year	219,732,901	199,501,263
Balance, end of year	$ 256,922,705	$ 219,732,901

See accompanying notes to financial statements.

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	2012	2011 (as restated)
OPERATING ACTIVITIES		
Receipts for interest on mortgages	$ 104,999,911	$ 111,876,889
Receipts for other fee income	47,920,803	123,106,396
Receipts for loans and mortgage prepayments	397,924,064	394,623,491
Payments for acquisition of loans and mortgages	(334,468,448)	(354,577,123)
Payments for bond program expenses	(6,997,377)	(7,717,598)
Payments to employees and suppliers	(50,794,205)	(110,598,397)
Net cash provided by operating activities	158,584,748	156,713,658
INVESTING ACTIVITIES		
Purchase of investments	(167,155,042)	(228,530,171)
Sale of investments	170,975,528	258,348,249
Interest received on investments	2,277,674	3,333,677
Net cash provided by investing activities	6,098,160	33,151,755
CAPITAL FINANCING ACTIVITIES		
Project equity received, net	5,985,591	2,913,010
Proceeds from sale of bonds and notes	340,170,535	200,201,561
Interest paid on debt	(96,327,180)	(100,967,818)
Debt repayments	(455,131,263)	(374,440,834)
Net cash used for capital financing activities	(205,302,317)	(272,294,081)
DECREASE IN CASH AND CASH EQUIVALENTS	(40,619,409)	(82,428,668)
CASH AND CASH EQUIVALENTS		
Beginning of year	189,462,328	271,890,996
End of year	$ 148,842,919	$ 189,462,328

	2012	2011 (as restated)
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH USED FOR OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 37,189,804	$ 20,231,638
Adjustments to reconcile excess of revenues over expenses to net cash from operating activities		
Amortization of mortgage discount	(1,510,083)	(1,770,983)
Amortization of mortgage premium	114,578	141,761
Amortization of bond insurance premium	(635,105)	109,284
Amortization of bond premium	(1,007,459)	(952,117)
Amortization of bond discount	246,856	62,840
Amortization of unearned fee income	458,709	(109,284)
Purchase of mortgage loans	(338,181,545)	(357,277,920)
Repayments of mortgage loans	397,924,065	394,623,491
Unrealized gain on securities	(22,562,546)	(3,583,084)
Cash from changes in operating assets and liabilities		
Interest and other receivables	(3,285,395)	5,385,050
Interest and other payables	89,832,869	99,852,982
Net cash provided by operating activities	$ 158,584,748	$ 156,713,658

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." The state legislature later authorized the Commission to issue bonds to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations, beginning farmers/ranchers, sustainable energy and energy efficiency retrofit programs. The Commission's debt limit is six billion dollars.

The Commission has eleven voting members. Two commissioners, the state treasurer and the director of the Department of Commerce, serve ex officio. The chair of the Commission is appointed by, and serves at the pleasure of, the governor. The remaining eight members are appointed by the governor to a four-year term.

The Commission is legally separate from the State 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 - The Commission summarizes its financial activities in the General Operating Fund, Program Investment Fund and Bond Fund.

General Operating Fund - The General Operating Fund accounts for the fiscal activities related to the administration of the Commission's ongoing program responsibilities. Revenues of this fund are derived primarily from fees earned on bond issues, tax credit allocations and compliance monitoring, as well as interest income on General Operating and Program Investment Fund investments. Except for certain pass-through grants and loans, all funds received by the Commission are generated by its activities and are not direct appropriations from the State.

The Commission 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 Program Investment Fund, established by the Commission in 1989, is comprised of reserves above those required by the General Operating Fund Reserve Policy. This fund strategically invests in programs to support the financing and production of low-income housing, special needs housing and facilities that provide community services. Investments also include resources provided by other funders for use in established down payment assistance and other programs in which our missions align.

Note 1 - Description of Business (Continued)

Bond Fund - All activities of Commission-issued bond transactions are established under separate Indentures of Trust and financial activities of these Indentures are recorded by the Commission in this fund. The Commission further summarizes its bond activities by program type as follows:

Single-family Homeownership Program - The proceeds from the sale of Single-family Homeownership Program mortgage revenue bonds and the debt service requirements of these bonds are summarized in this program. The program consists of two indentures, the General (Single-family) Indenture and the HomeOwnership Bond Program (NIPB) Indenture. Activities of the program are, in general, limited to the purchase of MBSs containing pools of mortgage loans originated under the Commission's First-time Homebuyer program which are secured by mortgages on single-family, owner-occupied, new or existing residential housing located in Washington State. The bonds, which are established under multiple series indentures within the two program indentures, constitute a special obligation of the Commission, are payable solely from the bond funds established pursuant to the indenture and are funded primarily from payments received on the MBS pools and from any other money held by the bond trustee pursuant to the indenture. As such, the assets of the bond are pledged as collateral for the debt. As of June 30, 2012 the assets so pledged were $1.2 billion.

Loans in the programs are made to first-time homebuyers (except for those in targeted areas) whose income does not exceed the limits established by the Commission. Mortgage rates for these programs ranged from 3.75% to 7.55%.

Conduit Financing Programs - All bonds issued by the Commission, except for the Single-family Homeownership Program discussed above, are conduit debt, i.e., limited-obligation bonds issued for the express purpose of providing financing for a specific third party that is not a part of the Commission's financial reporting entity. Financing proceeds for the Conduit Financing Programs are used to purchase qualified mortgages or MBSs from mortgage lenders. The issuer of the MBSs, the mortgagor, the letter of credit provider or the lender will pay the bond trustee principal and interest in amounts calculated to meet periodic debt service payments on the bonds.

Although the conduit debt securities bear the name of the Commission, it has no obligation for payment of such debt beyond the resources provided by the loan with the third party on whose behalf they are issued.

At the time of a Conduit Financing Program bond issuance, the Commission assigns its rights, title and interest in the loan agreement (with certain exceptions and reservations), and in any collateral securing the loan, to a bond trustee or the lender pursuant to a trust indenture or financing agreement. The bond trustee, fiscal agent or the lender administers the bond issue. The bonds, which constitute a special obligation of the Commission, are payable solely from the bond fund established pursuant to the indenture, and principal and interest payments are funded primarily from payments made by the borrower to satisfy the loan agreement and from any other money held by the bond trustee pursuant to the indenture. As such, the assets of each bond are pledged as collateral for the debt. As of June 30, 2012, the assets so pledged were $2.7 billion.

Note 1 - Description of Business (Continued)

The obligation of the borrower to repay the loan is absolute and unconditional. The bonds do not constitute a general, moral, or special obligation of the State of Washington, a pledge of the faith and credit of the State, or a general obligation of the Commission. The owners of the bonds have no right to require the State of Washington or the Commission, nor has the State of Washington or the Commission any obligation or legal authorization to levy any taxes or appropriate or expend any of its funds for the payment of principal thereof, premium, if any, or interest thereon.

Bonds may be sold in the capital markets by underwriters, or, in the case of private placement bonds, privately placed directly by the Commission with a financial institution or other sophisticated investor. Proceeds of the conduit bonds may be used in any of the following programs:

<u>Multifamily Housing Program</u> - This program accounts for financing issued on behalf of developers of multifamily housing. The proceeds are used to purchase, construct, refinance and/or remodel projects containing affordable housing and housing for the elderly.

<u>Nonprofit Housing Program</u> - This program accounts for bonds and notes issued on behalf of nonprofit housing organizations. The proceeds are used to purchase, construct, refinance, and/or remodel projects containing housing consistent with the organization's IRS approved purpose.

<u>Nonprofit Facilities, Beginning Farmers/Ranchers and Energy Programs</u> - This program accounts for the bonds and notes sold to purchase loans of 501(c)(3) organizations whose proceeds are used for capital acquisitions and/or improvements, to purchase loans on behalf of beginning farmers and ranchers and to purchase loans qualified under the Commission's energy programs. The Nonprofit Facilities and Energy loans may be secured by real and/or personal property used by borrowers. The Beginning Farmers/Ranchers loans, which must be secured by real and/or personal property, are used for the acquisition of land, purchase, construction or improvement of related buildings, machinery, equipment or certain animals for use in farm or ranching. These borrowers must directly manage and work on the farm or ranch.

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. The more significant of the Commission's accounting policies are described below.

Note 2 - Summary of Significant Accounting Policies (Continued)

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, deferred inflows and outflows of resources and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position for all funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. These funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Unclassified Balance Sheet - The Commission's business cycle is greater than one year. As such, all assets and liabilities as shown on the statement of net position are unclassified.

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 $3.9 million as of June 30, 2012. 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"). 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 Nuveen Asset Management and are comprised of securities issued or guaranteed by the U.S. government. These marketable securities are valued at fair value based upon quoted market prices as of June 30, 2012. Guaranteed investment contracts held in the Bond Funds are non-participating and therefore stated at cost as the redemption terms are not affected by market rates. At June 30, 2012, commercial paper and US government backed securities were held by the trustee for conduit bond issues for two issues and are stated at market value at year end.

Mortgage-Backed Securities - Mortgage-backed securities are presented at their fair value based on quoted market prices as of June 30, 2012 and 2011.

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 unamortized bond insurance premiums associated with the loans, which are amortized over the life of the loans.

Provision for Loan Losses - The provision for loan losses is developed by fund.

<u>General Operating Fund</u> - Most fees in the General Operating Fund are billed and collected in advance so no provision for loss is deemed to be necessary.

Note 2 - Summary of Significant Accounting Policies (Continued)

Program Investment Fund - The Commission provides for estimated losses on the loans it funds 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). The loan loss reserve was $1,865,596 and $1,258,841 as of June 30, 2012 and 2011, respectively. No provision for loss is made on loan balances funded by partner investments.

Bond Fund - Mortgage loans and mortgage-backed securities are purchased with 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.

Single-family Homeownership Program Mortgage Loans - No loan loss provisions are considered necessary, as the assets held by all the outstanding Single-family Homeownership Program indentures are mortgage-backed securities, of which payment is guaranteed by Fannie Mae, Ginnie Mae, or Freddie Mac.

Conduit Financing Programs Mortgage Loans - Since borrowers through the Commission's Conduit Financing Programs obtain credit enhancements from a third party that pays or secures the payment of principal and interest on the bonds, no loan loss provisions are considered necessary. However, in some programs, the only collateral for the payment of principal and interest is the real estate loan. In these cases, 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. On bond 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.

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 $5,000 or more. Depreciation and amortization are charged to current operations on the straight-line method over the estimated useful lives of the assets, generally between three and ten years. See Note 5 for additional information concerning furniture, fixtures and equipment.

Unearned Revenue - Unearned revenue represents the unearned portion of the Commission's bond and 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 position when earned.

Deferred Outflow of Resources - Deferred outflow of resources represents the year-end estimated negative fair value of the Commission's derivative instruments as of June 30. Additional information on the derivative is found in Note 6.

Note 2 - Summary of Significant Accounting Policies (Continued)

Bonds Payable - Current interest serial and term bonds are stated at their principal amounts outstanding, net of unamortized bond premium and discount, if any. Certain bonds in the single-family, multifamily and nonprofit programs are variable rate bonds remarketed on a periodic basis and are subject to market rate fluctuation.

Unamortized Bond Premium, Unamortized Bond Discount, and Unamortized Bond Insurance Premiums - Unamortized bond premium, unamortized bond discounts, and unamortized bond insurance premiums are amortized using the bonds outstanding method.

Bond Issuance Costs - Bond issuance costs, including underwriter's fees are expensed at issuance.

Project Equity Held for Borrower - Project equity held for borrower represents funds contributed by the borrower to the trust estate to complete the bond issuance, pursuant to the terms of the indenture. The funds may be used for project expenditures, 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 annual leave.

In addition, non-exception work period employees may earn compensatory time at the rate of time-and-one-half up to a maximum of 240 hours. 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 compensatory or exchange time has been used.

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

Net Position - Net position is classified into three components:

Restricted net position has 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 position consists of the remaining assets and liabilities.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition - The primary source of revenue for the Commission is interest earned on its mortgage loans outstanding, MBSs 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 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 position. Other fee income is comprised of the following at June 30:

	2012	2011 (as restated)
Commission fees	$ 9,415,750	$ 9,881,942
Other program fees	6,064,836	6,449,334
Other income	4,554,680	2,490,845
	$ 20,035,266	$ 18,822,121

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.

Arbitrage Rebate – Arbitrage rebate vary by, and are discussed by fund.

Single Family Homeownership Program - Arbitrage earnings that are owed to the United States Department of the Treasury are recorded as accrued arbitrage rebate and based on calculations performed by independent valuation specialists on an ongoing basis.

Conduit Financing Programs - The liability for potential arbitrage earnings on conduit programs remains the responsibility of the borrower and, therefore is not accrued by the Commission.

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, loan loss provisions, accrued sick leave and other contingencies. Actual results may differ from those estimates.

Risks and Uncertainties - The Commission may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term, and those changes could subsequently affect the amounts reported in the statement of net position.

Note 2 - Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncements

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows, Deferred Inflows, and Net Position*. The statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net positions, elements of financial statements identified and defined by previously issued Concepts Statement 4. The requirements in this statement will improve financial reporting by standardizing presentation of these elements. The statement is effective for financial statements of periods beginning after December 15, 2011. The Commission has adopted this new pronouncement in the current year. The effect to the Commission's adoption of this statement is limited to the reclassification of Net Assets to "Net Position" and reclassification of certain items as "Deferred outflow of resources".

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement provides guidance on the reclassifying certain items as deferred outflows of resources or deferred inflows of resources. The statement further requires reclassification of certain items previously recorded as assets and liabilities as expenses or revenues. The specific accounts impacting the Commission are detailed below.

*Bond Issuance Co*sts: Previous standards required that certain costs associated with the issuance of bonds, including underwriter's discounts, be recognized as an asset and amortized over the life of the bond. Statement No. 65 requires that bond issuance costs be fully expensed at issuance.

Commitment Fees: Previous standards required that fees received for a commitment to originate or purchase a loan be recorded as a liability and recognized as revenue over the life of the loan. Statement No. 65 requires that commitment fees be recognized as revenue at execution.

Note 2 - Summary of Significant Accounting Policies (Continued)

The statement is effective for financial statements of periods beginning after December 15, 2012 with the effects of the accounting change to be applied retroactively, by restating the financial statements. The Commission has adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected items within the financial statements as of June 30, 2011:

	As Previously Reported	Change	As Restated
Statement of Net Position			
Mortgage-Backed Securities	$ 1,074,742,302	$ 1,849,138	$ 1,076,591,440
Mortgage Loans (Net of Premiums, Discounts and Unamortized Commitment Fees)	2,554,937,461	55,551,200	2,610,488,661
Prepaid Fees and Other	3,906,840	(2,077,693)	1,829,147
Unamortized Bond Issuance Costs	65,637,908	(65,637,908)	-
Deferred Outflow of Resources- Accumulated Decrease in Fair Value of Hedging Derivatives	-	2,077,693	2,077,693
Total Assets and Deferred Outflow of Resources	3,699,224,511	(8,237,570)	3,690,986,941
Bonds Payable (net of Premiums, Discounts and Deferred Refunding)	3,720,822,726	562,831	3,721,385,557
Statement of Revenues, Expenses and Changes in Net Position			
Fee Income (including Commitment Fees)	24,030,389	(5,208,266)	18,822,123
Interest Expense (including Amortization of Deferred Refunding)	99,897,006	(236,110)	99,660,896
Amortization of Bond Issuance Costs	8,117,347	(6,010,013)	2,107,334
Excess of Revenues over (under) Expenses	19,193,781	1,037,855	20,231,636
Net Position	228,533,302	(8,800,401)	219,732,901

Note 3 - Investments

General Operating and Program Investment Funds

Investment Policy - Investment policies vary by, and are discussed by fund.

General Operating and Program Investment Funds - 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. However, as a matter of policy, the Commission believes that it is appropriate at this time to invest its dedicated funds in a manner generally consistent with the investment limitations on public funds. The Commission has entered into an agreement with Nuveen Asset Management to manage the investment of the Funds' reserves, subject to the following policy.

Note 3 - Investments (Continued)

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

1. Treasury bills, notes, and other obligations issued by the United States Department of the Treasury and backed by the full faith and credit of the U.S. government.

2. Federal Home Loan Bank notes and bonds.

3. Federal Land Bank bonds.

4. Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation.

5. The obligations of certain government-sponsored entities whose obligations are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.

6. Shares of mutual funds with portfolios consisting of only U.S. government bonds or U.S. government guaranteed bonds issued by federal agencies with average maturities of less than four years.

Limiting investments to those authorized in this policy minimizes the Commission's exposure to credit risk on these Funds.

The investments of the Funds are registered and 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.

Examining the maturities of the Funds' 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, 2012 consist of the following:

		Maturities (In Years)	
Type	Market	Less than 1	1-5
Deposits	$ 296,995	$ 296,995	$ -
Money market fund	10,316,496	10,316,496	-
US Agencies	14,701,319	3,834,322	10,866,997
US Treasuries	24,008,271	-	24,008,271
	$ 49,323,081	$ 14,447,813	$ 34,875,268

Note 3 - Investments (Continued)

Cash, Cash Equivalents and Investment Securities - Bond Funds

Bond Fund - Investment risk in the bond programs accrues to the Commission in the Single-family Homeownership Program and to the borrower in the Conduit Financing Programs. The indenture for each bond issue outlines the permitted investments for that transaction. Often, bond proceeds are invested in guaranteed investment contracts ("GICs") with institutions whose credit rating is investment grade (Baa or BBB and higher for Moody's and Standard and Poor's, respectively). These GICs 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 in the GIC that require the provider to collateralize the investment in the event their rating is downgraded below the required standard, thereby minimizing the Commission's or borrower's exposure to credit risk within the bond funds. GICs 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.

Single-family Homeownership Program - Investments in the Single-family Homeownership Program indenture as of June 30, 2012 are comprised of MBSs and GICs.

GICs - The Commission places no limit on the amount that may be invested in any one GIC provider. The following table lists GICs held by the Single-family Homeownership Programs, by issuers, at June 30, 2012:

Investment Issuer	Amount
Pallas Capital Corporation	$ 5,170,921
CDC Funding Corporation	$ 373,868

Non Purpose MBS - During the year the Commission invested available Single Family bond fund reserves by purchasing MBSs originated through its Single Family Homeownership programs in advance of issuing bonds. These investments are recorded at fair market value and totaled $44,467,983 at June 30, 2012.

Conduit Financing Programs - Concentration risk in these programs does not affect the Commission since the risk is borne by the borrower. At June 30, 2012, a portion of bond proceeds for two conduit bond issuances were invested in US government backed securities and commercial paper and held by the trustee. At June 30, 2012, the total market value of the US government backed securities and commercial paper was $9 million. Funds not in GICs, US government backed securities or commercial paper are generally 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.

Note 4 - Mortgage-Backed Securities

The bond proceeds for all Single-family Homeownership Program bond issues issued since 1988 have been used to purchase modified mortgage-backed securities in which principal and interest are guaranteed by either the Ginnie Mae, Freddie Mac, or Fannie Mae, whose guarantee is backed by the full faith and credit of the U.S. government. Six bond issues in the Conduit Financing Programs also contain mortgage-backed securities.

For the fiscal year ended June 30, 2012, the net increase in fair market value from that of the prior year end, based upon quoted market price at the fiscal year end, was $20,001,691. The following table shows the sources of the gains on mortgage-backed securities on the statements of revenue, expenses, and changes in net position for 2012 and 2011 by program.

Gain on mortgage-backed securities as of June 30:

	2012				2011			
	Single Family Program Bonds	Homeownership Program Bonds	Multifamily & Non-Profit Housing	Total	Single Family Program Bonds	Homeownership Program Bonds	Multifamily & Non-Profit Housing	Total
Unrealized gain (loss) due to adjustment to market value	$ 1,594,075	$ 19,106,914	$ (699,298)	$ 20,001,691	$ (2,243,090)	$ 6,836,138	$ (1,009,965)	$ 3,583,083

Cumulative unrealized gains for fiscal years 2012 and 2011 were $104,640,405 and $84,638,714, respectively, and are included in the balance of mortgage-backed securities on the statement of net position.

Note 5 - Furniture, Fixtures and Equipment

Furniture, fixtures and equipment as shown below at June 30, 2012 and 2011 are included in prepaid fees and other on the statements of net position.

	Useful Life	July 1, 2010	Increase	Decrease	June 30, 2011
Furniture, fixtures and equipment	3 to 10 years	$ 1,479,184	$ 40,659	$ (99,890)	$ 1,419,953
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total assets		1,655,242	40,659	(99,890)	1,596,011
Less accumulated depreciation		(1,320,102)	(156,284)	99,890	(1,376,496)
Net book value		$ 335,140	$ (115,625)	$ -	$ 219,515

	Useful Life	July 1, 2011	Increase	Decrease	June 30, 2012
Furniture, fixtures and equipment	3 to 10 years	$ 1,419,953	$ 11,593	$ -	$ 1,431,546
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total assets		1,596,011	11,593	-	1,607,604
Less accumulated depreciation		(1,376,496)	(155,261)	-	(1,531,757)
Net book value		$ 219,515	$ (143,668)	$ -	$ 75,847

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, undisbursed bond proceeds and the earnings thereon held under the indenture authorizing the bonds.

As of June 30, 2012, the Commission had outstanding notes and bonds of $3.6 billion bearing interest varying in rates as listed below:

	Low	High
Single-family Program	0.18%	5.75%
Homeownership Program	0.35%	5.30%
Multi Family Program	0.17%	9.18%
Nonprofit Housing Program	0.17%	8.00%
Nonprofit Facilities Program	0.16%	7.39%

Derivative Instruments - Interest Rate Swaps

Single-family Homeownership Program - The Commission has entered into interest rate swap agreements ("swaps") in connection with issuing variable rate mortgage revenue bonds. The intention of the swaps are to create debt with synthetic interest rates with ranges that are lower than would have been 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. The swaps are considered to be hedging derivative instruments. Additional information, including the fair market value of each swap, is listed below.

Using rates as of June 30, 2012, 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
2013	$ 29,845,000	$ 49,772	$ 768,139	$ 30,662,911
2014	16,835,000	34,740	538,534	17,408,274
2015	14,020,000	28,962	448,831	14,497,793
2016	11,397,500	23,574	365,194	11,786,268
2017	8,972,500	18,585	287,784	9,278,869
2018	6,740,000	13,984	216,433	6,970,417
2019	4,697,500	9,766	151,066	4,858,332
2020	2,837,500	5,913	91,398	2,934,811
2021	1,272,500	2,674	41,230	1,316,404
2022	310,000	682	4,380	315,062

Note 6 - Bonds and Notes Payable (Continued)

The terms and counterparty credit ratings of the outstanding swaps as of June 30, 2012, are contained below. The notional amounts of the swaps match principal amounts of the associated debt as of June 30, 2012. The notional amounts are expected to approximately follow schedule or anticipated reductions in the principal amounts of the associated debt.

Associated Bond Series	Current Notional Amount	Current Principal Amount	Effective Date	Fixed Rate Paid	Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating
2005 - S VR2	$ 10,000,000	$ 10,000,000	June 16, 2005	3.30%	SIFMA over 3.92%	$ (152,748)	December 1, 2012	AA3
2008 VR-1A	11,075,000	11,075,000	July 22, 2008	3.629%	SIFMA plus 10bps	(1,243,778)	December 1, 2021	Aaa
2008 VR-2N	9,560,000	9,560,000	September 25, 2008	3.249%	SIFMA plus 5 bps	(881,057)	June 1, 2021	Aaa
	$ 30,635,000	$ 30,635,000				$ (2,277,583)		

The fair values presented in the foregoing tables were estimated by the Commission's counterparties to the swaps and approximate the termination payments that would have been due had the swaps been terminated as of June 30, 2012. A negative fair value represents the amount payable by the Commission upon termination.

The maturity of the variable debt exceeds that of the swaps by a range of 14.5 to 27 years creating the risk that variable rates after the swaps terminate may exceed the maximum swap fixed rates to the Commission and that the Commission might not be able to obtain subsequent interest rate agreements that limit interest at or below these levels.

The Commission's swap contracts are based upon the International Swap Dealers Association Master Agreement, which includes standard termination events. The swap contracts 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 termination payments to the counterparty or the inability to replace the swaps 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 counterparties upon the occurrence of a termination event. The swap agreements contain collateral requirements based upon counterparty credit ratings and the fair value of the swaps. These bi-lateral requirements are established to mitigate potential credit risk exposure. These requirements were met as of June 30, 2012.

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

Note 6 - Bonds and Notes Payable (Continued)

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 bonds based on a weekly remarking rate but, under the terms of its swap, receives a variable rate based upon the weekly SIFMA rate, plus a specified spread as outlined in the table above, which is based upon AA variable rate demand bonds. Basis risk will vary over time due to inter-market conditions. As of June 30, 2012, the interest rate on the Commission's variable rate debt ranged from 0.18 % to 0.22% per annum while the variable interest rate on the corresponding swaps was 0.18% per annum (SIFMA at June 30, 2012). In order to reduce the cumulative effect of basis risk the variable rate determination structure included cash flow modeling with bond rate assumptions consistent with the terms of the associated swap.

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

Conduit Financing Programs - While borrowers in these programs may enter into interest rate swaps on these transactions, the Commission is neither a party to, nor a beneficiary of these contracts and does not include them in its financial statements.

Bond Defeasance

Defeasance amounts are deposited in irrevocable trusts to provide for all future debt service payments on the bonds. Accordingly, neither the assets of the respective trust accounts or the liabilities for the defeased bonds are reflected in the Commission's financial statements. Funds held in the respective trust accounts are qualifying U.S. government securities and are assumed sufficient to service and redeem the defeased bonds. Because of the nature of the programs, reporting varies:

Single-family Homeownership Program - 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. There were no Single-family Homeownership Program bonds defeased during fiscal year ended June 30, 2012 and 2011.

Conduit Financing Programs - No difference between the cost to defease outstanding debt and the carrying value of bonds defeased by refunding bonds is calculated, amortized or disclosed since the cash flows and economic gain or loss accrues to the borrower and not the Commission as the conduit issuer.

Note 6 - Bonds and Notes Payable (Continued)

Future Principal and Interest Payments and Bonds Outstanding - Bonds mature in varying amounts through 2052. Future principal and interest requirements are shown in the following table:

Fiscal Year June 30,	Total Principal Redemptions	Total Interest Redemptions	Total Debt Service
2013	$ 45,151,061	$ 94,407,889	$ 139,558,950
2014	41,341,598	93,217,051	134,558,649
2015	52,125,960	91,392,633	143,518,593
2016	40,933,823	89,564,009	130,497,832
2017	37,666,109	87,972,055	125,638,164
2018 - 2022	322,810,101	408,191,033	731,001,134
2023 - 2027	441,819,817	333,844,614	775,664,431
2028 - 2032	516,097,018	241,686,320	757,783,338
2033 - 2037	853,983,457	148,883,645	1,002,867,102
2038 - 2042	990,697,825	67,169,780	1,057,867,605
2043 - 2047	257,132,599	10,553,877	267,686,476
2048 - 2052	22,322,200	305,101	22,627,301
	$ 3,622,081,568	$ 1,667,188,007	$ 5,289,269,575

Changes in bonds outstanding during the fiscal year ended June 30, 2012 are summarized in the following table:

June 30, 2011 (as restated)	Issued	Redeemed	June 30, 2012
$ 3,717,047,317	$ 340,170,535	$ 435,136,284	$ 3,622,081,568

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, 2012 are shown below:

Mortgage Loan, Commitments Program	Amount
Single-family Housing Program	$ -
Homeownership Program	20,271,846
Multifamily Housing Program	84,196,905
Nonprofit Housing Program	17,536,047
Nonprofit Facilities Program	14,396,078
	$ 136,400,876

Note 7 - Commitments (Continued)

Operating Lease - The Commission has lease commitments for office space on a long-term basis. Lease expense for the fiscal years ended June 30, 2012 and 2011 was $616,923 and $679,742, respectively. Future minimum lease payments for the lease agreement that ends in fiscal year 2016 are below.

For the Year Ending June 30:		
2013	$	679,626
2014		624,080
2015		624,356
2016		680,454
	$	2,608,516

Note 8 - Tax Credit Assistance Program

The Commission was selected to administer the Housing and Urban Development ("HUD") ARRA funded Tax Credit Assistance Program ("TCAP") with a total award of $43 million. This program was designed to provide cash to fill funding gaps on eligible tax credit projects that did not receive sufficient equity investment. These funds were provided to the projects through zero interest deferred loans with terms of up to 51 years. Due to the nature of the TCAP program, the Commission does not intend to collect on the outstanding balance and considers them to be forgivable loans. As such, TCAP draws and disbursements are recognized as nonoperating grant revenue and expense. As of June 30, 2012, the nine projects funded through the program were completed and funds allocated were fully disbursed or returned to HUD.

	Agreements	Allocation	Draws at 6/30/10	FYE 12 Net Draws	Draws at 6/30/12	Disbursed Through 6/30/12
TCAP Agreements	9	$ 43,010,192	$ 41,488,809	$ 1,154,211	$ 42,643,020	$ 42,643,020
Allocation Returned to HUD					367,172	
					$ 43,010,192	

Note 9 - Employee Benefit Plans

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

Note 9 - 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 50% 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. A cost-of-living allowance on the benefit in added, based on 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"). 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, 2012, 2011 and 2010:

	2012	2011	2010
Gross covered salaries	$ 3,997,180	$ 4,095,853	$ 4,181,681
Commission's contribution	$ 286,885	$ 217,630	$ 221,952
Commission's contribution rate	7.18%	5.31%	5.31%
Employees' contribution	$ 189,050	$ 168,735	$ 174,970
Employees' contribution rate	4.73%	4.12%	4.18%

Note 9 - 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 2011 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 10 - Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; natural disasters and acts of terrorism for which the agency carries commercial insurance. As of June 30, 2012, there were no known asserted or unasserted claims or judgments against the Commission.

The Commission may be subject to various threatened or pending legal actions, contingencies and commitments in the normal course of conducting its business. The Commission provides for costs or income related to a settlement of these matters when a loss or gain is probable and the amount can be reasonably estimated. The effect of the outcome of these matters on the Commission's future results of operations and liquidity cannot be predicted because any such effect depends on future results of operations and the amount and timing of the resolution of any such matters. While it is not possible to predict with certainty, management believes that the ultimate resolution of any such matters will not have a material adverse or beneficial effect on the financial position of the Commission.

Note 11 - Related Party Transactions

The Commission provides staff and administrative services to the following state agencies as of and for the years ended June 30, 2012 and 2011:

Charges for Services	2012	2011
Washington Higher Education Facilities Authority	$ 202,678	$ 203,985
Tobacco Settlement Authority	$ 44,716	$ 27,471
Receivable From		
Washington Higher Education Facilities Authority	$ 51,642	$ 87,825
Tobacco Settlement Authority	$ 22,412	$ 5,997

Note 12 - Subsequent Events

On July 1, 2012 the Commission began the Home Advantage homeownership program, a first mortgage product with up to 4% down payment assistance available. Loans originated in this program are purchased by the Master Servicer, securitized, and sold to investors at a premium market value established at the time of reservation. The Commission receives a portion of the premium. As of November 1, 2012, $12.8 million of mortgage-backed securities have been sold and $472 thousand of down payment assistance has been provided.

Subsequent to June 30, 2012, the Commission issued $143.4 million in additional bonds and the trustees, under the normal and early redemption provisions of the trust indenture, have redeemed $121.2 million in bonds.

SUPPLEMENTAL INFORMATION

	Restricted Bond Fund							Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Single-family Bond Program	HomeOwnership Bond Program (NIBP)	Multifamily Housing Bond Program	Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	2012	2011 (as restated)
CASH AND CASH EQUIVALENTS	$ 38,044,270	$ 11,619,718	$ 57,169,415	$ 24,218,560	$ 7,177,465	$ 6,896,922	$ 3,716,569	$ 148,842,919	$ 189,462,328
INVESTMENTS									
U.S. government and agencies securities	-	-	-	-	-	16,913,556	21,796,034	38,709,590	38,321,090
Investment agreements and other investments	28,513,734	21,499,038	5,901,543	18,802,688	-	-	-	74,717,003	76,410,588
	28,513,734	21,499,038	5,901,543	18,802,688	-	16,913,556	21,796,034	113,426,593	114,731,678
ACCRUED INTEREST RECEIVABLE	3,152,956	1,273,173	2,449,767	1,021,517	416,542	241,140	357,438	8,912,533	8,208,568
FEES RECEIVABLE, net	-	-	-	-	-	2,027,329	-	2,027,329	267,254
OTHER RECEIVABLES	-	-	-	-	-	20,144	272,536	292,680	501,154
MORTGAGE-BACKED SECURITIES, cost	660,186,297	331,593,393	38,134,476	-	-	-	-	1,029,914,166	1,076,591,440
Cumulative unrealized gain on mortgage-backed securities	71,279,370	31,891,544	1,469,491	-	-	-	-	104,640,405	84,638,714
MORTGAGE-BACKED SECURITIES, fair value	731,465,667	363,484,937	39,603,967	-	-	-	-	1,134,554,571	1,161,230,154
MORTGAGE LOANS, net	-	-	1,488,032,907	652,984,569	364,056,219	-	93,061,947	2,598,135,642	2,610,488,661
PREPAID FEES AND OTHER	-	-	36,057	1,023,188	-	167,164	-	1,226,409	1,829,147
TOTAL ASSETS	801,176,627	397,876,866	1,593,193,656	698,050,522	371,650,226	26,266,255	119,204,524	4,007,418,676	4,086,718,944
DEFERRED OUTFLOWS OF RESOURCES									
Accumulated decrease in fair value of hedging derivatives	2,277,583	-	-	-	-	-	-	2,277,583	2,077,693
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 803,454,210	$ 397,876,866	$ 1,593,193,656	$ 698,050,522	$ 371,650,226	$ 26,266,255	$ 119,204,524	$ 4,009,696,259	$ 4,088,796,637

	Restricted Bond Fund							Total	
LIABILITIES AND NET POSITION	Single-family Bond Program	HomeOwnership Bond Program (NIBP)	Multifamily Housing Bond Program	Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	2012	2011 (as restated)
ACCOUNTS PAYABLE AND OTHER LIABILITIES	$ 5,008,762	$ 194,874	$ 19,487,309	$ 20,711,121	$ 497,245	$ 1,860,398	$ 40,019,224	$ 87,778,933	$ 97,137,370
ACCRUED INTEREST PAYABLE	2,598,870	3,191,244	4,624,543	6,194,167	752,444	-	-	17,361,268	17,196,120
ACCRUED ARBITRAGE REBATE	5,102	-	-	-	-	-	-	5,102	333,364
UNEARNED-REVENUE AND OTHER	-	-	-	-	-	6,405,857	-	6,405,857	5,124,227
DERIVATIVE INSTRUMENT - INTEREST RATE SWAP	2,277,583							2,277,583	2,077,693
PROJECT EQUITY HELD FOR BORROWER	-	-	11,199,996	-	-	-	-	11,199,996	5,214,405
OBLIGATIONS UNDER REVERSE REPURCHASE AGREEMENTS	-	-	-	-	-	-	-	-	19,995,000
BONDS PAYABLE									
Current interest bonds	663,605,000	351,360,000	1,456,628,791	663,725,483	367,480,537	-	-	3,502,799,811	3,532,050,184
Taxable bonds	9,725,000	-	98,786,757	7,850,000	2,920,000	-	-	119,281,757	184,997,133
Unamortized bond discount	-	-	(145,887)	(881,115)	-	-	-	(1,027,002)	(873,858)
Unamortized bond premium	3,086,299	3,015,995	137,089	450,866	-	-	-	6,690,249	5,812,098
	676,416,299	354,375,995	1,555,406,750	671,145,234	370,400,537	-	-	3,627,744,815	3,721,985,557
TOTAL LIABILITIES	686,306,616	357,762,113	1,590,718,598	698,050,522	371,650,226	8,266,255	40,019,224	3,752,773,554	3,869,063,736
NET POSITION									
Restricted									
Bond operations	117,147,594	40,114,753	2,475,058	-	-	-	-	159,737,405	129,348,806
Grants and donations to Program Investment Fund	-	-	-	-	-	-	1,082,696	1,082,696	1,079,424
Invested in capital assets	-	-	-	-	-	75,847	-	75,847	219,515
Unrestricted									
General operations	-	-	-	-	-	17,924,153	-	17,924,153	17,780,485
Program Investment Fund	-	-	-	-	-	-	78,102,604	78,102,604	71,304,671
	117,147,594	40,114,753	2,475,058	-	-	18,000,000	79,185,300	256,922,705	219,732,901
TOTAL LIABILITIES AND NET POSITION	$ 803,454,210	$ 397,876,866	$ 1,593,193,656	$ 698,050,522	$ 371,650,226	$ 26,266,255	$ 119,204,524	$ 4,009,696,259	$ 4,088,796,637

	Restricted Bond Fund							Total	
	Single-family Bond Program	HomeOwnership Bond Program (NIBP)	Multifamily Housing Bond Program	Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	2012	2011 (as restated)
REVENUES									
Interest earned on mortgage loans and mortgage-backed securities	$ 39,952,399	$ 13,770,601	$ 27,306,136	$ 17,819,233	$ 5,282,445	$ -	$ -	$ 104,130,814	$ 107,090,158
Other interest and investment income (loss)	1,828,759	1,994,294	97,791	44,298	90,984	841,511	-	4,897,637	3,389,887
Gain (loss) on mortgage-backed securities	1,594,075	19,106,914	(699,298)	-	-	-	-	20,001,691	3,583,083
Other fee income	707,984	1,011,556	1,942,345	731,825	440,921	14,278,819	921,816	20,035,266	18,822,123
Nonoperating revenues - grants	-	-	-	-	-	15,810,591	13,645,189	29,455,780	103,065,309
	44,083,217	35,883,365	28,646,974	18,595,356	5,814,350	30,930,921	14,567,005	178,521,188	235,950,560
EXPENSES									
Interest on debt	34,714,140	11,770,502	26,894,813	17,737,825	5,373,429	-	-	96,490,709	99,660,896
Amortization of bond discount	-	-	7,852	239,004	-	-	-	246,856	62,840
Amortization of bond premium	(590,299)	(176,396)	(303,862)	(113,298)	-	-	-	(1,183,855)	(952,117)
Bond issuance costs	-	762,082	1,940,076	275,385	440,921	-	-	3,418,464	2,107,334
Amortization of bond insurance premium	-	-	2,269	456,440	-	-	-	458,709	109,284
Servicing and commission fees	1,209,021	906,018	102,379	-	-	-	-	2,217,418	2,660,370
Salaries and wages	-	-	-	-	-	5,368,231	-	5,368,231	5,400,787
Communication and office expense	-	-	-	-	-	1,491,499	-	1,491,499	1,653,926
Professional fees	-	-	384,979	-	-	1,246,579	-	1,631,558	1,433,551
Trustee and paying agent fees	181,130	43,682	25,017	-	-	-	-	249,829	284,557
Other	163,861	187,693	-	-	-	-	1,134,632	1,486,186	1,157,185
Nonoperating expenses - grants	-	-	-	-	-	15,810,591	13,645,189	29,455,780	102,140,309
	35,677,853	13,493,581	29,053,523	18,595,356	5,814,350	23,916,900	14,779,821	141,331,384	215,718,922
EXCESS OF REVENUES OVER EXPENSES	8,405,364	22,389,784	(406,549)	-	-	7,014,021	(212,816)	37,189,804	20,231,638
NET POSITION									
Balance, beginning of year	108,742,230	17,724,969	2,881,607	-	-	18,000,000	72,384,095	219,732,901	199,501,263
Distribution of equity	-	-	-	-	-	(7,014,021)	7,014,021	-	-
Balance, end of year	$ 117,147,594	$ 40,114,753	$ 2,475,058	$ -	$ -	$ 18,000,000	$ 79,185,300	$ 256,922,705	$ 219,732,901

	Restricted Bond Fund							
	Single-family Housing Bond Program	HomeOwnership Bond Program (NIBP)	Multifamily Housing Bond Program	Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total
OPERATING ACTIVITIES								
Receipts for interest on mortgages	$ 39,187,882	$ 13,507,925	$ 28,787,304	$ 17,652,947	$ 5,863,853	$ -	$ -	$ 104,999,911
Receipts for other fee income	721,714	3,157,229	-	-	-	29,641,679	14,400,181	47,920,803
Receipts for loans and mortgage prepayments	118,503,956	7,785,359	87,390,411	110,839,161	69,831,943	-	3,573,234	397,924,064
Payments for acquisition of loans and mortgages	-	(98,546,289)	(140,797,010)	(65,587,334)	(19,725,945)	-	(9,811,870)	(334,468,448)
Payments for bond program expenses	(1,890,583)	(1,538,083)	(2,452,405)	(675,385)	(440,921)	-	-	(6,997,377)
Payments to employees and suppliers	-	-	-	-	-	(23,394,249)	(27,399,956)	(50,794,205)
Net cash from (used for) operating activities	156,522,969	(75,633,859)	(27,071,700)	62,229,389	55,528,930	6,247,430	(19,238,411)	158,584,748
INVESTING ACTIVITIES								
Purchase of investments	(120,129,478)	(20,005,344)	(8,318,133)	(15,651,193)	-	-	(3,050,894)	(167,155,042)
Sale of investments	118,314,120	149,395	28,258,298	19,640,810	1,950,512	2,662,393	-	170,975,528
Interest received on investments	965,991	288,922	98,715	56,815	47,179	820,052	-	2,277,674
Net cash from (used for) investing activities	(849,367)	(19,567,027)	20,038,880	4,046,432	1,997,691	3,482,445	(3,050,894)	6,098,160
NONCAPITAL FINANCING ACTIVITIES								
Contributions	-	-	-	-	-	(7,014,021)	7,014,021	-
CAPITAL FINANCING ACTIVITIES								
Project equity received, net	-	-	5,985,591	-	-	-	-	5,985,591
Proceeds from sale of bonds and notes	-	116,440,000	147,812,035	54,767,259	21,151,241	-	-	340,170,535
Interest paid on debt	(35,185,462)	(10,683,981)	(26,701,790)	(18,381,822)	(5,374,125)	-	-	(96,327,180)
Debt repayments	(135,180,000)	(57,710,000)	(81,570,159)	(110,839,161)	(69,831,943)	-	-	(455,131,263)
Net cash from (used for) capital financing activities	(170,365,462)	48,046,019	45,525,677	(74,453,724)	(54,054,827)	-	-	(205,302,317)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,691,860)	(47,154,867)	38,492,857	(8,177,903)	3,471,794	2,715,854	(15,275,284)	(40,619,409)
CASH AND CASH EQUIVALENTS								
Beginning of year	52,736,130	58,774,585	18,676,558	32,396,463	3,705,671	4,181,068	18,991,853	189,462,328
End of year	$ 38,044,270	$ 11,619,718	$ 57,169,415	$ 24,218,560	$ 7,177,465	$ 6,896,922	$ 3,716,569	$ 148,842,919

	Restricted Bond Fund							
	Single-family Housing Bond Program	HomeOwnership Bond Program (NIBP)	Multifamily Housing Bond Program	Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total
RECONCILIATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES TO NET CASH FROM OPERATING ACTIVITIES								
Excess (deficiency) of revenues over expenses	$ 8,405,364	$ 22,389,784	$ (406,549)	$ -	$ -	$ 7,014,021	$ (212,816)	$ 37,189,804
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash from operating activities								
Amortization of mortgage discount	(1,271,079)	-	-	(239,004)	-	-	-	(1,510,083)
Amortization of mortgage premium	726	-	554	113,298	-	-	-	114,578
Amortization of bond insurance premium	-	(176,396)	(2,269)	(456,440)	-	-	-	(635,105)
Amortization of bond premium	(590,299)	-	(303,862)	(113,298)	-	-	-	(1,007,459)
Amortization of bond discount	-	-	7,852	239,004	-	-	-	246,856
Amortization of unearned fee income	-	-	2,269	456,440	-	-	-	458,709
Purchase of mortgage loans	-	(98,502,005)	(147,239,947)	(62,669,112)	(19,958,611)	-	(9,811,870)	(338,181,545)
Repayments of mortgage loans	118,503,956	7,785,359	87,390,412	110,839,161	69,831,943	-	3,573,234	397,924,065
Unrealized (gain) loss on securities	(2,511,840)	(20,750,004)	699,298	-	-	-	-	(22,562,546)
Cash from changes in operating assets and liabilities								
Interest and other receivables	(391,426)	(353,816)	(554,892)	96,178	49,503	(2,570,872)	439,930	(3,285,395)
Interest and other payables	34,377,567	13,973,219	33,335,434	13,963,162	5,606,095	1,804,281	(13,226,889)	89,832,869
Net cash (from) used for operating activities	$ 156,522,969	$ (75,633,859)	$ (27,071,700)	$ 62,229,389	$ 55,528,930	$ 6,247,430	$ (19,238,411)	$ 158,584,748

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2012	Balance Outstanding 2011 (as restated)
Single-family (Open Indenture)					
Single-family 2001 2A	05/30/01	$ 27,000,000	12/01/32	$ -	$ 315,000
Single-family 2001 5A	11/15/01	20,000,000	06/01/33	-	1,555,000
Single-family 2002 1A	03/14/02	20,000,000	06/01/33	-	10,000
Single-family 2002 2A, 3A/ 3N-R	05/30/02	43,110,000	12/01/33	-	75,022
Single-family 2002 4A	08/30/02	25,000,000	12/01/33	5,575,000	6,545,000
Single-family 2002 5A	01/15/03	23,580,000	12/01/33	-	4,285,000
Single-family 2003 1A/1N	05/21/03	20,000,000	06/01/26	7,460,000	8,275,000
Single-family 2003 2A/2N	09/25/03	24,500,000	12/01/24	-	2,165,000
Single-family 2003 3A/3N	11/19/03	23,885,000	06/01/34	17,895,000	18,530,000
Single-family 2004 1A/1N	03/18/04	37,325,000	12/01/34	16,170,000	18,660,000
Single-family 2004 2A/2N	07/07/04	38,885,000	06/01/35	2,150,000	9,460,000
Single-family 2004 3A/3N	08/25/04	33,500,000	06/01/35	9,240,000	19,700,000
Single-family 2004 4A/4N	12/09/04	23,790,000	12/01/35	13,850,000	15,525,000
Single-family 2005 1A/1N	03/31/05	25,000,000	12/01/35	15,930,000	17,175,000
Single-family 2005 2A/VR-2A	06/16/05	30,000,000	03/01/36	21,085,000	23,055,000
Single-family 2005 3A	08/04/05	19,795,000	06/01/36	14,565,000	15,990,000
Single-family 2005 4	09/29/05	24,380,000	06/01/36	15,240,000	16,945,000
Single-family 2005 5	12/15/05	24,535,000	06/01/36	15,000,000	16,475,000
Single-family 2006 1	01/25/06	99,265,000	06/01/37	32,260,000	35,300,000
Single-family 2006 2	04/12/06	79,370,000	12/01/37	34,960,000	37,955,000
Single-family 2006 3	07/13/06	55,000,000	12/01/37	48,225,000	50,285,000
Single-family 2006 4	08/23/06	55,000,000	06/01/37	14,435,000	51,745,000
Single-family 2006 5	10/12/06	55,000,000	12/01/37	51,145,000	52,020,000
Single-family 2006 6	11/02/06	53,795,000	12/01/37	37,870,000	41,250,000
Single-family 2007 1	02/08/07	54,490,000	06/01/38	41,100,000	44,770,000
Single-family 2007 2	03/29/07	55,000,000	06/01/48	53,250,000	53,665,000
Single-family 2007 3	05/17/07	55,000,000	06/01/48	53,285,000	53,700,000
Single-family 2007 4	06/20/07	54,980,000	06/01/48	38,875,000	42,755,000
Single-family 2007 5	10/25/07	80,005,000	12/01/47	20,010,000	27,420,000
Single-family 2008 1	07/01/08	55,000,000	06/01/49	12,115,000	13,905,000
Single-family 2008 2	09/25/08	41,000,000	06/01/48	18,565,000	20,720,000
Single-family 2009 1	06/25/09	20,000,000	06/01/39	12,230,000	12,540,000
Single-family 2009 2N	10/28/09	24,820,000	06/01/40	22,970,000	24,070,000
Single-family 2010 1A-R/1N-R	11/30/10	35,175,000	12/01/35	27,875,000	31,675,000
				673,330,000	788,515,022
Unamortized Bond Premium				3,086,299	3,676,598
Unamortized Bond Discount				-	-
				676,416,299	792,191,620
HomeOwnership Program Bonds					
HPB 09 A - Escrow Bond NBIP	12/23/09	170,000,000	10/01/41	-	50,010,000
HPB 09 B - NBIP	12/21/09	50,000,000	10/01/40	43,615,000	45,365,000
HPB 09 Series AC1/2010 Series A - NBIP	06/29/10	100,000,000	10/01/41	93,815,000	97,265,000
Homeownership Program Bonds 09 AC2/11 A (3/24/11)	03/24/11	99,990,000	10/01/41	98,095,000	99,990,000
Homeownership Program Bonds 09 AC3/11 B (9/29/11)	09/29/11	116,440,000	10/01/41	115,835,000	-
				351,360,000	292,630,000
Unamortized Bond Premium				3,015,995	1,130,385
Unamortized Bond Discount				-	-
				354,375,995	293,760,385

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2012	Balance Outstanding 2011 (as restated)
Multifamily Housing					
Canyon Lakes	07/28/93	$ 4,565,000	07/01/18	$ 3,575,000	$ 3,700,000
Canyon Lakes II	10/19/94	6,935,000	10/01/19	5,435,000	5,620,000
Inglenook Court	05/25/95	8,300,000	07/01/25	8,300,000	8,300,000
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	-	4,380,000
LTC Properties	12/13/95	8,300,000	12/01/15	2,635,000	3,200,000
Courtside Apartments	02/28/96	10,600,000	01/01/26	8,485,000	8,635,000
Lake Washington Apartments	10/30/96	10,750,000	10/01/26	8,890,000	9,040,000
Brittany Park Project	11/07/96	14,200,000	11/01/21	11,820,000	12,055,000
Pacific Inn Apartments	11/08/96	5,900,000	05/01/28	4,375,000	4,535,000
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	3,590,000	3,590,000
Larkin Apartments	12/20/96	5,565,000	07/01/28	4,825,000	4,825,000
Merrill Gardens	07/14/97	12,500,000	07/01/22	8,125,000	8,125,000
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	-	4,295,000
Private Placement Lake Washington Apartments	01/27/98	600,000	06/30/36	600,000	600,000
Brittany Park II	08/12/98	5,800,000	11/01/21	4,450,000	4,675,000
Boardwalk Apartments	09/14/98	12,400,000	09/01/28	10,370,000	10,600,000
Oxford Square Apartments	11/30/98	6,000,000	12/01/28	4,675,000	4,830,000
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	7,805,000	7,805,000
WoodRose Apartments	11/09/99	9,000,000	06/15/32	7,305,000	7,465,000
Summer Ridge Apartments	12/13/99	4,740,000	12/01/29	3,725,000	3,845,000
Mill Pointe	12/21/99	14,500,000	01/01/30	9,425,000	9,425,000
Silver Springs Apartments	12/22/99	10,270,000	12/22/29	10,042,964	10,092,964
Holly Village	12/23/99	8,800,000	07/15/32	7,105,000	7,255,000
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	6,200,000	6,200,000
Granite Falls	10/03/00	3,930,000	10/01/27	3,175,000	3,285,000
Greens at Merrill Creek	10/12/00	17,310,000	06/01/24	15,500,000	15,666,000
Evergreen 2000 (Ginnie Mae)	10/17/00	5,950,000	01/01/36	5,280,000	5,360,000
Kingsbury Terrace	02/09/01	4,100,000	07/01/42	3,825,000	3,865,000
Lakewood Meadows	11/21/00	7,850,000	07/15/33	6,895,000	7,035,000
Springfield Meadows Apartments Project	08/06/01	17,000,000	01/01/34	11,050,000	11,050,000
Country Club Apartments Project	08/09/01	12,920,000	08/01/32	11,005,000	11,285,000
Monticello Park Project	08/13/01	10,475,000	08/01/26	9,400,000	9,550,000
Parkside Apartments	10/30/01	11,700,000	01/20/43	-	10,060,000
Woodlands Apartments Project 2001	12/07/01	6,600,000	07/15/34	5,880,000	5,985,000
Ocean Ridge Apartments 2001	12/21/01	9,000,000	11/01/38	8,441,562	8,530,060
Tama Qua (Whisperwood)	05/14/02	7,900,000	05/15/35	6,785,000	6,890,000
Valley View Apartments 2002	02/19/02	2,880,000	09/15/20	2,780,000	2,880,000
Olympic Heights Apartments 2002	02/19/02	5,165,000	09/15/20	5,165,000	5,165,000
Parkway Apartments	06/20/02	9,180,000	07/20/37	8,280,000	8,410,000
Bridgewood at Four Seasons	10/04/02	9,800,000	10/01/32	8,935,000	9,080,000
Park Hill	08/27/02	7,000,000	04/01/34	-	6,431,103
Deer Run	10/01/02	4,900,000	05/01/30	4,222,943	4,335,318
Alderwood Court	05/17/02	7,645,000	06/15/35	6,930,000	7,035,000
Quail Run	12/06/02	7,150,000	07/01/35	6,735,846	6,807,246
Heatherwood Apts.	12/11/02	21,350,000	01/01/35	14,525,000	14,525,000
Tashiro Kaplan	04/30/03	5,290,000	01/20/45	4,680,000	4,780,000
Mallard Lake Park Apts.	11/26/02	18,500,000	05/15/35	14,405,000	14,405,000
Fort Vancouver	04/03/03	6,668,000	09/01/39	5,885,061	6,007,199
Vintage at Mt. Vernon	06/05/03	10,000,000	01/15/37	8,645,000	8,770,000
Alaska House	07/15/04	8,040,000	07/20/45	7,615,000	7,685,000
International House	07/15/04	7,390,000	07/20/45	6,985,000	7,055,000
Rosemont Retirement & Assisted Living Comm	10/20/03	8,250,000	10/01/36	7,775,000	8,250,000
Olympic Place Retirement & Assisted Living Comm	11/24/03	10,575,000	11/01/36	-	10,575,000
Stonebrook Apartments	10/28/04	15,710,000	02/01/37	13,665,000	13,890,000
Rainier Court Apartments	12/23/03	17,000,000	12/15/36	16,285,000	16,495,000
Rolling Hills Apartments	05/27/04	8,750,000	06/15/37	8,040,000	8,145,000
Highlander Apartments II	04/30/04	10,000,000	05/01/37	8,350,000	8,350,000
Lowman Building	06/30/04	7,100,000	01/01/29	6,030,000	6,245,000
Silver Creek Retirement & Assisted Living	11/16/04	15,300,000	11/01/40	15,080,000	15,300,000
Silver Creek Apartments	05/26/04	17,500,000	12/15/37	12,985,000	13,195,000
Crestview West Apartments	12/01/04	14,000,000	12/15/37	14,000,000	14,000,000

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2012	Balance Outstanding 2011 (as restated)
Multifamily Housing (Continued)					
Vintage at Everett	06/30/04	$ 17,750,000	01/15/38	$ 16,500,000	$ 16,815,000
Vintage at Richland	06/29/04	11,750,000	01/15/38	7,535,000	7,535,000
Ballinger Court Apartments	09/01/04	5,800,000	09/15/37	5,395,000	5,500,000
Burke-Gilman 2004 Refunding	07/19/04	3,835,000	07/01/18	2,990,000	3,125,000
Arbor Park Apt Homes	07/30/04	9,135,000	07/30/21	8,329,294	8,539,045
Deer Run West	12/22/04	6,270,000	06/15/37	6,130,000	6,130,000
Merrill Gardens at Queen Anne	12/17/04	30,200,000	12/01/40	29,090,000	29,435,000
Merrill Gardens at Renton	12/17/04	23,100,000	12/01/40	22,740,000	22,985,000
Valley View Apartments	12/22/04	29,675,000	05/01/38	27,812,000	28,278,000
Vintage at Burien Apartments Project	12/22/04	7,300,000	01/15/38	6,885,000	6,990,000
Vintage at Sequim	01/27/05	8,390,000	03/01/38	6,342,573	6,413,957
Seaport Landing Retirement & Asst Living Comm	02/07/05	13,200,000	02/01/41	-	13,200,000
Park Vista Retirement Project	03/07/05	15,250,000	03/01/41	14,985,000	15,250,000
Cedar Landings Apartments	01/03/05	8,260,000	01/01/15	7,028,735	7,290,312
Highland Park	06/30/05	11,300,000	07/15/38	10,690,000	10,790,000
Ridgeview Apartments	04/29/05	12,390,000	11/01/22	9,408,353	9,581,708
Fairwinds - Redmond	07/15/05	27,500,000	07/01/41	24,450,000	24,450,000
Pinehurst Apartments	09/27/05	14,185,000	03/15/39	13,360,000	13,570,000
The Vintage at Silverdale	09/29/05	19,575,000	09/15/39	14,880,000	14,880,000
Lodge at Eagle Ridge	08/17/05	13,550,000	08/01/41	12,910,000	12,910,000
Scenic Vista Senior Apartment	11/22/05	6,100,000	01/01/39	5,976,679	6,012,071
Kamiakin Apartments	11/23/05	8,275,000	05/01/42	7,701,703	7,778,505
Cedar Ridge Retirement and Assisted Living Facility	10/25/05	15,100,000	10/01/41	15,100,000	15,100,000
Bluffs at Evergreen	12/07/05	12,300,000	01/01/24	11,373,866	11,582,569
Vintage at Vancouver	02/10/06	8,900,000	04/01/36	8,421,156	8,515,901
Merrill at Tacoma	09/01/06	19,600,000	09/15/40	19,280,000	19,500,000
Vintage at Spokane Senior Living	07/17/06	17,200,000	08/15/40	16,295,000	16,295,000
Forrest Creek	11/30/06	13,815,000	06/15/40	13,680,000	13,680,000
Crowne Pointe Apartments	05/26/06	8,740,000	12/01/47	8,502,524	8,561,678
Orchard Hills	11/03/06	9,060,000	07/01/39	8,811,899	8,886,999
Ballard Landmark	12/15/06	35,100,000	12/15/41	35,100,000	35,100,000
Eagle’s Landing Apartments	07/24/06	13,400,000	08/15/39	12,985,000	13,190,000
Echo Lake	12/07/06	17,970,000	07/15/40	17,970,000	17,970,000
Heron Creek	01/03/07	5,000,000	03/01/40	4,893,383	4,926,974
Covington Place	11/02/07	9,975,000	12/01/25	9,821,643	9,899,662
The Season	12/20/06	37,500,000	12/15/40	37,300,000	37,300,000
Vintage at Chehalis	11/30/06	8,190,000	06/15/40	8,190,000	8,190,000
Elk Creek Apartments	04/27/07	7,470,000	04/01/40	7,376,456	7,422,872
Northgate Village	12/08/06	5,990,000	06/01/43	5,765,881	5,827,470
Island Skagit Partner Portfolio	02/28/07	3,850,000	03/01/37	2,120,476	2,159,272
Three County Partners Portfolio	02/28/07	5,900,000	03/01/37	3,958,273	4,030,641
Barkely Ridge Apartments	08/28/07	10,400,000	09/01/40	10,300,000	10,300,000
Linden Square Apartments 2007	11/29/07	45,150,000	06/01/42	45,150,000	45,150,000
Merrill Gardens at Kirkland	10/04/07	34,000,000	04/15/41	34,000,000	34,000,000
Merrill Gardens University Village	10/04/07	55,000,000	04/15/41	48,540,000	48,540,000
2007 Clark Island Portfolio	11/09/07	5,560,000	11/01/42	5,560,000	5,560,000
Twin Ponds Refunding 07	12/03/07	7,285,000	01/01/38	6,866,092	6,971,736
Rosecreek Apts Refunding 07	12/03/07	3,570,000	01/01/38	3,354,028	3,408,020
Greentree Apartment Homes 08	01/30/08	13,965,000	02/01/26	14,469,662	14,588,480
Prairie View Apartment	12/28/07	23,880,000	01/01/26	21,383,336	21,614,455
Queen Anne Manor	12/20/07	19,005,000	07/01/40	19,005,000	19,005,000
Arrowhead Gardens Senior Living	12/05/07	35,000,000	01/01/42	35,000,000	35,000,000
Pioneer Village Retirement Community	12/27/07	4,600,000	01/01/26	4,467,364	4,532,953
First Liberty Apartments 07	12/11/07	5,965,000	04/01/40	4,970,000	5,030,000
Talon Hills Apartments	05/30/08	4,115,000	09/01/40	3,325,000	3,360,000
APD WA RD 2007 Portfolio	07/31/08	9,940,000	02/01/40	5,814,328	5,873,689
Parkview Apartments	07/28/08	3,060,000	08/01/43	3,060,000	3,060,000
Artspace Everett Lofts	12/23/08	7,500,000	12/01/41	3,200,000	3,200,000
Appian Way	12/31/08	13,610,000	07/01/40	5,960,887	6,054,165
Lake City Way Mixed Use	12/23/09	15,600,000	01/01/44	15,600,000	15,600,000
New Tacoma Phase 1	12/28/09	11,400,000	01/01/40	-	11,400,000
Lake City Senior Refunding	08/28/09	16,250,000	07/01/44	16,250,000	16,250,000
Washington Terrace Refunding	02/16/10	11,250,000	02/15/43	11,250,000	11,250,000
New Haven Refunding	12/15/09	19,000,000	12/15/44	19,000,000	19,000,000
Cambridge Refunding	12/15/09	12,650,000	12/15/44	12,650,000	12,650,000
Rose Street Apts (Grid)	02/08/10	9,600,000	02/01/27	4,234,046	8,915,091

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2012	Balance Outstanding 2011 (as restated)
Multifamily Housing (Continued)					
Walton Place Two Step (Grid)	12/21/09	$ 7,030,000	12/21/11	$ -	$ 4,030,000
Discovery Heights Apts-MFH	12/22/10	33,175,000	12/01/43	33,175,000	33,175,000
Evergreen Vista Apts A&B-MFH	05/03/11	7,300,000	11/01/27	7,236,307	3,907,304
12th Ave & Jefferson Apts WW-MFH	05/25/11	6,281,847	05/01/28	3,947,489	100,000
Columbia City Station WW - MFH	06/28/11	6,220,000	06/28/28	4,365,347	50,000
Palouse Family Apts-MFH	05/25/11	12,250,000	06/01/43	11,654,848	55,000
Tomason Place II WW - MFH	06/29/11	2,770,000	06/01/28	2,770,000	2,770,000
55th Avenue Apts, Series 2011AB	08/16/11	9,600,000	07/01/29	9,600,000	-
Downtowner Apts	06/06/12	24,000,000	07/01/30	24,000,000	-
La Venture Workforce WWHP	08/03/11	3,940,000	01/29/28	3,632,868	-
Willow Tree Grove Apts	08/04/11	21,840,000	02/01/44	21,840,000	-
Traditions @ South Hill	08/15/11	14,780,000	08/01/44	12,280,000	-
Vintage @ Tacoma	08/15/11	17,800,000	07/15/29	17,800,000	-
Copper Lantern Apts STEP	12/21/11	1,834,000	01/01/27	1,823,983	-
Pioneer Human Services 11 STE	12/16/11	6,603,000	12/01/31	6,512,491	-
Copper Ridge Apts	12/28/11	15,570,000	01/01/44	8,081,102	-
Urban Center Apts aka Ash Way	06/11/12	41,400,000	07/01/47	11,600,000	-
North City Apts	06/07/12	20,150,000	06/01/44	500,862	-
Streamlined Tax Exempt Private Placement - Multifamily Housing					
Fir @ 17th	12/16/94	1,250,000	07/01/20	632,375	698,460
Riverside Landing	12/12/97	2,043,000	06/01/29	1,625,016	1,672,549
Assembly Apts	09/10/97	3,000,000	05/01/23	2,251,736	2,330,176
Mt. Baker Apts	10/15/98	2,320,000	10/01/28	1,751,867	1,811,745
Covington Commons Apts	06/11/99	2,600,000	07/01/29	1,084,593	1,112,468
Rockwood Terrace	09/29/99	1,551,107	10/01/14	1,235,954	1,271,907
Terrace Apartments	08/28/00	1,222,000	08/01/30	1,010,710	1,037,515
Yakima Gardens	12/18/98	942,500	01/01/29	717,519	741,485
Oregon Place	07/14/00	2,500,000	08/01/30	1,045,693	1,075,321
Westgage Terrace Apts	08/31/05	3,218,000	03/01/22	2,924,455	2,981,507
Parkland Terrace Apts	08/31/05	1,600,000	04/01/22	1,454,052	1,482,415
Hiawatha Artist's Loft	12/01/06	8,500,000	12/01/28	3,683,924	3,740,812
Creston Point Apartments 07	10/19/07	2,000,000	11/01/37	2,000,000	2,000,000
Lilac Terrace	10/09/08	5,200,000	11/01/25	180,840	188,904
Traditions @ Walla Walla (STEP)-MFH	03/30/11	9,552,000	05/01/21	9,168,504	2,219,989
				1,555,415,548	1,489,173,672
Unamortized Bond Premium				137,089	(153,739)
Unamortized Bond Discount				(145,887)	440,951
				1,555,406,750	1,489,460,884
Nonprofit Housing					
Nikkei Concerns	10/20/94	6,250,000	10/01/19	2,875,000	3,170,000
Nikkei Manor	11/06/96	3,100,000	10/01/21	1,850,000	2,000,000
Panorama City	01/29/97	24,300,000	01/01/27	13,990,000	15,040,000
Riverview Lutheran	07/23/97	4,000,000	07/01/22	2,415,000	2,570,000
Presbyterian Ministries Rev & Refunding	02/25/99	11,965,000	01/01/29	9,020,000	9,335,000
Tacoma Lutheran 1999	07/15/99	6,510,000	01/01/24	4,485,000	4,725,000
The Kline Galland Center	09/23/99	27,500,000	07/01/29	-	23,780,000
Rockwood Retirement Communities	11/23/99	27,000,000	01/01/30	20,750,000	21,455,000
Living Care Centers	10/26/00	14,950,000	10/01/30	12,155,000	12,510,000
Pioneer Human Services 2001	08/02/01	7,100,000	08/01/19	2,565,000	2,925,000
Kenney Home Project 2001	11/15/01	18,135,000	12/01/31	-	17,620,000
Rockwood Forest Estates	05/23/02	9,560,000	01/01/34	8,225,000	8,430,000
Nickerson Area Properties	08/20/03	10,745,000	01/01/05	9,195,000	9,435,000
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	17,820,000	18,105,000
Emerald Heights 03 Expansion	07/01/03	38,460,000	07/01/33	32,865,000	33,670,000
Mercy Housing	09/19/03	6,445,215	09/19/33	5,458,185	5,594,553
Mercy Housing - Cobble Knoll, Phase II	11/30/04	3,900,000	11/01/34	3,424,142	3,498,360
Hearthstone	12/02/04	12,000,000	12/01/29	10,185,000	10,490,000
Horizon House	10/05/05	56,700,000	10/01/35	52,285,000	53,375,000
Mirabella	11/03/06	256,745,000	03/01/36	117,750,000	125,950,000
Judson Park Refunding '07	01/30/07	37,010,000	02/01/37	-	21,910,000
Skyline at First Hill	02/28/07	214,700,000	01/01/38	124,910,000	153,175,000
Wesley Homes Lea Hill Refunding	04/02/07	57,610,000	01/01/36	44,275,000	45,130,000

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2012	Balance Outstanding 2011 (as restated)
Nonprofit Housing (Continued)					
Panorama Apartments	04/03/08	$ 28,500,000	04/01/43	$ 28,000,000	$ 28,000,000
Edmonds Community College	07/16/08	16,155,000	07/01/43	16,115,000	16,135,000
Pioneer Human Services 2009	06/30/09	10,460,000	07/01/29	9,945,000	10,215,000
Odd Fellows 2010 Refi- NPH	07/15/10	8,609,000	07/01/20	7,988,149	8,310,526
Crista Ministries Ref-NPH	12/29/10	13,495,000	01/01/26	12,515,759	13,212,289
San Franciscan Apts WW-NPH	12/22/10	1,250,000	01/01/31	1,221,663	1,241,856
Mt Baker/Cedar Village WW-NPH	12/21/10	2,444,000	12/01/21	2,424,603	2,444,000
Mount Vista Apts WW-NPH	03/29/11	1,100,000	04/01/41	1,078,012	1,097,236
Purple Sage Apts WW-NPH	05/12/11	1,100,000	05/01/21	1,100,000	1,100,000
Littlerock Road Housing WW-NPH	05/27/11	3,568,621	06/01/43	3,235,788	53,529
Park Place Townhomes	08/19/11	1,200,000	09/01/41	1,185,927	-
Kline Galland Center Ref STEP	12/08/11	20,880,000	12/01/26	20,366,511	-
Skyline 2012 Refunding	03/23/12	8,000,000	01/01/19	8,000,000	-
Judson Park 2012 STEP	05/31/12	21,505,000	02/01/37	21,505,000	-
Streamlined Tax Exempt Private Placement - Multifamily Nonprofit Housing					
Mental Health North	07/14/92	1,255,147	07/01/10	-	-
Wilton Apts	06/21/95	620,000	10/01/15	344,409	372,387
Bellevue Apartments	03/28/97	575,700	03/01/22	344,576	368,823
Blue Mountain Apartments	02/01/00	248,800	02/01/25	177,877	186,220
3904 Martin Luther King Way Apts	03/01/00	561,000	04/01/25	398,595	417,503
Brentwood Apartments	08/27/02	1,491,000	09/01/32	1,260,445	1,291,024
Clallam County Hostelries	11/25/02	366,843	12/01/22	239,246	256,093
Interaction/Transition House	03/04/03	600,000	03/01/18	502,025	514,971
St. Andrew's Place	07/29/97	3,000,000	08/01/27	2,189,501	2,272,747
Der Garten Haus	09/21/98	650,000	10/01/18	493,116	509,762
Nuuanu Pali Apartments Project	01/31/02	725,000	02/01/32	609,574	624,414
Northaven II Assisted Living Project	10/27/93	2,134,000	11/01/03	1,207,534	1,281,459
Meadowdale Apartments	02/18/05	5,680,000	02/01/15	5,072,873	5,172,644
Christian Health Care Center	10/13/05	7,532,219	10/02/20	4,351,755	5,216,990
Josephine Sunset Home	08/04/05	7,320,000	08/01/25	6,104,188	6,338,188
Tall Firs (STEP)-NPH	07/15/10	2,850,000	07/01/45	2,850,000	2,850,000
Mt Baker View (STEP)-NPH	09/30/10	1,250,000	10/01/40	1,216,030	1,236,811
				671,575,483	727,647,385
Unamortized Bond Premium				450,866	564,164
Unamortized Bond Discount				(881,115)	(720,119)
				671,145,234	727,491,430
Nonprofit Facilities					
Plumbers & Pipe fitters	12/07/95	3,400,000	07/01/20	1,795,000	1,940,000
Community College of Spokane Foundation	09/24/98	3,155,000	07/01/08	1,600,000	1,785,000
YMCA-Inland Northwest	04/08/99	5,800,000	07/01/29	4,660,000	4,810,000
YMCA-Columbia/Willamette Valley	08/12/99	3,900,000	08/01/24	-	2,745,000
St. Vincent dePaul Project	02/01/00	5,000,000	02/01/30	3,320,000	3,450,000
University Prep Academy	05/04/00	7,000,000	07/01/30	5,400,000	5,600,000
Community College of Spokane Foundation 2000	08/04/00	8,800,000	07/01/30	7,560,000	7,730,000
Southwest WA Pipe Trades Training Center	10/31/00	4,230,000	10/01/25	2,950,000	3,090,000
Evergreen School 2002	06/27/02	9,500,000	07/01/28	7,400,000	7,740,000
Tacoma Art Museum	06/04/02	10,000,000	06/01/32	10,000,000	10,000,000
United Way of King County	03/11/03	8,500,000	03/01/28	3,940,000	4,280,000
Overlake School	10/02/03	10,030,000	10/01/29	7,680,000	7,960,000
Gonzaga Preparatory School	09/18/03	10,000,000	09/01/33	7,015,000	7,215,000
Bertschi School	06/15/06	6,300,000	06/01/35	5,810,000	5,935,000
Antioch University Project	05/18/05	6,780,000	01/01/27	5,105,000	5,375,000
The Northwest School - Northwest Addition	06/07/05	11,000,000	06/01/32	-	3,780,000
Lutheran Community Services	10/05/05	6,200,000	10/01/32	2,605,000	2,675,000
Forest Ridge School	06/30/05	12,765,000	07/01/32	11,445,000	11,795,000
Seattle Art Museum	10/06/05	50,000,000	07/01/33	8,500,000	11,600,000
The Bush School	04/17/06	24,000,000	04/01/34	10,440,000	10,820,000
Gig Harbor YMCA	08/01/06	12,500,000	12/01/32	10,700,000	11,100,000
Seattle Country Day School	06/13/06	12,800,000	07/01/32	9,600,000	12,600,000
Eastside Catholic	02/12/07	75,800,000	07/01/38	23,575,000	24,575,000
Allied Trades Training Center	11/02/06	7,225,000	11/01/32	6,105,000	6,660,000
YMCA of Snohomish County	12/01/06	17,345,000	12/01/33	14,080,000	14,925,000
Villa Academy	12/03/07	7,170,000	12/01/34	-	6,845,000

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2012	Balance Outstanding 2011 (as restated)
Nonprofit Facilities (Continued)					
St. Thomas School Project	07/16/07	$ 31,390,000	07/01/36	$ -	$ 30,820,000
2007 YMCA of Greater Seattle	09/04/07	30,000,000	09/01/37	30,000,000	30,000,000
Overlake School 2008	08/15/08	10,350,000	10/01/29	9,730,000	10,095,000
YMCA - Inland Northwest	09/11/08	11,000,000	07/01/33	11,000,000	11,000,000
Billings Middle School	05/06/10	1,484,000	06/01/20	1,342,440	1,434,707
Benton-Franklin Children's Center	07/28/09	624,000	08/01/19	537,670	569,483
South Sound YMCA Refunding	01/15/10	4,145,000	02/01/20	3,604,310	3,832,177
YMCA of Pierce/Kitsap Counties	06/01/10	27,000,000	07/01/36	24,380,000	25,710,000
Eastside Catholic-NPF	12/30/09	30,000,000	07/01/38	28,200,000	29,800,000
Multi-Service Center-NPF	12/30/09	1,750,014	09/30/40	1,272,478	1,731,467
Girl Scouts of W. WA Refi STE	09/08/11	2,741,250	06/01/42	2,741,250	-
TVW Refunding STEP	09/30/11	1,187,251	10/01/21	1,170,072	-
Villa Academy '11 Refunding	12/01/11	8,262,000	12/01/21	6,790,640	-
Northwest School Ref 2012	05/24/12	16,665,000	06/01/39	10,000,000	-
Streamlined Tax Exempt Private Placement - Nonprofit Facilities					
Work Force Development	05/23/96	1,027,000	12/01/21	600,332	643,626
ElderHealth Northwest	12/06/96	1,200,000	12/01/11	600,538	626,738
Genesis House	06/12/97	660,000	06/01/07	252,407	293,463
Little Red School House	04/29/98	385,941	05/01/23	226,534	243,016
People for People 1999	04/30/99	1,500,000	05/01/14	899,958	963,564
Pacific NW Research Institute	05/06/99	2,700,000	07/01/14	630,000	855,000
SEED Homesight Project	05/13/99	616,000	07/01/09	470,432	488,514
Pullman Community Action Center	03/30/00	700,000	04/01/30	561,950	577,927
Tacoma-Pierce County Humane Society	10/02/01	1,915,000	11/02/11	-	831,734
Island School Expansion and Remodel	11/01/01	1,300,000	11/01/26	578,491	613,018
Nova School Project	11/02/01	845,000	11/01/11	-	170,548
Harlequin Productions Project	11/08/01	538,750	11/01/21	91,380	130,341
Artist Trust Project	11/30/01	350,000	11/30/31	288,323	301,795
Girl Scouts-Totem Council Project	12/28/01	2,576,000	01/01/32	2,142,248	2,196,951
Hyla Middle School Project	12/26/01	650,000	01/01/27	343,607	363,074
Spokane Valley Community Center	05/22/02	682,500	06/01/22	203,147	233,293
Tomorrows Hope	04/05/02	860,000	04/01/27	658,545	685,989
Southside Senior Center	05/22/02	650,000	06/01/22	343,225	422,516
The Institute for Family Development	06/28/02	750,000	02/01/27	-	570,045
New Horizon's School	07/31/02	875,000	08/01/32	742,794	779,245
Children's Village Foundation Project	09/06/01	975,000	09/01/21	-	549,897
Goodwill Industries of Inland NW	12/23/02	3,000,000	01/01/23	859,748	1,789,155
Harbor Montessori	07/02/03	1,300,000	07/01/28	996,819	1,036,559
Opportunity Council	09/04/03	1,350,000	09/01/23	958,163	1,011,817
Martha & Mary	12/09/03	1,416,000	12/01/28	885,901	918,161
Whatcom Family YMCA 2004	02/04/04	1,100,000	02/01/24	745,801	797,438
French American School	04/21/04	1,875,000	02/01/25	1,371,700	1,468,213
Metropolitan Development Council	12/30/04	2,403,530	12/01/31	1,996,140	2,068,378
NW Pipe Trade - Local 26 Educational Dev. Trust	07/20/05	3,500,000	04/01/31	2,751,874	2,852,054
Morningside	11/07/05	2,244,118	11/01/30	458,851	504,750
Valley Residential Services	11/09/05	640,000	11/01/20	542,788	559,213
Goodwill Industries - Spokane Complex	03/01/06	2,400,000	03/01/26	812,145	963,953
Richland Health Science Center - Columbia Basin	03/30/06	2,950,000	09/01/31	2,776,428	2,946,129
N.E.W.J.A. Training Center	05/05/06	874,989	05/01/06	596,108	652,835
Whatcom Community College Foundation	05/11/06	1,076,990	06/01/31	939,865	965,731
SKCAC Industries	08/01/06	1,100,000	08/01/21	970,316	998,052
TVW-Jeannette C. Hayner Media Center	10/04/06	2,662,820	10/01/36	-	1,072,976
Re Sources Sustainable Living Center	10/31/06	2,025,000	11/01/31	1,789,532	1,841,809
Tacoma Musical Playhouse	11/01/06	1,425,000	11/01/18	1,248,697	1,284,140
United Way of Snohomish County	01/19/07	2,100,000	02/01/32	1,877,490	1,924,669
Archbishop Thomas Murphy School	05/02/07	8,500,000	05/01/27	7,266,231	7,612,957
University Cooperative School	05/09/07	1,000,000	06/01/37	954,651	964,487
Youth Care - Orion Center	05/03/07	2,149,000	06/01/27	-	1,122,084
Perry Technical Institute	10/26/07	5,000,000	11/01/27	4,464,675	4,652,150
Alliance Center	12/19/07	2,150,000	12/31/37	2,005,763	2,042,054
West Sound Academy	04/01/08	4,640,000	04/01/28	4,400,707	4,455,836
French American School	04/03/08	2,290,000	10/01/28	1,920,526	2,019,186
Soundview School	10/01/08	2,890,000	10/01/18	2,674,099	2,737,111
2008 Hopelink	11/21/08	3,525,000	01/02/14	1,024,782	1,749,033

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding 2012	Balance Outstanding 2011 (as restated)
Streamlined Tax Exempt Private Placement - Nonprofit Facilities (Continued)					
Open Window School (STEP)-NPF	08/02/10	$ 7,710,000	08/01/35	$ 7,186,583	$ 7,472,083
Sanchez Beginning Farmers	03/31/08	250,000	03/01/33	205,882	218,543
Tregoning Beginning Farmers	04/30/08	250,000	05/01/33	212,324	222,955
Glasso Beginning Farmers	05/23/08	184,800	06/01/33	159,801	165,507
Pottratz Beginning Farmers	08/06/08	72,000	01/02/33	60,828	63,652
Martinez Beginning Farmers	09/03/08	187,000	10/01/33	-	-
Burechi Beginning Farmers	08/29/08	225,000	09/01/33	-	-
Torres Beginning Farmers	01/07/09	326,500	01/01/24	268,257	288,622
Craig & Pamela Cleveringa	09/22/09	142,000	01/01/39	130,142	133,036
Kenneth & Carrie Little	08/24/09	217,500	08/01/39	204,580	209,582
Daniel & Kimberly Hulse	09/22/09	195,000	09/01/39	184,749	188,809
John & Sara Burns	08/31/09	305,000	08/01/39	287,867	294,419
Sage Shelton	11/18/09	225,000	11/01/39	216,002	220,439
Kyle Chamberlain	11/20/09	132,603	10/01/39	126,882	129,477
Brent & Melissa Favilla	01/15/10	127,500	01/01/35	120,736	124,066
Aaron Otto & Kim Denend	01/29/10	213,000	01/01/40	203,481	207,725
Scott Johnson & Erika Britney	03/04/10	400,000	03/01/35	367,080	383,005
Ross and Deborah Landt	04/29/10	242,000	01/01/34	227,866	234,422
Cody Schoesler	05/21/10	165,000	03/01/35	148,369	156,501
Wesley Wasson & Karen Temen	06/25/10	265,000	03/01/40	245,089	253,837
Jacob Wyles (8/6/2010)-BFL	08/06/10	278,500	01/01/31	268,586	278,500
Nicholas Wyles (3/11/11)-BFL	03/11/11	262,000	01/01/36	253,426	262,000
Jason Salvo & Siri Brown	08/17/11	197,500	08/01/41	194,644	-
Josh Hyatt & Melissa Henderso	05/18/12	150,000	05/01/42	149,792	-
				370,400,537	419,081,238
Unamortized Bond Premium				-	-
Unamortized Bond Discount				-	-
				370,400,537	419,081,238
Totals - Net				$ 3,627,744,815	$ 3,721,985,557