

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION FOR THE
YEARS ENDED JUNE 30, 2004 AND 2003 (as restated), AND
INDEPENDENT AUDITORS' REPORT

WASHINGTON STATE HOUSING FINANCE COMMISSION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR THE
YEARS ENDED JUNE 30, 2004 AND 2003 (as restated)

CONTENTS

Independent Auditors' Report on Financial Statements	1
Management's Discussion and Analysis	3
Basic Financial Statements for the Years Ended June 30, 2004 and 2003 (as restated):	
Statements of Net Assets	9
Statements of Revenues, Expenses and Changes in Net Assets	11
Statements of Cash Flows	13
Notes to Financial Statements	15
Supplementary Schedules for the Year Ended June 30, 2004:	
Program Net Assets	35
Program Revenues, Expenses and Changes in Program Net Assets	39
Program Cash Flows	41
Supplementary Schedule of Notes and Bonds Outstanding as of June 30, 2004, with comparative totals as of June 30, 2003	45

INDEPENDENT AUDITORS' REPORT

Board Members
Washington State Housing Finance Commission

We have audited the accompanying statements of net assets of the Washington State Housing Finance Commission (the "Commission") as of June 30, 2004 and 2003, and the related statements of revenues, expenses, and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Commission's 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 audit 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 Commission as of June 30, 2004 and 2003, 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 13, the accompanying 2003 financial statements have been restated.

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

Our audits were conducted for the purpose of forming an opinion on the Commission's basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules, which are the responsibility of the Commission's management, have been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

June 10, 2005

WASHINGTON STATE HOUSING FINANCE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS *YEAR ENDED JUNE 30, 2004*

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, 2004. This overview and analysis is required by accounting principles generally accepted in the United States of America Generally Accepted Accounting Principles ("GAAP") in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* ("GASB 34").

Subsequent to the issuance of the Commission's financial statements for the year ended June 30, 2003, the Commission's management determined that deferred commitment fees and unamortized bond insurance premiums were incorrectly recorded as liabilities. Loans receivable within the bond program fund should be presented in the statements of net assets net of deferred commitment fees and unamortized bond insurance premiums. Also, in the statements of revenues, expenses and changes in net assets, the commitment fees related to loans receivable were previously incorrectly included in other fee income and are now presented as a component of interest earned on loans and investment income. As a result, the 2003 financial statements have been restated.

Also, with respect to the refunding transactions of the Gilman Meadows, Mallard Cove I and Mallard Cove II projects in 1995, the Commission had been accounting for these as investments in real estate based upon interpretation of certain terms in the loan agreements. However, in further examination of the transactions, the Commission has concluded this accounting treatment to be incorrect and that loan accounting is appropriate. As a result, the 2003 financial statements have been restated.

In addition, the Commission's management determined that in the prior years certain errors were made in the initial and ongoing entries recording the transactions for and between two bonds issues related to the Burke-Gilman project. As a result, the 2003 financial statements have been restated.

See Note 13 to the accompanying financial statements for a description of the impact of this restatement. The analysis of activities contained herein is for the fiscal year ended June 30, 2004 as compared to the restated balances for the year ended June 30, 2003.

FINANCIAL HIGHLIGHTS

During the fiscal year ended or as of June 30, 2004 ("FY 2004"):

- Net assets decreased \$22.2 million to \$89.1 million due to decreases in bond programs (\$23.1 million) and an increase in the Program Investment Fund (\$0.9 million).

WASHINGTON STATE HOUSING FINANCE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2004 (CONTINUED)

- The issuance of new bonds resulted in investments increasing \$38.3 million in bond programs investment agreements.
- Mortgage-backed securities, net, decreased by \$136.1 million, primarily due to refinancing of single-family mortgages in the low interest rate environment, causing a large payoff of single-family mortgages.
- Mortgage loans, net of discounts, premium, deferred commitment fees, and unamortized bond insurance premium increased \$211.7 million due to draws of funds from recently issued bonds.
- Total bonds and notes payable of \$2,196.5 million were outstanding, net of premiums and discounts. This represents a net increase of \$133.7 million (6.5%) resulting from the issuance of bonds (\$467.3 million), an increase in the balance of accreted interest on capital appreciation bonds (\$1.9 million), and a decrease from principal payments on bonds (\$331.8 million).
- Total operating revenues decreased \$60.5 million, due to reduction in fair market value of mortgage-backed securities of \$24.0 million in 2004 as compared to an increase of \$24.0 million in 2003, and a net decrease in interest and other fee income (\$12.5 million) resulting from significant reduction in the amount of the mortgage-backed securities held. Total operating expenses decreased \$10.1 million due to decrease in bond interest expense on the corresponding single-family bonds of the mortgage-backed securities.
- The change in unrestricted net assets in the Program Investment Fund increased \$0.9 million to \$31.0 million due to a transfer of net assets from the General Operating Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

WASHINGTON STATE HOUSING FINANCE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2004 (CONTINUED)

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Assets

The following table summarizes the changes in assets, liabilities, and net assets between June 30, 2004 and 2003 (in millions):

	<u>2004</u>	<u>2003</u>	<u>Change</u>	
Assets:				
Cash and cash equivalents	\$ 101.3	\$ 67.1	\$ 34.2	51.0 %
Investments	355.9	317.6	38.3	12.1
Accrued interest receivable	10.3	9.8	0.5	5.1
Fees receivable	0.4	0.2	0.2	100.0
Other receivables	0.5	0.9	(0.4)	(44.4)
Mortgage-backed securities, net	504.5	640.6	(136.1)	(21.2)
Mortgage loans	1,348.2	1,136.5	211.7	18.6
Unamortized bond issuance costs	52.7	45.7	7.0	15.3
Prepaid fees and other assets	<u>2.9</u>	<u>1.4</u>	<u>1.5</u>	<u>107.1</u>
Total assets	<u>\$ 2,376.7</u>	<u>\$ 2,219.8</u>	<u>\$ 156.9</u>	<u>7.1 %</u>
Liabilities:				
Accounts payable and other liabilities	\$ 74.7	\$ 27.4	\$ 47.3	172.6 %
Accrued interest payable	14.3	16.1	(1.8)	(11.2)
Accrued arbitrage rebate	1.1	1.1	0.0	0.0
Deferred revenue	0.4	0.4	0.0	0.0
Project equity held for borrower	0.6	0.8	(0.2)	(25.0)
Notes payable and bond fund financing	50.9	51.0	(0.1)	(0.2)
Bonds payable, net	<u>2,145.6</u>	<u>2,011.7</u>	<u>133.9</u>	<u>6.7</u>
Total liabilities	<u>\$ 2,287.6</u>	<u>\$ 2,108.5</u>	<u>\$ 179.1</u>	<u>8.5 %</u>
Net assets:				
Restricted:				
Bond operations	39.5	62.6	(23.1)	(36.9)
Grants and donations to				
Program Investment Fund	0.6	0.6	0.0	0.0
Invested in capital assets,				
net of related debt	0.3	0.3	0.0	0.0
Unrestricted:				
Bond and general operations	17.7	17.7	0.0	0.0
Program Investment Fund	<u>31.0</u>	<u>30.1</u>	<u>0.9</u>	<u>3.0</u>
Total net assets	<u>\$ 89.1</u>	<u>\$ 111.3</u>	<u>\$ (22.2)</u>	<u>(19.9) %</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2004 (CONTINUED)

The net assets of the Commission decreased by \$22.2 million, or 19.9%, from the June 30, 2003 amount. Net assets decreased primarily due to activities in the bond programs.

Net assets of the bond programs are classified as restricted as the uses of the funds are directed by trust indentures. The Commission has designated a General Operating Fund reserve dedicated to maintaining its future commitments and ensuring its ability to meet unforeseen fiscal or legal challenges. Additionally, it has created the Program Investment Fund to make strategic investments in higher-risk programs to support the financing and production of low-income housing, special needs housing, and facilities that provide community services primarily to low-income persons. The total amount designated for this purpose is \$31.6 million.

Statements of Revenues, Expenses, and Changes in Net Assets

The following table summarizes the changes in revenues and expenses between 2004 and 2003 (in millions):

	<u>2004</u>	<u>2003</u>	<u>Change</u>	
Revenues:				
Bond programs mortgage interest	\$ 76.1	\$ 88.7	\$ (12.5)	(14.1) %
Bond programs investment and other income	12.1	10.2	1.9	18.6
Bond program gain on Mortgage-backed securities	(23.9)	24.2	(48.1)	(198.9)
Program fees	9.3	8.9	0.4	4.5
General Operating Fund interest income	<u>0.0</u>	<u>2.1</u>	<u>(2.1)</u>	<u>(100.0)</u>
Total revenues	<u>\$ 73.6</u>	<u>\$ 134.1</u>	<u>\$ (60.5)</u>	<u>(45.1) %</u>
Expenses:				
Bond programs interest expense	\$ 77.6	\$ 89.0	\$ (11.4)	(12.8) %
Other bond programs expenses	10.6	9.7	0.9	9.3
Salaries and wages	4.2	3.9	0.3	7.7
Other General Operating Fund and Program Investment Fund expenses	<u>3.5</u>	<u>3.4</u>	<u>0.1</u>	<u>2.9</u>
Total expenses	<u>\$ 95.9</u>	<u>\$ 106.0</u>	<u>\$ (10.1)</u>	<u>(9.5) %</u>
Change in net assets	<u>\$ (22.3)</u>	<u>\$ 28.1</u>	<u>\$ (50.4)</u>	<u>(179.4) %</u>

Mortgage related interest earnings (\$76.2 million) and bond interest expense (\$77.6 million) are the primary components of total revenues and expenses, respectively, for the bond programs. The Commission's revenues in the General Operating Fund were primarily generated from issuer fees (\$9.3 million).

WASHINGTON STATE HOUSING FINANCE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2004 (CONTINUED)

DEBT ADMINISTRATION

The Commission has long-term debt obligations of \$2,196.5 million, net of bond premium and discounts at June 30, 2004. The Commission's bond funds are held by a trustee or paying agent who ensures that bond resolution requirements are met, including payments of debt service and funding of necessary reserves. At June 30, 2004, amounts held by the trustees and paying agents represent full funding of these requirements.

Most of the debt issued by the Commission is tax-exempt and is issued under the Internal Revenue Code and Treasury Regulations governing either mortgage revenue bonds or residential rental projects. The Federal Tax Reform Act of 1986 imposes an annual ceiling on the aggregate amount of federally tax-exempt private activity bonds, including bonds for housing, student loans, exempt facilities, small issue industrial, redevelopment, and certain public utility projects that may be issued during any calendar year by or on behalf of states and their political subdivisions. The private-activity volume cap received by Washington State is allocated to eligible issuers pursuant to the Revised Code of Washington Chapter 39.86. The Commission's single-family and multifamily programs rely on private activity bonds subject to this volume cap. Bonds issued under the nonprofit facilities program are private activity bonds, which are not subject to this cap.

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

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

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

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2004 (CONTINUED)**

Net bonds and notes payable as of June 30, 2004, was \$2,196.5 million, an increase of \$133.7 million from 2003. Changes by program are summarized in the following table:

Summary of changes in bonds and notes payable by program (in millions)

	<u>2003</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Change</u>	<u>2004</u>
Single-family	\$ 783.4	\$ 167.8	\$ 259.3	\$ (91.5)	\$ 691.9
Multifamily housing	757.9	154.5	18.8	135.7	893.7
Nonprofit housing	308.3	99.8	45.6	54.2	362.4
Nonprofit facilities	<u>213.1</u>	<u>45.2</u>	<u>9.9</u>	<u>35.3</u>	<u>248.5</u>
Total	<u>\$ 2,062.7</u>	<u>\$ 467.3</u>	<u>\$ 333.6</u>	<u>\$ 133.7</u>	<u>\$ 2,196.5</u>

ADDITIONAL INFORMATION

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

WASHINGTON STATE HOUSING FINANCE COMMISSION

STATEMENTS OF NET ASSETS

June 30, 2004 and 2003

	June 30, 2004 Total	June 30, 2003 (As Restated, see Note 13)
ASSETS		
CASH and CASH EQUIVALENTS	\$ 101,296,376	\$ 67,060,212
INVESTMENTS:		
U.S. government and agencies	29,255,395	29,273,426
Investment agreements	326,617,197	288,376,370
TOTAL INVESTMENTS	355,872,592	317,649,796
ACCRUED INTEREST RECEIVABLE	10,310,448	9,846,780
FEES RECEIVABLE, net	366,081	206,919
OTHER RECEIVABLES	547,151	849,060
MORTGAGE-BACKED SECURITIES, COST	497,426,573	609,618,876
Cumulative unrealized gain on mortgage-backed securities	7,071,673	31,014,859
MORTGAGE-BACKED SECURITIES, fair value	504,498,246	640,633,735
MORTGAGE LOANS, net	1,348,212,318	1,136,491,901
UNAMORTIZED BOND ISSUANCE COSTS	52,683,345	45,743,234
PREPAID FEES and OTHER	2,919,737	1,371,711
TOTAL ASSETS	\$ 2,376,706,294	\$ 2,219,853,348

See notes to financial statements.

	June 30, 2004 Total	June 30, 2003 (As Restated, see Note 13)
LIABILITIES and NET ASSETS		
ACCOUNTS PAYABLE and OTHER LIABILITIES	\$ 74,662,527	\$ 27,449,881
ACCRUED INTEREST PAYABLE	14,295,199	16,068,451
ACCRUED ARBITRAGE REBATE	1,104,998	1,053,753
DEFERRED REVENUE	472,023	444,070
PROJECT EQUITY HELD FOR BORROWER	581,612	749,853
PRIVATE PLACEMENT PROGRAMS NOTES PAYABLE and BOND FUND FINANCING	50,897,526	51,038,304
BONDS PAYABLE:		
Current interest bonds	1,931,401,550	1,813,141,293
Taxable bonds	194,402,202	176,779,844
Compound interest bonds	20,302,973	22,163,778
Unamortized bond premium	1,270,786	668,239
Unamortized bond discount	(1,799,416)	(1,057,728)
TOTAL BONDS PAYABLE	<u>2,145,578,095</u>	<u>2,011,695,426</u>
TOTAL LIABILITIES	2,287,591,980	2,108,499,738
NET ASSETS		
Restricted:		
Bond operations	39,535,648	62,665,276
Grants and donations to Program Investment Fund	600,000	600,000
Invested in capital assets, net of related debt	271,762	319,380
Unrestricted:		
General operations	17,728,238	17,680,620
Program Investment Fund	<u>30,978,666</u>	<u>30,088,334</u>
TOTAL NET ASSETS	<u>89,114,314</u>	<u>111,353,610</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 2,376,706,294</u>	<u>\$ 2,219,853,348</u>

See notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION

STATEMENTS OF REVENUES, EXPENSES and CHANGES IN NET ASSETS *YEARS ENDED JUNE30, 2004 and 2003*

	June 30, 2004 Total	June 30, 2003 (As Restated, see Note 13)
REVENUES:		
Interest earned on mortgage loans and mortgage-backed securities	\$ 76,136,364	\$ 88,672,916
Other interest and investment income	8,014,345	9,989,507
Gain (loss) on mortgage-backed securities	(23,942,356)	24,212,177
Other fee income	13,068,920	11,021,537
Nonoperating revenues - Grants and donations	369,474	220,820
TOTAL REVENUES	73,646,747	134,116,957
EXPENSES:		
Interest on debt	77,944,157	89,521,035
Amortization of bond discount	53,365	49,189
Amortization of bond issuance costs	5,281,761	5,849,622
Servicing and commission fees	1,233,363	1,646,882
Salaries and wages	4,210,431	3,910,149
Communication and office expense	2,381,758	2,346,480
Trustee and paying agent fees	262,546	277,389
Professional fees	407,314	324,480
Amortization of bond insurance premium	115,105	59,064
Other	3,626,769	1,823,549
Nonoperating expenses - Grants and donations	369,474	213,129
TOTAL EXPENSES	95,886,043	106,020,968
EXCESS (DEFICIENCY) of REVENUES over EXPENSES	(22,239,296)	28,095,989
NET ASSETS:		
Total net assets, beginning of year	111,353,610	83,257,621
Total net assets, end of year	\$ 89,114,314	\$ 111,353,610

See notes to financial statements.

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WASHINGTON STATE HOUSING FINANCE COMMISSION

STATEMENTS of CASH FLOWS YEARS ENDED JUNE 30, 2004 and 2003

	June 30, 2004 Total	June 30, 2003 (As Restated, see Note 13)
OPERATING ACTIVITIES:		
Receipts for interest on mortgages	\$ 84,342,997	\$ 92,937,747
Receipts for other fee income	13,287,233	12,115,280
Repayments of mortgage loans	256,100,493	276,821,542
Purchase of mortgage loans	(318,292,023)	(171,733,063)
Payments for bond program expenses	(18,162,714)	(11,971,454)
Payments to employees and suppliers	(7,215,084)	(6,842,886)
Net cash provided by operating activities	10,060,902	191,327,166
INVESTING ACTIVITIES:		
Purchase of investments	(305,547,509)	(307,457,905)
Sale of investments	267,468,202	221,667,654
Interest received on investments	7,928,713	10,754,329
Net cash used by investing activities	(30,150,594)	(75,035,922)
NONCAPITAL FINANCING ACTIVITIES:		
Contributions	-	429,623
Net cash provided by noncapital financing activities	-	429,623
CAPITAL FINANCING ACTIVITIES:		
Project equity requisitioned	(168,241)	(64,235)
Proceeds from sale of bonds and notes	467,340,737	290,448,030
Interest paid on debt	(79,386,935)	(91,527,519)
Debt repayments	(333,459,705)	(314,793,218)
Net cash provided (used) by capital financing activities	54,325,856	(115,936,942)
NET INCREASE in CASH and CASH EQUIVALENTS	34,236,164	783,925
CASH and CASH EQUIVALENTS:		
Beginning of year	67,060,212	66,276,287
End of year	\$ 101,296,376	\$ 67,060,212

See notes to financial statements.

	June 30, 2004 Total	June 30, 2003 (As Restated, see Note 13)
RECONCILIATION of EXCESS (DEFICIENCY)		
of REVENUES over EXPENSES to NET CASH		
PROVIDED (USED) by OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses	\$ (22,239,296)	\$ 28,095,989
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:		
Amortization of mortgage premium	78,170	216,103
Amortization of mortgage discount	(2,406,422)	(2,867,977)
Amortization of bond insurance premium	23,760	52,789
Amortization of bond issuance costs	6,280,245	6,070,377
Amortization of bond premium	(39,647)	(31,066)
Amortization of bond discount	93,013	79,260
Amortization of deferred fee income	(4,532,943)	(4,269,292)
Cash provided (used) by changes in operating assets and liabilities:		
Purchase of mortgage loans	(318,292,023)	(171,733,063)
Repayments of mortgage loans	256,100,493	276,821,542
Interest and other receivables	(6,743,089)	(5,181,760)
Interest and other payables	77,796,285	88,319,745
Unrealized gain (loss) on securities	23,942,356	(24,212,177)
Other	-	(33,304)
Net cash provided by operating activities	<u>\$ 10,060,902</u>	<u>\$ 191,327,166</u>

See notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2004 AND 2003

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

Organization:

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

The Commission has 11 voting members. Eight members are appointed by the governor to a four-year term. Two commissioners, the state treasurer and the director of the Department of Community, Trade and Economic Development serve ex officio, by virtue of their office. The chair of the Commission is appointed by, and serves at the pleasure of, the governor.

The Commission is legally separate from the State. The State is not considered to be financially accountable for the Commission's obligations due to 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. The Commission does not receive state appropriations and does not impose a financial burden on, nor accrue any financial benefit to, the State. However, in the State's Comprehensive Annual Financial Report (“CAFR”), the Commission is presented as a discrete component unit of the State.

Program Funds:

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

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)**

Single-Family Program Mortgage Rates for Bond Issues outstanding

<u>Bond Issue</u>	<u>Rate</u>	<u>Bond Issue</u>	<u>Rate</u>	<u>Bond Issue</u>	<u>Rate</u>
1988 A & B	8.40 %	1998 1A, 1N, 1T	6.25 %	2000 4A, 4T	5.50, 5.99, 6.30, 6.95 %
1991 D & E	7.50 & 7.60	1998 2A, 2T	6.25	2000 5A-R, 5N-R	7.25 & 7.55
1994 A1 & A2	6.88	1998 3A, 3N, 3T	6.25 & 6.35	2001 1A, 1N	5.99
1994 B	7.45	1998 4A, 4N, 4T	6.25	2001 2A	6.15
1994 C1, D1	7.25	1998 CRA-A	5.75	2001 3A-R, 3N-R	5.99
1995 B & C	7.40	1998 5A, 5N, 5T	5.99	2001 4A, 4T	5.99 & 6.30
1995 1A1	7.08 & 7.13	1999 1A, 1N, 1T	5.95	2001 5A	5.99
1995 1A2	6.85 & 7.10	1999 2A, 2N, 2T	6.05	2002 1A	6.25
1995 1A3	6.85	1999 3A, 3T	6.75	2002 2A, 3A-R, 3N-R	6.75
1996 1A1	7.20	1999 CRA-A	6.50	2002 4A	5.50, 5.75, 6.25
1996 2A, 2N, 2T	7.20	1999 4A, 4N, 4T	6.95	2002 5A	5.25
1996 3A, 3T	7.10	1999 5A, 5N, 5T	6.99	2003 1A, 1N	4.99 & 5.10
1997 2A, 2N, 2T	7.20	2000 1A, 1T	7.45	2003 2A, 2N	4.99 & 5.25
1997 3A, 3T	6.75	2000 2A, 2N, 2T	7.55	2003 3A, 3N	5.10 & 5.25
1997 4A, 4N, 4T	6.55	2000 3A, 3N, 3T	7.25 & 7.55	2004 1A, 1N	4.85, 5.05, 5.25

Multifamily Bond Programs: In the fiscal year 2003, the Commission divided the Multifamily Bond Programs into the Multifamily Housing Bond Program and Nonprofit Housing Bond Program:

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

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

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

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

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

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)*

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

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

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

NOTE 2: SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

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

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

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

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)*

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

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

Investments: Investments in the General Operating and Program Investment Funds are managed by U. S. Bancorp Asset Management and are comprised of securities issued or guaranteed by the U.S. government. These marketable securities are valued at fair value based upon quoted market prices as of June 30, 2004 and 2003. Guaranteed investment contracts held in the Restricted Bond Fund are stated at cost since the redemption terms are not affected by market rates.

Mortgage-Backed Securities: Mortgage-backed securities are presented at their fair value based on quoted market prices as of June 30, 2004 and 2003.

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

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

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

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

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)*

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

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

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

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

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

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

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

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

In addition the Commission earns fees on its bond issues, which are allocated to the Restricted Bond, General Operating, and Program Investment Funds and which are recorded as other fee income on the statement of revenues, expenses and changes in net assets. The Commission earned

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)**

\$13,068,920 and \$11,021,537 in other fee income during the fiscal years ended June 30, 2004 and 2003, respectively. Other fee income is comprised of the following:

	2004	2003
Commission fees	\$ 4,513,673	\$ 4,784,293
Other program fees	5,308,468	4,682,577
Other income	<u>3,246,779</u>	<u>1,554,667</u>
	\$13,068,920	\$11,021,537

Interest and fees are recognized on the accrual basis.

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

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

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

NOTE 3: INVESTMENTS

General Operating and Program Investment Funds:

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

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

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)*

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

Investments of the General Operating and Program Investment Funds as of June 30, 2004, are comprised of securities issued or guaranteed by the U.S. government. All investments are registered, or securities are held by the Commission's agent in the Commission's agent's name.

Bond Programs:

The indenture for each bond issue outlines the permitted investments for that transaction. Generally, bond proceeds are invested in investment agreements with institutions whose rating is at least equivalent to the rating on the bonds being issued. These investment agreements are binding agreements but are not usually collateralized by specifically identified securities and, as such, are not tradable or subject to risk categorization. Investments in the bond programs are comprised primarily of guaranteed investment contracts and are stated at cost as the redemption terms are not affected by market rates. 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 bond issues issued since 1988 have been used to purchase modified mortgage-backed securities in which principal and interest are guaranteed by either the Government National Mortgage Association (Ginnie Mae), whose guarantee is backed by the full faith and credit of the U.S. government or the Federal National Mortgage Association (Fannie Mae). A few funds in the Multifamily Housing and Nonprofit Housing Bond Programs also contain mortgage-backed securities.

For the fiscal year ended June 30, 2004, the net decrease in fair market value, based upon quoted market price at the fiscal year end, was \$23,942,356. The following table shows the sources of the gains (losses) on mortgage-backed securities on the statements of revenue, expenses, and changes in net assets for 2004 and 2003 by program.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)**

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

	2004			2003		
	Single-Family	Multifamily & Non-Profit Housing	Total	Single-Family	Multifamily	Total
Unrealized gain (loss) due to adjustment to market value	(\$21,760,888)	(\$2,181,468)	(\$23,942,356)	\$19,941,642	\$ 4,270,535	\$24,212,177

Cumulative unrealized gains for fiscal years 2004 and 2003 are \$7,071,673 and \$31,014,859 respectively and are included in the balance of mortgage-backed securities on the statement of net assets.

NOTE 5: MORTGAGE LOANS

Multifamily Loans:

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

Nonprofit Capital Facilities Loans:

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)**

NOTE 6: FURNITURE, FIXTURES and EQUIPMENT

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

	Useful Life	June 30, 2003	Increase	Decrease	June 30, 2004
Furniture, fixtures and equipment	Three to 10 years	\$ 928,274	\$ 80,712	\$ (40,806)	\$ 968,180
Leasehold improvements	4 to five years	<u>176,058</u>	<u>0</u>	<u>0</u>	<u>176,058</u>
		\$1,104,332	\$ 80,712	\$ (40,806)	\$ 1,144,238
Less accumulated depreciation		<u>(784,952)</u>	<u>(128,330)</u>	<u>40,806</u>	<u>(872,476)</u>
	Net Book Value	<u>\$ 319,380</u>	<u>\$ (47,618)</u>	<u>\$ 0</u>	<u>\$ 271,762</u>

NOTE 7: BONDS and NOTES PAYABLE

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

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 assumed sufficient to service and redeem the defeased bonds.

In September 2003, the Commission issued 2003 Series 2A & 2N Single-Family Program Bonds of \$24,500,000, of which \$4,500,000 were refunding bonds with a weighted average interest rate of 4.13% used to refund \$4,500,000 of outstanding 1992 B2, C2 & D2 Single-Family Bonds with a weighted average interest rate of 6.25%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$1,384,932, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,153,168.

In November 2003, the Commission issued 2003 Series 3A & 3N Single-Family Program Bonds of \$23,885,000, of which \$3,885,000 were refunding bonds with a weighted average interest rate of 4.79% used to refund \$3,885,000 of outstanding 1992 B1, C1 & D1 Single-Family Bonds with a weighted average interest rate of 6.12%. As a result of this current refunding, the Commission increased its total debt service requirements by \$315,460, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$543,834.

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS *YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)*

In March 2004, the Commission issued 2004 Series 1A & 1N Single-Family Program Refunding Bonds of \$37,325,000 with a weighted average interest rate of 4.85% to advance refund portions of the following bond issues:

- In April 2004, \$2,185,000 of outstanding 1994 Series C2 & D2 Single-Family Bonds with a weighted average interest rate of 6.62%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$1,351,544, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$468,888.
- In April 2004, \$820,000 of outstanding 1994 Series E1 & F1 Single-Family Bonds with a weighted average interest rate of 6.60%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$495,499, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$171,366.
- In April 2004, \$3,660,000 of outstanding 1994 Series E2, F2 & G Single-Family Bonds with a weighted average interest rate of 6.74%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$2,425,167, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$851,313.
- In April 2004, \$1,860,000 of outstanding 1994 Series H & I Single-Family Bonds with a weighted average interest rate of 7.19%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$1,169,235, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$466,012.
- In April 2004, \$2,800,000 of outstanding 1995 Series A Single-Family Bonds with a weighted average interest rate of 7.05%. As a result of this current refunding, the Commission reduced its total debt service requirements by \$2,004,309, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$789,571.

As of June 30, 2004, the Commission had outstanding notes and bonds of \$2.2 billion. The bonds bear interest ranging from 0.95% to 8.38% and mature in varying amounts through 2049. Future principal and interest requirements by program are shown in the following table.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)**

For the years ending June 30:	Total Principal Redemptions	Total Interest Redemptions	Total Debt Service
2005	\$ 240,088,024	\$ 69,467,111	\$ 309,555,135
2006	31,723,847	68,424,898	100,148,745
2007	57,654,388	65,771,510	123,425,898
2008	37,734,333	64,662,940	102,397,273
2009	56,751,940	62,189,679	118,941,619
2010–2014	229,343,498	285,518,715	514,862,213
2015–2019	268,659,624	234,526,863	503,186,487
2020–2024	325,465,018	175,753,401	501,218,419
2025–2029	497,379,995	129,090,324	626,470,319
2030–2034	322,682,917	39,495,045	362,177,962
2035–2039	124,755,668	19,949,386	144,705,054
2040–2044	4,524,999	626,925	5,151,924
2045–2049	240,000	8,811	248,811
	<u>\$ 2,197,004,251</u>	<u>\$ 1,215,485,608</u>	<u>\$ 3,412,489,859</u>

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

	<u>June 30, 2003</u>	<u>Issued</u>	<u>Redeemed</u>	<u>June 30, 2004</u>
Total	<u>\$2,063,123,219</u>	<u>\$467,340,737</u>	<u>\$333,459,705</u>	<u>\$2,197,004,251</u>

NOTE 8: COMMITMENTS

Mortgage Loans: The Commission has committed to purchase mortgage loans to the extent qualified loans are available under each of the programs currently in the acquisition phase. The Commission's commitments by program as of June 30, 2004 are shown below:

<u>Program</u>	<u>Amount</u>
Single-Family Housing Program	\$ 84,355,000
Multifamily Housing Program	84,225,000
Nonprofit Housing Program	156,270,215
Nonprofit Facilities Program	<u>59,385,000</u>
	384,235,215
Loan disbursements through June 30, 2004	<u>\$ 307,168,272</u>
Loan commitments at June 30, 2004	<u>\$ 77,066,943</u>

Operating Lease: The Commission has lease commitments for office space on a long-term basis. Lease expense for the fiscal years ended June 30, 2004 and 2003 was \$820,816 and \$820,816, respectively. Commitments for future minimum lease payments are:

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)**

<u>For the years ending June 30,</u>	
2005	820,816
2006	820,816
	<u>\$ 1,641,632</u>

NOTE 9: EMPLOYEE BENEFIT PLANS

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

Retirement Plan: The Commission's employees participate in the Public Employees' Retirement System ("PERS") of the State. The legislature established PERS in 1947. PERS is a cost-sharing multiple-employer retirement system. Membership in the system includes elected officials; State employees; employees of the Supreme, Appeals and Superior Courts; employees of legislative committees; community college, college and university employees not in national higher education retirement programs such as TIAA/CREF; judges of district and municipal courts; noncertified employees of school districts; and employees of local government. Approximately 54% of PERS salaries are from State employment.

Commission employees may retire at the age of 65 with 5 years of service or at age 55 with 20 years of service, with an allowance of 2% per year of service of the average final salary (average final compensation is based on the greatest compensation during any consecutive 60-month period). Retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit, and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3% annually.

PERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to PERS accrue interest at a rate specified by the Washington State Department of Retirement Systems ("DRS"). During the fiscal year 2004, 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:

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)**

For the years ended June 30,

	2004	2003	2002
Gross covered salaries	\$3,325,818	\$3,153,816	\$2,984,336
Commission's contribution	\$46,460	\$41,632	\$49,575
Commission's contribution rate	1.40%	1.32%	1.66%
Employees' contribution	\$40,541	\$24,064	\$31,101
Employees' contribution rate	1.22%	0.76%	1.04%

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 2003 annual financial report.

The plan information for the fiscal year 2004 will be presented in the State Department of Retirement Systems 2004 annual financial report, which will become available in January 2005 and may be obtained at:

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

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, 2004 there were no known asserted or unasserted claims or judgments against the Commission.

NOTE 11: RELATED PARTY TRANSACTIONS

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

	For the year ended June 30,	
Charges for Services	2004	2003
Washington Higher Education Facilities Authority	\$138,048	\$118,778
Tobacco Settlement Authority	\$ 22,449	\$162,479

	For the year ended June 30,	
Receivable from (payable to):	2004	2003
Washington Higher Education Facilities Authority	\$ 89,185	\$ 20,563
Tobacco Settlement Authority	\$ 6,536	\$(2,604)

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)**

NOTE 12: SUBSEQUENT EVENTS

The Commission has issued additional bonds subsequent to June 30, 2004 as shown below:

Bond Issues Subsequent to June 30, 2004

DATE	PROJECT	AMOUNT
SINGLE-FAMILY HOUSING		
07/07/2004	Single Family 2004 Series 2A/2N	\$ 38,885,000
08/25/2004	Single Family 2004 Series 3A	33,500,000
12/09/2004	Single Family 2004 Series 4A	23,790,000
03/31/2005	Single Family 2005 Series 1A/1N	25,000,000
06/16/2005	Single Family 2005 Series 2A/VR-2A	30,000,000
NON-PROFIT HOUSING		
11/30/2004	Mercy Housing Phase II	3,900,000
12/02/2004	Hearthstone	12,000,000
02/18/2005	Meadowdale Apartments	5,680,000
NON-PROFIT FACILITIES		
12/30/2004	Metropolitan Development Council	2,403,530
03/09/2005	St. Vincent de Paul of Snohomish County	2,050,000
05/18/2005	Antioch University Refunding	6,780,000
06/07/2005	The Northwest School	11,000,000
MULTIFAMILY HOUSING		
07/15/2004	Alaska House	6,430,000
07/15/2004	International House	7,390,000
07/19/2004	Burke Gilman 2004 Refunding	3,835,000
07/30/2004	Arbor Park Apartment Homes	9,135,000
09/02/2004	Ballinger Court Apartments	5,800,000
09/30/2004	Washington Terrace Apartments	11,250,000
10/15/2004	Columbia Heights Retirement & Assisted Living	12,925,000
10/28/2004	Stonebrook II	4,210,000
11/16/2004	Silver Creek Retirement & Assisted Living	15,300,000
12/01/2004	Crestview West Apartment	14,000,000
12/17/2004	Merrill Gardens at Queen Anne	30,200,000
12/17/2004	Merrill Gardens at Renton Center	23,100,000
12/22/2004	Deer Run West	6,270,000
12/22/2004	Valley View Apartments	29,675,000
12/22/2004	Vintage at Burien	7,300,000
01/03/2005	Cedar Landing Refunding Bonds	8,260,000
01/27/2005	Vintage at Sequim	8,390,000
02/07/2005	Seaport Landing Retirement & Assisted Living	13,200,000
03/07/2005	Park Vista Retirement Project	15,250,000
04/29/2005	Ridgeview Apartments	12,390,000
TOTAL		\$ 439,298,530

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)

Bonds redeemed by the trustee under the normal and early redemption provisions of the trust indentures subsequent to June 30, 2004, are detailed below:

Bonds Redeemed Subsequent to June 30, 2004

<u>Bond Issue</u>	<u>Call Amount</u>	<u>Bond Issue</u>	<u>Call Amount</u>
SINGLE FAMILY		NON-PROFIT HOUSING	
Single Family 1988 A&B *	\$ 550,000.00	1991 A SNAPP	\$ 3,620
Single Family 1991 D&E	1,965,000	NPH - STEPP	331,442
Single Family Draw Down	6,681,051	Gonzaga University	295,000
Single Family 1994 A2 *	3,290,000	NPH - STEPP	284,616
Single Family 1994 C1&D1 *	5,400,000	Nikkei Concern	195,000
Single Family 1994 B *	1,490,000	Hearthstone Project *	4,740,000
Single Family 1995 B&C *	6,320,000	Horizon House	250,000
Single Family 1995 1A3	760,000	Nikkei Manor	100,000
Single Family 1996 1A1 *	330,000	Riverview	110,000
Single Family 1996 2A/2N/2T *	435,000	Seattle University Housing	345,000
Single Family 1996 3A/3T *	300,000	CRISTA Ministries 1998 A&B	1,005,000
Single Family 1997 2A/2N/2T *	445,000	Odd Fellows Home 1998 A&B	200,000
Single Family 1997 3A/3T	4,105,000	Presbyterian 1999 A&B	210,000
Single Family 1997 4A/N/T	5,475,000	Tacoma Lutheran	140,000
Single Family 1998 1A/1N/1T	600,000	Golden Sands	55,000
Single Family 1998 2A	100,000	Kline Galland	455,000
Single Family 1998 3A/3N/3T	2,040,000	Rockwood A& B	470,000
Single Family 1998A 4A/4A-Conv/4T	1,092,225	Wesley Homes	315,000
Single Family 1998 Series 5	600,489	Living Care 2000	240,000
Single Family 1998 CRA-Series A	1,280,000	Kingsbury Terrace 2001	20,000
Single Family 1999 1A/1N/1T	1,019,569	Pioneer Human Services	290,000
Single Family 1999 2A/2N/2T	1,294,264	Kenny 2001	250,000
Single Family 1999 3A/3T	1,720,000	Nickerson	145,000
Single Family 1999 CRA-A	1,050,000	Emerald Heights	445,000
Single Family 1999 4A/4N/4T	4,600,000	Judson Park 2004 A&B	225,000
Single Family 1999 5A/5N/5T	2,205,000		
Single Family 2000 1A/1T	930,000	NON-PROFIT FACILITIES	
Single Family 2000 2A/2N/2T	2,125,000	NPF - STEPP	714,747
Single Family 2000 3A/3N/3T	1,660,000	YMCA of Greater Seattle	250,000
Single Family 2000 4A/T	1,185,000	Pioneer Human Service	890,000
Single Family 2001 1A/N	1,210,000	YMCA of Snohomish County	200,000
Single Family 2001 2A	1,260,000	Pluming & Pipe	100,000
Single Family 2001 3A-R/N-R	460,000	NPF - STEPP	513,897
Single Family 2001 4A/T	1,130,000	Antioch University	180,000
Single Family 2001 5A	395,000	Virginia Mason A&B	615,000
Single Family 2002 1A	4,175,000	Community Colleges of Spokane	125,000
Single Family 2002 2A, 3A-R/3N-R	16,515,000	YMCA Tacoma/Pierce	230,000
Single Family 2002 4A	150,000	YMCA/Inland	110,000
Single Family 2002 5A	495,000	YMCA of Snohomish	165,000
Single Family 2003 1A/N	285,000	YMCA C-W	120,000
Single Family 2003 2A/2N	335,000	SS YMCA	130,000
Single Family 2003 3N	405,000	St Vincent	495,000
Single Family 2004 1A/1N	915,000	U Prep	100,000
Single Family 2004 2A/2N	265,000	Community Colleges of Spokane	100,000

WASHINGTON STATE HOUSING FINANCE COMMISSION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)

<u>Bond Issue</u>	<u>Call Amount</u>	<u>Bond Issue</u>	<u>Call Amount</u>
NON-PROFIT FACILITIES (cont.)		MULTI-FAMILY HOUSING (Cont.)	
Seattle Academy	\$ 75,000	Rosecreek Apartments	\$ 85,000
Greens/Merrill	75,000	Twin Ponds Apartments	130,000
Southwest WA Pipe Trades	155,000	Clare House	30,000
NPF - STEPP	75,688	Alderbrook Apartments	175,000
Evergreen School	140,000	Summit Apartments	125,000
Annie Wright School Project	220,000	Boardwalk Apartments	100,000
United Way	1,340,000	Cedar Landings Apartment Projects *	6,625,000
Gonzaga Prep	200,000	Oxford Square	95,000
Childhaven	2,500,000	Regency Park	145,000
		M/F Wood Rose	65,000
		Summer Ridge	75,000
MULTI-FAMILY HOUSING		Mill Pointe	215,000
Pacific First Federal Savings Bank *	6,512,000	Silver Springs	7,903
Columbia Park Project *	655,000	Holly Village	60,000
MF MTG REV REF	2,430,000	Burke- Gilman	192,000
FNMA MTG	4,831,659	M/F Vintage 2000	50,000
Canyon Lakes	75,000	Granite Falls 2000	65,000
Burke -Gilman *	3,875,000	Ferris View 2000	8,375
MFH STEPP	267,887	Evergreen 2000	60,000
Canyon Lakes II	115,000	Carllyle Care Center 2000	85,000
Evergreen Ridge *	4,940,000	Lakewood Meadows 2000	60,000
Mallard Cove	20,000	Springfield 2001	190,000
Gilman Meadows	20,000	Country Club 2001	170,000
Summerglen	50,000	Monticello 2001	35,000
Pacific Crest	100,000	Parkside 2001	185,000
LTC PROP	365,000	Silverwood 2001	10,704
MULTI FMLY MTG	225,000	Ocean Ridge 2001	31,811
Lake WA Apartments	200,000	M/F Whisperwood 2002	600,000
Pacific Inn	55,000	M/F Viewcrest 2002	39,446
ASST LVG CONC	345,000	Parkway 2002	70,000
Hamilton Sr Living	75,000	Bridgewood 2002	30,000
Larkin Apts	100,000	Park Hill 2002	22,675
Country Manor	3,900,000	Deer Run 2002	36,863
Glenbrook Apartments *	10,805,000	Quail Run 2002	6,829
Marketplace Apartments *	8,305,000	Mallard 2002	3,000,000
Sherwood Springs	145,000	Ft Vancouver	41,272
GNMA 1998	105,000		
		TOTAL	<u><u>\$171,421,031</u></u>

• *Indicates full defeasance*

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONTINUED)**

NOTE 13: RESTATEMENT OF THE PRIOR YEAR FINANCIAL STATEMENTS

Subsequent to the issuance of the Commission's financial statements for the year ended June 30, 2003, the Commission's management determined that deferred commitment fees and unamortized bond insurance premiums were incorrectly recorded as liabilities. Loans receivable within the bond program fund should be presented in the statements of net assets net of deferred commitment fees and unamortized bond insurance premiums. Also, in the statements of revenues, expenses and changes in net assets, the commitment fees related to loans receivable were previously incorrectly included in other fee income and are now presented as a component of interest earned on loans and investment income. As a result, the 2003 financial statements have been restated.

Also, with respect to the refunding transactions of the Gilman Meadows, Mallard Cove I and Mallard Cove II projects in 1995, the Commission had accounting for these as investments in real estate based upon interpretation of certain terms in the loan agreements. However, in further examination of the transactions, the Commission has concluded this accounting treatment to be incorrect and that loan accounting is appropriate. As a result, the 2003 financial statements have been restated.

In addition, the Commission's management determined that in the prior years certain errors were made in the initial and ongoing entries recording the transactions for and between two bonds issues related to the Burke-Gilman project. As a result, the 2003 financial statements have been restated.

The following table summarizes the effects of the restatement by major financial statement line item affected:

At June 30, 2003:	As Previously Reported	As Restated
Cash and cash equivalents	\$ 66,722,411	\$ 67,060,212
Accrued interest receivable	9,789,136	9,846,780
Mortgage-backed securities, net	642,110,437	640,633,735
Mortgage loans	1,162,845,898	1,136,491,901
Investments in Real Estate	13,550,859	-
Unamortized bond issuance costs	45,630,351	45,743,234
Accounts payable and other liabilities	28,189,013	27,449,881
Accrued interest payable	15,735,713	16,068,451
Deferred Commitment fees	38,530,222	-
Project equity held for borrower	5,700,017	749,853
Notes payable and bond fund financing	51,392,304	51,038,304
Current interest bonds	1,810,608,152	1,813,141,293
Total net assets, beginning of year	82,861,304	83,257,621

**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2004 AND 2003 (CONCLUDED)**

For the year ended	As Previously	
June 30, 2003:	Reported	As Restated
Interest earned on mortgages	84,227,418	88,889,019
Interest and investment income	9,989,606	9,989,507
Other fee income	14,529,754	11,021,537
Total revenues	132,963,672	134,116,957
Interest on debt	87,987,304	89,521,035
Amortization of bond issuance costs	5,845,063	5,849,622
Other	2,202,575	1,823,549
Total expenses	104,861,704	106,020,968
Excess of revenues over expenses	28,101,968	28,095,989
Total net assets, end of year	110,963,272	111,353,610

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**WASHINGTON STATE
HOUSING FINANCE COMMISSION**

SUPPLEMENTARY SCHEDULES
for the YEARS ENDED JUNE 30, 2004, and 2003

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM NET ASSETS JUNE 30, 2004

	Restricted	
	Single-Family Housing Bond Program	Multifamily Housing Bond Program
ASSETS		
CASH and CASH EQUIVALENTS	\$ 15,997,701	\$ 70,596,402
INVESTMENTS:		
U.S. government and agencies	-	-
Investment agreements	264,522,638	35,719,319
TOTAL INVESTMENTS	264,522,638	35,719,319
ACCRUED INTEREST RECEIVABLE	2,497,589	3,033,536
FEES RECEIVABLE, net	-	-
OTHER RECEIVABLES	-	-
MORTGAGE-BACKED SECURITIES, COST	439,816,862	53,716,526
Cumulative unrealized gain on mortgage-backed securities	4,503,774	2,293,619
MORTGAGE-BACKED SECURITIES, fair value	444,320,636	56,010,145
MORTGAGE LOANS, net	-	767,190,673
UNAMORTIZED BOND ISSUANCE COSTS	5,642,996	32,006,443
PREPAID FEES and OTHER	-	15,142
TOTAL ASSETS	\$ 732,981,560	\$ 964,571,660

<u>Programs</u>				
<u>Nonprofit Housing Bond Program</u>	<u>Nonprofit Facilities Bond Program</u>	<u>General Operating Fund</u>	<u>Program Investment Fund</u>	<u>June 30, 2004 Total</u>
\$ 9,398,557	\$ 4,256,566	\$ 1,047,150	\$ -	\$ 101,296,376
-	-	17,051,812	12,203,583	29,255,395
20,581,835	5,793,405	-	-	326,617,197
20,581,835	5,793,405	17,051,812	12,203,583	355,872,592
2,961,119	1,454,997	363,207	-	10,310,448
-	-	366,081	-	366,081
-	-	479,157	67,994	547,151
3,893,185	-	-	-	497,426,573
274,280	-	-	-	7,071,673
4,167,465	-	-	-	504,498,246
326,192,332	235,522,224	-	19,307,089	1,348,212,318
8,531,200	6,502,706	-	-	52,683,345
2,349,267	-	555,328	-	2,919,737
<u>\$ 374,181,775</u>	<u>\$ 253,529,898</u>	<u>\$ 19,862,735</u>	<u>\$ 31,578,666</u>	<u>\$ 2,376,706,294</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM NET ASSETS

JUNE 30, 2004

	Restricted	
	Single-Family Housing Bond Program	Multifamily Housing Bond Program
LIABILITIES and NET ASSETS		
ACCOUNTS PAYABLE and OTHER LIABILITIES	\$ 2,291,649	\$ 60,970,164
ACCRUED INTEREST PAYABLE	2,807,820	4,925,085
ACCRUED ARBITRAGE REBATE	1,104,998	-
DEFERRED REVENUE	-	-
PROJECT EQUITY HELD FOR BORROWER	-	581,612
PRIVATE PLACEMENT PROGRAMS NOTES PAYABLE and BOND FUND FINANCING	-	50,417,526
BONDS PAYABLE:		
Current interest bonds	661,523,389	691,103,073
Taxable bonds	9,445,000	151,807,202
Compound interest bonds	20,302,973	-
Unamortized bond premium	633,332	566,406
Unamortized bond discount	(5,697)	(218,804)
TOTAL BONDS PAYABLE	691,898,997	843,257,877
TOTAL LIABILITIES	698,103,464	960,152,264
NET ASSETS		
Restricted:		
Bond operations	34,878,096	4,419,396
Grants and donations to Program Investment Fund		
Invested in capital assets, net of related debt	-	-
Unrestricted:		
General operations	-	-
Program Investment Fund	-	-
TOTAL NET ASSETS	34,878,096	4,419,396
TOTAL LIABILITIES and NET ASSETS	\$ 732,981,560	\$ 964,571,660

<u>Programs</u>				
<u>Nonprofit Housing Bond Program</u>	<u>Nonprofit Facilities Bond Program</u>	<u>General Operating Fund</u>	<u>Program Investment Fund</u>	<u>June 30, 2004 Total</u>
\$ 7,093,095	\$ 2,916,907	\$ 1,390,712	\$ -	\$ 74,662,527
4,467,638	2,094,656	-	-	14,295,199
-	-	-	-	1,104,998
-	-	472,023	-	472,023
-	-	-	-	581,612
-	480,000	-	-	50,897,526
349,559,773	229,215,315	-	-	1,931,401,550
14,260,000	18,890,000	-	-	194,402,202
-	-	-	-	20,302,973
71,048	-	-	-	1,270,786
(1,507,935)	(66,980)	-	-	(1,799,416)
362,382,886	248,038,335	-	-	2,145,578,095
373,943,619	253,529,898	1,862,735	-	2,287,591,980
238,156	-	-	-	39,535,648
-	-	-	600,000	600,000
-	-	271,762	-	271,762
-	-	17,728,238	-	17,728,238
-	-	-	30,978,666	30,978,666
238,156	-	18,000,000	31,578,666	89,114,314
\$ 374,181,775	\$ 253,529,898	\$ 19,862,735	\$ 31,578,666	\$ 2,376,706,294

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM REVENUES, EXPENSES and CHANGES in PROGRAM NET ASSETS YEAR ENDED JUNE 30, 2004

	Restricted Programs		
	Single-Family Housing Bond Program	Multifamily Housing Bond Program	Nonprofit Housing Bond Program
REVENUES:			
Interest earned on mortgage loans and mortgage-backed securities	\$ 28,684,280	\$ 25,217,902	\$ 13,572,282
Other interest and investment income	7,778,440	214,278	4,042
Gain (loss) on mortgage-backed securities	(21,760,888)	(2,098,051)	(83,417)
Other fee income	3,955,384	202,798	-
Nonoperating revenues - Grants and donations	-	-	-
TOTAL REVENUES	18,657,216	23,536,927	13,492,907
EXPENSES:			
Interest on debt	33,086,480	23,759,339	12,539,771
Amortization of bond discount (premium)	(6,816)	(15,834)	72,416
Amortization of bond issuance costs	2,505,594	1,507,564	838,392
Servicing and commission fees	1,021,280	199,873	12,210
Salaries and wages	-	-	-
Communication and office expense	-	-	-
Trustee and paying agent fees	231,678	26,926	3,942
Professional fees	-	-	-
Amortization of bond insurance premium	-	-	115,105
Other	2,890,541	705,285	30,943
Nonoperating expenses - Grants and donations	-	-	-
TOTAL EXPENSES	39,728,757	26,183,153	13,612,779
EXCESS (DEFICIENCY) of REVENUES over EXPENSES	(21,071,541)	(2,646,226)	(119,872)
NET ASSETS:			
Total net assets, beginning of year	55,241,625	7,065,622	358,028
Distribution of equity	708,012	-	-
Total net assets, end of year	\$ 34,878,096	\$ 4,419,396	\$ 238,156

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	June 30, 2004 Total
\$ 8,661,900	\$ -	\$ -	\$ 76,136,364
-	17,585	-	8,014,345
-	-	-	(23,942,356)
-	8,441,452	469,286	13,068,920
-	369,474	-	369,474
8,661,900	8,828,511	469,286	73,646,747
8,228,090	-	330,477	77,944,157
3,599	-	-	53,365
430,211	-	-	5,281,761
-	-	-	1,233,363
-	4,210,431	-	4,210,431
-	2,381,758	-	2,381,758
-	-	-	262,546
-	407,314	-	407,314
-	-	-	115,105
-	-	-	3,626,769
-	369,474	-	369,474
8,661,900	7,368,977	330,477	95,886,043
-	1,459,534	138,809	(22,239,296)
-	18,000,000	30,688,335	111,353,610
-	(1,459,534)	751,522	-
\$ -	\$ 18,000,000	\$ 31,578,666	\$ 89,114,314

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM CASH FLOWS YEAR ENDED JUNE 30, 2004

	Restricted	
	Single-Family Housing Bond Program	Multifamily Housing Bond Program
OPERATING ACTIVITIES:		
Receipts for interest on mortgages	\$ 28,677,489	\$ 31,315,683
Receipts for other fee income	3,955,384	202,798
Receipts for loans and mortgage prepayments	185,395,724	14,947,025
Payments for acquisition of loans and mortgages	(77,359,850)	(98,773,208)
Payments for bond program expenses	(4,932,137)	(8,979,415)
Payments to employees and suppliers	-	-
Net cash provided (used) by operating activities	135,736,610	(61,287,117)
INVESTING ACTIVITIES:		
Purchase of investments	(230,513,157)	(41,789,244)
Sale of investments	215,444,317	27,143,551
Interest received on investments	7,647,164	169,131
Net cash used by investing activities	(7,421,676)	(14,476,562)
NONCAPITAL FINANCING ACTIVITIES:		
Contributions	708,012	-
Net cash provided (used) by noncapital financing activities	708,012	-
CAPITAL FINANCING ACTIVITIES:		
Project equity requisitioned	-	(168,241)
Proceeds from sale of bonds and notes	167,760,000	154,540,000
Interest paid on debt	(35,700,806)	(23,222,303)
Debt repayments	(259,924,586)	(18,775,115)
Net cash provided (used) by capital financing activities	(127,865,392)	112,374,341
NET INCREASE (DECREASE) in CASH and CASH EQUIVALENTS	1,157,554	36,610,662
CASH and CASH EQUIVALENTS:		
Beginning of year	14,840,147	33,985,740
End of year	<u>\$ 15,997,701</u>	<u>\$ 70,596,402</u>

<u>Programs</u>				
<u>Nonprofit Housing Bond Program</u>	<u>Nonprofit Facilities Bond Program</u>	<u>General Operating Fund</u>	<u>Program Investment Fund</u>	<u>June 30, 2004 Total</u>
\$ 15,194,832	\$ 9,154,993	\$ -	\$ -	\$ 84,342,997
-	-	7,981,148	1,147,903	13,287,233
44,138,487	9,733,000	-	1,886,257	256,100,493
(89,189,628)	(47,722,473)	-	(5,246,864)	(318,292,023)
(3,047,143)	(1,204,019)	-	-	(18,162,714)
-	-	(6,884,607)	(330,477)	(7,215,084)
(32,903,452)	(30,038,499)	1,096,541	(2,543,181)	10,060,902
(24,546,497)	(8,716,647)	(1,773,623)	1,791,659	(305,547,509)
16,740,746	8,139,588	-	-	267,468,202
6,678	329	105,411	-	7,928,713
(7,799,073)	(576,730)	(1,668,212)	1,791,659	(30,150,594)
-	-	(1,459,534)	751,522	-
-	-	(1,459,534)	751,522	-
-	-	-	-	(168,241)
99,772,435	45,268,302	-	-	467,340,737
(12,210,452)	(8,253,374)	-	-	(79,386,935)
(44,882,004)	(9,878,000)	-	-	(333,459,705)
42,679,979	27,136,928	-	-	54,325,856
1,977,454	(3,478,301)	(2,031,205)	-	34,236,164
7,421,103	7,734,867	3,078,355	-	67,060,212
\$ 9,398,557	\$ 4,256,566	\$ 1,047,150	\$ -	\$ 101,296,376

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - PROGRAM CASH FLOWS YEAR ENDED JUNE 30, 2004

	Restricted	
	Single-Family Housing Bond Program	Multifamily Housing Bond Program
RECONCILIATION of EXCESS (DEFICIENCY) of REVENUES over EXPENSES to NET CASH PROVIDED (USED) by OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenses	\$ (21,071,541)	\$ (2,646,226)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:		
Amortization of mortgage premium	-	78,170
Amortization of mortgage discount	(2,319,957)	(7,710)
Amortization of bond insurance premium	-	23,760
Amortization of bond issuance costs	3,049,784	1,594,347
Amortization of bond premium	(8,863)	(28,043)
Amortization of bond discount	2,047	12,210
Amortization of deferred fee income	(1,348,860)	(1,547,969)
Cash provided (used) by changes in operating assets and liabilities:		
Purchase of mortgage loans	(77,359,850)	(98,773,208)
Repayments of mortgage loans	185,395,724	14,947,025
Interest and other receivables	(5,434,672)	(789,847)
Interest and other payables	33,071,909	23,752,323
Unrealized gain (loss) on securities	21,760,889	2,098,051
Other	-	-
Net cash provided (used) by operating activities	<u>\$ 135,736,610</u>	<u>\$ (61,287,117)</u>

Programs				
Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	June 30, 2004 Total
\$ (119,872)	\$ -	\$ 1,459,534	\$ 138,809	\$ (22,239,296)
-	-	-	-	78,170
(75,156)	(3,599)	-	-	(2,406,422)
-	-	-	-	23,760
1,111,374	524,740	-	-	6,280,245
(2,741)	-	-	-	(39,647)
75,157	3,599	-	-	93,013
(1,111,374)	(524,740)	-	-	(4,532,943)
(89,189,628)	(47,722,473)	-	(5,246,864)	(318,292,023)
44,138,487	9,733,000	-	1,886,257	256,100,493
(350,250)	(276,786)	(570,151)	678,617	(6,743,089)
12,537,135	8,227,760	207,158	-	77,796,285
83,416	-	-	-	23,942,356
-	-	-	-	-
\$ (32,903,452)	\$ (30,038,499)	\$ 1,096,541	\$ (2,543,181)	\$ 10,060,902

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - NOTES AND BONDS OUTSTANDING

JUNE 30, 2004, with COMPARATIVE TOTALS as of June 30, 2003

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding, June 30	
				2004	2003
<u>Single Family (Stand Alones)</u>					
Single Family 1988A&B	11/3/1988	\$ 85,499,983	7/1/2015	\$ 550,000	\$ 2,275,000
Single Family 1991D&E (CAB) *	12/18/1991	69,299,879	1/1/2025	443,029	988,537
Single Family 1992B,C&D-1	4/1/1993	23,545,000	1/1/2026	-	7,765,000
Single Family 1992B,C&D-2	12/1/1993	15,000,000	1/1/2026	-	6,005,000
Single Family Draw Down Program	5/30/2002	500,000,000	6/1/2036	205,654,800	134,829,800
Single Family 1994A-1,A-2	4/6/1994	15,000,000	1/1/2026	3,290,000	5,595,000
Single Family 1994C-1,D-1	10/3/1994	25,000,000	1/1/2028	5,400,000	9,095,000
Single Family 1994C-2,D-2	11/1/1994	19,750,000	1/1/2028	-	6,200,000
Single Family 1994E-1,F-1	11/1/1994	10,250,000	1/1/2028	-	2,450,000
Single Family 1994E-2,F-2&G	12/1/1994	30,000,000	1/1/2028	-	9,860,000
Single Family 1994H&I	12/31/1994	35,000,000	7/1/2026	-	6,575,000
Single Family 1994B	1/3/1995	10,000,000	1/1/2026	1,490,000	2,595,000
Single Family 1995A	2/8/1995	45,000,000	7/1/2026	-	8,095,000
Single Family 1995B&C	5/2/1995	35,000,000	1/1/2027	6,320,000	12,140,000
Single Family 1998 CRA-A	11/19/1998	5,300,000	1/1/2031	4,125,000	4,940,000
Single Family 1999 CRA-A	7/29/1999	5,350,000	7/1/2031	2,585,000	4,410,000
				\$ 229,857,829	\$ 223,818,337
<u>Single Family (Open Indenture)</u>					
Single Family 1995-1A1	6/7/1995	\$ 40,000,000	6/1/2027	\$ -	\$ 10,925,000
Single Family 1995-1A3	5/1/1996	20,000,000	6/1/2028	1,055,000	18,460,000
Single Family 1996 1A1	5/30/1996	25,000,000	12/1/2027	330,000	8,605,000
Single Family 1996 2A/2N/2T	9/4/1996	30,000,000	12/1/2027	435,000	10,260,000
Single Family 1996 3A/3T	12/4/1996	20,000,000	6/1/2028	300,000	6,435,000
Single Family 1997 2A/2N	5/15/1997	34,525,000	12/1/2028	445,000	10,590,000
Single Family 1997 3A/3T	8/27/1997	21,600,000	12/1/2028	5,795,000	9,955,000
Single Family 1997 4A/4N/4T	11/20/1997	20,000,000	6/1/2029	8,180,000	10,200,000
Single Family 1998 1A/1N/1T	2/26/1998	20,000,000	6/1/2029	8,720,000	12,555,000
Single Family 1998 2A/2T	4/23/1998	16,000,000	6/1/2029	11,045,000	11,240,000
Single Family 1998 3A/3N/3T	6/4/1998	34,480,000	12/1/2029	14,170,000	20,535,000
Single Family 1998 4A/4T, 4A (CAB) *	8/27/1998	35,002,696	6/1/2030	25,182,222	30,553,260
Single Family 1998 5A/5N/5T, 5A (CAB) *	11/19/1998	22,217,675	6/1/2030	17,569,819	20,136,742
Single Family 1999 1A/1N/1T, 1A (CAB) *	2/24/1999	25,001,382	6/1/2030	17,424,046	21,902,966
Single Family 1999 2A/2N/2T, 2A (CAB) *	5/27/1999	23,500,452	12/1/2030	13,428,857	19,572,273
Single Family 1999 3A/3T	6/24/1999	30,000,000	12/1/2030	8,920,000	17,300,000
Single Family 1999 4A/4N/4T	8/25/1999	35,000,000	12/1/2030	15,380,000	21,660,000
Single Family 1999 5A/5N/5T	11/2/1999	32,575,000	6/1/2031	17,320,000	21,985,000
Single Family 2000 1A/1T	2/24/2000	30,000,000	6/1/2031	1,515,000	1,870,000
Single Family 2000 2A/2N/2T	4/27/2000	35,000,000	12/1/2031	3,315,000	17,095,000
Single Family 2000 3A/3N/3T	7/12/2000	32,000,000	12/1/2031	2,300,000	17,135,000
Single Family 2000 4A/4T	11/14/2000	23,000,000	6/1/2032	3,390,000	17,540,000
Single Family 2000 5A-R/5N-R	11/14/2000	14,280,000	6/1/2022	1,720,000	4,325,000
Single Family 2001 1A/N	2/28/2001	20,000,000	12/1/2032	18,150,000	19,645,000
Single Family 2001 2A	5/30/2001	27,000,000	12/1/2032	23,760,000	26,055,000
Single Family 2001 3A-R/3N-R	5/30/2001	5,695,000	6/1/2022	1,905,000	3,285,000
Single Family 2001 4A/4T	7/26/2001	30,000,000	12/1/2032	27,000,000	28,665,000
Single Family 2001 5A	11/15/2001	20,000,000	6/1/2033	19,340,000	19,990,000
Single Family 2002 1A	3/14/2002	20,000,000	6/1/2033	16,855,000	18,175,000
Single Family 2002 2A, 3A/ 3N-R	5/30/2002	43,110,000	12/1/2033	29,525,494	34,581,396
Single Family 2002 4A	8/30/2002	25,000,000	12/1/2033	20,575,000	25,000,000
Single Family 2002 5A	1/15/2003	23,580,000	12/1/2033	22,442,766	23,385,975
Single Family 2003 1A/1N	5/21/2003	20,000,000	6/1/2005	19,915,000	20,000,000

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - NOTES AND BONDS OUTSTANDING JUNE 30, 2004, with COMPARATIVE TOTALS as of June 30, 2003

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding, June 30	
				2004	2003
Single Family 2003 2A/2N	9/25/2003	24,500,000	12/1/2012	23,488,086	-
Single Family 2003 3A/3N	11/19/2003	23,885,000	6/1/2014	23,394,002	-
Single Family 2004 1A/1N	3/18/2004	37,325,000	6/1/2010	37,123,241	-
				461,413,533	559,617,612
Unamortized Bond Premium				633,332	
Unamortized Bond Discount				(5,697)	(7,744)
				\$ 691,898,997	\$ 783,428,205

Multi-Family Housing

Willowgreen	11/18/1986	\$ 9,275,000	10/1/2010	\$ 9,275,000	\$ 9,275,000
Orchard Hills	12/31/1986	5,650,000	12/31/2006	5,650,000	5,650,000
Crowne Pointe	12/31/1986	5,075,000	12/31/2006	5,075,000	5,075,000
Newport Village	2/11/1987	13,000,000	1/31/2007	13,000,000	13,000,000
Mill Plain	2/25/1988	12,400,000	1/1/2010	12,400,000	12,400,000
James St. Crossing	3/29/1988	16,379,123	12/1/2008	16,379,123	16,379,123
Private Placement 1988	2/18/1988	7,200,000	3/1/2008	438,403	459,181
Pacific First Federal 1988B	9/14/1988	47,525,000	10/1/2020	6,512,000	6,887,000
Columbia Park	6/29/1989	5,685,000	1/1/2005	655,000	1,255,000
Multifamily 1990A&B - (11b)	12/18/1990	9,200,000	7/1/2023	3,140,000	3,735,000
1992 A&B Fannie Mae Refunding	12/9/1992	89,631,894	1/1/2018	15,536,022	18,887,508
Canyon Lakes	7/28/1993	4,565,000	7/1/2018	4,370,000	4,440,000
Burke Gilman	11/30/1993	4,640,000	7/1/2025	3,875,000	3,955,000
Canyon Lakes II	10/19/1994	6,935,000	10/1/2019	6,645,000	6,750,000
Arbors on the Park	10/1/1994	14,850,000	10/1/2024	14,850,000	14,850,000
Multifamily 1994A Fannie Mae Refunding	12/8/1994	27,727,879	7/1/2015	-	1,380,530
Evergreen Ridge	12/9/1994	6,050,000	12/1/2024	4,940,000	5,110,000
Multifamily Preservation Program	10/13/1994	2,611,300	10/1/2024	2,437,262	2,462,205
Mallard Cove	2/1/1995	8,920,000	1/1/2030	8,860,000	8,880,000
Gilman Meadows	2/1/1995	6,875,000	1/1/2030	6,835,000	6,850,000
Inglenook Court	5/25/1995	8,300,000	7/1/2025	8,300,000	8,300,000
Heatherstone Apartments	7/12/1995	9,800,000	7/1/2025	8,010,000	8,285,000
Summerglenn Apartments	11/16/1995	7,000,000	11/1/2025	6,275,000	6,400,000
Wandering Creek Project	11/22/1995	5,300,000	1/1/2026	5,300,000	5,300,000
Pacific Crest Apartments	11/28/1995	5,815,000	1/1/2026	5,255,000	5,350,000
LTC Properties	12/13/1995	8,300,000	12/1/2015	6,300,000	6,640,000
Courtside Apartments	2/28/1996	10,600,000	1/1/2026	9,505,000	9,695,000
Pooled Loan Program	3/29/1996	11,170,000	1/1/2021	9,935,000	10,145,000
Lake Washington Apartments	10/30/1996	10,750,000	10/1/2026	10,050,000	10,250,000
Brittany Park Project	11/7/1996	14,200,000	11/1/2021	13,035,000	13,035,000
Pacific Inn Apartments	11/8/1996	5,900,000	5/1/2028	5,435,000	5,530,000
Eaglepoint	11/27/1996	6,450,000	7/1/2028	6,450,000	6,450,000
Winterhill	11/27/1996	8,700,000	7/1/2028	8,700,000	8,700,000
Assisted Living	11/21/1996	8,500,000	1/1/2017	6,970,000	7,295,000
Meridian Court	12/12/1996	8,000,000	12/1/2028	6,700,000	6,700,000
Hamilton Place Senior Living	12/20/1996	4,140,000	7/1/2028	3,825,000	3,895,000
Larkin Apartments	12/20/1996	5,565,000	7/1/2028	5,140,000	5,235,000
Country Manor One Project	3/27/1997	11,620,000	1/1/2012	9,810,000	11,620,000
Merrill Gardens	7/14/1997	12,500,000	7/1/2022	8,125,000	8,125,000
Glenbrooke Apartments	9/4/1997	11,200,000	7/1/2029	10,805,000	10,805,000
Marketplace Apartments	9/4/1997	8,600,000	7/1/2029	8,305,000	8,305,000
Sherwood Springs	9/24/1997	8,810,000	9/1/2027	8,250,000	8,380,000
Anchor Village	12/10/1997	10,750,000	12/15/2027	10,750,000	10,750,000
1998 Ginnie Mae Refunding	1/21/1998	7,515,000	7/1/2030	7,030,000	7,125,000

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - NOTES AND BONDS OUTSTANDING

JUNE 30, 2004, with COMPARATIVE TOTALS as of June 30, 2003

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding, June 30	
				2004	2003
Private Placement Lake Washington Apartments	1/27/1998	600,000	6/30/2036	600,000	600,000
Rosecreek Senior Living	2/26/1998	4,755,000	2/1/2028	4,435,000	4,515,000
Twin Ponds Apartments	2/26/1998	7,355,000	2/1/2028	6,865,000	6,990,000
Clare House	5/1/1998	4,100,000	7/1/2030	4,035,000	4,060,000
Brittany Park II	8/12/1998	5,800,000	11/1/2021	5,540,000	5,540,000
Alderbrook Apartments	9/2/1998	13,200,000	6/1/2030	12,595,000	12,770,000
Summit Apartments	9/2/1998	8,750,000	6/1/2030	8,345,000	8,460,000
Boardwalk Apartments	9/14/1998	12,400,000	9/1/2028	11,830,000	11,930,000
Cedar Landings Apartments	11/30/1998	7,000,000	12/1/2028	6,625,000	6,730,000
Oxford Square Apartments	11/30/1998	6,000,000	12/1/2028	5,670,000	5,760,000
Avalon Ridge Apartments	10/14/1999	18,755,000	5/15/2026	18,755,000	18,755,000
Regency Park Apartments	9/23/1999	11,150,000	9/1/2029	10,285,000	10,535,000
WoodRose Apartments	11/9/1999	9,000,000	6/15/2032	8,315,000	8,405,000
Summer Ridge Apartments	12/13/1999	4,740,000	12/1/2029	4,485,000	4,555,000
Mill Pointe	12/21/1999	14,500,000	1/1/2030	13,230,000	14,230,000
Silver Springs Apartments	12/22/1999	10,270,000	12/22/2029	10,262,592	10,270,000
Holly Village	12/23/1999	8,800,000	7/15/2032	8,050,000	8,135,000
Burke Gilman Place 2000	2/16/2000	4,495,000	7/1/2035	4,027,000	4,189,000
Vintage at Bremerton Senior Project	9/29/2000	7,600,000	5/15/2033	6,810,000	7,600,000
Granite Falls	10/3/2000	3,930,000	10/1/2027	3,870,000	3,930,000
Ferris View	10/11/2000	1,425,000	11/1/2031	1,117,582	1,142,000
Evergreen 2000 (Ginnie Mae)	10/17/2000	5,950,000	1/1/2036	5,840,000	5,895,000
Carlyle Care Center	12/22/2000	4,700,000	12/1/2025	4,575,000	4,650,000
Lakewood Meadows	11/21/2000	7,850,000	7/15/2033	7,805,000	7,850,000
Springfield Meadows Apartments Project	8/6/2001	17,000,000	1/1/2034	15,450,000	17,000,000
Country Club Apartments Project	8/9/2001	12,920,000	8/1/2032	12,765,000	12,920,000
Monticello Park Project	8/13/2001	10,475,000	8/1/2026	10,305,000	10,475,000
Vintage at Vancouver Senior Living Project	12/6/2001	10,250,000	1/15/2035	10,250,000	10,250,000
Parkside Apartments	10/30/2001	11,700,000	1/20/2043	11,545,000	11,700,000
Woodlands Apartments Project 2001	12/7/2001	6,600,000	7/15/2034	6,600,000	6,600,000
Silverwood Apartments Project 2001	12/11/2001	3,825,000	11/1/2038	3,813,173	3,825,000
Ocean Ridge Apartments 2001	12/21/2001	9,000,000	11/1/2038	8,973,834	9,000,000
Alderwood Court	5/17/2002	7,645,000	6/15/2035	7,645,000	7,645,000
Tama Qua (Whisperwood)	5/14/2002	7,900,000	5/15/2035	7,900,000	7,900,000
Valley View Apartments 2002	2/19/2002	2,880,000	9/15/2020	2,880,000	2,880,000
Olympic Heights Apartments 2002	2/19/2002	5,165,000	9/15/2020	5,165,000	5,165,000
Viewcrest Village	5/21/2002	10,904,000	10/1/2038	10,867,050	10,904,000
Parkway Apartments	6/20/2002	9,180,000	7/20/2037	9,070,000	9,140,000
Bridgewood at Four Seasons	10/4/2002	9,800,000	10/1/2032	9,800,000	9,800,000
Park Hill	8/27/2002	7,000,000	4/1/2034	6,994,475	7,000,000
Deer Run	10/1/2002	4,900,000	5/1/2030	4,900,000	4,900,000
Quail Run	12/6/2002	7,150,000	7/1/2035	7,150,000	7,150,000
Heatherwood Apts.	12/11/2002	21,350,000	1/1/2035	21,350,000	21,350,000
Tashiro Kaplan	4/30/2003	5,290,000	1/20/2045	5,290,000	5,290,000
Mallard Lake Park Apts.	11/26/2002	18,500,000	5/15/2035	18,500,000	18,500,000
Fort Vancouver	4/3/2003	6,668,000	9/1/2039	6,642,235	6,668,000
Auburn Meadows	7/2/2003	8,600,000	7/1/2036	8,600,000	-
Vintage at Mt. Vernon	6/5/2003	10,000,000	1/15/2037	10,000,000	10,000,000
Stonegate Apartments	9/15/2003	10,500,000	5/15/2036	10,300,000	-
Rosemont Retirement & Assisted Living Community	10/20/2003	8,250,000	10/1/2036	8,250,000	-
Olympic Place Retirement & Assisted Living Community	11/24/2003	10,575,000	11/1/2036	10,575,000	-
Woodland Senior Housing Community	11/18/2003	14,715,000	11/1/2035	14,715,000	-
Stonebrook Apartments	12/17/2003	11,500,000	2/1/2037	11,500,000	-
Rainier Court Apartments	12/23/2003	17,000,000	12/15/2036	17,000,000	-

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - NOTES AND BONDS OUTSTANDING

JUNE 30, 2004, with COMPARATIVE TOTALS as of June 30, 2003

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding, June 30	
				2004	2003
Rolling Hills Apartments	5/27/2004	8,750,000	6/15/2037	8,750,000	-
Highlander Apartments II	4/30/2004	10,000,000	5/1/2037	10,000,000	-
Lowman Building	6/30/2004	7,100,000	1/1/2029	7,100,000	-
Silver Creek Apartments	5/26/2004	17,500,000	12/15/2037	17,500,000	-
Vintage at Everett	6/30/2004	17,750,000	1/15/2038	17,750,000	-
Vintage at Richland	6/29/2004	11,750,000	1/15/2038	11,750,000	-
Streamlined Tax Exempt Private Placement - Multifamily Housing					
Arrowhead Park	5/31/1994	1,200,000	6/1/2009	965,692	998,198
Heritage Sunset	11/15/1994	1,260,000	12/1/2009	1,043,826	1,075,438
Heritage Grove	2/17/1995	1,600,000	3/1/2010	1,358,456	1,394,248
Heritage Woods	3/30/1994	2,200,000	3/31/2009		1,809,309
Bayswater Apts	5/4/1995	925,000	5/1/2010	772,487	795,298
Assembly Apts	9/10/1997	3,000,000	5/1/2023	2,756,419	2,802,887
Mt. Baker Apts	10/15/1998	2,320,000	10/1/2028	2,140,930	2,177,295
Westhampton Apts	12/1/1998	2,851,662	12/1/2008	2,510,255	2,580,178
Southampton Apts	1/11/1999	2,698,909	3/1/2008	2,492,846	2,536,547
Covington Commons Apts	6/11/1999	2,600,000	7/1/2029	1,262,893	1,279,162
Rockwood Terrace	9/29/1999	1,551,107	10/1/2014	1,465,131	1,485,932
Terrace Apartments	8/28/2000	1,222,000	8/1/1930	1,181,039	1,196,423
Tashiro-Kaplan Artist Housing	4/28/2003	1,156,030	1/17/2005	1,066,049	1,021,198
Village at Granite Falls	12/5/2003	750,000	10/1/2010	750,000	
Yakima Gardens	12/18/1998	942,500	1/1/2029	873,339	887,917
Oregon Place	7/14/2000	2,500,000	8/1/1930	1,237,446	1,255,261
Nuuanu Pali Apartments Project	1/31/2002	725,000	2/1/1932	705,242	714,076
				893,327,801	757,562,915
Unamortized Bond Discount				(218,804)	(231,013)
Unamortized Bond Premium				566,406	594,450
				\$ 893,675,403	\$ 757,926,351
<u>Non-Profit Housing</u>					
Emerald Heights	10/10/1990	\$ 58,300,000	1/1/2021	\$ -	\$ 22,400,000
SNAP 1991 A	3/26/1991	4,000,000	7/1/2018	147,187	152,193
Gonzaga University	4/8/1993	6,500,000	7/1/2014	4,380,000	4,665,000
Nikkei Concerns	10/20/1994	6,250,000	10/1/2019	4,810,000	4,995,000
Judson Park	4/5/1995	11,395,000	1/1/2025	-	10,425,000
The Hearthstone Project	5/31/1995	5,780,000	1/1/2021	4,740,000	4,895,000
Horizon House Project	10/3/1995	13,765,000	7/1/2027	12,390,000	12,625,000
Nikkei Manor	11/6/1996	3,100,000	10/1/2021	2,700,000	2,800,000
Panorama City	1/29/1997	24,300,000	1/1/2027	20,500,000	21,100,000
Riverview Lutheran	7/23/1997	4,000,000	7/1/2022	3,465,000	3,565,000
Seattle University Auxiliary	3/26/1998	23,745,000	7/1/2031	22,800,000	23,130,000
Crista Ministries Projects & Refunding	6/8/1998	17,475,000	7/1/2017	13,850,000	14,840,000
WA Odd Fellows Home	10/15/1998	10,100,000	7/1/2028	9,370,000	9,565,000
Presbyterian Ministries Rev & Refunding	2/25/1999	11,965,000	1/1/2029	11,130,000	11,330,000
Tacoma Lutheran 1999	7/15/1999	6,510,000	1/1/2024	5,990,000	6,120,000
Golden Sands Apartments	9/3/1999	3,050,000	7/1/2029	2,950,000	3,000,000
The Kline Galland Center	9/23/1999	27,500,000	7/1/2029	27,500,000	27,500,000
Rockwood Retirement Communities	11/23/1999	27,000,000	1/1/2030	25,380,000	25,820,000
Wesley Homes 1999 Project & Refunding	12/1/1999	9,200,000	1/1/2020	8,110,000	8,405,000
Living Care Centers	10/26/2000	14,950,000	10/1/2030	14,510,000	14,735,000
Kingsbury Terrace	2/9/2001	4,100,000	7/1/2042	4,065,000	4,100,000
Pioneer Human Services '01	8/2/2001	7,100,000	8/1/2019	6,490,000	6,760,000

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - NOTES AND BONDS OUTSTANDING

JUNE 30, 2004, with COMPARATIVE TOTALS as of June 30, 2003

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding, June 30	
				2004	2003
Kenney Home Project 2001	11/15/2001	18,135,000	12/1/2031	18,135,000	18,135,000
Rockwood Forest Estates	5/23/2002	9,560,000	1/1/2034	9,560,000	9,560,000
Evangelical Lutheran Good Samaritan Society	5/1/2001	2,080,000	7/1/2008	1,985,000	2,035,000
Nickerson Area Properties	8/20/2003	10,745,000	1/1/2005	10,745,000	-
Franke Tobey Jones	8/27/2003	13,035,000	9/1/2033	13,035,000	-
Green River Community College	7/24/2003	19,050,000	7/1/2015	19,050,000	-
Emerald Heights 03 Expansion	7/1/2003	38,460,000	7/1/2033	38,460,000	-
Judson Park 04 A&B	1/2/2004	10,310,000	1/1/2029	10,310,000	-
Mercy Housing	9/19/2003	6,445,215	9/19/2033	6,390,764	-
Streamlined Tax Exempt Private Placement - Multi-Family Nonprofit Housing					
Mental Health North	7/14/1992	1,255,147	7/1/2010	639,124	720,503
Summerfield	6/28/1993	1,945,000	6/1/2010	1,640,591	1,682,265
Coventry Court	10/3/1994	3,150,000	10/1/2019	2,644,953	2,644,953
Glendale Apts	4/13/1995	2,965,000	4/1/1925	2,644,515	2,692,944
Wilton Apts	6/21/1995	620,000	10/1/2015	516,567	531,351
Wildwood Apartments	5/17/1996	1,560,000	6/1/2011	1,402,299	1,427,341
Adams Apartments	5/29/1996	310,000	6/1/2011	278,191	283,227
Branch Manor	2/7/1997	825,000	3/1/2012		582,772
Bellevue Apartments	3/28/1997	575,700	3/1/2022	498,037	511,394
Paradise Mobile Home Park	5/16/1997	432,831	6/1/1927	399,050	405,066
Vue Mobile	5/16/1997	390,331	6/1/1927	359,867	365,293
Bridge Creek II	8/14/1997	1,266,255	9/1/2027		1,246,790
Blue Mountain Apartments	2/1/2000	248,800	2/1/2025	230,581	235,298
3904 Martin Luther King Way Apts	3/1/2000	561,000	4/1/2025	519,539	530,575
Christian Health Care Center	3/15/2001	6,650,000	4/1/2026	5,392,347	5,659,979
Brentwood Apartments	8/27/2002	1,491,000	9/1/2032	1,459,925	1,478,683
Clallam County Hostelries	11/25/2002	366,843	12/1/2022	351,174	361,992
Interaction/Transition - Transition House	3/4/2003	600,000	3/1/2018	589,297	597,817
Northaven II	10/27/1993	2,134,000	11/1/2003	1,699,145	1,689,328
Episcopal Homes	11/9/1993	5,850,000	5/1/2010	4,573,216	4,755,186
Fir @ 17th	12/6/1994	1,250,000	7/1/1920	1,054,197	1,084,062
Warm Beach	10/25/1995	1,800,000	5/1/2016	1,346,601	1,417,213
St. Andrew's Place	7/29/1997	3,000,000	8/1/1927	2,751,157	2,804,771
Riverside Landing	12/12/1997	2,043,000	6/1/2029	1,925,554	1,952,491
Der Garten Haus	9/21/1998	650,000	10/1/2018	600,848	610,855
				363,819,773	308,929,342
Unamortized Bond Discount				(1,507,935)	(748,392)
Unamortized Bond Premium				71,048	73,789
				\$ 362,382,886	\$ 308,254,739

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - NOTES AND BONDS OUTSTANDING JUNE 30, 2004, with COMPARATIVE TOTALS as of June 30, 2003

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding, June 30	
				2004	2003
<u>Non-Profit Facilities</u>					
WA State School Directors Association	9/11/1991	\$ 890,000	7/1/2012	\$ -	\$ 625,000
YMCA of Greater Seattle	9/17/1991	7,700,000	7/1/2011	4,700,000	4,950,000
Pioneer Human Services	10/17/1991	4,595,000	7/1/2011	1,640,000	2,520,000
YMCA of Snohomish County	8/17/1994	5,000,000	8/1/2019	3,130,000	3,330,000
Plumbers & Pipe fitters	12/7/1995	3,400,000	7/1/2020	2,755,000	2,850,000
Antioch	10/4/1996	7,500,000	1/1/2027	6,580,000	6,745,000
Virginia Mason	12/3/1997	27,410,000	1/1/2024	24,915,000	25,490,000
American Red Cross	2/5/1998	1,200,000	2/1/2008	480,000	600,000
Community College of Spokane Foundation	9/24/1998	3,155,000	7/1/2008	2,890,000	2,985,000
YMCA-Puyallup/Pierce County	12/2/1998	11,000,000	12/1/2008	9,530,000	10,250,000
YMCA-Inland Northwest	4/8/1999	5,800,000	7/1/2029	5,695,000	5,800,000
YMCA-Snohomish County 1999	6/9/1999	4,600,000	6/1/2027	3,310,000	3,475,000
YMCA-Columbia/Willamette Valley	8/12/1999	3,900,000	8/1/2024	3,675,000	3,790,000
South Sound YMCA 1999	9/30/1999	5,500,000	1/1/2024	5,050,000	5,170,000
St. Vincent dePaul Project	2/1/2000	5,000,000	2/1/2030	4,755,000	4,840,000
University Prep Academy	5/4/2000	7,000,000	7/1/2030	6,800,000	6,900,000
Community College of Spokane Foundation 2000	8/4/2000	8,800,000	7/1/2030	8,560,000	8,640,000
Seattle Academy of Arts & Sciences	10/2/2000	15,445,000	1/1/2031	15,375,000	15,445,000
Greens at Merrill Creek	10/12/2000	17,310,000	6/1/2024	17,235,000	17,310,000
Southwest WA Pipe Trades Training Center	10/31/2000	4,230,000	10/1/2025	3,940,000	4,090,000
Open Window School	8/5/2003	6,600,000	8/1/2028	6,600,000	-
Evergreen School 2002	6/27/2002	9,500,000	7/1/2028	9,500,000	9,500,000
Tacoma Art Museum	6/4/2002	10,000,000	6/1/2032	10,000,000	10,000,000
Annie Wright School	12/13/2002	6,000,000	12/1/2023	6,000,000	6,000,000
United Way of King County	3/11/2003	8,500,000	3/1/2028	8,160,000	8,500,000
Overlake School	10/2/2003	10,030,000	10/1/2029	10,030,000	-
Gonzaga Preparatory School	9/18/2003	10,000,000	9/1/2033	10,000,000	-
Childhaven	12/12/2003	5,000,000	6/1/2024	5,000,000	-
Museum of History and Industry	12/23/2003	5,000,000	12/1/2033	5,000,000	-
Streamlined Tax Exempt Private Placement - Nonprofit Facilities					
Bertschi	6/26/1991	683,142	7/1/2016	488,688	514,408
PAWS	3/3/1992	308,813	2/28/2017	190,056	199,318
NW Center for the Retarded	8/31/1994	800,000	8/31/2004	30,132	145,250
Overlake School	11/22/1994	1,500,000	7/1/2010		912,009
Metropolitan Dev. Council	9/7/1995	3,275,000	7/1/2016	543,880	560,265
Pacific Science Center	2/21/1996	3,287,021	1/1/2009	620,128	731,893
Audobon Society	4/17/1996	100,000	5/1/2011	56,453	62,960
Work Force Development	5/23/1996	1,027,000	12/1/1921	875,902	900,832
Lake Washington Rowing Club	6/5/1996	600,000	6/1/2006	456,265	479,132
Camp Fire Service Center	7/31/1996	359,700	8/1/2006	269,893	284,503
SKCAC Industries	8/7/1996	1,100,000	8/1/2006	937,849	964,001
Boys and Girls Club of Snoh	9/18/1996	230,200	9/1/2006	194,486	200,637
ElderHealth Norwest	12/6/1996	517,720	12/1/2011	713,649	722,798
Sno-King Sheet Metal Trng Ctr	6/3/1997	926,437	6/1/2017	106,243	253,164
The Northwest School	6/5/1997	2,000,000	6/1/2007	932,840	1,095,620
Genesis House	6/12/1997	660,000	6/1/2007	520,908	547,118
Heath Bldg/Lindeman	8/29/1997	501,208	9/1/2007	437,378	448,832
Little Red School House	4/29/2004	385,941	5/1/1923	341,039	352,290

WASHINGTON STATE HOUSING FINANCE COMMISSION

SUPPLEMENTARY SCHEDULE - NOTES AND BONDS OUTSTANDING JUNE 30, 2004, with COMPARATIVE TOTALS as of June 30, 2003

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding, June 30	
				2004	2003
People for People 1999	4/30/1999	1,500,000	5/1/2014	1,349,957	1,383,314
Pacific NW Research Institute	5/6/1999	2,700,000	7/1/2014	2,030,000	2,275,000
SEED/Homesight Project	5/13/1999	616,000	5/1/2019	576,710	585,620
NW Washington Fair	6/25/1999	950,000	7/1/2009	858,217	879,712
Benton-Franklin Support Network	7/9/1999	920,000	8/1/2009	792,929	822,598
Nova Services	3/1/2000	650,000	3/1/2020	573,751	593,680
Pullman Community Action Center	3/30/2000	700,000	4/1/2030	664,549	673,968
Community Youth Services	7/31/2000	1,640,000	7/31/2010	200,000	400,000
Henry Cogswell College	8/22/2001	2,800,000	8/1/2016	2,500,936	2,608,891
Washington School Principals' Project	6/1/2001	700,000	6/1/2021	592,566	634,508
Tacoma-Pierce County Humane Society Proj.	10/2/2001	1,915,000	11/2/2011	1,489,578	1,561,572
Island School Expansion and Remodel	11/1/2001	1,300,000	11/1/2026	786,430	837,482
Nova School Project	11/2/2001	845,000	11/1/2011	801,976	819,564
Harlequin Productions Project	11/8/2001	538,750	11/1/2021	502,711	517,480
Artist Trust Project	11/30/2001	350,000	11/30/1931	339,968	343,998
Girl Scouts-Totem Council Project	12/28/2001	2,576,000	1/1/1932	2,498,588	2,532,022
Hyla Middle School Project	12/26/2001	650,000	1/1/2027	622,928	634,686
YMCA of Grays Harbor Project	1/4/2002	2,750,000	1/31/2022	987,862	2,024,925
Spokane Valley Community Center	5/22/2002	682,500	6/1/2022	552,749	586,543
Tomorrows Hope	4/5/2002	860,000	4/1/2027	827,221	842,697
Southside Senior Center	5/22/2002	650,000	6/1/2022	612,959	632,434
The Institute for Family Development	6/28/2002	750,000	2/1/2027	716,412	733,597
New Horizons School	7/31/2002	875,000	8/1/2032	854,004	865,870
Children's Village Foundation Project	9/6/2001	975,000	9/1/2021	762,007	784,955
Hopelink	11/8/2002	2,200,000	11/1/2006	1,385,791	1,909,297
Goodwill Industries of Inland NW	12/23/2002	3,000,000	1/1/2023	2,779,392	2,947,962
Puget Sound Electrical App. & Training Trust Project	5/20/2003	4,614,004	5/1/2018	4,381,388	4,582,608
Harbor Montessori School	7/2/2003	1,300,000	7/1/2028	1,273,999	
Opportunity Council	9/4/2003	1,350,000	9/1/2023	1,322,039	
Mary & Martha Early Learning Center	12/9/2003	1,416,000	12/1/2028	1,402,388	
Whatcom Family YMCA 2004	2/4/2004	1,100,000	2/1/2024	1,088,280	
Jewish Federation of Greater Seattle	2/27/2004	797,500	3/1/2019	788,610	
French American School	4/21/2004	1,875,000	2/1/2025	1,875,000	
Columbia Basin College Foundation	4/8/2004	799,802	10/1/2010	772,631	
				248,585,315	213,195,013
Unamortized Bond Discount				(66,980)	(70,579)
				\$ 248,518,335	\$ 213,124,434
Totals				\$ 2,196,475,621	\$ 2,062,733,730

* Capital Appreciation Bonds