

MOSSES ADAMS

**WASHINGTON STATE HOUSING
FINANCE COMMISSION**

**Independent Auditor's Report
and Financial Statements
with Supplemental Information**

June 30, 2007 and 2006

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Washington State Housing Finance Commission

We have audited the accompanying statements of net assets of the Washington State Housing Finance Commission as of June 30, 2007 and 2006 and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the Washington State Housing Finance Commission management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washington State Housing Finance Commission as of June 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis on pages 3 through 9 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Washington State Housing Finance Commission management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Moss Adams LLP

Seattle, Washington
January 25, 2008

**WASHINGTON STATE HOUSING FINANCE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2007 AND 2006**

As management of the Washington State Housing Finance Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2007. This overview and analysis is required by accounting principles generally accepted in the United States of America Generally Accepted Accounting Principles ("GAAP") in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* ("GASB 34").

FINANCIAL HIGHLIGHTS

During the fiscal year ended or as of June 30, 2007 ("FY 2007"):

- Net assets increased \$2.7 million to \$68.8 million primarily due to the increase in the Program Investment Fund (\$6.5 million) and the current year expense over revenues in the bond program (\$3.7 million). The loss in bond program net assets was caused by the recognition of unrealized losses on mortgage-backed securities (\$4.4 million).
- Issuances of bonds to fund mortgages for projects in process resulted in investments increasing \$246.6 million in bond programs investments.
- Mortgage-backed securities ("MBS"), net, increased by \$268.7 million, primarily due to the increase in purchases of MBS pools made available by the new bond issues within the single family program. The increase is offset by the unrealized loss (\$4.4 million) in FY 2007 occurring in adjusting mortgage-backed securities to market value at year end. Gains and losses in adjusting mortgage-backed securities to market value are unrealized, but must be recognized in the current year according to Generally Accepted Accounting Principles ("GAAP").
- Mortgage loans, net of discounts, premium, deferred commitment fees, and unamortized bond insurance premium increased \$433.6 million due to draws of funds from recently issued bonds.
- Total bonds and notes payable of \$3,698.2 million were outstanding, net of premiums and discounts. This is a net increase of \$985.7 million (36.3%) from the net effect of the issuance of bonds (\$1,364.2 million) and a decrease from principal payments on bonds (\$378.5 million).
- Total revenues increased \$67.4 million, due to a decrease in the fair market value of mortgage-backed securities of \$4.4 million as compared to a decrease of \$35.2 million in 2006, and a net increase in interest and other income (\$36.6 million) resulting from increases in the amount of the mortgage-backed securities held and mortgage loans outstanding. Total expenses increased \$35.8 million due primarily to increases in bond interest expense related to the increase in bonds and notes outstanding and higher rates on variable rate debt.
- The increase in net assets in the Program Investment Fund of \$6.5 million resulted from operating income of \$.5 million and a \$5.9 million transfer of net assets from the General Operating Fund.

WASHINGTON STATE HOUSING FINANCE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2007 AND 2006

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Assets

The following table summarizes the changes in assets, liabilities, and net assets between June 30, 2007 and 2006 (in millions):

	<u>2007</u>	<u>2006</u>	<u>Change</u>	
Assets				
Cash and cash equivalents	\$ 216.5	\$ 116.1	\$ 100.4	86.5%
Investments	663.9	417.3	246.6	59.1
Accrued interest receivable	24.3	14.0	10.3	73.6
Fees receivable, net	0.6	0.9	(0.3)	(33.3)
Other receivables	0.2	0.4	(0.2)	(50.0)
Mortgage-backed securities, net	813.4	544.7	268.7	49.3
Mortgage loans, net	2,096.8	1,663.2	433.6	26.1
Unamortized bond issuance costs	88.2	70.5	17.7	25.1
Prepaid fees and other	<u>2.4</u>	<u>2.8</u>	<u>(0.4)</u>	<u>(14.3)</u>
Total assets	<u>\$ 3,906.3</u>	<u>\$ 2,829.9</u>	<u>\$ 1,076.4</u>	<u>38.0%</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2007 AND 2006

Statements of Net Assets (Continued)

	<u>2007</u>	<u>2006</u>	<u>Change</u>	
Liabilities				
Accounts payable and other liabilities	\$ 105.1	\$ 32.5	\$ 72.6	223.4%
Accrued interest payable	22.4	16.7	5.7	34.1
Accrued arbitrage rebate	0.8	0.3	0.5	166.7
Deferred revenue	1.5	0.7	0.8	114.3
Project equity held for borrower	9.5	1.1	8.4	763.6
Notes payable and bond fund financing	26.4	39.5	(13.1)	(33.2)
Bonds payable, net	<u>3,671.8</u>	<u>2,673.0</u>	<u>998.8</u>	37.4
Total liabilities	<u>\$ 3,837.5</u>	<u>\$ 2,763.8</u>	<u>\$ 1,073.7</u>	38.8%
Net assets				
Restricted				
Bond operations	\$ 6.3	\$ 10.0	\$ (3.7)	(37.0%)
Grants and donations to PIF	0.5	0.6	(0.1)	(16.7)
Invested in capital assets	0.3	0.2	0.1	50.0
Unrestricted				
General operations	17.7	17.8	(0.1)	(0.6)
Program Investment Fund	<u>44.0</u>	<u>37.5</u>	<u>6.5</u>	17.3
Total net assets	<u>\$ 68.8</u>	<u>\$ 66.1</u>	<u>\$ 2.7</u>	4.1%

The net assets of the Commission increased by \$2.7 million, or 4.1%, from the June 30, 2006 amount. Net assets increased due to an increase in the PIF net assets resulting from operating income of \$0.5 million and \$5.9 million operating income from the General Operating Fund. However, this increase was partially offset due to the change in unrealized loss on mortgage-backed securities (\$4.4 million) that, while required to be recognized by accounting standards, is not expected to be realized.

Net assets of the bond programs are classified as restricted because the uses of the funds are directed by trust indentures. The Commission has designated a General Operating Fund reserve dedicated to maintaining its future commitments and ensuring its ability to meet unforeseen fiscal or legal challenges. Additionally, it has created the Program Investment Fund to make strategic investments in higher-risk programs to support the financing and production of low-income housing, special needs housing, and facilities that provide community services primarily to low-income persons. The total amount designated for this purpose is \$44.0 million.

WASHINGTON STATE HOUSING FINANCE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2007 AND 2006

Statements of Revenues, Expenses, and Changes in Net Assets

The following table summarizes the changes in revenues and expenses between 2007 and 2006 (in millions):

	<u>2007</u>	<u>2006</u>	<u>Change</u>	
Revenues				
Bond programs mortgage interest	\$ 133.5	\$ 102.3	\$ 31.2	30.5%
Bond programs investments and other income	12.1	12.2	(0.1)	(0.8)
Bond program gain (loss) on mortgage-backed securities	(4.4)	(35.2)	30.8	87.5
Program fees	22.8	18.5	4.3	23.2
General Operating Fund interest income	<u>1.8</u>	<u>0.6</u>	<u>1.2</u>	200.0
Total revenues	<u><u>\$ 165.8</u></u>	<u><u>\$ 98.4</u></u>	<u><u>\$ 67.4</u></u>	68.5%
Expenses				
Bond programs interest expense	\$ 144.8	\$ 109.6	\$ 35.2	32.1%
Other bond programs expenses	10.3	9.5	0.8	8.4
Salaries and wages	5.1	4.9	0.2	4.1
Other General Operating Fund and Program Investment Fund expenses	<u>2.9</u>	<u>3.3</u>	<u>(0.4)</u>	(12.1)
Total expenses	<u><u>\$ 163.1</u></u>	<u><u>\$ 127.3</u></u>	<u><u>\$ 35.8</u></u>	28.1%
Change in net assets	<u><u>\$ 2.7</u></u>	<u><u>\$ (28.9)</u></u>	<u><u>\$ 31.6</u></u>	109.3%

Mortgage related interest earnings (\$133.5 million) and bond interest expense (\$144.8 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 (\$11.9 million).

DEBT ADMINISTRATION

The Commission has long-term debt obligations of \$3,698.2 million, net of bond premium and discounts at June 30, 2007. 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, 2007, amounts held by the trustees and paying agents represent full funding of these requirements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2007 AND 2006

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

The Commission's ability to recycle tax-exempt debt is limited by the Code of Federal Regulations, title 26, commonly known as the ten-year rule, which prohibits refunding of mortgage prepayments received more than ten years after the date of issuance of the bonds. The Commission also issues limited amounts of taxable debt in order to supplement its tax-exempt authority and for lending under programs where federal restrictions are inconsistent with the program requirements.

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

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

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

Net bonds and notes payable as of June 30, 2007 was \$3,698.2 million, an increase of \$985.7 million from 2006. Changes by program are summarized in the following table:

	<u>2006</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Changes</u>	<u>2007</u>
Single-Family	\$ 738.1	\$ 439.7	\$ (213.5)	\$ 226.2	\$ 964.3
Multifamily Housing	1,195.9	221.0	(43.0)	178.0	1,373.9
Nonprofit Housing	432.7	569.7	(81.2)	488.5	921.2
Nonprofit Facilities	345.8	133.8	(40.8)	93.0	438.8
	<u>\$ 2,712.5</u>	<u>\$ 1,364.2</u>	<u>\$ (378.5)</u>	<u>\$ 985.7</u>	<u>\$ 3,698.2</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2007 AND 2006

COMPARISON OF FISCAL YEARS 2006 WITH 2005

Statements of Net Assets

The following table summarizes the changes in combined net assets between June 30, 2006 and 2005 (in millions):

	2006	2005	Change	
Assets				
Cash and cash equivalents	\$ 116.1	\$ 74.4	\$ 41.7	56.0%
Investments	417.3	474.8	(57.5)	(12.1)
Accrued interest receivable	14.0	11.4	2.6	22.8
Fees receivable, net	0.9	0.6	0.3	50.0
Other receivables	0.4	0.5	(0.1)	(20.00)
Mortgage-backed securities, net	544.7	519.1	25.6	4.9
Mortgage loans, net	1,663.2	1,410.4	252.8	17.9
Unamortized bond issuance costs	70.5	62.9	7.6	12.1
Prepaid fees and other	2.8	2.9	(0.1)	(3.45)
Total assets	\$ 2,829.9	\$ 2,557.0	\$ 272.9	10.7%
Liabilities				
Accounts payable and other liabilities	\$ 32.5	\$ 22.0	\$ 10.5	47.7%
Accrued interest payable	16.7	15.8	0.9	5.7
Accrued arbitrage rebate	0.3	1.8	(1.5)	(83.3)
Deferred revenue	0.7	0.6	0.1	16.7
Project equity held for borrower	1.1	0.3	0.8	266.7
Notes payable and bond fund financing	39.5	50.7	(11.2)	(22.1)
Bonds payable, net	2,673.0	2,370.8	302.2	12.7
Total liabilities	\$ 2,763.8	\$ 2,462.0	\$ 301.8	12.3%
Net assets				
Restricted				
Bond operations	\$ 10.0	\$ 42.3	\$ (32.3)	(76.4%)
Grants and donations to PIF	0.6	0.6	-	-
Invested in capital assets	0.2	0.2	-	-
Unrestricted				
General operations	17.8	17.8	-	-
Program Investment Fund	37.5	34.1	3.4	10.0
Total net assets	\$ 66.1	\$ 95.0	\$ (28.9)	(30.4%)

WASHINGTON STATE HOUSING FINANCE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2007 AND 2006

The following summarizes the changes in combined net income between fiscal years 2006 and 2005 (in millions):

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

During the fiscal year ended June 30, 2006 the Commission's combined total assets increased by \$272.9 million, attributable to the increase in mortgage loans and investments resulting from increased bond issuances activities during the year. Combined total net loss of \$28.9 million for fiscal year ended June 30, 2006 decreased the Commission's total net assets by \$34.8 million or 589.8% resulting primarily from the 2006 \$35.2 million unrealized loss on mortgage-backed securities (MBS) as compared to the 2005 unrealized gain on MBS of \$3.4 million.

The Commission's combined change in net assets for 2006 was \$(28.9) as compared to \$5.9 million for 2005 resulting from an increase in bond activity revenues in 2006 as well as the previously noted significant impact of the unrealized change in the market value of the MBS that, while required to be recognized by accounting standards, is not expected to be realized.

ADDITIONAL INFORMATION

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

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2007 AND 2006

	ASSETS	
	2007	2006
CASH AND CASH EQUIVALENTS	\$ 216,545,857	\$ 116,106,678
INVESTMENTS		
U.S. government and agencies securities	30,696,990	29,944,467
Investment agreements	633,239,898	387,364,163
	663,936,888	417,308,630
ACCRUED INTEREST RECEIVABLE	24,317,633	14,025,965
FEES RECEIVABLE, net	598,062	870,744
OTHER RECEIVABLES	165,337	401,843
MORTGAGE-BACKED SECURITIES, cost	842,452,890	569,393,446
Cumulative unrealized gain (loss) on mortgage-backed securities	(29,090,229)	(24,706,501)
MORTGAGE-BACKED SECURITIES, fair value	813,362,661	544,686,945
MORTGAGE LOANS, net	2,096,817,156	1,663,245,098
UNAMORTIZED BOND ISSUANCE COSTS	88,148,496	70,451,262
PREPAID FEES AND OTHER	2,447,891	2,774,346
TOTAL ASSETS	\$ 3,906,339,981	\$ 2,829,871,511

See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENT OF NET ASSETS (CONTINUED)
JUNE 30, 2007 AND 2006

LIABILITIES AND NET ASSETS	2007	2006
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$ 105,107,237	\$ 32,447,704
ACCRUED INTEREST PAYABLE	22,360,237	16,740,310
ACCRUED ARBITRAGE REBATE	814,434	294,160
DEFERRED REVENUE	1,550,317	704,378
PROJECT EQUITY HELD FOR BORROWER	9,526,240	1,136,658
PRIVATE PLACEMENT PROGRAMS, NOTES PAYABLE AND BOND FUND FINANCING	26,374,123	39,494,123
BONDS PAYABLE		
Current interest bonds	3,479,386,570	2,450,880,426
Taxable bonds	186,258,404	210,347,129
Compound interest bonds	-	8,376,584
Unamortized bond premium	7,335,039	4,649,365
Unamortized bond discount	(1,182,357)	(1,241,930)
	<u>3,671,797,656</u>	<u>2,673,011,574</u>
TOTAL LIABILITIES	3,837,530,244	2,763,828,907
NET ASSETS		
Restricted		
Bond operations	6,295,148	9,966,172
Grants and donations to Program Investment Fund	500,000	600,000
Invested in capital assets	300,857	243,857
Unrestricted		
General operations	17,699,143	17,756,143
Program Investment Fund	44,014,589	37,476,432
	<u>68,809,737</u>	<u>66,042,604</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,906,339,981</u>	<u>\$ 2,829,871,511</u>

See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
REVENUES		
Interest earned on mortgage loans and mortgage-backed securities	\$ 133,516,687	\$ 102,245,773
Other interest and investment income	13,900,256	12,761,566
Loss on mortgage-backed securities	(4,383,728)	(35,168,283)
Other fee income	22,627,979	18,051,195
Nonoperating revenues - grants	158,786	489,872
	165,819,980	98,380,123
EXPENSES		
Interest on debt	144,784,528	109,946,325
Amortization of bond discount	59,574	436,939
Amortization of bond premium	(372,227)	(230,559)
Amortization of bond issuance costs	7,525,753	6,743,709
Servicing and commission fees	2,093,832	1,513,051
Salaries and wages	5,053,323	4,861,322
Communication and office expense	1,847,061	2,145,092
Trustee and paying agent fees	196,289	268,821
Professional fees	884,307	427,298
Amortization of bond insurance premium	197,167	306,881
Other	624,454	433,377
Nonoperating expenses - grants	158,786	489,872
	163,052,847	127,342,128
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	2,767,133	(28,962,005)
NET ASSETS		
Balance, beginning of year	66,042,604	95,004,609
Balance, end of year	\$ 68,809,737	\$ 66,042,604

See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
OPERATING ACTIVITIES		
Receipts for interest on mortgages	\$ 152,974,428	\$ 112,254,207
Receipts for other fee income	17,362,253	12,246,298
Receipts for loans and mortgage prepayments	242,076,472	243,507,757
Payments for acquisition of loans and mortgages	(896,585,577)	(553,064,176)
Payments for bond program expenses	(21,053,954)	(14,949,076)
Payments to employees and suppliers	(8,469,448)	(7,928,767)
Net cash used for operating activities	(513,695,826)	(207,933,757)
INVESTING ACTIVITIES		
Purchase of investments	(1,084,309,476)	(469,384,154)
Sale of investments	837,185,886	527,156,569
Interest received on investments	10,378,191	11,643,588
Net cash from (used for) investing activities	(236,745,399)	69,416,003
CAPITAL FINANCING ACTIVITIES		
Project equity received, net	8,389,582	813,113
Proceeds from sale of bonds and notes	1,406,619,609	690,336,318
Interest paid on debt	(139,164,605)	(108,667,618)
Debt repayments	(424,964,182)	(402,235,981)
Net cash from capital financing activities	850,880,404	180,245,832
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	100,439,179	41,728,078
CASH AND CASH EQUIVALENTS		
Beginning of year	116,106,678	74,378,600
End of year	\$ 216,545,857	\$ 116,106,678

See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
RECONCILIATION OF EXCESS (DEFICIENCY)		
OF REVENUES OVER EXPENSES TO NET CASH		
USED FOR OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 2,767,133	\$ (28,962,005)
Adjustments to reconcile excess (deficiency) of revenues		
over expenses to net cash from operating activities		
Amortization of mortgage premium	29,577	1,368
Amortization of mortgage discount	(2,334,920)	(3,799,815)
Amortization of bond insurance premium	12,354	11,447
Amortization of bond issuance costs	7,555,932	7,455,295
Amortization of bond discount	59,574	436,939
Amortization of bond premium	(372,227)	(230,559)
Amortization of deferred fee income	(10,837,594)	(8,202,278)
Purchase of mortgage loans	(966,696,841)	(571,456,232)
Repayments of mortgage loans	248,226,395	247,270,452
Unrealized loss on securities	4,383,728	35,168,283
Cash from changes in operating assets and liabilities		
Interest and other receivables	(11,711,712)	(11,064,741)
Interest and other payables	215,222,775	125,438,089
	\$ (513,695,826)	\$ (207,933,757)

See accompanying notes to financial statements.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 1 - Description of Business

Organization - The Washington State Housing Finance Commission (the “Commission”) was created in 1983 by the legislature of the state of Washington (the “State”) to “act as a financial conduit which, without using public funds or lending the credit of the state or local government, can issue nonrecourse revenue bonds and participate in federal, state, and local housing programs thereby making additional funds available at affordable rates to help provide housing throughout the state.” In March 1990, the state legislature authorized the Commission to issue bonds to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations. The Commission’s debt limit is \$4.5 billion.

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

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

Program Funds

The Commission summarizes its financial activities in three funds: General Operating, Bond, and Program Investment.

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.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 1 - Description of Business (Continued)

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. This fund includes investments by other funders for use in established down payment assistance programs.

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

Single-Family Home Ownership Program: These funds, established under one trust indenture and series 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 (MBS) containing pools of certain mortgage loans secured by mortgages on Single-Family, owner-occupied, new or existing residential housing located in Washington State. The bonds, which constitute a special obligation of the Commission, are payable solely from the bond funds established pursuant to the indenture, and are funded primarily from payments received from the MBS pool and from any other money held by the bond trustee pursuant to the indenture. As such, the assets of the bond are pledged as collateral for the debt. As of June 30, 2007, the assets so pledged were \$961.2 million.

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

Bond Issue	Rate	Bond Issue	Rate	Bond Issue	Rate
1997 4A/4N/4T	* 6.55	2000 4A/4T	5.50, 5.99, 6.30 & 6.95	2004 3A	5.2 to 5.6
1998 1A/1N/1T	6.25	2000 5A-R/5N-R	7.25 & 7.55	2004 4	4.85 to 5.5
1998 2A/2T	6.25	2001 1A/N	5.99	2005 1	4.8 to 5.45
1998 3A/3N/3T	6.25 & 6.35	2001 2A	6.15	2005 2A/2A VR	4.95 to 5.45
1998 4A/4T, 4A (CAB)*	6.25	2001 3A-R/3N-R	5.99	2005 3A	4.95 to 5.45
1998 5A/5N/5T, 5A (CAB)*	5.99	2001 4A/4T	5.99 & 6.30	2005 4A	5.25 to 5.75
1998 CRA-A	5.75	2001 5A	5.99	2005 5A	5.25 to 5.75
1999 1A/1N/1T, 1A (CAB)*	5.95	2002 1A	6.25	2006 1AS/1A	5.25 to 5.75
1999 2A/2N//2T, 2A (CAB)*	6.05	2002 2A, 3A/3N-R	6.75	2006 2AS/2A	5.375 to 5.825
1999 3A/3T	6.75	2002 4A	5.50, 5.75, & 6.25	2006 3A	5.375 to 5.825
1999 CRA-A	6.5	2002 5A	5.25	2006 4A	5.625 to 6.125
1999 A/4N/4T	6.95	2003 1A/1N	4.99 & 5.10	2006 5A	5.625 to 6.125
1999 5A/5N/5T	6.99	2003 2A/2N	4.99 & 5.25	2006 6A	5.375 to 6.0
2000 1A/1T	7.45%	2003 3A/3N	5.10 & 5.25	2007 1A	5.25 to 6.0
2000 2A/2N/2T	7.55	2004 1A/1N	4.85, 5.05, & 5.25	2007 2A	5.25 to 6.0
2000 3A/3N/3T	7.25 & 7.55	2004 2A/2N	5.10 to 5.5		

* Capital Appreciation Bonds

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 1 - Description of Business (Continued)

Conduit Financing Programs: The financial activities of all Commission-issued bonds, including the proceeds from the sale of mortgage revenue bonds and the debt service requirements of these bonds, are recorded in the bond fund. Except for Single Family bonds, discussed above, all bonds issued by the Commission are conduit debt, i.e., limited-obligation bonds issued by the Commission for the express purpose of providing financing for a specific third party that is not a part of the Commission's financial reporting entity. Financing proceeds for the Conduit Financing Programs are used by 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.

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

At the time of conduit bond issuance, the Commission assigns its rights, title, and interest in the loan agreement (with certain exceptions and reservations), and in any collateral securing the loan, to a bond trustee pursuant to a trust indenture. The bond trustee administers the bond issue. The bonds, which constitute a special obligation of the Commission, are payable solely from the bond fund established pursuant to the indenture, and are funded primarily from payments made by the borrower to satisfy the loan agreement and from any other money held by the bond trustee pursuant to the indenture. As such, the assets of each bond are pledged as collateral for the debt. As of June 30, 2007, the assets so pledged were \$2.86 billion.

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

Private placement notes are those issued and privately placed directly by the Commission with a financial institution or other sophisticated investor. The proceeds those notes are used to finance construction or rehabilitation and permanent loans on multifamily rental housing projects. The tax-exempt notes are funded by the investors at such time as disbursements are made for acquisition, construction, or rehabilitation.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 1 - Description of Business (Continued)

Multifamily Housing Program: These funds account for financing issued on behalf of developers of multifamily housing. The funds are used to purchase, construct, refinance, and/or remodel projects containing affordable housing and housing for the elderly. Activities of these funds also include the purchase, construction, refinancing, and/or remodeling of continuing care retirement communities and nursing homes.

Nonprofit Housing Program: These funds account for bonds and notes 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 Program: These funds account for the bonds and notes sold to purchase loans of organizations. 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.

Note 2 - Summary of Significant Accounting Policies

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

Measurement Focus and Basis of Accounting - All accounts and transactions of the Commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets for all funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. These funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Cash and Cash Equivalents - Cash deposits in the bond fund are held in the corporate trust departments of commercial banks in the bond issue's name. The total amount of uncollateralized or uninsured cash equivalents in the bond fund is \$53.6 million as of June 30, 2007. Cash deposits held by the General Operating Fund are entirely covered by the Federal Depository Insurance Corporation ("FDIC") or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission ("PDPC"). For purposes of the statements of cash flows, the Commission considers all highly liquid, interest-bearing instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

Investments - Investments in the General Operating and Program Investment Funds are managed by First American Funds and are comprised of securities issued or guaranteed by the U.S. government. These marketable securities are valued at fair value based upon quoted market prices as of June 30, 2007 and 2006. Guaranteed investment contracts held in the Restricted Bond Funds are non-participating and therefore stated at cost as the redemption terms are not affected by market rates. At June 30, 2007, commercial paper was held by the trustee for five multifamily bond issues and is stated at market value at year end. No such investments were held in the year ended June 30, 2006.

Mortgage-Backed Securities - Mortgage-backed securities are presented at their fair value based on quoted market prices as of June 30, 2007 and 2006.

Mortgage Loans, Net - Mortgage loans, net are stated at their unpaid principal balance, increased by mortgage premiums or reduced by unearned discounts, and reduced by deferred commitment fees and unamortized bond insurance premiums over the life of the loan.

Provision for Possible Loan Losses - The mortgage loans and mortgage-backed securities are funded by the Single-Family Program, Multifamily Housing Program, Nonprofit Housing Program and Nonprofit Facilities Program bonds which are non-recourse revenue bonds payable solely from the assets specifically pledged under the trust indenture with respect to such bonds. No assets of the Commission, other than those assets held under such trust indentures, are pledged to payment of the bonds.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

Single Family Mortgage Loans - No loan loss provisions have been considered necessary, as the current assets held by all the outstanding Single-Family indentures are mortgage-backed securities, of which payment is guaranteed.

Multifamily and Nonprofit Housing Mortgage Loans - No loan loss provisions have been considered necessary as most of the Commission's multifamily bond issues obtain credit enhancement from a third party that pays or secures the payment of principal and interest on the bonds. However, in some programs, the only collateral for the payment of principal and interest is the real estate loan. The Commission has generally limited investment in such bonds to a small number of bond owners, who must be sophisticated investors that have underwritten the real estate loan. These investors have authority under the bond documents to enforce remedies against the projects to protect their interests as investors. These limited investor bond issues include private placements and bond fund issues. On issues where there have been delinquencies in the payment of debt service, workout agreements have been reached between the bond owner/investor and the borrower.

Nonprofit Capital Facilities Mortgage Loans - No loan loss provisions have been considered necessary as the majority of nonprofit capital facilities loans are backed by letters of credit from banks. In addition, the nonprofit capital facilities program has bond issues where the loan is the direct collateral for repayment of bond principal and interest, similar to the multifamily loans previously discussed. These issues have been sold to a limited number of sophisticated investors.

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

Other Assets - Furniture, fixtures, equipment and leasehold improvements are accounted for in the General Operating Fund and are stated at cost, less accumulated depreciation and amortization. The Commission's policy is to capitalize assets with a cost of \$5,000 or more. Depreciation and amortization are charged to current operations on the straight-line method over the estimated useful lives of the assets, generally between three and ten years. See Note 5 for additional information concerning furniture, fixtures and equipment.

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.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

In addition, non-exception work period employees may earn compensatory time at the rate of time-and-one-half up to a maximum of 240 hours. Employees classified as exceptions work period employees may earn exchange time at the rate of actual time worked up to a maximum of 174 hours. Upon separation or transfer to another agency, the employee is given the opportunity to postpone his/her cessation of employment until the accumulated authorized compensatory or exchange time has been used.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Unrestricted net assets consist of the remaining assets and liabilities.

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

In addition, the Commission earns fees on its bond issues, which are allocated to the Restricted Bond, General Operating, and Program Investment Funds and which are recorded as other fee income on the statement of revenues, expenses and changes in net assets. The Commission earned \$22,627,979 and \$18,051,195 in other fee income during the fiscal years ended June 30, 2007 and 2006, respectively. Other fee income is comprised of the following at June 30:

	2007	2006
Commission fees	\$ 8,399,206	\$ 5,498,143
Other program fees	6,942,090	6,088,103
Other income	7,286,683	6,464,949
	\$ 22,627,979	\$ 18,051,195

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.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Note 3 - Investments

General Operating and Program Investment Funds

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

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

1. Treasury bills, notes, and other obligations issued by the United States Department of the Treasury and backed by the full faith and credit of the U.S. government.
2. Federal Home Loan Bank notes and bonds.
3. Federal Land Bank bonds.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 3 - Investments (Continued)

4. Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation.
5. The obligations of certain government-sponsored entities whose obligations are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.
6. Shares of mutual funds with portfolios consisting of only U.S. government bonds or U.S. government guaranteed bonds issued by federal agencies with average maturities of less than four years.

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

Examining the maturities of the Commission's General Operating and Program Investment Fund securities can reveal information about interest rate risk. Cash, cash equivalents, and investment securities along with maturities of the Commission's debt securities, as of June 30, 2007 consist of the following:

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

Type	Cost	Maturities (In Years)				
		Less than 0.5	0.5 - 1	1 - 2	2 - 10	More than 10
Deposits	\$ 300,005	\$ 300,005	\$ -	\$ -	\$ -	\$ -
Money market fund	5,021,805	5,021,805	-	-	-	-
US Agencies	24,019,832	-	3,027,290	5,111,509	15,541,856	339,176
US Treasuries	6,677,158	-	-	999,531	5,677,627	-
	<u>\$ 36,018,800</u>	<u>\$ 5,321,810</u>	<u>\$ 3,027,290</u>	<u>\$ 6,111,040</u>	<u>\$ 21,219,483</u>	<u>\$ 339,176</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 3 - Investments (Continued)

Bond Programs

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

At June 30, 2007 a portion of bond proceeds for five multifamily bond issuances were invested in commercial paper and held by the trustee. At June 30, 2007, the total market value of the commercial paper was \$144.3 million. No such investments were held in the prior year ended June 30, 2006. Funds not in investment agreements or commercial paper are held in money market accounts in the name of the bond issuance. Although all of the program funds must be used for program purposes, certain other funds have been restricted for payment of debt service as required by the bond indentures.

The Commission places no limit on the amount that may be invested in any one investment agreement provider. The following table lists investments held by the Single Family Programs in issuers that represent 5% or more of the total investments held by the Single Family Program at June 30, 2007:

<u>Investment Issuer</u>	<u>Amount</u>
Transamerican	\$ 37,294,206
Pallas Capital	\$ 112,457,327

Note 4 - Mortgage-Backed Securities

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

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 4 - Mortgage-Backed Securities (Continued)

For the fiscal year ended June 30, 2007, the net decrease in fair market value from that of the prior year end, based upon quoted market price at the fiscal year end, was \$4,383,728. 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 2007 and 2006 by program.

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

	2007			2006		
	Single-Family	Multifamily & Non-Profit Housing	Total	Single-Family	Multifamily & Non-Profit Housing	Total
Unrealized gain (loss) due to adjustment to market value	\$ (4,787,894)	\$ 404,166	\$ (4,383,728)	\$ (30,628,182)	\$ (4,540,101)	\$ (35,168,283)

Cumulative unrealized gains (loss) for fiscal years 2007 and 2006 are (\$29,090,229) and (\$24,706,501), respectively, and are included in the balance of mortgage-backed securities on the statement of net assets.

Note 5 - Furniture, Fixtures and Equipment

Furniture, fixtures and equipment as shown below at June 30, 2007 and 2006 are included in prepaid fees and other on the statements of net assets.

	Useful Life	July 1, 2005	Increase	Decrease	June 30, 2006
Furniture, fixtures and equipment	3 to 10 years	\$ 899,007	\$ 117,528	\$ -	\$ 1,016,535
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total assets		1,075,065	117,528	-	1,192,593
Less accumulated depreciation		(844,563)	(104,173)	-	(948,736)
Net book value		\$ 230,502	\$ 13,355	\$ -	\$ 243,857

	Useful Life	July 1, 2006	Increase	Decrease	June 30, 2007
Furniture, fixtures and equipment	3 to 10 years	\$ 1,016,535	\$ 163,902	\$ -	\$ 1,180,437
Leasehold improvements	4 to 5 years	176,058	-	-	176,058
Total assets		1,192,593	163,902	-	1,356,495
Less accumulated depreciation		(948,736)	(106,902)	-	(1,055,638)
Net book value		\$ 243,857	\$ 57,000	\$ -	\$ 300,857

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 6 - Bonds and Notes Payable

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

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

Using rates as of June 30, 2007, debt service requirements of the outstanding variable rate debt and associated net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swap, Net</u>	<u>Total</u>
2008	\$ -	\$ 381,041	\$ -	\$ 381,041
2009	-	380,000	-	380,000
2010	-	380,000	-	380,000
2011	-	380,000	-	380,000
2012	-	381,041	-	381,041
2013	-	160,329	-	160,329

The terms and counterparty credit ratings of the outstanding swap as of June 30, 2007, are contained below. The notional amount of the swap matches the principal amount of the associated debt.

<u>Associated Bond Series</u>	<u>Current Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Rate Received</u>	<u>Fair Value</u>	<u>Swap Termination Date</u>	<u>Counterpart Credit Rating</u>
2005 - S VR2	\$ 10,000,000	June 16, 2005	3.30%	SIFMA over 3.92%	\$ 55,459	December 1, 2012	AA2/P-1

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 6 - Bonds and Notes Payable (Continued)

The maturity of the variable debt exceeds that of the swap by 24 years creating the risk that variable rates after the swap terminates may exceed the swap fixed rate to the Commission of 3.30% yet the Commission will not be able to obtain a subsequent interest rate agreement that limits interest to Securities Industry and Financial Markets Association (SIFMA), formerly Bond Market Association (BMA), rate of 3.92%.

The Commission's swap contract is based upon the International Swap Dealers Association Master Agreement, which includes standard termination events. The swap contract may be terminated by either party if the other party fails to perform under the terms of the contract. Upon termination, a payment is due to one party irrespective of causality based upon the market value of the swap. The potential termination risks to the Commission are the liability for a termination payment to the counterparty or the inability to replace the swap under favorable financial terms. To reduce the Commission's termination risk, the swap contract limits the counterparty's ability to terminate due to the following Commission actions or events: payment defaults, other defaults that remain uncured for 30 days after notice, bankruptcy and insolvency.

The terms of the swaps expose the Commission to potential credit risk with the counterparty upon the occurrence of a termination event. The swap agreements contain collateral requirements based upon counterparty credit ratings and the fair value of the swap. These bilateral requirements are established to mitigate potential credit risk exposure. These requirements were met as of June 30, 2007.

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

The Commission incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Commission pays a variable rate on its AMT bonds based on a weekly remarking rate but, under the terms of its swap, received a variable rate based upon the weekly SIFMA rate, which is based upon AA non-AMT variable rate demand bonds. Basis risk will vary over time due to inter-market conditions. As of June 30, 2007, the interest rate on the Commission's variable rate debt was 3.80% per annum while the interest rate on the swap was 3.73% per annum. In order to reduce the cumulative effect of basis risk the variable rate determination structure included cash flow modeling with bond rate assumptions at ten basis points above SIFMA.

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 6 - Bonds and Notes Payable (Continued)

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

Bond Defeasance - Bond defeasances in the Multifamily, Nonprofit Housing and Nonprofit Facilities programs are not disclosed since the cash flows and economic gain or loss accrues to the borrower and not the Commission as the issuer. In the Single Family bond program defeasance amounts are deposited in irrevocable trusts to provide for all future debt service payments on the bonds. Accordingly, neither the assets of the respective trust accounts or the liabilities for the defeased bonds are reflected in the Commission's financial statements. Funds held in the respective trust accounts are qualifying U.S. Government securities and are assumed sufficient to service and redeem the defeased bonds. The difference between the cost to defease outstanding debt and the carrying value of bonds defeased by refunding bonds is deferred and amortized over the shorter of the remaining term of the refunded bonds or the term of the refunding bonds, using the straight line-method.

No Single Family bonds were defeased during fiscal years ended June 30, 2007 or 2006.

As of June 30, 2007, the Commission had outstanding notes and bonds of \$3.7 billion bearing interest varying in rates as listed below:

	<u>Low</u>	<u>High</u>
Single Family Program	2.40%	5.95%
Multi Family Program	1.00	8.75
Non Profit Housing Program	3.25	8.00
Non Profit Facilities	3.20	7.48

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 6 - Bonds and Notes Payable (Continued)

The bonds mature in varying amounts through 2048. Future principal and interest requirements are shown in the following table.

<u>Fiscal Year Ending June 30:</u>	<u>Total Principal Redemptions</u>	<u>Total Interest Redemptions</u>	<u>Total Debt Service</u>
2008	\$ 28,926,175	\$ 165,603,972	\$ 194,530,147
2009	29,312,654	164,863,329	194,175,983
2010	45,830,923	163,775,804	209,606,727
2011	77,191,803	160,872,252	238,064,055
2012	113,686,623	156,973,019	270,659,642
2013 - 2017	200,850,153	745,456,918	946,307,071
2018 - 2022	316,013,776	681,775,083	997,788,859
2023 - 2027	473,095,262	593,433,815	1,066,529,077
2028 - 2032	589,452,183	462,817,749	1,052,269,932
2033 - 2037	1,075,475,592	286,882,885	1,362,358,477
2038 - 2042	678,276,748	86,871,196	765,147,944
2043 - 2047	54,910,000	7,153,596	62,063,596
2048	8,997,205	267,920	9,265,125
	<u>\$ 3,692,019,097</u>	<u>\$ 3,676,747,538</u>	<u>\$ 7,368,766,635</u>

Changes in bonds outstanding during the fiscal year ended June 30, 2007 are summarized in the following table:

<u>June 30, 2006</u>	<u>Issued</u>	<u>Redeemed</u>	<u>June 30, 2007</u>
<u>\$ 2,709,098,262</u>	<u>\$ 1,361,460,352</u>	<u>\$ 378,539,517</u>	<u>\$ 3,692,019,097</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 7 - Commitments

Mortgage Loans - The Commission has committed to purchase mortgage loans to the extent qualified loans are available under each of the programs currently in the acquisition phase. The Commission's commitments by program as of June 30, 2007 are shown below:

<u>Program</u>	<u>Amount</u>
Single-Family Housing Program	\$ 93,764,094
Multifamily Housing Program	109,440,972
Nonprofit Housing Program	341,266,370
Nonprofit Facilities Program	75,843,652
	<u>\$ 620,315,088</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, 2007 and 2006 was \$669,749 and \$809,405, respectively. Commitments for future minimum lease payments are as follows:

<u>For the Year Ending June 30:</u>	
2008	\$ 676,677
2009	676,950
2010	675,337
2011	669,861
	<u>\$ 2,698,825</u>

Note 8 - Employee Benefit Plans

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

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 8 - Employee Benefit Plans (Continued)

Retirement Plan - The Commission's employees participate in the Public Employees' Retirement System ("PERS") of the State. The legislature established PERS in 1947. PERS is a cost-sharing multiple-employer retirement system. Membership in the system includes elected officials; State employees; employees of the Supreme, Appeals and Superior Courts; employees of legislative committees; community college, college and university employees not in national higher education retirement programs such as TIAA/CREF; judges of district and municipal courts; noncertified employees of school districts, and employees of local government. Approximately 56% of PERS salaries are from State employment.

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

PERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to PERS accrue interest at a rate specified by the Washington State Department of Retirement Systems ("DRS"). During the fiscal year 2007, the DRS-established rate of interest on employee contributions was 5.5%, compounded quarterly. Retirement benefit provisions are established in State statute and may be amended only by the State legislature. Employees in PERS can elect to withdraw total employee contributions and interest earnings thereon upon termination. PERS benefits are vested after an employee completes five years of eligible service.

Each biennium the legislature establishes employer and employee contribution rates. These rates are developed by the Office of the State Actuary to fully fund the plan. All employers are required to contribute at the level established by the legislature. The methods used to determine the contribution requirements are established under State statute in accordance with chapters RCW 41.40 and 41.45. The Commission and employee contributions to the pension plan are detailed below for the years ended June 30, 2007, 2006 and 2005:

	2007	2006	2005
Gross covered salaries	\$ 3,899,085	\$ 3,831,299	\$ 3,545,034
Commission's contribution	\$ 177,434	\$ 93,484	\$ 49,066
Commission's contribution rate	4.55%	2.44%	1.38%
Employees' contribution	\$ 142,375	\$ 93,376	\$ 44,113
Employees' contribution rate	3.65%	2.44%	1.24%

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 8 - Employee Benefit Plans (Continued)

The pension obligation was calculated on a pension system basis and cannot be disclosed on a plan basis. The Washington State Department of Retirement Services does not make separate measurements of pension benefit obligations of individual employers. Historical trend and other information regarding the plan are presented in the Washington State Department of Retirement Systems 2007 annual financial report.

The plan information for the fiscal year 2007 has been presented in the State Department of Retirement Systems 2007 annual financial report, which may be obtained at:

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

Note 9 - Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; natural disasters and acts of terrorism for which the agency carries commercial insurance. As of June 30, 2007, there were no known asserted or unasserted claims or judgments against the Commission.

Note 10 - Related Party Transactions

The Commission provides staff and other administrative services to the following state agencies as of and for the years ended June 30, 2007 and 2006:

Charges for Services	2007	2006
Washington Higher Education Facilities Authority	\$ 228,141	\$ 177,673
Tobacco Settlement Authority	\$ 27,605	\$ 19,442
<u>Receivable From (Payable To):</u>		
Washington Higher Education Facilities Authority	\$ 144,440	\$ 38,000
Tobacco Settlement Authority	\$ 6,097	\$ 8,880

WASHINGTON STATE HOUSING FINANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

Note 11 - Subsequent Events

As of January 25, 2008, the Commission has issued approximately \$417,105,000 in additional bonds subsequent to June 30, 2007.

SUPPLEMENTAL INFORMATION

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM NET ASSETS
JUNE 30, 2007 AND 2006

ASSETS	Restricted Programs		
	Single-Family Housing Bond Program	Multifamily Housing Bond Program	Nonprofit Housing Bond Program
CASH AND CASH EQUIVALENTS	\$ 51,163,042	\$ 60,281,879	\$ 79,395,175
INVESTMENTS			
U.S. government and agencies securities	-	-	-
Investment agreements	162,505,971	81,344,135	328,732,077
	<u>162,505,971</u>	<u>81,344,135</u>	<u>328,732,077</u>
ACCRUED INTEREST RECEIVABLE	4,601,419	6,758,030	9,910,724
FEE RECEIVABLE, net	-	-	-
OTHER RECEIVABLES	-	-	-
MORTGAGE-BACKED SECURITIES, cost	777,423,892	65,028,998	-
Cumulative unrealized gain (loss) on mortgage-backed securities	<u>(28,925,084)</u>	<u>(165,145)</u>	<u>-</u>
MORTGAGE-BACKED SECURITIES, fair value	748,498,808	64,863,853	-
MORTGAGE LOANS, net	-	1,149,137,900	557,595,138
UNAMORTIZED BOND ISSUANCE COSTS	9,913,257	49,724,260	20,873,223
PREPAID FEES AND OTHER	<u>95,933</u>	<u>49,325</u>	<u>1,918,794</u>
TOTAL ASSETS	<u>\$ 976,778,430</u>	<u>\$ 1,412,159,382</u>	<u>\$ 998,425,131</u>

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total	
			2007	2006
\$ 20,383,951	\$ 5,310,678	\$ 11,132	\$ 216,545,857	\$ 116,106,678
-	13,844,037	16,852,953	30,696,990	29,944,467
60,657,715	-	-	633,239,898	387,364,163
<u>60,657,715</u>	<u>13,844,037</u>	<u>16,852,953</u>	<u>663,936,888</u>	<u>417,308,630</u>
2,591,993	371,987	83,480	24,317,633	14,025,965
-	598,062	-	598,062	870,744
-	165,337	-	165,337	401,843
-	-	-	842,452,890	569,393,446
<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,090,229)</u>	<u>(24,706,501)</u>
-	-	-	813,362,661	544,686,945
355,398,709	-	34,685,409	2,096,817,156	1,663,245,098
7,637,756	-	-	88,148,496	70,451,262
<u>-</u>	<u>383,839</u>	<u>-</u>	<u>2,447,891</u>	<u>2,774,346</u>
<u>\$ 446,670,124</u>	<u>\$ 20,673,940</u>	<u>\$ 51,632,974</u>	<u>\$ 3,906,339,981</u>	<u>\$ 2,829,871,511</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM NET ASSETS (CONTINUED)
JUNE 30, 2007 AND 2006

LIABILITIES AND NET ASSETS	Restricted Programs		
	Single-Family Housing Bond Program	Multifamily Housing Bond Program	Nonprofit Housing Bond Program
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$ 2,089,682	\$ 19,632,430	\$ 69,649,197
ACCRUED INTEREST PAYABLE	4,334,132	8,179,574	7,550,447
ACCRUED ARBITRAGE REBATE	814,434	-	-
DEFERRED REVENUE	-	-	-
PROJECT EQUITY HELD FOR BORROWER	-	9,526,240	-
PRIVATE PLACEMENT PROGRAMS, NOTES PAYABLE AND BOND FUND FINANCING	-	26,254,123	-
BONDS PAYABLE			
Current interest bonds	956,080,225	1,183,145,333	904,840,892
Taxable bonds	2,780,000	163,968,404	16,070,000
Compound interest bonds	-	-	-
Unamortized bond premium	5,448,572	634,741	1,251,726
Unamortized bond discount	(59,536)	(185,690)	(937,131)
	<u>964,249,261</u>	<u>1,347,562,788</u>	<u>921,225,487</u>
TOTAL LIABILITIES	971,487,509	1,411,155,155	998,425,131
NET ASSETS			
Restricted			
Bond operations	5,290,921	1,004,227	-
Grants and donations to Program Investment Fund	-	-	-
Invested in capital assets	-	-	-
Unrestricted			
General operations	-	-	-
Program Investment Fund	-	-	-
	<u>5,290,921</u>	<u>1,004,227</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 976,778,430</u>	<u>\$ 1,412,159,382</u>	<u>\$ 998,425,131</u>

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total	
			2007	2006
\$ 5,493,920	\$ 1,123,623	\$ 7,118,385	\$ 105,107,237	\$ 32,447,704
2,296,084	-	-	22,360,237	16,740,310
-	-	-	814,434	294,160
-	1,550,317	-	1,550,317	704,378
-	-	-	9,526,240	1,136,658
120,000	-	-	26,374,123	39,494,123
435,320,120	-	-	3,479,386,570	2,450,880,426
3,440,000	-	-	186,258,404	210,347,129
-	-	-	-	8,376,584
-	-	-	7,335,039	4,649,365
-	-	-	(1,182,357)	(1,241,930)
<u>438,760,120</u>	<u>-</u>	<u>-</u>	<u>3,671,797,656</u>	<u>2,673,011,574</u>
446,670,124	2,673,940	7,118,385	3,837,530,244	2,763,828,907
-	-	-	6,295,148	9,966,172
-	-	500,000	500,000	600,000
-	300,857	-	300,857	243,857
-	17,699,143	-	17,699,143	17,756,143
-	-	44,014,589	44,014,589	37,476,432
-	<u>18,000,000</u>	<u>44,514,589</u>	<u>68,809,737</u>	<u>66,042,604</u>
<u>\$ 446,670,124</u>	<u>\$ 20,673,940</u>	<u>\$ 51,632,974</u>	<u>\$ 3,906,339,981</u>	<u>\$ 2,829,871,511</u>

**WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND CHANGES IN
PROGRAM NET ASSETS
YEARS ENDED JUNE 30, 2007 AND 2006**

	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	\$ 27,955,364	\$ 60,455,452	\$ 29,010,110
Other interest and investment income	12,239,543	254,838	(428,038)
Loss on mortgage-backed securities	(4,787,894)	404,166	-
Other fee income	3,556,385	3,436,587	1,987,082
Nonoperating revenues - grants	-	-	-
	<u>38,963,398</u>	<u>64,551,043</u>	<u>30,569,154</u>
EXPENSES			
Interest on debt	39,780,288	60,362,396	28,546,083
Amortization of bond discount	3,223	6,684	49,667
Amortization of bond premium	(321,863)	(36,684)	(13,680)
Amortization of bond issuance costs	1,022,019	3,357,452	1,887,292
Servicing and commission fees	1,956,888	136,944	-
Salaries and wages	-	-	-
Communication and office expense	-	-	-
Trustee and paying agent fees	157,044	39,245	-
Professional fees	-	-	-
Amortization of bond insurance premium	-	97,375	99,792
Other	607,946	16,508	-
Nonoperating expenses - grants	-	-	-
	<u>43,205,545</u>	<u>63,979,920</u>	<u>30,569,154</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(4,242,147)	571,123	-
NET ASSETS			
Balance, beginning of year	9,533,068	433,104	-
Distribution of equity	-	-	-
Balance, end of year	<u>\$ 5,290,921</u>	<u>\$ 1,004,227</u>	<u>\$ -</u>

Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total	
			2007	2006
\$ 16,095,761	\$ -	\$ -	\$ 133,516,687	\$ 102,245,773
-	1,833,913	-	13,900,256	12,761,566
-	-	-	(4,383,728)	(35,168,283)
1,258,990	11,867,819	521,116	22,627,979	18,051,195
-	158,786	-	158,786	489,872
<u>17,354,751</u>	<u>13,860,518</u>	<u>521,116</u>	<u>165,819,980</u>	<u>98,380,123</u>
16,095,761	-	-	144,784,528	109,946,325
-	-	-	59,574	436,939
-	-	-	(372,227)	(230,559)
1,258,990	-	-	7,525,753	6,743,709
-	-	-	2,093,832	1,513,051
-	5,053,323	-	5,053,323	4,861,322
-	1,847,061	-	1,847,061	2,145,092
-	-	-	196,289	268,821
-	870,807	13,500	884,307	427,298
-	-	-	197,167	306,881
-	-	-	624,454	433,377
-	158,786	-	158,786	489,872
<u>17,354,751</u>	<u>7,929,977</u>	<u>13,500</u>	<u>163,052,847</u>	<u>127,342,128</u>
-	5,930,541	507,616	2,767,133	(28,962,005)
-	18,000,000	38,076,432	66,042,604	95,004,609
-	(5,930,541)	5,930,541	-	-
<u>\$ -</u>	<u>\$ 18,000,000</u>	<u>\$ 44,514,589</u>	<u>\$ 68,809,737</u>	<u>\$ 66,042,604</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM CASH FLOWS
YEAR ENDED JUNE 30, 2007

	Restricted Programs	
	Single-Family Housing Bond Program	Multifamily Housing Bond Program
OPERATING ACTIVITIES		
Receipts for interest on mortgages	\$ 31,546,421	\$ 65,381,922
Receipts for other fee income	3,556,385	-
Receipts for loans and mortgage prepayments	74,764,731	43,331,351
Payments for acquisition of loans and mortgages	(356,124,348)	(199,540,127)
Payments for bond program expenses	(4,811,374)	(5,801,547)
Payments to employees and suppliers	-	-
Net cash from (used for) operating activities	<u>(251,068,185)</u>	<u>(96,628,401)</u>
INVESTING ACTIVITIES		
Purchase of investments	(537,530,770)	(123,109,964)
Sale of investments	612,987,621	113,347,215
Interest received on investments	11,879,472	307,166
Net cash from (used for) investing activities	<u>87,336,323</u>	<u>(9,455,583)</u>
NONCAPITAL FINANCING ACTIVITIES		
Contributions	-	-
CAPITAL FINANCING ACTIVITIES		
Project equity received, net	-	8,389,582
Proceeds from sale of bonds and notes	464,485,000	241,066,788
Interest paid on debt	(38,371,704)	(59,908,665)
Debt repayments	(239,758,212)	(63,083,151)
Net cash from capital financing activities	<u>186,355,084</u>	<u>126,464,554</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,623,222	20,380,570
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>28,539,820</u>	<u>39,901,309</u>
End of year	<u>\$ 51,163,042</u>	<u>\$ 60,281,879</u>

Nonprofit Housing Bond Program	Nonprofit Facilities Bond Program	General Operating Fund	Program Investment Fund	Total
\$ 38,558,228	\$ 17,487,857	\$ -	\$ -	\$ 152,974,428
-	-	13,312,327	493,541	17,362,253
83,155,002	40,825,388	-	-	242,076,472
(222,000,395)	(115,083,624)	-	(3,837,083)	(896,585,577)
(9,751,209)	(689,824)	-	-	(21,053,954)
-	-	(8,465,593)	(3,855)	(8,469,448)
<u>(110,038,374)</u>	<u>(57,460,203)</u>	<u>4,846,734</u>	<u>(3,347,397)</u>	<u>(513,695,826)</u>
(365,114,844)	(55,981,886)	-	(2,572,012)	(1,084,309,476)
59,339,014	49,801,579	1,710,457	-	837,185,886
<u>(2,973,934)</u>	<u>(705,818)</u>	<u>1,871,305</u>	<u>-</u>	<u>10,378,191</u>
<u>(308,749,764)</u>	<u>(6,886,125)</u>	<u>3,581,762</u>	<u>(2,572,012)</u>	<u>(236,745,399)</u>
-	-	(5,930,541)	5,930,541	-
-	-	-	-	8,389,582
567,242,557	133,825,264	-	-	1,406,619,609
(24,740,884)	(16,143,352)	-	-	(139,164,605)
<u>(81,387,233)</u>	<u>(40,735,586)</u>	<u>-</u>	<u>-</u>	<u>(424,964,182)</u>
<u>461,114,440</u>	<u>76,946,326</u>	<u>-</u>	<u>-</u>	<u>850,880,404</u>
42,326,302	12,599,998	2,497,955	11,132	100,439,179
<u>37,068,873</u>	<u>7,783,953</u>	<u>2,812,723</u>	<u>-</u>	<u>116,106,678</u>
<u>\$ 79,395,175</u>	<u>\$ 20,383,951</u>	<u>\$ 5,310,678</u>	<u>\$ 11,132</u>	<u>\$ 216,545,857</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF PROGRAM CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2007

	Restricted Programs	
	Single-Family Housing Bond Program	Multifamily Housing Bond Program
RECONCILIATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES TO NET CASH FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (4,242,147)	\$ 571,123
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash from operating activities		
Amortization of mortgage premium	-	15,897
Amortization of mortgage discount	(2,285,253)	-
Amortization of bond insurance premium	11,247	1,107
Amortization of bond issuance costs	1,052,194	3,357,453
Amortization of bond premium	(321,863)	(36,684)
Amortization of bond discount	3,223	6,684
Amortization of deferred fee income	(4,347,756)	(3,343,556)
Purchase of mortgage loans	(356,656,238)	(202,388,181)
Repayments of mortgage loans	74,764,731	43,331,351
Unrealized gain (loss) on securities	4,787,894	(404,166)
Cash from changes in operating assets and liabilities		
Interest and other receivables	(5,020,966)	(859,055)
Interest and other payables	41,186,749	63,119,626
Net cash (from) used for operating activities	<u>\$ (251,068,185)</u>	<u>\$ (96,628,401)</u>

<u>Nonprofit Housing Bond Program</u>	<u>Nonprofit Facilities Bond Program</u>	<u>General Operating Fund</u>	<u>Program Investment Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 5,930,541	\$ 507,616	\$ 2,767,133
13,680	-	-	-	29,577
(49,667)	-	-	-	(2,334,920)
-	-	-	-	12,354
1,887,295	1,258,990	-	-	7,555,932
(13,680)	-	-	-	(372,227)
49,667	-	-	-	59,574
(1,887,292)	(1,258,990)	-	-	(10,837,594)
(278,251,378)	(119,414,039)	-	(9,987,005)	(966,696,841)
83,155,002	40,825,388	-	6,149,923	248,226,395
-	-	-	-	4,383,728
(4,406,441)	(3,545)	(1,394,130)	(27,575)	(11,711,712)
<u>89,464,440</u>	<u>21,131,993</u>	<u>310,323</u>	<u>9,644</u>	<u>215,222,775</u>
<u>\$ (110,038,374)</u>	<u>\$ (57,460,203)</u>	<u>\$ 4,846,734</u>	<u>\$ (3,347,397)</u>	<u>\$ (513,695,826)</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF NOTES AND BONDS PAYABLE
YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR 2006

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2007	2006
Single Family (Stand Alones)					
Single Family Draw Down Program	05/30/02	\$ 500,000,000	06/01/36	\$ 3,913,000	\$ 69,371,000
Single Family 1998 CRA-A	11/19/98	5,300,000	01/01/31	1,885,000	2,210,000
Single Family 1999 CRA-A	07/29/99	5,350,000	07/01/31	895,000	1,380,000
				<u>6,693,000</u>	<u>72,961,000</u>
Single Family (Open Indenture)					
Single Family 1997 3A/3T	08/27/97	21,600,000	12/01/28	-	190,000
Single Family 1997 4A/4N/4T	11/20/97	20,000,000	06/01/29	-	350,000
Single Family 1998 1A/1N/1T	02/26/98	20,000,000	06/01/29	5,845,000	6,660,000
Single Family 1998 2A/2T	04/23/98	16,000,000	06/01/29	3,665,000	10,620,000
Single Family 1998 3A/3N/3T	06/04/98	34,480,000	12/01/29	2,385,000	7,445,000
Single Family 1998 4A/4T, 4A (CAB) *	08/27/98	35,002,696	06/01/30	13,720,000	15,685,000
Single Family 1998 5A/5N/5T, 5A (CAB) *	11/19/98	22,217,675	06/01/30	10,745,000	16,771,806
Single Family 1999 1A/1N/1T, 1A (CAB) *	02/24/99	25,001,382	06/01/30	8,685,000	12,719,777
Single Family 1999 2A/2N//2T, 2A (CAB) *	05/27/99	23,500,452	12/01/30	5,300,000	6,215,000
Single Family 1999 3A/3T	06/24/99	30,000,000	12/01/30	3,590,000	4,075,000
Single Family 1999 4A/4N/4T	08/25/99	35,000,000	12/01/30	6,210,000	7,490,000
Single Family 1999 5A/5N/5T	11/02/99	32,575,000	06/01/31	11,610,000	12,640,000
Single Family 2000 1A/1T	02/24/00	30,000,000	06/01/31	-	15,000
Single Family 2000 2A/2N/2T	04/27/00	35,000,000	12/01/31	-	580,000
Single Family 2000 3A/3N/3T	07/12/00	32,000,000	12/01/31	-	200,000
Single Family 2000 4A/4T	11/14/00	23,000,000	06/01/32	905,000	1,590,000
Single Family 2000 5A-R/5N-R	11/14/00	14,280,000	06/01/22	-	915,000
Single Family 2001 1A/N	02/28/01	20,000,000	12/01/32	3,430,000	6,495,000
Single Family 2001 2A	05/30/01	27,000,000	12/01/32	1,865,000	2,285,000
Single Family 2001 3A-R/3N-R	05/30/01	5,695,000	06/01/22	-	1,055,000
Single Family 2001 4A/4T	07/26/01	30,000,000	12/01/32	16,120,000	18,115,000
Single Family 2001 5A	11/15/01	20,000,000	06/01/33	3,855,000	4,270,000
Single Family 2002 1A	03/14/02	20,000,000	06/01/33	1,620,000	2,355,000
Single Family 2002 2A, 3A/ 3N-R	05/30/02	43,110,000	12/01/33	4,652,790	5,863,692
Single Family 2002 4A	08/30/02	25,000,000	12/01/33	10,745,000	12,280,000
Single Family 2002 5A	01/15/03	23,580,000	12/01/33	12,003,138	19,181,347
Single Family 2003 1A/1N	05/21/03	20,000,000	06/01/26	14,100,000	17,245,000
Single Family 2003 2A/2N	09/25/03	24,500,000	12/01/24	18,084,951	20,627,662
Single Family 2003 3A/3N	11/19/03	23,885,000	06/01/34	21,183,094	21,873,397
Single Family 2004 1A/1N	03/18/04	37,325,000	12/01/34	28,049,630	32,290,834
Single Family 2004 2A/2N	07/07/04	38,885,000	06/01/35	33,315,238	36,323,551
Single Family 2004 3A/3N	08/25/04	33,500,000	06/01/35	28,797,569	31,580,538
Single Family 2004 4A/4N	12/09/04	23,790,000	12/01/35	12,220,815	23,109,832
Single Family 2005 1A/1N	03/31/05	25,000,000	12/01/35	23,575,000	24,770,000
Single Family 2005 2A/VR-2A	06/16/05	30,000,000	03/01/36	29,050,000	29,945,000
Single Family 2005 3A	08/04/05	19,795,000	06/01/36	19,400,000	19,795,000
Single Family 2005 4	09/29/05	24,380,000	06/01/36	23,690,000	24,380,000
Single Family 2005 5	12/15/05	24,535,000	06/01/36	24,210,000	24,535,000
Single Family 2006 1	01/25/06	99,265,000	06/01/37	48,600,000	99,265,000
Single Family 2006 2	04/12/06	79,370,000	12/01/37	49,095,000	79,370,000
Single Family 2006 3	07/13/06	55,000,000	12/01/37	54,750,000	-
Single Family 2006 4	07/23/06	55,000,000	06/01/37	54,830,000	-
Single Family 2006 5	10/12/06	55,000,000	12/01/37	55,000,000	-
Single Family 2006 6	11/02/06	53,795,000	12/01/37	53,795,000	-
Single Family 2007 1	02/08/07	54,490,000	06/01/38	54,490,000	-
Single Family 2007 2	03/29/07	55,000,000	06/01/48	55,000,000	-
Single Family 2007 3	05/17/07	55,000,000	06/01/48	55,000,000	-
Single Family 2007 4	06/20/07	54,980,000	06/01/48	54,980,000	-
				<u>952,167,225</u>	<u>661,172,436</u>
Unamortized Bond Premium				5,448,572	3,977,939
Unamortized Bond Discount				<u>(59,536)</u>	<u>(62,759)</u>
				<u>964,249,261</u>	<u>738,048,616</u>

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF NOTES AND BONDS PAYABLE (CONTINUED)
YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR 2006

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2007	2006
Multi-Family Housing					
Willowgreen	11/18/86	\$ 9,275,000	10/01/10	\$ 9,275,000	\$ 9,275,000
Newport Village	02/11/87	13,000,000	01/31/07	-	13,000,000
Mill Plain	02/25/88	12,400,000	01/01/10	12,400,000	12,400,000
James St. Crossing	03/29/88	16,379,123	12/01/08	16,379,123	16,379,123
Multifamily 1990A&B - (11b)	12/18/90	9,200,000	07/01/23	660,000	690,000
1992 A&B Fannie Mae Refunding	12/09/92	89,631,894	01/01/18	3,729,355	5,697,013
Canyon Lakes	07/28/93	4,565,000	07/01/18	4,130,000	4,215,000
Canyon Lakes II	10/19/94	6,935,000	10/01/19	6,275,000	6,410,000
Arbors on the Park	10/01/94	14,850,000	10/01/24	14,850,000	14,850,000
Multifamily Preservation Program	10/13/94	2,611,300	10/01/24	2,349,334	2,380,840
Mallard Cove	02/01/95	8,920,000	01/01/30	8,795,000	8,820,000
Gilman Meadows	02/01/95	6,875,000	01/01/30	6,760,000	6,790,000
Inglenook Court	05/25/95	8,300,000	07/01/25	8,300,000	8,300,000
Heatherstone Apartments	07/12/95	9,800,000	07/01/25	7,065,000	7,400,000
Summerglenn Apartments	11/16/95	7,000,000	11/01/25	-	6,175,000
Wandering Creek Project	11/22/95	5,300,000	01/01/26	5,300,000	5,300,000
Pacific Crest Apartments	11/28/95	5,815,000	01/01/26	4,935,000	5,050,000
LTC Properties	12/13/95	8,300,000	12/01/15	5,130,000	5,545,000
Courtside Apartments	02/28/96	10,600,000	01/01/26	9,145,000	9,255,000
Lake Washington Apartments	10/30/96	10,750,000	10/01/26	9,550,000	9,550,000
Brittany Park Project	11/07/96	14,200,000	11/01/21	12,815,000	13,035,000
Pacific Inn Apartments	11/08/96	5,900,000	05/01/28	5,095,000	5,215,000
Eaglepoint	11/27/96	6,450,000	07/01/28	6,450,000	6,450,000
Winterhill	11/27/96	8,700,000	07/01/28	7,800,000	8,700,000
Meridian Court	12/12/96	8,000,000	12/01/28	6,700,000	6,700,000
Hamilton Place Senior Living	12/20/96	4,140,000	07/01/28	3,590,000	3,670,000
Larkin Apartments	12/20/96	5,565,000	07/01/28	4,825,000	4,935,000
Merrill Gardens	07/14/97	12,500,000	07/01/22	8,125,000	8,125,000
Sherwood Springs	09/24/97	8,810,000	09/01/27	7,780,000	7,950,000
Anchor Village	12/10/97	10,750,000	12/15/27	10,750,000	10,750,000
1998 Ginnie Mae Refunding	01/21/98	7,515,000	07/01/30	6,695,000	6,815,000
Private Placement Lake Washington Apartments	01/27/98	600,000	06/30/36	600,000	600,000
Rosecreek Senior Living	02/26/98	4,755,000	02/01/28	4,260,000	4,260,000
Twin Ponds Apartments	02/26/98	7,355,000	02/01/28	6,595,000	6,595,000
Clare House	05/01/98	4,100,000	07/01/30	3,930,000	3,970,000
Brittany Park II	08/12/98	5,800,000	11/01/21	5,440,000	5,540,000
Boardwalk Apartments	09/14/98	12,400,000	09/01/28	11,425,000	11,525,000
Oxford Square Apartments	11/30/98	6,000,000	12/01/28	5,360,000	5,470,000
Avalon Ridge Apartments	10/14/99	18,755,000	05/15/26	18,755,000	18,755,000
Regency Park Apartments	09/23/99	11,150,000	09/01/29	7,805,000	9,985,000
WoodRose Apartments	11/09/99	9,000,000	06/15/32	8,000,000	8,115,000
Summer Ridge Apartments	12/13/99	4,740,000	12/01/29	4,245,000	4,330,000
Mill Pointe	12/21/99	14,500,000	01/01/30	9,425,000	12,785,000
Silver Springs Apartments	12/22/99	10,270,000	12/22/29	10,205,230	10,230,229
Holly Village	12/23/99	8,800,000	07/15/32	7,760,000	7,865,000
Burke Gilman Place 2000	02/16/00	4,495,000	07/01/35	3,835,000	3,835,000
Vintage at Bremerton Senior Project	09/29/00	7,600,000	05/15/33	6,555,000	6,645,000
Granite Falls	10/03/00	3,930,000	10/01/27	3,660,000	3,735,000
Ferris View	10/11/00	1,425,000	11/01/31	1,076,596	1,091,302
Greens at Merrill Creek	10/12/00	17,310,000	06/01/24	16,725,000	16,910,000
Evergreen 2000 (Ginnie Mae)	10/17/00	5,950,000	01/01/36	5,665,000	5,725,000

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF NOTES AND BONDS PAYABLE (CONTINUED)
YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR 2006

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2007	2006
Multi-Family Housing (Continued)					
Kingsbury Terrace	02/09/01	\$ 4,100,000	07/01/42	\$ 3,990,000	\$ 4,020,000
Lakewood Meadows	11/21/00	7,850,000	07/15/33	7,520,000	7,620,000
Springfield Meadows Apartments Project	08/06/01	17,000,000	01/01/34	11,050,000	15,055,000
Country Club Apartments Project	08/09/01	12,920,000	08/01/32	12,220,000	12,415,000
Monticello Park Project	08/13/01	10,475,000	08/01/26	10,055,000	10,155,000
Parkside Apartments	10/30/01	11,700,000	01/20/43	10,970,000	11,170,000
Woodlands Apartments Project 2001	12/07/01	6,600,000	07/15/34	6,395,000	6,495,000
Silverwood Apartments Project 2001	12/11/01	3,825,000	11/01/38	3,787,637	3,787,637
Ocean Ridge Apartments 2001	12/21/01	9,000,000	11/01/38	8,816,081	8,873,310
Alderwood Court	05/17/02	7,645,000	06/15/35	7,445,000	7,545,000
Tama Qua (Whisperwood)	05/14/02	7,900,000	05/15/35	7,200,000	7,300,000
Valley View Apartments 2002	02/19/02	2,880,000	09/15/20	2,880,000	2,880,000
Olympic Heights Apartments 2002	02/19/02	5,165,000	09/15/20	5,165,000	5,165,000
Viewcrest Village	05/21/02	10,904,000	10/01/38	10,671,427	10,742,396
Parkway Apartments	06/20/02	9,180,000	07/20/37	8,830,000	8,920,000
Bridgewood at Four Seasons	10/04/02	9,800,000	10/01/32	9,560,000	9,660,000
Park Hill	08/27/02	7,000,000	04/01/34	6,634,978	6,675,771
Deer Run	10/01/02	4,900,000	05/01/30	4,703,290	4,777,973
Quail Run	12/06/02	7,150,000	07/01/35	7,041,325	7,088,894
Heatherwood Apts.	12/11/02	21,350,000	01/01/35	14,525,000	19,460,000
Tashiro Kaplan	04/30/03	5,290,000	01/20/45	5,125,000	5,290,000
Mallard Lake Park Apts.	11/26/02	18,500,000	05/15/35	14,515,000	14,725,000
Fort Vancouver	04/03/03	6,668,000	09/01/39	6,415,902	6,500,813
Auburn Meadows	07/02/03	8,600,000	07/01/36	8,600,000	8,600,000
Vintage at Mt. Vernon	06/05/03	10,000,000	01/15/37	10,000,000	10,000,000
Stonegate Apartments	09/15/03	10,500,000	05/15/36	7,500,000	10,300,000
Alaska House	07/15/04	8,040,000	07/20/45	7,940,000	7,995,000
International House	07/15/04	7,390,000	07/20/45	7,295,000	7,345,000
Rosemont Retirement & Assisted Living Comm	10/20/03	8,250,000	10/01/36	8,250,000	8,250,000
Olympic Place Retirement & Assisted Living Comm	11/24/03	10,575,000	11/01/36	10,575,000	10,575,000
Woodland Senior Housing Community	11/18/03	14,715,000	11/01/35	14,715,000	14,715,000
Stonebrook Apartments	10/28/04	15,710,000	02/01/37	14,660,000	15,710,000
Rainier Court Apartments	12/23/03	17,000,000	12/15/36	17,000,000	17,000,000
Rolling Hills Apartments	05/27/04	8,750,000	06/15/37	8,650,000	8,750,000
Highlander Apartments II	04/30/04	10,000,000	05/01/37	8,350,000	8,350,000
Lowman Building	06/30/04	7,100,000	01/01/29	6,965,000	7,100,000
Silver Creek Retirement & Assisted Living	11/16/04	15,300,000	11/01/40	15,300,000	15,300,000
Silver Creek Apartments	05/26/04	17,500,000	12/15/37	16,105,000	17,500,000
Crestview West Apartments	12/01/04	14,000,000	12/15/37	14,000,000	14,000,000
Vintage at Everett	06/30/04	17,750,000	01/15/38	17,750,000	17,750,000
Vintage at Richland	06/29/04	11,750,000	01/15/38	9,600,000	11,750,000
Columbia Heights Retirement	10/15/04	12,925,000	10/01/39	12,925,000	12,925,000
Ballinger Court Apartments	09/01/04	5,800,000	09/15/37	5,800,000	5,800,000
Burke-Gilman 2004 Refunding	07/19/04	3,835,000	07/01/18	3,595,000	3,695,000
Arbor Park Apt Homes	07/30/04	9,135,000	07/30/21	9,042,876	9,135,000
Washington Terrace Apt	09/30/04	11,250,000	09/15/37	11,250,000	11,250,000
Deer Run West	12/22/04	6,270,000	06/15/37	6,270,000	6,270,000
Merrill Gardens at Queen Anne	12/17/04	30,200,000	12/01/40	30,200,000	30,200,000
Merrill Gardens at Renton	12/17/04	23,100,000	12/01/40	23,100,000	23,100,000
Valley View Apartments	12/22/04	29,675,000	05/01/38	29,675,000	29,675,000
Vintage at Burien Apartments Project	12/22/04	7,300,000	01/15/38	7,300,000	7,300,000
Vintage at Sequim	01/27/05	8,390,000	03/01/38	8,390,000	8,390,000
Seaport Landing Retirement & Asst Living Comm	02/07/05	13,200,000	02/01/41	13,200,000	13,200,000
Park Vista Retirement Project	03/07/05	15,250,000	03/01/41	15,250,000	15,250,000
Cedar Landings Apartments	01/03/05	8,260,000	01/01/15	7,988,177	8,104,397
Highland Park	06/30/05	11,300,000	07/15/38	11,300,000	11,300,000
Ridgeview Apartments	04/29/05	12,390,000	11/01/22	10,200,000	12,090,056
Fairwinds - Redmond	07/15/05	27,500,000	07/01/41	27,500,000	27,500,000
Pinehurst Apartments	09/27/05	14,185,000	3/15/2039	14,185,000	14,185,000

WASHINGTON STATE HOUSING FINANCE COMMISSION
SCHEDULE OF NOTES AND BONDS PAYABLE (CONTINUED)
YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR 2006

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2007	2006
Multi-Family Housing (Continued)					
The Vintage at Silverdale	09/29/05	\$ 19,575,000	9/15/2039	\$ 19,575,000	\$ 19,575,000
Lodge at Eagle Ridge	08/17/05	13,550,000	8/1/2041	13,550,000	13,550,000
New Haven Apartments	09/27/05	19,000,000	3/15/2039	19,000,000	19,000,000
Cambridge Apartments	09/27/05	12,650,000	3/15/2039	12,650,000	12,650,000
Yesler Apartments	11/28/05	13,788,000	1/1/2024	13,761,460	3,581,365
Scenic Vista Senior Apartment	11/22/05	6,100,000	1/1/2039	6,100,000	6,100,000
Kamiakin Apartments	11/23/05	8,275,000	5/1/2042	8,269,520	8,275,000
Cedar Ridge Retirement and Assisted Living Facility	10/25/05	15,100,000	10/1/2041	15,100,000	15,100,000
Bluffs at Evergreen	12/07/05	12,300,000	1/1/2024	12,249,344	11,037,166
Vintage at Vancouver	02/10/06	8,900,000	4/1/2036	8,826,735	8,889,952
Crowne Pointe Apartments	05/26/06	8,740,000	12/1/2047	8,740,000	8,740,000
Merrill at Tacoma	09/01/06	19,600,000	9/15/2040	19,600,000	-
Vintage at Spokane Senior Living	07/17/06	17,200,000	8/15/2040	17,200,000	-
Forrest Creek	11/30/06	13,815,000	6/15/2040	13,815,000	-
Orchard Hills	11/03/06	9,060,000	7/1/2039	9,060,000	-
Ballard Landmark	12/15/06	35,100,000	12/15/2041	35,100,000	-
Lake City Senior Apartments	07/26/06	16,250,000	7/1/2039	16,250,000	-
Eagle's Landing Apartments	07/24/06	13,400,000	08/15/39	13,400,000	-
Echo Lake	12/07/06	17,970,000	07/15/40	17,970,000	-
Heron Creek	01/03/07	5,000,000	03/01/40	5,000,000	-
The Season	12/20/06	37,500,000	12/15/40	37,500,000	-
Vintage at Chehalis	11/30/06	8,190,000	06/15/40	8,190,000	-
Elk Creek Apartments	04/27/07	7,470,000	04/01/40	7,470,000	-
Northgate Village	12/08/06	5,990,000	06/01/43	5,990,000	-
Island Skagit Partner Portfolio	02/28/07	3,850,000	03/01/37	2,337,271	-
Three County Partners Portfolio	02/28/07	5,900,000	03/01/37	3,765,294	-
Streamlined Tax Exempt Private Placement -					
Multi-Family Housing					
Fir @ 17th	12/16/94	1,250,000	07/01/20	925,863	975,476
Riverside Landing	12/12/97	2,043,000	06/01/29	1,832,260	1,865,590
Arrowhead	05/31/94	1,200,000	06/01/09	831,750	878,932
Heritage Sunset	11/15/94	1,260,000	12/01/09	914,086	961,334
Heritage Grove	02/17/95	1,600,000	03/01/10	1,191,493	1,254,612
Bayswater Apts.	05/04/95	925,000	05/01/10	676,130	712,492
Assembly Apts	09/10/97	3,000,000	05/01/23	2,597,293	2,653,841
Mt. Baker Apts	10/15/98	2,320,000	10/01/28	2,017,190	2,061,033
Southampton Apts	11/01/99	2,698,909	03/01/08	-	2,397,365
Covington Commons Apts	06/11/99	2,600,000	07/01/29	1,206,970	1,226,878
Rockwood Terrace	09/29/99	1,551,107	10/01/14	1,393,470	1,419,008
Terrace Apartments	08/28/00	1,222,000	08/01/30	1,127,929	1,146,873
Yakima Gardens	12/18/98	942,500	01/01/29	823,750	841,319
Oregon Place	07/14/00	2,500,000	08/01/30	1,176,671	1,198,230
Westgate Terrace Apts	08/31/05	3,218,000	03/01/22	3,183,970	3,218,000
Parkland Terrace Apts	08/31/05	1,600,000	04/01/22	1,583,080	1,600,000
Hiawatha Artist's Loft	12/01/06	8,500,000	12/01/28	8,500,000	-
				1,373,367,860	1,195,384,220
Unamortized Bond Discount				(185,690)	(192,373)
Unamortized Bond Premium				634,741	671,426
				1,373,816,911	1,195,863,273

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YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR 2006

Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2007	2006
Non-Profit Housing					
Gonzaga University	04/08/93	\$ 6,500,000	07/01/14	\$ 3,440,000	\$ 3,770,000
Nikkei Concerns	10/20/94	6,250,000	10/01/19	4,190,000	4,410,000
Nikkei Manor	11/06/96	3,100,000	10/01/21	2,400,000	2,500,000
Panorama City	01/29/97	24,300,000	01/01/27	18,520,000	19,240,000
Riverview Lutheran	07/23/97	4,000,000	07/01/22	3,120,000	3,240,000
Crista Ministries Projects & Refunding	06/08/98	17,475,000	07/01/17	10,535,000	11,710,000
WA Odd Fellows Home	10/15/98	10,100,000	07/01/28	8,740,000	8,960,000
Presbyterian Ministries Rev & Refunding	02/25/99	11,965,000	01/01/29	10,455,000	10,695,000
Tacoma Lutheran 1999	07/15/99	6,510,000	01/01/24	5,535,000	5,700,000
Golden Sands Apartments	09/03/99	3,050,000	07/01/29	-	2,840,000
The Kline Galland Center	09/23/99	27,500,000	07/01/29	26,065,000	26,565,000
Rockwood Retirement Communities	11/23/99	27,000,000	01/01/30	23,890,000	24,415,000
Living Care Centers	10/26/00	14,950,000	10/01/30	13,745,000	14,015,000
Pioneer Human Services 2001	08/02/01	7,100,000	08/01/19	4,755,000	5,040,000
Kenney Home Project 2001	11/15/01	18,135,000	12/01/31	17,620,000	17,620,000
Rockwood Forest Estates	05/23/02	9,560,000	01/01/34	9,165,000	9,330,000
Evangelical Lutheran Good Samaritan Society	05/01/01	2,080,000	07/01/08	-	1,880,000
Nickerson Area Properties	08/20/03	10,745,000	01/01/05	10,275,000	10,455,000
Franke Tobey Jones	08/27/03	13,035,000	09/01/33	13,035,000	13,035,000
Green River Community College	07/24/03	19,050,000	07/01/15	18,910,000	19,050,000
Emerald Heights 03 Expansion	07/01/03	38,460,000	07/01/33	36,655,000	37,350,000
Judson Park 04 A&B	01/02/04	10,310,000	01/01/29	-	9,855,000
Mercy Housing	09/19/03	6,445,215	09/19/33	6,081,399	6,189,328
Mercy Housing - Cobble Knoll, Phase II	11/30/04	3,900,000	11/01/34	3,760,896	3,821,439
Hearthstone	12/02/04	12,000,000	12/01/29	11,565,000	11,795,000
Horizon House	10/05/05	56,700,000	10/01/35	56,140,000	56,700,000
Wesley Homes	11/03/05	58,000,000	01/01/36	-	58,000,000
Mirabella	11/03/06	256,745,000	03/01/36	256,745,000	-
Judson Park Refunding '07	01/30/07	37,010,000	02/01/37	37,010,000	-
Skyline at First Hill	02/28/07	214,700,000	01/01/38	214,700,000	-
Wesley Homes Lea Hill Refunding	04/02/07	57,610,000	01/01/36	57,610,000	-
Streamlined Tax Exempt Private Placement - Multi-Family Nonprofit Housing					
Mental Health North	07/14/92	1,255,147	07/01/10	357,814	458,223
Summerfield	06/28/93	1,945,000	06/01/10	1,477,756	1,534,552
Wilton Apts	06/21/95	620,000	10/01/15	464,437	483,216
Adams Apartment	05/29/96	310,000	06/01/11	260,736	266,974
Bellevue Apartments	03/28/97	575,700	03/01/22	451,503	468,288
Paradise Mobile Home Park	05/16/97	432,831	06/01/27	-	385,522
Vue Mobile	05/16/97	390,331	06/01/27	-	347,668
Blue Mountain Apartments	02/01/00	248,800	02/01/25	214,234	220,076
3904 Martin Luther King Way Apts	03/01/00	561,000	04/01/25	481,604	495,109
Brentwood Apartments	08/27/02	1,491,000	09/01/32	1,396,261	1,418,792
Clallam County Hostelties	11/25/02	366,843	12/01/22	314,883	327,656
Interaction/Transition House	03/04/03	600,000	03/01/18	560,845	570,708
Episcopal Homes	11/09/93	5,850,000	05/01/10	3,963,881	4,176,181
Warm Beach	10/25/95	1,800,000	05/01/16	1,097,170	1,189,493
St. Andrew's Place	07/29/97	3,000,000	08/01/27	2,558,998	2,625,230
Der Garten Haus	09/21/98	650,000	10/01/18	566,702	578,814

WASHINGTON STATE HOUSING FINANCE COMMISSION
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Series	Issue Date	Original Amount	Final Maturity Date	Balance Outstanding	
				2007	2006
Streamlined Tax Exempt Private Placement - Multi-Family Nonprofit Housing (Continued)					
Nuuanu Pali Apartments Project	01/31/02	\$ 725,000	02/01/32	\$ 675,025	\$ 685,757
Northaven II Assisted Living Project	10/27/93	2,134,000	11/01/03	1,539,614	1,595,745
Meadowdale Apartments	02/18/05	5,680,000	02/01/15	5,515,627	5,588,972
Christian Health Care Center	10/13/05	7,532,219	10/02/20	7,190,317	4,899,232
Josephine Sunset Home	08/04/05	7,320,000	08/01/25	7,161,190	7,293,188
				<u>920,910,892</u>	<u>433,790,163</u>
Unamortized Bond Discount				(937,131)	(986,798)
Unamortized Bond Premium				<u>1,251,726</u>	<u>-</u>
				<u>921,225,487</u>	<u>432,803,365</u>
Non-Profit Facilities					
YMCA of Greater Seattle	09/17/91	7,700,000	07/01/11	3,950,000	4,200,000
Pioneer Human Services	10/17/91	4,595,000	07/01/11	840,000	1,125,000
YMCA of Snohomish County	08/17/94	5,000,000	08/01/19	-	2,730,000
Plumbers & Pipe fitters	12/07/95	3,400,000	07/01/20	2,440,000	2,550,000
Virginia Mason	12/03/97	27,410,000	01/01/24	-	23,645,000
American Red Cross	02/05/98	1,200,000	02/01/08	120,000	240,000
Community College of Spokane Foundation	09/24/98	3,155,000	07/01/08	2,480,000	2,625,000
YMCA-Puyallup/Pierce County	12/02/98	11,000,000	12/01/08	8,100,000	8,580,000
YMCA-Inland Northwest	04/08/99	5,800,000	07/01/29	5,350,000	5,470,000
YMCA-Snohomish County 1999	06/09/99	4,600,000	06/01/27	-	2,980,000
YMCA-Columbia/Willamette Valley	08/12/99	3,900,000	08/01/24	3,300,000	3,430,000
South Sound YMCA 1999	09/30/99	5,500,000	01/01/24	4,640,000	4,785,000
St. Vincent dePaul Project	02/01/00	5,000,000	02/01/30	3,900,000	4,000,000
University Prep Academy	05/04/00	7,000,000	07/01/30	6,400,000	6,600,000
Community College of Spokane Foundation 2000	08/04/00	8,800,000	07/01/30	8,250,000	8,360,000
Seattle Academy of Arts & Sciences	10/02/00	15,445,000	01/01/31	15,135,000	15,220,000
Southwest WA Pipe Trades Training Center	10/31/00	4,230,000	10/01/25	3,580,000	3,685,000
Open Window School	08/05/03	6,600,000	08/01/28	6,310,000	6,600,000
Evergreen School 2002	06/27/02	9,500,000	07/01/28	9,005,000	9,220,000
Tacoma Art Museum	06/04/02	10,000,000	06/01/32	10,000,000	10,000,000
Annie Wright School	12/13/02	6,000,000	12/01/23	5,325,000	5,555,000
United Way of King County	03/11/03	8,500,000	03/01/28	6,140,000	6,480,000
Overlake School	10/02/03	10,030,000	10/01/29	8,945,000	9,160,000
Gonzaga Preparatory School	09/18/03	10,000,000	09/01/33	7,935,000	8,100,000
Museum of History and Industry	12/23/03	5,000,000	12/01/33	5,000,000	5,000,000
Antioch University Project	05/18/05	6,780,000	01/01/27	6,395,000	6,635,000
The Northwest School - Northwest Addition	06/07/05	11,000,000	06/01/32	11,000,000	11,000,000
Forest Ridge School	06/30/05	12,765,000	07/01/32	12,765,000	12,765,000
Lutheran Community Services	10/05/05	6,200,000	10/01/32	2,855,000	6,200,000
Seattle Art Museum	10/06/05	50,000,000	07/01/33	50,000,000	50,000,000
The Bush School	04/17/06	24,000,000	04/01/34	24,000,000	24,000,000
Bertschi School	06/15/06	6,300,000	06/01/35	6,300,000	6,300,000
Seattle Country Day School	06/13/06	12,800,000	07/01/32	12,800,000	12,800,000
Gig Harbor YMCA	08/01/06	12,500,000	12/01/32	12,500,000	-
Eastside Catholic	02/12/07	75,800,000	07/01/38	75,800,000	-
Allied Trades Training Center	11/02/06	7,225,000	11/01/32	7,225,000	-
YMCA of Snohomish County	12/01/06	17,345,000	12/01/33	17,345,000	-

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				2007	2006
Streamlined Tax Exempt Private Placement - Nonprofit Facilities					
PAWS	03/03/92	\$ 308,813	02/28/17	\$ 153,719	\$ 169,754
Pacific Science Center	02/21/96	3,287,021	01/01/09	236,094	372,786
Audubon Society	04/17/96	100,000	05/01/11	38,426	42,298
Work Force Development	05/23/96	1,027,000	12/01/21	789,901	820,581
Campfire Service Center	07/31/96	359,700	08/01/06	-	237,831
SKCAC Industries	08/07/96	1,100,000	08/01/06	-	879,313
Boys and Girls Club of Snohomish	09/18/96	230,200	09/01/06	-	180,990
ElderHealth Northwest	12/06/96	1,200,000	12/01/11	681,789	693,200
Genesis House	06/12/97	660,000	06/01/07	432,621	463,753
Heath Building/Lindeman	08/29/97	501,208	09/01/07	397,805	411,926
Little Red School House	04/29/98	385,941	05/01/23	304,767	317,422
People for People 1999	04/30/99	1,500,000	05/01/14	1,196,269	1,248,741
Pacific NW Research Institute	05/06/99	2,700,000	07/01/14	1,602,881	1,753,397
SEED Homesight Project	05/13/99	616,000	07/01/09	546,231	557,057
NW Washington Fair	06/25/99	950,000	05/01/19	778,850	806,797
Benton-Franklin Support Network	07/09/99	920,000	08/01/09	691,400	727,469
Nova Services	03/01/00	650,000	03/01/20	496,607	523,768
Pullman Community Action Center	03/30/00	700,000	04/01/30	632,256	643,740
Henry Cogswell College	08/22/01	2,800,000	08/01/16	2,134,934	2,264,391
Washington School Principal's Project	06/01/01	700,000	06/01/21	414,886	483,921
Tacoma-Pierce County Humane Society	10/02/01	1,915,000	11/02/11	1,243,002	1,330,490
Island School Expansion and Remodel	11/01/01	1,300,000	11/01/26	706,370	728,355
Nova School Project	11/02/01	845,000	11/01/11	288,440	327,322
Harlequin Productions Project	11/08/01	538,750	11/01/21	450,950	469,043
Artist Trust Project	11/30/01	350,000	11/30/31	325,875	330,897
Girl Scouts-Totem Council Project	12/28/01	2,576,000	01/01/32	2,385,004	2,425,218
Hyla Middle School Project	12/26/01	650,000	01/01/27	571,910	590,648
Streamlined Tax Exempt Private Placement - Nonprofit Facilities (Continued)					
YMCA of Grays Harbor Project	01/04/02	2,750,000	01/31/22	6,553	19,503
Spokane Valley Community Center	05/22/02	682,500	06/01/22	437,445	477,524
Tomorrows Hope	04/05/02	860,000	04/01/27	774,353	793,119
Southside Senior Center	05/22/02	650,000	06/01/22	547,342	570,423
The Institute for Family Development	06/28/02	750,000	02/01/27	659,629	679,470
New Horizon's School	07/31/02	875,000	08/01/32	830,338	835,363
Children's Village Foundation Project	09/06/01	975,000	09/01/21	684,481	711,316
Hopelink	11/08/02	2,200,000	11/01/06	-	252,634
Goodwill Industries of Inland NW	12/23/02	3,000,000	01/01/23	2,307,991	2,493,740
Harbor Montessori	07/02/03	1,300,000	07/01/28	1,179,726	1,212,572
Puget Sound Electrical Apprenticeship	05/20/03	4,614,004	05/01/18	3,662,038	3,912,181
Opportunity Council	09/04/03	1,350,000	09/01/23	1,199,826	1,242,954
Martha & Mary	12/09/03	1,416,000	12/01/28	1,031,724	1,056,608
Whatcom Family YMCA 2004	02/04/04	1,100,000	02/01/24	979,232	1,017,282
French American School	04/21/04	1,875,000	02/01/25	1,742,695	1,801,180
Columbia Basin College Foundation	04/08/04	799,802	10/01/10	420,979	542,076
Metropolitan Development Council	12/30/04	2,403,530	12/01/31	2,320,562	2,375,446
St. Vincent de Paul	03/09/05	2,050,000	06/01/30	1,963,483	2,002,275
NW Pipe Trade - Local 26 Educational Dev. Trust	07/20/05	3,500,000	04/01/31	3,431,379	3,500,000
Morningside	11/07/05	2,244,118	11/01/30	2,117,264	2,191,501
Valley Residential Services	11/09/05	640,000	11/01/20	616,419	630,980
Goodwill Industries - Spokane Complex	03/01/06	2,400,000	03/01/26	2,318,602	2,384,427
Richland Health Science Center - Columbia Basin	03/30/06	2,950,000	09/01/31	3,251,611	3,300,000
N.E.W.J.A. Training Center	05/05/06	874,989	05/01/06	832,203	871,386
Whatcom Community College Foundation	05/11/06	1,076,990	06/01/31	1,057,974	1,075,375
SKCAC Industries	08/01/06	1,100,000	08/01/21	1,084,508	-

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				2007	2006
Streamlined Tax Exempt Private Placement - Nonprofit Facilities (Continued)					
TVW-Jeannette C. Hayner Media Center	10/04/06	\$ 2,662,820	10/01/36	\$ 2,642,284	\$ -
Re Sources Sustainable Living Center	10/31/06	2,025,000	11/01/31	2,005,285	-
Tacoma Musical Playhouse	11/01/06	1,425,000	11/01/18	1,408,737	-
United Way of Snohomish County	01/19/07	2,100,000	02/01/32	2,087,541	-
Archbishop Thomas Murphy School	05/02/07	8,500,000	05/01/27	8,500,000	-
University Cooperative Schoole	05/09/07	1,000,000	06/01/37	997,929	-
Youth Care - Orion Center	05/03/07	2,149,000	06/01/27	2,149,000	-
				438,880,120	345,790,443
Unamortized Bond Discount				-	-
				438,880,120	345,790,443
Totals				\$ 3,698,171,779	\$ 2,712,505,697

* Capital Appreciation Bonds