

**NORTH CAROLINA HOUSING FINANCE AGENCY
DISCLOSURE REPORT
AS OF SEPTEMBER 30, 2006**

INDENTURE: SINGLE FAMILY REVENUE BONDS (1985 RESOLUTION)
BOND SERIES: SERIES Y/Z

PAGE NO. 1-1985YZ

SERIES DATE: 7/28/94

SERIES SOLD: 09/08/94

GENERAL INFORMATION:

Bonds Outstanding: 6,590,000
Bond Yield: 6.33%
Mortgage Loan Prin Outstanding: 5,947,052
Mortgage Rate(s): 7.30%
Outstanding Commitments: 0
Uncommitted Lendable Funds: 0

Average Purchase Price: 60,943
Average Original Loan Amount: 59,165
Total No. of Loans Originated: 572
Total No. of Loans Paid Off: 441
Total No. of Loans Outstanding: 131

LOAN PORTFOLIO CHARACTERISTICS (AS A % OF LOANS OUTSTANDING)

New Construction: 16.79%
Existing Home: 83.21%
Total: 100.00%

Fixed Rate Mortgages: 100.00%
Graduated Pmt Mtgs: 0.00%
Growing Equity Mtgs: 0.00%
Variable Rate Mtgs: 0.00%
Total: 100.00%

Private: 0.00%
FHA: 100.00%
VA: 0.00%
Self Insured: 0.00%
Guaranty Fund: 0.00%
Other: 0.00%
(less than 80.00 LTV): 0.00%
Total: 100.00%

Effective May 1, 2006

Trustee: The Bank of New York Trust Company, NA
10161 Centurion Parkway
Jacksonville, FL 32256
(904) 645-1956
Contact: Christine Boyd

Type of Housing:
Single Family Detached: 87.02%
Condos/Townhouses: 11.45%
Manufactured/Duplexes: 1.53%
Total: 100.00%

**Breakdown of Private Mortgage Insurers
(List by % of total portfolio):**

1985Y/Z
GEMICO: 0.00%
RMIC: 0.00%
UG: 0.00%
VEREX: 0.00%

Program: P.O. Box 28066
Raleigh, NC 27611-8066
(919) 877-5700
Contact:

Sharon Dreywor, Director of Home Ownership Lending (919) 877-5621
Elizabeth I. Rozakis, Chief Financial Officer (919) 877-5687

POOL INSURANCE COVERAGE (DOLLARS IN THOUSANDS): None

SELF-INSURANCE COVERAGE:

Name of Self-Insurance Fund: Mortgage Deficiency Fund
Series of Bonds Covered: 1985 Series D through WW (excluding Series U/V)

Current Funding Requirements: (data is for 1985 Series Y/Z only):
Total Dollar Amount (\$000): Note 1
As % of Initial Principal Amount of Mortgage Loans Purchased: Note 1
Claims to Date: 0

Maximum level of funding required over the life of the bonds (\$000)

Note 1

DELINQUENCY STATISTICS (AS A % OF LOANS OUTSTANDING):

	%	#
60 days	3.82%	5
90 days	0.76%	1
In Foreclosure	0.76%	1

(AS % OF PRINCIPAL BALANCE OUTSTANDING):

	%	\$
	4.04%	240,282
	0.38%	22,495
	0.95%	56,407

No. of Loans Foreclosed to Date since 1/1/87: Not available
Foreclosed (Loss)/Gain to Date: Not available
Net of Insurance Proceeds (\$000): Not available

Real Estate Owned
Number of Loans: 0
Outstanding Mtg Amount
At time of Default: \$0
Current Balance: \$0

MORTGAGE LOAN SERVICERS:

Servicer	# of Loans	% of Portfolio
BB&T	49	37.41%
Marsh	37	28.24%
RBC Centura	32	24.43%
Bank of America	13	9.92%
CCB	0	0.00%
TOTAL	131	100.00%

MORTGAGE LOAN RATES (BY BOND SERIES):

Series	# of Loans	Mtg Rate
1985 SERIES Y/Z	131	7.30%
Total	131	

Note 1: The provisions of the Mortgage Deficiency Fund were extended to Series Y and Z Bonds. However, additional funding was not required in consequence of the extension of such provisions.

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LIST OF BONDS BY MATURITY:

CUSIP Number	Maturity Date	Bond Type	Interest Rate	Original Amount	Principal Matured	Principal Redemptions	Principal Outstanding	Bond Call Sequence (Note 1)
65820EAP5	09/01/96	Serial	4.50%	\$250,000	\$230,000	\$20,000	\$0	1
65820EAQ3	03/01/97	Serial	4.75%	260,000	240,000	20,000	0	1
65820EAR1	09/01/97	Serial	4.75%	265,000	245,000	20,000	0	1
65820EAS9	03/01/98	Serial	5.00%	270,000	250,000	20,000	0	1
65820EAT7	09/01/98	Serial	5.00%	275,000	255,000	20,000	0	1
65820EAU4	03/01/99	Serial	5.15%	285,000	245,000	40,000	0	1
65820EAV2	09/01/99	Serial	5.15%	290,000	235,000	55,000	0	1
65820EAW0	03/01/00	Serial	5.30%	300,000	235,000	65,000	0	1
65820EAX8	09/01/00	Serial	5.30%	305,000	225,000	80,000	0	1
65820EAY6	03/01/01	Serial	5.45%	310,000	200,000	110,000	0	1
65820EAZ3	09/01/01	Serial	5.45%	320,000	190,000	130,000	0	1
65820EBA7	03/01/02	Serial	5.55%	330,000	175,000	155,000	0	1
65820EBB5	09/01/02	Serial	5.55%	335,000	165,000	170,000	0	1
65820EBC3	03/01/03	Serial	5.65%	345,000	155,000	190,000	0	1
65820EBD1	09/01/03	Serial	5.65%	355,000	145,000	210,000	0	1
65820EBE9	03/01/04	Serial	5.75%	365,000	130,000	235,000	0	1
65820EBF6	09/01/04	Serial	5.75%	375,000	95,000	280,000	0	1
65820EBG4	03/01/05	Serial	5.85%	385,000	90,000	295,000	0	1
65820EBH2	09/01/05	Serial	5.85%	395,000	70,000	325,000	0	1
65820EBJ8	03/01/06	Serial	5.95%	410,000	60,000	350,000	0	1
65820EBK5	09/01/06	Serial	5.95%	100,000	25,000	75,000	0	1
65820EBS8	03/01/11	Term (Note 2)	6.40%	4,835,000		3,440,000	1,395,000	2
65820EAM2	09/01/15	Term (Note 3)	6.30%	5,560,000		4,065,000	1,495,000	2
65820EAN0	03/01/18	Term (Note 4)	6.35%	3,440,000		2,515,000	925,000	2
65820EBU3	09/01/25	Term (Note 5)	6.10%	7,700,000		7,700,000	0	1
65820EBV1	09/01/26	Term (Note 6)	6.60%	11,940,000		9,165,000	2,775,000	2
Total 1985 Series Y/Z				\$40,000,000	\$3,660,000	\$29,750,000	\$6,590,000	

Note 1: See optional and special redemption provisions on page 4-1985YZ. (i.e. "1" denotes first call priority from prepayments.)

Note 2: Sinking fund redemption begins September 1, 2006.

Note 3: Sinking fund redemption begins September 1, 2011.

Note 4: Sinking fund redemption begins March 1, 2016.

Note 5: Sinking fund redemption begins March 1, 2014.

Note 6: Sinking fund redemption begins September 1, 2018.

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LIST OF UNSCHEDULED REDEMPTIONS:

Call Date	Call Amount	Type of Call	Source Of Funds
07/01/95	\$10,000	Supersinker	Prepayments
01/01/96	65,000	Supersinker	Prepayments
01/01/96	90,000	Pro rata	Debt Service Reserve
01/01/96	2,265,000	Pro rata	Unexpended Proceeds
07/01/96	595,000	Supersinker	Prepayments
07/01/96	115,000	Pro rata	Prepayments
07/01/96	340,000	Pro rata	Unexpended Proceeds
07/01/96	15,000	Pro rata	Debt Service Reserve
12/01/96	270,000	Supersinker	Prepayments
12/01/96	300,000	Pro rata	Prepayments
12/01/96	35,000	Pro rata	Debt Service Reserve
02/01/97	270,000	Supersinker	Prepayments
02/01/97	5,000	Pro rata	Debt Service Reserve
06/01/97	390,000	Supersinker	Prepayments
06/01/97	10,000	Pro rata	Debt Service Reserve
09/01/97	30,000	Pro rata	Prepayments
09/01/97	170,000	Supersinker	Prepayments
09/01/97	5,000	Pro rata	Debt Service Reserve
01/01/98	120,000	Pro rata	Prepayments
01/01/98	690,000	Supersinker	Prepayments
01/01/98	10,000	Pro rata	Debt Service Reserve
03/01/98	85,000	Pro rata	Prepayments
03/01/98	500,000	Supersinker	Prepayments
03/01/98	5,000	Pro rata	Debt Service Reserve
07/01/98	115,000	Pro rata	Prepayments
07/01/98	700,000	Supersinker	Prepayments
07/01/98	5,000	Pro rata	Debt Service Reserve
01/01/99	140,000	Pro rata	Prepayments
01/01/99	905,000	Supersinker	Prepayments
05/01/99	125,000	Pro rata	Prepayments
05/01/99	875,000	Supersinker	Prepayments
07/01/99	125,000	Pro rata	Prepayments
07/01/99	850,000	Supersinker	Prepayments
09/01/99	45,000	Pro rata	Prepayments
09/01/99	315,000	Supersinker	Prepayments
12/15/99	140,000	Pro rata	Prepayments
12/15/99	690,000	Supersinker	Prepayments
12/15/99	365,000	Pro rata	Prepayments
12/15/99	15,000	Pro rata	Debt Service Reserve
05/01/00	85,000	Pro rata	Prepayments
05/01/00	720,000	Pro rata	Prepayments
05/01/00	45,000	Pro rata	Debt Service Reserve
07/01/00	410,000	Pro rata	Prepayments
07/01/00	20,000	Pro rata	Debt Service Reserve
01/01/01	100,000	Supersinker	Prepayments
01/01/01	960,000	Pro rata	Prepayments
01/01/01	55,000	Pro rata	Debt Service Reserve
06/01/01	85,000	Supersinker	Prepayments
06/01/01	885,000	Pro rata	Prepayments
06/01/01	55,000	Pro rata	Debt Service Reserve
10/01/01	95,000	Supersinker	Prepayments
10/01/01	950,000	Pro rata	Prepayments
10/01/01	70,000	Pro rata	Debt Service Reserve
01/01/02	60,000	Pro rata	Prepayments
01/01/02	700,000	Pro rata	Prepayments
01/01/02	40,000	Pro rata	Debt Service Reserve
04/15/02	595,000	Pro rata	Prepayments
04/15/02	35,000	Pro rata	Debt Service Reserve
07/01/02	735,000	Pro rata	Prepayments
07/01/02	45,000	Pro rata	Debt Service Reserve
01/01/03	1,180,000	Pro rata	Prepayments
06/01/03	45,000	Pro rata	Prepayments
06/01/03	735,000	Pro rata	Prepayments
06/01/03	100,000	Pro rata	Debt Service Reserve
06/01/03	35,000	Pro rata	Prepayments
06/01/03	620,000	Pro rata	Prepayments
10/01/03	25,000	Pro rata	Prepayments
10/01/03	400,000	Pro rata	Prepayments
10/01/03	65,000	Pro rata	Debt Service Reserve
10/01/03	50,000	Pro rata	Prepayments
10/01/03	1,005,000	Pro rata	Prepayments
01/01/04	40,000	Pro rata	Prepayments
01/01/04	770,000	Pro rata	Prepayments
05/01/04	95,000	Pro rata	Prepayments
05/01/04	2,390,000	Pro rata	Prepayments
05/01/04	235,000	Pro rata	Debt Service Reserve
09/01/04	25,000	Serial	Prepayments
09/01/04	675,000	Pro rata	Prepayments
09/01/04	55,000	Pro rata	Debt Service Reserve
01/01/05	15,000	Serial	Prepayments
01/01/05	515,000	Pro rata	Prepayments

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01/01/05	30,000	Pro rata	Debt Service Reserve
05/01/05	15,000	Serial	Prepayments
05/01/05	710,000	Pro rata	Prepayments
05/01/05	50,000	Pro rata	Debt Service Reserve
10/01/05	10,000	Serial	Prepayments
10/01/05	490,000	Pro rata	Prepayments
04/01/06	370,000	Pro rata	Prepayments
04/01/06	40,000	Pro rata	Debt Service Reserve
08/01/06	400,000	Pro rata	Prepayments
08/01/06	<u>15,000</u>	Pro rata	Debt Service Reserve
Total	<u>\$29,750,000</u>		

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Bond Call Information:

Special Redemption

The 1985 Series Y and Z bonds may be redeemed in whole or in part on any date at the principal amount plus accrued interest to the date of redemption, from:

- (i) unexpended proceeds,
- (ii) excess revenues transferred from the revenue reserve fund,
- (iii) prepayments of mortgage loans financed with the proceeds of the Series Y and Z bonds, moneys withdrawn from the debt service revenue fund in connection with an excess over the debt service requirement, and
- (iv) from prepayments of mortgage loans financed with proceeds from series of bonds issued subsequent to the Series D bonds other than the Series Y and Z bonds and from certain moneys in excess of the debt service reserve requirement on deposit in the debt service reserve fund ("Cross Call Redemption").

Prepayments on mortgage loans financed with the proceeds of the Series Y and Z bonds, shall first be applied to the redemption or purchases of Series Z serial bonds and Series Z term bonds due September 1, 2025 during the periods up to the scheduled principal amounts set forth in the series resolution.

Moneys from unexpended proceeds shall be applied to the redemption of the Series Y and Z bonds on a pro rata basis.

Moneys in excess of the debt service reserve requirement shall be applied to the redemption of the series Y and Z bonds in any manner. Moneys to be applied to redemption from excess revenues in the revenue reserve fund, from prepayments in excess of the scheduled principal amounts or from cross call redemption sources, shall be applied pro rata. However, the Agency may redeem on other than a pro rata basis, if the Agency files a notice with the Trustee together with a cash flow certificate.

Optional Redemption

The Series Y and Z bonds are redeemable at the option of the Agency, in any manner the Agency shall determine, on or after September 1, 2004, in whole or in part, on any date, at the following redemption prices, plus accrued interest to the date of redemption:

Period (Both Dates Inclusive)	Redemption Price (Expressed as a Percentage)
September 1, 2004 - August 31, 2005	102.00%
September 1, 2005 - August 31, 2006	101.00%
September 1, 2006 and thereafter	100.00%