

**NORTH CAROLINA HOUSING FINANCE AGENCY
DISCLOSURE REPORT
AS OF SEPTEMBER 30, 2008**

INDENTURE: SINGLE FAMILY REVENUE BONDS (1985 RESOLUTION)
BOND SERIES: SERIES MM/NN

PAGE NO. 1-1985MMNN

SERIES DATE: 12/01/96

SERIES SOLD: 12/18/96

GENERAL INFORMATION:

Bonds Outstanding: 3,810,000
Bond Yield: 5.69%
Mortgage Loan Prin Outstanding: 3,794,865
Mortgage Rate(s): 6.45-6.75%
Outstanding Commitments: 0
Uncommitted Lendable Funds: 0

Average Purchase Price: 69,654
Average Original Loan Amount: 67,159
Total No. of Loans Originated: 330
Total No. of Loans Paid Off: 260
Total No. of Loans Outstanding: 70

LOAN PORTFOLIO CHARACTERISTICS (AS A % OF LOANS OUTSTANDING)

New Construction: 27.14%
Existing Home: 72.86%
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 Mellon
10161 Centurion Parkway
Jacksonville, FL 32256
(904) 645-1956
Contact: Christine Boyd

Type of Housing:
Single Family Detached: 90.00%
Condos/Townhouses: 10.00%
Manufactured/Duplexes: 0.00%
Total: 100.00%

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

1985MM/NN
GEMICO: 0.00%
RMIC: 0.00%
UG: 0.00%
VEREX: 0.00%
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 MM/NN 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	2.86%	2
90 days	2.86%	2
In Foreclosure	1.43%	1

(AS % OF PRINCIPAL BALANCE OUTSTANDING):

	%	\$
	2.74%	104,009
	2.96%	112,240
	2.35%	89,292

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	29	41.43%
RBC Centura	27	38.57%
Marsh	9	12.86%
Bank of America	5	7.14%
TOTAL	70	100.00%

MORTGAGE LOAN RATES (BY BOND SERIES):

Series	# of Loans	Mtg Rate
1985 SERIES MM/NN	70	6.75%
Total	70	

Note 1: The provisions of the Mortgage Deficiency Fund were extended to Series MM and NN 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)
65820EPF1	03/01/99	Serial	4.30%	\$165,000	\$165,000	\$0	\$0	2
65820EPG9	09/01/99	Serial	4.30%	170,000	170,000	0	0	2
65820EPH7	03/01/00	Serial	4.50%	180,000	180,000	0	0	2
65820EPJ3	09/01/00	Serial	4.50%	180,000	180,000		0	2
65820EPK0	03/01/01	Serial	4.65%	185,000	185,000		0	2
65820EPL8	09/01/01	Serial	4.65%	190,000	190,000		0	2
65820EPM6	03/01/02	Serial	4.75%	195,000	190,000	5,000	0	2
65820EPN4	09/01/02	Serial	4.75%	200,000	190,000	10,000	0	2
65820EPP9	03/01/03	Serial	4.85%	200,000	190,000	10,000	0	2
65820EPQ7	09/01/03	Serial	4.85%	210,000	190,000	20,000	0	2
65820EPR5	03/01/04	Serial	4.95%	215,000	175,000	40,000	0	2
65820EPS3	09/01/04	Serial	4.95%	220,000	145,000	75,000	0	2
65820EPT1	03/01/05	Serial	5.05%	225,000	140,000	85,000	0	2
65820EPU8	09/01/05	Serial	5.05%	230,000	120,000	110,000	0	2
65820EPV6	03/01/06	Serial	5.15%	240,000	120,000	120,000	0	2
65820EPW4	09/01/06	Serial	5.15%	245,000	105,000	140,000	0	2
65820EPX2	03/01/07	Serial	5.25%	250,000	95,000	155,000	0	2
65820ENZ9	09/01/07	Serial	5.25%	260,000	105,000	155,000	0	2
65820ENX4	03/01/08	Serial	5.15%	250,000	85,000	165,000	0	2
65820ENY2	09/01/08	Serial	5.15%	265,000	85,000	180,000	0	2
65820ENZ9	03/01/09	Serial	5.30%	270,000		180,000	90,000	2
65820EPA2	09/01/09	Serial	5.30%	275,000		200,000	75,000	2
65820EPB0	03/01/10	Serial	5.40%	280,000		205,000	75,000	2
65820EPC8	09/01/10	Serial	5.40%	295,000		215,000	80,000	2
65820EPD6	03/01/11	Serial	5.45%	300,000		220,000	80,000	2
65820EPE4	09/01/11	Serial	5.45%	305,000		220,000	85,000	2
65820EPZ7	09/01/17	Term (Note 2)	5.85%	4,805,000		3,395,000	1,410,000	2
65820EQA1	09/01/23	Term (Note 3)	5.40%	6,600,000		6,600,000	0	1
65820EQC7	09/01/25	Term (Note 4)	5.95%	2,595,000		2,080,000	515,000	2
65820EQB9	09/01/28	Term (Note 5)	5.95%	5,000,000		3,600,000	1,400,000	2
Total 1985 Series MM/NN				\$25,000,000	\$3,005,000	\$18,185,000	\$3,810,000	

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

Note 2: Sinking fund redemption begins March 1, 2012.

Note 3: Sinking fund redemption begins March 1, 2018.

Note 4: Sinking fund redemption begins March 1, 2024.

Note 5: Sinking fund redemption begins March 1, 2026.

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LIST OF UNSCHEDULED REDEMPTIONS:

Call Date	Call Amount	Type of Call	Source Of Funds
01/01/98	\$100,000	Supersinker	Prepayments
07/01/98	100,000	Supersinker	Prepayments
01/01/99	550,000	Supersinker	Prepayments
05/01/99	285,000	Supersinker	Prepayments
07/01/99	580,000	Supersinker	Prepayments
07/01/99	15,000	Pro rata	Prepayments
09/01/99	120,000	Pro rata	Prepayments
12/15/99	535,000	Supersinker	Prepayments
05/01/00	130,000	Supersinker	Prepayments
05/01/00	185,000	Pro rata	Prepayments
07/01/00	355,000	Supersinker	Prepayments
01/01/01	835,000	Supersinker	Prepayments
06/01/01	405,000	Supersinker	Prepayments
10/01/01	560,000	Supersinker	Prepayments
10/01/01	295,000	Pro rata	Prepayments
01/01/02	565,000	Supersinker	Prepayments
04/15/02	95,000	Pro rata	Prepayments
04/15/02	335,000	Supersinker	Prepayments
07/01/02	605,000	Supersinker	Prepayments
07/01/02	10,000	Pro rata	Prepayments
01/01/03	20,000	Supersinker	Prepayments
01/01/03	245,000	Pro rata	Prepayments
06/01/03	585,000	Supersinker	Prepayments
06/01/03	70,000	Pro rata	Prepayments
06/01/03	20,000	Pro rata	Debt Service Reserve
06/01/03	460,000	Pro rata	Prepayments
10/01/03	295,000	Supersinker	Prepayments
10/01/03	835,000	Pro rata	Prepayments
10/01/03	75,000	Pro rata	Debt Service Reserve
10/01/03	840,000	Pro rata	Prepayments
01/01/04	1,625,000	Pro rata	Prepayments
05/01/04	635,000	Pro rata	Prepayments
05/01/04	180,000	Pro rata	Debt Service Reserve
09/01/04	795,000	Pro rata	Prepayments
09/01/04	75,000	Pro rata	Debt Service Reserve
01/01/05	915,000	Pro rata	Prepayments
01/01/05	60,000	Pro rata	Debt Service Reserve
05/01/05	700,000	Pro rata	Prepayments
05/01/05	45,000	Pro rata	Debt Service Reserve
10/01/05	135,000	Pro rata	Prepayments
04/01/06	890,000	Pro rata	Prepayments
04/01/06	60,000	Pro rata	Debt Service Reserve
08/01/06	155,000	Pro rata	Prepayments
08/01/06	20,000	Pro rata	Debt Service Reserve
01/01/07	580,000	Pro rata	Prepayments
01/01/07	35,000	Pro rata	Debt Service Reserve
05/01/07	255,000	Pro rata	Prepayments
11/01/07	250,000	Pro rata	Prepayments
02/01/08	230,000	Pro rata	Prepayments
02/01/08	10,000	Pro rata	Debt Service Reserve
07/01/08	<u>430,000</u>	Pro rata	Prepayments
TOTAL	<u>\$18,185,000</u>		

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Bond Call Information:

Special Redemption

The 1985 Series MM and NN 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 MM and NN bonds,
- (iv) moneys withdrawn from the debt service reserve fund in connection with an excess over the debt service reserve requirement, and
- (v) from prepayments of mortgage loans financed with proceeds from series of bonds issued subsequent to the Series D bonds other than the Series MM and NN 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 MM and NN bonds, shall first be applied to the redemption or purchase of Series NN Term bonds due September 1, 2023 during the periods up to the scheduled principal amounts set forth in the series resolution.

Moneys in excess of the debt service reserve requirement shall be applied to the redemption of the series MM and NN 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 MM and NN bonds are redeemable at the option of the Agency, in any manner the Agency shall determine, on or after September 1, 2006, 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, 2006 to August 31, 2007	102.00%
September 1, 2007 to August 31, 2008	101.00%
September 1, 2008 and thereafter	100.00%