

**NORTH CAROLINA HOUSING FINANCE AGENCY
DISCLOSURE REPORT
AS OF DECEMBER 31, 2012**

**INDENTURE: SINGLE FAMILY REVENUE BONDS (1998 RESOLUTION)
BOND SERIES: 18**

GENERAL MORTGAGE LOAN INFORMATION

Mortgage Loan Prin Outstanding: \$24,288,892
Mortgage Rates: 4.625% - 5.875%

Average Purchase Price: \$101,258
Average Original Loan Amount: \$95,786

Total No. of Loans Originated: 449
Total No. of Loans Paid Off: 191
Total No. of Loans Outstanding: 258

PROGRAM

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

Contacts:
Rob Rusczak, Manager of Home Ownership Production
Elizabeth Rozakis, Chief Financial Officer

TRUSTEE

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

LOAN PORTFOLIO CHARACTERISTICS (AS OF PERCENTAGE OF LOANS OUTSTANDING)

All loans are 30-year fixed-rate loans.

| <u>Loan Type:</u> | <u># of Loans</u> | <u>%</u> |
|-------------------|-------------------|----------------|
| CONV | 60 | 23.26% |
| FHA | 109 | 42.25% |
| VA | 12 | 4.65% |
| USDA | 32 | 12.40% |
| HUD-184 | 0 | 0.00% |
| Guaranty Fund | 0 | 0.00% |
| Other (< 80%LTV) | 45 | 17.44% |
| Total | 258 | 100.00% |

| <u>Private Mortgage Insurers:</u> | <u># of Loans</u> | <u>%</u> |
|-----------------------------------|-------------------|---------------|
| GENWORTH | 42 | 16.28% |
| RADIAN GUARANTY INC. | 7 | 2.71% |
| AIG-UGIC | 2 | 0.78% |
| PMI MTG. INS. CO. | 2 | 0.78% |
| RMIC | 2 | 0.78% |
| MGIC | 5 | 1.94% |
| Total | 60 | 23.26% |

| <u>New/Existing:</u> | <u># of Loans</u> | <u>%</u> |
|----------------------|-------------------|----------------|
| New Construction | 67 | 25.97% |
| Existing Home | 191 | 74.03% |
| Total | 258 | 100.00% |

| <u>Type of Housing:</u> | <u># of Loans</u> | <u>%</u> |
|-------------------------|-------------------|----------------|
| Single Family Detached | 247 | 95.74% |
| Condominium | 5 | 1.94% |
| Townhouse | 6 | 2.32% |
| Manufactured Home | 0 | 0.00% |
| Total | 258 | 100.00% |

DELINQUENCY STATISTICS

| <u>Loans Outstanding:</u> | <u># of Loans</u> | <u>%</u> |
|---------------------------|-------------------|----------|
| 60 days | 6 | 2.33% |
| 90 days + | 9 | 3.49% |
| In Foreclosure | 6 | 2.33% |
| REO (Conv, USDA) | 0 | 0.00% |
| Total | 21 | |

| <u>Principal Outstanding:</u> | <u>\$ of Loans</u> | <u>%</u> |
|-------------------------------|--------------------|----------|
| 60 days | \$399,205 | 1.64% |
| 90 days + | \$804,542 | 3.31% |
| In Foreclosure | \$601,439 | 2.48% |
| REO (Conv, USDA) | \$0 | 0.00% |
| Total | \$1,805,187 | |

SERVICER AND MORTGAGE LOAN DATA

| <u>Servicers:</u> | <u># of Loans</u> | <u>%</u> |
|------------------------------|-------------------|----------------|
| Marsh Associates Inc. | 137 | 53.10% |
| PNC | 65 | 25.19% |
| BB&T | 51 | 19.77% |
| Bank of America | 4 | 1.55% |
| State Employees Credit Union | 1 | 0.39% |
| Total | 258 | 100.00% |

| <u>Mortgage Rates (%):</u> | <u># of Loans</u> |
|----------------------------|-------------------|
| 5.875 | 1 |
| 5.75 | 5 |
| 5.625 | 39 |
| 5.5 | 80 |
| 5.375 | 5 |
| 5.25 | 2 |
| 5.125 | 110 |
| 4.625 | 16 |
| Total | 258 |

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PAGE NO. 2-1998-18

POOL INSURANCE COVERAGE (DOLLARS IN THOUSANDS): None

| | | | |
|--------------------------|---|-------------------------------|-------|
| SELF-INSURANCE COVERAGE: | Name of Self-Insurance Fund: Insurance Reserve Fund | Current Funding Requirements: | |
| | Series of Bonds Covered: 1998 Series 18 | Total Dollar Amount (\$000) | \$550 |
| | | As % of Principal Amount | |
| | | of Mortgage Loans | 2.26% |
| | | Claims to Date | 0 |

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) |
|----------------------|---------------|---------------|---------------|-----------------|-------------------|-----------------------|-----------------------|-----------------------------|
| 65821FAD8 | 07/01/05 | Serial | 1.10% | \$740,000 | \$740,000 | \$0 | \$0 | 2 |
| 65821FAE6 | 01/01/06 | Serial | 1.20% | 745,000 | 745,000 | 0 | 0 | 2 |
| 65821FAF3 | 07/01/06 | Serial | 1.35% | 755,000 | 730,000 | 25,000 | 0 | 2 |
| 65821FAG1 | 01/01/07 | Serial | 1.60% | 765,000 | 740,000 | 25,000 | 0 | 2 |
| 65821FAH9 | 07/01/07 | Serial | 1.70% | 770,000 | 720,000 | 50,000 | 0 | 2 |
| 65821FAJ5 | 01/01/08 | Serial | 1.90% | 780,000 | 665,000 | 115,000 | 0 | 2 |
| 65821FAK2 | 07/01/08 | Serial | 2.00% | 450,000 | 380,000 | 70,000 | 0 | 2 |
| 65821FAL0 | 01/01/09 | Serial | 2.20% | 455,000 | 385,000 | 70,000 | 0 | 2 |
| 65821FAM8 | 07/01/09 | Serial | 2.30% | 460,000 | 385,000 | 75,000 | 0 | 2 |
| 65821FAN6 | 01/01/10 | Serial | 2.45% | 470,000 | 380,000 | 90,000 | 0 | 2 |
| 65821FAP1 | 07/01/10 | Serial | 2.50% | 475,000 | 380,000 | 95,000 | 0 | 2 |
| 65821FAQ9 | 01/01/11 | Serial | 2.70% | 485,000 | 385,000 | 100,000 | 0 | 2 |
| 65821FAR7 | 07/01/11 | Serial | 2.75% | 490,000 | 340,000 | 150,000 | 0 | 2 |
| 65821FAS5 | 01/01/12 | Serial | 3.00% | 500,000 | 355,000 | 145,000 | 0 | 2 |
| 65821FAT3 | 07/01/12 | Serial | 3.00% | 410,000 | 0 | 410,000 | 0 | 2 |
| 65821FAU0 | 01/01/13 | Serial | 3.10% | 265,000 | 0 | 115,000 | 150,000 | 2 |
| 65821FAA4 | 07/01/24 | Term (Note 2) | 4.45% | 6,985,000 | 0 | 3,125,000 | 3,860,000 | 2 |
| 65821FAB2 | 01/01/25 | Term (Note 3) | 4.45% | 6,000,000 | 0 | 2,535,000 | 3,465,000 | 1 |
| 65821FAC0 | 07/01/34 | Term (Note 4) | 5.00% | 8,000,000 | 0 | 8,000,000 | 0 | 2 |
| | 01/01/35 | (Note 5) | Variable | 20,000,000 | 380,000 | 7,545,000 | 12,075,000 | |
| Total 1998 Series 18 | | | | \$50,000,000 | \$7,710,000 | \$22,740,000 | \$19,550,000 | |

Note 1: See optional and special redemption provisions page 4-1998-18, (i.e. "*" denotes first call priority from prepayments).

Note 2: Sinking fund redemptions begin January 1, 2013.

Note 3: Sinking fund redemptions begin January 1, 2013.

Note 4: Sinking fund redemptions begin July 1, 2012.

Note 5: Variable rate loans associated with swap - Bank of America

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PAGE NO. 3-1998-18

LIST OF UNSCHEDULED REDEMPTIONS:

| Call Date | Call Amount | Type of Call | Source Of Funds |
|-----------|---------------------|--------------|----------------------|
| 05/01/05 | \$185,000 | Supersinker | Prepayments |
| 10/01/05 | \$125,000 | Pro rata | Prepayments |
| 04/01/06 | \$370,000 | Supersinker | Prepayments |
| 04/01/06 | \$690,000 | Pro rata | Debt Service Reserve |
| 04/01/06 | \$40,000 | Pro rata | Prepayments |
| 08/01/06 | \$155,000 | Supersinker | Prepayments |
| 08/01/06 | \$20,000 | Pro rata | Debt Service Reserve |
| 01/01/07 | \$1,205,000 | Supersinker | Prepayments |
| 01/01/07 | \$830,000 | Pro rata | Prepayments |
| 01/01/07 | \$55,000 | Pro rata | Debt Service Reserve |
| 05/01/07 | \$950,000 | Supersinker | Prepayments |
| 05/01/07 | \$360,000 | Pro rata | Prepayments |
| 05/01/07 | \$40,000 | Pro rata | Debt Service Reserve |
| 11/01/07 | \$1,295,000 | Pro rata | Prepayments |
| 11/01/07 | \$40,000 | Pro rata | Debt Service Reserve |
| 02/01/08 | \$995,000 | Supersinker | Prepayments |
| 02/01/08 | \$260,000 | Pro rata | Prepayments |
| 02/01/08 | \$25,000 | Pro rata | Debt Service Reserve |
| 07/01/08 | \$970,000 | Supersinker | Prepayments |
| 01/01/09 | \$940,000 | Supersinker | Prepayments |
| 01/01/09 | \$65,000 | Pro rata | Debt Service Reserve |
| 07/01/09 | \$915,000 | Supersinker | Prepayments |
| 07/01/09 | \$30,000 | Pro rata | Debt Service Reserve |
| 01/01/10 | \$585,000 | Supersinker | Prepayments |
| 01/01/10 | \$20,000 | Pro rata | Debt Service Reserve |
| 06/01/10 | \$435,000 | Supersinker | Prepayments |
| 06/01/10 | \$15,000 | Pro rata | Debt Service Reserve |
| 12/01/10 | \$925,000 | Swap call | Prepayments |
| 12/01/10 | \$25,000 | Pro rata | Debt Service Reserve |
| 06/01/11 | \$795,000 | Swap call | Prepayments |
| 06/01/11 | \$1,770,000 | Pro rata | Prepayments |
| 06/01/11 | \$60,000 | Pro rata | Debt Service Reserve |
| 12/01/11 | \$765,000 | Swap call | Prepayments |
| 12/01/11 | \$550,000 | Pro rata | Prepayments |
| 12/01/11 | \$30,000 | Pro rata | Debt Service Reserve |
| 06/01/12 | \$745,000 | Supersinker | Prepayments |
| 06/01/12 | \$380,000 | Pro rata | Prepayments |
| 06/01/12 | \$20,000 | Pro rata | Debt Service Reserve |
| 07/01/12 | \$3,865,000 | Supersinker | Prepayments |
| 07/01/12 | \$20,000 | Pro rata | Debt Service Reserve |
| 07/01/12 | \$275,000 | Pro rata | Prepayments |
| 10/01/12 | \$375,000 | Pro rata | Prepayments |
| 10/01/12 | \$85,000 | Pro rata | Debt Service Reserve |
| 10/01/12 | \$550,000 | Supersinker | Prepayments |
| | <u>\$22,740,000</u> | | |

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PAGE NO. 4-1998-18

Bond Call Information:

Special Redemption

The 1998 Series 18 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) prepayments of mortgage loans financed with the proceeds of the Series 18, including the existing mortgage loans,
- (iii) excess revenues transferred from the revenue reserve fund,
- (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 other than the Series 18 bond 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 18 bonds shall first be applied to the redemption or purchase of Series 18

Term bonds due July 1, 2034 during the periods up to the scheduled principal amounts set forth in the series resolution.

Moneys in excess of the debt service reserve requirement, from excess revenues in the revenue reserve fund and from cross call redemption sources shall be applied to the redemption of the Series 18 bonds in any manner. Moneys to be applied to redemption from prepayments in excess of the scheduled principal amounts 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 18 bonds are redeemable at the option of the Agency, in any manner the Agency shall determine, on or after July 1, 2013, in whole, or in part, at the principal amount thereof plus accrued interest to the date of redemption, without premium.

Material Event

On August 8, 2011, Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") changed the long-term credit rating on the Agency's Variable Rate Home Ownership Revenue Bonds, (1998 Trust Agreement), Series 15-C, dated May 8, 2003; Variable Rate Home Ownership Revenue Bonds, (1998 Trust Agreement), Series 16-C, dated September 16, 2003; Variable Rate Home Ownership Revenue Bonds, (1998 Trust Agreement), Series 17-C, dated December 11, 2003, and Variable Rate Home Ownership Revenue Bonds, (1998 Trust Agreement), Series 18-C, dated April 19, 2004 from "AAA" to "AA+". Such rating changes were made in connection with changes to the ratings of Fannie Mae and Freddie Mac. Explanations of the significance of such ratings may be obtained only from Standard & Poor's.