

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

INDENTURE: SINGLE FAMILY REVENUE BONDS (1998 RESOLUTION)  
BOND SERIES: SERIES 12

PAGE NO. 1-1998-12

SERIES DATE: 11/15/01

SERIES SOLD: 12/20/01

**NOTE: Refunded (1985 Single Family Resolution) Series RST, and Defeased 1976 Single Family Series A & B. See page 2.**

**GENERAL INFORMATION:**

Bonds Outstanding: 43,960,000  
Bond Yield 6.25%  
Mortgage Loan Prin Outstanding 29,463,616  
Mortgage Rate(s) 4.99% - 13.00%  
Outstanding Commitments: 0  
Uncommitted Lendable Funds: 0  
  
Average Purchase Price: 61,097  
Average Original Loan Amount: 59,006  
Total No. of Loans Originated: 1,473  
Total No. of Loans Paid Off: 808  
Total No. of Loans Outstanding: 665

**LOAN PORTFOLIO CHARACTERISTICS (AS A % OF LOANS OUTSTANDING)**

New Construction: 22.86%  
Existing Home: 77.14%  
Total 100.00%  
  
Private 15.94%  
FHA 64.21%  
VA 14.89%  
USDA 2.86%  
Guaranty Fund 0.00%  
Other (less than 80.00 LTV) 2.10%  
Total 100.00%  
  
Fixed Rate Mortgages 100.00%  
Graduated Prnt Mtgs 0.00%  
Growing Equity Mtgs 0.00%  
Variable Rate Mtgs 0.00%  
Total 100.00%

**Effective May 1, 2006**

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

Type of Housing:  
Single Family Detached 93.69%  
Condos/Townhouses 5.56%  
Manufactured/Duplexes 0.75%  
Total 100.00%

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

1998-12 5.72%  
GEMICO 3.61%  
MGIC 4.51%  
UG 0.90%  
PMI 0.30%  
TRIAD 0.15%  
RADIANT 0.75%  
15.94%

Program: P.O. Box 28066  
Raleigh, NC 27611-8066  
(919) 877-5700  
Contact:  
Sharon Drewyor, 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: Insurance Reserve Fund  
Series of Bonds Covered: 1998 Series 12

Current Funding Requirements:  
Total Dollar Amount (\$000) \$484  
As % of Initial Principal Amount  
of Mortgage Loans Purchased 2.22%  
Claims to Date 0

Maximum level of funding required over the life of the bonds (\$000) \$705

**DELINQUENCY STATISTICS (AS A % OF LOANS OUTSTANDING):**

|                | %     | # |
|----------------|-------|---|
| 60 days        | 1.35% | 9 |
| 90 days        | 1.35% | 9 |
| In Foreclosure | 0.00% | 0 |

**(AS % OF PRINCIPAL BALANCE OUTSTANDING):**

|  | %     | \$      |
|--|-------|---------|
|  | 1.46% | 431,631 |
|  | 1.38% | 405,825 |
|  | 0.00% |         |

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 1  
Outstanding Mtg Amount  
At time of Default \$74,850  
Current Balance \$74,850

**MORTGAGE LOAN SERVICERS:**

| Servicer        | # of Loans | % of Portfolio |
|-----------------|------------|----------------|
| Marsh           | 263        | 39.55%         |
| BB&T            | 198        | 29.78%         |
| RBC Centura     | 168        | 25.26%         |
| Bank of America | 32         | 4.81%          |
| NCHFA           | 4          | 0.60%          |
| Other           | 0          | 0.00%          |
| <b>Total</b>    | <b>665</b> | <b>100.00%</b> |

**MORTGAGE LOAN RATES (BY BOND SERIES):**

| Series         | # of Loans | Mtg Rate    |
|----------------|------------|-------------|
| 1998 SERIES 12 | 192        | 4.99%-5.99% |
|                | 147        | 6.00%-6.95% |
|                | 200        | 7.00%-7.75% |
|                | 110        | 9.75%       |
|                | <u>16</u>  | 13.00%      |
| <b>Total</b>   | <b>665</b> |             |

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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) |
|----------------------|---------------|---------------|---------------|-----------------|-------------------|-----------------------|-----------------------|-----------------------------|
| 65820EU65            | 07/01/03      | Serial        | 2.55%         | \$580,000       | \$515,000         | \$65,000              | \$0                   | 2                           |
| 65820EU73            | 07/01/04      | Serial        | 2.90%         | 610,000         | 505,000           | 105,000               | 0                     | 2                           |
| 65820EU81            | 07/01/05      | Serial        | 3.30%         | 640,000         | 480,000           | 160,000               | 0                     | 2                           |
| 65820EU99            | 07/01/06      | Serial        | 3.55%         | 680,000         | 455,000           | 225,000               | 0                     | 2                           |
| 65820EV23            | 07/01/07      | Serial        | 3.80%         | 710,000         | 0                 | 240,000               | 470,000               | 2                           |
| 65820EV31            | 07/01/08      | Serial        | 4.10%         | 750,000         | 0                 | 250,000               | 500,000               | 2                           |
| 65820EV49            | 07/01/09      | Serial        | 4.30%         | 790,000         | 0                 | 260,000               | 530,000               | 2                           |
| 65820EV56            | 07/01/10      | Serial        | 4.45%         | 840,000         | 0                 | 275,000               | 565,000               | 2                           |
| 65820EV64            | 07/01/11      | Serial        | 4.60%         | 880,000         | 0                 | 285,000               | 595,000               | 2                           |
| 6580EV72             | 07/01/12      | Serial        | 4.65%         | 930,000         | 0                 | 295,000               | 635,000               | 2                           |
| 65820EV80            | 07/01/17      | Term (Note 2) | 5.05%         | 5,360,000       | 0                 | 2,000,000             | 3,360,000             | 2                           |
| 65820EU32            | 01/01/26      | Term (Note 3) | 4.38%         | 10,720,000      | 0                 | 5,170,000             | 5,550,000             | 1                           |
| 65820EU40            | 07/01/31      | Term (Note 4) | 5.45%         | 7,505,000       | 0                 | 2,575,000             | 4,930,000             | 2                           |
| 65820EU57            | 01/01/32      | Term (Note 5) | 5.45%         | 780,000         | 0                 | 255,000               | 525,000               | 2                           |
| 65820EV98            | 07/01/33      | Term (Note 6) | 5.35%         | 26,300,000      | 0                 | 0                     | 26,300,000            | 2                           |
| Total 1998 Series 12 |               |               |               | \$58,075,000    | \$1,955,000       | \$12,160,000          | \$43,960,000          |                             |

Note 1: See optional and special redemption provisions page 4-1998-12, (i.e. "1" denotes first call priority from prepayments).

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

Note 3: Sinking fund redemptions begin July 1, 2017.

Note 4: Sinking fund redemptions begin July 1, 2026.

Note 5: Sinking fund redemptions begin January 1, 2022.

**OPTIONAL REFUNDING TRANSACTION**

Home Ownership Revenue Bonds (1998 Resolution) on December 20, 2001 purchased 342 loans with a principal balance of \$7,446,181 from Single Family Revenue Bonds (1976 Resolution) Series A, 369 loans with a principal balance of \$8,840,783 from Series B, and loans from (1985 Resolution) Series RST with a principal balance of \$10,949,932 .

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**LIST OF UNSCHEDULED REDEMPTIONS:**

| Call Date | Call Amount         | Type of Call | Source Of Funds |
|-----------|---------------------|--------------|-----------------|
| 04/15/02  | \$2,295,000         | Pro rata     | Prepayments     |
| 10/01/03  | \$815,000           | Supersinker  | Prepayments     |
| 01/01/04  | \$530,000           | Supersinker  | Prepayments     |
| 01/01/04  | \$1,180,000         | Pro rata     | Prepayments     |
| 05/01/04  | \$285,000           | Supersinker  | Prepayments     |
| 05/01/04  | \$1,380,000         | Pro rata     | Prepayments     |
| 09/01/04  | \$370,000           | Supersinker  | Prepayments     |
| 09/01/04  | \$320,000           | Pro rata     | Prepayments     |
| 01/01/05  | \$715,000           | Supersinker  | Prepayments     |
| 05/01/05  | \$660,000           | Supersinker  | Prepayments     |
| 10/01/05  | \$220,000           | Supersinker  | Prepayments     |
| 10/01/05  | \$1,150,000         | Pro rata     | Prepayments     |
| 04/01/06  | \$810,000           | Supersinker  | Prepayments     |
| 04/01/06  | \$665,000           | Pro rata     | Prepayments     |
| 08/01/06  | <u>\$765,000</u>    | Supersinker  | Prepayments     |
|           | <u>\$12,160,000</u> |              |                 |

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**Bond Call Information:**

**Special Redemption**

The 1998 Series 12 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 12, 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 12 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 12 bonds shall first be applied to the redemption or purchase of Series 12 Term bonds due January 1, 2026 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 12 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 12 bonds are redeemable at the option of the Agency, in any manner the Agency shall determine, on or after July 1, 2010, in whole, or in part, at the principal amount thereof plus accrued interest to the date of redemption, without premium.