# NORTH CAROLINA HOUSING FINANCE AGENCY DISCLOSURE REPORT AS OF DECEMBER 31, 2007

INDENTURE: BOND SERIES: SINGLE FAMILY REVENUE BONDS (1985 RESOLUTION) SERIES Y/Z PAGE NO. 1-1985YZ

SERIES DATE:	7/28/94			SERIES SOLD:	09/08/94		
GENERAL INFORMATION	ON:		LOAN PORTFOLIO CHARA	ACTERISTICS (AS A % OF LOAN	IS OUTSTANDING)		
Bonds Outstanding: Bond Yield Mortgage Loan Prin Outs Mortgage Rate(s)	-	5,335,000 6.33% 5,221,957 7.30%	New Construction: Existing Home: Total	17.54% 82.46% 100.00%	Private FHA VA		0.00% 100.00% 0.00%
Outstanding Commitmer Uncommitted Lendable F Average Purchase Price Average Original Loan A Total No. of Loans Origin Total No. of Loans Paid	Funds: : :mount: :nated: Off:	0 0 60,699 58,946 572 458	Fixed Rate Mortgages Graduated Pmt Mtgs Growing Equity Mtgs Variable Rate Mtgs Total	100.00% 0.00% 0.00% 0.00% 100.00%	Self Insured Guaranty Fund Other (less than 80.0 Total		0.00% 0.00% <u>0.00%</u> <u>100.00%</u>
Total No. of Loans Outst	anding: e May 1, 2006	114					
10161 C Jackson (904) 64: Contact: Program: P.O. Box	Christine Boyd < 28066 NC 27611-8066	ompany, NA	Type of Housing:  Single Family Detached Condos/Townhouses Manufactured/Duplexes Total	86.84% 11.40% 1.76% 100.00%	Breakdown of F (List by % of t 1985Y/Z GEMICO RMIC UG VEREX	0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%	ge Insurers
(919) 87 Contact: Sharon [	Drewyor, Director of H						
(919) 87 Contact: Sharon [	Drewyor, Director of H n I. Rozakis, Chief Fina	ancial Officer (919) 87					
(919) 87 Contact: Sharon I Elizabeth	Drewyor, Director of H n I. Rozakis, Chief Fina VERAGE (DOLLARS I	ancial Officer (919) 87	77-5687	Current Funding Requirements:	: (data is for 1985 \$		·):
(919) 87 Contact: Sharon I Elizabeth	Orewyor, Director of H  I. Rozakis, Chief Fina  VERAGE (DOLLARS I  VERAGE:  Fund: Mortgage De	ancial Officer (919) 87	V7-5687 None	Current Funding Requirements: Total Dollar Amount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date	ount	Series Y/Z only Note 1 Note 1	·):
(919) 87 Contact: Sharon I Elizabett  POOL INSURANCE CO' SELF-INSURANCE COV Name of Self-Insurance	Orewyor, Director of H 1. Rozakis, Chief Fina VERAGE (DOLLARS I //ERAGE: Fund: Mortgage De d: 1985 Series	ancial Officer (919) 87 N THOUSANDS): efficiency Fund D through WW (exclusion	V7-5687 None	Total Dollar Amount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date	ount	Note 1	·):
(919) 87 Contact: Sharon I Elizabett  POOL INSURANCE CO' SELF-INSURANCE COV Name of Self-Insurance	Drewyor, Director of H 1. Rozakis, Chief Finz VERAGE (DOLLARS I /ERAGE: Fund: Mortgage De 1: 1985 Series  Maximu STICS (AS A % OF LO	ancial Officer (919) 87 N THOUSANDS):  officiency Fund D through WW (excluing level of funding rec	77-5687 None  Iding Series U/V)  Quired over the life of the bonds (\$6	Total Dollar Åmount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date  000)  (AS % OF PRINCIPAL BALANC	ount chased Note 1	Note 1 Note 1 0	·):
(919) AT Contact: Sharon I Elizabett POOL INSURANCE CO' SELF-INSURANCE CO' Name of Self-Insurance Series of Bonds Covered DELINQUENCY STATIS 60 days 90 days	Orewyor, Director of H  1. Rozakis, Chief Fina  VERAGE (DOLLARS I  VERAGE:  Fund: Mortgage De  1: 1985 Series  Maximu	ancial Officer (919) 87 N THOUSANDS):  officiency Fund D through WW (exclu-	77-5687 None  Iding Series U/V)  Quired over the life of the bonds (\$6	Total Dollar Amount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date	ount chased Note 1	Note 1  Note 1  0	·):
(919) 87 Contact: Sharon I Elizabett POOL INSURANCE CO SELF-INSURANCE CO Name of Self-Insurance Series of Bonds Covered	Drewyor, Director of H 1. Rozakis, Chief Finz VERAGE (DOLLARS I /ERAGE: Fund: Mortgage De 1: 1985 Series  Maximu  STICS (AS A % OF LO % 2.63% 4.39% 0.88%	ancial Officer (919) 87 N THOUSANDS):  officiency Fund D through WW (excluing level of funding reconstructions)  ## 3 5 1  Not a Not a	77-5687 None  Iding Series U/V)  Quired over the life of the bonds (\$6	Total Dollar Amount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date  000)  (AS % OF PRINCIPAL BALANO % 2.70% 5.42% 1.10%  Real Estate Owned Number of Loans Outstanding Mig Amount	Note 1  CE OUTSTANDING \$ 140,953 282,769 57,292	Note 1  Note 1  0	·):
(919) 87 Contact: Sharon I Elizabett POOL INSURANCE CO SELF-INSURANCE CO Name of Self-Insurance Series of Bonds Covered DELINQUENCY STATIS 60 days 90 days In Foreclosure No. of Loans Foreclosed Foreclosed (Loss)/Gain 1 Net of Insurance Procee	Drewyor, Director of H  1. Rozakis, Chief Fina  VERAGE (DOLLARS I  /ERAGE:  1985 Series  Maximu.  STICS (AS A % OF LO % 2.63% 4.39% 0.88%  It o Date since 1/1/87 to Date ds (\$000)	ancial Officer (919) 87 N THOUSANDS):  officiency Fund D through WW (excluing level of funding reconstructions)  ## 3 5 1  Not a Not a	None  Iding Series U/V)  quired over the life of the bonds (\$0):  available vailable	Total Dollar Amount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date  000)  (AS % OF PRINCIPAL BALANC % 2.70% 5.42% 1.10%  Real Estate Owned Number of Loans Outstanding Mig Amount At time of Default Current Balance	Note 1  CE OUTSTANDING \$ 140,953 282,769 57,292  0 t \$0 \$0	Note 1  Note 1  O	<b>)</b> ;
(919) 67 Contact: Sharon L Elizabett POOL INSURANCE CO SELF-INSURANCE CO Name of Self-Insurance Series of Bonds Covered DELINQUENCY STATIS 60 days 90 days In Foreclosure No. of Loans Foreclosed Foreclosed (Loss)/Gain 1 Net of Insurance Procee	Drewyor, Director of H 1. Rozakis, Chief Fina VERAGE (DOLLARS I VERAGE:  Fund: Mortgage De 1985 Series  Maximu STICS (AS A % OF LO % 2.63% 4.39% 0.88%  It to Date since 1/1/87 to Date ds (\$000)	ancial Officer (919) 87 N THOUSANDS):  officiency Fund D through WW (exclusion level of funding rec ANS OUTSTANDING # 3 5 1  Not a Not a	None  None  None  Iding Series U/V)  Quired over the life of the bonds (\$0  Quired over the life over the life of the bonds (\$0  Quired over the life over	Total Dollar Amount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date  0000)  (AS % OF PRINCIPAL BALANG % 2.70% 5.42% 1.10%  Real Estate Owned Number of Loans Outstanding Mtg Amount At time of Default Current Balance  MORTGAGE LOAN RATES (B)	Note 1  CE OUTSTANDING \$ 140,953 282,769 57,292  0 t \$0 \$0 Y BOND SERIES):	Note 1  Note 1  O  Signature of the state of	
(919) 87 Contact: Sharon I Elizabett POOL INSURANCE CO SELF-INSURANCE CO Name of Self-Insurance Series of Bonds Covered DELINQUENCY STATIS 60 days 90 days In Foreclosure No. of Loans Foreclosed Foreclosed (Loss)/Gain 1 Net of Insurance Procee	Drewyor, Director of H  1. Rozakis, Chief Fina  VERAGE (DOLLARS I  /ERAGE:  1985 Series  Maximu.  STICS (AS A % OF LO % 2.63% 4.39% 0.88%  It o Date since 1/1/87 to Date ds (\$000)	ancial Officer (919) 87 N THOUSANDS):  officiency Fund D through WW (excluing level of funding reconstructions)  ## 3 5 1  Not a Not a	None  None  None  Iding Series U/V)  Quired over the life of the bonds (\$0  Quired over the life over the life of the bonds (\$0  Quired over the life over	Total Dollar Amount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date  0000)  (AS % OF PRINCIPAL BALANG % 2.70% 5.42% 1.10%  Real Estate Owned Number of Loans Outstanding Mtg Amount At time of Default Current Balance  MORTGAGE LOAN RATES (B)	Note 1  CE OUTSTANDING \$ 140,953 282,769 57,292  0 t \$0 \$0	Note 1  Note 1  O	)): Mtg Rate
(919) 67 Contact: Sharon L Elizabett POOL INSURANCE CO SELF-INSURANCE CO Name of Self-Insurance Series of Bonds Covered DELINQUENCY STATIS 60 days 90 days In Foreclosure No. of Loans Foreclosed Foreclosed (Loss)/Gain I Net of Insurance Procee	Drewyor, Director of H 1. Rozakis, Chief Fina VERAGE (DOLLARS I /ERAGE:  Fund: Mortgage De 1985 Series  Maximu STICS (AS A % OF LO % 2.63% 4.39% 0.88%  It to Date since 1/1/87 to Date ds (\$000)  RVICERS: # of Loans 44	ancial Officer (919) 87 N THOUSANDS):  officiency Fund D through WW (excluing level of funding rec ANS OUTSTANDING # 3 5 1 Not a Not a Not a	None  None  None  Iding Series U/V)  quired over the life of the bonds (\$0  quired over the life of the bonds (\$0  available  available  available  available  available	Total Dollar Amount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date  0000)  (AS % OF PRINCIPAL BALANC % 2.70% 5.42% 1.10%  Real Estate Owned Number of Loans Outstanding Mtg Amount At time of Default Current Balance  MORTGAGE LOAN RATES (B)	Note 1  CE OUTSTANDING \$ 140,953 282,769 57,292  0 t \$0 \$0 Y BOND SERIES):	Note 1  Note 1  O  Signature of the state of	
(919) 67 Contact: Sharon L Elizabett  POOL INSURANCE CO SELF-INSURANCE CO Name of Self-Insurance Series of Bonds Covered  DELINQUENCY STATIS 60 days 90 days In Foreclosure  No. of Loans Foreclosed Foreclosed (Loss)/Gain 1 Net of Insurance Procee  MORTGAGE LOAN SEF Servicer	Drewyor, Director of H 1. Rozakis, Chief Finz VERAGE (DOLLARS I //ERAGE: Fund: Mortgage De 1: 1985 Series  Maximu  STICS (AS A % OF LO % 2.63% 4.39% 0.88%  Uto Date since 1/1/87 to Date ds (\$000)	ancial Officer (919) 87 N THOUSANDS):  officiency Fund D through WW (exclu- um level of funding rec ANS OUTSTANDING # 3 5 1 Not a Not a Not a % of Po 38	None  None  Iding Series U/V)  Quired over the life of the bonds (\$6  Available evailable evaila	Total Dollar Amount (\$000) As % of Initial Principal Amo of Mortgage Loans Purc Claims to Date  0000)  (AS % OF PRINCIPAL BALANC % 2.70% 5.42% 1.10%  Real Estate Owned Number of Loans Outstanding Mtg Amount At time of Default Current Balance  MORTGAGE LOAN RATES (B)	Note 1  CE OUTSTANDING: \$ 140,953 282,769 57,292  0 t \$0 \$0 Y BOND SERIES): eries	Note 1  Note 1  O  H of Loans	Mtg Rate

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.

100.00%

TOTAL

114

## NORTH CAROLINA HOUSING FINANCE AGENCY DISCLOSURE REPORT AS OF DECEMBER 31, 2007

PAGE NO. 2-1985YZ

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

LIST OF BONDS BY MATURITY:

CUSIP	Maturity	Bond	Interest	Original	Principal	Principal	Principal B	ond Call
Number	Date	Type	Rate	Amount	Matured	Redemptions	Outstanding S	equence (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
65820EA39 65820EAT7	09/01/98	Serial	5.00%	275,000	255,000	20,000	0	1
65820EAT7	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
							-	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	-	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	270,000	3,760,000	805,000	2
65820EAM2	09/01/15	Term (Note 3)	6.30%	5,560,000		4,255,000	1,305,000	2
65820EAN0	03/01/18	Term (Note 4)	6.35%	3,440,000		2,640,000	800,000	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		9,515,000	2,425,000	2
	Т	otal 1985 Series Y/Z		\$40,000,000	\$3,930,000	\$30,735,000	\$5,335,000	

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.

# NORTH CAROLINA HOUSING FINANCE AGENCY DISCLOSURE REPORT AS OF DECEMBER 31, 2007

PAGE NO. 3-1985YZ

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

LIST OF UNSCHEDULED REDEMPTIONS:

	#\$56556556565656565656565656565656565656		
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 Prepayments
07/01/96 07/01/96	595,000 115,000	Supersinker Pro rata	Prepayments 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 02/01/97	270,000	Supersinker Pro rata	Prepayments
06/01/97	5,000 390,000	Supersinker	Debt Service Reserve 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 01/01/98	690,000 10,000	Supersinker Pro rata	Prepayments  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	5,000 140,000	Pro rata Pro rata	Debt Service Reserve 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 12/15/99	315,000 140,000	Supersinker Pro rata	Prepayments 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 07/01/00	410,000 20,000	Pro rata Pro rata	Prepayments 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	55,000 195,000	Pro rata	Debt Service Reserve
10/01/01 10/01/01	950,000	Supersinker Pro rata	Prepayments 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 04/15/02	595,000 35,000	Pro rata Pro rata	Prepayments 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 06/01/03	100,000 35,000	Pro rata Pro rata	Debt Service Reserve
06/01/03	620,000	Pro rata	Prepayments 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 Pro rata	Prepayments
01/01/04 01/01/04	40,000 770,000	Pro rata	Prepayments 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 01/01/05	55,000 15,000	Pro rata Serial	Debt Service Reserve Prepayments
01/01/05	515,000	Pro rata	Prepayments
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 Pro rata	Prepayments Propayments
10/01/05 04/01/06	490,000 370,000	Pro rata Pro rata	Prepayments Prepayments
U-1/U I/UU	40,000	Pro rata Pro rata	Debt Service Reserve
	400,000	Pro rata	Prepayments
04/01/06 08/01/06		Pro rata	Debt Service Reserve
04/01/06	15,000	1101444	
04/01/06 08/01/06 08/01/06 01/01/07	15,000 495,000	Pro rata	Prepayments
04/01/06 08/01/06 08/01/06 01/01/07 01/01/07	15,000 495,000 20,000	Pro rata Pro rata	Debt Service Reserve
04/01/06 08/01/06 08/01/06 01/01/07 01/01/07 05/01/07	15,000 495,000 20,000 150,000	Pro rata Pro rata Pro rata	Debt Service Reserve Prepayments
04/01/06 08/01/06 08/01/06 01/01/07 01/01/07 05/01/07 05/01/07	15,000 495,000 20,000 150,000 5,000	Pro rata Pro rata Pro rata Pro rata	Debt Service Reserve Prepayments Debt Service Reserve
04/01/06 08/01/06 08/01/06 01/01/07 01/01/07 05/01/07	15,000 495,000 20,000 150,000 5,000 190,000	Pro rata Pro rata Pro rata	Debt Service Reserve Prepayments
04/01/06 08/01/06 08/01/06 01/01/07 01/01/07 05/01/07 05/01/07 11/01/07	15,000 495,000 20,000 150,000 5,000	Pro rata Pro rata Pro rata Pro rata Pro rata	Debt Service Reserve Prepayments Debt Service Reserve Prepayments

Total \$30.735.000

### NORTH CAROLINA HOUSING FINANCE AGENCY DISCLOSURE REPORT AS OF DECEMBER 31, 2007

INDENTURE: SINGLE FAMILY REVENUE BONDS (1985 RESOLUTION) PAGE NO. 4-1985YZ BOND SERIES:

### 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) (iii) excess revenues transferred from the revenue reserve fund, prepayments of mortgage loans financed with the proceeds of the Series Y and Z bonds, moneys withdrawn form the debt service revenue fund in
- connection with an excess over the debt service requirement, and 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 (iv) 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 te 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%