

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

INDENTURE: SINGLE FAMILY REVENUE BONDS (1985 RESOLUTION)
BOND SERIES: SERIES QQ/RR

PAGE NO. 1-1985QQRR

SERIES DATE: 04/01/97

SERIES SOLD: 04/30/97

GENERAL INFORMATION:

Bonds Outstanding: 13,150,000
Bond Yield 5.58%
Mortgage Loan Prin Outstanding 15,001,243
Mortgage Rate(s) 6.45% - 6.65%
Outstanding Commitments: 0
Uncommitted Lendable Funds: 0

Average Purchase Price: 69,436
Average Original Loan Amount: 67,935
Total No. of Loans Originated: 877
Total No. of Loans Paid Off: 605
Total No. of Loans Outstanding: 272

LOAN PORTFOLIO CHARACTERISTICS (AS A % OF LOANS OUTSTANDING)

New Construction: 12.50%
Existing Home: 87.50%
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 (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 89.71%
Condos/Townhouses 9.56%
Manufactured/Duplexes 0.73%
Total 100.00%

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

1985QQ/RR
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 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: Mortgage Deficiency Fund
Series of Bonds Covered: 1985 Series D through WW (excluding Series U/V)

Current Funding Requirements: (data is for 1985 Series QQ/RR 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	2.57%	7
90 days	1.84%	5
In Foreclosure	0.37%	1

(AS % OF PRINCIPAL BALANCE OUTSTANDING):

	%	\$
	2.37%	356,067
	1.79%	268,335
	0.42%	63,063

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	127	46.69%
RBC Centura	88	32.35%
Marsh	39	14.34%
Bank of America	<u>18</u>	<u>6.62%</u>
TOTAL	<u>272</u>	<u>100.00%</u>

MORTGAGE LOAN RATES (BY BOND SERIES):

Series	# of Loans	Mtg Rate
1985 SERIES QQ/RR	54	6.45%
	<u>218</u>	6.65%
Total	<u>272</u>	

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

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PAGE NO. 2-1985QQRR

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)
65820ERJ1	03/01/99	Serial	4.20%	\$460,000	\$460,000		\$0	2
65820ERK8	09/01/99	Serial	4.20%	470,000	470,000		0	2
65820ERL6	03/01/00	Serial	4.40%	480,000	480,000		0	2
65820ERM4	09/01/00	Serial	4.40%	490,000	490,000		0	2
65820ERN2	03/01/01	Serial	4.50%	500,000	500,000		0	2
65820ERP7	09/01/01	Serial	4.50%	510,000	510,000		0	2
65820ERQ5	03/01/02	Serial	4.60%	525,000	525,000		0	2
65820ERR3	09/01/02	Serial	4.60%	535,000	525,000	10,000	0	2
65820ERS1	03/01/03	Serial	4.70%	550,000	540,000	10,000	0	2
65820ERT9	09/01/03	Serial	4.70%	565,000	550,000	15,000	0	2
65820ERU6	03/01/04	Serial	4.80%	575,000	525,000	50,000	0	2
65820ERV4	09/01/04	Serial	4.80%	590,000	510,000	80,000	0	2
65820ERW2	03/01/05	Serial	4.90%	605,000	490,000	115,000	0	2
65820ERXO	09/01/05	Serial	4.90%	620,000	445,000	175,000	0	2
65820ERY8	03/01/06	Serial	5.00%	640,000	460,000	180,000	0	2
65820ERZ5	09/01/06	Serial	5.00%	655,000	425,000	230,000	0	2
65820ESA9	03/01/07	Serial	5.10%	670,000	350,000	320,000	0	2
65820ESB7	09/01/07	Serial	5.10%	690,000	355,000	335,000	0	2
65820ERC6	03/01/08	Serial	5.00%	705,000	295,000	410,000	0	2
65820ERD4	09/01/08	Serial	5.00%	725,000	265,000	460,000	0	2
65820ERE2	03/01/09	Serial	5.10%	745,000		480,000	265,000	2
65820ERF9	09/01/09	Serial	5.10%	765,000		485,000	280,000	2
65820ERG7	03/01/10	Serial	5.20%	785,000		500,000	285,000	2
65820ERH5	09/01/10	Serial	5.20%	160,000		110,000	50,000	2
65820ESC5	03/01/17	Term(Note 2)	5.75%	13,430,000		8,575,000	4,855,000	2
65820ESD3	09/01/22	Term(Note 3)	5.00%	15,075,000		15,075,000	0	1
65820ESE1	09/01/28	Term(Note 4)	5.85%	22,480,000		15,065,000	7,415,000	2
Total 1985 Series QQ/RR				\$65,000,000	\$9,170,000	\$42,680,000	\$13,150,000	

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

Note 2: Sinking fund redemption begins September 1, 2010.

Note 3: Sinking fund redemption begins September 1, 2017.

Note 4: Sinking fund redemption begins March 1, 2023.

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PAGE NO. 3-1985QQRR

LIST OF UNSCHEDULED REDEMPTIONS:

Call Date	Call Amount	Type of Call	Source Of Funds
07/01/98	\$130,000	Supersinker	Prepayments
01/01/99	315,000	Supersinker	Prepayments
05/01/99	625,000	Supersinker	Prepayments
07/01/99	300,000	Supersinker	Prepayments
09/01/99	125,000	Supersinker	Prepayments
12/15/99	1,215,000	Supersinker	Prepayments
05/01/00	1,220,000	Supersinker	Prepayments
07/01/00	680,000	Supersinker	Prepayments
01/01/01	2,310,000	Supersinker	Prepayments
06/01/01	825,000	Supersinker	Prepayments
10/01/01	1,820,000	Supersinker	Prepayments
01/01/02	1,890,000	Supersinker	Prepayments
04/15/02	70,000	Supersinker	Prepayments
04/15/02	950,000	Pro rata	Prepayments
04/15/02	25,000	Pro rata	Debt Service Reserve
07/01/02	1,040,000	Supersinker	Prepayments
07/01/02	5,000	Pro rata	Debt Service Reserve
01/01/03	715,000	Supersinker	Prepayments
06/01/03	1,620,000	Supersinker	Prepayments
06/01/03	30,000	Supersinker	Prepayments
06/01/03	375,000	Pro rata	Prepayments
10/01/03	145,000	Supersinker	Prepayments
10/01/03	2,445,000	Pro rata	Prepayments
10/01/03	140,000	Pro rata	Debt Service Reserve
10/01/03	395,000	Pro rata	Prepayments
01/01/04	380,000	Pro rata	Prepayments
05/01/04	1,625,000	Pro rata	Prepayments
09/01/04	2,295,000	Pro rata	Prepayments
09/01/04	275,000	Pro rata	Debt Service Reserve
01/01/05	1,870,000	Pro rata	Prepayments
01/01/05	110,000	Pro rata	Debt Service Reserve
05/01/05	1,710,000	Pro rata	Prepayments
05/01/05	100,000	Pro rata	Debt Service Reserve
10/01/05	200,000	Pro rata	Prepayments
04/01/06	3,135,000	Pro rata	Prepayments
04/01/06	195,000	Pro rata	Debt Service Reserve
08/01/06	4,185,000	Pro rata	Prepayments
08/01/06	245,000	Pro rata	Debt Service Reserve
01/01/07	985,000	Pro rata	Prepayments
01/01/07	60,000	Pro rata	Debt Service Reserve
05/01/07	25,000	Pro rata	Prepayments
11/01/07	3,985,000	Pro rata	Debt Service Reserve
11/01/07	190,000	Pro rata	Prepayments
02/01/08	665,000	Pro rata	Prepayments
07/01/08	<u>1,035,000</u>	Pro rata	Prepayments
TOTAL	<u>\$42,680,000</u>		

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PAGE NO. 4-1985QQRR

Bond Call Information:

Special Redemption

The 1985 Series QQ and RR 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 QQ and RR 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 QQ and RR 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 QQ and RR bonds, shall first be applied to the redemption or purchase of Series RR Term bonds due September 1, 2022 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 QQ and RR 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 QQ and RR bonds are redeemable at the option of the Agency, in any manner the Agency shall determine, on or after March 1, 2007, 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)
March 1, 2007 to February 1, 2008	101.50%
March 1, 2008 to February 1, 2009	100.75%
March 1, 2009 and thereafter	100.00%