

Comprehensive Annual Financial Report

Enterprise Funds of the State of Oregon Housing and Community Services Department

For the Year Ended June 30, 2008

Victor Merced
Director

Nancy Cain
Chief Financial Officer

Prepared by:
Nancy Cain
Robert Larson, CPA
Roger Schmidt
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Introductory Section



Oregon

Theodore R. Kulongoski, Governor



Housing and Community Services

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November 20, 2008

The Honorable Theodore R. Kulongoski
Governor of the State of Oregon
State Capitol
Salem, Oregon 97310

We are pleased to submit the Comprehensive Annual Financial Report of the Oregon Housing and Community Services Department's (OHCS) Enterprise Funds, for the fiscal year ended June 30, 2008. The financial statements, included on pages 16 – 36, do not present all activities and financial positions of OHCS, but the enterprise activities only. These activities are reported as a separate fund of OHCS and an annual financial report is issued for these activities in accordance with OHCS's Indentures of Trust.

OHCS management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Secretary of State, Audits Division, has audited the financial records, books of account, and transactions of OHCS's Enterprise Funds for the year ended June 30, 2008. The auditors used generally accepted auditing standards in conducting the engagement. Their unqualified opinion on the Enterprise Fund financial statements is included in the Financial Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements entitled Management's Discussion and Analysis (MD&A). The Oregon Housing and Community Services Department's MD&A can be found in the Financial Section immediately following the audit opinion. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of Oregon Housing and Community Services Department

OHCS is the state's housing finance agency and community services program administrator that provides financial and program support to create and preserve opportunities for quality, affordable housing for Oregonians of lower and moderate income. OHCS helps finance single-family homes, and the new construction or rehabilitation of multifamily affordable housing developments, as well as administer grants and tax credits to promote affordable housing and many community service programs including federal and state antipoverty, homeless, and energy assistance programs.

Working closely with its partners at the local level, OHCSO has streamlined the process to deliver resources more efficiently. OHCSO has chosen the model of healthy, viable communities as the way to facilitate a better quality of life for all Oregonians, while still supporting special needs populations.

Economic Condition and Outlook

According to the Oregon Office of Economic Analysis (OEA), the softening housing, financial and energy markets are impacting Oregon's economy just as they are the U.S economy. OEA forecasts job declines of 3.2 percent in the fourth quarter of 2008 followed by a decrease of 1.8 percent in the first quarter of 2009. Oregon's economy is not expected to begin to recover until the first half of 2010. The OEA forecasts employment growth for Oregon to show no growth in 2008 and the rate is expected to decrease by 1.5 percent in 2009. Oregon's employment growth rate for 2007 was 1.7 percent. Employment in 2010 is expected to increase by 0.8 percent.

Personal income is predicted to increase by 4.0 percent in 2008, which is down from the estimated 6.3 percent increase experienced in 2007. The State Economist predicts personal income to increase by 2.4 percent and wages and salaries to increase by 1.3 percent in 2009. Continuing into 2010, personal income is projected to increase by 3.9 percent while wages and salaries is forecasted to continue to grow at 3.5 percent. Personal income increases for Oregon are expected to be slightly below the national average in 2008 and 2009 and be slightly higher than the national average in 2010.

During the early part of this decade and most of the late 1990s, California, Washington, and the nation as a whole have experienced more rapidly rising housing costs than Oregon. The housing boom once again raised California's housing prices well above Oregon's prices while Washington's prices kept pace with Oregon's. The relative advantage in housing cost is narrowing as housing prices in California are declining faster than Oregon, with Washington keeping pace with Oregon. According to the OEA, "If housing costs rise faster in Oregon than in the rest of the nation, companies will face increased difficulties recruiting workers" and business development. However, if Oregon can maintain a relative cost advantage in housing in comparison to other western states, this should work to the state's advantage in attracting business and employment growth.

Long Term Financial Planning

OHCSO manages funds available for its program and operational cost through comprehensive cash flows analyses that determine the prudent level of funding that can be distributed from the Housing Finance Fund and the Elderly and Disabled Housing Fund. OHCSO reanalyzes cash flows at least yearly to determine what is appropriate for distribution.

OHCSO implemented programmatic and operational efficiencies to generate administrative savings. The Department reduced its workforce by 11 positions for the 2007-09 biennium. OHCSO requested and received \$2.0 million from the 74th Oregon Legislative Assembly which allowed the Department to increase funds available for pre-development loans and to add back two of the eliminated positions.

OHCSO continues to implement strategies to increase single-family loan production and profitability in order to rebuild future cash distributions. During fiscal year 2008, OHCSO purchased 1,850 new loans. This was a 55% increase over the number of loans purchased in fiscal year 2007. With continued growth in its loan portfolio and prudent financial management, OHCSO is confident that it will be able to improve its financial strength.

Major Initiatives

Affordable Housing Preservation

OHCSO continues to pursue opportunities in which affordable housing can be preserved; particularly housing that carries federal Section 8 project-based or Rural Development rental assistance. These projects serve the lowest income population of 30 percent area median income. Between Rural Development and Section 8 Rent Subsidy, there are over 450 projects, containing approximately 15,000 units of housing that include rent subsidy in Oregon. Many of these projects are at risk of converting to market rate housing. OHCSO is faced with developing funding solutions to assist in preserving these projects.

The Department's original portfolio consisted of 122 Section 8 project based assistance loans that have maturities that are consistent with the housing assistance payment contracts through Housing and Urban Development (HUD). The loan maturities and housing assistance payment contracts began expiring in late 2006 and will continue through 2013. OHCSO is partnering with HUD to investigate strategies that would allow continuation of federal assistance, and where necessary, provide new state resources that would enable rehabilitation of the project. As of June 30, 2008, 34 of these projects had renewed their Housing Assistance Payments contracts. The 74th Oregon Legislative Assembly appropriated \$8.1 million to the Department to be used with existing bond and tax credit programs to finance projects that elect to renew their Housing Assistance Payment contracts with HUD and need additional resources. This continues to be one of our top priorities moving into the next several years.

Housing and Economic Recovery Act of 2008

OHCSO is incorporating many of the opportunities provided in the Housing and Economic Recovery Act of 2008 ("HERA") into the Department's programs. The new resources will improve OHCSO's ability to meet Oregon's need for affordable housing.

HERA made \$117 million additional private activity bond authority available to Oregon for housing. OHCSO must apply to the State of Oregon Private Activity Bond Committee to receive the additional allocation. If successful, OHCSO will be able to increase the amount of bonds issued to develop multifamily housing and/or purchase mortgage loans under our Residential Loan Program.

The bill exempts non-refunding, tax exempt bonds issued after July 30, 2008 from the Alternative Minimum Tax ("AMT"). OHCSO anticipates that AMT relief will lower the Department's cost of borrowing which can result in lower interest rates charged to borrowers.

The bill also makes refinancing an eligible private activity bond use for 2008-2010 for adjustable rate single-family mortgages. This applies to mortgages made after December 31, 2001, and before January 1, 2008 where the bond issuer determines that refinancing is needed to avoid financial hardship to the borrower. OHCSO does not currently have a refinancing program but is considering expanding the Residential Loan Program to include a refinancing option.

The bill also made significant changes to Low Income Housing Tax Credits. Three of the most significant provisions were increases in the amount of tax credits allocated to states, a requirement to use an applicable credit factor of at least 9 percent for competitively allocated projects placed in service after July 30, 2008 and before December 31, 2013 and allowing allocating agencies to designate certain projects or regions of the state as eligible for a "basis boost" to calculate the amount of tax credits to be awarded. OHCSO is currently implementing these and other Low Income Housing Tax Credits.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OHCS D for its annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized financial report, whose contents conform to program standards. The annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. OHCS D has received a Certificate of Achievement for the last thirteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

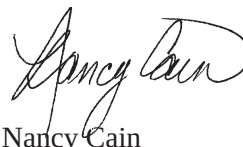
The preparation of this report reflects the combined efforts of OHCS D's Financial Management Division staff. It is intended to provide complete and reliable information as a basis for making management decisions and for presenting the financial condition of OHCS D's Enterprise Funds to the officials of the State of Oregon and to the finance community.

We would like to express our gratitude to all OHCS D staff, the State Housing Council, the Community Action Partnership of Oregon, and our many partners and advisors who work so diligently to assure the successful operation of OHCS D.

Respectfully submitted,



Victor Merced
Director



Nancy Cain
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oregon Housing
and Community Services
Department

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Charles S. Cox

President

Jeffrey R. Emswiler

Executive Director

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Organization Structure

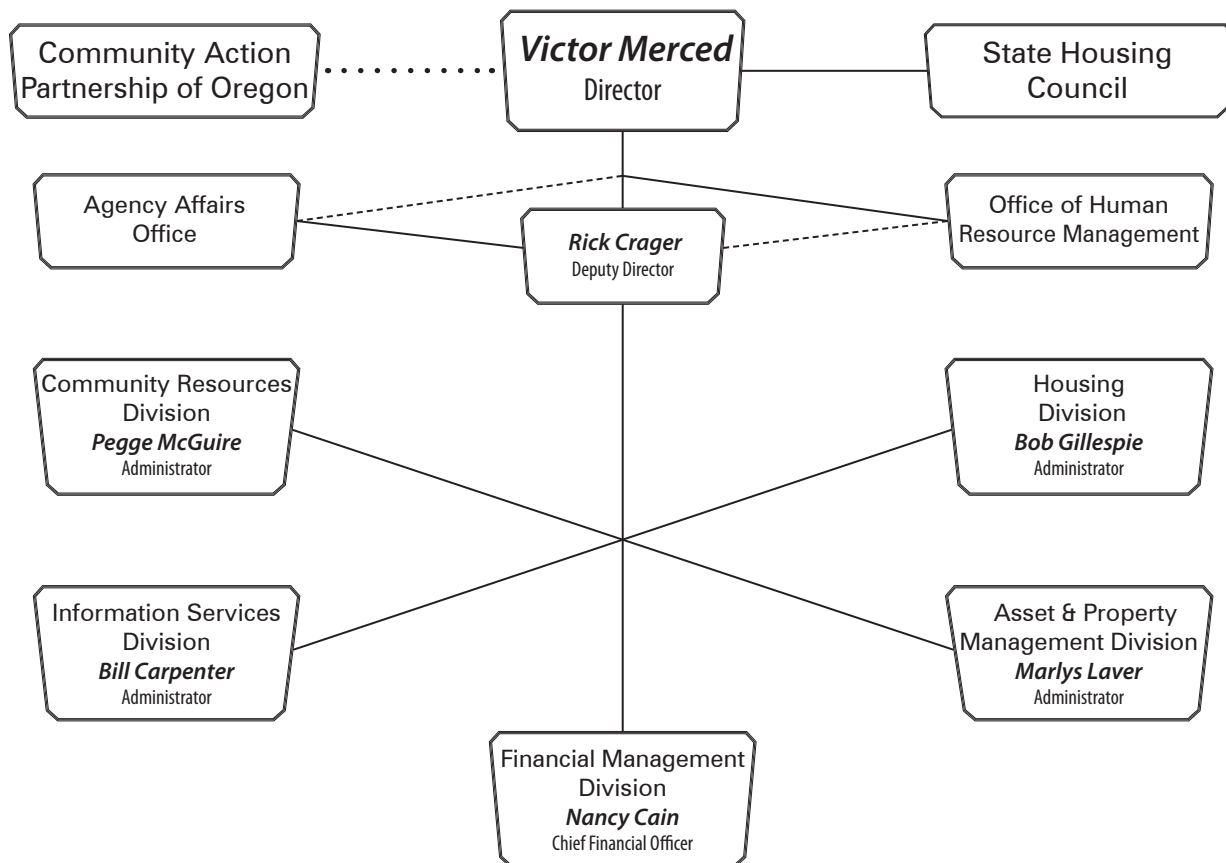
CAPO Executive Committee:

Sharon Miller, President
Brenda Durbin, Vice President
Jerralyn Ness, Treasurer
Ron Hauge, Secretary
Mike Fieldman, Past President
Jim Slusher, Energy



Housing Council Members:

Larry E. Medinger, Chair
Scott R. Cooper
John Epstein
Maggie LaMont
Stuart E. Liebowitz
Francisco Lopez
Jeana Woolley



Community Action Partnership of Oregon

The Community Action Partnership of Oregon (CAPO) serves in an advisory capacity to the Department on programs which assist the homeless and other at-risk populations to obtain the services and skills necessary to move toward self-reliance. CAPO is a private, non-profit association comprised of the Executive Directors of Oregon's Community Action Agencies, the Oregon Human Development Corporation and the associate member agencies which share an interest in promoting the self-sufficiency of lower income persons.

State Housing Council

The State Housing Council consists of seven members appointed to four year terms by the Governor. Members, who serve on a volunteer basis, come from a variety of occupations and geographical locations. The Council develops policies to stimulate and increase the supply of affordable housing for lower income individuals and families in Oregon. The Council advises the Governor, Legislature, state agencies, and local governments on actions that affect the cost or supply of housing, and adopt rules necessary for the administration and enforcement of OHCS's housing related statutes.



Financial Section

Office of the Secretary of State

Bill Bradbury
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

Charles A. Hibner, CPA
Director

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The Honorable Theodore R. Kulongoski
Governor of Oregon
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Salem, Oregon 97310-4047

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Oregon Housing and Community Services
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Salem, Oregon 97301-1266

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the enterprise funds of the State of Oregon, Housing and Community Services Department (department), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the basic financial statements present only the department's enterprise funds. They do not purport to, and do not, present fairly the financial position of the entire department or State of Oregon, as of June 30, 2008, and the changes in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the enterprise funds of the department, as of June 30, 2008, and

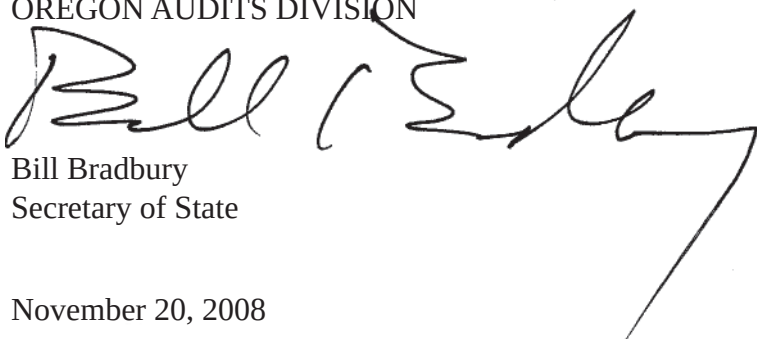
the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2008, on our consideration of the department's enterprise funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. That report is separately presented in the other reports section as listed in the table of contents.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the department's enterprise funds' basic financial statements. The introductory, supplementary information and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

OREGON AUDITS DIVISION


Bill Bradbury
Secretary of State

November 20, 2008

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Management's Discussion and Analysis

This section of the Oregon Housing and Community Services Department's (OHCS D) Comprehensive Annual Financial Report presents our discussion and analysis of financial performance for the Proprietary Funds during the fiscal year ended June 30, 2008. The selected financial data presented was derived primarily from the financial statements of OHCS D, which have been audited by the Oregon Secretary of State Audits Division.

FINANCIAL HIGHLIGHTS

- Net assets increased \$14.7 million, to \$187.0 million as of June 30, 2008. This represents an increase of 8.53%.
- Revenues increased by \$1.3 million from the previous fiscal year's results.
- Outstanding bond debt of \$1.69 billion on June 30, 2008 increased \$61.6 million from the amount outstanding on June 30, 2007. Debt issuance for the fiscal year totaled \$438.7 million (par value).
- Mortgage loan purchases and originations for the fiscal year totaled \$322.0 million, up \$128.1 million from fiscal year 2007. Single-Family Mortgage Program purchases were up \$132.0 million and multifamily housing development programs were down \$3.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to OHCS D's basic financial statements. The basic financial statements include proprietary fund financial statements and notes to the financial statements. OHCS D's basic financial statements do not include department-wide financial statements since only the proprietary funds are audited by the Secretary of State Audits Division. OHCS D does have a minimal portion of governmental funds that are included in the State of Oregon Comprehensive Annual Financial Report located at <http://www.oregon.gov/DAS/SCD/SARS/publications.shtml>.

- The proprietary fund financial statements include major enterprise funds, which operate similarly to business activities and follows an accrual basis of accounting.
- The notes to the financial statements provide additional information essential to a full understanding of the data provided in the proprietary fund financial statements.

OVERVIEW OF THE PROPRIETARY FUNDS FINANCIAL POSITION AND OPERATIONS

Total assets at June 30, 2008 were \$1.95 billion, an increase of \$84.4 million from June 30, 2007. The change in assets consists primarily of a \$134.4 million decrease in investments, a \$222.9 million increase in net loans receivable, and an \$8.9 million decrease in cash and cash equivalents.

Total liabilities increased by \$69.7 million to \$1.76 billion at June 30, 2008. This included an increase of \$61.6 million in bonds payable, an increase of \$4.3 million in accrued interest payable, and an increase of \$2.1 million in obligations under securities lending.

OHCS&D's proprietary fund financial position and operations for the past two years are summarized below based on the information included in the basic financial statements.

Proprietary Funds Statement of Net Assets				
	Business Type Activities		Change	% Change
	2008	2007		
Assets:				
Current and Other Assets	\$ 1,945,132,535	\$ 1,860,751,612	\$ 84,380,923	4.53%
Capital Assets	4,822	22,101	(17,279)	-78.18%
Total Assets	\$ 1,945,137,357	\$ 1,860,773,713	\$ 84,363,644	4.53%
Liabilities:				
Long Term Liabilities	\$ 1,662,168,319	\$ 1,600,112,008	\$ 62,056,311	3.88%
Other Liabilities	95,943,585	88,334,501	7,609,084	8.61%
Total Liabilities	\$ 1,758,111,904	\$ 1,688,446,509	\$ 69,665,395	4.13%
Net Assets:				
Invested in Capital Assets	\$ 4,822	\$ 22,101	\$ (17,279)	-78.18%
Restricted for Residential Assistance	1,700,405	1,741,444	(41,039)	-2.36%
Restricted by Trust Indentures	176,322,945	161,115,591	15,207,354	9.44%
Unrestricted	8,997,281	9,448,068	(450,787)	-4.77%
Total Net Assets	\$ 187,025,453	\$ 172,327,204	\$ 14,698,249	8.53%

- **Cash and Cash Equivalents**

Total cash and cash equivalents decreased by \$8.9 million, or 11.6%, from June 30, 2007 to June 30, 2008.

- **Loans Receivable**

Total mortgages and other loans receivable increased by \$222.9 million in fiscal year 2008. This increase included the following:

- New mortgage loans purchased or financed increased by \$128.1 million in fiscal year 2008 compared to fiscal year 2007. Single-family mortgage loan purchases increased by \$132.0 million and multifamily mortgage loans financed decreased by \$3.9 million. Mortgage loans purchased or financed in fiscal year 2008 totaled \$322.0 million.
- In fiscal year 2008, OHCS&D financed \$0.5 million in multifamily construction loans.
- Predevelopment loans in the amount of \$1.5 million were financed in fiscal year 2008.
- Scheduled mortgage and other loan repayments totaled \$41.3 million for fiscal year 2008.
- Prepayments on mortgage loans decreased in fiscal year 2008 by \$29.4 million. Total prepayments for the fiscal year totaled \$57.9 million.
- Properties acquired during the fiscal year totaled \$1.9 million, an increase of \$1.2 million over the previous fiscal year. This followed a decrease of \$.9 million from fiscal year 2006 to fiscal year 2007. OHCS&D has not financed any subprime mortgage loans. OHCS&D's Residential Loan Program currently offers only fixed rate mortgage loans.

- **Capital Assets**

Capital asset activity during the year included the disposal of computer hardware. For additional details, see the Notes to the Financial Statements (Note 4).

- **Bonds Payable**

Bonds Payable increased by \$61.6 million from June 30, 2007 to June 30, 2008. As noted in the Debt Administration section of the Management's Discussion and Analysis OHCSO issued \$438.7 million (par value) in revenue bonds and bond redemptions totaled \$381.3 million. The remainder of the change is due to discount, premium and interest accretion transactions.

- **Net Assets**

Net assets increased during fiscal year 2008 by 8.53%. As in fiscal year 2007, OHCSO continued to experience growth within its net assets for fiscal year 2008. Continued net growth in OHCSO's loan portfolio has had a positive impact on net assets. OHCSO continues to maintain a positive spread of income from investments and mortgage loans to cover ongoing bond interest and operating costs.

Of OHCSO's \$187.0 million in net assets, 95.2% is restricted to bond indentures or other financial commitments. The remaining 4.8% is primarily unrestricted and available to pay for current agency operations. Each fiscal year, OHCSO applies the required bond indenture restrictions to assess the allowable amount that can be released for the purpose of paying for agency operations. Once these funds are officially transferred from the bond indentures, they are classified as unrestricted, but until that point in time, they are considered a pledge to the bondholders and are appropriately classified as restricted.

The results of operations for OHCSO's proprietary funds are presented below:

Proprietary Funds
Statement of Operating Activity

	Business Type Activities			
	2008	2007	Change	% Change
Operating Revenues:				
Interest on Loans	\$ 74,586,167	67,437,211	7,148,956	10.60%
Investment Income	30,603,348	37,368,458	(6,765,110)	-18.10%
Administrative Charges and Fees	1,973,996	1,631,607	342,389	20.98%
Transfer/Commitment Fees	1,655,620	1,519,361	136,259	8.97%
Low Income Housing Tax Credit Fees	1,807,144	1,426,011	381,133	26.73%
Gain on Sale of Foreclosed Property	105,897	80,291	25,606	31.89%
Miscellaneous Revenue	6,885	18,741	(11,856)	-63.26%
Total Operating Revenues	110,739,057	109,481,680	1,257,377	1.15%
Operating Expenses:				
Personal Services	6,056,329	4,950,826	1,105,503	22.33%
Services and Supplies	3,399,918	2,849,585	550,333	19.31%
Mortgage Service Fees	3,523,632	2,988,871	534,761	17.89%
Foreclosure Costs	101,769	63,516	38,253	60.23%
Interest Expense - Bonds	77,550,847	80,753,939	(3,203,092)	-3.97%
Interest Expense - Loans	70,431	68,426	2,005	2.93%
Interest Expense - Securities Lending	1,424,138	1,426,417	(2,279)	-0.16%
Other Program Related Expenses	7,726,515	4,770,778	2,955,737	61.96%
Amortization of Deferred Bond Issuance Costs	894,984	874,064	20,920	2.39%
Depreciation/Amortization	17,279	25,497	(8,218)	-32.23%
Bad Debt Expense	(77,802)	(72,517)	(5,285)	-7.29%
Total Operating Expenses	100,688,040	98,699,402	1,988,638	2.01%
Operating Income	10,051,017	10,782,278	(731,261)	-6.78%
From State General Fund	4,647,232	-	4,647,232	N/A
Change in Net Assets	14,698,249	10,782,278	3,915,971	36.32%
Net Assets – Beginning	172,327,204	161,544,926	10,782,278	6.67%
Net Assets – Ending	\$ 187,025,453	\$ 172,327,204	\$ 14,698,249	8.53%

OHCSO's proprietary fund revenue is generated principally from interest earned on mortgages and investments. In fiscal year 2008, revenue generated through proprietary funds totaled \$110.7 million, of which \$105.2 million, or 95.0% is from income earned on loans and investments. Expenses of OHCSO's proprietary funds consist primarily of interest expense on debt incurred to fund various lending programs. The total expenses for proprietary fund activities totaled \$100.7 million, of which \$77.6 million, or 77.0% is bond interest expense.

The change in net assets for the year ended June 30, 2008 resulted in an increase of \$14.7 million compared to a \$10.8 million increase for the year ending June 30, 2007. In total, this resulted in an \$3.9 million increase from fiscal year 2007 to fiscal year 2008. Factors contributing to this change include:

- In fiscal year 2008, investment income was \$6.8 million less than in fiscal year 2007. Lower interest rates and smaller cash and investment balances resulted in a decrease in investment income.
- Interest expense on bonds was \$3.2 million lower than fiscal year 2007. Interest rates on bonds issued during fiscal year 2008 were lower and interest rates on existing variable rate bonds also decreased in fiscal year 2008 compared to fiscal year 2007. OHCSO has entered into interest rate exchange agreements (swaps) that mitigate the variable rate risk associated with these bonds.
- Interest on loans for fiscal year 2008 was \$7.1 million more than fiscal year 2007. This was primarily due to the increase in OHCSO's loan portfolio over the last year.
- OHCSO received a General Fund Appropriation of \$4,647,232 during fiscal year 2008. The funds are to be used for financing of affordable housing and of manufactured dwelling park purchases.

Debt Administration

Oregon Revised Statutes authorize OHCSO to issue up to \$2.5 billion in revenue bonds to finance the construction, purchase and rehabilitation of housing for low and moderate income persons and families. OHCSO also has constitutional authority to issue general obligation bonds to finance housing for elderly and disabled persons. As of June 30, 2008, OHCSO was authorized to issue up to \$2,505,763,251 in State of Oregon General Obligation bonds for this purpose.

As of June 30, 2008, OHCSO had a total of \$1,675,506,011 (par value) in outstanding debt. During fiscal year 2008, \$438,715,000 (par value) in revenue bonds were issued for the Single-Family Mortgage Program.

In addition, OHCSO issued \$71,705,400 (par value) of Housing Development Revenue Bonds. These bonds were issued as conduit debt obligations as described in the Notes to the Financial Statements (Note 9) and are not included in the outstanding bonds payable balance on the Balance Sheet.

In fiscal year 2008, OHCSO entered into interest rate swaps for four series of variable rate Mortgage Revenue Bonds. The notional amount of the four swaps totals \$130,000,000 as described in the Notes to the Financial Statements (Note 8).

The proceeds from revenue bonds issued for the Single-Family Mortgage Program are used to provide below-market interest loans made to low and moderate income households. The proceeds from the Multifamily Housing Revenue Bonds, Housing Development Revenue Bonds, and Elderly and Disabled Housing Bonds are used to provide low interest rate financing to developers for new construction, remodeling, and/or acquisition of rental housing. The proceeds for the Multifamily Housing Revenue Bond and Housing Development Revenue Bond programs are used to finance housing for persons or families with lower and moderate incomes. Elderly and Disabled Housing Bond proceeds are used for projects housing the elderly and persons with disabilities.

Additional information on the Oregon Housing & Community Services Department's long-term debt can be found in Note 7.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Balance Sheet

Proprietary Funds

June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ 9,535,291	\$ 9,535,291
Cash and Cash Equivalents - Restricted	11,559,060	196,892	11,755,952
Investments - Restricted	-	53,916,828	53,916,828
Securities Lending Cash Collateral	19,766,333	8,170,785	27,937,118
Accounts Receivable	1,769	67,141	68,910
Accrued Interest Receivable	1,300,593	7,234,668	8,535,261
Interfund Receivable	-	1,975	1,975
Acquired Property	-	650,178	650,178
Total Current Assets	32,627,755	79,773,758	112,401,513
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	36,119,417	11,087,230	47,206,647
Investments - Restricted	43,820,300	346,338,570	390,158,870
Deferred Charges	1,722,052	11,685,571	13,407,623
Loans Receivable (Net)	157,810,549	1,224,147,333	1,381,957,882
Capital Assets (Net)	668	4,154	4,822
Total Noncurrent Assets	239,472,986	1,593,262,858	1,832,735,844
Total Assets	\$ 272,100,741	\$ 1,673,036,616	\$ 1,945,137,357
Liabilities and Net Assets			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 74,114	\$ 1,176,216	\$ 1,250,330
Accrued Interest Payable	4,134,060	30,847,603	34,981,663
Obligations Under Securities Lending	19,766,333	8,170,785	27,937,118
Interfund Payable	1,975	-	1,975
Matured Bonds and Interest Payable	-	25,580	25,580
Deferred Income	1,271	882,786	884,057
Compensated Absences Payable	36,218	145,633	181,851
Bonds Payable	7,425,000	23,256,011	30,681,011
Total Current Liabilities	31,438,971	64,504,614	95,943,585
Noncurrent Liabilities			
Compensated Absences Payable	17,838	71,730	89,568
Bonds Payable	181,393,812	1,475,760,181	1,657,153,993
Arbitrage Rebate Liability	48,327	3,348,910	3,397,237
Loans Payable	-	1,500,000	1,500,000
Net OPEB Obligation	6,009	21,512	27,521
Total Noncurrent Liabilities	181,465,986	1,480,702,333	1,662,168,319
Total Liabilities	212,904,957	1,545,206,947	1,758,111,904
Net Assets			
Invested in Capital Assets	668	4,154	4,822
Restricted for Residential Assistance	-	1,700,405	1,700,405
Restricted by Trust Indentures	59,195,116	117,127,829	176,322,945
Unrestricted	-	8,997,281	8,997,281
Total Net Assets	59,195,784	127,829,669	187,025,453
Total Liabilities and Net Assets	\$ 272,100,741	\$ 1,673,036,616	\$ 1,945,137,357

The accompanying notes are an integral part of the financial statements.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Operating Revenues			
Interest on Loans	\$ 11,188,231	\$ 63,397,936	\$ 74,586,167
Investment Income	6,408,418	24,194,930	30,603,348
Administrative Charges and Fees	21,500	1,952,496	1,973,996
Transfer/Commitment Fees	1,000	1,654,620	1,655,620
Low Income Housing Tax Credit Fees	-	1,807,144	1,807,144
Gain on Sale of Foreclosed Property	-	105,897	105,897
Miscellaneous Revenue	146	6,739	6,885
Total Operating Revenues	17,619,295	93,119,762	110,739,057
Operating Expenses			
Personal Services	1,342,191	4,714,138	6,056,329
Services and Supplies	421,049	2,978,869	3,399,918
Mortgage Service Fees	72,384	3,451,248	3,523,632
Foreclosure Costs	-	101,769	101,769
Interest Expense - Bonds	10,230,533	67,320,314	77,550,847
Interest Expense - Loans	-	70,431	70,431
Interest Expense - Securities Lending	667,101	757,037	1,424,138
Other Related Program Expenses	150,635	7,575,880	7,726,515
Amortization of Deferred Bond Issuance Costs	150,402	744,582	894,984
Depreciation/Amortization	3,945	13,334	17,279
Bad Debt Expense	(46,248)	(31,554)	(77,802)
Total Operating Expenses	12,991,992	87,696,048	100,688,040
Operating Income (Loss)	4,627,303	5,423,714	10,051,017
Transfers from Other Funds	-	117,816	117,816
Transfers to Other Funds	(117,816)	-	(117,816)
From State General Fund	-	4,647,232	4,647,232
Change in Net Assets	4,509,487	10,188,762	14,698,249
Net Assets - Beginning	54,686,297	117,640,907	172,327,204
Net Assets - Ending	\$ 59,195,784	\$ 127,829,669	\$ 187,025,453

The accompanying notes are an integral part of the financial statements.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Cash Flows from Operating Activities			
Received from Customers	\$ 21,000	\$ 6,243,111	\$ 6,264,111
Program Loan Principal Repayments	8,299,764	91,897,382	100,197,146
Program Loan Interest Received	10,975,391	62,433,081	73,408,472
Program Loans Made	(1,195,598)	(322,803,453)	(323,999,051)
Payments to Employees for Services	(1,488,454)	(4,655,014)	(6,143,468)
Payments to Suppliers for Goods and Services	(453,525)	(6,087,824)	(6,541,349)
Other Receipts (Payments)	(117,670)	(7,123,230)	(7,240,900)
Net Cash Provided (Used) in Operating Activities	16,040,908	(180,095,947)	(164,055,039)
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	-	445,065,008	445,065,008
Principal Payments on Bonds	(9,415,000)	(371,842,290)	(381,257,290)
Interest Payments on Bonds	(10,001,828)	(64,555,721)	(74,557,549)
Bond Issue Costs	(2,226)	(2,781,573)	(2,783,799)
Interest Payments on Loans	-	(72,255)	(72,255)
Transfers from Other Funds	-	117,816	117,816
Transfers to Other Funds	(117,816)	-	(117,816)
Transfer from State General Fund	-	4,647,232	4,647,232
Net Cash Provided (Used) in Noncapital Financing Activities	(19,536,870)	10,578,217	(8,958,653)
Cash Flows from Investing Activities			
Purchase of Investments	-	(633,073,499)	(633,073,499)
Proceeds from Sales and Maturities of Investments	-	774,608,801	774,608,801
Interest on Cash and Investments	4,249,773	18,283,548	22,533,321
Investment Income on Securities Lending	667,101	757,037	1,424,138
Interest Paid on Securities Lending	(667,101)	(757,037)	(1,424,138)
Net Cash Provided (Used) in Investing Activities	4,249,773	159,818,850	164,068,623
Net Increase (Decrease) in Cash and Cash Equivalents	753,811	(9,698,880)	(8,945,069)
Cash and Cash Equivalents Balance - Beginning	46,924,666	30,518,293	77,442,959
Cash and Cash Equivalents Balance - Ending	\$ 47,678,477	\$ 20,819,413	\$ 68,497,890
 Cash and Cash Equivalents	\$ -	\$ 9,535,291	\$ 9,535,291
Cash and Cash Equivalents - Restricted (Current)	11,559,060	196,892	11,755,952
Cash and Cash Equivalents - Restricted (Noncurrent)	36,119,417	11,087,230	47,206,647
Total Cash and Cash Equivalents	\$ 47,678,477	\$ 20,819,413	\$ 68,497,890

The accompanying notes are an integral part of the financial statements.

Continued on the next page

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 4,627,303	\$ 5,423,714	\$ 10,051,017
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation/Amortization	3,945	13,334	17,279
Amortization of Deferred Bond Issuance Costs	150,402	744,582	894,984
Bad Debt Expense	(46,248)	(31,554)	(77,802)
Investment Income Reported as Operating Revenue	(6,408,418)	(24,194,930)	(30,603,348)
Interest Expense Reported as Operating Expense	10,897,634	68,147,782	79,045,416
Bond Call Expenses	32,819	(327,651)	(294,832)
<i>(Increase)/Decrease in Assets:</i>			
Loan Interest Receivable	(8,690)	(962,694)	(971,384)
Accounts Receivable	(1,634)	(25,030)	(26,664)
Interfund Receivable	65	158,364	158,429
Loans Receivable	7,104,166	(229,939,986)	(222,835,820)
Acquired Property	-	(344,813)	(344,813)
<i>Increase/(Decrease) in Liabilities:</i>			
Accounts Payable	40,519	385,038	425,557
Interfund Payable	(158,364)	(65)	(158,429)
Deferred Income	(204,150)	850,964	646,814
Compensated Absences Payable	5,550	(14,514)	(8,964)
Net OPEB Obligation	6,009	21,512	27,521
Net Cash Provided (Used) in Operating Activities	\$ 16,040,908	\$ (180,095,947)	\$ (164,055,039)
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ 1,649,907	\$ 5,945,122	\$ 7,595,029
Foreclosed Property	-	1,938,449	1,938,449
Loan Modifications	-	5,481	5,481
Total Noncash Investing, Capital, and Financing Activities	\$ 1,649,907	\$ 7,889,052	\$ 9,538,959

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Notes to the Financial Statements
Enterprise Funds
June 30, 2008

NOTE 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Oregon Housing and Community Services Department (OHCS D) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed for the proprietary fund financial statements to the extent that those standards do not conflict with or contradict GASB pronouncements.

A. Reporting Entity

OHCS D is a part of the State of Oregon reporting entity. OHCS D currently operates under the provisions of Sections 456.515 to 456.725 of the Oregon Revised Statutes.

Through sales of bonds, OHCS D finances home ownership and multi-family units for elderly, disabled, and lower to moderate income persons. OHCS D has issued revenue bonds for the Single-Family Mortgage Program (Mortgage Revenue Bonds and Homeowner Revenue Bonds), Multifamily Housing Revenue Bonds, and Multiple Purpose Bonds. OHCS D has issued State of Oregon general obligation bonds for the Elderly and Disabled Housing Program. State of Oregon general obligation bonds are authorized by Oregon Constitution Article XI-I(2).

The financial statements and notes include only the bonded debt financial activity of OHCS D's housing bond programs. OHCS D operates governmental fund programs which are not included in this report.

B. Basis of Presentation - Fund Accounting

OHCS D programs and accounts are organized by "funds," each of which is a separate accounting entity. Each major program utilizes a separate set of self-balancing accounts to record the assets, liabilities, net assets, revenues, and expenses of their activities. OHCS D's housing bond programs are classified in proprietary funds. Proprietary funds contain two types of funds: Enterprise Funds and Internal Service Funds. All housing bond programs of OHCS D are accounted for in the Enterprise Funds.

Proprietary Fund

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. OHCS D utilizes two enterprise funds which are differentiated primarily by the type of bond financing employed to support their respective programs:

- (1) The Elderly and Disabled Housing Program accounts for programs that are supported by State of Oregon General Obligation Bonds. Bond proceeds are used to finance elderly housing and residential facilities for elderly households, disabled persons, and their family members. OHCS D is responsible for the administration of this program.
- (2) The Housing Finance Fund accounts for programs that are supported by revenue bond financing, including the Multifamily Housing, Multiple Purpose, and Single-Family Mortgage Programs. Revenue bond proceeds are used to finance home ownership and multi-family units for lower and moderate income persons. Also part of the Housing Finance Fund are the Combined Program Account and the Housing Finance Account. The Combined Program Account is maintained to act as a reserve against possible deficiencies that may arise in the payment of debt service or related expenses of the Single-Family Mortgage Program and the Multiple Purpose Bonds. General and administrative costs of these programs are accounted for in the Housing Finance Account. In addition, fees or other monies received by OHCS D in carrying out the responsibilities outlined under Oregon Revised Statutes 456.550 to 456.725 are also included in the Housing Finance Account.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for using the flow of economic resources measurement focus and are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time related liabilities are incurred. All assets and liabilities associated with the operations of these funds are included on the balance sheet. Assets and liabilities are segregated between current and non-current. Net total assets are segregated into capital assets, net of related debt; restricted assets; and unrestricted assets. Proprietary fund Statement of Revenues, Expenses and Changes in Net Assets present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. This statement segregates operating revenue, operating expenses, non-operating revenue and expense, and capital contributions and transfers.

D. Budgets

The Oregon Legislature approves budgets for a biennial period. Operating expenses are subject to limitation and bond related expenses are subject to administrative limitation. Both types of limitation lapse at the end of the biennium. Budgets are adopted on a basis which differs from generally accepted accounting principles and financial reporting standards in the treatment of bond proceeds and loan purchases. For budgetary purposes, these transactions are treated on a cash basis and other operating revenues and expenses are on an accrual basis.

E. Cash Equivalents

For purposes of the Statement of Cash Flows, all OHCS D moneys held in the State Treasury Oregon Short Term Fund and moneys held in money market funds are considered to be cash equivalents. All short-term U.S. Treasury and U.S. Agency securities and guaranteed investment contracts are considered to be investments.

F. Investments

OHCS D's investments are stated at fair value. Investment fair value is determined using quoted market prices. Since the principal activity of OHCS D is lending, investment income is reported as operating activity. Securities lending cash collateral reinvested by the Oregon State Treasury Oregon Short Term Fund in short-term debt investments with remaining maturities of up to ninety days on June 30, 2008 is reported at amortized cost.

G. Receivables

Receivables are shown net of an allowance for uncollectible accounts. Receivables included are amounts due that represent revenues earned or accrued in the current period. Types included in this classification relate to interest, mortgage loans receivable, and other miscellaneous receivables.

H. Short-term Interfund Receivable/Payable

During the course of operations, transactions occur between individual funds for various reasons. These receivable and payable transactions are classified as "Interfund Receivable" and "Interfund Payable" on the balance sheet.

I. Acquired Property

Acquired properties resulting from mortgage foreclosures are stated at the lower of cost or fair market value. Cost is defined as the outstanding balance of the mortgage loan, plus major repairs, less any mortgage insurance payments received. Costs relating to the acquisition of such properties are charged to expense as they are incurred.

J. Deferred Charges

Bond issuance costs, including underwriters' discounts, are reflected as deferred charges and amortized over the term of the related bond issue. The bonds-outstanding method of amortization is used to amortize all deferred charges except for Homeowner Revenue Bonds deferred charges, which are amortized using the straight-line method of amortization.

K. Capital Assets

Capital assets are reported at historical cost or estimated historical cost if the original cost is not determinable. Donated capital assets are reported at their estimated fair market value at the time received. Capital assets costing less than \$5,000 or having a useful life of less than one year are not capitalized.

Depreciation or amortization of capital assets is charged as an expense against operations over the estimated useful life using the straight-line method of depreciation. The estimated useful life of all capital assets is three years.

L. Rebatable Arbitrage

Internal Revenue Code (IRC) Section 148(f) requires issuers of tax-exempt bonds to rebate investment income earned from bond proceeds that exceed limits established for each bond issue. These limits are based on the bond yield as calculated for federal tax purposes for each bond issue and are subject to certain exceptions. Arbitrage rebate payments are due not later than 60 days after the end of the fifth anniversary of each bond issue (or other date in compliance with IRC Section 148(f)) and every five years thereafter in an amount at least equal to 90 percent of the calculated arbitrage liability. Final arbitrage rebate payments are due not later than 60 days after the final retirement of all bonds in an issue in an amount equal to 100 percent of the calculated arbitrage liability. OHCS D records rebatable arbitrage as a reduction of investment revenue.

M. Compensated Absences

Employees accumulate earned but unused vacation and sick leave benefits. Accumulated vacation leave (compensated absences) is recorded as an expense and a liability as the benefits accrue to the employees. No liability is recorded for accumulated sick leave benefits since employees are not paid for unused sick leave benefits when leaving State service.

N. Bond Discounts, Premiums, and Interest Accretion

Bond discount or premium arising from the sale of serial or term bonds is charged or credited to interest expense over the life of the related bond issue using the bonds-outstanding method of amortization.

The capital appreciation bonds increase in value based on the initial yield to maturity as set forth in Accreted Value Tables in the bond issue's Official Statement. This increase in value is reflected as increased liability in bonds payable on the Balance Sheet and as interest expense on the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

O. Deferred Amount on Debt Refunding

Deferred Amount on Debt Refunding is reflected as a reduction to Bonds Payable and is amortized over the shorter of the term of the refunding or refunded bonds using the bonds-outstanding method of amortization. The bonds-outstanding method of amortization most closely approximates the effective-interest method.

P. Restricted Assets

The use of all cash, cash equivalents, and investments of the Enterprise Fund are generally restricted as to purpose and use by the Bond Declarations and Indentures of Trust. The bond program funds are restricted for acquisition of loans, payment of debt service, and payment of operating costs. Individual reserve accounts have been established to meet certain requirements and the balances of these accounts as of June 30, 2008 were sufficient to meet all legal requirements. When both restricted and unrestricted resources are available to use, it is OHCS D's policy to use restricted resources before using unrestricted resources.

Q. Operating Revenues and Expenses

Operating revenues include interest and fees on program loans as well as earnings on cash and investments related to OHCS D's loan programs. Administrative expenses, depreciation and amortization of capital assets, and bond program related expenses are considered operating expenses. Nonoperating revenues and expenses include any gain or loss on the disposition of capital assets.

NOTE 2. Cash and Cash Equivalents, Investments, and Securities Lending

Deposits:

On June 30, 2008, the book balance of cash and cash equivalents was \$68,497,890 and the bank balance was \$68,448,083. Monies held in demand accounts with the State Treasurer and amounts invested in the Oregon Short Term Fund totaled \$67,532,542. State Treasurer demand deposit accounts and time certificates of deposit investments of the Short Term Fund held in state banks are insured or collateralized in excess of FDIC coverage for a minimum of 25 percent in accordance with State statute. Securities in the Short Term Fund are held by the Treasury's agent in the name of the State of Oregon. Earnings on the Short Term Fund are allocated based on daily account balances. The bank balance of money market accounts held by the Bond Trustees as agents totaled \$889,961. Total Cash with Fiscal Agents was \$25,580, which was collateralized and held at the Fiscal Agent but not in OHCS D's name and is exposed to custodial credit risk. OHCS D does not have a deposit policy.

Investments:

Oregon Revised Statute 293.726 (1), Bond Indentures of Trust, and OHCS D's investment policy allow OHCS D to invest in insured or registered securities explicitly or implicitly guaranteed by the U.S. Government and in investment agreements, collateralized or uncollateralized, with institutions that are rated by nationally recognized rating agencies and rated at least equal to the initial rating on the bonds. As of June 30, 2008, OHCS D had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Securities	\$ 17,969,708	\$ 4,953,439	\$ 2,817	\$ 1,436,442	\$ 11,577,010
U.S. Agency Securities	336,542,142	270,370,236	4,948,488	7,182,124	54,041,294
Guaranteed Investment Contracts	89,563,848	-	89,563,848	-	-
Total	\$ 444,075,698	\$ 275,323,675	\$ 94,515,153	\$ 8,618,566	\$ 65,618,304

Investments with OHCS D's Trustees consisted of \$1,610,604 in U.S. Government securities, \$309,080,946 in U.S. Agency securities, and \$89,563,848 in guaranteed investment contracts. They are held by the Trust Departments of OHCS D's Bond Trustees as agents in OHCS D's name. Investments with the State Treasurer consisted of \$16,359,104 in U.S. Government Securities and \$27,461,196 in U.S. Agency securities. OHCS D's investments with the State Treasurer are held with the State Treasurer's agent in the name of the State of Oregon and segregated in the Treasurer's records in OHCS D's name.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. OHCS D's investment policy specifies that, in order to mitigate interest rate risk, the investment portfolio shall be structured so that securities mature to meet cash requirements, limiting the need to sell securities on the open market before maturity.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. According to OHCS D's investment policy, to mitigate credit risk, funds shall be invested in, or collateralized by, U.S. Treasury Bonds, Notes, and Bills and "highly liquid" U.S. Agency securities. As of June 30, 2008, all of OHCS D's investments in U.S. Agency securities are rated Aaa by Moody's Investor Service and AAA by Standard & Poors. OHCS D's guaranteed investment contracts are unrated.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. On June 30, 2008, 35.0% of OHCS D's total investments are in Federal Home Loan Bank, 34.3% are in Federal National Mortgage Association, and 20.2% are in Trinity Funding Company, LLC.

Securities Lending:

In accordance with State of Oregon investment policies, state agencies may participate in securities lending. OHCSO is involved in securities lending only with cash balances invested in the Oregon Short Term Fund (OSTF). As of June 30, 2008, the fair value of all securities on loan from OSTF was \$4,746,661,246. The total cash collateral received for the securities on loan from OSTF was \$4,841,687,061. The fair value of all investments made with the cash collateral received for those securities on loan was \$4,812,941,586. The portion of these balances allocated to OHCSO's Enterprise Funds are \$27,388,808, \$27,937,118, and \$27,771,253, respectively.

The Office of the State Treasurer has authorized its custodian to act as its agent in the lending of OSTF securities pursuant to a form of loan agreement, in accordance with OSTF investment policies. There have been no significant violations of the provisions of securities lending agreements during the period of these financial statements.

During the year, the State's securities lending agent lent short-term and fixed income securities and received as collateral U.S. dollar-denominated cash. Borrowers were required to deliver cash collateral for each loan equal to not less than 102 percent of the market value of the loaned security. The State did not impose any restrictions during the fiscal year on the amount of loans the securities lending agent made on its behalf. The State is fully indemnified by its securities lending agent against losses due to borrower default. There were no losses during the year from the failure of borrowers to return loaned securities.

The State and borrowers maintained the right to terminate all securities lending transactions on demand. As a consequence, the maturities of investments made with cash collateral do not match the maturities of the securities loans. On June 30, 2008, the State had no credit risk exposure to borrowers related to securities on loan.

NOTE 3. Loans Receivable

Loans receivable on June 30, 2008 consisted of:

	Loans Receivable	Less: Allowance for Uncollectible Accounts	Loans Receivable (Net)
Elderly and Disabled Housing Fund:	\$ 158,597,118	\$ (786,569)	\$ 157,810,549
Housing Finance Fund:			
Mortgage Revenue Bonds	1,042,559,761	-	1,042,559,761
Multifamily Housing Revenue Bonds	155,389,958	(388,476)	155,001,482
Multiple Purpose Bonds	23,779,621	(51,886)	23,727,735
Housing Finance Account	2,871,225	(12,870)	2,858,355
Total Housing Finance Fund	1,224,600,565	(453,232)	1,224,147,333
Total	\$ 1,383,197,683	\$ (1,239,801)	\$ 1,381,957,882

The Elderly and Disabled Housing Program provides construction and permanent mortgage financing for the acquisition or rehabilitation of structures or facilities which serve elderly or disabled persons and their families.

Mortgage Revenue Bonds provide financing for single-family homes for at or below median income home buyers. These loans are collateralized by first lien mortgages on the applicable real estate. Of the total mortgage principal balance outstanding, 51 percent is federally insured or guaranteed, 26 percent is covered by pool insurance and/or private mortgage insurance and 23 percent is uninsured. Based on prior experience, OHCSO does not anticipate any material loss in the collection of mortgage loans receivable or in the disposition of acquired properties.

Multifamily Housing Revenue Bonds finance construction and mortgage loans for multi-family housing developments within the State that primarily contain housing units for persons or families of lower and moderate income.

Multiple Purpose Bonds provide funds to carry out its public purposes and programs, including, without limitation, the financing and refinancing of multi-family rental housing developments within the state.

Notes to the Financial Statements (Continued)
June 30, 2008

OHCSO uses the allowance method to estimate uncollectible mortgage loans receivable. The composition of the loan portfolio is evaluated considering past loss experience, current economic conditions, amount of mortgage insurance, and the likelihood of properties being foreclosed upon. This evaluation, in management's judgment, is adequate to provide for potential losses.

NOTE 4. Capital Assets

A summary of OHCSO's capital assets at June 30, 2008 is presented in the table below. OHCSO has no outstanding debt related to capital assets.

	Elderly and Disabled Housing Fund				Housing Finance Fund			
	Beginning Balance	Increases	Decreases	Ending Balance	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets:								
Equipment	\$ 1,474	\$ -	\$ -	\$ 1,474	\$ 34,643	\$ -	\$ -	\$ 34,643
Data Processing Hardware	22,674	-	10,101	12,573	94,351	-	41,855	52,496
Data Processing Software	27,581	-	-	27,581	133,033	-	-	133,033
Leasehold Improvements	-	-	-	-	34,852	-	34,852	-
Total Capital Assets	51,729	-	10,101	41,628	296,879	-	76,707	220,172
Less Accumulated Depreciation/Amortization:								
Equipment	(1,474)	-	-	(1,474)	(34,643)	-	-	(34,643)
Data Processing Hardware	(22,674)	-	(10,101)	(12,573)	(94,351)	-	(41,855)	(52,496)
Data Processing Software	(22,968)	(3,945)	-	(26,913)	(115,545)	(13,334)	-	(128,879)
Leasehold Improvements	-	-	-	-	(34,852)	-	(34,852)	-
Total Accumulated Depreciation/Amortization	(47,116)	(3,945)	(10,101)	(40,960)	(279,391)	(13,334)	(76,707)	(216,018)
Capital Assets, Net	\$ 4,613	\$ (3,945)	\$ -	\$ 668	\$ 17,488	\$ (13,334)	\$ -	\$ 4,154

NOTE 5. Interfund Balances and Transfers

The following schedule summarizes interfund receivables and payables for the year ended June 30, 2008:

	Interfund Receivable	Interfund Payable
Elderly and Disabled Housing Fund	\$ -	\$ 1,975
Housing Finance Fund	1,975	-
Total	\$ 1,975	1,975

All balances between funds are the result of timing differences related to the reallocation of expenses.

The following schedule summarizes transfers for the year ended June 30, 2008:

	Transfer from Other Funds	Transfer to Other Funds
Elderly and Disabled Housing Fund	\$ -	\$ (117,816)
Housing Finance Fund	117,816	-
Total	\$ 117,816	(117,816)

The transfer from the Elderly and Disabled Housing Fund to the Housing Finance Fund helps to provide housing for very low income Oregonians.

NOTE 6. Changes in Long Term Liabilities

Long term liability activity for the fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bond Principal	\$ 1,618,048,301	\$ 438,715,000	\$ 381,257,290	\$ 1,675,506,011	\$ 30,681,011
Bond Discount	(310,121)	-	(31,103)	(279,018)	-
Bond Premium	8,426,623	6,350,008	1,534,147	13,242,484	-
Accreted Interest	2,052,322	106,378	1,059,711	1,098,989	-
Deferred Amount on Refunding	(2,023,173)	-	(289,711)	(1,733,462)	-
Total Bonds Payable	1,626,193,952	445,171,386	383,530,334	1,687,835,004	
Compensated Absences Payable	280,383	178,893	187,857	271,419	181,851
Arbitrage Rebate Liability	2,690,820	748,495	42,078	3,397,237	-
Loans Payable	1,500,000	-	-	1,500,000	-
Net OPEB Obligation	-	27,521	-	27,521	-
Total Long Term Liabilities	\$ 1,630,665,155	\$ 446,126,295	\$ 383,760,269	\$ 1,693,031,181	\$ 30,862,862

NOTE 7. Long Term Debt

The following table summarizes outstanding bonds by program and series as of June 30, 2008:

General Obligation Bonds

Elderly and Disabled Housing Program

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
1992 A	1993-2013	3.300 - 6.250%	\$ 11,985,000	\$ 3,100,000	\$ -	\$ 365,000	\$ 2,735,000	\$ 390,000
1992 C	1993-2022	3.300 - 6.500%	14,695,000	565,000	-	20,000	545,000	25,000
1993 B	1994-2026	2.700 - 5.500%	11,060,000	4,910,000	-	3,580,000	1,330,000	40,000
1993 C	1994-2026	2.850 - 5.650%	13,915,000	10,700,000	-	330,000	10,370,000	345,000
1994 A	1995-2025	3.500 - 6.150%	9,440,000	2,415,000	-	70,000	2,345,000	75,000
1994 B	1996-2026	4.200 - 6.300%	24,400,000	19,505,000	-	515,000	18,990,000	545,000
1995 A	1996-2026	4.000 - 6.000%	14,100,000	10,645,000	-	295,000	10,350,000	305,000
1995 B	1997-2027	4.000 - 5.700%	24,240,000	12,455,000	-	325,000	12,130,000	345,000
1996 A	1998-2027	4.050 - 5.600%	2,850,000	485,000	-	15,000	470,000	15,000
1996 B	1998-2027	4.200 - 5.800%	10,605,000	8,840,000	-	225,000	8,615,000	240,000
1997 A	1999-2028	4.050 - 5.375%	8,475,000	5,295,000	-	135,000	5,160,000	140,000
1998 A	2000-2029	3.400 - 4.500%	8,870,000	1,250,000	-	30,000	1,220,000	30,000
1998 B	2001-2030	3.550 - 4.875%	10,285,000	3,740,000	-	100,000	3,640,000	105,000
1998 C	2000-2029	4.900 - 6.000%	1,880,000	315,000	-	5,000	310,000	5,000
1999 A	2000-2030	3.250 - 5.150%	10,840,000	3,640,000	-	665,000	2,975,000	695,000
1999 B	2000-2031	3.350 - 5.250%	4,485,000	4,020,000	-	90,000	3,930,000	90,000
1999 D	2000-2030	3.950 - 6.000%	5,695,000	1,545,000	-	25,000	1,520,000	30,000
1999 E	2001-2031	5.000 - 6.250%	19,105,000	17,330,000	-	330,000	17,000,000	345,000
2001 A	2002-2032	2.550 - 5.100%	5,210,000	1,360,000	-	55,000	1,305,000	60,000
2001 B	2002-2020	2.550 - 4.950%	7,805,000	6,515,000	-	285,000	6,230,000	305,000
2001 C	2002-2032	2.700 - 5.300%	25,325,000	22,260,000	-	730,000	21,530,000	790,000
2002 A	2003-2022	1.400 - 4.650%	10,840,000	9,170,000	-	435,000	8,735,000	450,000
2002 B	2003-2024	1.400 - 4.700%	37,905,000	5,185,000	-	210,000	4,975,000	215,000
2002 C	2003-2043	1.600 - 5.050%	13,595,000	7,065,000	-	200,000	6,865,000	205,000
2003 B	2004-2024	1.300 - 4.800%	9,265,000	8,310,000	-	330,000	7,980,000	335,000
2003 C	2013-2034	4.350 - 5.100%	2,930,000	2,810,000	-	50,000	2,760,000	50,000
2007 A	2008-2048	3.650 - 4.750%	26,300,000	26,300,000	-	-	26,300,000	1,250,000
Total General Obligation Bonds				\$ 199,730,000	\$ -	\$ 9,415,000	\$ 190,315,000	\$ 7,425,000

Revenue Bonds

Mortgage Revenue Bonds

Original Issue				Bonds Outstanding				
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
1991 D	1993-2027	4.750 - 6.800%	\$21,250,000	\$ 4,300,000	\$ -	\$ 605,000	\$ 3,695,000	\$ 95,000
1992 A	1994-2016	4.500 - 6.800%	32,874,827	1,201,301	-	620,290	581,011	581,011
1992 C	1994-2016	2.400 - 5.550%	20,585,000	1,465,000	-	675,000	790,000	90,000
1993 B	1995-2017	3.250 - 5.375%	18,795,000	2,455,000	-	555,000	1,900,000	175,000
1994 A	1995-2018	3.750 - 6.400%	18,150,000	2,080,000	-	190,000	1,890,000	115,000
1994 C	1996-2016	4.200 - 6.250%	12,440,000	1,970,000	-	250,000	1,720,000	170,000
1995 A	1996-2026	4.400 - 6.450%	25,000,000	4,470,000	-	410,000	4,060,000	125,000
1995 C	2015-2026	6.200 - 6.400%	20,200,000	4,680,000	-	570,000	4,110,000	
1995 E	1997-2027	4.000 - 6.000%	25,000,000	5,090,000	-	725,000	4,365,000	155,000
1996 A	2008-2016	5.500 - 6.000%	6,465,000	60,000	-	-	60,000	10,000
1996 B	1998-2027	4.200 - 6.200%	18,535,000	4,010,000	-	725,000	3,285,000	35,000
1996 D	1998-2027	4.300 - 6.375%	27,300,000	3,980,000	-	265,000	3,715,000	60,000
1996 H	1998-2027	4.050 - 6.000%	27,300,000	4,175,000	-	865,000	3,310,000	70,000
1997 A	1999-2027	4.600 - 6.200%	25,000,000	3,780,000	-	455,000	3,325,000	100,000
1997 F	2017-2028	5.500 - 5.650%	14,025,000	7,300,000	-	1,285,000	6,015,000	-
1997 H	1999-2028	4.000 - 5.650%	33,570,000	8,965,000	-	2,020,000	6,945,000	170,000
1998 A	2000-2015	4.000 - 5.150%	10,655,000	2,435,000	-	250,000	2,185,000	240,000
1998 B	2018-2029	4.900 - 5.450%	19,345,000	5,515,000	-	1,485,000	4,030,000	-
1998 D	2000-2029	3.850 - 5.300%	35,000,000	10,805,000	-	1,580,000	9,225,000	-
1998 G	2000-2029	3.650 - 5.250%	35,000,000	11,020,000	-	1,090,000	9,930,000	-
1999 A	2001-2027	3.600 - 5.150%	25,480,000	9,485,000	-	1,635,000	7,850,000	270,000
1999 E	2019-2027	4.850 - 5.400%	20,350,000	9,220,000	-	1,095,000	8,125,000	-
1999 F	2001-2028	3.850 - 5.500%	14,650,000	25,000	-	25,000	-	-
1999 I	2001-2020	4.100 - 5.550%	25,555,000	2,275,000	-	605,000	1,670,000	70,000
1999 J	2023-2030	5.200 - 5.750%	29,320,000	9,605,000	-	950,000	8,655,000	-
1999 M	2002-2031	4.650 - 6.200%	32,260,000	7,645,000	-	1,120,000	6,525,000	120,000
2000 A	2001-2028	4.300 - 6.050%	18,265,000	5,160,000	-	280,000	4,880,000	235,000
2000 B	2025-2030	5.750 - 6.250%	16,735,000	970,000	-	785,000	185,000	
2000 E	2002-2030	4.850 - 6.150%	29,160,000	8,470,000	-	1,120,000	7,350,000	300,000
2000 H	2009-2030	4.650 - 5.750%	30,070,000	9,630,000	-	1,340,000	8,290,000	-
2000 K	2003-2022	4.500 - 5.700%	14,825,000	1,605,000	-	925,000	680,000	45,000
2000 L	2031-2033	5.900 - 5.900%	20,175,000	10,660,000	-	1,070,000	9,590,000	-
2001 A	2003-2030	3.600 - 5.350%	23,465,000	10,880,000	-	1,635,000	9,245,000	330,000
2001 C	2032	**	7,500,000	2,825,000	-	295,000	2,530,000	55,000
2001 F	2003-2030	3.350 - 5.550%	24,025,000	10,315,000	-	1,805,000	8,510,000	295,000
2001 G	2026-2032	4.850 - 5.700%	10,975,000	1,960,000	-	865,000	1,095,000	-
2001 J	2003-2030	3.000 - 5.150%	26,435,000	11,875,000	-	2,375,000	9,500,000	295,000
2001 L	2032	**	9,100,000	3,690,000	-	570,000	3,120,000	45,000
2001 Q	2003-2024	2.350 - 5.125%	19,015,000	10,555,000	-	750,000	9,805,000	395,000
2001 R	2027-2033	4.200 - 5.375%	15,985,000	6,715,000	-	1,405,000	5,310,000	-
2002 A	2004-2024	2.350 - 5.200%	18,620,000	12,720,000	-	735,000	11,985,000	485,000
2002 B	2004-2033	2.700 - 5.450%	16,380,000	8,275,000	-	1,285,000	6,990,000	-
2002 F	2005-2022	3.150 - 5.250%	15,190,000	8,835,000	-	675,000	8,160,000	390,000
2002 G	2003-2033	2.400 - 5.600%	19,810,000	11,455,000	-	1,905,000	9,550,000	-
2002 H	2006-2023	2.450 - 5.000%	16,315,000	12,900,000	-	770,000	12,130,000	585,000
2002 I	2004-2033	2.000 - 5.250%	18,685,000	8,965,000	-	2,105,000	6,860,000	-
2002 M	2006-2023	2.400 - 5.050%	16,285,000	13,415,000	-	1,030,000	12,385,000	565,000
2002 N	2004-2033	2.200 - 5.250%	18,715,000	11,630,000	-	1,915,000	9,715,000	-
2003 A	2007-2030	2.150 - 4.900%	22,810,000	19,810,000	-	1,550,000	18,260,000	550,000
2003 B	2004-2034	1.400 - 5.000%	12,190,000	6,095,000	-	2,315,000	3,780,000	-
2003 E	2004-2030	1.100 - 4.600%	24,665,000	21,055,000	-	1,530,000	19,525,000	630,000
2003 F	2032-2034	3.200 - 4.750%	10,335,000	5,535,000	-	1,840,000	3,695,000	-
2003 J	2005-2023	1.300 - 4.700%	22,880,000	17,840,000	-	3,170,000	14,670,000	710,000
2003 K	2005-2029	1.700 - 5.625%	12,120,000	7,935,000	-	1,855,000	6,080,000	-
2003 L	2034	***	15,000,000	15,000,000	-	-	15,000,000	-
2004 A	2005-2023	1.100 - 4.500%	23,720,000	17,120,000	-	3,405,000	13,715,000	735,000
2004 B	2029	5.625 - 5.625%	11,280,000	8,455,000	-	1,910,000	6,545,000	-
2004 C	2034	***	15,000,000	15,000,000	-	-	15,000,000	-
2004 G	2005-2023	1.350 - 4.500%	23,410,000	18,460,000	-	3,860,000	14,600,000	755,000
2004 H	2029	5.125 - 5.125%	11,590,000	9,460,000	-	1,905,000	7,555,000	-
2004 I	2034	***	15,000,000	15,000,000	-	-	15,000,000	

Notes to the Financial Statements (Continued)
June 30, 2008

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2004 J	2006-2019	1.950 - 4.350%	15,560,000	13,680,000	-	3,420,000	10,260,000	745,000
2004 K	2020-2030	4.800 - 5.100%	19,440,000	17,235,000	-	2,230,000	15,005,000	-
2004 L	2035	***	15,000,000	15,000,000	-	-	15,000,000	-
2004 M	2007-2025	2.250 - 4.600%	7,510,000	7,230,000	-	535,000	6,695,000	275,000
2004 N	2035	4.900 - 4.900%	8,390,000	7,800,000	-	375,000	7,425,000	-
2005 A	2006-2024	2.600 - 4.500%	16,055,000	14,080,000	-	1,675,000	12,405,000	560,000
2005 B	2034	5.375 - 5.375%	8,445,000	7,520,000	-	1,005,000	6,515,000	-
2005 C	2035	***	10,500,000	10,500,000	-	-	10,500,000	-
2005 D	2007-2025	3.000 - 4.650%	26,340,000	25,795,000	-	2,905,000	22,890,000	920,000
2005 E	2006-2031	3.150 - 5.750%	13,775,000	12,720,000	-	1,730,000	10,990,000	-
2005 F	2036	***	14,885,000	14,885,000	-	-	14,885,000	-
2006 A	2007-2021	3.125 - 4.350%	20,210,000	20,210,000	-	1,790,000	18,420,000	1,030,000
2006 B	2007-2030	3.350 - 5.625%	19,790,000	19,480,000	-	2,120,000	17,360,000	-
2006 C	2036	***	20,000,000	20,000,000	-	-	20,000,000	-
2006 D	2007-2021	3.500 - 4.500%	18,705,000	18,540,000	-	1,290,000	17,250,000	955,000
2006 E	2025-2031	5.000 - 6.250%	21,295,000	20,990,000	-	1,285,000	19,705,000	-
2006 F	2037	***	20,000,000	20,000,000	-	-	20,000,000	-
2006 G	2028	***	16,105,000	16,105,000	-	-	16,105,000	-
2006 H	2008-2021	3.300 - 4.100%	13,905,000	13,905,000	-	185,000	13,720,000	770,000
2006 I	2026-2036	4.600 - 6.250%	27,680,000	27,640,000	-	880,000	26,760,000	-
2006 J	2008-2021	3.350 - 4.050%	13,235,000	13,235,000	-	-	13,235,000	735,000
2006 K	2026-2036	4.450 - 5.375%	26,765,000	26,765,000	-	175,000	26,590,000	-
2007 A	2008-2022	3.400 - 4.250%	20,210,000	20,210,000	-	-	20,210,000	650,000
2007 B	2027-2037	4.750 - 5.500%	39,790,000	39,790,000	-	230,000	39,560,000	-
2007 C	2008-2022	3.550 - 4.700%	27,025,000	-	27,025,000	-	27,025,000	500,000
2007 D	2026-2038	5.000 - 5.875%	32,975,000	-	32,975,000	250,000	32,725,000	-
2007 E	2038	***	30,000,000	-	30,000,000	-	30,000,000	-
2007 F	2014-2022	3.700 - 4.450%	18,855,000	-	18,855,000	390,000	18,465,000	-
2007 G	2009-2038	3.650 - 5.500%	41,145,000	-	41,145,000	135,000	41,010,000	-
2007 H	2038	***	30,000,000	-	30,000,000	-	30,000,000	-
2008 A	2009-2022	1.650 - 4.125%	15,140,000	-	15,140,000	-	15,140,000	-
2008 B	2010-2038	2.625 - 6.000%	54,860,000	-	54,860,000	-	54,860,000	-
2008 C	2038	***	35,000,000	-	35,000,000	-	35,000,000	-
2008 D	2009-2023	2.500 - 4.800%	11,790,000	-	11,790,000	-	11,790,000	-
2008 E	2010-2039	3.900 - 6.500%	58,210,000	-	58,210,000	-	58,210,000	-
2008 F	2039	***	35,000,000	-	35,000,000	-	35,000,000	-
Total Mortgage Revenue Bonds				\$ 911,596,301	\$ 390,000,000	\$ 91,635,290	\$ 1,209,961,011	\$ 17,191,011

** Interest rates are adjusted monthly based on the one month LIBOR rate plus 0.40%, not to exceed 11.00% for 2001 C and 11.50% for 2001 L. The interest rate at the end of the fiscal year was 2.86%.

*** Interest rates are adjusted weekly based on the weekly rate determined by the Remarketing Agent, not to exceed 12.00%. The interest rate at the end of the fiscal year was 1.75% for 2003 L, 2004 I, 2005 C, 2006 C, and 2008 C, 1.66% for 2004 C, 2004 L, and 2005 F, 1.64% for 2006 F and 2007 E, 1.54% for 2006 G, 1.77% for 2007 H, and 1.55% for 2008 F.

Homeowner Revenue Bonds

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2005 A	2010	**	\$ 189,985,000	\$ 92,075,000	\$ 31,855,000	\$ 72,810,000	\$ 51,120,000	\$ -
2005 B	2010	**	362,645,000	213,607,000	16,860,000	194,167,000	36,300,000	-
Total Homeowner Revenue Bonds				\$ 305,682,000	\$ 48,715,000	\$ 266,977,000	\$ 87,420,000	\$ -

** The interest rate is adjusted monthly based on the SIFMA Index rate + 0.75% for the 2005 A Series and 0.80% for the 2005 B Series, not to exceed the one month LIBOR rate plus 0.023% or fall below 95% of the one month LIBOR rate. The interest rate at the end of the fiscal year was 2.37% for 2005 A and 2.42% for 2005 B.

Multifamily Housing Revenue Bonds

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
1997 A	1999-2029	4.100 - 5.700%	\$ 16,360,000	\$ 14,335,000	\$ -	\$ 325,000	\$ 14,010,000	\$ 345,000
1997 B	2000-2029	4.000 - 5.550%	10,100,000	8,875,000	-	205,000	8,670,000	215,000
1999 A	2001-2030	3.450 - 5.150%	12,440,000	11,105,000	-	255,000	10,850,000	265,000
1999 B	2002-2031	4.300 - 6.000%	34,920,000	32,290,000	-	605,000	31,685,000	635,000
2000 A	2003-2042	4.600 - 6.050%	18,325,000	17,770,000	-	155,000	17,615,000	165,000
2001 A	2024-2032	4.600 - 5.100%	1,770,000	1,645,000	-	30,000	1,615,000	40,000
2001 B	2004-2043	2.900 - 5.450%	31,935,000	31,090,000	-	300,000	30,790,000	315,000
2002 A	2004-2033	1.800 - 5.000%	7,875,000	7,435,000	-	155,000	7,280,000	160,000
2003 A	2013-2044	4.400 - 5.150%	5,675,000	5,570,000	-	50,000	5,520,000	60,000
2004 A	2014-2045	4.300 - 5.100%	5,120,000	5,055,000	-	50,000	5,005,000	50,000
2004 B	2046	***	14,950,000	14,950,000	-	155,000	14,795,000	160,000
2005 A	2007-2047	3.050 - 5.000%	9,855,000	9,855,000	-	40,000	9,815,000	765,000
2006 A	2036	4.620 - 4.620%	5,680,000	5,680,000	-	70,000	5,610,000	150,000
Total Multifamily Housing Revenue Bonds				\$ 165,655,000	\$ -	\$ 2,395,000	\$ 163,260,000	\$ 3,325,000

*** The interest rate is adjusted weekly based on the weekly rate determined by the Remarketing Agent, not to exceed 12.00%. The interest rate at the end of the fiscal year was 7.65%.

Multiple Purpose Bonds

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2005 A	2005-2024	1.900 - 4.300%	\$ 46,405,000	\$ 35,385,000	\$ -	\$ 10,835,000	\$ 24,550,000	\$ 2,740,000
Total Multiple Purpose Bonds				\$ 35,385,000	\$ -	\$ 10,835,000	\$ 24,550,000	\$ 2,740,000

Total Revenue Bonds	\$ 1,418,318,301	\$ 438,715,000	\$ 371,842,290	\$ 1,485,191,011	\$ 23,256,011
Total General Obligation and Revenue Bonds	\$ 1,618,048,301	\$ 438,715,000	\$ 381,257,290	\$ 1,675,506,011	\$ 30,681,011

Bonds Payable Per Balance Sheet:

Bonds payable are presented on the balance sheet at their carrying value. The carrying value is the outstanding bond principal plus the accretion in principal for capital appreciation bonds plus unamortized bond premium less unamortized bond discount less the deferred amount on debt refunding. Bonds payable balances on June 30, 2008 are summarized below:

	Principal (per preceding Schedule)	Less: Discount	Plus: Premium	Plus: Accretion	Less: Deferred Amount on Debt Refunding	Bonds Payable
General Obligation Bonds:						
Elderly and Disabled Housing Program	\$ 190,315,000	\$ (278,277)	\$ -	\$ -	\$ (1,217,911)	\$ 188,818,812
Revenue Bonds (Housing Finance Fund):						
Single-Family Mortgage Program:						
Mortgage Revenue Bonds	1,209,961,011	(741)	13,242,484	1,098,989	(107,570)	1,224,194,173
Homeowner Revenue Bonds	87,420,000	-	-	-	-	87,420,000
Multifamily Housing Revenue Bonds	163,260,000	-	-	-	(222,817)	163,037,183
Multiple Purpose Bonds	24,550,000	-	-	-	(185,164)	24,364,836
Total Revenue Bonds	1,485,191,011	(741)	13,242,484	1,098,989	(515,551)	1,499,016,192
Total General Obligation and Revenue Bonds	\$ 1,675,506,011	\$ (279,018)	\$ 13,242,484	\$ 1,098,989	\$ (1,733,462)	\$ 1,687,835,004

Notes to the Financial Statements (Continued)
June 30, 2008

Debt Service Requirements to Maturity:

The following table summarizes the amounts necessary to pay all future bonded debt principal and interest requirements as of June 30, 2008 for each fiscal year during the next five year period ending June 30, 2013, and in five year increments thereafter.

Year Ending June 30	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 7,425,000	\$ 9,759,572	\$ 17,184,572	\$ 23,256,011	\$ 61,927,344	\$ 85,183,355
2010	6,265,000	9,451,118	15,716,118	118,445,000	60,949,138	179,394,138
2011	6,605,000	9,147,561	15,752,561	31,495,000	57,901,253	89,396,253
2012	6,990,000	8,820,084	15,810,084	31,705,000	56,682,683	88,387,683
2013	7,350,000	8,468,108	15,818,108	31,905,000	55,397,184	87,302,184
2014-2018	42,050,000	36,367,198	78,417,198	173,250,000	255,151,434	428,401,434
2019-2023	48,750,000	24,156,349	72,906,349	219,720,000	210,720,582	430,440,582
2024-2028	38,245,000	11,839,853	50,084,853	272,415,000	151,798,671	424,213,671
2029-2033	15,275,000	4,519,229	19,794,229	311,335,000	81,558,973	392,893,973
2034-2038	6,900,000	1,965,595	8,865,595	225,650,000	29,818,170	255,468,170
2039-2043	3,430,000	550,950	3,980,950	39,595,000	5,624,259	45,219,259
2044-2048	1,030,000	130,634	1,160,634	6,420,000	697,772	7,117,772
Total	\$ 190,315,000	\$ 125,176,251	\$ 315,491,251	\$ 1,485,191,011	\$ 1,028,227,463	\$ 2,513,418,474

The interest stated above includes coupon interest and accreted interest OHCSO expects to pay over the life of the bonds outstanding. Coupon interest is paid monthly for Homeowner Revenue Bonds and semiannually on January 1 and July 1 for remaining revenue bond programs. Coupon interest for general obligation bonds is paid February 1 and August 1. Accreted interest on capital appreciation bonds accrues as shown in the respective Official Statements and is paid when the bonds mature or are redeemed.

As of June 30, 2008, various statutory or constitutional provisions limited the amount of bonds outstanding to \$2,500,000,000 in revenue bonds and \$2,505,763,251 in general obligation bonds.

Loans Payable:

The following table summarizes the amounts necessary to pay all future loan principal and interest requirements as of June 30, 2008 for each fiscal year until the loan is due on July 7, 2009.

Year Ending June 30	Loans Payable		
	Principal	Interest	Total
2009	\$ -	\$ 62,611	\$ 62,611
2010	1,500,000	1,201	1,501,201
Total	\$ 1,500,000	\$ 63,812	\$ 1,563,812

NOTE 8. Interest Rate Swaps

OHCSO has entered into ten separate pay-fixed, receive-variable interest rate swaps to lower borrowing costs compared to fixed-rate bonds. The notional amounts of the swaps match the principal amounts of the associated debt. The following table lists the terms, fair values, counterparty, and credit ratings of the outstanding swaps as of June 30, 2008.

Notes to the Financial Statements (Continued)
June 30, 2008

Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty	Counterparty Rating [®]
MF [®] 2004 B	\$ 14,795,000	12/16/2004	3.894%	64% of LIBOR** +.27%	\$ (269,779)	07/01/2046	Merrill Lynch Capital Services	A1, A, A+
MRB* 2004 C	15,000,000	01/24/2006	4.032%	64% of LIBOR +.29%	(249,600)	07/01/2034	Morgan Stanley Capital Services	Aa3,A+,AA-
MRB 2004 I	15,000,000	01/24/2006	4.012%	64% of LIBOR +.29%	(349,270)	07/01/2034	Morgan Stanley Capital Services	Aa3,A+,AA-
MRB 2006 C	20,000,000	02/28/2006	4.184%	64% of LIBOR +.29%	(719,310)	07/01/2036	Morgan Stanley Capital Services	Aa3,A+,AA-
MRB 2006 F	20,000,000	07/18/2006	4.430%	64% of LIBOR +.29%	(1,179,741)	07/01/2037	Bank of America, N.A.	Aaa,AA+,AA
MRB 2006 G	16,105,000	07/18/2006	3.833%	64% of LIBOR +.19%	(962,926)	07/01/2016	Merrill Lynch Capital Services	A1, A, A+
MRB 2007 E	30,000,000	07/31/2007	4.388%	64% of LIBOR +.29%	(1,961,806)	07/01/2038	Bear Stearns Financial Products	Aaa,AAA,N/A
MRB 2007 H	30,000,000	11/20/2007	4.060%	64% of LIBOR +.30%	(1,039,721)	07/01/2038	Merrill Lynch Capital Services	A1, A, A+
MRB 2008 C	35,000,000	02/26/2008	3.747%	64% of LIBOR +.30%	26,001	07/01/2038	Bank of America, N.A.	Aaa,AA+,AA
MRB 2008 F	35,000,000	05/13/2008	3.738%	64% of LIBOR +.31%	310,298	07/01/2039	Bank of America, N.A.	Aaa,AA+,AA
	<u>\$ 230,900,000</u>				<u>\$ (6,395,854)</u>			

[®] Multifamily Housing Revenue Bonds

* Mortgage Revenue Bonds

** 1-month London Interbank Offered Rate

[®] Moody's / S&P / Fitch

The MF 2004 B swap has a call option where OHCS D has the right to “call” (cancel) the swap in whole or in part semiannually beginning in 2015. The MRB swaps include options giving OHCS D the right to call the swaps in whole or in part, depending on the exercise date, semi-annually beginning in 2012 (2004 C & 2004 I), 2013 (2006 C, 2006 F, & 2008 F), 2014 (2007 E), or 2015 (2007 H & 2008 C). These options provide flexibility to manage the prepayments of loans and the related bonds.

Credit Risk Credit risk is the risk that a counterparty will not fulfill its obligations. OHCS D is exposed to credit risk in the amount of the fair value for each swap with a positive fair value. As of June 30, 2008, OHCS D was exposed to credit risk in the amount of \$336,299 based on the two swaps that had positive fair values. The valuations provided are derived from proprietary models based upon well recognized financial principles and reasonable estimates about relevant future market conditions. This valuation methodology is believed to be consistent with accepted practice in the market for interest rate swaps.

Basis Risk Basis risk is the risk that arises when variable interest rates on a derivative and the associated bond are based on different indexes. All variable interest rates on OHCS D's tax exempt bonds are determined weekly by a Remarketing Agent. OHCS D is exposed to basis risk when the variable rate received, which is based on the one month LIBOR rate, does not offset the variable rate paid on the bonds. As of June 30, 2008, the LIBOR rate was 2.47063%. OHCS D's variable interest rates as of June 30, 2008 can be found in Note 7.

Termination Risk Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. OHCS D or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the swap agreement. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates and OHCS D would then be exposed to interest rate risk. Also, if any of the swaps had a negative value at termination, OHCS D would be liable to the counterparty for a payment equal to the fair value of the swap.

Using rates as of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments are as follows:

Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps (Net)	Total
	Principal	Interest		
2009	\$ 160,000	\$ 4,925,542	\$ 4,178,613	\$ 9,264,155
2010	165,000	4,732,009	4,897,969	9,794,978
2011	175,000	4,719,194	4,894,590	9,788,784
2012	180,000	4,705,614	4,891,010	9,776,624
2013	190,000	4,691,661	4,875,378	9,757,039
2014-2018	1,075,000	23,225,497	24,363,373	48,663,870
2019-2023	1,325,000	22,773,919	24,244,373	48,343,292
2024-2028	21,545,000	22,108,715	23,962,223	67,615,938
2029-2033	88,010,000	16,956,366	18,126,275	123,092,641
2034-2038	96,405,000	7,965,397	7,476,756	111,847,153
2039-2043	19,175,000	1,803,570	666,380	21,644,950
2044-2048	2,495,000	389,355	102,787	2,987,142
Total	<u>\$ 230,900,000</u>	<u>\$ 118,996,839</u>	<u>\$ 122,679,727</u>	<u>\$ 472,576,566</u>

NOTE 9. Conduit Debt Obligations

Bonds issued under the Housing Development Revenue Bond program are limited obligations of OHCSO payable only out of trust estate specifically pledged to each bond issue. As of June 30, 2008, the total aggregate amount of Housing Development Revenue Bonds outstanding is \$205,567,072. No recourse may be taken against any properties, funds, or assets of OHCSO for the payment of any amounts owing with respect to these bonds. Bond owners will have no right to compel the payment of any amount owing with respect to these bonds out of any tax revenues, funds, or other assets of OHCSO or the State of Oregon, other than the security pledged to each bond issue.

NOTE 10. Segment Information

OHCSO issues revenue bonds to finance mortgage loans. Summary financial information for OHCSO's revenue bonds is presented below:

	Mortgage Revenue Bonds	Homeowner Revenue Bonds	Multifamily Housing Revenue Bonds	Multiple Purpose Bonds
Condensed Statement of Net Assets				
Assets				
Other Current Assets	\$ 52,971,365	\$ 171,312	\$ 9,054,992	\$ 3,662,188
Noncurrent Assets	1,273,661,230	89,626,653	176,486,781	35,287,425
Total Assets	1,326,632,595	89,797,965	185,541,773	38,949,613
Liabilities				
Interfund Payables	106,335	-	-	-
Other Current Liabilities	46,920,346	171,312	8,116,464	3,405,256
Noncurrent Liabilities	1,207,726,679	89,582,886	159,712,183	22,087,343
Total Liabilities	1,254,753,360	89,754,198	167,828,647	25,492,599
Net Assets				
Restricted by Trust Indentures	71,879,235	43,767	17,713,126	13,457,014
Total Net Assets	\$ 71,879,235	\$ 43,767	\$ 17,713,126	\$ 13,457,014

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Operating Revenues	\$ 61,691,705	\$ 9,135,104	\$ 11,713,330	\$ 3,719,505
Operating Expenses	(58,099,338)	(9,176,354)	(9,437,460)	(1,512,648)
Operating Income (Loss)	3,592,367	(41,250)	2,275,870	2,206,857
Transfers In	3,500,000	10,000	325,000	-
Transfers Out	-	-	-	(1,881,271)
Change in Net Assets	7,092,367	(31,250)	2,600,870	325,586
Beginning Net Assets	64,786,868	75,017	15,112,256	13,131,428
Ending Net Assets	\$ 71,879,235	\$ 43,767	\$ 17,713,126	\$ 13,457,014

Condensed Statement of Cash Flows

Net Cash Provided (Used) by:				
Operating Activities	\$ (201,838,738)	\$ (10,000)	\$ 12,348,252	\$ 9,969,064
Noncapital Financing Activities	260,936,875	(228,489,334)	(10,773,140)	(13,776,913)
Investing Activities	(69,772,840)	227,336,347	(1,703,669)	3,772,322
Net Increase (Decrease)	(10,674,703)	(1,162,987)	(128,557)	(35,527)
Beginning Cash and Cash Equivalents	19,926,034	1,348,526	723,639	673,493
Ending Cash and Cash Equivalents	\$ 9,251,331	\$ 185,539	\$ 595,082	\$ 637,966

NOTE 11. Restricted Assets

Restricted asset account balances are as follows:

Purpose:	Elderly and Disabled Housing Fund	Housing Finance Fund
Loan Acquisition	\$ 20,376,267	\$ 82,425,367
Current Debt Service	17,184,572	85,183,355
Future Debt Service	29,391,234	153,985,984
Debt Reserves	24,546,704	55,050,596
Insurance Reserves	-	20,844,083
Combined Program Account	-	14,024,555
Matured Bonds and Coupons	-	25,580
Total	\$ 91,498,777	\$ 411,539,520
<u>Balance Sheet Amounts:</u>		
Restricted Cash and Cash Equivalents – Current	\$ 11,559,060	\$ 196,892
Restricted Cash and Cash Equivalents – Noncurrent	36,119,417	11,087,230
Restricted Investments – Current	-	53,916,828
Restricted Investments – Noncurrent	43,820,300	346,338,570
Total	\$ 91,498,777	\$ 411,539,520

NOTE 12. Employee Retirement Plans

The Oregon Public Employees Retirement System (PERS) provides retirement plans for OHCS D employees. PERS is administered by the Public Employees Retirement Board (Board), as required by Chapters 238 and 238A of the Oregon Revised Statutes (ORS). A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS Fiscal Services Division, 11410 SW 68th Parkway, Tigard, Oregon 97223.

Plan Descriptions and Funding Policies

PERS Pension (Chapter 238)

OHCS D's employees who were plan members before August 29, 2003 participate in the PERS Pension, a cost-sharing multiple-employer defined benefit pension plan. The PERS retirement allowance is payable monthly for life and may be selected from several retirement benefit options as established by ORS Chapter 238. Options include survivorship benefits and lump sum refunds. PERS also provides death and disability benefits.

Oregon Public Service Retirement Plan (Chapter 238a)

The 2003 Oregon Legislature created the Oregon Public Service Retirement Plan (OPSRP), also a cost-sharing multiple-employer plan. OPSRP is a hybrid pension plan with two components: the Pension Program (defined benefit) and the Individual Account Program (defined contribution). OHCS D employees hired after August 28, 2003, participate in OPSRP after completing six months of service. The OPSRP Pension Program provides a monthly pension payable for life as well as death and disability benefits as established by ORS Chapter 238A.

Beginning January 1, 2004, PERS members became members of the Individual Account Program (IAP) portion of OPSRP. PERS members retain their existing PERS accounts, but member contributions are now deposited in the IAP account rather than into the member's PERS account. All covered employees are required by state statute to contribute a percentage of their salary to the IAP. Current law permits employers to pay the employee contribution, which OHCS D does.

For the PERS Pension and the OPSRP Pension, OHCS D is required by ORS 238.225 and ORS 238A.220, respectively, to contribute actuarially computed amounts as determined by the Board. The funding policies provide for monthly employer contributions. Rates are subject to change as a result of subsequent actuarial valuations.

The required State employee contributions and the required State employer contributions, shown as a percentage of covered salary, for the PERS multiple-employer plans are as follows: the Employee Rate is 6.00%; the PERS Pension Employer Rate is 6.54% (5.45% through December 31, 2007); and the OPSRP Pension Employer Rate is 8.03%.

Combined employer contributions for the years ended June 30, 2008, 2007, and 2006 were \$261,419, \$249,501, and \$261,760 respectively, equal to the required contributions each year.

Combined employee contributions for the years ended June 30, 2008, 2007, and 2006 were \$241,498, \$190,520, and \$189,717 respectively.

NOTE 13. Other Postemployment Benefit Plans

OHCSO's employees may be eligible to participate in health insurance plans and other benefit plans after retirement, collectively known as Other Postemployment Benefits (OPEB). OPEB plans are offered through the Public Employees Retirement System (PERS) as established by Oregon Revised Statutes (ORS) 238.410 and the Public Employees Benefit Board (PEBB) as established by ORS 243.302. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS Fiscal Services Division, 11410 SW 68th Parkway, Tigard, Oregon 97223.

Retirement Health Insurance Account

The Retirement Health Insurance Account (RHIA) is a cost-sharing multiple-employer OPEB plan which provides a payment of up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible for the RHIA subsidy, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare parts A and B coverage, and (3) enroll in a PERS-sponsored health insurance plan.

OHCSO is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. The rate of each covered employee's salary for the fiscal year ended June 30, 2008 was .37 percent which is embedded within the total PERS contribution rate.

Combined employer contributions for the years ended June 30, 2008, 2007, and 2006 were \$14,892, \$18,734, and \$18,656 respectively, equal to the required contributions each year.

The Legislature has sole authority to amend the benefit provisions and funding policy for the RHIA plan.

Retiree Health Insurance Premium Account

The Retiree Health Insurance Premium Account (RHIPA) is a single-employer OPEB plan that provides for payment of the average difference between the health insurance premiums paid by retired state employees, under contracts entered into by the PERS Board, and health insurance premiums paid by state employees who are not retired. Retired state employees are qualified to receive the RHIPA subsidy if they had eight or more years of qualifying service in PERS at the time of retirement or are receiving a disability pension calculated as if they had eight or more years of qualifying service, but are not eligible for federal Medicare coverage.

OHCSO is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. The rate of each covered employee's salary for the fiscal year ended June 30, 2008 was .10 percent which is embedded within the total PERS contribution rate. OHCSO's actual contribution for the year ended June 30, 2008 totaled \$4,025 which was equal to the actuarial required contribution.

The Legislature has sole authority to amend the benefit provisions and funding policy for the RHIPA plan.

Public Employees Benefit Board Plan

The PEBB plan is an agent multiple-employer plan which offers medical, dental and vision benefits to eligible retired employees. Retired employees not eligible for Medicare are eligible for PEBB coverage if the retiree is receiving a service or disability benefit from PERS or another state system, is eligible to receive a retirement allowance from PERS and has reached the earliest retirement age under ORS Chapter 238, or is eligible to receive a service allowance or pension under any system offered by the state and has attained the earliest retirement age under that system. The PEBB Plan funding

policy provides for contributions at amounts sufficient to fund benefits on a pay-as-you-go basis. Active employees do not make contributions. Participating retirees pay their own monthly premiums based on a blended premium rate since retirees are pooled together with active employees for insurance rating purposes.

Chapter 243 of the Oregon Revised Statutes assigns PEBB the authority to establish and amend the benefit provisions of the PEBB Plan. As the administrator of the PEBB Plan, PEBB has the authority to determine postretirement benefit increases and decreases.

NOTE 14. Other Commitments

OHCSO has made commitments for Elderly and Disabled Housing Fund loans totaling \$19,942,249 and commitments for grants totaling \$263,915 from the Housing Finance Account.

NOTE 15. Risk Financing

The State of Oregon administers property and casualty insurance programs covering State government through its Insurance Fund. The Insurance Fund services claims for: direct physical loss or damage to state property; tort liability claims brought against the State, its officers, employees, or agents; workers' compensation; employee dishonesty; and faithful performance coverage for certain positions required by law to be covered, and other key positions.

As a state agency, OHCSO participates in the Insurance Fund. The cost of servicing insurance claims and payments is covered by charging an assessment to each State entity based on its share of services provided in a prior period. The total statewide assessment of each coverage is based on independent biennial actuarial forecasts and administrative expenses, less carry-forward or equity in the Insurance Fund.

For OHCSO, the amount of claim settlements did not exceed insurance coverage for each of the past three fiscal years.

NOTE 16. Subsequent Events

On August 26, 2008, OHCSO issued the following Mortgage Revenue Bonds:

	<u>Issue Amount</u>
2008 Series G	\$ 52,530,000
2008 Series H	5,530,000
2008 Series I	34,650,000

On August 26, 2008, OHCSO entered into a swap transaction for MRB 2008 I. The notional amount of the swap is \$34,650,000 and the termination date is July 1, 2037. OHCSO will pay the counterparty (Bank of America, NA) a fixed rate of 3.723% and receive a variable payment of 64% of LIBOR plus 31 basis points.

On September 2, 2008, OHCSO called the following Multiple Purpose Bonds prior to maturity:

	<u>Amount Called</u>
2005 Series A	\$ 2,255,000

Notes to the Financial Statements (Continued)
June 30, 2008

On September 16, 2008, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>
1991 Series D	\$ 260,000	2001 Series L	\$ 140,000
1992 Series C	180,000	2001 Series Q	55,000
1993 Series B	105,000	2001 Series R	385,000
1994 Series A	10,000	2002 Series A	100,000
1994 Series C	95,000	2002 Series B	355,000
1995 Series A	95,000	2002 Series F	10,000
1995 Series C	15,000	2002 Series G	355,000
1995 Series E	265,000	2002 Series H	45,000
1996 Series B	125,000	2002 Series I	470,000
1996 Series D	125,000	2002 Series N	220,000
1996 Series H	130,000	2003 Series B	130,000
1997 Series A	140,000	2003 Series E	55,000
1997 Series F	250,000	2003 Series F	330,000
1997 Series H	270,000	2003 Series J	515,000
1998 Series B	150,000	2003 Series K	885,000
1998 Series D	290,000	2004 Series A	205,000
1998 Series G	625,000	2004 Series B	920,000
1999 Series A	570,000	2004 Series H	910,000
1999 Series E	570,000	2004 Series K	830,000
1999 Series I	185,000	2004 Series M	95,000
1999 Series J	260,000	2004 Series N	120,000
1999 Series M	240,000	2005 Series B	740,000
2000 Series A	155,000	2005 Series E	855,000
2000 Series B	185,000	2006 Series B	390,000
2000 Series E	340,000	2006 Series E	380,000
2000 Series H	265,000	2006 Series I	325,000
2000 Series K	45,000	2006 Series K	55,000
2000 Series L	210,000	2007 Series B	485,000
2001 Series A	545,000	2007 Series D	520,000
2001 Series C	120,000	2007 Series G	235,000
2001 Series G	320,000	2008 Series B	140,000
2001 Series J	545,000		

On October 1, 2008, OHCS D called the following Homeowner Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2005 Series A	\$ 51,120,000
2005 Series B	36,300,000

Supplementary Information

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Schedule of Housing Finance Fund Balance Sheet Activities
June 30, 2008

	<i>Single-Family Mortgage Program</i>		Multifamily	Multiple
	Mortgage Revenue Bonds	Homeowner Revenue Bonds	Housing Revenue Bonds	Purpose Bonds
Assets				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted	-	171,312	-	-
Investments - Restricted	42,890,339	-	7,880,178	3,146,311
Securities Lending Cash Collateral	3,502,663	-	206,951	254,443
Accounts Receivable	-	-	-	-
Accrued Interest Receivable	5,928,185	-	967,863	261,434
Interfund Receivable	-	-	-	-
Acquired Property	650,178	-	-	-
Total Current Assets	52,971,365	171,312	9,054,992	3,662,188
Noncurrent Assets				
Cash & Cash Equivalents - Restricted	9,251,331	14,227	595,082	637,966
Investments - Restricted	212,310,254	89,563,848	18,988,207	10,726,625
Deferred Charges	9,539,884	48,578	1,902,010	195,099
Loans Receivable (Net)	1,042,559,761	-	155,001,482	23,727,735
Capital Assets (Net)	-	-	-	-
Total Noncurrent Assets	1,273,661,230	89,626,653	176,486,781	35,287,425
Total Assets	\$ 1,326,632,595	\$ 89,797,965	\$ 185,541,773	\$ 38,949,613
Liabilities and Net Assets				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 495,739	\$ -	\$ 29,335	\$ 1,024
Accrued Interest Payable	25,699,328	171,312	4,555,178	406,311
Obligations Under Securities Lending	3,502,663	-	206,951	254,443
Interfund Payable	106,335	-	-	-
Matured Bonds and Interest Payable	-	-	-	-
Deferred Income	31,605	-	-	3,478
Compensated Absences Payable	-	-	-	-
Bonds Payable	17,191,011	-	3,325,000	2,740,000
Total Current Liabilities	47,026,681	171,312	8,116,464	3,405,256
Noncurrent Liabilities				
Compensated Absences Payable	-	-	-	-
Bonds Payable	1,207,003,162	87,420,000	159,712,183	21,624,836
Arbitrage Rebate Liability	723,517	2,162,886	-	462,507
Loans Payable	-	-	-	-
Net OPEB Obligation	-	-	-	-
Total Noncurrent Liabilities	1,207,726,679	89,582,886	159,712,183	22,087,343
Total Liabilities	1,254,753,360	89,754,198	167,828,647	25,492,599
Net Assets				
Invested in Capital Assets	-	-	-	-
Restricted for Residential Assistance	-	-	-	-
Restricted by Trust Indentures	71,879,235	43,767	17,713,126	13,457,014
Unrestricted	-	-	-	-
Total Net Assets	71,879,235	43,767	17,713,126	13,457,014
Total Liabilities and Net Assets	\$ 1,326,632,595	\$ 89,797,965	\$ 185,541,773	\$ 38,949,613

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 9,535,291	\$ 9,535,291
-	25,580	196,892
-	-	53,916,828
-	4,206,728	8,170,785
-	67,141	67,141
10,132	67,054	7,234,668
-	108,310	108,310 **
-	-	650,178
10,132	14,010,104	79,880,093
4,206	584,418	11,087,230
14,020,349	729,287	346,338,570
-	-	11,685,571
-	2,858,355	1,224,147,333
-	4,154	4,154
14,024,555	4,176,214	1,593,262,858
\$ 14,034,687	\$ 18,186,318	\$ 1,673,142,951

\$ -	\$ 650,118	\$ 1,176,216
-	15,474	30,847,603
-	4,206,728	8,170,785
-	-	106,335 **
-	25,580	25,580
-	847,703	882,786
-	145,633	145,633
-	-	23,256,011
-	5,891,236	64,610,949
-	71,730	71,730
-	-	1,475,760,181
-	-	3,348,910
-	1,500,000	1,500,000
-	21,512	21,512
-	1,593,242	1,480,702,333
-	7,484,478	1,545,313,282
-	4,154	4,154
-	1,700,405	1,700,405
14,034,687	-	117,127,829
-	8,997,281	8,997,281
14,034,687	10,701,840	127,829,669
\$ 14,034,687	\$ 18,186,318	\$ 1,673,142,951

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$106,335 are not included in the Balance Sheet.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Schedule of Housing Finance Fund Revenues, Expenses,
and Changes in Fund Net Asset Activities
For the Year Ended June 30, 2008

	<i>Single-Family Mortgage Program</i>		Multifamily	Multiple
	Mortgage Revenue Bonds	Homeowner Revenue Bonds	Housing Revenue Bonds	Purpose Bonds
Operating Revenues				
Interest on Loans	\$ 50,427,005	\$ -	\$ 10,099,493	\$ 2,731,392
Investment Income	11,158,803	9,135,104	1,613,837	988,113
Administrative Charges and Fees	-	-	-	-
Transfer/Commitment Fees	-	-	-	-
Low Income Housing Tax Credit Fees	-	-	-	-
Gain on Sale of Foreclosed Property	105,897	-	-	-
Miscellaneous Revenue	-	-	-	-
Total Operating Revenues	61,691,705	9,135,104	11,713,330	3,719,505
Operating Expenses				
Personal Services	-	-	-	-
Services and Supplies	18,323	10,000	370,725	-
Mortgage Service Fees	3,409,192	-	23,783	18,095
Foreclosure Costs	101,769	-	-	-
Interest Expense - Bonds	48,298,650	9,139,856	8,891,636	990,172
Interest Expense - Loans	-	-	-	-
Interest Expense - Securities Lending	526,487	-	49,641	38,972
Other Related Program Expenses	5,211,975	-	-	403,853
Amortization of Deferred Bond Issuance Costs	532,942	26,498	108,051	77,091
Depreciation/Amortization	-	-	-	-
Bad Debt Expense	-	-	(6,376)	(15,535)
Total Operating Expenses	58,099,338	9,176,354	9,437,460	1,512,648
Operating Income (Loss)	3,592,367	(41,250)	2,275,870	2,206,857
Transfers from Other Funds	3,500,000	10,000	325,000	-
Transfers to Other Funds	-	-	-	(1,881,271)
From State General Fund	-	-	-	-
Change in Net Assets	7,092,367	(31,250)	2,600,870	325,586
Net Assets - Beginning	64,786,868	75,017	15,112,256	13,131,428
Net Assets - Ending	\$ 71,879,235	\$ 43,767	\$ 17,713,126	\$ 13,457,014

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 140,046	\$ 63,397,936
706,349	592,724	24,194,930
-	1,952,496	1,952,496
-	1,654,620	1,654,620
-	1,807,144	1,807,144
-	-	105,897
-	6,739	6,739
706,349	6,153,769	93,119,762
-	4,714,138	4,714,138
-	2,579,821	2,978,869
-	178	3,451,248
-	-	101,769
-	-	67,320,314
-	70,431	70,431
-	141,937	757,037
-	1,960,052	7,575,880
-	-	744,582
-	13,334	13,334
-	(9,643)	(31,554)
-	9,470,248	87,696,048
706,349	(3,316,479)	5,423,714
-	1,999,087	5,834,087 **
-	(3,835,000)	(5,716,271) **
-	4,647,232	4,647,232
706,349	(505,160)	10,188,762
13,328,338	11,207,000	117,640,907
\$ 14,034,687	\$ 10,701,840	\$ 127,829,669

** Transfers within the Housing Finance Fund totaling \$5,716,271 are not included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Schedule of Housing Finance Fund Cash Flow Activities
For the Year Ended June 30, 2008

	<i>Single-Family Mortgage Program</i>		Multifamily
	Mortgage Revenue Bonds	Homeowner Revenue Bonds	Housing Revenue Bonds
Cash Flows from Operating Activities			
Received from Customers	\$ -	\$ -	\$ -
Program Loan Principal Repayments	78,573,091	-	2,550,399
Program Loan Interest Received	49,242,093	-	10,165,007
Program Loans Made	(321,315,907)	-	-
Payments to Employees for Services	-	-	-
Payments to Suppliers for Goods and Services	(3,369,982)	(10,000)	(367,154)
Other Receipts (Payments)	(4,968,033)	-	-
Net Cash Provided (Used) in Operating Activities	(201,838,738)	(10,000)	12,348,252
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	396,350,008	48,715,000	-
Principal Payments on Bonds	(91,635,290)	(266,977,000)	(2,395,000)
Interest Payments on Bonds	(44,521,412)	(10,237,334)	(8,677,998)
Bond Issue Costs	(2,756,431)	-	(25,142)
Interest Payments on Loans	-	-	-
Transfers from Other Funds	3,500,000	10,000	325,000
Transfers to Other Funds	-	-	-
From State General Fund	-	-	-
Net Cash Provided (Used) in Noncapital Financing Activities	260,936,875	(228,489,334)	(10,773,140)
Cash Flows from Investing Activities			
Purchase of Investments	(524,323,274)	(49,276,348)	(24,125,801)
Proceeds from Sales and Maturities of Investments	448,365,831	266,977,000	21,655,000
Interest on Cash and Investments	6,184,603	9,635,695	767,132
Investment Income on Securities Lending	526,487	-	49,641
Interest Paid on Securities Lending	(526,487)	-	(49,641)
Net Cash Provided (Used) in Investing Activities	(69,772,840)	227,336,347	(1,703,669)
Net Increase (Decrease) in Cash and Cash Equivalents	(10,674,703)	(1,162,987)	(128,557)
Cash and Cash Equivalents Balance - Beginning	19,926,034	1,348,526	723,639
Cash and Cash Equivalents Balance - Ending	\$ 9,251,331	\$ 185,539	\$ 595,082
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted (Current)	-	171,312	-
Cash and Cash Equivalents - Restricted (Noncurrent)	9,251,331	14,227	595,082
Total Cash and Cash Equivalents	\$ 9,251,331	\$ 185,539	\$ 595,082

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ 2	\$ -	\$ 6,243,109	\$ 6,243,111
7,531,280	-	3,242,612	91,897,382
2,777,718	-	248,263	62,433,081
-	-	(1,487,546)	(322,803,453)
-	-	(4,655,014)	(4,655,014)
(18,665)	-	(2,322,023)	(6,087,824)
(321,271)	-	(1,833,926)	(7,123,230)
9,969,064	-	(564,525)	(180,095,947)
-	-	-	445,065,008
(10,835,000)	-	-	(371,842,290)
(1,060,642)	-	(58,335)	(64,555,721)
-	-	-	(2,781,573)
-	-	(72,255)	(72,255)
-	-	1,999,087	5,834,087 **
(1,881,271)	-	(3,835,000)	(5,716,271) **
-	-	4,647,232	4,647,232
(13,776,913)	-	2,680,729	10,578,217
(8,356,096)	(25,922,161)	(1,069,819)	(633,073,499)
11,582,000	25,194,970	834,000	774,608,801
546,418	711,124	438,576	18,283,548
38,972	-	141,937	757,037
(38,972)	-	(141,937)	(757,037)
3,772,322	(16,067)	202,757	159,818,850
(35,527)	(16,067)	2,318,961	(9,698,880)
673,493	20,273	7,826,328	30,518,293
\$ 637,966	\$ 4,206	\$ 10,145,289	\$ 20,819,413
\$ -	\$ -	\$ 9,535,291	\$ 9,535,291
-	-	25,580	196,892
637,966	4,206	584,418	11,087,230
\$ 637,966	\$ 4,206	\$ 10,145,289	\$ 20,819,413

** Transfers within the Housing Finance Fund totaling \$5,716,271 are not included in the Statement of Cash Flows.

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Schedule of Housing Finance Fund Cash Flow Activities
For the Year Ended June 30, 2008

Continued from the previous page

	<u>Single-Family Mortgage Program</u>		Multifamily
	Mortgage Revenue Bonds	Homeowner Revenue Bonds	Housing Revenue Bonds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 3,592,367	\$ (41,250)	\$ 2,275,870
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation/Amortization	-	-	-
Amortization of Deferred Bond Issuance Costs	532,942	26,498	108,051
Bad Debt Expense	-	-	(6,376)
Investment Income Reported as Operating Revenue	(11,158,803)	(9,135,104)	(1,613,837)
Interest Expense Reported as Operating Expense	48,825,137	9,139,856	8,941,277
Bond Call Expenses	(410,233)	-	-
<i>(Increase)/Decrease in Assets:</i>			
Loan Interest Receivable	(1,183,444)	-	65,515
Accounts Receivable	-	-	-
Interfund Receivable	-	-	-
Loans Receivable	(241,776,731)	-	2,550,399
Acquired Property	(344,813)	-	-
<i>Increase/(Decrease) in Liabilities:</i>			
Accounts Payable	63,244	-	27,353
Interfund Payable	17,582	-	-
Deferred Income	4,014	-	-
Compensated Absences Payable	-	-	-
Net OPEB Obligation	-	-	-
Net Cash Provided (Used) in Operating Activities	\$(201,838,738)	\$ (10,000)	\$ 12,348,252
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ 4,613,649	\$ -	\$ 798,021
Foreclosed Property	1,938,449	-	-
Loan Modifications	5,481	-	-
Total Noncash Investing, Capital, and Financing Activities	\$ 6,557,579	\$ -	\$ 798,021

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ 2,206,857	\$ 706,349	\$ (3,316,479)	\$ 5,423,714
-	-	13,334	13,334
77,091	-	-	744,582
(15,535)	-	(9,643)	(31,554)
(988,113)	(706,349)	(592,724)	(24,194,930)
1,029,144	-	212,368	68,147,782
82,582	-	-	(327,651)
47,015	-	108,220	(962,694)
2	-	(25,032)	(25,030)
-	-	140,782	140,782 **
7,531,280	-	1,755,066	(229,939,986)
-	-	-	(344,813)
(570)	-	295,011	385,038
-	-	(65)	17,517 **
(689)	-	847,639	850,964
-	-	(14,514)	(14,514)
-	-	21,512	21,512
\$ 9,969,064	-	\$ (564,525)	\$ (180,095,947)
\$ 466,564	\$ 51,718	\$ 15,170	\$ 5,945,122
-	-	-	1,938,449
-	-	-	5,481
\$ 466,564	\$ 51,718	\$ 15,170	\$ 7,889,052

** Interfund Receivables and Payables within the Housing Finance Fund totaling an increase of \$17,582 are not included in the Statement of Cash Flows.



Statistical Section

The Statistical Section presents information as a context for understanding what the information in the financial statements and note disclosures says about OHCS&D's overall financial health.

Financial Trends

Pages 48-51 contain trend information to help the reader understand how OHCS&D's financial performance has changed over time.

Revenue Capacity

Pages 52 and 53 contain information to help the reader assess OHCS&D's most significant revenue source, Interest on Loans.

Debt Capacity

Pages 54 and 55 contain information to help the reader assess OHCS&D's current levels of outstanding debt and the capacity to issue outstanding debt in the future.

Demographic and Economic Information

Pages 56 and 57 contain demographic, economic, and employment data to help the reader understand the environment OHCS&D operates in.

Operating Information

Pages 58-66 contain information to help the reader understand how the information in the financial report relates to the activities of OHCS&D.

Unless otherwise noted, the source of information in these schedules is derived from the comprehensive financial reports for the relevant year or from other OHCS&D sources.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Assets, Liabilities, and Net Assets

Enterprise Funds

Last Seven Fiscal Years

	2008	2007	2006	2005
Assets				
Cash and Cash Equivalents	\$ 9,535,291	\$ 7,012,746	\$ 4,606,282	\$ 5,386,744
Cash and Cash Equivalents - Restricted	58,962,599	70,430,213	69,408,645	72,302,891
Investments - Restricted	444,075,698	578,490,370	712,791,097	829,746,883
Securities Lending Cash Collateral	27,937,118	25,836,141	9,253,194	11,809,193
Accounts Receivable	68,910	42,246	65,160	91,840
Accrued Interest Receivable	8,535,261	7,332,201	6,717,595	7,663,814
Prepaid Expenses	-	-	-	-
Acquired Property	650,178	305,365	370,188	1,274,752
Deferred Charges	13,407,623	12,097,666	11,538,403	12,506,193
Loans Receivable (Net)	1,381,957,882	1,159,044,260	1,076,206,182	1,038,932,304
Capital Assets (Net)	4,822	22,101	38,262	58,222
Total Assets	\$ 1,945,135,382	\$ 1,860,613,309	\$ 1,890,995,008	\$ 1,979,772,836
Liabilities				
Accounts Payable	\$ 1,250,330	\$ 711,347	\$ 910,893	\$ 809,374
Accrued Interest Payable	34,981,663	30,721,560	30,037,256	34,763,251
Obligations Under Securities Lending	27,937,118	25,836,141	9,253,194	11,809,193
Matured Bonds and Interest Payable	25,580	114,659	67,269	116,063
Deferred Income	884,057	237,243	32,235	22,840
Compensated Absences Payable	271,419	280,383	234,026	284,300
Bonds Payable	1,687,835,004	1,626,193,952	1,686,591,346	1,767,850,894
Arbitrage Rebate Liability	3,397,237	2,690,820	823,863	219,184
Loans Payable	1,500,000	1,500,000	1,500,000	4,421,200
Net OPEB Obligation	27,521	-	-	-
Total Liabilities	\$ 1,758,109,929	\$ 1,688,286,105	\$ 1,729,450,082	\$ 1,820,296,299
Net Assets				
Invested in Capital Assets	\$ 4,822	\$ 22,101	\$ 38,262	\$ 58,222
Restricted for Residential Assistance	1,700,405	1,741,444	1,546,849	1,545,107
Restricted by Trust Indentures	176,322,945	161,115,591	154,284,714	152,183,757
Unrestricted	8,997,281	9,448,068	5,675,101	5,689,451
Total Net Assets	\$ 187,025,453	\$ 172,327,204	\$ 161,544,926	\$ 159,476,537

Net Asset information is not available before fiscal year 2002, the year OHCSO implemented GASB Statement 34.

2004	2003	2002
\$ 3,856,659	\$ 4,123,840	\$ 6,090,414
73,104,838	66,599,975	72,845,538
797,367,789	734,007,673	557,161,155
35,166,002	9,201,365	5,381,403
36,279	214,251	113,403
9,792,224	7,268,314	11,453,337
7,600	169	15,495
2,010,283	2,485,589	1,858,656
12,551,858	14,215,636	14,176,522
974,766,986	1,016,408,800	1,077,824,363
144,792	157,212	177,935
<u>\$ 1,908,805,310</u>	<u>\$ 1,854,682,824</u>	<u>\$ 1,747,098,221</u>

\$ 1,567,117	\$ 1,017,577	\$ 3,909,628
32,206,359	35,221,084	38,138,448
35,166,002	9,201,365	5,381,403
157,106	480,540	529,517
29,948	35,926	26,884
300,154	296,259	305,702
1,680,431,309	1,635,954,116	1,531,763,222
595,301	2,082,620	4,723,376
5,716,450	3,891,071	4,000,000
-	-	-
<u>\$ 1,756,169,746</u>	<u>\$ 1,688,180,558</u>	<u>\$ 1,588,778,180</u>

\$ 144,792	\$ 157,212	\$ 177,935
1,547,749	1,994,293	1,824,609
147,604,729	159,853,666	150,329,625
3,338,294	4,497,095	5,987,872
<u>\$ 152,635,564</u>	<u>\$ 166,502,266</u>	<u>\$ 158,320,041</u>

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Revenues, Expenses, and Change in Net Assets
Enterprise Funds
Last Ten Fiscal Years

	2008	2007	2006	2005
Operating Revenues				
Interest on Loans	\$ 74,586,167	\$ 67,437,211	\$ 65,082,624	\$ 64,114,118
Investment Income	30,603,348	37,368,458	25,652,212	28,621,494
Administrative Charges and Fees	1,973,996	1,631,607	1,470,229	1,584,686
Transfer/Commitment Fees	1,655,620	1,519,361	1,478,102	1,517,595
Low Income Housing Tax Credit Fees	1,807,144	1,426,011	1,312,453	1,179,279
Mortgage Credit Certificate Fees	-	-	-	-
Gain on Sale of Foreclosed Property	105,897	80,291	198,983	269,196
Miscellaneous Revenue	6,885	18,741	245,240	56,236
Total Operating Revenues	110,739,057	109,481,680	95,439,843	97,342,604
Operating Expenses				
Personal Services	6,056,329	4,950,826	4,845,797	5,102,049
Services and Supplies	3,399,918	2,849,585	3,271,671	2,849,854
Mortgage Service Fees	3,523,632	2,988,871	2,664,045	2,508,225
Foreclosure Costs	101,769	63,516	137,702	208,736
Interest Expense - Bonds	77,550,847	80,753,939	75,721,114	71,779,520
Interest Expense - Loans	70,431	68,426	173,520	226,258
Interest Expense - Securities Lending	1,424,138	1,426,417	570,599	454,241
Other Related Program Expenses	7,726,515	4,770,778	4,879,984	5,992,723
Amortization of Deferred Bond Issuance Costs	894,984	874,064	1,129,185	1,390,976
Depreciation/Amortization	17,279	25,497	62,460	86,570
Bad Debt Expense	(77,802)	(72,517)	(84,623)	(97,521)
Total Operating Expenses	100,688,040	98,699,402	93,371,454	90,501,631
Operating Income (Loss)	10,051,017	10,782,278	2,068,389	6,840,973
Nonoperating Revenue/(Expenses)				
Gain/(Loss) on Disposition of Capital Assets	-	-	-	-
Total Nonoperating Revenue/(Expenses)	-	-	-	-
Transfers				
Transfers from Other Funds	117,816	117,816	117,816	10,408,430
Transfers to Other Funds	(117,816)	(117,816)	(117,816)	(10,408,430)
From State General Fund	4,647,232	-	-	-
Total Transfers	4,647,232	-	-	-
Change in Net Assets	\$ 14,698,249	\$ 10,782,278	\$ 2,068,389	\$ 6,840,973

					Unaudited
2004	2003	2002	2001	2000	1999
\$ 65,650,387	\$ 71,465,435	\$ 72,928,497	\$ 67,714,244	\$ 59,712,811	\$ 51,599,437
4,819,534	26,337,964	25,999,709	37,090,750	29,165,409	21,504,499
2,346,977	1,287,564	866,827	892,201	839,522	587,101
1,006,822	1,051,794	1,924,442	2,158,957	3,137,948	1,526,166
1,122,706	1,117,418	884,634	791,355	582,379	510,704
-	-	75	125	150	570
337,473	118,817	45,516	29,757	61,394	24,315
153,059	42,221	181,343	1,448,282	213,110	196,237
75,436,958	101,421,213	102,831,043	110,125,671	93,712,723	75,949,029
5,360,496	5,798,187	5,488,760	5,089,114	4,764,953	4,370,317
3,688,026	2,852,514	2,842,198	2,921,737	2,688,021	2,579,604
2,390,462	2,684,267	2,699,626	2,517,471	2,132,604	1,693,703
327,082	214,978	99,046	39,964	44,019	41,877
71,465,838	77,158,001	79,687,587	76,622,684	68,769,372	60,580,845
174,574	129,231	65,467	36,213	29,377	3,968
421,428	159,076	112,001	278,322	389,209	331,776
3,739,067	2,748,849	5,527,426	2,522,261	1,991,381	1,761,623
1,476,403	1,375,300	1,523,776	1,615,378	1,575,026	1,251,314
122,702	104,076	147,903	348,529	515,674	460,439
137,582	14,509	7,072	186,208	53,208	132,070
89,303,660	93,238,988	98,200,862	92,177,881	82,952,844	73,207,536
(13,866,702)	8,182,225	4,630,181	17,947,790	10,759,879	2,741,493
-	-	-	38,965	(6,507)	(3,377)
-	-	-	38,965	(6,507)	(3,377)
207,194	207,194	207,194	207,194	207,194	207,194
(207,194)	(207,194)	(207,194)	(207,194)	(207,194)	(207,194)
-	-	-	-	-	-
-	-	-	-	-	-
\$ (13,866,702)	\$ 8,182,225	\$ 4,630,181	\$ 17,986,755	\$ 10,753,372	\$ 2,738,116

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
 Weighted Average Interest Rate - New Mortgage Loans
 Enterprise Funds
 Last Ten Fiscal Years

Unaudited

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Overall Weighted Average Interest Rate	5.65%	5.70%	5.26%	5.15%	5.22%	5.64%	6.08%	6.96%	6.59%	6.10%
Elderly and Disabled Housing Program	5.97%	-	6.53%	6.00%	6.70%	6.12%	5.64%	7.26%	6.83%	6.30%
Housing Finance Revenue Bonds *	-	-	4.80%	-	-	-	-	7.40%	-	5.99%
Mortgage Revenue Bonds	5.65%	5.70%	5.24%	5.09%	4.85%	5.46%	6.09%	6.93%	6.60%	6.01%
Multifamily Housing Revenue Bonds	5.90%	5.90%	5.90%	6.22%	6.31%	7.05%	6.51%	6.87%	6.39%	6.80%
Combined Program Account	-	-	6.40%	-	-	-	-	-	-	-
Housing Finance Account	-	-	1.00%	-	-	2.44%	-	1.00%	1.00%	7.50%

* All remaining Housing Finance Revenue Bonds were called in Fiscal Year 2007. All loans were moved to Mortgage Revenue Bonds.

Weighted average interest rate is calculated by multiplying each loan amount by the interest rate on the loan, adding all results together, then dividing by the total amount of new loans.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Principal Program Loan Interest Payers
Enterprise Funds
Current Year and Nine Years Ago

Unaudited

Project	Rank	Fiscal Year 2008		Rank	Fiscal Year 1999	
		Program Loan Interest Received	Percent of Total Program Loan Interest Received		Program Loan Interest Received	Percent of Total Program Loan Interest Received
Woodridge Apartments	1	\$ 1,006,671	1.37%			
Westridge Meadows Apartments	2	980,447	1.34%			
Troutdale Terrace	3	898,572	1.22%			
Willamette Gardens Apartments	4	855,500	1.17%			
Lake Crest Apartments	5	630,019	0.86%			
The Hazelwood Apartments	6	532,329	0.73%	1	765,331	1.49%
Buckman Heights Apartments	7	439,302	0.60%			
Gateway Park Apartments	8	436,738	0.59%			
Cascadia Village Retirement Center	9	423,521	0.58%			
Fifth Avenue Court Apartments	10	418,288	0.57%			
Park Tower Apartments				2	704,630	1.37%
Fountain Plaza				3	496,138	0.97%
Park Place Living Center				4	495,083	0.96%
Carmen Oaks Manor				5	490,947	0.96%
Cascade Park Retirement Center				6	487,388	0.95%
1200 Building Apartments				7	485,410	0.95%
Lancaster Village				8	454,049	0.88%
Pacific Pointe				9	452,398	0.88%
Gresham Manor				10	415,151	0.81%
Total		\$ 6,621,387	9.03%		\$ 5,246,525	10.22%

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Ratio of Outstanding Debt
Enterprise Fund
Last Ten Fiscal Years

Unaudited

Fiscal Year	Business-Type Activities - Enterprise Funds				Percentage of Personal Income ⁽³⁾	Per Capita ⁽³⁾
	General Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽²⁾	Loans Payable	Total		
2008	\$ 190,315,000	\$ 1,485,191,011	\$ 1,500,000	\$ 1,677,006,011	1.28%	\$ 448
2007	199,730,000	1,418,318,301	1,500,000	1,619,548,301	1.31%	439
2006	199,580,000	1,481,303,110	1,500,000	1,682,383,110	1.36%	456
2005	222,990,000	1,540,489,226	4,421,200	1,767,900,426	1.55%	487
2004	251,170,000	1,426,629,827	5,716,450	1,683,516,277	1.53%	470
2003	288,115,000	1,347,784,827	3,891,071	1,639,790,898	1.56%	461
2002	275,495,000	1,255,374,827	4,000,000	1,534,869,827	1.51%	436
2001	282,200,000	1,149,674,827	748,606	1,432,623,433	1.45%	413
2000	289,720,000	1,059,249,827	75,000	1,349,044,827	1.40%	393
1999	277,065,000	960,449,827	268,500	1,237,783,327	1.45%	369

⁽¹⁾ Elderly and Disabled Housing Bonds

⁽²⁾ Mortgage Revenue Bonds, Homeowner Revenue Bonds, Multifamily Housing Revenue Bonds, Multiple Purpose Bonds (beginning in FY 2005), Housing Finance Revenue Bonds (through FY 2006), and Assisted or Insured Multi-Unit Bonds (through FY 2004)

⁽³⁾ Population and Personal Income information can be found on page 56.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Legal Debt Margin Information
Enterprise Fund
Last Ten Fiscal Years

Unaudited

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Percentage of Debt Limit
General Obligation Bonds				
2008	\$ 2,505,763,251	\$ 190,315,000	\$ 2,315,448,251	7.60%
2007	2,171,596,093	199,730,000	1,971,866,093	9.20%
2006	1,814,184,612	199,580,000	1,614,604,612	11.00%
2005	1,651,243,593	222,990,000	1,428,253,593	13.50%
2004	1,526,855,488	251,170,000	1,275,685,488	16.45%
2003	1,436,406,940	288,115,000	1,148,291,940	20.06%
2002	1,370,162,155	275,495,000	1,094,667,155	20.11%
2001	1,291,069,462	282,200,000	1,008,869,462	21.86%
2000	1,201,599,761	289,720,000	911,879,761	24.11%
1999	1,111,054,649	277,065,000	833,989,649	24.94%
Revenue Bonds				
2008	\$ 2,500,000,000	\$ 1,485,191,011	\$ 1,014,808,989	59.41%
2007	2,500,000,000	1,418,318,301	1,081,681,699	56.73%
2006	2,500,000,000	1,481,303,110	1,018,696,890	59.25%
2005	2,000,000,000	1,540,489,226	459,510,774	77.02%
2004	2,000,000,000	1,426,629,827	573,370,173	71.33%
2003	2,000,000,000	1,347,784,827	652,215,173	67.39%
2002	2,000,000,000	1,255,374,827	744,625,173	62.77%
2001	2,000,000,000	1,149,674,827	850,325,173	57.48%
2000	2,000,000,000	1,059,249,827	940,750,173	52.96%
1999	1,030,000,000	960,449,827	69,550,173	93.25%

Legal Debt Margin for Fiscal Year 2008

General Obligation Bonds

True cash value of all taxable property in the state	\$ 501,152,650,155
Debt Limit (0.5% of true cash value)	2,505,763,251
Less: Debt applicable to the limit (Elderly and Disabled Housing Bonds)	(190,315,000)
Legal Debt Margin	<u>\$ 2,315,448,251</u>

Revenue Bonds

The legal debt margin for OHCS's revenue bonds is set by statute (Oregon Revised Statute 456.661).

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Demographic and Economic Data - State of Oregon
Last Ten Calendar Years

Unaudited

Year	Population ⁽¹⁾	Personal Income ⁽¹⁾ (in thousands)	Per Capita Personal Income	Annual Unemployment Rate ⁽²⁾
2007	3,747,455	\$ 131,261,193	\$ 35,027	5.2%
2006	3,691,084	123,702,889	33,514	5.4%
2005	3,629,959	114,392,624	31,513	6.2%
2004	3,583,027	109,717,646	30,621	7.3%
2003	3,556,956	105,160,987	29,565	8.1%
2002	3,521,520	101,881,884	28,931	7.6%
2001	3,472,224	99,020,013	28,518	6.4%
2000	3,431,096	96,401,727	28,096	5.1%
1999	3,393,941	89,873,232	26,480	5.5%
1998	3,352,449	85,628,707	25,542	5.7%

⁽¹⁾ Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce - www.bea.gov/bea/regional/spi/

⁽²⁾ Source: Oregon Employment Department - www.qualityinfo.org/olmisj/labforce

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Employment Data - State of Oregon
Current Year and Nine Years Ago

Unaudited

	Calendar Year 2007		Calendar Year 1998		Change
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	
Retail Trade	255,366	11.00%	242,438	11.90%	5.33%
Health Care and Social Assistance	242,242	10.44%	177,288	8.70%	36.64%
Manufacturing	217,272	9.36%	238,991	11.73%	-9.09%
Accommodation and Food Services	161,521	6.96%	133,500	6.55%	20.99%
Construction	150,455	6.48%	122,963	6.04%	22.36%
Professional and Technical Services	128,425	5.53%	110,836	5.44%	15.87%
Administrative Services	120,100	5.18%	96,989	4.76%	23.83%
Real Estate, Rental, and Leasing	89,938	3.88%	76,416	3.75%	17.70%
Wholesale Trade	89,499	3.86%	81,646	4.01%	9.62%
Finance and Insurance	85,608	3.69%	81,572	4.01%	4.95%
Transportation and Warehousing	68,676	2.96%	61,412	3.02%	11.83%
Farm Employment	67,802	2.92%	65,828	3.23%	3.00%
Arts, Entertainment, and Recreation	51,175	2.21%	37,506	1.84%	36.44%
Educational Services	51,145	2.20%	29,332	1.44%	74.37%
Information	42,728	1.84%	40,421	1.99%	5.71%
Forestry, Fishing, and Related Activities	35,773	1.54%	35,869	1.76%	-0.27%
Management of Companies	31,914	1.38%	24,353	1.20%	31.05%
Waste Management and Remediation	5,831	0.25%	4,562	0.22%	27.82%
Utilities	4,967	0.21%	5,719	0.28%	-13.15%
Mining	3,684	0.16%	3,438	0.17%	7.16%
Other Services	125,330	5.40%	102,921	5.05%	21.77%
Federal Government (Civilian)	29,126	1.26%	29,927	1.47%	-2.68%
Military	12,378	0.53%	12,736	0.63%	-2.81%
State Government	68,676	2.96%	58,620	2.88%	17.15%
Local Government	180,886	7.80%	161,613	7.93%	11.93%
Total Employment	2,320,517	100.00%	2,036,896	100.00%	13.92%

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

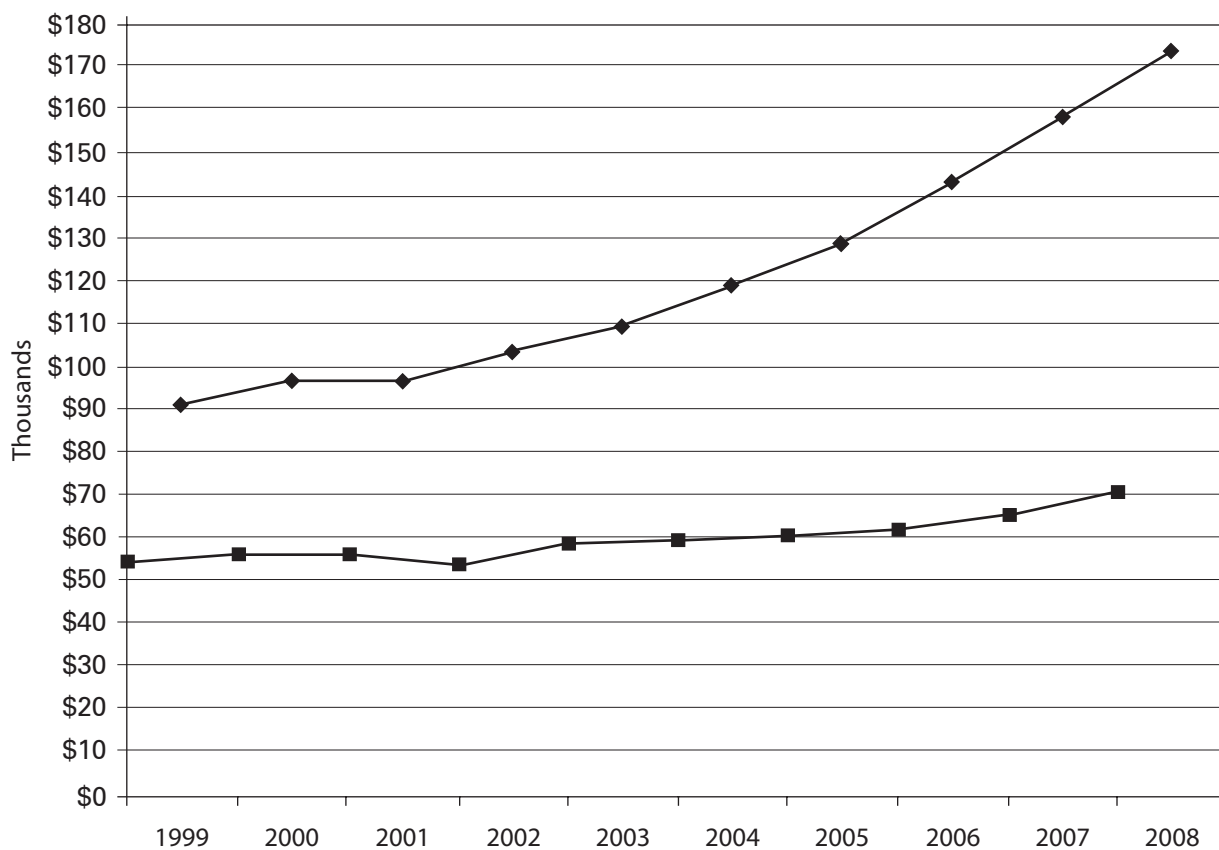
Number of Employees

Last Ten Fiscal Years

Unaudited

	Full-Time-Equivalent Employees as of June 30									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Asset & Property Management Division	31.0	28.0	29.5	29.5	29.5	30.0	28.0	24.0	17.0	11.5
Housing Division	28.7	28.9	23.9	24.1	24.5	26.0	23.0	22.0	22.0	22.0
Community Resources Division	20.2	21.5	24.0	28.0	29.1	33.1	32.0	26.5	25.0	14.0
Financial Management Division	18.0	18.5	23.8	22.8	22.0	29.0	27.0	28.0	27.0	25.5
Information Services Division	13.3	18.0	17.9	19.6	18.5	20.0	21.5	16.5	14.5	11.0
Director's Office	10.0	9.0	9.0	15.6	14.0	13.0	15.5	13.5	13.0	11.0
Human Resources	4.0	2.0	4.0	3.5	3.5	3.0	3.5	3.5	3.0	2.0
Total	125.2	125.9	132.1	143.1	141.1	154.1	150.5	134.0	121.5	97.0

Single-Family Mortgage Program
Average New Mortgage Loan Amount
Versus Median Income



—◆— Average Mortgage Loan Amount —■— Median Income

Fiscal Year	Average Loan Amount	Calendar Year	Median Income for a 4-Person Family in the State of Oregon ⁽¹⁾
2008	\$ 173,684	2007	\$ 70,046
2007	158,415	2006	64,832
2006	143,390	2005	61,945
2005	128,606	2004	60,262
2004	118,569	2003	58,737
2003	109,208	2002	58,315
2002	103,278	2001	53,909
2001	96,591	2000	55,947
2000	96,648	1999	55,892
1999	91,173	1998	54,226

⁽¹⁾ Source: US Census Bureau - www.census.gov/hhes/www/income/medincsizeandstate.html

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
New Mortgage Loans
Enterprise Funds
Last Ten Fiscal Years

	2008	2007	2006	2005	2004
Elderly and Disabled Housing Program:					
Original Loan Amount	\$ 651,100	\$ -	\$ 974,300	\$ 670,695	\$ 3,305,750
Average Loan Amount	651,100	-	324,767	670,695	826,438
Number of New Loans	1	-	3	1	4
Number of Units	15	-	28	15	130
Mortgage Revenue Bonds:					
Original Loan Amount	\$ 321,315,907	\$ 189,306,233	\$ 163,786,944	\$ 186,092,283	\$ 124,615,859
Average Loan Amount	173,684	158,415	143,799	128,606	118,569
Number of New Loans	1,850	1,195	1,139	1,447	1,051
Housing Finance Revenue Bonds: *					
Original Loan Amount	\$ -	\$ -	\$ 968,533	\$ -	\$ -
Average Loan Amount	-	-	96,853	-	-
Number of New Loans	-	-	10	-	-
Multifamily Housing Revenue Bonds:					
Original Loan Amount	\$ 3,425,000	4,525,000	\$ 900,000	\$ 10,460,000	\$ 38,225,000
Average Loan Amount	3,425,000	4,525,000	900,000	5,230,000	12,741,667
Number of New Loans	1	1	1	2	3
Number of Units	64	97	24	241	636
Multiple Purpose Bonds:					
Original Loan Amount	\$ -	\$ -	\$ -	\$ -	\$ -
Average Loan Amount	-	-	-	-	-
Number of New Loans	-	-	-	-	-
Combined Program Account:					
Original Loan Amount	\$ -	\$ -	\$ 1,695,000	\$ -	\$ -
Average Loan Amount	-	-	847,500	-	-
Number of New Loans	-	-	2	-	-
Number of Units	-	-	60	-	-
Housing Finance Account:					
Original Loan Amount	\$ -	\$ -	\$ 101,382	\$ -	\$ -
Average Loan Amount	-	-	101,382	-	-
Number of New Loans	-	-	1	-	-

* All remaining Housing Finance Revenue Bonds were called in Fiscal Year 2007. All loans were moved to Mortgage Revenue Bonds.

Construction, Seed Money, and Pre-development loans are not included.

Unaudited

2003	2002	2001	2000	1999
\$ 2,619,450	\$ 5,378,782	\$ 23,316,965	\$ 13,979,021	\$ 24,318,182
436,575	1,792,927	777,232	199,700	579,004
6	3	30	70	42
110	109	322	264	439
\$ 110,737,283	\$ 136,533,418	\$ 128,935,731	\$ 179,765,331	\$ 129,085,698
109,208	103,278	96,581	96,648	91,420
1,014	1,322	1,335	1,860	1,412
\$ -	\$ -	206,596	\$ -	\$ 5,303,636
-	-	103,298	-	85,543
-	-	2	-	62
\$ 14,250,000	\$ 3,205,668	\$ 37,328,926	\$ 19,935,507	\$ 11,130,000
14,250,000	1,068,556	3,732,893	3,322,585	3,710,000
1	3	10	6	3
276	97	1,005	444	241
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 491,000	\$ -	\$ 100,000	\$ 100,000	\$ 333,013
122,750	-	100,000	100,000	166,506
4	-	1	1	2

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - By Interest Rate

Enterprise Funds

Current Year and Five Years Ago

Unaudited

Interest Rate	Fiscal Year 2008				Fiscal Year 2003			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
0.00 - 4.99%	2,161	24.04%	\$ 269,426,535	19.48%	422	4.99%	\$ 62,091,152	6.10%
5.00 - 5.99%	4,395	48.88%	618,272,934	44.70%	2,934	34.69%	301,460,307	29.62%
6.00 - 6.99%	1,589	17.67%	329,109,803	23.79%	2,406	28.45%	287,250,330	28.22%
7.00 - 7.99%	576	6.41%	113,349,543	8.19%	2,180	25.77%	253,174,953	24.87%
8.00 - 8.99%	195	2.17%	25,011,160	1.81%	346	4.09%	71,130,246	6.99%
9.00 - 9.99%	39	0.43%	11,039,907	0.80%	119	1.41%	14,452,442	1.42%
10.00% or More	36	0.40%	16,987,801	1.23%	51	0.60%	28,284,052	2.78%
Total	8,991	100.00%	\$ 1,383,197,683	100.00%	8,458	100.00%	\$ 1,017,843,482	100.00%

Fiscal year 2003 is the earliest year available.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Loans Outstanding - By Monthly Payment Amount
Enterprise Funds
Current Year and Five Years Ago

Unaudited

Monthly Payment ⁽¹⁾	Fiscal Year 2008				Fiscal Year 2003			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
Single Family Loans ⁽²⁾								
\$ 0 - \$ 200	68	0.80%	\$ 1,682,708	0.16%	220	2.80%	\$ 3,207,674	0.51%
\$ 201 - \$ 400	759	8.94%	31,471,803	3.02%	1,544	19.66%	59,854,970	9.47%
\$ 401 - \$ 600	2,087	24.57%	162,692,373	15.60%	3,249	41.35%	244,719,478	38.73%
\$ 601 - \$ 800	2,305	27.14%	265,156,617	25.43%	2,232	28.42%	239,661,856	37.94%
\$ 801 - \$ 1,000	1,657	19.51%	250,211,649	24.00%	585	7.45%	80,276,890	12.71%
\$ 1,001 - \$ 1,200	944	11.12%	177,089,254	16.99%	25	0.32%	4,012,645	0.64%
\$ 1,201 - \$ 1,400	494	5.82%	108,216,922	10.38%	-	-	-	-
\$ 1,401 - \$ 1,600	133	1.57%	33,225,820	3.19%	-	-	-	-
\$ 1,601 - \$ 1,800	39	0.46%	11,000,646	1.06%	-	-	-	-
\$ 1,801 - \$ 2,000	6	0.07%	1,811,969	0.17%	-	-	-	-
Total	8,492	100.00%	1,042,559,761	100.00%	7,855	100.00%	631,733,513	100.00%
Multi-Family Loans ⁽³⁾								
\$ 0 - \$ 1,000	247	49.50%	11,358,461	3.33%	261	43.28%	14,597,059	3.78%
\$ 1,001 - \$ 5,000	93	18.64%	25,715,797	7.55%	157	26.04%	32,418,303	8.40%
\$ 5,001 - \$10,000	49	9.82%	29,427,987	8.64%	60	9.96%	38,884,048	10.08%
\$10,001 - \$15,000	36	7.21%	43,739,326	12.84%	38	6.30%	54,446,777	14.10%
\$15,001 - \$20,000	21	4.21%	42,007,376	12.33%	23	3.81%	48,817,986	12.64%
\$20,001 - \$25,000	18	3.61%	43,177,526	12.68%	22	3.65%	59,194,696	15.33%
\$25,001 - \$30,000	7	1.40%	26,023,044	7.64%	9	1.49%	33,086,445	8.57%
\$30,001 or more	16	3.21%	116,991,019	34.34%	16	2.65%	100,404,584	26.00%
Due at Maturity	12	2.40%	2,197,386	0.65%	17	2.82%	4,260,071	1.10%
Total	499	100.00%	340,637,922	100.00%	603	100.00%	386,109,969	100.00%
Grand Total	8,991		\$1,383,197,683		8,458		\$1,017,843,482	

⁽¹⁾ Principal and Interest only. Does not include taxes or insurance.

⁽²⁾ Housing Finance Revenue Bond (FY 2003) and Mortgage Revenue Bond Loans

⁽³⁾ Elderly and Disabled Housing Fund, Multifamily Housing Revenue Bond, Multiple Purpose Bond (FY 2008), Assisted or Insured Multi-Unit Program (FY 2003), Combined Program Account, and Housing Finance Account Loans

Fiscal year 2003 is the earliest year available.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - By County

Enterprise Funds

June 30, 2008

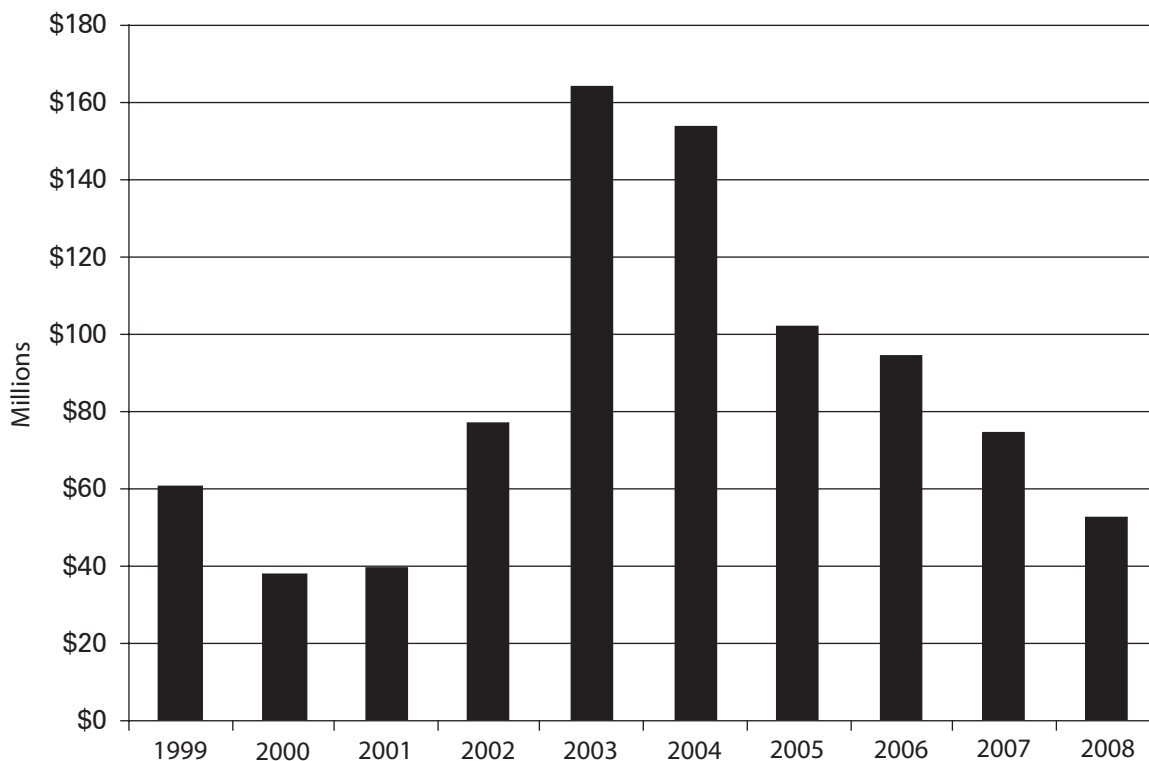
County	Elderly and Disabled Housing Program		Mortgage Revenue Bonds		Multifamily Housing Revenue Bonds	
	Number of Loans	Principal Amount	Number of Loans	Principal Amount	Number of Loans	Principal Amount
Baker	1	\$ 221,014	45	\$ 3,172,003	-	\$ -
Benton	8	2,563,533	122	15,034,943	1	1,159,743
Clackamas	27	16,094,172	349	52,894,199	5	24,702,226
Clatsop	5	1,247,627	28	2,925,064	-	-
Columbia	7	1,229,137	90	12,558,183	1	2,093,961
Coos	6	2,936,650	194	20,195,121	-	-
Crook	1	1,353,080	48	6,102,678	-	-
Curry	2	84,178	12	1,727,345	-	-
Deschutes	5	3,847,531	334	49,881,527	2	6,855,510
Douglas	9	8,535,022	137	14,769,825	2	3,827,930
Gilliam	2	850,564	3	151,691	-	-
Grant	2	85,425	5	293,736	-	-
Harney	2	2,098,880	32	2,132,314	-	-
Hood River	2	1,502,204	13	1,841,761	-	-
Jackson	11	7,615,242	331	45,249,268	2	4,198,782
Jefferson	3	850,363	59	6,643,582	-	-
Josephine	5	2,856,073	184	24,761,692	-	-
Klamath	2	84,466	430	44,301,849	-	-
Lake	1	93,054	38	3,888,332	-	-
Lane	25	11,949,562	690	72,903,490	2	16,642,127
Lincoln	9	8,464,597	68	6,368,145	-	-
Linn	12	5,181,835	179	18,948,092	-	-
Malheur	2	48,622	89	6,650,641	-	-
Marion	59	16,409,481	971	107,984,224	2	1,577,927
Morrow	-	-	55	3,535,212	-	-
Multnomah	62	27,610,127	2,462	332,464,360	13	56,605,824
Polk	14	6,544,342	128	14,186,846	-	-
Sherman	1	202,765	-	-	-	-
Tillamook	3	3,168,233	16	1,683,325	-	-
Umatilla	9	3,617,404	356	26,155,562	-	-
Union	3	900,725	116	9,097,589	3	2,984,861
Wallowa	1	1,312,745	13	982,327	-	-
Wasco	1	43,117	14	1,743,997	-	-
Washington	24	9,041,623	666	100,733,126	4	34,741,067
Wheeler	2	401,698	-	-	-	-
Yamhill	12	9,552,027	215	30,597,712	-	-
Total	340	\$ 158,597,118	8,492	\$ 1,042,559,761	37	\$ 155,389,958

Allowance for Uncollectible Accounts is not included. See Note 3.

Multiple Purpose Bonds		Housing Finance Account		Total	
Number of Loans	Principal Amount	Number of Loans	Principal Amount	Number of Loans	Principal Amount
1	\$ 54,457	-	\$ -	47	\$ 3,447,474
2	571,171	-	-	133	19,329,390
8	1,471,387	3	643,673	392	95,805,657
1	460,567	-	-	34	4,633,258
1	700,122	-	-	99	16,581,403
1	162,149	-	-	201	23,293,920
2	106,289	-	-	51	7,562,047
-	-	-	-	14	1,811,523
3	355,807	3	575,000	347	61,515,375
2	589,008	1	129,900	151	27,851,685
-	-	-	-	5	1,002,255
6	620,818	-	-	13	999,979
1	12,334	-	-	35	4,243,528
2	493,664	-	-	17	3,837,629
8	534,553	-	-	352	57,597,845
4	304,720	-	-	66	7,798,665
-	-	-	-	189	27,617,765
2	352,942	1	67,216	435	44,806,473
-	-	-	-	39	3,981,386
12	3,089,775	-	-	729	104,584,954
2	626,692	2	355,646	81	15,815,080
3	68,058	-	-	194	24,197,985
3	60,105	1	51,249	95	6,810,617
10	1,205,452	2	67,704	1,044	127,244,788
-	-	-	-	55	3,535,212
11	7,468,175	1	285,000	2,549	424,433,486
2	550,985	2	309,840	146	21,592,013
-	-	-	-	1	202,765
-	-	-	-	19	4,851,558
3	77,900	-	-	368	29,850,866
4	382,304	-	-	126	13,365,479
1	46,722	-	-	15	2,341,794
1	161,905	2	359,997	18	2,309,016
6	2,749,179	1	26,000	701	147,290,995
-	-	-	-	2	401,698
1	502,381	-	-	228	40,652,120
103	\$ 23,779,621	19	\$ 2,871,225	8,991	\$ 1,383,197,683

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Mortgage Loan Payoffs - Single-Family Mortgage Program
Enterprise Funds
Last Ten Fiscal Years

Unaudited



<u>Fiscal Year</u>	<u>Prepaid Principal</u>
2008	\$ 52,554,327
2007	73,983,041
2006	94,717,727
2005	102,327,105
2004	153,778,052
2003	164,283,221
2002	76,838,383
2001	39,766,779
2000	37,743,579
1999	60,786,689

Other Reports

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

We have audited the basic financial statements of the enterprise funds of the State of Oregon, Housing and Community Services Department (department), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the department's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the department's financial statements that is more than inconsequential will not be prevented or detected by the department's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the department's internal control.

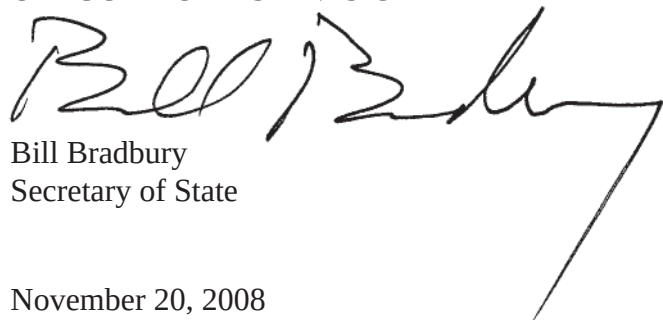
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the department's management, others within the department, the Oregon State Housing Council, the Governor of the State of Oregon, and the Oregon Legislative Assembly and is not intended to be and should not be used by anyone other than these specified parties.

OREGON AUDITS DIVISION



Bill Bradbury
Secretary of State

November 20, 2008



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