NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY

REPORT OF AUDIT
WITH SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEARS ENDED
JUNE 30, 2005 AND 2004

Bowman
& Company
LLP

74213

NEW JERSEY HOUSING MORTGAGE FINANCE AGENCY

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction to the Annual Report

This annual report consists of four parts: Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements and Supplementary Information.

The Financial Statements include:

- The "Statements of Net Assets" provide information about the nature and amounts of investments in resources (assets) and the obligations to the Agency's creditors (liabilities).

- The "Statements of Revenues Expenses and Changes in Net Assets" accounts for all of the current year's revenue and expenses, measures the success of the Agency's operations over the past year and can be used to determine how the Agency has funded its costs.

- The "Statements of Cash Flows" provide information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

The Notes to the Financial Statements provide:

- Information that is essential to understanding the basic financial statements, such as the Agency's accounting methods and policies.

- Details of contractual obligations, future commitments and contingencies of the Agency.

- Any other events or developing situations that could materially affect the Agency's financial position.

Supplementary Information:

- Provides presentations of the Agency's financial information in accordance with the requirements of the various Bond Resolutions.

Management's Discussion and Analysis:

- Finally, this section of the Agency's financial statements, the Management's Discussion and Analysis (MD&A), presents an overview of the Agency's financial performance during the year ended June 30, 2005 compared to June 30, 2004. It provides an assessment of how the Agency's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Agency's overall financial position. It may contain opinions, assumptions or conclusions by the Agency's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described above.

The Agency's Business

The New Jersey Housing and Mortgage Finance Agency (NJHMFA) was created to provide a strong unified advocate for housing production, financing and improvement. The Agency is established under, but is not a part of, the Department of Community Affairs, and is constituted as a body politic and corporate and an instrumentality of the State exercising public and essential governmental functions. Included in the Agency's powers is the ability, *inter alia,* to provide to housing sponsors, through eligible loans or otherwise, financing, refinancing or financial assistance for fully completed, as well as partially completed projects; to issue negotiable bonds and to secure the payment thereof; and to make and enter into and enforce all contracts and agreements necessary, convenient or desirable to the performance of its duties and the execution of its powers.

Overall Financial Highlights

- In fiscal year 2005, the Agency issued a total of $111.8 million in bonds to finance 15 new multi-family developments that contain 1,824 housing units.

- The Multi-Family Housing Revenue Bonds Series 1995 A, B, and C were economically refunded with a net present value savings of approximately $25.3 million.

- The Single Family Home Buyer Revenue Bond Series 1994 I&J, K, and L&M were economically refunded with a net present value savings of approximately $5.6 million.

- Investment income increased $10.8 million mainly as a result of higher short-term interest rates.

- Total general & administrative expenses decreased by 19.2% as a result in a decrease in the MONI program grant disbursements.

- The Agency's total liabilities decreased by 3.7% due primarily to a 6.5% decline in bonds outstanding.

- The Agency's total assets decreased by 2.7% due in part to the decrease in mortgage receivables and the decrease in investments which were used to redeem bonds.

- The Agency recorded a $2.6 million loss due to the cumulative effect of a change in accounting estimate. The Agency changed the method of calculating the amortization on Bond Issuance Costs, Bond Premiums and Bond Discounts.

- Real Estate Owned (REO) increased by 406.7% primarily due to the acceptance in October, 2004, by the Agency of a deed-in-lieu of foreclosure for Carteret Senior Living in the approximate amount of $10.5 million.

Single Family Programs

The Agency provides a variety of residential mortgage financing programs that primarily serve low, moderate, and middle-income first time homebuyers and homebuyers purchasing in certain designated urban areas. The programs are primarily funded with Mortgage Revenue Bond proceeds.

- In March 2005, the Agency effectuated a $150 million new money and replacement refunding Housing Revenue Bond transaction.

- In September 2004, the Agency effectuated a $90.3 million replacement refunding bond transaction, which warehoused $90.3 million of bonding authority.

- In August 2004, the Agency issued 2004 Series G, H, & I new money and refunding bonds totaling $158.3 million.

- In addition to the Agency funded programs, the Agency administers the Police and Firemen's Retirement System Mortgage program, which provides new mortgage loans and refinancing loans to active members of the New Jersey Police and Firemen's Retirement Systems Pension Fund (PFRS). The program is funded with the PFRS investment assets.

- In fiscal year 2005 the Agency originated 572 new Single Family loans as compared to 1000 new Single Family loans in FY 2004.

Single-Family Bond SWAP Transactions

In order to reduce financing and negative arbitrage costs associated with the issuance of single-family Bonds, the Agency issues a portion of these bonds as variable rate debt. The Agency then enters into swap transactions on these variable rate bonds to mitigate interest rate risk to the Agency. See the attached Notes to the Financial Statements for a chart of the Single-Family Swaps Portfolio.

Multi-Family Programs

There are several categories of Mortgage Loans financed by the NJHMFA. These are Section 8 Mortgage Loans, Section 202 Mortgage Loans, Section 236 Mortgage Loans, "JUMPP" Loans, FHA-Insured Mortgage Loans, and Un-enhanced Mortgage Loans. Below is a brief description of each loan program.

- Section 8 Mortgage Loans provide for the payment by HUD of a federal housing subsidy for the benefit of low-income families (generally defined as families whose annual income does not exceed 80% of the median income for the area as determined by HUD) and very low-income families (generally defined as families whose annual income does not exceed 50% of the median income for the area as determined by HUD). The amount of subsidy payable to each development is the applicable Contract Rent less any payment made by the tenant. The tenant payment is generally equal to 30% of family income, with a minimum payment of $25. Of the developments in the Agency's Multi-Family portfolio, 78 are Section 8 subsidized.

Multi-Family Programs (Cont'd)

- The Section 202 Supportive Housing for the Elderly Program helps expand the supply of affordable housing with supportive services for the elderly. It provides very low-income elderly persons with options that allow them to live independently but in an environment that provides support services such as cleaning, cooking, transportation, and other services. Of the developments in the Agency's Multi-Family portfolio, 4 are secured by project-based Section 8 payments from HUD under the Section 202 program.

- Section 236 Mortgage Loans provide for the payment by HUD of an interest reduction subsidy for the benefit of the NJHMFA. The amount of subsidy payable is the difference between the applicable interest rate on the loan and a 1% interest rate on the same loan amount. Of the developments in the Agency's Multi-Family portfolio, 42 are Section 236 subsidized.

- The New Jersey Urban Multi-Family Production program ("JUMPP") Loans provide long term, low interest operating expenses/rent subsidy loans to developers who build or rehabilitate rental housing projects that dedicate a portion of the units to low income housing. The program is based on the premise that subsidies are provided during the early years of operation to offset projected operating deficits but that the housing projects at some point will no longer need the subsidies if increases in project income are equal to or exceed increases to project expenses. Of the developments in the Agency's Multi-Family portfolio, 3 are JUMPP subsidized.

- FHA-Insured Mortgage Loans are the subject of federal mortgage insurance provided by FHA under the National Housing Act of 1934 or pursuant to Section 542 of the Housing and Community Development Act of 1992. FHA-Insured Mortgage Loans under the National Housing Act are generally insured to the extent of 99% of the amount of the defaulted principal balance thereof, after adjustment for certain expenses and for deposits or assets held by the mortgagee for the benefit of the development.

- FHA-Insured Mortgage Loans under the 1992 Act are covered by a risk-sharing agreement between the NJHMFA and FHA whereby FHA has agreed to provide FHA Insurance on the loans and the NJHMFA has agreed to reimburse FHA for 10% or 25% of any actual loss depending on the particular project being insured. Of the developments in the Agency's Multi-Family portfolio, 24 have FHA Risk Share Insurance enhancing the NJHMFA mortgage.

- Un-enhanced Mortgage Loans are mortgage loans that are secured by a first lien on the property but are not the subject of a Section 8 Contract, Section 236 Contract or any other subsidy, insurance, or guarantee from the Federal or State Government. Of the developments in the Agency's Multi-Family portfolio, 100 are Un-enhanced.

Multi-Family Programs (Cont'd)

In fiscal year 2005 the Agency issued 2004 Series D new money bonds totaling $31.4 million to finance 3 new developments that contain 594 housing units. Details on these projects are as follows:

Project Name	Total Units	Mortgage Amount (in Thousands)	Bonds Issued (in Thousands)
Bellmawr Senior Campus	130	$8,294	$8,294
Hillcrest Manor	62	3,884	3,884
Northgate II	402	18,554	18,554

In fiscal year 2005 the Agency issued 2005 Series A-E new money and refunding bonds totaling $191.7 million. The new money portion accounted for $80.4 million to finance 12 new developments that contain 1,230 housing units. Details on these projects are as follows:

Project Name	Total Units	Mortgage Amount (in Thousands)	Bonds Issued (in Thousands)
Church Street	60	$4,313	$4,313
Cottage Place	100	12,977	12,977
Parkside Manor	147	9,159	9,159
Oakview Apartments	210	9,221	9,221
Allaire Crossing	66	5,414	5,414
Butler	90	6,301	6,301
Woodlands at Ramsey	100	6,802	6,802
Friendship Gardens	100	5,686	5,686
Elizabeth Senior	87	2,900	2,900
Riverwalk	80	1,198	1,198
Stella Wright	93	14,900	14,900
Bridgeton, Phase III	97	600	600

Multi-Family Bond SWAP/CAP Transactions

In order to effectively reduce financing costs to the project owners of developments financed with Multi-Family Bonds, the Agency issues a portion of these bonds as variable rate debt. The Agency then enters into swap and/or cap transactions on these variable rate bonds in order to mitigate interest rate risk to the Agency. See the attached Notes to the Financial Statements for charts of the Multi-Family Swaps and Caps Portfolios.

Capital Fund Program Revenue Bonds

In December 2004, the Agency acted as a conduit issuer for a $79.9 million issue for 21 New Jersey Public Housing Authorities to finance, on an accelerated basis, certain capital renovations and improvements of each Authority's public housing developments.

Low-Income Housing Tax Credits

The NJHMFA is also the Housing Credit Agency for the State of New Jersey and as such, administers the allocation of Federal low-income housing tax credits to developers of low-income housing. Due to the tremendous demand for these credits, the NJHMFA encourages suggestions from developers, non-profit groups, municipal officials, general contractors, real estate syndicators, and other participants in the housing field during a public comment period to effectuate a more equitable and optimal allocation plan.

- In fiscal year 2005 the Agency allocated $32.5 million in Low Income Housing Tax Credits which financed construction of 3289 new low-income units, compared with fiscal year 2004 allocations totaling $29.1 million financing 2453 new low-income units.

Contract Administration

In 2000, HUD awarded the Agency a three-year contract, with two optionally renewable years thereafter, to take over Section 8 contract administrative duties for HUD-administered properties in New Jersey. HUD renewed the contract for the first two year extension (2004 and 2005) and has approved the second two year extension commencing September 2005. HUD has verbally indicated that the second extension will ultimately become part of a future ten year contract pending a review of the performance of the Agency and renegotiation of certain contract terms. Under the contract, the Agency is responsible for conducting management and occupancy reviews, adjusting contract rents, processing Housing Assistance Payments to project owners and other monitoring tasks. On December 1, 2000, HMFA received the first installment of 195 contracts representing over 14,629 units throughout the State. An additional 51 contracts have subsequently been received representing an additional 6,045 units.

- As of June 30, 2005 and 2004 the Agency is administering 244 and 246 contracts representing 20,653 and 20,674 units, respectively.

General Fund

The Agency's General Fund consists of all assets, (mortgage loans and non-mortgage loan investments) which are not directly pledged to repayment of bonds issued under any of the NJHMFA bond trust indentures. The Net Assets in the General Fund are unrestricted where the assets in the bond funds are restricted since they are pledged to the payment of the outstanding bonds.

The dollar amount of General Fund assets is increased over time by the:

- Retention of earnings on General Fund assets; and
- Transfer and deposit of earnings from the various bond programs

General Fund assets in the form of non-mortgage loan investments readily convertible to cash are first utilized to fund the Agency's operating expenses. Any remaining General Fund liquidity enables the Agency to establish new programs and/or fund primary or secondary mortgages.

Merrill Lynch Investment Program

The Agency invests a substantial portion of its General Fund monies with Merrill Lynch Investment Managers, L.P. ("MLIM"). These monies are invested according to the parameters set forth in the Investment Policy statement as approved by the Agency's Board on August 23, 2001. The Investment Policy statement establishes investment objectives and requirements, such as eligible investments, concentration limits/portfolio diversification, and credit quality considerations. Eligible investments include: US Treasuries, Government and federal agency obligations, commercial paper, repurchase agreements, corporate bonds and notes, bank time deposits and CDs, asset-backed securities, mortgage-backed securities, collateralized mortgage obligations, and money market mutual funds. During the Fiscal Year ended June 30, 2005, this portfolio has earned 2.83%. From inception to-date (12/5/01 – 6/30/05), the portfolio has earned 3.62% on an annualized basis. As of June 30, 2005, the current yield-to-maturity on the portfolio is 4.01%.

Financial Analysis

The following sections will discuss the Agency's financial results for 2005 compared to 2004. Additionally, an examination of major economic factors that have contributed to the Agency's operations is provided. It should be noted that for purposes of this MD&A, summaries of the financial statements and the various exhibits presented are in conformity with the Agency's financial statements, which are presented in accordance with Generally Accepted Accounting Principles. All amounts are in thousands.

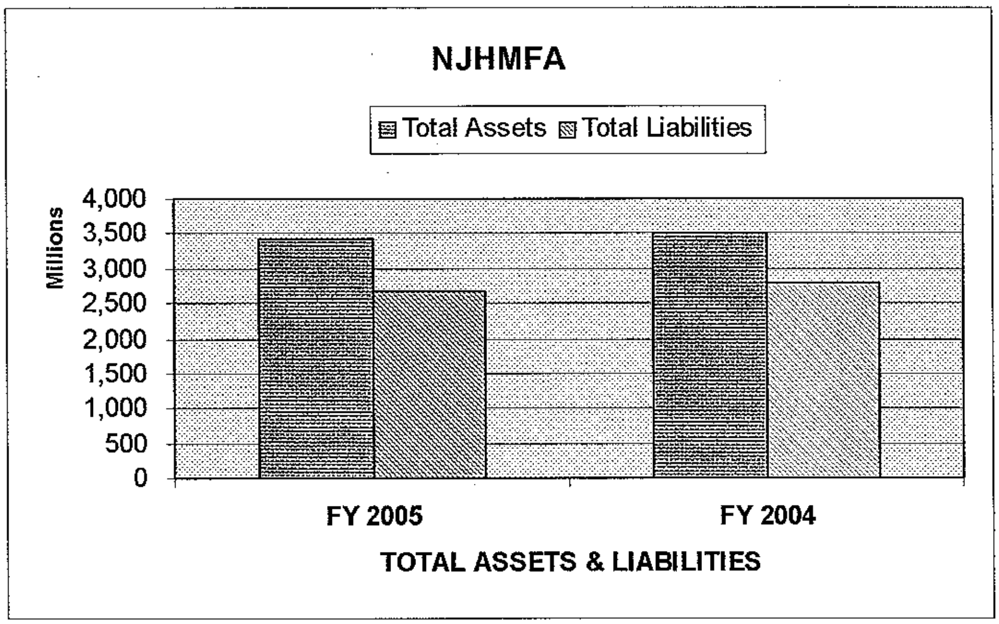
Highlights

Assets

The Agency's total assets decreased by 2.7% due in part to the decrease in mortgage receivables and the decrease in investments which were used to redeem bonds.

Liabilities

The Agency experienced a decrease in total liabilities of 3.7%. This is primarily due to a decrease in bonds outstanding of 6.5%. The reduction is due to mortgage prepayments, which resulted in mandatory, optional and extraordinary bond retirements along with the regularly scheduled principal retirements.



Condensed Statement of Net Assets (in Thousands)

	2005	2004
Current and Other Assets	$3,411,524	$3,505,720
Capital Assets	12,890	14,733
Total Assets	3,424,414	3,520,453
Current Liabilities	413,204	538,528
Long Term Liabilities	2,268,722	2,246,546
Total Liabilities	2,681,926	2,785,074
Net Assets:		
Invested in Capital Assets, Net of Related Debt	12,890	14,733
Restricted	238,876	228,659
Unrestricted	490,722	491,987
Total Net Assets	$ 742,488	$ 735,379

Revenues and Expenses

Net operating income has increased by 9.2%. Points of interest are as follows:

- Investment income increased by $10.8 million mainly as a result of higher short-term interest rates.

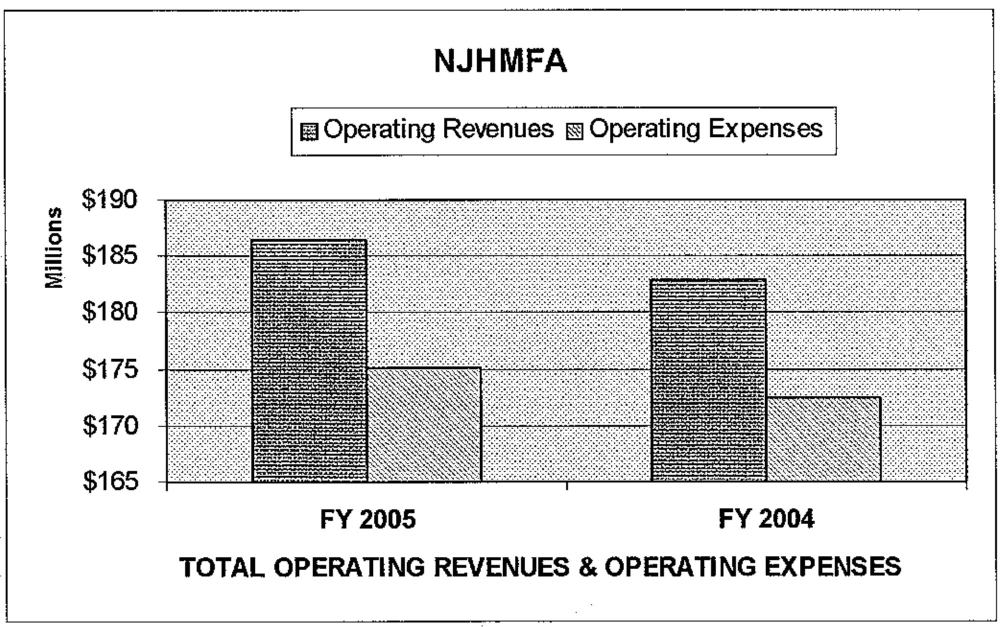
- Interest expense on bonds increased by only 0.2% as a result of an increase in short-term interest rates offset by fewer bonds outstanding.

- The general and administrative expenses decreased by 19.2% primarily due to decreased MONI program grant disbursements.

- Interest income on mortgage loans has decreased by 5.8% due to the lower number of single-family mortgages outstanding.

- The provision for loan losses increased by 14.6% due largely to the increase in the provision for several assisted-living developments held under the General Fund

- Servicing fees expense declined by 4.8% due in large part to the decline in single-family loans outstanding.



Condensed Statements of Revenues, Expenses and Changes in Net Assets (in Thousands)

	2005	2004
Operating Revenues	$ 186,463	$ 182,964
Operating Expenses	(175,034)	(172,495)
Net Operating Income	11,429	10,469
Non-Operating Expenses	(1,744)	(1,681)
Non-Operating Transfers	7	0
Increase in Net Assets	9,678	8,788
Cumulative Effect of Change in Accounting Estimate	(2,569)	0
Net Assets, Beginning of Year As Adjusted	735,379	726,591
Net Assets, End of Year	$ 742,488	$ 735,379

Expense Summary (in Thousands)

	2005	2004
Operating Expenses:		
Interest	$ 112,291	$ 112,059
Insurance costs	2,833	3,082
Servicing fees and other	3,170	3,331
Salaries and related benefits	15,893	13,834
Professional services and financing costs	1,306	884
General and administrative expenses	15,172	18,770
Loss on sale of real estate owned	1,100	234
Provision for loan losses	23,269	20,301
Total operating expenses	$ 175,034	$ 172,495
Non-Operating Expenses:		
Loss on early extinguishment of debt	$ 1,744	$ 1,681
Non-operating transfers	7	0
Total non-operating expenses	$ 1,751	$ 1,681

Budgetary Controls

The Agency adopts Operating and Capital Plans that are approved by its Board of Directors prior to the start of each new fiscal year. Budgets are a measure of the Agency's financial performance and accountability and are reviewed throughout the year.

Conclusion

This section of the Annual Report has been provided to give readers a general overview of the Agency's business, financial position, and fiscal accountability for the funds it generates and receives. If you should still have questions about any information in this report, you are requested to contact the Finance Department of the New Jersey Housing and Mortgage Finance Agency.

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

Bowman & Company LLP

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INDEPENDENT AUDITOR'S REPORT

To the Agency Members
New Jersey Housing and Mortgage Finance Agency
Trenton, New Jersey 08650

We have audited the accompanying financial statements and the discretely presented component units of the New Jersey Housing and Mortgage Finance Agency (the "Agency") (a component unit of the State of New Jersey), as of and for the fiscal years ended June 30, 2005 and 2004, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency'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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency and the discretely presented component units, as of June 30, 2005 and 2004, and the respective changes in financial position and cash flows, for the fiscal years 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 September 12, 2005 on our consideration of the Agency's internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplemental Schedules 1 through 4 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the 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 inquires 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.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 12, 2005

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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

To the Agency Members
New Jersey Housing and Mortgage Finance Agency
Trenton, New Jersey 08650

We have audited the financial statements of the New Jersey Housing and Mortgage Finance Agency (the "Agency"), as of and for the fiscal year ended June 30, 2005, and have issued our report thereon dated September 12, 2005, which indicated that the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. 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 Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 that are required to be reported under Government Auditing Standards.

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This report is intended solely for the information and use of the audit committee, management of the Agency, and the Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 12, 2005

Exhibit A

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Net Assets
(in thousands)
As of June 30, 2005 and 2004

	2005							
	Reporting Entity			Component Units				
	Bond and Obligation Funds							
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	STAR Corporation	ABC Corporation	Eliminations	Total	2004 Total
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents (Note 4)	$ 130,711	$ 79,632	$ 359,951	$ 137	$ 595		$ 571,026	$ 510,196
Investments (Note 4)	203,250	74,714	67,153				345,117	343,054
Accrued interest receivable on investments	2,314	1,240	2,648				6,202	5,660
Mortgage loans receivable - net (Note 5)	16,901	38,094	3,927				58,922	59,591
Supplemental mortgages and other loans - net (Note 7)			1,475				1,475	1,200
Fees and other charges receivable			1,955				1,955	1,456
Due from loan servicers and insurers	2,806		12				2,818	4,270
Other assets	96	343	302				741	922
Total current assets	356,078	194,023	437,423	137	595	-	988,256	926,349
NON-CURRENT ASSETS:								
Investments (Note 4)	74,513	140,574	226,642				441,729	593,166
Escrow deposits				168			168	167
Mortgage loans receivable - net (Note 5)	653,785	1,017,444	120,959				1,792,188	1,840,344
Debt service arrears receivable - net (Note 6)	2,224	1,207	102				3,533	5,498
Interest receivable on construction advances and mortgages			1,675				1,675	1,676
Supplemental mortgages and other loans - net (Note 7)	3,863		157,792		-		161,655	121,262
Deferred charges - bond issuance costs - net	4,239	7,307					11,546	13,700
Real estate owned	969		8,085				9,054	1,787
Real estate held for redevelopment					1,142		1,142	1,085
Capital assets - net (Note 8)			11,226	1,664			12,890	14,733
Other non-current assets			578				578	686
Due from other funds			8,434			$ (8,434)		-
Total non-current assets	739,593	1,166,532	535,493	1,832	1,142	(8,434)	2,436,158	2,594,104
TOTAL ASSETS	1,095,671	1,360,555	972,916	1,969	1,737	(8,434)	3,424,414	3,520,453

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Net Assets
(in thousands)
As of June 30, 2005 and 2004

	2005							
	Reporting Entity			Component Units				
	Bond and Obligation Funds							
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	STAR Corporation	ABC Corporation	Eliminations	Total	2004 Total
LIABILITIES								
CURRENT LIABILITIES:								
Bonds and obligations - net (Note 9)	$ 116,285	$ 47,695					$ 163,980	$ 290,110
Accrued interest payable on bonds and obligations	8,636	9,202					17,838	19,992
Subsidy payments received in advance			$ 16,658				16,658	12,093
Advances from the State of New Jersey for bond and housing assistance		1,779	21,628				23,407	23,829
Other current liabilities				$ 202	$ 582		784	1,179
Mortgagor escrow deposits (Note 13)		7,468	183,069				190,537	191,325
Total current liabilities	124,921	66,144	221,355	202	582	-	413,204	538,528
NON-CURRENT LIABILITIES:								
Bonds and obligations - net (Note 9)	798,235	1,196,906					1,995,141	2,017,951
Minimum escrow requirement		8,861	709				9,570	9,686
Funds held in trust for mortgagors (Note 12)		9,204	235,692	-	11		244,907	199,310
Deferred revenues			5,530				5,530	3,519
Other non-current liabilities	1,336	1,653	7,682	2,555			13,226	15,732
Due to HUD		348					348	348
Due to other funds	4,729	3,705				$ (8,434)	-	-
Total non-current liabilities	804,300	1,220,677	249,613	2,555	11	(8,434)	2,268,722	2,246,546
TOTAL LIABILITIES	929,221	1,286,821	470,968	2,757	593	(8,434)	2,681,926	2,785,074
NET ASSETS (Note 15):								
Invested in capital assets, net of related debt			11,226	1,664			12,890	14,733
Restricted	166,450	73,734		(2,452)	1,144		238,876	228,659
Unrestricted			490,722				490,722	491,987
TOTAL NET ASSETS (DEFICIT)	$ 166,450	$ 73,734	$ 501,948	$ (788)	$ 1,144	$ -	$ 742,488	$ 735,379

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Net Assets
(in thousands)
As of June 30, 2005 and 2004

	2004						
	Reporting Entity			Component Units			
	Bond and Obligation Funds						
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	STAR Corporation	ABC Corporation	Eliminations	Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents (Note 4)	$ 114,745	$ 59,894	$ 334,453	$ 121	$ 983		$ 510,196
Investments (Note 4)	217,065	71,089	54,900				343,054
Accrued interest receivable on investments	2,322	1,005	2,333				5,660
Mortgage loans receivable - net (Note 5)	15,970	39,995	3,626				59,591
Supplemental mortgages and other loans - net (Note 7)			1,200				1,200
Fees and other charges receivable			1,456				1,456
Due from loan servicers and insurers	4,186		84				4,270
Other assets	163	575	184				922
Total current assets	354,451	172,558	398,236	121	983	-	926,349
NON-CURRENT ASSETS:							
Investments (Note 4)	137,143	234,284	221,739				593,166
Escrow deposits				167			167
Mortgage loans receivable - net (Note 5)	693,216	985,042	162,086				1,840,344
Debt service arrears receivable - net (Note 6)	4,255	1,126	117				5,498
Interest receivable on construction advances and mortgages			1,676				1,676
Supplemental mortgages and other loans - net (Note 7)			121,257		5		121,262
Deferred charges - bond issuance costs - net	5,521	8,179					13,700
Real estate owned	1,467		320				1,787
Real estate held for redevelopment					1,085		1,085
Capital assets - net (Note 8)			12,449	2,284			14,733
Other non-current assets			686				686
Due from other funds			7,483			$ (7,483)	-
Total non-current assets	841,602	1,228,631	527,813	2,451	1,090	(7,483)	2,594,104
TOTAL ASSETS	1,196,053	1,401,189	926,049	2,572	2,073	(7,483)	3,520,453

(Continued)

Exhibit A

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Net Assets
(in thousands)
As of June 30, 2005 and 2004

	2004						
	Reporting Entity			Component Units			
	Bond and Obligation Funds						
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	STAR Corporation	ABC Corporation	Eliminations	Total
LIABILITIES							
CURRENT LIABILITIES:							
Bonds and obligations - net (Note 9)	$ 243,960	$ 46,150					$ 290,110
Accrued interest payable on bonds and obligations	10,295	9,697					19,992
Subsidy payments received in advance			$ 12,093				12,093
Advances from the State of New Jersey for bond and housing assistance		1,779	22,050				23,829
Other current liabilities				$ 193	$ 986		1,179
Mortgagor escrow deposits (Note 13)		7,584	183,741				191,325
Total current liabilities	254,255	65,210	217,884	193	986	-	538,528
NON-CURRENT LIABILITIES:							
Bonds and obligations - net (Note 9)	771,266	1,246,685					2,017,951
Minimum escrow requirement		8,923	763				9,686
Funds held in trust for mortgagors (Note 12)		9,195	190,115				199,310
Deferred revenues			3,519				3,519
Other non-current liabilities	1,622	2,149	9,332	2,629	-		15,732
Due to HUD		348					348
Due to other funds	4,425	3,058				$ (7,483)	-
Total non-current liabilities	777,313	1,270,358	203,729	2,629	-	(7,483)	2,246,546
TOTAL LIABILITIES	1,031,568	1,335,568	421,613	2,822	986	(7,483)	2,785,074
NET ASSETS (Note 15):							
Invested in capital assets, net of related debt			12,449	2,284			14,733
Restricted	164,485	65,621		(2,534)	1,087		228,659
Unrestricted			491,987				491,987
TOTAL NET ASSETS	$ 164,485	$ 65,621	$ 504,436	$ (250)	$ 1,087	$ -	$ 735,379

The accompanying Notes to Financial Statements are an integral part of this statement.

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Revenues, Expenses, and Changes in Net Assets
(in thousands)
For Fiscal Years Ended June 30, 2005 and 2004

	2005							
	Reporting Entity			Component Units				
	Bond and Obligation Funds							
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	STAR Corporation	ABC Corporation	Eliminations	Total	2004 Total
OPERATING REVENUES:								
Interest income on mortgage loans	$ 42,541	$ 81,178	$ 6,375				$ 130,094	$ 138,160
Investment income	10,518	9,748	9,691	-			29,957	19,151
Fees and charges		7,724	18,206				25,930	23,445
Other income - net		207	35	$ 240	$ 235	$ (235)	482	2,206
Gain on sale of real estate owned								2
Total operating revenues	53,059	98,857	34,307	240	235	(235)	186,463	182,964
OPERATING EXPENSES:								
Interest	41,125	71,166					112,291	112,059
Insurance costs	633	1,188	1,012				2,833	3,082
Servicing fees and other	2,705	398	67				3,170	3,331
Salaries and related benefits	1,440	3,892	10,561				15,893	13,834
Professional services and financing costs	142	324	840				1,306	884
General and administrative expenses	683	1,399	12,369	778	178	(235)	15,172	18,770
Loss on sale of real estate owned	1,062		38				1,100	234
Provision for loan losses (Note 2)	754	10,719	11,796				23,269	20,301
Total operating expenses	48,544	89,086	36,683	778	178	(235)	175,034	172,495
Net operating income (loss)	4,515	9,771	(2,376)	(538)	57	-	11,429	10,469
NON-OPERATING EXPENSES:								
Loss on early extinguishment of debt (Note 3)	1,150	594					1,744	1,681
NON-OPERATING TRANSFERS	11	(116)	112	-	-		7	-
Increase (decrease) in net assets	3,354	9,293	(2,488)	(538)	57	-	9,678	8,788
NET ASSETS, BEGINNING OF YEAR	164,485	65,621	504,436	(250)	1,087		735,379	726,591
Cumulative effect of change in accounting estimate	(1,389)	(1,180)					(2,569)	
NET ASSETS, BEGINNING OF YEAR, AS ADJUSTED	163,096	64,441	504,436	(250)	1,087	-	732,810	726,591
Increase (decrease) in net assets, during the year	3,354	9,293	(2,488)	(538)	57	-	9,678	8,788
NET ASSETS, END OF YEAR	$ 166,450	$ 73,734	$ 501,948	$ (788)	$ 1,144	$ -	$ 742,488	$ 735,379

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Revenues, Expenses, and Changes in Net Assets
(in thousands)
For Fiscal Years Ended June 30, 2005 and 2004

	2004						
	Reporting Entity			Component Units			
	Bond and Obligation Funds						
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	STAR Corporation	ABC Corporation	Eliminations	Total
OPERATING REVENUES:							
Interest income on mortgage loans	$ 48,971	$ 82,568	$ 6,621				$ 138,160
Investment income	12,339	5,026	1,781	$ 5			19,151
Fees and charges		7,566	15,879				23,445
Other income - net		49	1,913	244	$ 392	$ (392)	2,206
Gain on sale of real estate owned			2				2
Total operating revenues	61,310	95,209	26,196	249	392	(392)	182,964
OPERATING EXPENSES:							
Interest	48,039	64,020					112,059
Insurance costs	760	1,187	1,135				3,082
Servicing fees and other	2,974	291	66				3,331
Salaries and related benefits	1,021	3,488	9,325				13,834
Professional services and financing costs	105	326	453				884
General and administrative expenses	693	1,618	15,588	789	474	(392)	18,770
Loss on sale of real estate owned	234						234
Provision for loan losses (Note 2)	(2,335)	20,863	1,773				20,301
Total operating expenses	51,491	91,793	28,340	789	474	(392)	172,495
Net operating income (loss)	9,819	3,416	(2,144)	(540)	(82)	-	10,469
NON-OPERATING EXPENSES:							
Loss on early extinguishment of debt (Note 3)	1,480	201					1,681
NON-OPERATING TRANSFERS		1,270	(1,270)				-
Increase (decrease) in net assets	8,339	1,945	(874)	(540)	(82)	-	8,788
NET ASSETS, BEGINNING OF YEAR	156,146	63,676	505,310	290	1,169	-	726,591
NET ASSETS, END OF YEAR	$ 164,485	$ 65,621	$ 504,436	$ (250)	$ 1,087	$ -	$ 735,379

The accompanying Notes to Financial Statements are an integral part of this statement.

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Cash Flows
(in thousands)
For Fiscal Years Ended June 30, 2005 and 2004

	2005							
	Reporting Entity			Component Units				
	Bond and Obligation Funds							
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	STAR Corporation	ABC Corporation	Eliminations	Total	2004 Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from interest on mortgages & loans	$ 44,660	$ 74,854	$ 8,279				$ 127,793	$ 134,745
Receipts from fees, charges and other	(1,191)	7,982	20,274	$ 1			27,066	23,578
Receipts from principal payments on mortgage receivables	380,197	354,247	85,182				819,626	504,736
Receipts from proceeds from sale of bonds & obligations	398,600	218,835					617,435	434,945
Payments to vendors and employees	(3,957)	(1,292)	(31,686)	-	$ 58		(36,877)	(39,436)
Payments for mortgage purchases and advances	(343,780)	(389,451)	(103,663)				(836,894)	(407,598)
Payments for retirement of bonds	(500,615)	(267,415)					(768,030)	(487,099)
Payments for interest	(40,463)	(70,289)					(110,752)	(112,794)
Payments for cost of issuance	(2,049)	(1,416)					(3,465)	(2,448)
Payments for funds held in trust		(180)	48,878	-			48,698	(10,861)
Net cash provided by (used in) operating activities	(68,598)	(74,125)	27,264	1	58	-	(115,400)	37,768
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Transfers and other	(2,152)	(5,342)	7,082	15	(446)		(843)	3,089
Increase in due to HUD							-	(3)
Net cash provided by (used in) non-capital financing	(2,152)	(5,342)	7,082	15	(446)	-	(843)	3,086
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:								
Additions to property, plant and equipment			(899)				(899)	(908)
Net cash (used in) capital financing	-	-	(899)	-	-	-	(899)	(908)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchases of investments	(393,829)	(301,292)	(37,310)				(732,431)	(940,640)
Sales/maturities of investments	470,930	391,277	15,689				877,896	794,366
Earnings on investments	9,615	9,220	13,672				32,507	33,125
Net cash provided by (used in) investing activities	86,716	99,205	(7,949)	-	-	-	177,972	(113,149)
NET INCREASE (DECREASE) IN CASH	15,966	19,738	25,498	16	(388)	-	60,830	(73,203)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	114,745	59,894	334,453	121	983		510,196	583,399
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 130,711	$ 79,632	$ 359,951	$ 137	$ 595	$ -	$ 571,026	$ 510,196

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Cash Flows
(in thousands)
For Fiscal Years Ended June 30, 2005 and 2004

	2005 — Reporting Entity — Bond and Obligation Funds — Single-Family Mortgage Component	2005 — Reporting Entity — Bond and Obligation Funds — Multi-Family Housing Component	2005 — Reporting Entity — General Fund	2005 — Component Units — STAR Corporation	2005 — Component Units — ABC Corporation	2005 — Eliminations	2005 — Total	2004 Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:								
Operating income (loss)	$ 4,515	$ 9,771	$ (2,376)	$ (538)	$ 57		$ 11,429	$ 10,469
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation expense			1,264	618			1,882	1,996
Provision for loan losses, net	754	10,719	11,796				23,269	20,301
Gain on sale of real estate owned			-				-	(2)
Loss on sale of real estate owned	1,062	-	38				1,100	234
Investment interest income	(10,518)	(9,748)	(9,506)				(29,772)	(20,761)
Changes in operating assets and liabilities:								-
(Increase) decrease in loans - net	34,852	(41,300)	(7,802)		5		(14,245)	90,256
(Increase) decrease in fees and other charges receivable			(500)				(500)	337
(Increase) decrease in due from loan servicers and insurers	1,380	-	72				1,452	2,947
(Increase) decrease in deferred charges - bond issuance costs - net	1,282	872					2,154	345
Net acquisition of real estate	498		(7,762)		(57)		(7,321)	(1,266)
(Increase) decrease in other assets	67	232	(11)	1			289	(73)
(Increase) decrease in due to/from other funds	304	647	(951)				-	-
Increase (decrease) in bonds and obligations - net	(100,706)	(48,234)					(148,940)	(51,300)
Increase (decrease) in accrued interest payable on bonds	(1,659)	(495)					(2,154)	(3,575)
Increase (decrease) in advance from the State of							-	-
New Jersey for bond and housing assistance		-	(438)				(438)	(241)
Increase (decrease) in minimum escrow requirement		(62)	(53)				(115)	311
Increase (decrease) in mortgagor escrow deposits		(116)	(672)				(788)	(3,839)
Increase (decrease) in subsidy payments received in advance			4,565				4,565	(5,076)
Increase (decrease) in deferred revenue			2,011				2,011	542
Increase (decrease) in other liabilities	(31)	(90)	(1,000)	(65)	(393)		(1,579)	2,932
Transfers and other	(398)	3,679	38,589	(15)	446		42,301	(6,769)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (68,598)	$ (74,125)	$ 27,264	$ 1	$ 58	$ -	$ (115,400)	$ 37,768

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Cash Flows
(in thousands)
For Fiscal Years Ended June 30, 2005 and 2004

	2004						
	Reporting Entity			Component Units			
	Bond and Obligation Funds						
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	STAR Corporation	ABC Corporation	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from interest on mortgages & loans	$ 52,900	$ 73,447	$ 8,398				$ 134,745
Receipts from fees, charges and other	(1,277)	8,151	16,687	$ 17			23,578
Receipts from principal payments on mortgage receivables	354,896	88,317	61,523				504,736
Receipts from proceeds from sale of bonds & obligations	277,065	157,880					434,945
Payments to vendors and employees	(4,249)	(1,804)	(33,284)	(17)	$ (82)		(39,436)
Payments for mortgage purchases and advances	(202,535)	(92,824)	(112,239)				(407,598)
Payments for retirement of bonds	(397,930)	(89,169)					(487,099)
Payments for interest	(49,611)	(63,183)					(112,794)
Payments for cost of issuance	(1,023)	(1,425)					(2,448)
Payments for funds held in trust		205	(11,066)				(10,861)
Net cash provided by (used in) operating activities	28,236	79,595	(69,981)	-	(82)	-	37,768
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Transfers and other	(3,053)	(7,311)	14,332	2	(881)		3,089
Increase in due to HUD		(3)					(3)
Net cash (used in) non-capital financing	(3,053)	(7,314)	14,332	2	(881)	-	3,086
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:							
Additions to property, plant and equipment			(908)				(908)
Net cash (used in) capital financing	-	-	(908)	-	-	-	(908)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchases of investments	(555,970)	(348,964)	(35,706)				(940,640)
Sales/maturities of investments	497,354	251,486	45,526				794,366
Earnings on investments	11,679	5,105	16,341				33,125
Net cash provided by (used in) investing activities	(46,937)	(92,373)	26,161	-	-	-	(113,149)
NET INCREASE (DECREASE) IN CASH	(21,754)	(20,092)	(30,396)	2	(963)	-	(73,203)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	136,499	79,986	364,849	119	1,946		583,399
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 114,745	$ 59,894	$ 334,453	$ 121	$ 983	$ -	$ 510,196

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Statements of Cash Flows
(in thousands)
For Fiscal Years Ended June 30, 2005 and 2004

	2004						
	Reporting Entity			Component Units			
	Bond and Obligation Funds						
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	STAR Corporation	ABC Corporation	Eliminations	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Operating income (loss)	$ 9,819	$ 3,416	$ (2,144)	$ (540)	$ (82)		$ 10,469
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense			1,376	620			1,996
Provision for loan losses, net	(2,334)	20,862	1,773				20,301
Gain on sale of real estate owned			(2)				(2)
Loss on sale of real estate owned	234						234
Investment interest income	(12,339)	(5,026)	(3,396)				(20,761)
Changes in operating assets and liabilities:							-
(Increase) decrease in loans - net	152,733	(14,028)	(48,449)				90,256
(Increase) decrease in fees and other charges receivable			337				337
(Increase) decrease in due from loan servicers and insurers	2,995		(48)				2,947
(Increase) decrease in deferred charges - bond issuance costs - net	1,234	(889)					345
Net acquisition of real estate	(1,181)		(85)				(1,266)
(Increase) decrease in other assets	49	(325)	200	3			(73)
(Increase) decrease in due to/from other funds	(1,276)	(611)	1,887				-
Increase (decrease) in bonds and obligations - net	(120,014)	68,714					(51,300)
Increase (decrease) in accrued interest payable on bonds	(3,200)	(375)					(3,575)
Increase (decrease) in advance from the State of New Jersey for bond and housing assistance			(241)				(241)
Increase (decrease) in minimum escrow requirement		269	42				311
Increase (decrease) in mortgagor escrow deposits		91	(3,930)				(3,839)
Increase (decrease) in subsidy payments received in advance			(5,076)				(5,076)
Increase (decrease) in deferred revenue			542				542
Increase (decrease) in other liabilities	(57)	937	2,133	(81)			2,932
Transfers and other	1,573	6,560	(14,900)	(2)			(6,769)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 28,236	$ 79,595	$ (69,981)	$ -	$ (82)	$ -	$ 37,768

The accompanying Notes to Financial Statements are an integral part of this statement.

1. DESCRIPTION OF THE AGENCY

Authorizing Legislation and Organization - The New Jersey Housing & Mortgage Finance Agency (the "Agency"), which is established in, but not part of, the Department of Community Affairs, is a body, corporate and politic, created by the New Jersey Housing & Mortgage Finance Agency Law of 1983, constituting Chapter 530, Laws of New Jersey, 1983 (the "Act"), which combined the New Jersey Housing Finance Agency and the New Jersey Mortgage Finance Agency into a single agency. The Agency is considered to be a component unit of the State of New Jersey and, as such, is a nontaxable entity.

The initial legislation and subsequent amendment grant the Agency the power to obtain funds through bond sales and to use the proceeds to finance the construction and rehabilitation of housing projects for families of low and moderate income by providing mortgage loans to qualified housing sponsors or to increase the funds available for residential mortgage and rehabilitation or improvement loans. In addition, the Agency is authorized to make loans to boarding home operators for life safety improvements.

The Agency is governed by nine members: the Commissioner of the Department of Community Affairs who serves as Chair, the State Treasurer, the Attorney General, the Commissioner of Banking and Insurance, and the Commissioner of the Department of Human Services who are members of the New Jersey Housing & Mortgage Finance Agency ex officio, and four persons appointed by the Governor with the advice and consent of the State Senate for terms of three years.

Certain bonds and other obligations issued under the provisions of the Act are general obligations of the Agency to which its full faith and credit are pledged. Certain mortgages issued from the proceeds of Multi-Family Housing Revenue Bonds are insured by the Federal Housing Administration and one of these issues is Government National Mortgage Association ("GNMA") backed. The Agency has no taxing power, however, certain bonds issued are separately secured, special and limited obligations of the Agency. See Note 9 to the financial statements for a more detailed discussion of the Agency's bonds, notes and obligations.

On April 29, 1996, the Board Members of the Agency approved the formation of a wholly-owned subsidiary corporation, the STAR Corporation ("STAR"). The Board of Trustees and the officers of STAR are Agency employees. The Agency Board has authorized STAR to act as interim owner of certain multi-family projects including Amity Village I and II and Phase II of the Scattered Site AIDS Program.

On April 17, 1997, the Board Members of the Agency approved the formation of a wholly-owned subsidiary corporation, the ABC Corporation ("ABC"). The Board consists of four State Directors and three Camden Directors as follows: The Commissioner of the New Jersey Department of Community Affairs, *ex officio,* or his or her designee; the Executive Director of the Agency, *ex officio,* or his or her designee; two employees of the Agency appointed by, and serving at the pleasure of the Executive Director of the Agency; the Mayor of the City of Camden, *ex officio,* or his or her designee; the Executive Director of the Camden Redevelopment Agency, *ex officio,* or his or her designee; and one resident of Camden appointed by a majority of the other directors to serve for a term of two years.

Federal Subsidy Programs - Many of the Agency-financed Multi-Family Housing projects (the "projects") have entered into subsidy contracts with the U.S. Department of Housing and Urban Development ("HUD") under Section 236 of the National Housing Act, as amended, or under Section 8 of the United States Housing act of 1937, as amended (Note 5). The subsidies, paid to the Agency for the account of the respective projects, have been pledged, under the terms of the bond resolutions, for the security of the bondholders.

1. DESCRIPTION OF THE AGENCY (CONT'D)

Federal Subsidy Programs (Cont'd) - The Section 8 program provides for payment of housing assistance payments to or for the account of the owners of projects assisted under such program. The housing assistance payments represent the difference between the total contract rents (an average of 141% of fair market rents as determined by HUD) for such developments and the eligible tenants' rental payments, which are up to 30% of each such tenant's adjusted income. The housing assistance payments, as adjusted from time to time by HUD to reflect changing economic conditions and subject to the limitations of the Section 8 program, together with the tenants' rental payments, are used to pay all operating costs of the project and debt service on the project's mortgage.

The Section 8 Housing Assistance Payments ("HAP") received by the projects amounted to approximately $315,275 and $300,637 for the fiscal years ended June 30, 2005 and 2004 respectively.

The Section 236 program provides for interest reductions on mortgages of projects assisted under the program. HUD subsidizes the difference between the actual amortization schedule on the mortgages and an amortization schedule based upon a 1% interest rate. Several Section 236 projects also receive additional rental assistance for eligible tenants. The payments represent the difference between contract rent (as defined above) and the tenants' eligible rental payments.

The Section 236 Interest Reduction Payments ("IRP") received by the Agency amounted to approximately $18,562 and $18,018 for the fiscal years ended June 30, 2005 and 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Agency is a single enterprise fund and maintains its records on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Agency are divided into separate activities within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures.

Basis of Accounting – Enterprise funds are accounted for using the accrual basis of accounting. Revenues are recorded when earned, regardless of when the cash flow takes place. Operating costs and expenses are charged to expense as incurred, except those directly related to loan or program originations, which are deferred, netted against fee income for loans originated, and amortized over the contractual life of the related loan or program.

Adoption of New Accounting Standard – In March 2003, GASB issued Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3.*" This statement addresses common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk and is effective for fiscal periods beginning after June 15, 2004. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement also should be disclosed. The Agency has implemented this new reporting requirement for the fiscal year ended June 30, 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Accounting Standards Board - Statement No. 20 - The Agency is required to follow all statements of the Governmental Accounting Standards Board (GASB). GASB Statement No. 20 was issued to give guidance in determining Generally Accepted Accounting Principles (GAAP) for governmental proprietary funds. It provides that all proprietary fund activities follow all Financial Accounting Standards Board (FASB) Statements issued prior to November 30, 1989, unless they conflict with GASB standards. It also provides that the governmental unit must elect whether to follow FASB Statements after that date.

The Agency has elected not to follow any FASB pronouncements issued after November 30, 1989.

Descriptions of Funds - Pursuant to the Agency's bond and obligation resolutions (the bond resolutions), separate funds have been established to record all transactions relating to each of the bond resolutions. Within each fund there are accounts required by the respective bond resolutions.

Assets under the respective bond resolutions are restricted and are not available for any other purpose other than as provided. The Agency has established a General Fund, which is used to record transactions, which are not directly related to a specific bond resolution.

The financial statements include the accounts of the Agency, STAR and ABC. All significant inter-company accounts and transactions have been eliminated.

Component Unit - The Agency is a component unit of the State of New Jersey as described in Governmental Accounting Standards Board Statement No. 14. These financial statements are discreetly presented as part of the State's financial statements.

GASB Statement No. 14 also provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The component units' columns in the financial statements include the financial data of the component units of the New Jersey Housing & Mortgage Finance Agency. They are reported in separate columns. The following is a summary of the component units:

Statewide Acquisition and Redevelopment Corporation ("STAR") was formed to act as a housing service corporation to purchase, finance, own, operate, maintain, develop, rehabilitate, construct, transfer, or resell properties under the Shore Easy Program, the AFL-CIO Demonstration Program and/or any other project or program as authorized by the Agency, particularly any project or program where the Agency administers Section 8 or other federal subsidies.

A Better Camden Corporation ("ABC") was formed to stimulate and encourage the construction, rehabilitation and improvement of adequate and affordable housing in the City of Camden so as to increase the number of opportunities for adequate and affordable housing in Camden, particularly for persons of low and moderate income.

Budgets and Budgetary Accounting - The Agency adopts annual Operating and Capital Plans that are approved by its Board of Directors prior to the start of each fiscal year. Budgets are a measure of the Agency's financial performance and accountability and are reviewed on a monthly basis throughout the year. The Executive Director of the Agency may approve and allow for payment for expenditures from the Agency's General Fund of up to $100 per item for expenses related to the ordinary course of the Agency's business, but not expressly authorized in the Agency's budget. The Agency Board may amend the budget at any point during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents – Cash equivalents include amounts held in the State of New Jersey Cash Management Fund, which include obligations of banking institutions of which a substantial portion are either secured by investments in governmental obligations or are FDIC insured. Cash equivalents are considered highly liquid investments with a maturity of three months or less when purchased and include short-term highly liquid money market funds, overnight repurchase agreements and amounts held in a tax-free cash management fund, all of which are readily convertible to known amounts of cash.

Interfunds - Interfund receivables and payables that arise from transactions between the bonds resolution components and the general fund are recorded by all funds affected by such transactions in the period in which the transaction is executed. The interfunds are temporary in nature and are liquidated on a periodic basis.

Investments - Investments are accounted for in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools.* Therefore, United States Government and Agency securities, asset-backed securities, corporate notes and commercial paper are reported at market value.

Capital Assets and Related Depreciation – The Agency capitalizes all assets at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets as follows:

Asset Class	Useful life
Buildings and building improvements	25
Automobiles	4
Machinery and equipment	4-10
Furniture and equipment	5

Expenditures for maintenance and repairs are charged to operating expenses. Renewals and betterments are capitalized. At the time properties are retired or otherwise disposed of, their cost and related accumulated depreciation are eliminated from the accounts and the gains or losses from such disposals are credited or charged to operations.

Funds and Deposits Held for Projects - Certain funds and deposits are held by the General Fund of the Agency for projects in interest-bearing accounts. Such interest accrues to the benefit of the projects and is not recorded as Agency revenue.

Bond Issuance Costs and Bond Discount – Bond issuance costs are deferred in the corresponding bond accounts and amortized over the life of the related bonds using a method approximating the interest to maturity method. Discount on bonds is deferred and amortized using a method approximating the interest to maturity method.

Operations - Fees and charges income in the Multi-Family Housing Component includes an annual servicing fee on the mortgages, which generally range from zero to 0.65 of 1% of the original mortgage amount. These fees are amortized into income over the lives of the loans by the use of a method that approximates the level yield method, accrued as due monthly.

The Housing Finance Fund requirements receivable represents fees and charges due, but not collected, from projects originally funded under the Multi-Family General Housing Loan Bonds. The fees and charges are due over the life of the bonds to fund the Housing Finance Fund requirements related to these bond resolutions. The housing finance fees past due have been recorded as receivables with revenues offset by reserves until they are collected.

Interest expense on the bonds and obligations include amortization of bond discount and premium using the interest to maturity method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operations (Cont'd) - The Agency periodically reviews its mortgage loans receivable, debt service arrears receivables, supplemental mortgages and other loans and provides for possible losses. Loans are considered delinquent when principal and interest payments are 30 days past due.

Mortgage Loans - Mortgage loans are stated at principal amounts outstanding, net of unearned discount. Interest income on first mortgage loans is accrued and credited to interest income as earned. Loan origination costs and commitment fees are deferred and recognized over the life of the mortgage loan as an adjustment to the loan's yield. The Agency is involved in foreclosure proceedings relating to both single and multi-family mortgages. For single-family mortgages, the Agency allows its outside servicers to represent them in Agency-approved foreclosure proceedings. The Agency enacts foreclosure proceedings against Multi-Family loans at the direction of its executive director with the approval of the Agency's Board. The Agency is the first lien holder for all supplemental mortgages. Interest income on supplemental mortgages is not accrued, but is credited to income as collected.

Allowance for Loan Losses - Certain projects have not generated sufficient cash flow to meet both operating expenses and debt service payments as a result of delays in attaining full occupancy levels, rising operating costs, or a combination thereof. The Agency has developed programs designed to provide adequate cash flow for these projects by obtaining additional rental assistance subsidies from HUD, rent increases, additional contributions by limited-dividend sponsors, the State of New Jersey Bond and Housing Assistance Funds and the Agency's General Fund. The Agency has provided allowances for loan losses aggregating $201,672 and $184,631 as of June 30, 2005 and 2004, against mortgage loans receivable, debt service arrears receivable, supplemental mortgages, other loans, and fees and charges including provision for negative cash flows and cost overruns for these projects. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectibility of the loans. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay. Economic conditions may result in the necessity to change the allowance quickly in order to react to deteriorating financial conditions of the Agency's borrowers. As a result, additional provisions on existing loans may be required in the future if borrowers' financial conditions deteriorate or if real estate values decline.

Advances from the State of New Jersey for Bond and Housing Assistance - Pursuant to the provisions of agreements with the State of New Jersey Department of Community Affairs, the Agency has received funds from the 1968 and 1976 State of New Jersey General Obligation Bond Assistance Funds. These funds have been pledged as security for the bonds of certain bond resolutions and to provide supplemental financing to certain housing projects (Note 7).

Advances from the State of New Jersey for Affordable Housing - Pursuant to the provisions of an agreement with the State of New Jersey Department of Community Affairs, the Agency has received funds to facilitate the building of low income projects. Outstanding project commitments amounted to $3,081 as of June 30, 2005 and 2004.

Compensated Absences - Agency employees are granted vacation, sick and personal leave in varying amounts under the Agency's personnel policies. Upon termination employees are reimbursed for unused vacation and personal time accrued at their current hourly rate of pay. Unused sick time is reimbursed to employees only upon retirement. It is based upon their current hourly rate of pay and limited to one-half of the total amount up to a maximum of $15. A provision for compensated absences has been made in the Other Non-Current Liabilities section in the Statement of Net Assets.

Minimum Escrow Requirement - In accordance with the bond resolutions and/or deed and regulatory agreements, substantially all permanently financed projects are required to deposit with the Agency one month's principal and interest on their mortgage loans as security against the late payment of subsequent remittances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Assets - Net assets comprise the various earnings from operating income, non-operating revenues, expenses and capital contributions. Net assets are classified in the following three components:

> Invested in Capital Assets, net of Related Debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
> Restricted – Net assets are reported as restricted when constraints placed on net asset use either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
> Unrestricted – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt". This component includes net assets that may be allocated for specific purposes by the Board.

Operating and Non-Operating Revenues /Expenses – Operating revenues include all revenues derived from interest income, fees and charges on mortgages and loans issued. It also includes investment income, which consists of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include general and administrative expenses of the Agency; salaries and benefits; costs and expenses incurred in connection with the amortization, issuance and sale of certain bonds and notes; fees and expenses of trustees and depository and paying agents; and other costs associated with the Agency's various loan programs. Non-operating expenses principally include loss on early extinguishment of debt.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification - Certain prior year amounts have been reclassified to conform to current year presentation.

3. EARLY EXTINGUISHMENT OF DEBT

During the fiscal years ended June 30, 2005 and 2004, as a result of prepayment of certain mortgages, the Agency repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds, totaling approximately $484,055 and $285,062. Net losses of $1,744 and $1,681 for the fiscal years ended June 30, 2005 and 2004 on early extinguishment of debt have been recorded as a non-operating expense. These losses arise as a result of immediate recognition of deferred bond issuance costs, bond discounts that would have been amortized over the life of the applicable bond issues had they not been retired, and call premiums as required by the bond resolutions.

Notes to Financial Statements (in thousands) (Cont'd)

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits and Investments (including repurchase agreements) as of June 30, 2005 are summarized as follows:

	Single Family	Multi-Family	General Fund	STAR Corporation	ABC Corporation
Cash and Cash Equivalents	$ 130,711	$ 79,632	$ 359,951	$ 137	$ 595
Investments	277,763	215,288	293,795		
	408,474	294,920	653,746	137	595
Less:					
Cash and Short-term Investments	(333,961)	(154,346)	(427,104)	$ (137)	$ (595)
Long-term Investments	$ 74,513	$ 140,574	$ 226,642	$ -	$ -

Investment Policy – Agency General Fund

The Agency has established an investment policy, which pertains to assets of the Agency, such as the General Fund assets, which are held outside of the Agency's Bond Resolutions. The primary investment objectives of the Agency's investment activities are to preserve principal, meet liquidity needs, further purposes of the Agency and provide a suitable return in relationship to current market conditions and the established investment policy. The Agency's investment policy includes guidelines as to liquidity and duration, eligible investments, concentration limits, credit quality and currency. The Agency's General Fund cash and equivalents are managed by Merrill Lynch Investment Managers, L.P. ("MLIM") pursuant to an agreement between the Agency and MLIM. MLIM is obligated to the follow the Agency's aforementioned investment policy.

The investment policy permits investments in obligations issued by U.S. Treasury or guaranteed by the U.S. government as well as obligations issued by or guaranteed by U.S. federal agencies, commercial paper, repurchase agreements having maximum maturities of seven days which are fully collateralized by U.S. government and/or agency securities, money market mutual funds and commercial bank obligations including time deposits, bank notes and bankers' acceptances. The Agency's investment policy also permits additional eligible investments which are discussed below.

Investment Policy - Bond Resolutions

The Agency's Single Family and Multi Family Bond Resolutions govern the investment of assets and funds held under the Resolutions and, as such, establish permitted investments in which funds held under the Resolutions may be invested. The Agency currently has two Single Family Bond Resolutions and five Multi-Family Resolutions, all of which govern the types of investments in which moneys held under each resolution may be invested. Generally, the Agency's Bond Resolutions permit commercial bank deposits, time deposits and certificates of deposits, U.S. government obligations, obligations of certain U.S Government Agencies or obligations that are guaranteed by the U.S. Government. Additionally, certain of the Agency's Resolutions also permit the investment in money market funds with stipulated rating and maturity levels, as well as repurchase agreements, certain federal funds, commercial paper, banker's acceptances and funds of which the N.J. Treasurer is custodian. In addition to the investment of funds related to cash and equivalents discussed herein, the Agency's Bond Resolutions also establish additional permitted investments.

Notes to Financial Statements (in thousands) (Cont'd)

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency has no formal policy as to custodial credit risk as to cash and equivalents held outside of its Bond Resolutions, however, the Agency has a contract with State Street Bank who serves as custodian of the General Fund monies managed by MLIM. Certain of the Agency's Bond Resolutions have varying provisions which relate to custodial credit risk including requirements that certain moneys and certain deposits of funds held under Resolutions be insured via federal deposit insurance or collateralized or secured by U.S. government, U.S. government backed or U.S. government Agency obligations. All funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Agency, and are held by either the counterparty or the counterparty's trust department or agent but not in the Agency's name.

As previously mentioned, certain of the Agency's Bond Resolutions have varying provisions which relate to custodial credit risk including requirements that certain moneys and certain deposits of funds held under Resolutions be insured via federal deposit insurance or collateralized or secured by U.S. government obligations, U.S. government backed or U.S. government Agency obligations or in some cases State of New Jersey obligations. In some cases, the Trustee or paying agent is excluded from these requirements related to funds held by them in trust. In some cases certain of the Agency's Bond Resolutions require that the holders (banks and other entities) of certain deposits have certain minimum long term or short-term credit rating levels.

As of June 30, 2005, $123,787 of the Agency's bank balance of $124,745 was exposed to custodial credit risk as follows:

	Single Family	Multi-Family	General Fund
Uninsured and Uncollateralized	$ 11,220	$ 30,755	$ 81,812

New Jersey Cash Management Fund - During the year, the Agency invested monies in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2005 and 2004, the Agency's deposits with the New Jersey Cash Management Fund are as follows:

	2005	2004
Single family component	$ 119,382	$ 106,483
Multi-family component	48,755	59,380
General fund	331,354	328,973
STAR Corporation	136	121
ABC Corporation	582	981
	$ 500,209	$ 495,938

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Investment Type and Interest Rate Risk Disclosure

The Agency holds various investments, outside of the Bond Resolutions, within the Agency's General Fund. As discussed, these investments are managed by MLIM. In addition to the eligible investments permitted by the Agency's Investment Policy discussed above, the aforementioned Investment Policy also permits corporate bonds, notes and medium term notes. Also permitted are asset backed securities, mortgage backed securities and collateralized mortgage obligations, however, these securities must be rated triple A by at least one of the national rating agencies. Equity investments in project-specific housing and housing-related developments which further the purposes of the Agency are also permitted with approval from the Agency Board. However, these investments may not exceed $10 million. Further, excluding the aforementioned equity investments, the Agency's Investment Policy indicates that the average effective duration of the portfolio is not to exceed 2.5 years and the maximum effective duration of any individual security is not to exceed 6 years.

In addition to those investments discussed above, certain of the Agency's Bond Resolutions also permit guaranteed investment contracts or investment agreements, obligations or notes of certain U.S. government agencies which are not backed by the U.S. government, certain short term and long term debt providing the issuers fall within permissible rating categories, direct and general obligations of the State of New Jersey guaranteed by the State, obligations of states and municipalities which are fully secured by contributions contracts with the U.S. government, certain stripped U.S. Treasury securities, shares of open-end, diversified investment companies having certain minimum credit ratings and Federal Housing Administration debentures.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency's investment policy as to moneys held outside the bond resolutions does impose concentration limits on certain types of investments which may limit the Agency's exposure to market interest rate risk. Certain investment types may evidence varying sensitivity to changes in interest rates. Corporate Bonds and notes and Medium term Notes may not exceed 50% of the aggregate market value of the portfolio. Asset Backed Securities may not exceed 30% of the aggregate market value of the portfolio and mortgage backed securities and collateralized mortgage obligations may not exceed 30% of the aggregate market value of the portfolio. As noted previously, the Agency's investment policy also establishes duration limits for the General Fund investment portfolio. The average effective duration of the General Fund investment portfolio is not to exceed 2.5 years.

Within the Agency's Bond Resolutions, the Agency generally manages overall exposure to interest rate risk via the use of derivative instruments. In this regard, the Agency has utilized both interest rate swap agreements and interest rate cap agreements within the Multi-Family Revenue Bond Resolution, the Multi-Family Housing Revenue Bond Resolution and the Single Family Housing Revenue Bond Resolution. For a further discussion of the Agency's use of derivatives, please refer to Note 20-Derivatives. Certain of the Agency's Bond Resolutions provide that moneys held and invested under the resolution be available for use when needed by the Agency. In these cases, the exposure of those securities to interest rate risk may be somewhat limited via the maturity of the securities and/or conversion into cash and equivalents prior to needing such funds.

Notes to Financial Statements (in thousands) (Cont'd)

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Agency's investment policy specifies minimum rating levels for certain types of eligible investments. Asset backed securities, mortgage backed securities and collateralized mortgage obligations must have a minimum rating of triple A. Further, the minimum short term debt rating of money market instruments or other instruments with maturities of less than one year is Tier Two while the minimum long-term debt rating for all other instruments, excluding the permitted equity investments, is single A.

The Agency's Bond Resolutions establish varying minimum rating levels for different types of investments. Generally, commercial paper must be rated in the highest rating category or A-1 / P-1 and money market funds must be rated in the highest rating category or in some cases must be rated at least the unenhanced rating on the bonds. Also, certain resolutions require that certain deposits or various short term investments or cash equivalents may only be held by providers in either the highest or two highest rating categories. In some cases, certain debt obligations and state obligations must be rated in either the highest or the two highest rating categories. The Agency's investment contracts which are permitted by certain of the Agency's Bond Resolutions are not rated, however, the Bond Resolutions which allow investment contracts require either that the provider of such contracts have either a long term rating of double A or in some cases A-1 if the agreement term is less than one year or be rated within the two highest credit rating categories by two national credit rating agencies, must not affect the rating of the bonds or must be rated at least the unenhanced rating on the bonds.

The following chart presents the Agency's investments categorized by credit rating level June 30, 2005:

Multi-Family Bond Component	S & P	Moody's	Fair Value	Weighted Average Maturity (years)
Guaranteed Investment Contracts	Unrated	Unrated	$ 194,283	12.14
U.S. Treasury Bills	AAA	Aaa	20,283	0.33
U.S. Treasury Notes	AAA	Aaa	722	8.13
Single Family Bond Component				
Guaranteed Investment Contracts	Unrated	Unrated	$ 274,541	6.33
Federal Agency Notes	AAA	Aaa	3,222	27.06
General Fund				
U.S. Government and Agency-Backed Securities	AAA	Aaa	$ 99,382	2.37
Non-Agency Mortgage-Backed Securities	AAA	Aaa	1,358	1.92
Commercial Paper	A1 to A2	P-1 to P-2	5,899	0.01
Asset Backed Securities	AAA	Aaa	43,457	1.11
Corporate Notes	AAA to A-	Aaa to A3	145,168	2.37

Notes to Financial Statements (in thousands) (Cont'd)

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Concentration of Credit Risk – The Agency's aforementioned General Fund investment policy does place limits on the amounts that may be invested in any one issuer relating to certain types of investments. There are no concentration limits on obligations of the U.S. government and U.S. federal agencies however, obligations of all other issuers are limited such that those with any one issuer may not exceed 5% of the aggregate market value of the portfolio; repurchase agreements with any one counterpart are limited to 25% of the portfolio's aggregate market value. Limits on the portfolios holdings of a particular investment types were previously discussed within the Interest Rate Risk Section of this Note

In some cases, the Agency's Bond Resolutions limit the concentration of amounts deposited in or invested with a provider, issuer, or other financial institution. In certain cases, these concentration limits provide that investments rated A-1 may not represent more than 20% of that rated issue's outstanding principal or that the total of certain short term debt of an issuer may not exceed 20% of the rated issue's outstanding principal.

The following table shows investments in issuers that represent 5 percent or more of total investments at June 30, 2005:

Issuer	Percent of Total Investments
Multi-Family Bond Component	
AIG Matched Funding Corporation	34.91%
IXIS Funding Corporation	24.46%
XL Asset Funding Corporation	15.81%
Bayerische Landesbank Girozentrale	7.54%
Single Family Bond Component	
XL Asset Funding Corporation	40.68%
Rabobank International	33.86%
FGIC	8.44%
IXIS Funding Corporation	6.10%
Transamerica Occidental Life	5.75%
General Fund	
Federal National Mortgage Association	12.36%
Federal Home Loan Mortgage Corporation	6.29%
Federal Farm Credit Bank	5.20%

The Agency also purchases U.S. Government securities from certain financial institutions under agreements whereby the seller has agreed to repurchase the securities at cost plus accrued interest. During the fiscal years ended June 30, 2005 and 2004, the maximum amount invested in repurchase agreements by the Agency was $139,558 and $40,976, respectively. All repurchase agreements were invested overnight.

Notes to Financial Statements (in thousands) (Cont'd)

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Pursuant to most bond resolutions, the Agency is required to maintain certain invested debt service reserves with the Trustees to fund potential deficiencies in principal and interest required to be paid in succeeding fiscal years.

These debt service reserve investments for the Multi-Family Component (funded by bond proceeds) are included in the investment balances above and aggregate approximately $11,479 (market value) and $34,029 as of June 30, 2005 and 2004. The debt service reserve for several of the Multi-Family issues is called the Housing Finance Fund or account. The debt service reserve investments for the Single-Family Component (funded by bond proceeds or contributed cash) are included above and aggregate approximately $12,638 and $16,522 as of June 30, 2005 and 2004. In addition to the above investments, the debt service reserves may be satisfied with a Surety Bond issued by a qualified insurer. The Multi-Family component had $126,351 and $106,342 and the Single-Family component had $18,424 and $25,830 of Surety Bonds outstanding as of June 30, 2005 and 2004.

Investment Income

Investment income is comprised of the following elements described below:

Interest income - is the return on the original principal amount invested.
Amortization of Premium/Discount on Investments – is the portion of the premium / discount that is amortized during the current year.
Unrealized Gain (Loss) on Investments - takes into account all changes in fair value that occurred during the year.

The Agency's investment income for the fiscal years ended June 30, 2005 and 2004:

	Single Family	Multi-Family	General Fund	STAR Corporation	Total
	For the Fiscal Year Ended June 30, 2005				
Investment Income:					
Interest Income on Investments	$ 10,295	$ 9,457	$ 10,922	$ -	$ 30,674
Amortization of Premium/Discount on Investments	(4)	$ 284			280
Unrealized Gain (Loss) on Investments	227	7	(1,231)		(997)
	$ 10,518	$ 9,748	$ 9,691	$ -	$ 29,957
	For the Fiscal Year Ended June 30, 2004				
Investment Income:					
Interest Income on Investments	$ 12,339	$ 5,207	$ 9,478	$ 5	$ 27,029
Unrealized Gain (Loss) on Investments		(181)	(7,697)		(7,878)
	$ 12,339	$ 5,026	$ 1,781	$ 5	$ 19,151

Notes to Financial Statements (in thousands) (Cont'd)

5. MORTGAGE LOANS RECEIVABLE

Single-Family Mortgage Component - Mortgage loans held by the Single-Family Mortgage Component of the Agency have stated interest rates and are secured by first liens on the related real property. The outstanding balances by type of loan as of June 30, 2005 and 2004 are as follows:

	June 30, 2005	June 30, 2004
Mortgage loans receivable	$ 671,684	$ 710,665
Unearned discounts - net	(106)	(180)
Loan origination costs - net	7,560	8,716
Commitment fees - net	(4,475)	(6,402)
Allowance for loan losses	(3,977)	(3,613)
Mortgage receivable - net	670,686	709,186
Less current portion	(16,901)	(15,970)
Long term portion	$ 653,785	$ 693,216

Multi-Family Housing Component - The Multi-Family Housing mortgage loans receivable as of June 30, 2005 and 2004 consisted of the following:

	June 30, 2005	June 30, 2004
Mortgage loans subject to subsidy contracts under Section 8 of the United States Housing Act	$ 302,519	$ 331,322
Mortgage loans subject to subsidy contracts under Section 236 of the National Housing Act	235,297	202,910
Unsubsidized mortgage loans	535,479	515,037
Government National Mortgage Association, 9.95%, maturity November 15, 2020	4,997	5,056
Subtotal	1,078,292	1,054,325
Allowance for loan losses	(60,940)	(58,866)
Construction advances (undisbursed)	38,186	29,578
Mortgage receivable - net	1,055,538	1,025,037
Less current portion	(38,094)	(39,995)
Long term portion	$ 1,017,444	$ 985,042

Notes to Financial Statements (in thousands) (Cont'd)

5. MORTGAGE LOANS RECEIVABLE (CONT'D)

General Fund Component - The General Fund mortgage loans receivable as of June 30, 2005 and 2004 consisted of the following:

	June 30, 2005	June 30, 2004
Mortgage loans subject to subsidy contracts under Section 8 of the United States Housing Act	$ 18,998	$ 31,543
Mortgage loans subject to subsidy contracts under Section 236 of the National Housing Act	13,598	13,929
Unsubsidized mortgage loans	150,298	159,449
Unearned discounts - net	(82)	(116)
Unearned premiums - net		1
Loan origination costs - net	111	462
Subtotal	182,923	205,268
Allowance for loan losses	(43,332)	(39,400)
Undistributed mortgage proceeds	(14,705)	(156)
Mortgage receivable - net	124,886	165,712
Less current portion	(3,927)	(3,626)
Long term portion	$ 120,959	$ 162,086

These mortgage loans are repayable over terms originally up to 48 years and bear interest at rates from 0% to 13.25% per annum. Substantially all mortgage loans receivable are collateralized by first mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors.

Construction advances made from the proceeds of the sale of bonds and obligations are recorded as mortgage loans receivable. These funds are disbursed for construction costs, interest, carrying fees, working capital advances and other project-related expenses. Upon substantial completion and occupancy of the project, amortization of the loan will commence.

6. DEBT SERVICE ARREARS RECEIVABLE

Debt service arrears consist of mortgage principal, interest payments and fees in arrears on permanently financed loans, net of the allowance for loan losses as described in Note 2. The debt service arrears receivable was $49,534 and $43,424 at June 30, 2005 and 2004. The debt service allowance for loan losses was $47,209 and $39,042 as of June 30, 2005 and 2004. A subsidy payment receivable of $1,208 and $1,126 was due at June 30, 2005 and 2004.

The Agency requires FHA guarantees, VA insurance, private mortgage insurance, pool insurance and other features to increase the security of Single-Family mortgage loans depending on the individual bond resolution and individual mortgages.

For the Single-Family component, the Agency's allowance is based on historical loss percentages applied to all mortgage loan principal balances. Accrued interest in excess of 180 days is fully reserved. On home improvement loans, the Agency provides an allowance for 10% of the principal in arrears and all interest in arrears over 90 days not deemed reimbursable from FHA Title One Insurance.

For the Multi-Family Housing Component, the Agency's policy is to provide an allowance for substantially all interest receivable on first mortgage loans when interest payments become past due, except for Section 8 program loans for which no allowance is recorded. An allowance of approximately $24,591 and $18,350 against interest receivable was recorded at June 30, 2005 and 2004. The balances of loans included in mortgage loans receivable for which an allowance has been recorded against interest receivable amounted to $245,477 and $246,370 as of June 30, 2005 and 2004.

Notes to Financial Statements (in thousands) (Cont'd)

7. SUPPLEMENTAL MORTGAGES AND OTHER LOANS

Certain projects have received supplemental mortgages and other loans from the Single Family Mortgage Component, Agency's General Fund and/or from the State of New Jersey Bond and Housing Assistance Funds. An allowance for loan losses has not been provided on supplemental mortgages funded from the State Bond and Housing Assistance Funds because the Agency is not obligated to repay the State until the projects repay the Agency.

The supplemental mortgages and other loans receivable as of June 30, 2005 and 2004, consisted of the following:

	June 30, 2005	June 30, 2004
Mortgage loans subject to subsidy contracts under Section 8 of the United States Housing Act	$ 1,441	$ 1,467
Mortgage loans subject to subsidy contracts under Section 236 of the National Housing Act	6,743	7,483
Agency supplemental mortgages	134,812	94,492
HUD supplemental mortgages	881	881
Loans to projects	7,155	7,275
State of New Jersey supplemental mortgages	14,345	14,895
Other	61,533	57,266
Subtotal	226,910	183,759
Allowance for loan losses	(46,214)	(43,710)
Undisbursed supplemental mortgage proceeds	(17,566)	(17,587)
Supplemental morgages and other loans receivable - net	163,130	122,462
Less current portion	(1,475)	(1,200)
Long term portion	$ 161,655	$ 121,262

8. CAPITAL ASSETS

Capital assets are summarized as follows:

	Balance 2004	Additions	Deletions	Balance 2005
Land	$ 1,384			$ 1,384
Building and Building Improvements	18,084			18,084
Motor Vehicles	430	$ 116		546
Machinery and Equipment	4,488	884	$ 773	4,599
Furniture & Fixtures	415	2	190	227
Totals	24,801	1,002	963	24,840
Less Accumulated Depreciation	(10,068)	(1,882)	-	(11,950)
Capital Assets - net	$ 14,733	$ (880)	$ 963	$ 12,890

Depreciation expense was $1,882 and $1,996, respectively for the fiscal years ended June 30, 2005 and 2004.

Notes to Financial Statements (in thousands) (Cont'd)

9. BONDS AND OBLIGATIONS

The Agency obtains funds to finance its operations through the sale of bonds and other obligations. Interest on Agency bonds and obligations is generally payable monthly, quarterly or semiannually. Generally, bond principal is due in annual or semiannual installments. Term bonds are subject to redemption by application of sinking fund installments. Pursuant to the related bond and obligation resolutions, the Agency has authorized and issued as of June 30, 2005 the following bonds and obligations:

BOND FUNDS, SINGLE FAMILY		NET BONDS OUTSTANDING JUNE 30, 2004	MATURED/ CALLED/ REDEEMED	ISSUED	NET CHANGE IN UNAMORTIZED COSTS	NET BONDS OUTSTANDING JUNE 30, 2005
HOME BUYER REVENUE BONDS						
1993 SERIES G	4.625%, due 2014 to 2015	$ 3,330	$ 3,330			
1994 SERIES I	5.15% to 5.50%, due 2004 to 2009	11,530	11,530			
1994 SERIES J	6.20%, due 2022 to 2025	21,305	21,305			
1994 SERIES K	5.50% to 6.375%, due 2004 to 2026	29,000	29,000			
1994 SERIES L	6.0% to 6.65%, due 2004 to 2014	27,010	27,010			
1994 SERIES M	6.90% to 6.95%, due 2016 to 2022	7,305	7,305			
1995 SERIES N	4.95% to 6.00%, due 2004 to 2016	25,615	1,920			$ 23,695
1995 SERIES O	6.125% to 6.35%, due 2021 to 2027	19,345	13,885			5,460
1996 SERIES P	4.75% to 5.60%, due 2004 to 2013	15,440	2,600			12,840
1996 SERIES Q	5.80% to 5.875%, due 2014 to 2017	5,090	5,090			
1996 SERIES R	5.00% to 5.60%, due 2006 to 2013	16,135				16,135
1996 SERIES S	5.00% to 6.00%, due 2004 to 2021	30,940	15,850			15,090
1997 SERIES T	4.90% to 5.60%, due 2007 to 2017	4,300				4,300
1997 SERIES U	4.90% to 5.85%, due 2004 to 2029	118,570	33,615			84,955
1998 SERIES V	4.75% to 5.25%, due 2009 to 2026	23,340				23,340
1998 SERIES W	4.30% to 4.75%, due 2004 to 2017	16,405	2,145			14,260
1998 SERIES X	5.25% to 5.35%, due 2012 to 2029	44,845	23,225			21,620
1999 SERIES Z	5.25% to 5.70%, due 2010 to 2017	34,735	19,370			15,365
1999 SERIES AA	4.80% to 5.45%, due 2004 to 2026	91,660	20,250			71,410
2000 SERIES BB	4.35% to 5.30%, due 2004 to 2017	31,920	2,385			29,535
2000 SERIES CC	4.90% to 5.875%, due 2017 to 2031	83,220	23,585			59,635
2003 SERIES FF	variable rate, due 2009 to 2025	76,270	12,345			63,925
SUBTOTAL HOME BUYER REVENUE BONDS		737,310	275,745	-	-	461,565

Notes to Financial Statements (in thousands) (Cont'd)

9. BONDS AND OBLIGATIONS (CONT'D)

BOND FUNDS, SINGLE FAMILY		NET BONDS OUTSTANDING JUNE 30, 2004	MATURED/ CALLED/ REDEEMED	ISSUED	NET CHANGE IN UNAMORTIZED COSTS	NET BONDS OUTSTANDING JUNE 30, 2005
HOUSING REVENUE BONDS						
2003 SERIES A	1.05%, due 2004	$ 23,800	$ 23,800			$ -
2003 SERIES B	1.10%, due 2004	56,185	56,185			-
2003 SERIES C	1.65% to 5.00%, due 2005 to 2033	23,271	980		$ (74)	22,217
2003 SERIES D-1	variable rate, due 2014 to 2023	13,565				13,565
2003 SERIES D-2	variable rate, due 2024 to 2034	24,015				24,015
2004 SERIES E	1.00%, due 2005	51,455	51,455			-
2004 SERIES F	1.05%, due 2005	85,625	85,625			-
2004 SERIES G	1.60% to 4.25%, due 2005 to 2015		3,450	$ 31,230		27,780
2004 SERIES H	3.95% to 5.25%, due 2011 to 2034		3,325	34,880	1,383	32,938
2004 SERIES I	variable rate, due 2025 to 2034		50	92,225		92,175
2004 SERIES J	variable rate, due 2005			26,195		26,195
2004 SERIES K	variable rate, due 2005			64,070		64,070
2005 SERIES L	2.625% to 4.35%, due 2006 to 2017			13,405		13,405
2005 SERIES M	4.87% to 5.00%, due 2026 to 2036			18,595		18,595
2005 SERIES N	variable, due 2017			38,050		38,050
2005 SERIES O	variable, due 2026 to 2031			79,950		79,950
SUBTOTAL HOUSING REVENUE BONDS		277,916	224,870	398,600	1,309	452,955
TOTAL SINGLE FAMILY		$ 1,015,226	$ 500,615	$ 398,600	$ 1,309	$ 914,520

BOND FUNDS, MULTI FAMILY		NET BONDS OUTSTANDING JUNE 30, 2004	MATURED/ CALLED/ REDEEMED	ISSUED	NET CHANGE IN UNAMORTIZED COSTS	NET BONDS OUTSTANDING JUNE 30, 2005
GENERAL HOUSING LOAN BONDS						
1970 SERIES A	4.50%, due 2004 to 2019	$ 2,875	$ 125			$ 2,750
1971 SERIES A	5.35% to 5.40%, due 2004 to 2019	21,290	1,365			19,925
1972 SERIES A	5.70% to 5.80%, due 2004 to 2013	20,905	4,375			16,530
1972 SERIES B	5.20% to 5.25%, due 2004 to 2021	30,935	1,200			29,735
SUBTOTAL GENERAL HOUSING LOAN BONDS		76,005	7,065			68,940
SECTION 11(b) MULTI-FAMILY HOUSING REVENUE BONDS						
1983 SERIES A (HIGHVIEW TERRACE)	10.375%, due 2004 to 2025	2,815	40			2,775

Notes to Financial Statements (in thousands) (Cont'd)

9. BONDS AND OBLIGATIONS (CONT'D)

BOND FUNDS, MULTI FAMILY		NET BONDS OUTSTANDING JUNE 30, 2004	MATURED/ CALLED/ REDEEMED	ISSUED	NET CHANGE IN UNAMORTIZED COSTS	NET BONDS OUTSTANDING JUNE 30, 2005
MULTI-FAMILY HOUSING REVENUE						
1991 SERIES I	6.50% to 7.00%, due 2004 to 2030	126,145	1,890			124,255
(PRESIDENTIAL PLAZA)						
MULTI-FAMILY HOUSING REVENUE BONDS 1995 RESOLUTION						
1995 SERIES A	5.05% to 6.05%, due 2004 to 2020	$ 118,870	$ 127,120		$ (8,250)	$ -
1995 SERIES B	5.15% to 6.20%, due 2004 to 2020	6,065	6,065			-
1995 SERIES C	7.25%, due 2004 to 2012	1,640	1,640			-
1996 SERIES A	5.25% to 6.25%, due 2005 to 2028	25,835	510			25,325
1996 SERIES B	7.33% to 8.37%, due 2004 to 2028	13,045	755			12,290
1997 SERIES A	4.45% to 5.65%, due 2004 to 2040	66,315	790			65,525
1997 SERIES B	4.30% to 5.40%, due 2004 to 2028	10,770	225			10,545
1997 SERIES C	6.47% to 7.42%, due 2004 to 2040	19,010	810			18,200
1999 SERIES A	3.95% to 5.15%, due 2004 to 2030	19,300	355			18,945
1999 SERIES B	3.85% to 4.70%, due 2004 to 2013	1,490	140			1,350
1999 SERIES C	5.97% to 7.12%, due 2004 to 2030	5,515	90			5,425
2000 SERIES A1	5.10% to 6.35%, due 2004 to 2032	15,075	220			14,855
2000 SERIES A2	5.10% to 6.35%, due 2004 to 2029	2,815	50			2,765
2000 SERIES B	5.00% to 6.25%, due 2004 to 2026	53,260	1,765			51,495
2000 SERIES C1	8.38%, due 2004 to 2032	41,640	410			41,230
2000 SERIES C2	variable rate, due 2004 to 2032	5,845	60			5,785
2000 SERIES E1	4.65% to 5.75%, due 2004 to 2025	59,105	5,965		(38)	53,178
2000 SERIES E2	4.65% to 5.75%, due 2004 to 2025	8,961	6,430		(21)	2,552
2000 SERIES F	7.93%, due 2004 to 2031	16,272	175		(1)	16,098
2000 SERIES G	4.65% to 5.35%, due 2004 to 2013	2,423	210		(19)	2,232
2001 SERIES A	3.10% to 5.05%, due 2004 to 2034	26,633	1,330		(23)	25,326
2001 SERIES B	6.64%, due 2004 to 2032	13,415	180			13,235
2001 SERIES C	variable rate, due 2007 to 2033	62,225	13,800			48,425
2002 SERIES A	2.40% to 4.25%, due 2004 to 2010	29,214	4,315		(56)	24,955
2002 SERIES B	variable rate, due 2004 to 2023	16,788	570		(10)	16,228
2002 SERIES C	2.90% to 4.95%, due 2004 to 2015	66,548	17,715		(80)	48,913
2002 SERIES D	5.50%, due 2004 to 2022	1,843	70		(2)	1,775
2002 SERIES E	7.00%, due 2004 to 2022	4,052	115		(5)	3,942
2002 SERIES F	3.75% to 5.40%, due 2004 to 2016	100,295	21,980			78,315
2002 SERIES G	variable rate, due 2004 to 2025	5,816	150		(11)	5,677
2003 SERIES A	1.40% to 5.05%, due 2004 to 2044	31,410	380			31,030
2003 SERIES B	variable rate, due 2004 to 2033	51,000	14,050			36,950
2003 SERIES C	1.20% to 4.70%, due 2004 to 2033	3,650	60			3,590
2003 SERIES D	variable rate, due 2004 to 2035	23,850	10,400			13,450
2004 SERIES A	1.80% to 3.75%, due 2006 to 2014	16,595				16,595
2004 SERIES B	variable rate, due 2007 to 2046	110,240	5,900			104,340
2004 SERIES C	variable rate, due 2006 to 2037	31,045	17,450			13,595
2004 SERIES D	1.70% to 5.20%, due 2006 to 2046		380	31,375		30,995
SUBTOTAL 1995 BOND RESOLUTION		1,087,870	262,630	31,375	(8,516)	865,131

Notes to Financial Statements (in thousands) (Cont'd)

9. BONDS AND OBLIGATIONS (CONT'D)

BOND FUNDS, MULTI FAMILY		NET BONDS OUTSTANDING JUNE 30, 2004	MATURED/ CALLED/ REDEEMED	ISSUED	NET CHANGE IN UNAMORTIZED COSTS	NET BONDS OUTSTANDING JUNE 30, 2005
MULTI-FAMILY HOUSING REVENUE BONDS 2005 RESOLUTION						
2005 SERIES A1	2.20% to 4.95%, due 2005 to 2046			27,565	42	27,523
2005 SERIES A2	4.95%, due 2040 to 2046			5,000		5,000
2005 SERIES B	variable, due 2005 to 2039			28,000		28,000
2005 SERIES C	variable, due 2005 to 2045			19,800		19,800
2005 SERIES D	2.00% to 4.70%, due 2005 to 2030			47,355	8,128	39,227
2005 SERIES E	variable, due 2005 to 2029			63,950		63,950
		-	-	191,670	8,170	183,500
TOTAL MULTI-FAMILY		$ 1,292,836	$ 271,625	$ 223,045	$ (346)	$ 1,244,601

The net proceeds of the aforementioned bonds and obligations were used to make loans to qualified mortgage lenders, purchase eligible residential mortgage and home improvement loans and/or establish debt reserve accounts.

During Fiscal Year 2005, the Agency issued $398,600 Single Family Housing Revenue Bonds, of which $248,285 was used to originate new single family mortgage loans, $60,050 was used to refund prior bonds, and $90,265 warehoused bonding authority related to mortgage prepayments. The Agency also issued $31,375 Multi-Family Housing Revenue Bonds and $80,365 Multi-Family Revenue Bonds to finance mortgage loan funds committed to Multi-Family Housing Sponsors, and $111,305 to refund prior bonds.

As of June 30, 2005 and 2004, there was $153,819 and $187,056, respectively, of undisbursed proceeds from the sale of bonds and obligations. Such funds represent initial mortgage loan funds committed to Multi-Family Housing sponsors authorized under various resolutions.

Notes to Financial Statements (in thousands) (Cont'd)

9. BONDS AND OBLIGATIONS (CONT'D)

Future Principal and Interest Requirements - The approximate principal and interest payments required on outstanding bonds and obligations over the next five years and thereafter are as follows:

Single Family Bond Component

	Fixed and Unhedged Variable Rate		Hedged Variable Rate				Total Interest and
					Interest Rate	Total	Interest Rate
	Principal	Interest	Principal	Interest	Swaps, Net	Principal	Swaps, Net
June 30,							
2006	$ 116,285	$ 31,338	-	$ 4,253	$ 2,086	$ 116,285	$ 37,678
2007	29,300	29,134	-	4,390	2,118	29,300	35,643
2008	32,240	27,713	-	4,171	2,332	32,240	34,216
2009	33,710	26,335	-	4,391	2,124	33,710	32,851
2010	31,810	24,650	-	4,172	2,338	31,810	31,161
2011-2015	152,680	100,396	$ 2,455	21,275	11,257	155,135	132,928
2016-2020	151,440	66,746	25,220	19,847	10,421	176,660	97,014
2021-2025	106,555	36,389	48,170	15,177	8,426	154,725	59,992
2026-2030	54,960	16,840	64,845	8,524	5,474	119,805	30,837
2031-2035	26,130	3,771	30,190	1,824	1,760	56,320	7,356
2036-2040	6,370	478	-	-	-	6,370	478
	$ 741,480	$ 363,791	$ 170,880	$ 88,025	$ 48,337	$ 912,360	$ 500,152
Add Unamortized Premium						2,374	
Less Unamortized Deferral on Refunding						(214)	
						$ 914,520	

Multi-Family Bond Component

	Fixed and Unhedged Variable Rate		Hedged Variable Rate				Total Interest and
					Interest Rate		Interest Rate
	Principal	Interest	Principal	Interest	Swaps, Net	Total	Swaps, Net
June 30,							
2006	$ 43,710	$ 50,321	$ 3,985	$ 8,077	$ 3,460	$ 47,695	$ 61,858
2007	49,405	48,399	9,300	7,802	4,783	58,705	60,984
2008	53,895	46,270	5,015	7,689	4,786	58,910	58,744
2009	52,025	43,801	5,250	7,545	4,731	57,275	56,078
2010	50,945	41,289	5,670	7,416	4,707	56,615	53,411
2011-2015	197,960	172,483	40,090	34,589	22,206	238,050	229,278
2016-2020	139,760	128,721	54,535	28,486	18,294	194,295	175,501
2021-2025	136,120	86,719	60,430	21,084	14,225	196,550	122,028
2026-2030	126,315	46,445	51,450	13,912	8,499	177,765	68,857
2031-2035	57,195	15,333	35,915	8,068	4,675	93,110	28,076
2036-2040	22,700	5,536	23,945	4,212	2,356	46,645	12,104
2041-2045	7,600	1,331	18,880	1,587	1,097	26,480	4,014
2046-2050	1,125	42	2,790	46	47	3,915	136
	$ 938,755	$ 686,690	$ 317,255	$ 150,513	$ 93,867	$ 1,256,010	$ 931,070
Less Unamortized Discount						(256)	
Less Unamortized Deferral on Refunding						(11,153)	
						$ 1,244,601	

10. BONDS AND OBLIGATIONS REFUNDING

On August 5, 2004, the Agency issued Single Family Housing Revenue Bonds, 2004 Series G, H and I, to advance refund $59,390 of outstanding 1994 Series I&J, K, L&M bonds. The net proceeds of $63,725 (after payment of issuance costs) were used to purchase permitted investments. These securities were deposited in an irrevocable trust with an escrow agent to provide for the redemption of all outstanding 1994 Series I&J, K, L&M bonds on November 1, 2004. As a result, the 1994 Series I&J, K, L&M bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets.

The Agency advance refunded the 1994 Series I&J, K, L&M bonds to reduce its total debt service payments and to obtain an economic gain (difference between the present values of the debt service payments of the old and new debt) approximately $5,600, or roughly 10% of the refunding bonds.

On February 10, 2005, the Agency issued $111,305 in Multi Family Revenue Bonds, 2005 Series D and E, to advance refund $111,305 of outstanding 1995 Series A, B, and C bonds. The net proceeds of $111,305 (after payment of issuance costs) were used to purchase permitted investments. These securities were deposited in an irrevocable trust with an escrow agent to provide for the redemption of all outstanding 1995 Series A, B, and C bonds on May 1, 2005. As a result, the 1995 Series A, B, and C bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets.

The Agency advance refunded the 1995 Series A, B, and C bonds to reduce its total debt service payments and to obtain an economic gain (difference between the present values of the debt service payments of the old and new debt) of $25,324, or roughly 25.3% of the refunding bonds.

11. CONDUIT DEBT OBLIGATIONS

During the fiscal year ended June 30, 2005, the Agency issued $79,860 of 2004 Series A Capital Fund Program Bonds. These bonds were issued to provide funds to local Housing Authorities to finance, on an accelerated basis, certain capital renovations and improvements to each Authority's public housing developments. The bonds are payable from and secured primarily by Capital Fund Program moneys, subject to the availability of appropriations to be paid by the United States Department of Housing and Urban Development (HUD) to each Authority. These bonds are special, limited obligations of the Agency. The Bonds shall be payable solely out of the Trust Estate pledged to the payment of bonds under and to the extent set forth in the Indenture, including the Pledged Capital Fund Allocations under the Program Agreement. The faith and credit of the Agency is not pledged for the payment of principal or Redemption Price of, or interest on, the Bonds. Accordingly, the bonds have not been reported in the accompanying financial statements.

At June 30, 2005, Capital Fund Program Bonds outstanding aggregated $79,860.

Notes to Financial Statements (in thousands) (Cont'd)

12. FUNDS HELD IN TRUST FOR MORTGAGORS

Funds held by the Agency for its projects include proceeds from conversion of projects from non-profit to limited-dividend status in the form of development cost and community development escrows and unspent subsidies. These funds are available to absorb initial operating deficits, construction overruns, provide additional amenities to the projects, and for other contingencies.

Funds held in trust for mortgagors as of June 30, 2005 and 2004 include the following:

	June 30, 2005	June 30, 2004
Multi-family Housing Component - unspent subsidies	$ 9,204	$ 9,195
General Fund (components included on the balance sheet category "Funds Held in Trust"):		
Community development escrows	2,961	3,217
Development cost escrows	16,418	17,970
Other funds held in trust	216,313	168,928
	235,692	190,115
ABC Corporation		
Other funds held in trust	11	
	$ 244,907	$ 199,310

13. MORTGAGOR ESCROW DEPOSITS

The Agency holds, in escrow, monthly deposits from the projects for payments of property and liability insurance, hazard insurance, payments in lieu of taxes, and major repairs and replacements and undisbursed earnings. Mortgagor escrow deposits as of June 30, 2005 and 2004 include the following:

	June 30, 2005	June 30, 2004
Multi-family Housing Component	$ 7,468	$ 7,584
General Fund:		
Reserve for repairs and replacements	152,685	154,503
Tax and insurance escrows	30,384	29,238
	183,069	183,741
	$ 190,537	$ 191,325

Notes to Financial Statements (in thousands) (Cont'd)

14. REAL ESTATE HELD FOR REDEVELOPMENT

The properties were acquired by A Better Camden Corporation ("ABC") as part of an overall redevelopment strategy undertaken in conjunction with municipal and/or nonprofit community development initiatives. ABC negotiated the prices to be paid for privately owned properties after ordering and analyzing detailed title work and appraisals. Since the owners were not necessarily prepared to sell their properties prior to ABC's contact with them, ABC often paid a premium for the property. In accordance with advice rendered by the Attorney General's office, no more than 20% over appraised value was paid by ABC for each of these properties. In two cases special permission was granted to exceed this percentage ceiling.

As to the disposition of ABC acquired properties, they are usually transferred to municipal redevelopment agencies, municipalities or nonprofit or for profit developers at a nominal cost in conjunction with community redevelopment plans. The expense is recognized in the year of transfer.

15. NET ASSETS

Restricted under Bond and Obligation Resolutions - As described in Note 2, monies within each Bond and Obligation Fund are pledged as security for the respective bondholders, and thus are restricted as to their application.

Unrestricted Net Assets – The Agency has the following Appropriated General Fund Net Assets that are funds accounted for in the Unrestricted Net Assets account that have been set aside by the Agency's members for the following purposes at June 30, 2005 and 2004:

	2005	2004
ABC Corporation	$ 1,590	$ 3,629
Affordable Rental Housing Subsidy Loan Program	7,051	13,691
Aging Out of Foster Care	1,300	
Asbury Park Initiative PILOT	500	500
At Home Downtown	6,621	7,360
Bond Refunding Proceeds	6,398	9,952
Camden Initiative	1,486	1,486
Carteret Senior Living	363	
CIAP Loan Program	4,100	5,054
City Living	19,520	14,520
Community Development Institute - Rutgers	63	125
Development Disabilities Housing Program		1,000
Equity Gap Program	135	135
Ex-Offenders Re-Entry Housing Program	1,000	
Fellowship heights one UHORP #1101		1,963
Home Ownership for Permanency Program	3,998	5,423
Homeless Management Information System	100	
HOPE	500	500
Information Technology	972	640
Lanning Square West UHORP #229	79	97

(Continued)

Notes to Financial Statements (in thousands) (Cont'd)

15. NET ASSETS

Appropriated General Fund Net Assets (Cont'd):

	2005	2004
Life Safety Rehabilitation	$ 506	$ 524
MONI HIF	25,607	18,211
Multi-Family Rental Investment Program	420	420
NJHMFA portion of Undisbursed Mtg. Proceeds	5,320	15,020
Non-Bond Multi-Family Program	27,227	26,151
Nonprofit Acquisition & Predevelopment Fund		5,000
Paragon Village # 1316	132	
Pinnacle estates UHORP #1102		556
PLAN Fund	5,000	
Policy and Community Initiatives	82	
Portfolio Disposition	75	
Portfolio Reserve Balance	5,711	6,607
Preservation Initiatives	25	
Public Outreach Initiatives	100	
Reserve for Loan Losses	5,700	5,700
Roebling School Renaisance Zone Fund	100	
Royal Court	497	497
Scattered site I		11
Shore Easy	101	101
Small Rental Project Preservation Loan Program	20,000	20,000
Smart Living	15,000	15,000
Smart Start	100	100
Social Investment Policy	10,000	10,000
Spring Street Plaza MM#1	9,615	
St. Paul's Lind Homes UHORP #906	95	
Strategic Zone Lending Pool	20,288	10,000
Transitional Housing Loans	895	1,301
UHORP HIF	15,313	18,811
UHORP Mortgage Commitment	7,354	6,261
Urban Statewide Acquisition-NJUSA	8,703	16,953
West End Housing Development UHORP #501	75	75
Westfield acres UHORP #1103		715
Work Force Initiative	3,000	3,000
	$ 242,817	$ 247,089

Notes to Financial Statements (in thousands) (Cont'd)

16. PENSION PLAN

The Agency contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System, which is administered by the New Jersey Division of Pensions and Benefits. This plan provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System are required to contribute 5% of their annual covered salary. N.J.S.A. 43:15A-24 authorizes the reduction in member rates based on the existence of surplus pension assets in the retirement system. The contribution rate for PERS members was 3% for calendar year 2004. Effective January 1, 2005, the member contribution rate returned to the normal rate of 5%. The Agency is billed annually for its normal contribution plus any accrued liability.

The Agency's contributions to the plan, equal to the required contributions, were as follows:

Public Employees Retirement System

Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by Agency	
2005	$ 414	$ 6	$ 420	$ 336	$ 84	(1)
2004	300	None	300	300	None	
2003	95	40	135	135	None	

(1) Under the provisions of Chapter 108, P.L. 2003 the Agency's share of the total normal contribution and accrued liability will increase approximately 20% per year until the Agency is paying 100% of the total normal contribution and accrued liability.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the New Jersey Housing & Mortgage Finance Agency.

Early Retirement Incentive Program – Legislation enacted in 1991 and 1993 made early retirement available through Early Retirement Incentive Programs. These programs, which were subject to the approval of the Agency's Commissioners (within a limited period of time), were available to employees who met certain minimum requirements. The Commissioners approved the program for eligible members of the PERS. Three and fifteen employees applied for early retirement during the 1991 and 1993 programs, respectively. Program costs are billed annually by the Division of Pensions. As of June 30, 2005, the accrued liability to the PERS for the 1991 program was $717 payable in annual installments through April 1, 2026 and for the 1993 program the accrued liability was $4,801 payable in 30 annual installments through April 1, 2034.

17. POST EMPLOYMENT BENEFITS

Chapter 6 of P.L. 1990 requires PERS to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2004, there were 64,628 retirees receiving post-employment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve that increases by one half of one percent of the active State payroll each year.

The State of New Jersey made post-retirement medical (PRM) contributions of $168.7 million for PERS in fiscal year 2004. The State did not make a contribution to the PERS in Fiscal Year 2002 and 2003 toward the cost of PRM benefits in accordance with P.L. 2002, c.11 which allowed the State to use available reserves in the Post-Retirement Medical Reserve Funds to cover required pay-as-you-go medical premiums. This legislation also suspended in Fiscal Years 2002 and 2003 the additional PRM contribution to increase the fund balance by one half of one percent of active member salaries for the valuation period.

The Agency is responsible for the cost of health benefits provided to members of PERS who retired from the Agency with 25 years of credited service. The Agency paid $382 and $291 in each fiscal year toward benefits for forty-one and thirty-eight eligible retired members in fiscal years 2005 and 2004, respectively.

18. DEFERRED COMPENSATION ACCOUNT

The Agency offers its employees a choice of two Deferred Compensation Plans in accordance with Internal Revenue Code Section 457. The Plans, available to all full time employees at their option, permit employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Agency or its creditors. Since the Agency does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Agency's financial statements.

19. RESERVE FOR INTEREST REBATE

The Tax Reform Act of 1986 placed restrictions on the investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined as ending on the anniversary date of the bond settlement.

The Agency has various issues of bonds outstanding (See Note 9), which also had various settlement dates. Rebate calculations on these bonds are required to be made at least once every five years. However, the Agency prepares annual rebate calculations for purposes of determining any contingent liability for rebate.

The Agency has elected to establish a reserve account in the amount of $469 and $874 for the fiscal years ended June 30, 2005 and 2004, respectively for the Multi-Family Bond Component and $1,097 and $1,352 for the fiscal years ended June 30, 2005 and 2004, respectively for the Single-Family Bond Component in case a rebate may be required as the result of the occurrence of future events.

The amount of contingent liability for rebate may change as a result of future events. Therefore, the amounts listed above are only an estimate and are not required to be paid at June 30, 2005.

Notes to Financial Statements (in thousands) (Cont'd)

20. DERIVATIVE INSTRUMENTS

Objectives of the swaps and caps:
The Agency has several variable rate bond series currently outstanding. In order to protect against the potential of rising interest rates, the Agency entered into seventeen (17) separate pay-fixed, receive-variable interest rate swaps and one (1) interest rate swaption at a cost anticipated to be less than what the Agency would have paid to issue fixed-rate debt and / or to provide a guaranteed mortgage loan interest rate to Multi-Family developers in advance of bonds being issued to finance these loans. The notional amount of the swaps in some cases initially increase as the borrowed funds are anticipated to be loaned out. The Agency also entered into eight (8) separate interest rate cap agreements that were anticipated to effectively limit the Agency's interest rate exposure during the period before the swaps fully hedge the exposure.

Terms, fair values, and credit risk:
The terms, fair values, and credit ratings of the outstanding swaps and caps as of June 30, 2005, are summarized in the table below. The caps and the swaps are utilized together to hedge the risk from the associated variable rate debt. The Agency's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category. Under the Multi-Family swap agreements, the Agency pays a fixed interest rate on the notional amount that represents the principal amount of the Multi-Family Housing Revenue Bonds 2002 Series G Bonds, and the portion of the 2001 Series C PARS, 2003 Series B ARCs, 2003 Series D ARCs, 2004 Series B PARS, 2004 Series C PARS, 2005 Series B ARCs, 2005 Series C ARCs, and the 2005 Series E ARCs being used to make long-term mortgage loans. Under the Single-Family swap agreements, the Agency pays a fixed interest rate on the notional amount that represents the principal amount of the Single-Family Housing Revenue Bonds 2003 Series D-1 and D-2, 2004 Series I-1 and I-3, and the 2005 Series O-1 and O-2. The Agency receives either 1-Month LIBOR times the notional amount for the taxable borrowings, or a percentage of 1-Month LIBOR plus a fixed spread or the Bond Market Association ("BMA") Index times the notional amount for the tax-exempt borrowings from the counterparty, as listed below. Where possible, only the net difference will be exchanged with the counterparty and the Agency continues to pay interest to the certificate-holders at the variable rate provided on the bonds. The purpose of the swap is to mitigate interest rate risk. The Agency will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated.

Single Family Bond Component Swaps

Associated Bond Issue	Bond Original Par Amounts	Maximum Swap Notional Amount	Swap Effective Date	Swap Termination Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Counterparty	Counterparty Credit Rating[e]
SHRB[a] 2003 D-1	13,565	13,565	10/30/2003	10/1/2023	3.919%	67% of 1-Mo LIBOR + 16bp	(1,006)	Goldman Sachs[c]	Aaa / AA+ / -
SHRB 2003 D-2	24,015	24,015	10/30/2003	10/1/2034	4.379%	67% of 1-Mo LIBOR + 18bp	(774)	Goldman Sachs	Aaa / AA+ / -
SHRB 2004 I-1	21,125	21,125	8/5/2004	4/1/2025	4.165%	68.2% of 1-Mo LIBOR + 27bp	(1,245)	Bear Stearns[d]	Aaa / AAA / AAA
SHRB 2004 I-3	32,225	32,225	8/5/2004	10/1/2034	4.655%	68.2% of 1-Mo LIBOR + 27bp	(635)	Bear Stearns	Aaa / AAA / AAA
SHRB 2005 O-1	79,950	17,640	10/1/2005	10/1/2026	4.191%	68% of 1-Mo LIBOR or BMA + 8bp[b]	(490)	Bear Stearns	Aaa / AAA / AAA
SHRB 2005 O-2	79,950	12,360	10/1/2005	4/1/2031	4.172%	68% of 1-Mo LIBOR or BMA + 8bp[b]	(498)	Bear Stearns	Aaa / AAA / AAA

[a] Single-Family Housing Revenue Bonds
[b] If the weighted average of weekly one-month LIBOR rates are equal to or greater than 3.50%, then the variable rate received will be 68% of USD-LIBOR-BBA; otherwise the variable rate received will be BMA + 8bp.
[c] Goldman Sachs Mitsui Marine Derivative Products, L.P.
[d] Bear Stearns Financial Products, Inc.
[e] Ratings by Moody's / S&P / Fitch

Notes to Financial Statements (in thousands) (Cont'd)

20. DERIVATIVE INSTRUMENTS (CONT'D)

Multi-Family Bond Component Swaps

Associated Bond Issue	Bond Original Par Amounts	Maximum Swap Notional Amount	Swap Effective Date	Swap Termination Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Counterparty	Counterparty Credit Rating[h]
MHRB[a] 2001-C	68,550	47,970	11/1/2002	5/1/2029	5.0388%	BMA Index[g]	(7,404)	MLCS[c]	Aa3 / A+ / AA-
MHRB 2002-G	6,240	6,240	10/2/2002	5/1/2025	6.245%	1-Mo LIBOR	(899)	MLCS	Aa3 / A+ / AA-
MHRB 2003-B	51,500	34,850	11/1/2003	5/1/2033	4.316%	BMA Index	(2,448)	Goldman Sachs[d]	Aaa / AA+ / -
MHRB 2003-D[i]	23,900	13,450	5/8/2003	5/1/2035	5.218%	1-Mo LIBOR	(889)	Bank of America, N.A.	Aa1 / AA / AA-
MHRB 2004-B	110,240	90,590	5/1/2005	11/1/2046	3.990%	67% of 1-Mo LIBOR + 18bp	(666)	Bank of America, N.A.	Aa1 / AA / AA-
MHRB 2004-C	31,045	10,220	5/1/2004	11/1/2037	5.270%	1-Mo LIBOR	(789)	Bear Stearns[e]	Aaa / AAA / AAA
MRB[b] 2005-B	28,000	13,700	5/1/2006	11/1/2039	4.370%	BMA Index	(824)	Bear Stearns	Aaa / AAA / AAA
MRB 2005-C	19,800	4,300	11/1/2005	5/1/2036	5.330%	1-Mo LIBOR	(293)	Bear Stearns	Aaa / AAA / AAA
MRB 2005-E	63,950	47,700	2/10/2005	11/1/2029	3.398%	67% of 1-Mo LIBOR + 18bp	(800)	Lehman Brothers[f]	Aaa / AAA / AAA

Multi-Family - Rate Lock Swaps/Swaptions

Loan Name	Bond Original Par Amounts	Maximum Swap Notional Amount	Swap Trade Date	Swap Effective Date	Swaption Expiration Date	Swap Termination Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Counterparty	Counterparty Credit Rating
HMFA 1389 - Church Street	N/A	1,935	8/24/2004	2/1/2006		5/1/2036	5.100%	BMA Index[g] + 30 bp	(233)	Lehman Brothers[f]	Aaa / AAA / AAA
HMFA 1385 - Elton Corner	N/A	10,710	4/5/2005	11/1/2006		11/1/2041	4.998%	BMA Index[g] + 33 bp	(938)	Lehman Brothers	Aaa / AAA / AAA
HMFA 1335 - Clayton Providence House	N/A	3,970	5/24/2005	9/1/2005	7/25/2005	11/1/2040	4.400%	BMA Index[g]	-	Lehman Brothers	Aaa / AAA / AAA

[a] Multi-Family Housing Revenue Bonds
[b] Multi-Family Revenue Bonds
[c] Merrill Lynch Capital Services, Inc. (MLCS)
[d] Goldman Sachs Mitsui Marine Derivative Products, L.P.
[e] Bear Stearns Financial Products, Inc.
[f] Lehman Brothers Derivative Products Inc.
[g] USD-BMA Municipal Swap Index
[h] Ratings by Moody's / S&P / Fitch
[i] $10,300 swap notional terminated at market on 5/10/2005

The Agency has also entered into interest rate cap agreements to protect against rising interest rates in the initial years of the 2001 Series C PARS, 2003 Series B ARCs, 2004 Series B and Series C PARS, 2005 Series B ARCs, 2005 Series C ARCs, and the 2005 Series E ARCs. The swaps and the caps work together to hedge the interest rate risk associated with the variable rate bonds. The caps' notional amounts decrease in size as the swaps' notional amounts increase, and finally the caps mature as the size of the swaps is sufficient to hedge the bonds. Under the cap agreement, the counterparty will make payments to the Agency if interest rates based on the LIBOR Index or BMA Index exceed the strike rate, as listed below. In exchange, the Agency paid an upfront premium to the counterparty upon entering the agreement. The terms of the caps are as follows:

Multi-Family Bond Component Caps

Associated Bond Issue	Bond Original Par Amounts	Maximum Cap Notional Amount	Cap Effective Date	Cap Maturity Date	Strike Rate	Variable Rate Index	Fair Values	Counterparty	Counterparty Credit Rating[g]
MHRB[a] 2001-C	68,550	68,550	10/17/2001	11/1/2005	5.000%	BMA Index[c]		Bear Stearns[d]	Aaa / AAA / AAA
MHRB 2003-B	51,500	51,500	5/8/2003	5/1/2006	4.500%	BMA Index		Bear Stearns	Aaa / AAA / AAA
MHRB 2004-B due 11/1/2034	19,650	19,650	3/23/2004	5/1/2007	4.500%	BMA Index	1	MLCS[e]	Aa3 / A+ / AA-
MHRB 2004-B due 11/1/2046	90,590	90,590	3/23/2004	5/1/2006	4.500%	BMA Index		MLCS	Aa3 / A+ / AA-
MHRB 2004-C	31,045	31,045	3/23/2004	5/1/2006	6.500%	1-Mo LIBOR		Bear Stearns	Aaa / AAA / AAA
MRB[b] 2005-B	28,000	27,714	2/10/2005	5/1/2008	4.500%	BMA Index	9	Bear Stearns	Aaa / AAA / AAA
MRB 2005-C	19,800	19,600	2/10/2005	11/1/2006	5.000%	1-Mo LIBOR	3	Lehman Brothers[f]	Aaa / AAA / AAA
MRB 2005-E	63,950	16,250	2/10/2005	11/1/2007	4.500%	BMA Index	4	Bear Stearns	Aaa / AAA / AAA

[a] Multi-Family Housing Revenue Bonds
[b] Multi-Family Revenue Bonds
[c] USD-BMA Municipal Swap Index
[d] Bear Stearns Financial Products, Inc.
[e] Merrill Lynch Capital Services, Inc. (MLCS)
[f] Lehman Brothers Derivative Products Inc.
[g] Ratings by Moody's / S&P / Fitch

20. DERIVATIVE INSTRUMENTS (CONT'D)

Fair Value:
Because interest rates have generally declined since the inception date of each swap, all swaps had a negative fair value as of June 30, 2005. All fair values were estimated using the zero-coupon method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon rate bonds due on the date of each future net settlement on the swaps.

Credit Risk:
As of June 30, 2005, the Agency was not exposed to credit risk on its outstanding swaps.

The swap agreements contain varying collateral agreements with the counterparties. Each swap counterparty is required to post collateral to a third party when their credit rating, as determined by the specified nationally recognized credit rating agencies, falls below a trigger level as defined in the swap agreements. This protects the agency by mitigating the credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps is to be in the form of U.S. government securities held by a third-party custodian.

Although the Agency executes swap transactions with various counterparties, approximately 28 percent of the notional amount of swaps outstanding is held with a single counterparty. That counterparty is rated Aaa/AAA/AAA. All other swaps are held with separate counterparties. Those counterparties are rated Aa3/A+/AA- or better.

Basis Risk:
Basis risk exists to the extent the Agency's variable-rate bond coupon payments do not exactly equal the index on the swap. The Agency's tax-exempt bonds are hedged with tax-exempt BMA based swaps and percentage of LIBOR swaps. The Agency's taxable bonds are hedged with taxable, LIBOR-based swaps. In this way, basis risk should be minimized.

Interest Rate Risk:
The Agency's eight interest rate swaps serve to guard against a rise in variable interest rates associated with its outstanding variable rate bonds. The Agency's eight interest rate caps serve to eliminate interest rate risk above the strike rate on each contract. In addition, certain bond proceeds are invested in variable rate Guaranteed Investment Contracts ("GICs) in order to further mitigate interest rate risk on the variable rate bonds.

Termination Risk:
The Agency retains the right to terminate any swap agreement at the market value prior to maturity, and the Agency was granted the right to cancel certain agreements, in whole or in part, at Par. The Agency has termination risk under the contract particularly if an Additional Termination Event (ATE) as defined in the swap documents were to occur. An ATE occurs if either the credit rating of the bonds associated with a specific swap, or the credit rating of the swap counterparty falls below a threshold defined in each swap agreement. The Agency has purchased termination payment insurance on certain swap contracts, which acts as a buffer against a portion of potential termination payments if an ATE was to occur. As long as the swap insurer maintains at least a minimal rating as defined in the swap documents, the insurance policy will allow the agency to avoid termination due to a decline in the credit rating of the agency bonds. If at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

21. COMMITMENTS AND CONTINGENCIES

On March 15, 1994, the Agency entered into an Advances, Collateral Pledge and Security Agreement (the "Agreement") with the Federal Home Loan Bank. As of June 30, 2005, the available line of credit was $11,716 of which none was outstanding.

The Agency is a defendant in various legal actions arising in the ordinary course of business. The Agency is represented in these actions by the Attorney General of the State of New Jersey, acting as general counsel to the Agency, and by counsel to the Agency's various insurers. In the opinion of management and legal counsel, the ultimate disposition of these legal actions will not have a material adverse effect on the Agency's financial position.

22. CHANGE IN ACCOUNTING ESTIMATE

Prior to July 1, 2004, bond issuance costs and discount / premium on bonds were charged to operating expenses based on a straight line amortization method. Effective July 1, 2004, the Agency changed its accounting for amortization from the straight line method to the interest to maturity method. This change to the interest to maturity method for amortization was made in recognition of a closer matching of the amortization to the economic benefit received by the Agency. Because the effect of this change in accounting principle was inseparable from the effect of the change in accounting estimate, the change was accounted for as a change in estimate. As a result, the Agency recorded a charge to operations of $2,569 in the fiscal year ended June 30, 2005.

23. SUBSEQUENT EVENTS

On August 10, 2005 the Agency closed $39,460 in Multi-Family Revenue Bonds consisting of Series F, Variable Rate (AMT) and Series G, Variable Rate (Federally Taxable).

On August 29, 2005 the Agency entered into two (2) separate pay-fixed, receive variable interest rate swaps with Bear Stearns Financial Products Inc. to hedge a portion of its Single Family Housing Revenue Bonds, 2005 Series O variable rate bonds. The transactions were in the amount of $11,760 and $8,240.

SUPPLEMENTAL SCHEDULES

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Detailed Statements of Net Assets - Single-Family Housing Component
(in thousands)
As of June 30, 2005 and 2004

	2005 Home Buyer Revenue Bond Resolution	2005 Housing Revenue Bond Resolution	2005 Total	2004 Total
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Note 4)	$ 113,446	$ 17,265	$ 130,711	$ 114,745
Investments, substantially restricted (Note 4)		203,250	203,250	217,065
Accrued interest receivable on investments	573	1,741	2,314	2,322
Mortgage loans receivable - net (Note 5)	12,315	4,586	16,901	15,970
Due from loan servicers and insurers	1,861	945	2,806	4,186
Other assets	96		96	163
Total current assets	128,291	227,787	356,078	354,451
NON-CURRENT ASSETS:				
Investments, substantially restricted (Note 4)	55,321	19,192	74,513	137,143
Mortgage loans receivable - net (Note 5)	415,243	238,542	653,785	693,216
Supplemental mortgages and other loans - net (Note 7)	1,705	2,158	3,863	
Debt service arrears receivable - net (Note 6)	1,532	692	2,224	4,255
Deferred charges - bond issuance costs - net	1,808	2,431	4,239	5,521
Real estate owned	884	85	969	1,467
Total non-current assets	476,493	263,100	739,593	841,602
TOTAL ASSETS	604,784	490,887	1,095,671	1,196,053
LIABILITIES				
CURRENT LIABILITIES:				
Bonds and obligations - net (Note 9)	21,475	94,810	116,285	243,960
Accrued interest payable on bonds and obligations	5,893	2,743	8,636	10,295
Total current liabilities	27,368	97,553	124,921	254,255
NON-CURRENT LIABILITIES:				
Bonds and obligations - net (Note 9)	440,090	358,145	798,235	771,266
Other non-current liabilities	1,051	285	1,336	1,622
Due to other funds	3,733	996	4,729	4,425
Total non-current liabilities	444,874	359,426	804,300	777,313
TOTAL LIABILITIES	472,242	456,979	929,221	1,031,568
NET ASSETS (Note 15):				
Restricted	132,542	33,908	166,450	164,485
TOTAL NET ASSETS	$ 132,542	$ 33,908	$ 166,450	$ 164,485

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Detailed Statements of Net Assets - Single-Family Housing Component
(in thousands)
As of June 30, 2005 and 2004

	2004		
	Home Buyer Revenue Bond Resolution	Housing Revenue Bond Resolution	Total
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 4)	$ 113,490	$ 1,255	$ 114,745
Investments, substantially restricted (Note 4)		217,065	217,065
Accrued interest receivable on investments	1,607	715	2,322
Mortgage loans receivable - net (Note 5)	14,901	1,069	15,970
Due from loan servicers and insurers	3,962	224	4,186
Other assets	163		163
Total current assets	134,123	220,328	354,451
NON-CURRENT ASSETS:			
Investments, substantially restricted (Note 4)	134,353	2,790	137,143
Mortgage loans receivable - net (Note 5)	627,136	66,080	693,216
Debt service arrears receivable - net (Note 6)	4,082	173	4,255
Deferred charges - bond issuance costs - net	4,726	795	5,521
Real estate owned	1,467		1,467
Total non-current assets	771,764	69,838	841,602
TOTAL ASSETS	905,887	290,166	1,196,053
LIABILITIES			
CURRENT LIABILITIES:			
Bonds and obligations - net (Note 9)	26,895	217,065	243,960
Accrued interest payable on bonds and obligations	9,437	858	10,295
Total current liabilities	36,332	217,923	254,255
NON-CURRENT LIABILITIES:			
Bonds and obligations - net (Note 9)	710,415	60,851	771,266
Other non-current liabilities	1,414	208	1,622
Due to other funds	4,326	99	4,425
Total non-current liabilities	716,155	61,158	777,313
TOTAL LIABILITIES	752,487	279,081	1,031,568
NET ASSETS (Note 15):			
Restricted	153,400	11,085	164,485
TOTAL NET ASSETS	$ 153,400	$ 11,085	$ 164,485

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY

Detailed Statements of Revenues, Expenses, and Changes in Net Assets - Single-Family Housing Component

(in thousands)

For the Fiscal Years Ended June 30, 2005 and 2004

	2005			
	Home Buyer Revenue Bond Resolution	Housing Revenue Bond Resolution	Total	2004 Total
OPERATING REVENUES:				
Interest income on mortgage loans	$ 31,392	$ 11,149	$ 42,541	$ 48,971
Investment income	6,614	3,904	10,518	12,339
Total operating revenues	38,006	15,053	53,059	61,310
OPERATING EXPENSES:				
Interest	29,770	11,355	41,125	48,039
Insurance costs	496	137	633	760
Servicing fees and other	1,878	827	2,705	2,974
Salaries and related benefits	630	810	1,440	1,021
Professional services and financing costs	62	80	142	105
General and administrative expenses	295	388	683	693
Loss on sale of real estate owned	1,062		1,062	234
Provision for loan losses (Note 2)	(634)	1,388	754	(2,335)
Total operating expenses	33,559	14,985	48,544	51,491
Net operating income	4,447	68	4,515	9,819
NON-OPERATING EXPENSES:				
Loss on early extinguishment of debt (Note 3)	1,100	50	1,150	1,480
NON-OPERATING TRANSFERS	22,820	(22,809)	11	
Increase (decrease) in net assets	(19,473)	22,827	3,354	8,339
NET ASSETS, BEGINNING OF YEAR	153,400	11,085	164,485	156,146
Cumulative effect of change in accounting estimate	(1,385)	(4)	(1,389)	
NET ASSETS, BEGINNING OF YEAR, AS ADJUSTED	152,015	11,081	163,096	156,146
Increase (decrease) in net assets, during the year	(19,473)	22,827	3,354	8,339
NET ASSETS, END OF YEAR	$ 132,542	$ 33,908	$ 166,450	$ 164,485

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Detailed Statements of Revenues, Expenses, and Changes in Net Assets - Single-Family Housing Component
(in thousands)
For the Fiscal Years Ended June 30, 2005 and 2004

	2004		
	Home Buyer Revenue Bond Resolution	Housing Revenue Bond Resolution	Total
OPERATING REVENUES:			
Interest income on mortgage loans	$ 46,854	$ 2,117	$ 48,971
Investment income	11,200	1,139	12,339
Total operating revenues	58,054	3,256	61,310
OPERATING EXPENSES:			
Interest	45,386	2,653	48,039
Insurance costs	731	29	760
Servicing fees and other	2,793	181	2,974
Salaries and related benefits	891	130	1,021
Professional services and financing costs	92	13	105
General and administrative expenses	608	85	693
Loss on sale of real estate owned	234		234
Provision for loan losses (Note 2)	(2,723)	388	(2,335)
Total operating expenses	48,012	3,479	51,491
Net operating income (loss)	10,042	(223)	9,819
NON-OPERATING EXPENSES:			
Loss on early extinguishment of debt (Note 3)	1,480		1,480
Total non-operating expenses	1,480	-	1,480
NON-OPERATING TRANSFERS	11,308	(11,308)	
Increase (Decrease) in net assets	(2,746)	11,085	8,339
NET ASSETS, BEGINNING OF YEAR	156,146	-	156,146
NET ASSETS, END OF YEAR	$ 153,400	$ 11,085	$ 164,485

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Detailed Statements of Net Assets - Multi-Family Housing Component
(in thousands)
As of June 30, 2005 and 2004

	2005						
	General Housing Loan Bond Funds	1983-A Highview Terrace	1991-I	1995	2005	Total	2004 Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents (Note 4)	$ 6,866	$ 306	$ 2	$ 45,786	$ 26,672	$ 79,632	$ 59,894
Investments, substantially restricted (Note 4)	20,181			54,533		74,714	71,089
Accrued interest receivable on investments		2	81	948	209	1,240	1,005
Mortgage loans receivable - net (Note 5)	3,498	43	2,014	27,946	4,593	38,094	39,995
Other assets				343		343	575
Total current assets	30,545	351	2,097	129,556	31,474	194,023	172,558
NON-CURRENT ASSETS:							
Investments, substantially restricted (Note 4)	722	173	7,740	85,664	46,275	140,574	234,284
Mortgage loans receivable - net (Note 5)	59,333	2,614	116,069	715,585	123,843	1,017,444	985,042
Debt service arrears receivable - net (Note 6)	9			1,055	143	1,207	1,126
Deferred charges - bond issuance costs - net				5,774	1,533	7,307	8,179
Total non-current assets	60,064	2,787	123,809	808,078	171,794	1,166,532	1,228,631
TOTAL ASSETS	90,609	3,138	125,906	937,634	203,268	1,360,555	1,401,189
LIABILITIES							
CURRENT LIABILITIES:							
Bonds and obligations - net (Note 9)	4,685	40	2,015	36,230	4,725	47,695	46,150
Accrued interest payable on bonds and obligations	618	48	1,448	6,094	994	9,202	9,697
Advances from the State of New Jersey for bond and housing assistance	1,779					1,779	1,779
Mortgagor escrow deposits (Note 13)	7,468					7,468	7,584
Total current liabilities	14,550	88	3,463	42,324	5,719	66,144	65,210
NON-CURRENT LIABILITIES:							
Bonds and obligations - net (Note 9)	64,255	2,735	122,240	828,901	178,775	1,196,906	1,246,685
Minimum escrow requirement	591	26		7,034	1,210	8,861	8,923
Funds held in trust for mortgagors (Note 12)	5,265			3,939		9,204	9,195
Other non-current liabilities		19		1,593	41	1,653	2,149
Due to HUD		348				348	348
Due to other funds	176		3	3,339	187	3,705	3,058
Total non-current liabilities	70,287	3,128	122,243	844,806	180,213	1,220,677	1,270,358
TOTAL LIABILITIES	84,837	3,216	125,706	887,130	185,932	1,286,821	1,335,568
NET ASSETS (Note 15):							
Restricted	5,772	(78)	200	50,504	17,336	73,734	65,621
TOTAL NET ASSETS	$ 5,772	$ (78)	$ 200	$ 50,504	$ 17,336	$ 73,734	$ 65,621

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Detailed Statements of Net Assets - Multi-Family Housing Component
(in thousands)
As of June 30, 2005 and 2004

	2004					
	General Housing Loan Bond Funds	1983-A Highview Terrace	1985-I Roger Gardens	1991-I	1995	Total
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents (Note 4)	$ 6,730	$ 298		$ 7	$ 52,859	$ 59,894
Investments, substantially restricted (Note 4)	20,618				50,471	71,089
Accrued interest receivable on investments		3		78	924	1,005
Mortgage loans receivable - net (Note 5)	3,419	38		1,878	34,660	39,995
Other assets					575	575
Total current assets	30,767	339	-	1,963	139,489	172,558
NON-CURRENT ASSETS:						
Investments, substantially restricted (Note 4)	644	173		7,765	225,702	234,284
Mortgage loans receivable - net (Note 5)	65,399	2,657		118,083	798,903	985,042
Debt service arrears receivable - net (Note 6)	9				1,117	1,126
Deferred charges - bond issuance costs - net					8,179	8,179
Total non-current assets	66,052	2,830	-	125,848	1,033,901	1,228,631
TOTAL ASSETS	96,819	3,169	-	127,811	1,173,390	1,401,189
LIABILITIES						
CURRENT LIABILITIES:						
Bonds and obligations - net (Note 9)	4,440	40		1,890	39,780	46,150
Accrued interest payable on bonds and obligations	684	49		1,469	7,495	9,697
Advances from the State of New Jersey for bond and housing assistance	1,779					1,779
Mortgagor escrow deposits (Note 13)	7,584					7,584
Total current liabilities	14,487	89	-	3,359	47,275	65,210
NON-CURRENT LIABILITIES:						
Bonds and obligations - net (Note 9)	71,565	2,775		124,255	1,048,090	1,246,685
Minimum escrow requirement	613	26			8,284	8,923
Funds held in trust for mortgagors (Note 12)	5,265				3,930	9,195
Other non-current liabilities		18			2,131	2,149
Due to HUD		348				348
Due to other funds	150			3	2,905	3,058
Total non-current liabilities	77,593	3,167	-	124,258	1,065,340	1,270,358
TOTAL LIABILITIES	92,080	3,256	-	127,617	1,112,615	1,335,568
NET ASSETS (Note 15):						
Restricted	4,739	(87)		194	60,775	65,621
TOTAL NET ASSETS	$ 4,739	$ (87)	$ -	$ 194	$ 60,775	$ 65,621

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Detailed Statements of Revenues, Expenses, and Changes in Net Assets - Multi-Family Housing Component
(in thousands)
For the Fiscal Years Ended June 30, 2005 and 2004

	2005							
	General Housing Loan Bond Funds	1983-A Highview Terrace	1985-I Roger Gardens	1991-I	1995	2005	Total	2004 Total
OPERATING REVENUES:								
Interest income on mortgage loans	$ 3,640	$ 278	$ -	$ 8,326	$ 62,320	$ 6,614	$ 81,178	$ 82,568
Investment income	478	20		586	7,940	724	9,748	5,026
Fees and charges	870			135	5,851	868	7,724	7,566
Other income - net	48				159		207	49
Total operating revenues	5,036	298	-	9,047	76,270	8,206	98,857	95,209
OPERATING EXPENSES:								
Interest	3,917	289		8,763	55,432	2,765	71,166	64,020
Insurance costs					1,188		1,188	1,187
Servicing fees and other	63			277	58		398	291
Salaries and related benefits					3,769	123	3,892	3,488
Professional services and financing costs					312	12	324	326
General and administrative expenses		-		1	1,346	52	1,399	1,618
Provision for loan losses (Note 2)	23				10,479	217	10,719	20,863
Total operating expenses	4,003	289	-	9,041	72,584	3,169	89,086	91,793
Net operating income	1,033	9	-	6	3,686	5,037	9,771	3,416
NON-OPERATING EXPENSES:								
Loss on early extinguishment of debt (Note 3)					594		594	201
NON-OPERATING TRANSFERS	-	-	-	-	12,183	(12,299)	(116)	1,270
Increase (decrease) in net assets	1,033	9	-	6	(9,091)	17,336	9,293	1,945
NET ASSETS, BEGINNING OF YEAR	4,739	(87)	-	194	60,775		65,621	63,676
Cumulative effect of change in accounting estimate					(1,180)		(1,180)	
NET ASSETS, BEGINNING OF YEAR, AS ADJUSTED	4,739	(87)	-	194	59,595	-	64,441	63,676
Increase (decrease) in net assets, during the year	1,033	9	-	6	(9,091)	17,336	9,293	1,945
NET ASSETS, END OF YEAR	$ 5,772	$ (78)	$ -	$ 200	$ 50,504	$ 17,336	$ 73,734	$ 65,621

(Continued)

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Detailed Statements of Revenues, Expenses, and Changes in Net Assets - Multi-Family Housing Component
(in thousands)
For the Fiscal Years Ended June 30, 2005 and 2004

	2004					
	General Housing Loan Bond Funds	1983-A Highview Terrace	1985-I Roger Gardens	1991-I	1995	Total
OPERATING REVENUES:						
Interest income on mortgage loans	$ 3,923	$ 282	$ 484	$ 8,452	$ 69,427	$ 82,568
Investment income	162	22	137	584	4,121	5,026
Fees and charges	796			135	6,635	7,566
Other income - net	5		29		15	49
Total operating revenues	4,886	304	650	9,171	80,198	95,209
OPERATING EXPENSES:						
Interest	4,333	294	528	8,881	49,984	64,020
Insurance costs					1,187	1,187
Servicing fees and other				278	13	291
Salaries and related benefits	387				3,101	3,488
Professional services and financing costs	41		2		283	326
General and administrative expenses	205	-		-	1,413	1,618
Provision for loan losses (Note 2)	84				20,779	20,863
Total operating expenses	5,050	294	530	9,159	76,760	91,793
Net operating income (loss)	(164)	10	120	12	3,438	3,416
NON-OPERATING EXPENSES:						
Loss on early extinguishment of debt (Note 3)					201	201
Total non-operating expenses	-	-	-	-	201	201
NON-OPERATING TRANSFERS			1,270		-	1,270
Increase (decrease) in net assets	(164)	10	(1,150)	12	3,237	1,945
NET ASSETS, BEGINNING OF YEAR	4,903	(97)	1,150	182	57,538	63,676
NET ASSETS, END OF YEAR	$ 4,739	$ (87)	$ -	$ 194	$ 60,775	$ 65,621

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2005

Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

None.

NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
Summary Schedule of Prior Year Audit Findings And Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

FINANCIAL STATEMENT FINDINGS

None.

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Agency officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant