

Ratings On Certain Public Finance Debt Issues With FHA Mortgage Guarantees Are Placed On Watch Neg After U.S. Downgrade

Primary Credit Analyst:

Valerie White, New York (1) 212-438-2078; valerie_white@standardandpoors.com

Secondary Contact:

Lawrence Witte, San Francisco (1) 415-371-5037; larry_witte@standardandpoors.com

NEW YORK (Standard & Poor's) Aug. 8, 2011--Standard & Poor's Ratings Services said today it placed certain public finance debt issues that have mortgage guarantees from the Federal Housing Administration (FHA) on CreditWatch with negative implications following the downgrade of the United States of America to 'AA+' from 'AAA' (see "United States of America Long-Term Rating Lowered To 'AA+' On Political Risks And Rising Debt Burden; Outlook Negative," published Aug. 5, 2011, on RatingsDirect on the Global Credit Portal).

FHA guarantees cover nearly all the losses from loans that have defaulted, with FHA assuming the risk of recouping its expenses through the sale of the foreclosed property. The issuer, through the loan servicer, receives the claim from FHA for the outstanding balance of the loan and other expenses from FHA, but has no claim to the sale proceeds. Therefore in the foreclosure process on an FHA loan the issuer's entire exposure is exclusively to FHA.

Bond programs include a varying percentage of FHA loans within their portfolios. Standard & Poor's plans to assess the impact of FHA insurance on each single-family and multifamily whole loan indenture with FHA-guaranteed loans. We will take any rating action that we consider appropriate based upon Standard & Poor's criteria.

The list of affected ratings is posted at <http://www.standardandpoors.com/ratings/govs-uspfn/en/us>. Click "Rating Actions On Municipal Housing-Related Issues" and select the tabs FHA Single Family Whole Loan and FHA Multi Family Whole Loan.

RELATED CRITERIA AND RESEARCH

USPF Criteria: FHA Insured Mortgages, June 18, 2007

Standard & Poor's, a part of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of credit ratings. With offices in 23 countries, Standard & Poor's is an important part of the world's financial infrastructure and has played a leading role for 150 years in providing investors with information and independent benchmarks for their investment and financial decisions. For more information, visit <http://www.standardandpoors.com>.

Copyright © 2011 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.