

## Ratings On Certain Municipal Housing Issues Lowered To 'AA+'

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NEW YORK (Standard & Poor's) Aug. 8, 2011--Standard & Poor's Ratings Services said today it lowered to 'AA+' from 'AAA' the ratings on certain public finance debt issues that have mortgage insurance with the Federal Housing Administration (FHA). In addition, the ratings on other public finance debt issues that have or potentially will have mortgage revenue invested in short-term instruments guaranteed by the U.S. government have also been lowered to 'AA+' from 'AAA'. Both of these ratings actions are based on the downgrade of the United States of America (AA+/Negative/A-1+; please 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). The outlook is negative.

The 'AA+' rating on the affected debt issues is based on our view of the strength of the guarantees supporting the mortgage payments as well as the investments in which monthly mortgage payments are deposited to make semiannual bond payments. In the cases of the affected issues, FHA provides the guarantee for the monthly mortgage payments. Mortgage payments are invested in either a guaranteed investment contract or are invested in short-term instruments that either currently are, or could be, guaranteed by the U.S. government. In our view, the credit strength of these bonds is based solely on the guarantee of FHA and, as such, will reflect the ratings of the U.S. government of which the FHA is an agency.

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 tab INV\_SEC.

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USPF Criteria: Investment Guidelines, June 25, 2007

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