

Ratings On Municipal Housing Issues Backed By The U.S. Government Are 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 credit enhancement guarantees by certain government sponsored entities in the form of a mortgage-backed security (MBS). The rating actions follow 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 MBS enhancements that make mortgage payments in the event of a mortgage default. In the cases of the affected issues, the enhancement is irrevocable and is in place until bond maturity. Payment on the MBS enhancements provided by Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corp. (Freddie Mac) are guaranteed by those entities. The ratings on those issues reflect our view of the support likely to be provided by the U.S. government. Payment on the MBS enhancements backed by Governmental National Mortgage Association (Ginnie Mae) is backed by the full faith and credit of the government, and the ratings on those issues reflect the rating of the U.S. government.

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 Mortgage Backed Securities.

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RELATED CRITERIA AND RESEARCH

- USPF Criteria: Revised Methodology For Certain Federal Government-Enhanced Housing Transactions, May 12, 2010
- USPF Criteria: Single-Family Mortgage-Backed Securities Programs, June 13, 2007

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