

Ratings On U.S. Municipal Housing Issues Guaranteed By Fannie Mae And Freddie Mac Lowered To 'AA+'

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NEW YORK (Standard & Poor's) Aug. 8, 2011--Standard & Poor's Ratings Services said today it lowered the ratings on certain public finance debt issues that have credit enhancement guaranteed by Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corp. (Freddie Mac) to 'AA+/A-1+' from 'AAA/A-1+' following the downgrade of Fannie Mae and Freddie Mac to 'AA+/Negative/A-1+'. The outlook is negative.

The rating on the affected debt issues is based on the rating on either Fannie Mae or Freddie Mac, which either guarantees direct payment on the bonds, or in some circumstances, guarantees mortgage payments in the event of a mortgage default. In the cases of the affected issues, the guarantee is irrevocable and is in place until bond maturity. As such, the bonds carry the rating on Fannie Mae or Freddie Mac.

Among the bonds whose ratings have been lowered are bonds issued by the housing finance agencies' New Issues Bond Program through which bonds are enhanced in the form of the Temporary Credit & Liquidity Program (TCLP). Under the TCLP, there is one master irrevocable standby temporary credit and liquidity facility issued by both Fannie Mae and Freddie Mac in favor of the trustee. The facility guarantees both credit and liquidity on the bonds. As such, pursuant to our criteria, the ratings on the issues follow the ratings on Fannie Mae and Freddie Mac.

The list of affected ratings is posted at <http://www.standardandpoors.com/ratings/govs-uspf/en/us/>. Click "Rating

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Actions On Municipal Housing-Related Issues" and select the tab Freddie, FNMA.

RELATED CRITERIA AND RESEARCH

USPF Criteria: Ginnie Mae, Fannie Mae, And Freddie Mac Multifamily Securities, June 26, 2007

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