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## 38 National Public Finance Guarantee Corp-Backed Short-Term VRDO Ratings Lowered To 'A-2'; Still On Watch Developing

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NEW YORK (Standard & Poor's) May 6, 2009--Standard & Poor's Ratings Services lowered the short-term ratings on 38 municipal variable-rate demand obligations (VRDOs) (listed below) that are insured by National Public Finance Guarantee Corp. (NPFGC; AA-/Watch Dev/--) to 'A-2' as a result of our rating actions on MBIA Insurance Corp.'s (BBB+/Negative/--) counterparty credit and financial strength ratings (Please see "MBIA Insurance Corp. Ratings Lowered To 'BBB+'; MBIA Insurance Corp. of Illinois Downgraded To 'AA-', " published Feb. 18, 2009, on RatingsDirect). The ratings remain on CreditWatch with developing implications, where they were placed March 17, 2009. Although all of MBIA's policies insuring municipal entities were transferred to NPFGC, the terms of the related standby bond purchase agreements (SBPA) for these transactions retain termination events dependent on MBIA, rather than NPFGC.

Generally, an SBPA includes provisions that permit the provider, under certain circumstances, to terminate the SBPA, without notice or funding. If an SBPA relates to insured VRDOs, such a right to terminate typically depends on the credit strength of the bond insurer, even though, according to our criteria, the VRDO credit rating is based on the higher of the bond insurer rating or the underlying obligor's public credit rating (Please see "Credit FAQ: The Interaction Of Credit And Liquidity Ratings In Liquidity -Enhanced

Debt" published March 18, 2008, on RatingsDirect).

The SBPAs related to the VRDOs listed below permit termination of the SBPAs dependent on MBIA's credit quality and the correlated short-term rating for that credit risk is 'A-2'. SBPAs are provided by financial institutions to provide liquidity support in the case of a failed remarketing of the bonds as a result of optional or mandatory tenders.

Issue Description	To	From
	AA-/Watch Dev/A-2	AA-/Watch Dev/A-1
Albuquerque, New Mexico affordable housing project refunding variable rate demand bonds series 2000 (MBIA) (National)		
California Health Facilities Financing Authority (Southern California Presbyterian Homes)		
Cobb-Marietta Coliseum & Exhibit Hall Authority, Georgia junior lien (MBIA)		
Hamilton County, Ohio (Health Alliance of Greater Cincinnati) variable rate demand bonds series 1997A series 1997B series 1997E series 1997F		
Indianapolis Local Public Improvement Bond Bank, Indiana taxable special program variable rate demand bonds (MBIA)		
Maryland Health and Higher Educational Facilities Authority (Loyola College In Maryland) revenue bonds series 1996B		
New Jersey Housing & Mortgage Finance Agency multifamily revenue bonds variable rate demand bonds (AMT) series 2007F		
Olympic Club (The), California variable rate demand bonds series 2007 (MBIA)		
University of North Carolina Board of Governors Variable rate demand bonds series 1998A (MBIA)		

Issue Description	To	From
	AA-/Watch Dev/A-2	From AA-/Watch Dev/A-1+
Atlanta, Georgia (Hartsfield Jackson Atlanta International Airport) variable rate demand obligations series 2003RF-B-1 series 2003RF-B-2 series 2003RF-B-3 series 2003RF-C-1 series 2003RF-C-2 series 2003RF-C-3		
California Health Facilities Finance Authority (Catholic Healthcare West) variable rate demand bonds series 1988A-C (MBIA)		
California Infrastructure & Economic Development Bank		

(Asian Art Museum of San Francisco)  
variable rate demand bonds (MBIA) series 2005  
Charlotte, North Carolina (Charlotte/Douglas International Airport)  
variable rate demand obligations  
series 1993A  
series 1997A  
Chicago, Illinois (Chicago Midway International Airport)  
2nd lien variable rate demand bonds  
series 1998A  
series 1998B  
E-470 Public Highway Authority, Colorado  
variable rate vehicle registration fee bonds  
series 2001 dated 05/23/2001 due 09/01/2018  
Harris County Houston Sports Authority, Texas,  
hotel occupancy and vehicle rental tax (Rodeo Project) junior lien  
taxable junior lien special revenue bonds (NFL Club Project)  
series 2001E  
series 2001D  
Illinois Health Facilities Authority  
(Alexian Brothers Health System, Inc.)  
variable rate demand bonds series 1985D  
Mahoning County, Ohio, (Forum Health)  
variable rate demand obligations series 1997B (MBIA)  
Massachusetts Health & Educational Facilities Authority  
variable rate demand revenue bonds  
capital asset program issue series B C  
Miami, Florida  
non-ad valorem variable rate demand bonds  
New York City Trust for Cultural Resources  
(American Museum of Natural History)  
adjustable tender revenue refunding bonds 93A  
Northern California Power Agency  
hydroelectric project number one revenue bonds (variable rate demand bonds)  
Philadelphia Authority for Industrial Development, Pennsylvania  
(National Board of Medical Examiners)  
variable rate demand bonds series 2008 (MBIA)  
Puerto Rico Government Development Bank (Puerto Rico)  
bonds dated 12/85 due 12/01/2015  
Rhode Island Convention Center Authority  
refunding revenue variable rate demand bonds series 2001A (MBIA)  
San Bernardino County, California  
certificates of participation series 1998B

RELATED RESEARCH

USPF Criteria: "Bank Liquidity Facilities," June 22, 2007

USPF Criteria: "Standby Bond Purchase Agreement Automatic Termination Events,"  
April 11, 2008

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