

California Housing Finance Agency; General Obligation

Primary Credit Analyst:

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

Secondary Contact:

Moraa Andima, New York (1) 212-438-2734; moraa_andima@standardandpoors.com

Table Of Contents

Rationale

Outlook

Earnings Quality And Financial Strength

Asset Quality

Temporary Credit And Liquidity Program

Management

Economy And Housing Market

Related Criteria And Research

California Housing Finance Agency; General Obligation

Credit Profile

California Hsg Fin Agy Issuer Credit Rating

Long Term Rating

A-/Negative

Downgraded

Rationale

Standard & Poor's Ratings Services removed the California Housing Finance Authority (CalHFA) issuer credit rating (ICR) from CreditWatch, where it been placed with negative implications on Feb. 8, 2011. Standard & Poor's also lowered its ICR to 'A-' from 'A' on CalHFA., Standard & Poor's also lowered its long-term rating and underlying rating (SPUR) to 'A-' from 'A' on CalHFA's general obligation (GO) debt. The outlook on all ratings is negative.

The rating actions reflect our opinion of:

- A significant decline in CalHFA's profitability and unrestricted fund balance due to two years of large operating losses, which has reduced the agency's financial strength and flexibility;
- Private mortgage insurance with speculative-grade ratings on more than 40% of loans in CalHFA's main single-family bond program;
- The weak California housing market, which has contributed to high nonperforming assets; and
- Financial challenges resulting from CalHFA's significant use of variable-rate debt and swaps.

Partly offsetting the above weaknesses is our opinion of the agency's:

- Effectiveness in accomplishing its mission in a high-cost real estate market;
- Seasoned and proactive financial management;
- Five-year average equity and asset quality ratios (fiscals 2005-2009) comparable with those of other 'A' rated housing finance agencies; and
- Improved financial performance in fiscal 2011, based on unaudited information.

For the fiscal year ended June 30, 2010, CalHFA reported a net operating loss of \$207 million. This followed a loss of \$157 million in fiscal 2009, which was a significant decline from CalHFA's net income of \$13.5 million in fiscal 2008. As a result, several of the agency's profitability ratios deteriorated after 2009, which was the agency's least profitable year up to that point. The agency's nonperforming assets ratio rose to its record high, 9.58%, which represented a slower rate of increase than in fiscal 2009.

Outlook

The negative outlook is based on several years of operating losses, the continuing rise in delinquency and foreclosure rates in CalHFA's single-family loan portfolio, and the pending phase-out of standby letters of credit under the Temporary Credit and Liquidity Program (TCLP), which is scheduled to expire on Dec. 23, 2012. If the agency's

profitability continues to suffer, if its equity ratios or unrestricted fund balance decline, or if a solution is not found for the replacement of the TCLP liquidity support, we could lower the rating. If, in our view, the agency's operating income improves, if CalHFA neutralizes the effects of the real estate and variable-rate debt markets on its balance sheet and demonstrates adequate reserves to cover any potential future losses, and if CalHFA is able to find replacement liquidity support, we could affirm or raise the ratings.

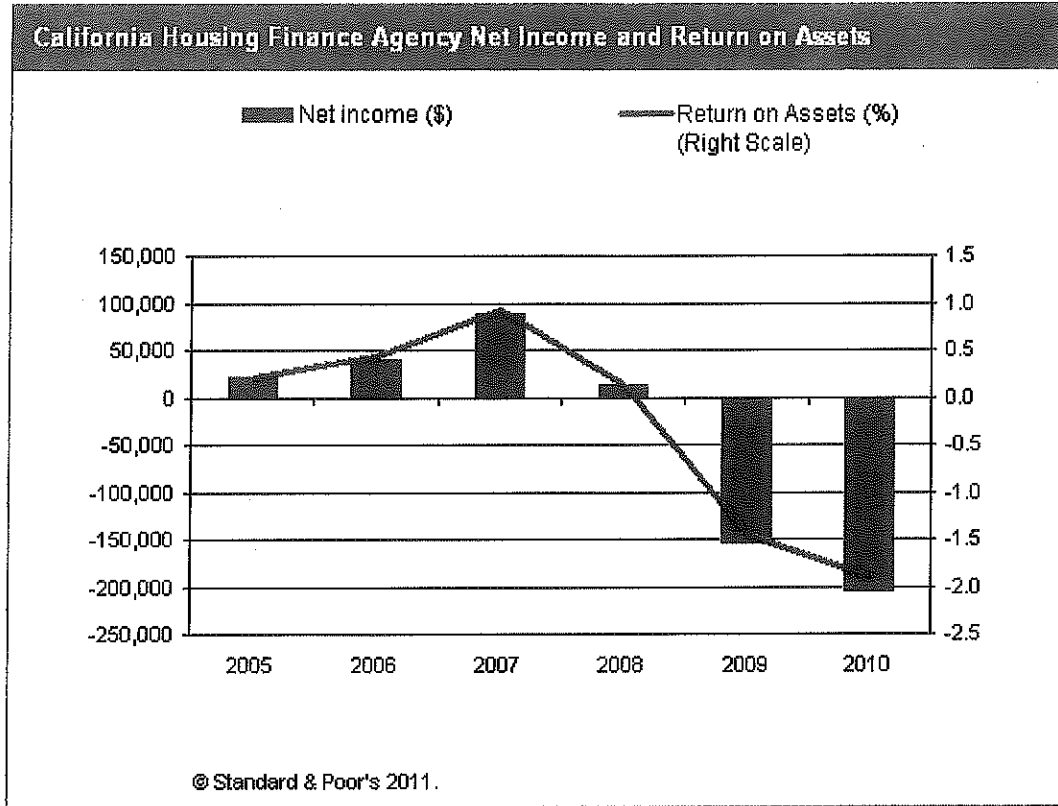
Earnings Quality And Financial Strength

Profitability

As noted above, the agency reported an overall net operating loss of \$207 million for the fiscal year ended June 30, 2010. After deducting losses related to state-funded contract programs administered by CalHFA on behalf of the state, the agency's net loss was, in our view, still substantial at \$169 million. In fiscal 2010, revenues declined 20%, investment income 39%, loan interest 13%, and other income 37%. Expenses declined by 10%, but this was not sufficient to compensate for the drop in revenues. As a result, net income declined 32% from the \$157 million loss in fiscal 2009.

In our opinion, the heavy use of interest rate swaps has exposed the agency to a number of risks, including basis mismatch, the need to terminate some swaps, and adjustments to income resulting from Governmental Accounting Standards Board Statement No. 53 (GASB 53). Basis mismatch -- the difference between the actual interest rates paid to bondholders on floating-rate securities (variable-rate demand obligations, or VRDOs, and auction-rate securities) and the variable rates received from swap counterparties on swaps -- reduced operating income by \$18 million in fiscal 2010, which resulted in an improvement from a \$38 million loss in fiscal 2009. According to management, the improvement in basis costs was the result of CalHFA's participation in the TCLP, which enabled the agency to replace its troubled liquidity with that of the federal government. The program eliminated all bank bonds and reduced the remarketing rate on CalHFA's VRDOs. CalHFA terminated \$237 million in the swap notional amount to have sufficient capital for capital adequacy and liquidity. The agency paid termination fees of \$39 million, and negotiated higher collateral posting thresholds with swap providers. All of these factors contributed to the \$207 million operating loss cited above.

Chart 1



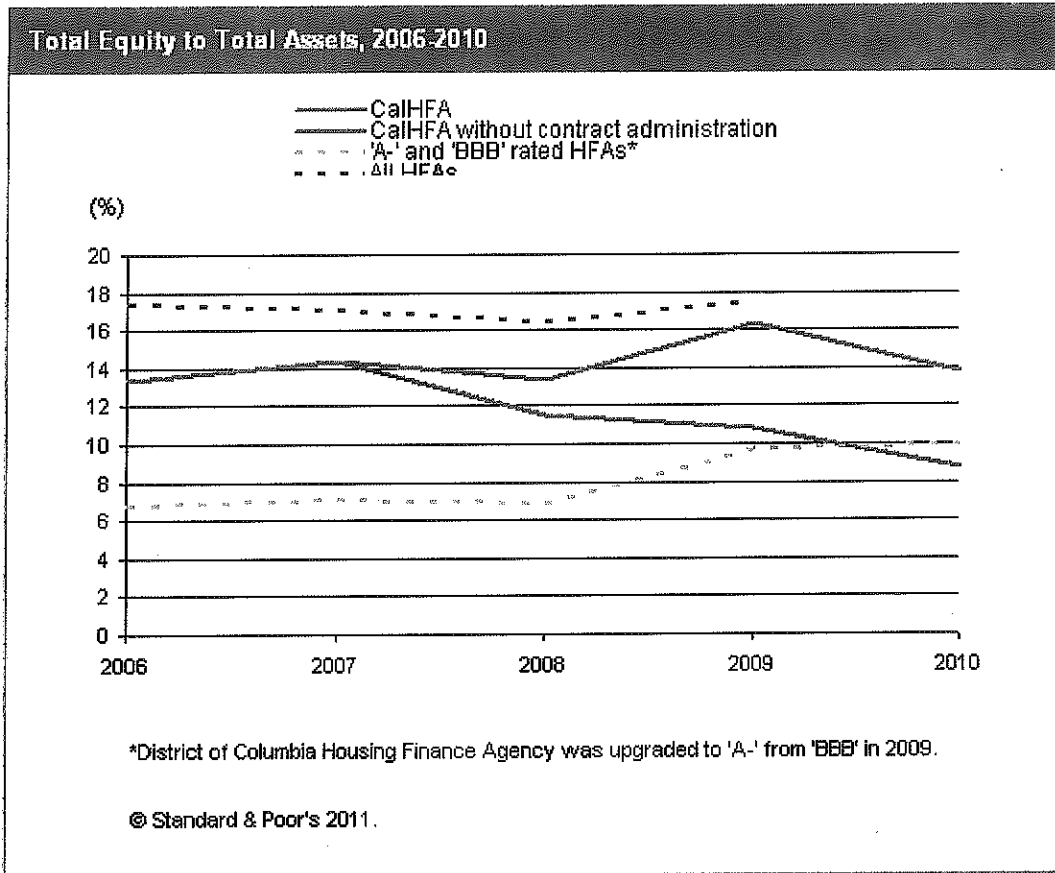
As a result of the decline in net income, CalHFA's profitability ratios continued to fall. Return on assets fell to a record negative 1.89% in fiscal 2010, after experiencing a significant decline to negative 1.45% in fiscal 2009. As of fiscal 2009, CalHFA's five-year average profitability ratios were well below those of other HFAs in the 'A' rating category. Although many HFAs experienced declines in profitability during fiscal 2010, we expect CalHFA's five-year average profitability ratios will be well below those of many of its peers, given the steep decline of its ratios into negative territory during fiscal 2010. Although interim financial statements for fiscal 2011 indicate an improvement, CalHFA still projects to have a negative income position. We will continue to monitor this element of the agency's finances.

Equity

The agency's fund balance declined by about \$200 million to \$1.6 billion in fiscal 2010. However, if one excludes equity associated with contracts that the agency administers on behalf of the State of California, equity is approximately \$940 million, a level unseen since 2002. Assets from contract administration are completely restricted and not available to the agency for programmatic or capital purposes. These funds were transferred to CalHFA from the State of California for the administration of housing-related initiatives. Removing these assets from CalHFA's balance sheet lowers the equity-to-assets ratio to 8.81% from 13.82%. CalHFA's five-year (fiscals 2005-2009) average equity-to-assets ratio is 14.01%, and when excluding contract administration this ratio is 12.55%. Both figures exceed the average 'A+' ratio over the same period. CalHFA's five-year average equity ratio improves to 14.26% when averaging fiscals 2006-2010, but the result when excluding contract administration is lower at

11.79%. If losses decline as indicated in 2011, we believe that CalHFA's equity ratios will increase. Our capital adequacy analysis calculation is 4.6% of unrestricted equity to debt, above our 4% threshold. The ratio of adjusted liquid assets to mortgages is 4.81%, above our 2% threshold.

Chart 2



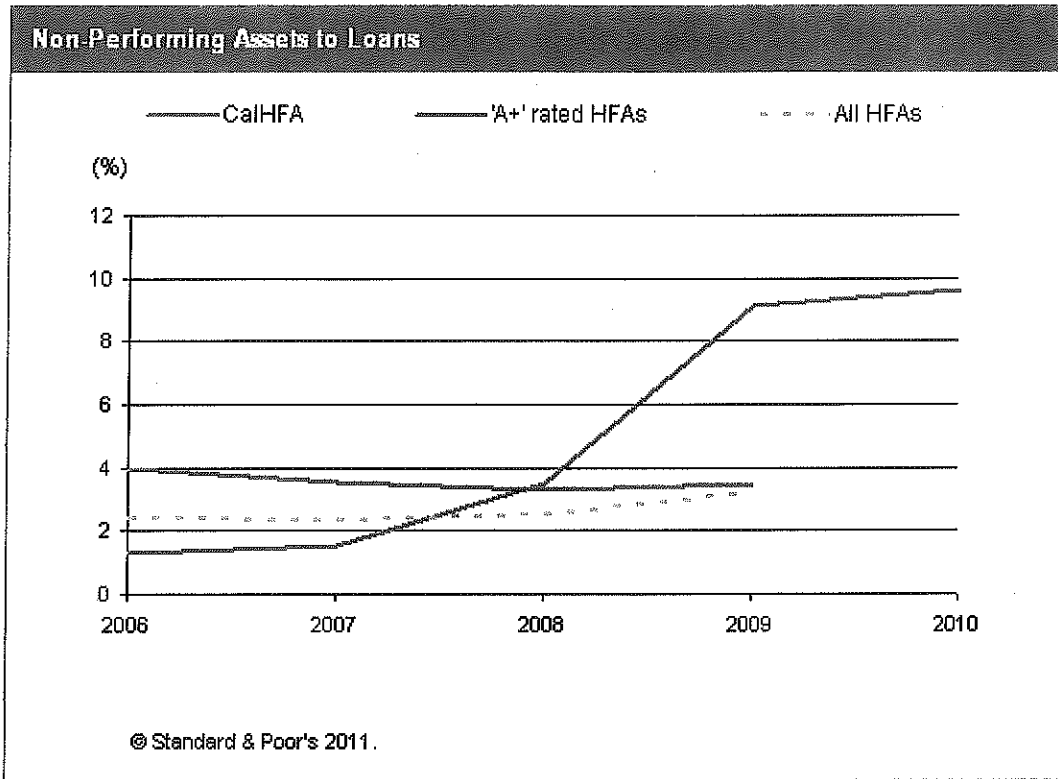
Asset Quality

CalHFA's asset base increased by 3.3% to \$11.11 billion in fiscal 2010, as a result of investments funded by proceeds of the New Issue Bond Program (NIBP). Mortgage loans accounted for the bulk of the agency's assets, at 64%, but this is a decline from 77% in fiscal 2009. For the second straight year, the agency's loan portfolio decreased, by 14% to \$7.14 billion.

Approximately 71% of the agency's loan portfolio consists of single-family mortgages. We consider the single-family loan portfolio to be of significantly higher risk relative to that of other housing finance agencies (HFAs). As of Dec. 31, 2010, 42% of loans were conventional loans insured by the California Housing Loan Insurance Fund (CaHLIF; unrated), and 23% were interest-only loans (consisting of both insured and uninsured loans), on which interest is paid for the first five years and which then amortize over the next 30 years with the same interest rate. Another 4% of loans had 40-year terms, rather than the standard 30-year term. Overall, in addition to the conventionally insured loans, approximately 29% of single-family loans were Federal Housing Administration-insured, 28% were

uninsured, and 1% were Veterans Administration- or Rural Development-guaranteed as of Dec. 31, 2010.

Chart 3

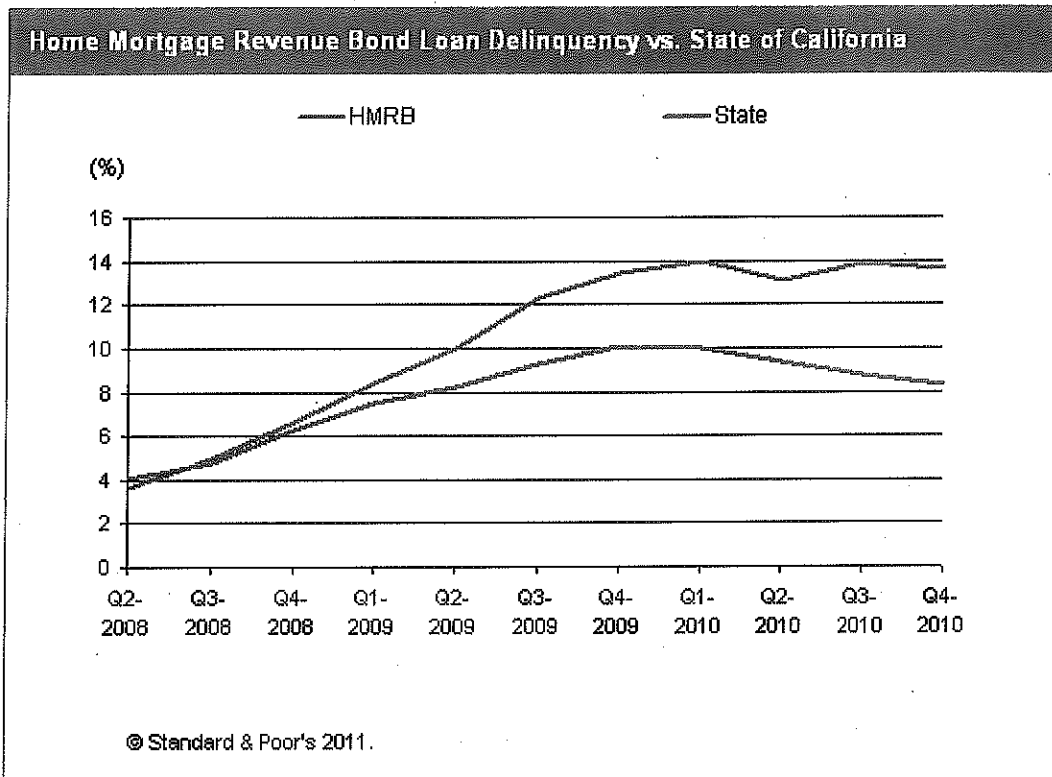


Nonperforming assets

In our view, CalHFA continues to face challenges stemming from the weak California real estate market, although the delinquency of the agency's loans seems to have plateaued. Nonperforming assets rose to a record 9.59% as of June 30, 2010, but this is just a moderate increase from 9.11% in 2009. In 2008, CalHFA recorded a non-performing asset percentage of just 3.5%. Chart 3 compares CalHFA with 'A+' rated and all HFAs. The only 'A-' rated HFA, that for the District of Columbia, has a mortgage-backed-security-guaranteed portfolio and no non-performing assets. In fiscal 2009 CalHFA had a non-performing asset ratio more than twice as high as the average of the next highest rating category ('A+'). Over the five-year period of fiscals 2005-2009, CalHFA's non-performing asset ratio was better than that of 'A+' rated HFAs.

Most of the loan problems are associated with the single-family program, the bulk of which is under the Home Mortgage Revenue Bond (HMRB) program. HMRB posted a 13.11% rate of loans that were at least 60 days delinquent or in foreclosure on June 30, 2010, and the ratio had changed to 13.64% as of Dec. 31, 2010. Interest-only loans have continued to suffer higher delinquency than other loan products, with 18.49% of such loans 60 or more days delinquent as of Feb. 28, 2011. Similarly, 40-year loans had a 60-day-plus delinquency rate of 16.94% as of Feb. 28, 2011, compared with 9.43% for standard 30-year loans. Compared with Mortgage Bankers Assn. statistics for the State of California, CalHFA's delinquency and foreclosure rates have been higher for the past 10 consecutive quarters, assuming a similar composition of prime loans.

Chart 4



Loan loss reserves versus actual losses

All loans with private mortgage insurance under CalHFA's HMRB indenture must carry 50% coverage for the balance of each loan. Under the terms of the conventional loan insurance provided by CaHLIF, CaHLIF covers the first 35% of mortgage principal, plus lost interest and foreclosure costs, upon the filing of insurance claims for defaulted HMRB loans. CalHFA covers the remaining 15% through its gap insurance, to a maximum of \$135 million. As referenced above, CaHLIF is not rated, but the insurance fund has a reinsurance contract with Genworth Mortgage Insurance Co. (BB+/Negative). Due to the downgrade of Genworth to speculative grade on Feb. 8, 2011, Standard & Poor's no longer assumes any payment of claims by Genworth in accordance with our criteria. Although we assume no recovery from CaHLIF on the first 35% of the loan, we incorporate CalHFA's payments into our assumptions. We subtract our estimate of CalHFA's obligations under this "gap" insurance from the agency's equity balance in our capital adequacy analysis. The total estimated charge to capital against CalHFA's balance sheet for projected loan losses under its homeownership portfolio and gap insurance coverage stands at approximately \$420 million under a 'BBB' stress, according to our criteria.

CalHFA increased its allowance for loan loss reserves by \$4.7 million to \$117.2 million in fiscal 2010. In addition, CalHFA has a gap insurance loss reserve that stood at \$118.8 million on June 30, 2010. Losses on the loan portfolio have been increasing and have caused CalHFA to establish a limit of \$135 million in gap payments from the agency's general fund to HMRB. As of March 2011, CalHFA had made \$100 million in gap payments, leaving a balance of \$35 million. CalHFA recorded \$16.4 million in losses on the sale of foreclosed properties (net of insurance) during fiscal 2010, plus a \$26.5 million write-down on the remaining foreclosed properties. Actual gap

insurance claims paid by CalHFA during fiscal 2010 totaled approximately \$45 million. Total losses to CalHFA were therefore approximately \$88 million, a moderate 1.8% of a portfolio that now stands at \$4.8 billion.

Multifamily loans

Multifamily loans represented 16% of all loans as of June 30, 2010. In recent years, most of CalHFA's multifamily loans have been financed through its multifamily housing revenue bonds III (MF III) indenture. The agency maintains reserves to cover potential losses related to its rental housing developments. We evaluate the loan loss reserves for all multifamily loans as part of the capital adequacy process. Loan performance has been extremely strong, as only two loans representing about \$850,000 in principal were delinquent, and only one of those was more than 60 days delinquent. The latter represents less than 0.2% of the loans in CalHFA's portfolio.

Investments

The vast majority (74%) of CalHFA's funds are invested in the state's Surplus Money Investment Fund, with its other funds invested in federal agency securities (12%), investment agreements (7%), and cash or cash equivalents (6%). Investments increased 7% to \$2.27 billion in 2010 as a result of proceeds from the NIBP held in escrow. Ninety-one percent of the agency's investments are short term, maturing in one year or less.

Debt

CalHFA's debt as of June 30, 2010, totaled \$8.99 billion, reflecting a 9.2% increase from the previous fiscal year, resulting from the NIBP. CalHFA's debt consists of bonds that are issued under multiple indentures and that are used to originate single-family mortgages (82%) and multifamily mortgages (17%), as well as to finance other programs (1%). Approximately 69% of the agency's debt has been issued under its largest active single-family resolution, HMRB. This is a significant decrease from the 81% of bonds under HMRB in fiscal 2009, due to the establishment of the residential mortgage revenue bonds program, which now accounts for 12% of CalHFA's debt.

As of June 30, 2010, CalHFA had \$1.32 billion in GO debt, a 6% decline on the year. Most of this debt is associated with the agency's MF III indenture. The GO debt represented 15% of CalHFA's total debt in fiscal 2010, a reduction from 17% in 2009. CalHFA issued \$1.4 billion in debt, all of it under the NIBP. The debt is all variable rate, but will convert to fixed rate once proceeds are released from an escrow to finance mortgages. The addition of large amounts of fixed-rate debt will blend down CalHFA's variable-rate debt exposure.

Variable-rate debt and swaps

Should all of CalHFA's NIBP debt convert to long term at a fixed rate, the agency's debt distribution would shift to about a 50% split between fixed and floating rate. This compares with 61% variable rate and 39% fixed rate as of June 30, 2009. Excluding the debt that is variable rate on a temporary basis from NIBP, 76% of variable-rate debt has been swapped to fixed-rate debt through interest rate swaps.

Following a review of CalHFA's 119 swaps, we assigned CalHFA a Debt Derivative Profile (DDP) score of '2.5' on a four-point scale, where '1' represents the lowest risk.

The overall score of '2.5' reflects our opinion of:

- The increased risk that CalHFA may have to post additional collateral based on the swaps' rating triggers for collateralization,
- Low counterparty risk,
- Moderate basis risk, and
- Good management oversight.

Since July 2009, CalHFA has posted approximately \$32 million in collateral, as required under the swap agreements. The lowering of CalHFA's ICR will increase that figure slightly. Because of the additional collateral postings, the termination component of CalHFA's DDP score was high at '4'.

Nevertheless, in our view, the agency continues to have high diversification among its 12 swap counterparties, with none of the 12 accounting for more than 28% of the risk-adjusted swap notional amount. All but one counterparty are rated at least 'A', the minimum rating requirement for swap-dependent issuers.

CalHFA has made adjustments to its financial statements to reflect GASB 53, which requires swaps to be reported at fair value. Some CalHFA swaps have been designated as ineffective because the bonds with which they are associated are less than the notional amount of the swaps, and because basis swaps are by definition considered ineffective. The impact on the agency's financials is nearly \$50 million, accounted for in the restatement of equity at the start of fiscal 2010, and in the fiscal 2010 income statement.

Temporary Credit And Liquidity Program

CalHFA is the largest participant in the U.S. Treasury's TCLP. Under the TCLP, CalHFA was able to terminate and replace the liquidity facilities on 57 series of its variable-rate bonds under its HMRB, MF III, and housing program bond indentures. CalHFA has TCLP liquidity support on \$3.36 billion of bonds. TCLP eliminated CalHFA's bank bonds, and this resulted in significantly lower interest rates on the agency's VRDOs. Our concern is that finding replacement liquidity for such a large supply of VRDOs by TCLP's expiration date of Dec. 23, 2012, will be a challenge.

Management

We believe the agency's senior team is skilled and experienced in the affordable-housing industry as well as the management of complex financing structures. To provide the financial resources to remain competitive in California's high-cost market, CalHFA has issued more variable-rate debt than any other HFA, both in terms of volume and percentage. One unintended consequence of this financial management was the expense associated with CalHFA's variable-rate debt, particularly in 2008 and 2009. The agency has devoted much effort to reducing the volatility and uncertainty of its debt profile, an ongoing task that has an uncertain future.

Amid this unpredictable situation, the agency recently named a new executive director, replacing the individual who had served in that capacity since 2008. The prior executive director remains on staff in a senior position. Given the issues facing CalHFA, we would be more comfortable with greater stability in this position, and will monitor this development and make further comment if the situation warrants.

As a result of CalHFA's response to its loan and debt challenges, the agency is smaller and has a lower risk profile. However, although we believe that CalHFA's management has been very proactive in addressing the many challenges it faces, we consider some of those challenges, such as the continued weakness in the real estate market, remain beyond its control. The progression of these trends will affect CalHFA's overall creditworthiness.

Economy And Housing Market

According to Global Insight, California's job losses in the most recent recession are the most severe in the state's history. California lost 1.3% of its jobs in 2008, 6% in 2009, and 1.4% in 2010. This compares with a 1% drop in jobs during the dot-com recession in 2001 and 2002. California had never lost more than 2% of its jobs in a single year until 2009. The economy is recovering, and Global Insight projects an employment gain of 1.2% for 2011, which would be California's best performance since 2006. Another positive development is that California's surplus housing will be absorbed in 2012. Still, California will not return to its highest employment in terms of the number of jobs until 2015, and Global Insight expects unemployment to remain above 10% until 2013.

One interesting finding from Global Insight is that high business costs, which Global Insight ties to housing costs, present a longer-term weakness in the California economy. Global Insight adds that firms that do not need California's highly educated workforce will eventually leave. Even with the economic downturn, the average cost of an existing home is \$369,000, down from \$582,000 in 2007. Global Insight expects home prices to rise to \$439,000 in 2014, which would be near the average in 2008. California ranked 11th in percentage of loans in foreclosure in the fourth quarter of 2010, with 4.5%.

Recent data indicate that the housing decline continues to severely affect California's housing market: According to the Federal Housing Finance Authority, home prices in California continued to decline in the past year and have performed worse than average U.S. home prices. As reported by the Federal Housing Finance Authority in the fourth quarter of 2010, California's home prices decreased by 4.73% from the fourth quarter of 2009, which followed a decline of 6% from fourth-quarter 2008. U.S. national average home prices declined by 3.95% during 2010 and 5% the previous year.

California's high housing prices slow the state's economic activity, and CalHFA's activity in providing more affordable housing offsets housing unaffordability to some extent. CalHFA has financed more than 150,000 single-family homes and 40,000 multifamily units in its history. However, the agency is subject to the same volatility in the California housing market, and the financial techniques it employed have contributed to CalHFA's financial challenges. We believe that the agency will always must face a tradeoff between loan production and conservative financial practices.

Table 1

California Housing Finance Agency Financial Ratio Analysis (%)						
	5-Year Average	2010	2009	2008	2007	2006
Profitability						
Return on average assets	(0.37)	(1.88)	(1.45)	0.13	0.93	0.43
Return on assets before loan loss provision and extraordinary item	(0.11)	(1.38)	(0.93)	0.22	1.00	0.51
Net interest margin	1.06	1.07	0.83	0.97	1.40	1.06
Asset quality						
NPAs/total loans and real estate owned	5.00	9.59	9.11	3.50	1.53	1.26
Loan loss reserves/total loans	1.21	1.64	1.35	0.96	1.01	1.07
Loan loss reserves/NPAs	41.90	16.75	14.64	27.29	65.75	85.10
Leverage						
Total equity/total assets	14.26	13.82	16.31	13.34	14.41	13.40

Table 1

California Housing Finance Agency Financial Ratio Analysis (%) (cont.)						
Total equity and reserves/total loans	20.99	23.45	22.47	18.16	19.63	21.26
Liquidity						
Total loans/total assets	72.38	63.37	77.25	77.56	77.35	66.35
NPA--Non-performing assets.						

Table 2

Five-Year Average Financial Ratios (2005-2009, %)				
	CalHFA	All 'A+' HFAs	All 'A-' HFAs	All HFAs
Profitability				
Return on average assets	0.05	0.65	0.40	0.72
Return on assets before loan loss provision and extraordinary item	0.22	0.72	0.42	0.83
Net interest margin	1.05	1.04	0.38	1.28
Asset quality				
NPAs/total loans and real estate owned	3.35	3.72	0.00	2.72
Loan loss reserves/total loans	1.09	2.07	0.00	1.92
Loan loss reserves/NPAs	54.31	68.08	0.00	813.12
Leverage				
Total equity/total assets	14.01	11.91	7.62	17.05
Total equity and reserves/total loans	20.78	19.87	13.04	25.95
Liquidity				
Total loans/total assets	71.54	68.89	59.16	71.46

Table 3

California Housing Finance Agency Trend Analysis					
	2006	2007	2008	2009	2010
Total assets (\$)	9,450,332	9,707,695	10,873,653	10,770,826	11,274,454
% change	0.66	2.72	12.01	(0.95)	4.68
Total debt (\$)	7,444,363	7,579,228	8,617,578	8,243,620	8,999,672
% change	(0.75)	1.81	13.70	(4.34)	9.17
Total equity (\$)	1,265,938	1,398,848	1,450,277	1,757,234	1,558,485
% change	6.95	10.50	3.68	21.17	(11.31)
Revenues (\$)	553,333	621,134	584,814	639,087	511,127
% change	8.64	12.25	(5.85)	9.28	(20.02)
Net income (\$)	40,547	88,670	13,520	(157,102)	(207,432)
% change	98.01	118.68	(84.75)	(1262.00)	(32.04)
Total loans (\$)	6,270,742	7,508,832	8,434,114	8,320,566	7,144,468
% change	12.91	19.74	12.32	(1.35)	(14.13)
NPAs (\$)	78,971	114,780	296,602	768,384	699,786
% change	4.25	45.34	158.41	159.06	(8.93)
Loan loss reserves (\$)	67,201	75,465	80,948	112,491	117,186
% change	12.59	12.30	7.27	38.97	4.17

Related Criteria And Research

- USPF Criteria: Single-Family Whole Loan Programs, June 14, 2007
- USPF Criteria: Housing Finance Agencies, June 14, 2007
- USPF Criteria: Debt Derivative Profile Scores, March 27, 2006
- USPF Criteria: Affordable Multifamily Housing Pooled Financings, June 13, 2007
- USPF Criteria: New Discounts Reflect Changes To Mortgage Insurer Rating Assumptions In The Municipal Housing Sector (As Of Sept. 2 2010), Sept. 15, 2010
- USPF Criteria: Assumptions: Update to Cash Flow Analysis for Public Finance Housing Bonds, March 3, 2009
- USPF Criteria: Revised Methodology For Certain Federal Government-Enhanced Housing Transactions, May 12, 2010
- RMBS Criteria: U.S. Interest Rate Assumptions Revised For May 2011, April 15, 2011

Ratings Detail (As Of May 12, 2011)

California Hsg Fin Agy class III sin fam mtg bnds II [unenhanced]

<i>Long Term Rating</i>	A-/Negative	Downgraded
-------------------------	-------------	------------

California Hsg Fin Agy class III sin fam mtg bnds II [Nat'l Pub Fin Gty Corp]

<i>Unenhanced Rating</i>	A-(SPUR)/Negative	Downgraded
--------------------------	-------------------	------------

California Hsg Fin Agy hsg prog bnds [unenhanced]

<i>Long Term Rating</i>	A-/Negative	Downgraded
-------------------------	-------------	------------

California Hsg Fin Agy hsg prog bnds [var rate-GSE TCLP]

<i>Unenhanced Rating</i>	A-(SPUR)/Negative	Downgraded
<i>Long Term Rating</i>	AAA/A-1+	Affirmed, Removed from CreditWatch

California Hsg Fin Agy multifam hsg rev bnds III (AGM)

<i>Unenhanced Rating</i>	A-(SPUR)/Negative	Downgraded
--------------------------	-------------------	------------

California Hsg Fin Agy multifam hsg rev bnds III (AMBAC)

<i>Unenhanced Rating</i>	A-(SPUR)/Negative	Downgraded
--------------------------	-------------------	------------

California Hsg Fin Agy multifam hsg rev bnds III [unenhanced]

<i>Long Term Rating</i>	A-/Negative	Downgraded
-------------------------	-------------	------------

California Hsg Fin Agy multifam hsg rev bnds III [var rate-GSE TCLP]

<i>Unenhanced Rating</i>	A-(SPUR)/Negative	Downgraded
<i>Long Term Rating</i>	AAA/A-1+	Affirmed, Removed from CreditWatch

California Hsg Fin Agy multifam hsg rev bnds III [FGIC]

<i>Unenhanced Rating</i>	A-(SPUR)/Negative	Downgraded
--------------------------	-------------------	------------

California Hsg Fin Agy multifam hsg rev bnds III [Nat'l Pub Fin Gty Corp]

Ratings Detail (As of May 12, 2011) (cont.)

Unenhanced Rating

A-(SPUR)/Negative

Downgraded

Many issues are enhanced by bond insurance.

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.