

February 27, 2009

Summary:

Puerto Rico Housing Finance Corp.; Single Family Multiple MBS

Primary Credit Analyst:

Mikiyon Alexander, New York (1) 212-438-2083; mikiyon_alexander@standardandpoors.com

Secondary Credit Analyst:

Renee J Berson, New York (1) 212-438-7966; renee_berson@standardandpoors.com

Table Of Contents

Rationale

Summary:

Puerto Rico Housing Finance Corp.; Single Family Multiple MBS

Credit Profile

PUERTO RICO HSG FIN CORP MTG TRUST III COLLAT MTG OBLIG SER 90 A

Long Term Rating

A-/Watch Neg

Downgraded, On CreditWatch
Negative

Rationale

Standard & Poor's Ratings Services lowered its rating on Puerto Rico Housing Finance Corp.'s (Puerto Rico Mortgage Trust III collateralized obligation bonds series 1990A) to 'A-' from 'AA' and placed it on CreditWatch with negative implications. The rating was lowered and placed on CreditWatch with negative implications as a result of the project's guaranteed investment contract (GIC) with AIG Matched Funding Corp. The bonds continue to be secured by Fannie Mae and Ginnie Mae mortgage pass-through certificates. In Standard & Poor's opinion the rating continues to reflect:

- The sufficiency of revenues from mortgage debt service payments and investment,
- Earnings to pay full and timely debt service on the bonds until maturity,
- Investments held pursuant to a guaranteed investment contract with AIG Matched funding rated 'A-', and
- An asset-to-liability ratio of 113.56% as of Dec. 31, 2008.

The rating reflects our opinion of the strong credit quality of the assets and credit support underlying the issue. The assets consist of Fannie Mae and Ginnie Mae guaranteed mortgage pass-through certificates which are 'AAA' eligible under Standard & Poor's rating criteria. Funds are held pursuant to a guaranteed investment contract with AIG Matched funding rated 'A-'.

In the event that the security prepays, there are sufficient assets to cover the reinvestment risk based on the 30-day minimum notice period required for special redemptions.

Complete ratings information is available to RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Ratings in the left navigation bar, select Find a Rating.

Copyright © 2009, Standard & Poors, a division of The McGraw-Hill Companies, Inc. (S&P). S&P and/or its third party licensors have exclusive proprietary rights in the data or information provided herein. This data/information may only be used internally for business purposes and shall not be used for any unlawful or unauthorized purposes. Dissemination, distribution or reproduction of this data/information in any form is strictly prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P, its affiliates or its third party licensors, S&P, its affiliates and its third party licensors do not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P, its affiliates and its third party licensors be liable for any direct, indirect, special or consequential damages in connection with subscribers or others use of the data/information contained herein. Access to the data or information contained herein is subject to termination in the event any agreement with a third-party of information or software is terminated.

Analytic services provided by Standard & Poor's Ratings Services (Ratings Services) are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. The credit ratings and observations contained herein are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of the information contained herein should not rely on any credit rating or other opinion contained herein in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or third parties participating in marketing the securities. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact Client Services, 55 Water Street, New York, NY 10041; (1)212.438.9823 or by e-mail to: research_request@standardandpoors.com.