

**Summary:**

## Merrill Lynch Puttable FLOATs/RITES Trust Series PT-1000 Puerto Rico Municipal Finance Agency; Joint Criteria

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Credit Profile		
US\$5.375 mil put float opt tax-ex rcpts ser PT-3326 re PR Muni Fin Agy 2005 Ser C Rfdg Bnds		
<i>Long Term Rating</i>	AA/A-1	New
US\$.005 mil resid int tax-ex sec rcpts ser PT-3326 re PR Muni Fin Agy 2005 Ser A-B Rfdg Bnds		
<i>Long Term Rating</i>	AA	New

## Rationale

Standard & Poor's Ratings Services assigned its 'AA/A-1' rating to Merrill Lynch Puttable FLOATs/RITES Trust, series PT-3326, relating to Puerto Rico Municipal Finance Agency's 2005 series A-C refunding bonds. The 'AA' long-term rating is based jointly (assuming low correlation) on a custody receipt supported by the underlying bonds (BBB-) and credit enhancement in the form of a letter of credit (LOC) agreement provided by Dexia Credit Local (A).

The Dexia LOC functions as a standby facility and the custodian is instructed to notify Dexia if the underlying bonds fail to pay when due (or for any mandatory tender events under the custodial receipt documents). The custodian is further instructed to notify the guarantor should the swap counterparty fail to pay when due. The 'A-1' short-term rating on the floater certificates is based on a liquidity facility also provided by Dexia Credit Local, which is scheduled to expire Oct. 1, 2011.

The tender option termination events for the floater certificates take into account the joint support rating on the trust assets. The following events constitute tender option termination events:

- Act of bankruptcy by the principal credit source (Dexia Credit Local) and the underlying obligor,
- Failure to pay principal and interest on the custody receipts by both the principal credit source and the underlying obligor,
- Event of taxability with respect to the underlying bonds, or
- The rating on the P-Floats is lowered below 'BBB-'.

Standard & Poor's rating does not address the likelihood that certificate holders will receive full and timely payment of bond premiums or gain share payments, nor does it address the likelihood that such payments will be subject to the bankruptcy filing of the entity funding such payments.

## **Related Criteria And Research**

USPF Criteria: Secondary Market Derivative Products, June 27, 2007

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