

Deal Spotlight: Land-Secured Transactions

Lindsay Redevelopment Agency, California Project No. 1

\$7,880,000

UW: Wedbush Morgan Securities

Rating: AA (S&P)

Dated Date: 3/29/2007

Underlying Rating: BBB+ (S&P)

The Lindsay Redevelopment Agency (the “Issuer”) issued nearly \$8 million of tax allocation bonds to fund redevelopment projects that include streetscaping and the redevelopment of low and moderate income housing within a specific project area, Project No. 1 (the “Area”), which is located in the City of Lindsay (the “City”).

The City is located approximately 170 miles north of Los Angeles and 60 miles southeast of Fresno in Tulare County. The City’s economy is agriculturally-based, but there has been a diversification into manufacturing.

The Area was established in 1987 and consists of 1,456 acres, which encompass approximately 88% of the City’s assessed value (“AV”). The Area covers most of the downtown commercial core and contains a mix of commercial, industrial and residential usage, with residential usage accounting for the majority of the AV and project area size.

Total AV of the Area is \$256 million and incremental AV (“IAV”) is \$136 million. The top ten taxpayers within the Area account for 23.5% of AV and 38.5% of IAV. The largest taxpayer accounts for only 5.1% of AV and 8.3% of IAV. Over the past four years, taxable AV has increased by 38% and IAV has increased by 74%.

The bonds are secured by tax increment revenues, net of certain pass-through agreements, but inclusive of a 20% housing set-aside. The bonds are structured to provide 1.25x maximum annual debt service coverage. Tulare County participates in the Teeter Plan with the Issuer receiving 100% of its tax increment allocation.

Radian previously insured Series 2005 bonds for the Area, of which \$4.475mm remains outstanding. With a BBB+ underlying rating from S&P, the Issuer accessed the market at lower interest rates based on Radian’s AA rating. Below are sample maturities with their spread to the Municipal Market Data Line (MMDL) AAA GO Index.

Maturity	2014	2027	2031
Coupon	3.80%	5.00%	5.00%
Yield	3.90%	4.30%*	4.39%*
Spread to MMDL High Grade (bps)	+ 34	+ 38	+ 39

* Priced to the 10-year call.

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