

Deal Spotlight: Land-Secured Transactions

Murrieta Finance Authority, California Assessment Districts 95-1 & 98-1

\$8,500,000

Series

Ratings: AA (S&P)

UW: Stone & Youngberg LLC

FA: Urban Future, Inc.

Dated Date: 12/22/2005

The Murrieta Financing Authority planned to refinance all of the outstanding debt on behalf of Assessment Districts 95-1 and 98-1. Radian was asked to insure the 2005 Refunding Bonds, which were secured by fixed special assessments levied on homeowners in the Districts. The Districts, whose earlier bonds were issued non-rated, were almost fully built out. The challenge for Radian in insuring the transaction was the smaller size of the Districts and modest developer concentration. Radian was able to get comfortable with the credit due to the very strong value-to-lien ratios of 18:1 and 58:1, strong demographic trends and the highly residential nature of the districts, which were almost fully developed.

The City of Murrieta is located in the County of Riverside in Southern California, approximately 85 miles southeast of central Los Angeles and 40 miles northwest of Orange County. Murrieta has more than tripled in size since becoming a city in 1991. Currently home to 78,000 people, build-out is estimated to be at 110,000 and the trade area is estimated to reach more than 495,000. Assessment District 95-1 (Murrieta Oaks) comprised 54 acres, and individual homeowners accounted for 189 homes and the remaining 41 were under construction by Mura Homes. Assessment District 98-1 (Grizzly Ridge) encompassed 247 acres and was fully built out with 598 homes and a small church.

The Districts issued Local Obligation Bonds under the Marks Roos/JPA structure. They were able to access lower interest rates based on Radian's AA ratings and improve the economics of the refunding. Attached are sample maturities with their spread to the Municipal Market Data Line (MMDL) AAA GO Index.

Sale Date: 12/14/05

Maturity	2013	2014	2025	2030
Coupon	4.00%	4.13%	4.75%	4.85%
Yield	4.03%	4.20%	4.85%	4.95%
Spread to MMDL High Grade (bps)	+ 42	+ 41	+ 58	+ 53

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