

Article Title: Criteria | Governments | U.S. Public Finance: Advance Notice Of Proposed Criteria Change: U.S. Multifamily Housing Bonds Data: Standard & Poor's Ratings Services is undertaking a review of the assumptions and methodologies that it uses to assign ratings to U.S. public finance (USPF) transactions backed by unenhanced affordable housing projects, multifamily housing loan pools, privatized military housing projects, and federally subsidized housing projects (collectively referred to as "affordable multifamily housing programs"). We are undertaking this review in order to: Enhance the comparability of affordable multifamily housing program ratings relative to structured finance commercial mortgage-backed securities (CMBS); Incorporate assessments of both enterprise and financial risk into our methodology, consistent with other published municipal enterprise criteria; Establish a single, comprehensive framework for evaluating both stand-alone multifamily transactions and multifamily loan pools; and Provide greater transparency, predictability, and consistency in ratings for transactions that have relatively similar credit characteristics. The scope of our review will include our current framework for determining default probabilities, loss severity, and credit enhancement levels for affordable multifamily housing programs. Specifically, we will evaluate the feasibility of adopting the framework established for commercial mortgage-backed securities in Rating Methodology And Assumptions For U.S. And Canadian CMBS, published Sept. 5, 2012. We expect the evaluation of the underlying real estate collateral to remain one of the key analytical components of our criteria. This property-level analysis would likely be done in accordance with CMBS Global Property Evaluation Methodology, published Sept. 5, 2012, as well as the related commentary article, Application of CMBS Global Property Evaluation Methodology In U.S. And Canadian Transactions, published Sept. 5 2012. In addition, we intend to combine the CMBS real estate analysis described above with a municipal enterprise framework for assessing enterprise and financial risk. Our criteria would likely propose specific scoring factors, with quantitative and qualitative adjustments, that could be used to assess various components of enterprise and financial risk, such as industry and country risk, economic fundamentals, market dependencies, government support, ownership and management, financial strength, asset quality, operating performance, and other attributes. Following this advance notice, we expect to publish a request for comment outlining all of our proposed criteria changes. Subsequently, we will consider market feedback before publishing our final criteria. The nature of specific potential rating changes will depend on the final criteria we adopt and our analysis of structural features, available credit and liquidity reserves to offset losses, program performance and management, and the credit quality of the underlying project(s) and/or loan portfolio. RELATED CRITERIA AND RESEARCH Rating Methodology And Assumptions For U.S. And Canadian CMBS, Sept. 5, 2012 CMBS Global Property Evaluation Methodology, Sept. 5, 2012 Application Of CMBS Global Property Evaluation Methodology In U.S. And Canadian Transactions, Sept. 5, 2012 Affordable Multifamily Housing Pooled Financings, June 13, 2007 Federally Subsidized Housing Programs, June 18, 2007 Military Housing Privatizations, June 14, 2007 Unenhanced Affordable Housing Project Debt, June 22, 2007