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### Summary:

## Puerto Rico Housing Finance Corp.'s Series 1990A Bonds Rating Raised To 'AAA'; Escrow

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### Credit Profile

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

*Long Term Rating*

AAA/Negative

Upgraded

## Rationale

Standard & Poor's Ratings Services raised its long-term rating on Puerto Rico Housing Finance Corp.'s mortgage trust III collateralized mortgage obligations bonds series 1990A, class Z-2 to 'AAA' from 'A-', reflecting the defeasance of the bonds through the deposit of U.S. Treasury obligations in an escrow fund on July 8, 2011. A portion of the bonds were previously tendered for purchase by the issuer and cancelled on July 7, 2011. The remaining bonds were economically defeased concurrently with the funding of the escrow, which will pay scheduled principal and interest on the defeased bonds until maturity (Jan. 1, 2021). The escrow agent is Banco Popular de Puerto Rico.

Standard & Poor's reviewed a verification report prepared by a certified public accounting firm certifying that the cash and securities placed in the escrow will produce the amounts necessary to provide for the full and timely payment of debt service on the bonds, and that the computations are mathematically correct. Further, issuer's counsel has opined that the cash and securities deposited with the escrow agent will not be subject to bankruptcy preference.

## Outlook

The negative outlook reflects the negative outlook on the U.S. ('AAA/Negative/A-1+'; see "United States of America 'AAA/A-1+' Rating Affirmed; Outlook Revised to Negative," published April 18, 2011, on RatingsDirect on the Global Credit Portal for further details).

## Related Criteria And Research

USPF Criteria: Defeasance, June 26, 2007

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at [www.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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