



## **NOTICE OF FGIC/MBIA REINSURANCE TRANSACTION CLOSING**

December 3, 2008

Reference is made to that certain Reinsurance Agreement (the “Reinsurance Agreement”), effective as of September 30, 2008 (the “Effective Date”), by and between Financial Guaranty Insurance Company (“FGIC”) and MBIA Insurance Corporation (“MBIA”). The purpose of this notice is to advise you of the closing of the reinsurance transaction between FGIC and MBIA contemplated by the Reinsurance Agreement and to describe certain related changes to the procedure for making claims for payment, which should now be made directly to MBIA for ease of administration, with respect to any Covered Policy (as defined in the Reinsurance Agreement) under the Reinsurance Agreement (the “Policy”) and the associated rights and obligations of MBIA under the Reinsurance Agreement. A list of the Covered Policies is available at [www.mbia.com](http://www.mbia.com).

The Reinsurance Agreement gives MBIA the right to assign its rights, interests and/or obligations under the Reinsurance Agreement at any time without the consent of FGIC or the Payees (defined below) to MBIA Insurance Corp. of Illinois or Capital Markets Assurance Corporation, each of which is an affiliate of MBIA, provided that MBIA gives FGIC reasonable prior notice of the assignment and, at the time of such assignment, such entity (i) is a wholly owned direct or indirect subsidiary of MBIA Inc., (ii) is licensed as a financial guaranty company under Article 69 of the New York Insurance Law, (iii) is otherwise qualified to act as the reinsurer under the Reinsurance Agreement and (iv) after giving effect to such assignment, has financial strength ratings issued by Standard & Poor’s Ratings Services (“S&P”) and Moody’s Investors Service (“Moody’s”) no lower than those of MBIA at the time of such assignment. In the event of such an assignment, all obligations of MBIA under the Reinsurance Agreement, including MBIA’s obligation to make direct payment to the Payees in accordance with the procedures set forth below, shall be assumed by such affiliate of MBIA (the “Assignee”) and the obligations of MBIA to the Payees shall terminate upon such assignment. In the event of such an assignment, MBIA may, subject to FGIC’s consent, assign to the Assignee, MBIA’s obligations to provide administrative services with respect to the Policy, as described herein. In the event of an assignment of the Reinsurance Agreement or the administrative services, MBIA or its Assignee will provide written notice as to such assignment and if any of the procedures set forth below for the submission of Claims Notices (defined below) are changed. Upon the effectiveness of an assignment of the Reinsurance Agreement, all references below to MBIA should refer to the Assignee other than in the paragraph concerning the assumption of administrative services, in which references to MBIA should refer to the Assignee only if MBIA, subject to FGIC’s consent, has assigned the administrative services to the Assignee.

Pursuant to the Reinsurance Agreement, MBIA has agreed that, for so long as the Reinsurance Agreement remains in full force and effect, it will pay in accordance with the Policy, directly (subject to the procedures set forth below) to the applicable holder of the insured securities or obligations under the Policy (each, a “Bondholder”), to the trustee, paying agent or other third party fiduciary acting on behalf of such Bondholder, or to FGIC’s fiscal agent under the Policy or to any other person entitled to receive payment under the terms of the Policy (any such Bondholder or other person to whom payment is made in accordance with the terms of the Policy, a “Payee”), 100% of any claim due and payable by FGIC under the Policy, subject to the terms, conditions, exclusions and limitations of the Policy (such claim amounts, “Insured Amounts”) and in accordance with the procedures set forth below. You are hereby notified that pursuant to the Reinsurance Agreement, as a condition to such direct payment obligation by MBIA, the Payee is required to provide written notice (a “Claim Notice”) to MBIA of any Insured Amount for which MBIA may be liable by facsimile or registered or certified mail to the facsimile number or address set forth below:

MBIA Insurance Corporation  
113 King Street  
Armonk, NY 10504  
Attn: IPM Surveillance – Public Finance  
Facsimile: (914) 765-3555

Following receipt of a Claim Notice, MBIA shall, on the due date for the related Insured Amount or within one (1) business day after receipt of such Claim Notice, whichever is later, make a deposit of funds, in an account with the Payee entitled to receive funds under the Policy, sufficient for the payment of any Insured Amounts which are then due.

Please note that as of December 1, 2008, MBIA has assumed the responsibilities to provide administrative services with respect to the Policy.

Any payment made by MBIA in accordance with the procedures set forth above, will be treated as a payment by FGIC for all purposes of the Policy and related documentation and otherwise, and will discharge FGIC from its related payment obligations under the Policy. You are hereby advised that all notices, claims and suits or actions on the Policy should, for ease of administration, now be made directly to MBIA at the address set forth above as though it had originally issued the Policy. In the event of any payment by MBIA in accordance with the procedures set forth above and in accordance with the terms of the Reinsurance Agreement, MBIA has the right to mitigate loss or otherwise exercise any right of FGIC with respect to the loss or claim under the Policy. Pursuant to the Reinsurance Agreement, MBIA will be subrogated to all rights of FGIC under, arising out of, or relating to the Policy to the extent of any payment made by MBIA directly to the Payee in accordance with the procedures set forth above.

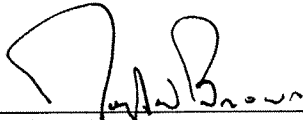
In addition, in connection with the Reinsurance Agreement, the Payee has been granted the right, as an express third-party beneficiary under the Reinsurance Agreement, to enforce against MBIA its obligations to make payment directly to the Payee in accordance with the procedures set forth above to the same extent as if the Payee were a party thereto. Such third-party beneficiary right applies solely to the payment obligations under the Policy and does not apply to any other provision of the Reinsurance Agreement.

The rights of the Payees under the Reinsurance Agreement to receive payment directly from MBIA can be amended without the consent of the Payees if S&P and Moody's have confirmed that such amendment will not result in a downgrade of the rating assigned to the underlying securities or obligations under the Policy. The Reinsurance Agreement is subject to cancellation by FGIC upon certain specified events, upon which the rights of the Payees to receive payments from MBIA will immediately and automatically cease without any further action on the part of FGIC or MBIA.

Any description of the Reinsurance Agreement herein shall remain subject in all respects to the terms of the Reinsurance Agreement, a copy of which is available at [www.mbia.com](http://www.mbia.com).

We look forward to working together in respect of the Policy. Questions concerning the aforementioned subject matter, including the Reinsurance Agreement, should be directed to MBIA or FGIC at [www.mbia.com](http://www.mbia.com) or [www.fgic.com](http://www.fgic.com) or, by telephone, to (914) 765-3190 or (212) 312-2776, respectively.

MBIA INSURANCE CORPORATION



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Joseph W. Brown  
Chairman and  
Chief Executive Officer

FINANCIAL GUARANTY  
INSURANCE COMPANY



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John S. Dubel  
Executive Vice President and  
Chief Risk Officer