

**STANDARD  
& POOR'S**

55 Water Street, 38th Floor  
New York, NY 10041-0003  
tel 212 438-2074  
reference no.: 40183676

March 13, 2007

Financial Guaranty Insurance Co.  
125 Park Avenue, 5th Floor  
New York, NY 10017  
Attention: Mr. Jeffrey Fried, Senior Managing Director

Re: *\$13,500,000 Banning Unified School District, California General Obligation Bonds, 2006 Election, Series A, (Riverside County, California), dated: March 15, 2007, Current Interest Serial Bonds due: August 1, 2008-2010, 2014-2021, Current Interest Term Bonds due: August 1, 2023, 2027 and 2031, (POLICY#07010084)*

Dear Mr. Fried:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have changed the rating to "AAA" from "A-". The rating reflects our assessment of the likelihood of repayment of principal and interest based on the bond insurance policy your company is providing. Therefore, rating adjustments may result from changes in the financial position of your company or from alterations in the documents governing the issue.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

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Standard & Poor's is pleased to be of service to you. For more information please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.

*Standard and Poor's / S&P*

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# Fitch Ratings

1201 East 7th Street  
Powell, WY 82435

T 307 754 2012 / 800 85 FITCH  
www.fitchratings.com

March 12, 2007

Ms. Karen Daly  
Financial Guaranty Insurance Company  
125 Park Avenue  
5th Floor  
New York, NY 10017

Re: Banning Unified School District (CA) / Policy # 07010084

Dear Ms. Daly:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed on the attached Notice of Rating Action.

Ratings assigned by Fitch are based on documents and information provided to us by issuers, obligors, and/or their experts and agents, and are subject to receipt of the final closing documents. Fitch does not audit or verify the truth or accuracy of such information.

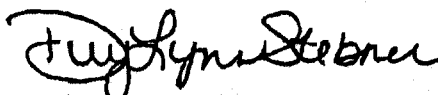
It is important that Fitch be provided with all information that may be material to its ratings so that they continue to accurately reflect the status of the rated issues. Ratings may be changed, withdrawn, suspended or placed on Rating Watch due to changes in, additions to or the inadequacy of information.

Ratings are not recommendations to buy, sell or hold securities. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., U.K., or any other relevant securities laws.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Sincerely,



Dey Lynn Stebner  
Insured Ratings Manager  
U.S. Public Finance

DLS/bs

Enc: Notice of Rating Action  
(Doc ID: 70026)

## Notice of Rating Action

<u>Bond Description</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Banning Unified School District (CA) (Election of 2006) GO bonds ser A (insured: Financial Guaranty Insurance Company)	Long Term	Upgrade	AAA	RO:Sta	12-Mar-2007	1

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

### Notes

- 1 The rating is based solely on credit enhancement provided by a bond insurance policy issued by Financial Guaranty Insurance Co., which has an Insurer Financial Strength rating of 'AAA'.