

**Ambac**

Ambac Guarantee Aids Success Of Groundbreaking Mexican Securitization

\$100,000,000

Hipotecaria Su Casita Construction Loan Trust Mexican Housing Loan Securitization

As an economic performer and capital markets credit, Mexico has continued to improve its position on the global stage. By 2002, the country achieved investment grade ratings from all of the major rating agencies, giving Mexican issuers a stronger platform for structuring financings and opening up new asset classes to a wider investor base. With extensive experience guaranteeing emerging markets financings through future flow transactions, Ambac Assurance was eager to help Mexico capitalize on its stronger position in the capital markets. After researching Mexican financing activity and needs, Ambac focused on the Mexican housing sector as an area that could benefit from our expertise and guarantee.

Mexico suffers from a severe housing deficit, driving strong demand and making housing an essential product in the Mexican economy. In addition, over the past ten years, Mexico has developed a robust mortgage market that meets local needs and enjoys broad political and legal support. Housing finance companies form an important part of the Mexican housing sector, providing loans to developers and to home buyers. One company, Hipotecaria Su Casita, sought to diversify its funding through a cross-border securitization of construction loans for affordable housing. Using its extensive experience in the housing and mortgage sectors (both in U.S. and non-U.S. markets), Ambac worked with Su Casita and its financial advisor, Credit Suisse First Boston ("CSFB"), to structure the transaction, which securitizes floating rate, peso-denominated loans using dollar-denominated variable funding notes in a seven-year revolving program. Cross-currency swaps, provided by CSFB, were included in the deal to absorb currency risks, including exchange rate, transfer and convertibility risks. Satisfied with the strength of the issuer, asset class and transaction structure, Ambac provided its triple-A-rated guarantee to the notes, as well as to the swaps and liquidity facility included as part of the structure.

In April 2005, Su Casita closed its \$100 million Variable Funding Note program. This first-of-its-kind financing opens the U.S. capital markets to Mexican securitizations, offering an important source of funding to Mexico's housing industry and other issuers of structured paper in Mexico.

► Financial Peace of Mind.®

This report has been prepared by Ambac Assurance Corporation ("Ambac Assurance"). It is distributed solely to assist issuers and their underwriters and financial advisors in gaining a better understanding of Ambac Assurance's experience as a financial guarantee insurance company. The report was written by personnel of Ambac Assurance based on information available and believed to be accurate and complete as of April 28, 2005, the date on which the obligations described above were issued (the "Issuance Date"), which information was obtained from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources and the occurrence of subsequent events, Ambac Assurance does not guarantee the accuracy or completeness of this report as of the Issuance Date or its continued accuracy as of any date subsequent thereto. This report is distributed for information purposes only and nothing contained herein should be viewed as investment advice or as constituting a recommendation to buy, hold or sell the obligations described herein. Ambac Assurance has insured the obligations described above and received fees for the issuance of a financial guarantee insurance policy covering such obligations. In addition, Ambac Assurance (or its affiliates) may from time to time provide investment or financial products or other services for, or solicit other business from, or invest in securities of, the issuer of the obligations described in this report. Credit Suisse First Boston was the financial advisor on this transaction.

© 2005 Ambac Assurance Corporation, One State Street Plaza, New York, New York 10004
All Rights Reserved | 800-221-1854 | www.ambac.com

ABK
Listed
NYSE

Diana N. Adams
Managing Director
212-208-3249
dadams@ambac.com

London
Milan
New York
Sydney
Tokyo