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NFMA RELEASES DRAFT INDUSTRY PRACTICES WHITE PAPER ON EVALUATING MUNICIPAL COLLATERAL PACKAGES

For Immediate Release

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The National Federation of Municipal Analysts (NFMA) announced today that it has released the draft *White Paper on Evaluating Municipal Collateral Packages* (White Paper). The paper is in the comment period until January 20, 2027.

The NFMA undertook this topic because the scope, quality, documentation and sufficiency of a municipal collateral package can have a significant impact on bondholder recovery prospects and the assessment of credit and repayment risk. The White Paper provides municipal analysts and other market participants with a framework for evaluating collateral packages using deal documentation. It describes five legal structures commonly used in municipal bond transactions and the risks associated with the documentation and implementation of those structures.

"The NFMA believed it was important to provide municipal analysts with practical guidance for evaluating the strength of collateral packages and identifying potential risks that may affect recovery in a default scenario," said Mary Francoeur, NFMA Industry & Media Liaison. "The White Paper is intended to help analysts better understand the legal structures underlying municipal collateral packages and the documentation and due diligence necessary to evaluate them."

"The NFMA hopes this White Paper will provide useful industry practices for analysts and other municipal market participants when evaluating collateral packages," said Ms. Francoeur. "Understanding how to analyze collateral is an important component of assessing credit risk, particularly in transactions where recovery prospects may depend heavily on the collateral package."

Comments on the White Paper will be taken through January 20, 2027, and can be submitted to Lisa Good, NFMA Executive Director at lgood@nfma.org. The NFMA has developed industry practices white papers and other guidance on a wide range of topics in the municipal bond market. To view the NFMA's industry practices and other publications, go to www.nfma.org and look under "Resources."

Established in 1983, the NFMA is an organization of nearly 1,200 members, primarily research analysts, who evaluate credit and other associated risks in the municipal market. These individuals represent, among others, asset managers, insurance companies, broker/dealers, bond insurers, rating agencies, financial advisory firms and other municipal market participants.