

**MUNICIPAL
FINANCE
AUTHORITY** of British Columbia

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To: **MFA Borrowers**

March 27, 2009

From: **MFABC**

Topic: **Actuarial Rates: Issues #70, #71, #72 & #73**

This notice is to inform all members involved in Issues 70, 71, 72 & 73 that, on the respective refinancing dates of these issues, the MFA will be adjusting the **actuarial rate to 4.50%**. This adjustment will be on a prospective basis and will affect all principal payments one year after the refinancing date.

Given prevailing low yields and current market conditions (10 year benchmark Canada bond yields at or below 3.00%) this reduction from the original rate of 5.00% is necessary to maintain budgeted projections. This adjustment will set the actuarial rate on these issues at a level more consistent with new MFA loan issues which are at 4.00%. Future actuarial adjustments may be required however we will endeavor to provide advance notice of any additional adjustments.

Depending on your term of borrowing, annual principal payments will increase approximately by the following factors over the originally stated principal requirements:

<u>Term</u>	<u>Approx. % Increase in Principal</u>
10	5.513%
12	6.279%
13	6.672%
15	7.477%
17	9.043%
20	9.611%
25	11.919%

- For Issues 70 & 72 this increase will be effective June 1, 2010
- For Issues 71 & 73 this increase will be effective December 1, 2010.

On the respective re-financing dates (Jun 1, 2009 – Issues 70 & 72, and Dec 1, 2009 – Issues 71 & 73) new amortization schedules will be distributed reflecting this change along with the new re-financed interest rate.

Yours truly,

Graham Egan
Director of Finance