

Underwriting Approach: General Obligation

Introduction	Radian reviews many factors during its evaluation of general obligation credits. No one factor is examined in isolation. Radian’s experience and expertise in this sector are rooted in its exposure to a wide variety of credits. Radian analyzes economic factors, financial performance debt position and management, among other factors when determining which credits to insure.
Target Market	Non-rated and rated transactions, including credits deemed to be below investment grade.
Transaction Size	Issue sizes range from \$1MM – \$150MM. The majority tend to be under \$10MM.
Key Credit Factors	<ul style="list-style-type: none">• Unlimited or limited ad valorem property tax providing annual DS coverage.• Assessed value of \$15–\$40 million; preference for residential value.• Diverse tax base; higher taxpayer concentration will be considered with applicable mitigation.• Stable demographics; analysis of population, employment and wealth indicators.• Political/public support, essential use of funds, viability and longevity of project.• Management’s ability to budget and manage operations effectively.• Adequate fund balances, reliable budgetary process and reporting.
Security Structure	Ordinance or resolution pledging general fund obligations, full faith and credit ad valorem tax backing, moral obligations, guarantees, reserve replenishments, etc.
Documentation Requirements	<ul style="list-style-type: none">• Resolution/Ordinance• Draft POS• Three years of audited financial statements and budgets• Debt service schedule• AV and taxpayer history
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