

Loop Capital Markets, LLC

Auction Rate Securities Practices & Procedures

Auction Rate Securities are securities whose interest or dividend rate is reset periodically through a bidding process (an “Auction”) conducted by broker-dealers. The results are submitted to a third party (the “Auction Agent”) for a determination of the applicable rate. The securities may be issued by municipalities or their authorities in the form of tax-exempt or taxable bonds or by corporations in the form of bonds or preferred stock. They usually have a long-term maturity (or, in the case of preferred securities, no maturity). The Auction is governed by a set of Auction Procedures established by the issuer and its Auction Agent and described in the offering documents. Issuers also select Broker-Dealers, such as Loop Capital Markets, LLC (“Loop”) to solicit orders to buy and sell Auction Rate Securities in an Auction.

The following are the material practices and procedures of LCM when we act as a broker-dealer for Auction Rate Securities. Loop is involved in municipal and taxable Auction Rate Securities programs. Typically, Loop is not the sole manager on any Auction Rate Securities. Accordingly, the particular practice or procedure described herein is what occurs in most processes; notwithstanding, the applicable practices and procedures of Loop are carried out in accordance with the Auction Procedures written in the Offering Statement for each security.

Loop Obligations to the Issuer and Investor

Loop traders and salespersons act in an ethical manner and provide a fair distribution for both the issuer and the investor in the auction rate market. Traders and salespersons do not disclose non-public information to auction rate participants. Loop’s traders and salespersons solicit bids without manipulation of clearing rates or other factors. Traders and salespersons do not favor certain investors over others or issuers over investors. Loop has established written auction rate security trading procedures along with complying with the individual procedures for each issue which are written in the Official Statement for each security.

Auction Procedures

During the Auction process, existing Holders may advise Loop of:

1. The amount of securities they wish to retain, regardless of the Clearing Rate (Hold Order)
2. The amount of securities they wish to retain, as long as the Clearing Rate is no lower than a specified rate (Hold at Rate)
3. The amount of securities they wish to sell, regardless of the Clearing Rate (Sell Order)

Prospective Holders may submit a Bid (Buy Order) for the amount of securities they wish to purchase as long as the amount of securities they wish to purchase as long as the Clearing Rate is no lower than a specified rate.

If an Existing Holder fails to place an order of any type in the Auction, most Auction Procedures provide that such Holder will be deemed to have submitted a Hold Order. After the Submission Deadline, the Auction Agent ranks the Orders by Rate, from lowest to highest. Hold Orders are allocated first. If there are any Sell Orders, the Auction Agent then accepts Bids with the lowest Rate first, and then successively higher Rates until all Sell Orders are filled. If there are multiple Bids at the final rate, the Auction Agent will allocate securities among the bidders of such Rate on a pro-rata basis. After the Auction is concluded, all Holders will receive the same Rate for the next period, which is sometimes referred to as the Clearing Rate.

Bidding by Loop for its Own Account

At Loop all orders are submitted separately to the Auction Agent. Loop does not sell orders against bid however, Loop may place a bid for its own account in an Auction, whether before or after it has seen the orders of others, as long as any bid it places is at an estimated market rate. It may, among other reasons, submit such a bid to avoid having a failed auction or to avoid having an auction clear at a rate Loop in good faith believes is above its estimated market rate.

If Loop Capital Markets, LLC holds any securities for its own account on an auction date, Loop Capital Markets, LLC will submit a sell order into the auction with respect to such securities, which would prevent that auction from being an all hold auction. Loop Capital Markets may, but is not obligated to, submit bids for its own account in that same auction, as set forth above.

Loop Capital Markets, LLC may, in its own discretion, decide to buy or sell the securities in the secondary market for its own account to or from investors at any time and at any price, including at prices equivalent to, below or above the par value of the securities. Loop Capital Markets, LLC is not, however, obligated to make a market in the securities and may discontinue trading in the securities without notice for any reason at any time. Existing Holders who resell between auctions may receive less than par value, depending on market conditions.

Auction Dealer Fees

Loop Capital Markets, LLC may share a portion of the auction dealer fees it receives from the issuer with other broker-dealers that submit orders through Loop that Loop successfully places in the auction. In general, auction dealers may share with Loop a portion of the fees they receive from an issuer when those dealers submit orders for Loop (on behalf of Loop Capital Markets, LLC or its customers) into auctions in which Loop does not serve as a dealer. Similarly, with respect to auctions for other auction rate securities for which Loop does not serve as a dealer, the other broker-dealers who serve

as dealers in those auctions may share auction dealer fees with Loop for orders that Loop submits through those broker-dealers that those broker-dealers successfully place in those auctions.

Price Talk

Loop, in its discretion, may provide oral or written price talk to Holders and prospective Holders prior to an auction. Every effort is made to make Price talk available to all in time to act upon it but it is not a guarantee. Price Talk is Loop's good faith judgment at any given time, of the range of likely Clearing Rates for an Auction, thus existing and potential Holders make their own decision as to the use of the information. Price talk can change if it becomes superseded by changes in issuer credit quality or macroeconomic factors that are likely to result in a change in interest rate levels such as an announcement by the Federal Reserve Board of a change in the Federal Funds rate or an announcement by the Bureau of Labor Statistics of unemployment numbers, provided that notice of the change in price talk will be given to all existing Holders and Prospective Holders who received the original price talk. Loop traders and salespersons may not provide price talk to other broker dealers in a multi-dealer program. Loop must act independently. This should not apply to a broker that is not a program broker-dealer who is acting for a holder or prospective holder.

Existing Holder

If an existing holder fails to place an order before submission deadline, Loop Auction Procedures provide that such Holder will be deemed to have elected to continue to hold its Auction Rate Securities at Market Rate regardless of the Clearing Rate, unless the Auction is one in which the frequency of the Auction is being changed, in which case such Holder will be deemed to have elected to sell its Auction Rate Securities regardless of the Clearing Rate.

Failed Auctions

If the Auction Agent receives more Sell Orders than Hold Orders and Buy Orders, the Auction is said to be a Failed Auction, and the Auction Procedures generally provide that the coupon is set at the Maximum Rate, typically a multiple of a reference rate, such as LIBOR, or a fixed percentage, such as 15%. The Maximum Rate is designed to compensate the Holder for the loss of liquidity resulting from a Failed Auction and to encourage participation by Bidders at specified rates during the Auction.

Potential Conflicts

Because Broker-Dealers, such as Loop are employed and paid a fee by the Issuer to solicit Bids for the Auction, there is a potential for a conflict of interest between the Issuer, the investor and the Broker-Dealer. Investors should be aware that the Broker-Dealer, including, Loop, may and frequently will, submit Bids for its own account at any time prior to the Submission Deadline. Further, the Broker-Dealer will have knowledge of other Bids before it places its own, except in the case of a multi Broker-Dealer Auction where the Broker-Dealer would not have knowledge of bids or orders placed with the other Broker-Dealers through the Auction Agent. The effects of such bidding may alter the results of the Auction, including influencing or setting the clearing rate, and may serve to prevent a Failed Auction, giving an appearance of liquidity that would not exist except for the Broker-Dealer's bids. The Broker-Dealer, in its discretion, may also prevent an Auction from clearing at a Rate that it believes is materially above an Estimated Market Rate. The effects of a Broker-Dealer bidding in this manner include, but are not limited to , the result that an investor might not receive securities that it would have otherwise been awarded, and a lower interest rate might prevail than otherwise would have occurred. In the case of an All Hold Auction, the Issuer would benefit from the below market rate. A Broker-Dealer is generally not allowed to, and Loop does not, pass along information of an impending All Hold outcome unless it is able to contact all bidders, which may not be possible.

Definitions

All Hold Rate: The Rate that will apply to a new Rate Period if all existing Holders determine to hold their Auction Rate Securities without specifying a minimum Rate or a Broker-Dealer for an issue with only one Broker-Dealer fails to submit Orders to the Auction Agent prior to the Submission Deadline.

Auction: A process in which Holders and Prospective Holders for an issue of Auction Rate Securities indicate their interest in continuing to hold or purchase such securities.

Auction Agent: An Agent of the issuer or the trustee for the ARS, usually a bank. The dealers submit all bids to the auction agent by the submission deadline. The Auction Agent ranks the orders by rate. Hold Orders are allocated first. If there are any sell orders, the auction agent then accepts bids with the lowest rate and then successively higher rates, until all sell orders are filled. If there are multiple bids at the final rate, the auction agent will allocate the securities among the bidders at such rate on a pro-rata basis. The Auction agent notifies the issuer's paying agent of the Clearing Rate, which will be effective the business day following the Auction.

Auction Period: The period for which the auction determines the interest rate on the securities that are the subject of the Auction.

Auction Procedures: The procedures governing the conduct of an Auction, usually set forth in the prospectus or offering statement or in supplemental disclosure documents.

Auction Rate Securities (ARS): Securities whose rate reset periodically. They usually have a long-term maturity (or in the case of preferred securities, no maturity). They may be issued by

municipalities or their authorities in the form of tax-exempt or taxable bonds or by corporations in the form of bonds or preferred stock.

Bid: A direction by a Holder or Prospective Holder specifying the principal amount of Auction Rate Securities which (i) a Holder commits to continue to hold for the next succeeding Rate Period if the Clearing Rate for such Rate Period is not less than the Rate per annum specified in such Bid or (ii) a Holder or Prospective Holder offers to purchase if the Clearing Rate for the next succeeding Rate Period is not less than the Rate per annum specified in such Bid. Note that in clause (i) above, if the Clearing Rate is less than the Rate specified by a Holder, such Holder is obligated to sell such Auction Rate Securities.

Bidder: Each Holder and Prospective Holder who places a Bid with Loop during an Auction.

Clearing Rate (Win Rate): In an auction, the Rate for the next Rate Period determined by the Auction agent to be the lowest rate at which there are purchasers willing to buy all Auction Rate Securities offered for sale. All accepted bids receive the same interest rate.

Cover Bid. A Bid placed by a Broker-Dealer for all or part of the Auction Rate Securities.

Failed Auction: An Auction at which the Auction Agent does not receive sufficient orders at or below the specified Maximum Rate to purchase all the securities being sold. In the case of a Failed Auction, the Rate is set at the Maximum Rate.

Interest or Dividend Rate: The rate is reset periodically to the rate produced in an auction that is governed by a set of auction procedures established by the issuer and its auction agent and described in the offering documents.

Internal Submission Deadline: The time by which all Orders must be submitted to the Broker-Dealer by salespersons and customers to allow sufficient time to process and transmit orders to the Auction Agent prior to the actual Submission Deadline.

Maximum Rate: The Rate applied by the Auction Procedures to a Failed Auction, which is often a multiple of a reference Rate, such as LIBOR or an index of Treasury securities, not to exceed a fixed cap. The multiple may depend on the credit rating of the issuer of the securities. The Maximum Rate may also be an absolute number such as 15%.

Minimum Rate: The minimum interest rate per annum on the securities, as provided in the offering document.

Order: (i) A Bid, (ii) a Hold Order, i.e. a direction by a Holder specifying the principal amount of Auction Rate Securities which it will continue to hold regardless of the Clearing Rate in the ensuing Auction or (iii) a Sell Order, i.e. a direction by a Holder specifying the principal amount of Auction Rate Securities which it will sell regardless of the Clearing Rate in the ensuing Auction.

Price Talk: A range of Rates that represents the good faith judgment of a Broker-Dealer, based on market and other information at a given time, of the range within which the Auction is likely to clear. Price Talk serves only as a guideline for investors as to where a Broker-Dealer believes that the Auction is likely, but not guaranteed, to clear. It may be based, among other things, on prevailing market conditions with respect to a security at the time of the determination, general

economic conditions and trends, the Clearing Rate in recent Auctions for those securities and comparable securities and the issuer's financial condition and prospects.

Seller: A party that places an order with Loop during an auction that is an offer to sell auction rate securities.

Submission Deadline: The time by which all Orders must be submitted to the Auction Agent by the Broker-Dealer.

Reference: The Bond Market Association Best Practices for Broker-Dealers of Auction Rate Securities Exposure Draft Dated May 31, 2006

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