

# **XL** CAPITAL ASSURANCE

## COMMITMENT TO ISSUE A FINANCIAL GUARANTY INSURANCE POLICY

XL Capital Assurance Inc.  
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Mr. Jesus Amezcua  
Laredo Independent School District  
1702 Houston Street  
Laredo, Texas 78040

Re: \$6,000,000 (est.) Laredo Independent School District, Texas Public Property Finance  
Contractual Obligations, Series 2006

Dear Mr. Amezcua:

This commitment to issue a financial guaranty insurance policy (the "Commitment") dated July 11, 2006, constitutes an agreement between Laredo Independent School District, Texas (the "Obligor") and XL Capital Assurance Inc. (the "Insurer"), a stock insurance company incorporated under the laws of the State of New York.

The Insurer agrees, upon satisfaction of the conditions herein, to issue on the closing date, a financial guaranty insurance policy (the "Policy") for the Obligations, insuring the payment of principal of and interest on the Obligations when due. The issuance of the Policy shall be subject to the following terms and conditions:

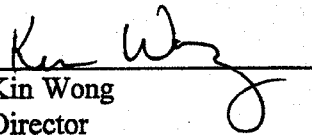
1. As compensation for issuing the Policy and guaranteeing certain payments with respect to the Obligations, the Insurer will be paid by the Obligor a nonrefundable, one-time upfront premium of 57.5 basis points of total debt service (the "Premium").
2. The Obligations shall have received the unqualified opinion of bond counsel with respect to the tax-exempt status of interest on the Obligations.
3. There shall have been no material adverse change in the Obligations, the Transaction Documents or other underlying transaction documents or in the offering memorandum or other similar document, including the financial statements included therein.
4. There shall have been no material adverse change in any information submitted to the Insurer in connection with its review and evaluation of the Obligations.
5. No event shall have occurred which would allow any underwriter or any other purchaser of the Obligations not to be required to purchase the Obligations at closing.
6. A Statement of Insurance in form and substance satisfactory to the Insurer shall be printed on the Obligations.
7. Prior to the delivery of payment for the Obligations, none of the information or documents submitted to the Insurer in connection with its review and evaluation of the Obligations shall be determined to contain any untrue or misleading statement of a material fact or fail to state a

material fact required to be stated therein or necessary in order to make the statements contained therein not misleading.

8. No material adverse change affecting any security for the Obligations shall have occurred prior to the delivery of and payment for the Obligations.
9. The underlying documentation relating to the issuance of the Policy, the Obligations and the repayment of amounts drawn under the Policy, including the underlying financial documents, any certificates, any legal opinions and any other documents, shall be complete and in form and substance acceptable to the Insurer.
10. No preliminary official statement may use XLCA's name or form disclosure without the prior consent of XLCA.
11. The Official Statement relating to the Obligations shall, to the extent it contains disclosure regarding the Insurer, incorporate the narrative attached to this Commitment, with any changes the Insurer determines should be made.
12. Compliance with the Insurer's Standard XLCA Provisions (see attached).
13. This Commitment may be signed in counterpart by the parties hereto.
14. This Commitment may be modified by the parties only in writing, signed by both parties.
15. This Commitment shall terminate on October 11, 2006.

Dated this 11th day of July of 2006.

XL Capital Assurance Inc.

By   
Kin Wong  
Director

Laredo Independent School District

By: \_\_\_\_\_  
Name:  
Title:  
Date

BOND INSURER'S CERTIFICATE

In connection with the issuance of \$6,000,000 Laredo Independent School District, Texas Public Property Finance Contractual Obligations, Series 2006 (the "Bonds"), **XL Capital Assurance Inc.** (the "Bond Insurer") is issuing a municipal bond insurance policy (the "Insurance Policy") guaranteeing the payment of principal and interest when due on the Bonds, all as more fully set forth in the Insurance Policy.

On behalf of Bond Insurer, the undersigned hereby certifies that:

- (i) the Insurance Policy is an unconditional and recourse obligation of the Bond Insurer (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled payments of principal of and interest on the Bonds in the event of a failure to do so by Laredo Independent School District, Texas (the "Issuer");
- (ii) the insurance premium in the amount of \$40,300.65 for the Bonds, was determined in arm's length negotiation in accordance with our standard procedures, is required to be paid as a condition to the issuance of the Insurance Policy and represents a reasonable charge for the transfer of credit risk;
- (iii) no portion of such premium represents payment for any direct or indirect services other than the transfer of credit risk, including costs of underwriting the Bonds or a cost, risk, or element that is not customarily borne by the Bond Insurer;
- (iv) we are not co-obligors on the Bonds and do not reasonably expect that we will be called upon to make any payment under the Insurance Policy;
- (v) the Issuer is not entitled to a refund of any portion of premium for the Insurance Policy in the event that the Bonds are retired prior to their stated maturities; and
- (vi) the Bond Insurer is not currently in default nor has the Bond Insurer ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation guaranteed by the insurer.

IN WITNESS WHEREOF, the Bond Insurer has caused this certificate to be executed in its name on the 10th day of August, 2006 by one of its officers duly authorized as of such date.

XL Capital Assurance Inc.

By: 

Name: William J. Rizzo

Title: Associate General Counsel