



Municipal Software

Municipal Solutions Completes Additional \$200,000 Financing

Victoria, British Columbia, September 22nd, 2005—Municipal Solutions Group Inc. ("Municipal" or the "Company") (TSX-V: MSZ), a provider of business process automation solutions for government, announced today the completion of an additional financing totaling \$200,000 (the "Financing") by Pender Growth Fund (VCC) Inc. ("Pender Growth Fund"). "We are very pleased to have the opportunity to support the ongoing growth of Municipal Solutions," said David Roberts, President of PenderFund Capital Management, the manager of Pender Growth Fund. "We have been involved with the Company since earlier this year and we continue to feel that there is significant opportunity to grow Municipal Solutions."

"This additional financing shows a continuation of support of the Company, underlining the progress that Municipal Solutions is making, and a backing of the approach being followed by the Company," added Iain McLean, Chief Executive Officer of Municipal.

Terms of the Financing

Under the Financing, the Company issued \$200,000 principal amount of 12% convertible secured debentures (the "Series D Debentures") and 357,142 common share purchase warrants (the "Series D Warrants").

All interest on the Series D Debentures is payable in common shares of the Company on the earlier of the maturity of the debentures or the date on which the holder thereof converts the Series D Debentures into Series E Debentures. The value of the common shares issued in payment of interest will be determined using the average closing price of the Company's shares on the 21 trading days prior to any such payment (the "Market Price").

The Series D Debentures mature on March 22, 2006.

Subject to adjustment, each Series D Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.56 at any time on or before September 22, 2007.

At any time prior to maturity, the holders of the Series D Debentures may convert all or any portion of such debentures into the same principal amount of 6% convertible secured debentures (the "Series E Debentures"). At any time prior to maturity, the holders of the Series E Debentures may convert all or any portion of such debentures into common shares of the Company at \$0.56 per share. All interest on the Series D Debentures is payable in common shares of the Company on the earlier of the maturity of the debentures or the date on which the holder thereof converts the Series E Debentures into common shares.

The Series E Debentures mature 12 months after their date of issue.

The Series D Debentures and Series E Debentures also entitle the holder to convert the outstanding principal into securities of the Company on the same terms offered in any future financing by the Company before their respective maturity dates, subject to an effective minimum conversion price per share of \$0.35.



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The securities issued to Pender in connection with the Financing are subject to a hold period which will expire on January 22, 2006 and accordingly such securities will become free-trading on January 23, 2006.

The Company intends to use the proceeds from the Financing for general working capital and execution of the 2005 business plan of the Company.

-30-

About Municipal Software Corporation

Municipal Software Corporation (TSX-V:MSZ) provides easily installed, packaged software solutions that manage the everyday business processes of local governments. The solutions are based on 23 years of experience with a product platform that easily adapts to the changing practices of clients. Branded under the CityView name the company provides a number of out-of-the-box solutions automating practices in Property Information, Permits and Inspections, Planning, Code Enforcement, Business Licensing and Cashiering. CityView Application Builder is a set of application development tools that allows the client to develop unique applications to match specific needs. Municipal Software offers a complete range of services from training and customer support of its suite of products to custom development for unique applications.

For further information about Municipal Software and CityView, please contact Iain McLean, CEO, at 1-800-665-5647 ext 243 or IMclean@MunicipalSoftware.com. To learn more, visit www.MunicipalSoftware.com.

About Pender Growth Fund (VCC) Inc.

Pender Growth Fund (VCC) Inc. is an established, diversified venture capital fund that invests in technology companies within the province of British Columbia with the objective of long-term capital appreciation. Pender Growth Fund is now the first fund of its kind in British Columbia to focus specifically on expansion and restructuring opportunities within the technology sector that offer investors the potential for liquidity through either existing public listings or near term liquidity events. Pender Growth Fund is an investment vehicle with significant tax incentives for retail investors to participate in the recovery and growth of the British Columbia technology sector. The Fund has approximately \$16 million of assets under management.