

Structured Finance Research

Spanish Mortgage Arrears Are Highest In The Coastal Regions

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RESEARCH

Spanish Mortgage Arrears Are Highest In The Coastal Regions

The recent general strike and other protests against the Spanish government's austerity measures are a reminder of the economic pressures households are under in a country where unemployment has doubled in recent years.

While some European economies appear to be powering out of recession, the Spanish recovery will likely continue to be slow, in Standard & Poor's Ratings Services' opinion. Fiscal consolidation measures, aimed at addressing the budget deficit, look set to keep corporate and consumer confidence depressed, unemployment has hit 20%, and both residential and commercial real estate values look likely to continue falling. Meanwhile, the Spanish banking system is going through a difficult restructuring, limiting the availability of credit.

The global economic downturn has hurt collateral performance in some European structured finance asset classes more than others, and Spanish residential mortgage-backed securities (RMBS) transactions have been among the worst hit.

In a study of granular data for 800,000 Spanish mortgage loans we found that arrears rates are strongly differentiated by region, with some south-eastern coastal regions and the islands exhibiting total arrears of more than 6%, compared with less than 4% in some northern regions. This regional pattern of arrears appears to be correlated to the relative impact of the construction sector on falling employment.

Looking forward, households may continue to face difficulties, according to our study, should house prices continue to fall as expected. Our analysis indicates, for example, that if house prices ultimately fall by 30% from their peak in 2007—with the decline so far at about 20%, according to some indices—the number of borrowers in negative equity would rise to 19.6% from our current estimate of 8.0%, weighted by loan balance.

Other findings of our study include the following:

- About 5.9% of loan balances in our sample were in arrears, with 3.8% more than 90 days in arrears.
- 2006 and 2007 vintage loans demonstrate total arrears of 7.5%-8.5%, compared with less than 2% for 2003 and earlier vintages.
- The pattern of arrears by vintage may reflect increasingly strained affordability of mortgage payments relative to incomes in the years leading up to 2007, as well as greater exposure to equity deterioration caused by subsequent house price declines.
- Overall, there is a positive correlation between arrears rates and current indexed loan-to-value (LTV) ratios.
- For example, 8.0% of loan balances in our sample are in negative equity (where the borrower's loan value exceeds the current property value), and these exhibit total arrears of 10.7%, compared with arrears of only 4.9% among loans where the borrower has positive equity.

Before Q3 2008 we had not lowered any Spanish RMBS ratings, but between then and end-July 2010 we downgraded about 25% of all tranches we rate in the sector. And of these we downgraded to 'D' about one in four—6% of all rated notes. Most of the defaulted tranches were originally rated 'CCC-' and were non-asset-backed notes, the proceeds of which initially funded the reserve funds. As the reserve funds have depleted, the ratings on these notes have moved to 'D'.

Loan Sample Concentrated In Four Regions And 2006/2007 Vintages

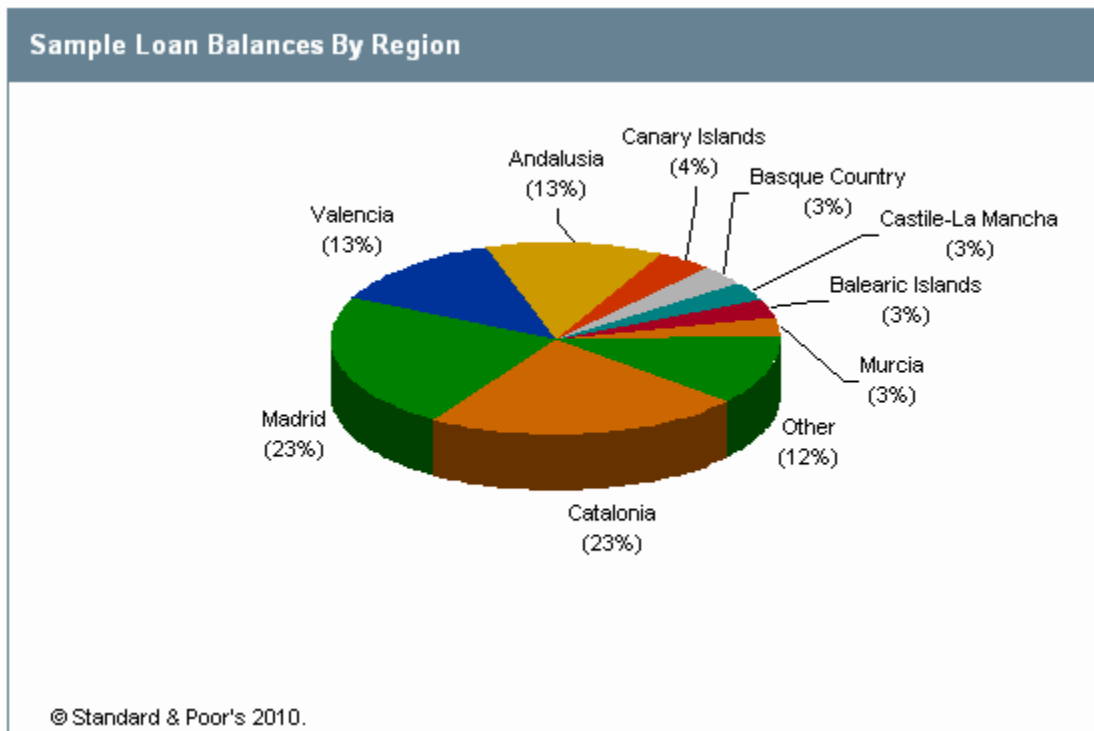
To help us form our rating opinions on Spanish RMBS, we generally receive loan level data from servicers or originators—updated on an ongoing basis—for most transactions that we have under surveillance. Various regulatory and central bank initiatives currently in the pipeline look set to make such data more widely available. It allows a more granular analysis of collateral performance than is possible from typical portfolio-level investor reports.

In our study we dissected a sample of Spanish mortgage loan pools, allowing us to segment credit performance by loan characteristics such as region, vintage, and LTV ratio. We analyzed data for about 800,000 loans, with a total outstanding balance of about €75 billion as of Q2 2010, from 90 Spanish RMBS transactions. The loans in our sample cover about 80% of the Spanish RMBS issuance that we have under surveillance, and correspond to about 11% of all Spanish residential mortgage balances outstanding. (For further details of the methodology and loan sample see the Appendix.)

Properties securing the mortgage loans in our sample are concentrated in four regions: Catalonia, Madrid, Valencia, and Andalusia together account for more than 70% of the sample loan balances (see chart 1).

This breakdown partly reflects the relative populations and values of housing stock in each region, as well as any regional focus among those lending institutions that have been more prolific users of securitization, and whose transactions we have rated.

Chart 1



However, it should be noted that some individual RMBS transactions are highly focused by region, most notably

those where the underlying loans were originated by one of the local savings banks or "cajas." For some of these originators, the closing pools backing transactions in our sample were, on average, more than 70% concentrated in their region of focus, e.g., transactions originated by Caja Madrid and Caixa d'Estalvis de Catalunya. Transactions in which national institutions—such as Banco Bilbao Vizcaya Argentaria S.A., Banco Santander S.A., Bankinter S.A., and Barclays Bank S.A.—originated the loans tended to be more diversified by region, with typical single region concentrations of only about 35% or lower.

Nearly 65% of the mortgage loans in our sample were originated from 2006 to 2008 (see chart 2). We believe this concentration of loan vintages reflects the boom in mortgage lending that took place in Spain until mid-2007, and the subsequent decline in both lending volumes (see chart 3) and securitization.

Chart 2

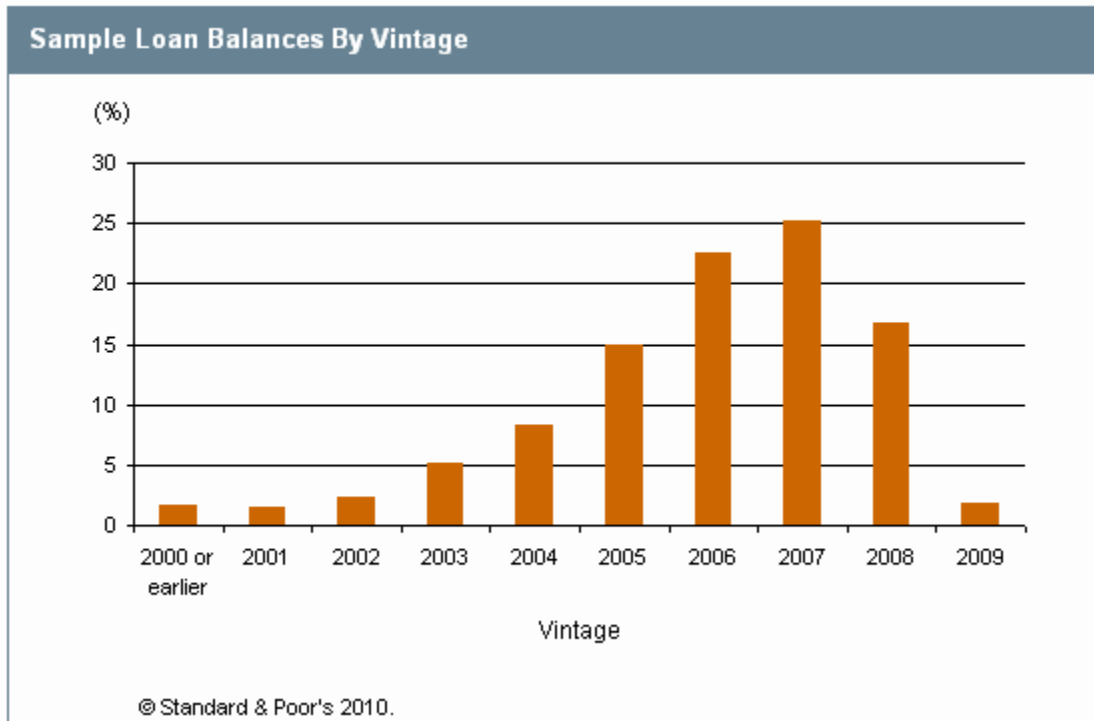
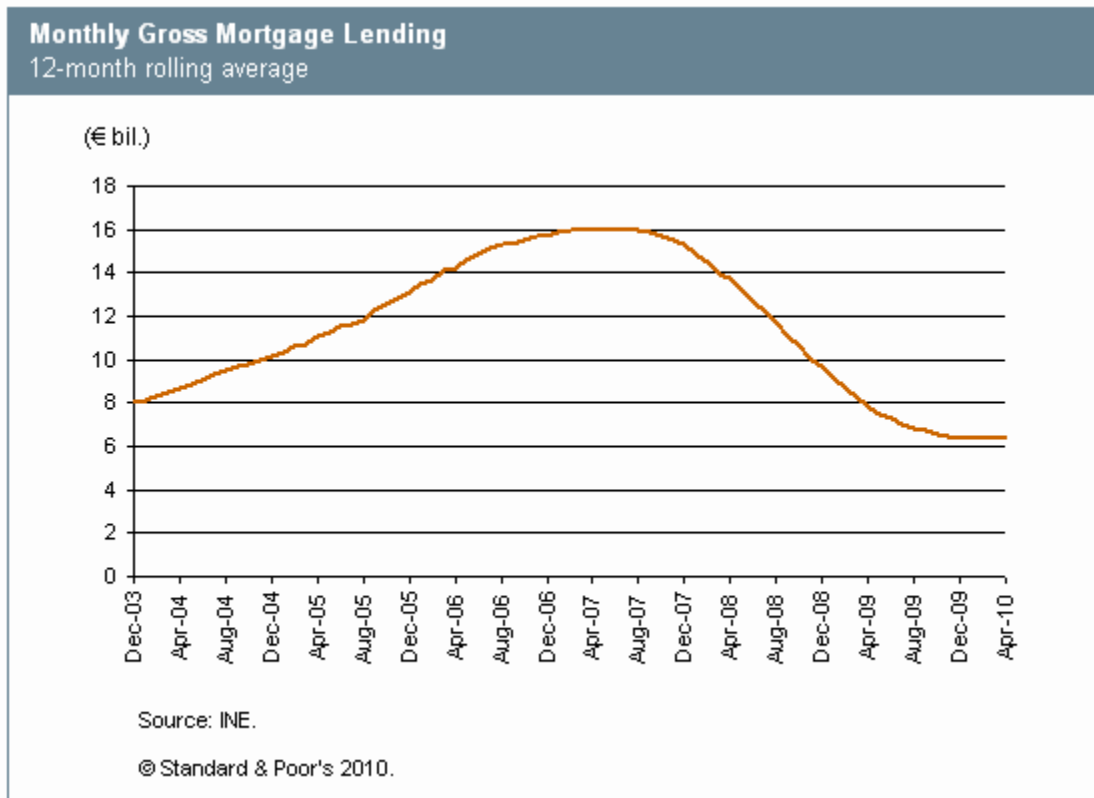


Chart 3

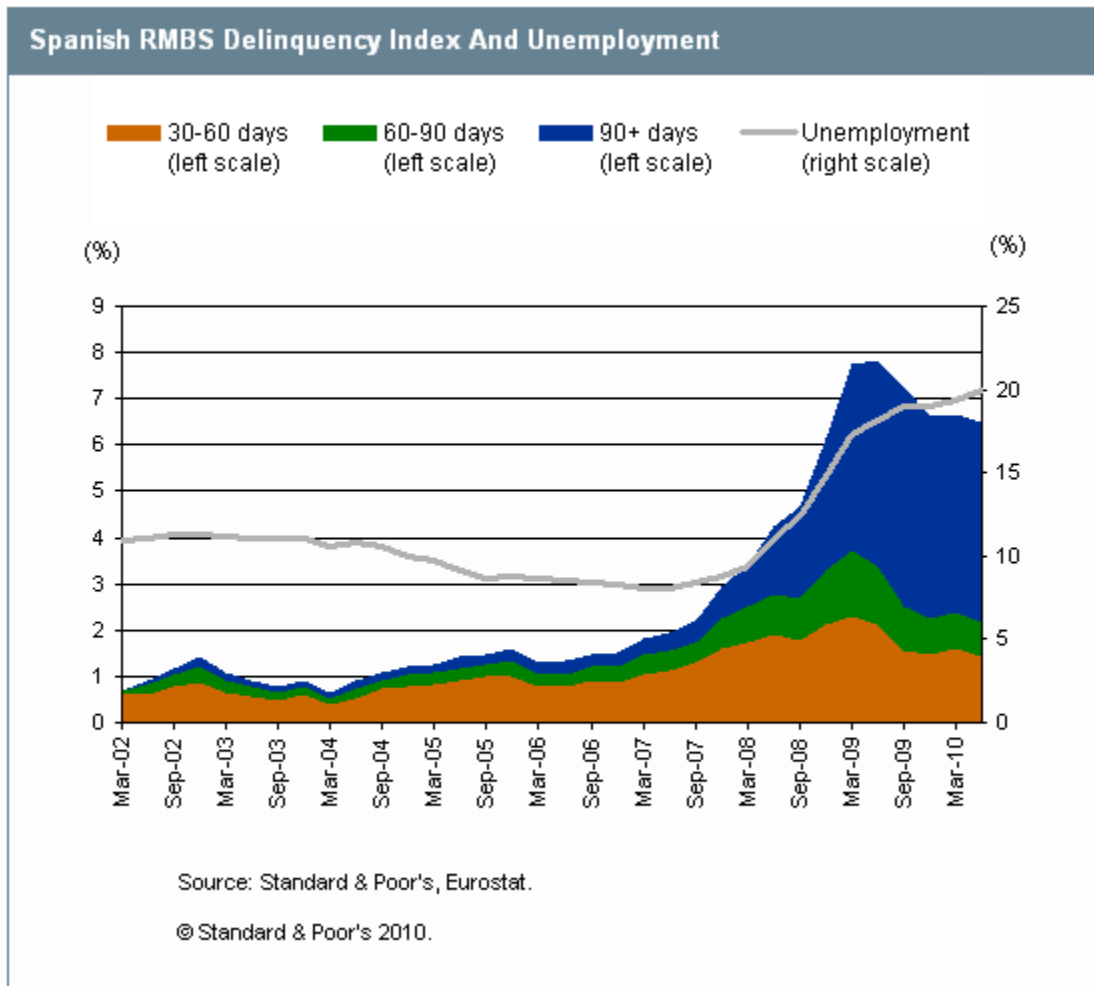


We next focus on two key performance and risk metrics: Arrears rate and LTV ratio. Arrears may be considered a pre-cursor to borrower default. This is especially the case in Spanish RMBS transactions, where, for the purposes of certain cash flow mechanics, transactions define a loan as in default once payment has not been made for a specified period, which can differ from transaction to transaction. In addition, the LTV ratio—as the proportion of debt to property value—is closely linked to the likely loss in the event of default. In our rating analysis we assume it is also linked to a borrower's propensity to default in the first place.

Arrears Growth Has Been Significant And Linked To Employment Trends

According to our Spanish RMBS index, mortgage arrears in Spain rose sharply between 2007 and 2009, as the global recession took hold, and over the same period, the unemployment rate doubled (see chart 4). Additionally, since the market's peak in 2007, average house prices have fallen by about 20% according to some indices.

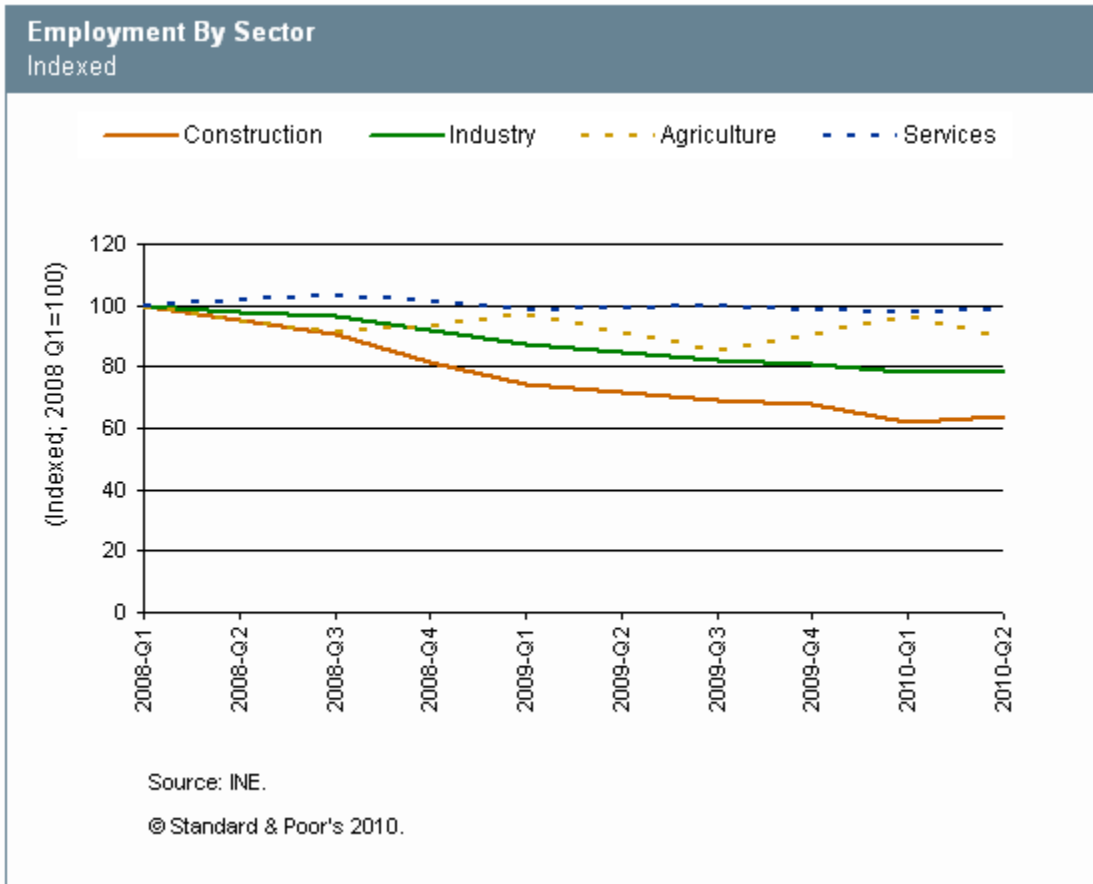
Chart 4



Spain's economic boom until 2008 was closely tied to a large real estate industry, which at its peak accounted for more than 13% of employment and 16% of GDP. We believe that high immigration, low interest rates, readily available credit, and significant property investment inflows from Northern Europe fuelled further growth in real estate values in a self-perpetuating cycle. But the fiesta was over when this cycle ground to a halt around mid-2008.

The ensuing economic downturn has had a particularly deep effect on unemployment. Reported Spanish GDP fell by 4.6% in real terms between Q1 2008 and Q4 2009—less than the 4.8% real decline in overall EU GDP over the same period. But Spanish employment fell by 8.7% compared with a decline of only 1.2% for the EU overall. The drop in Spanish employment has been focused in real-estate related industries such as construction (see chart 5).

Chart 5



Construction collapse hits coastal regions hardest

Employment instability has inevitably resulted in higher arrears among mortgage borrowers, and—in our loan sample at least—arrears rates are currently highest in the islands and south-eastern coastal regions (see map 1 and chart 6).

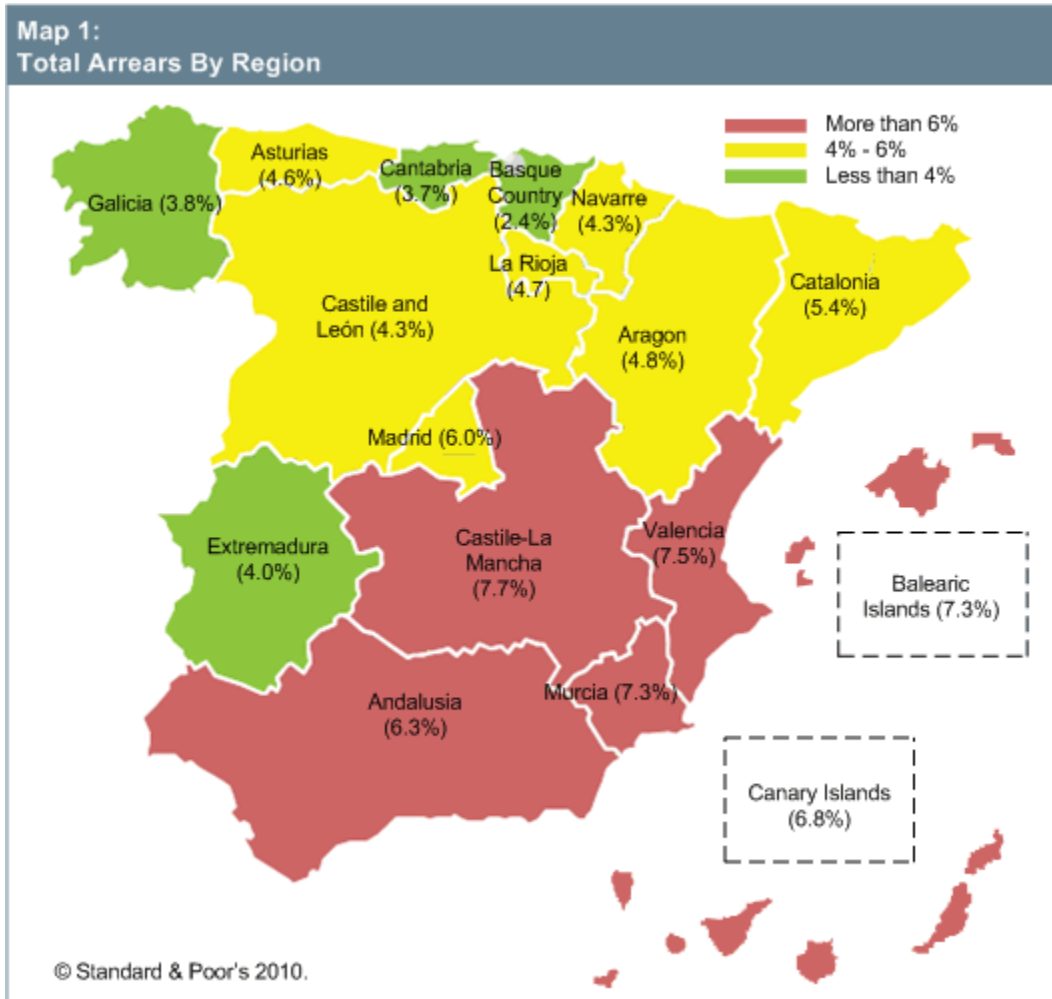
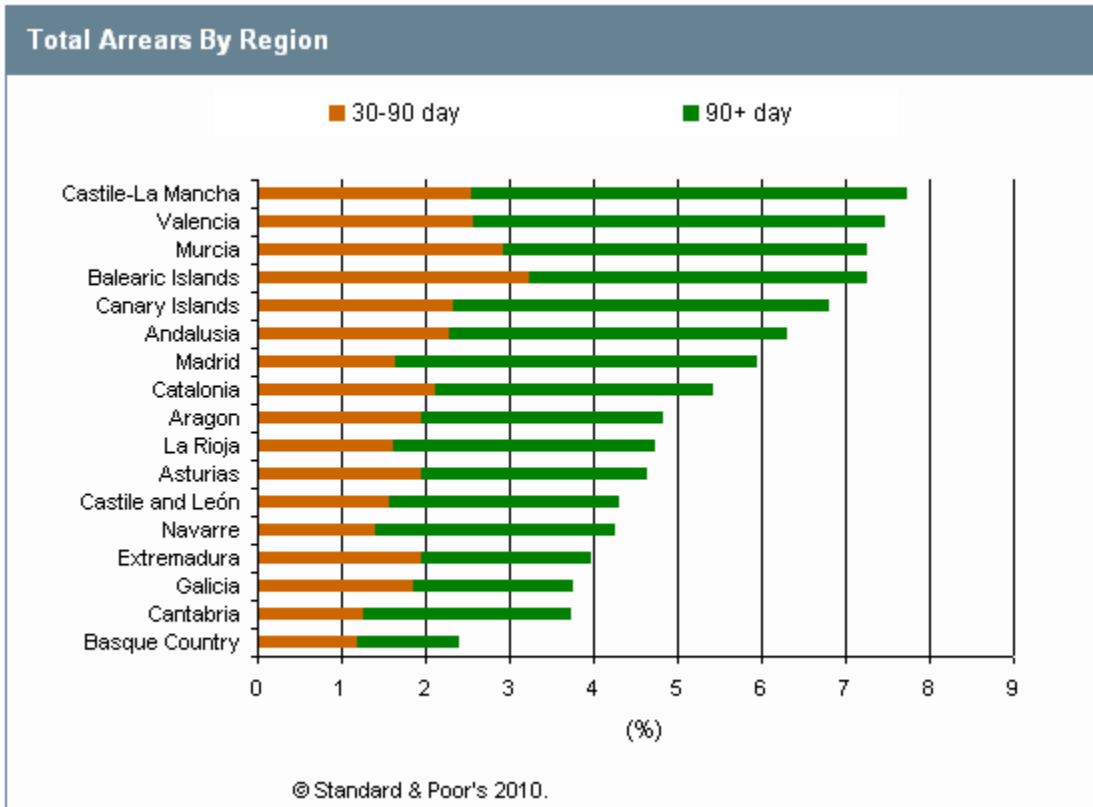
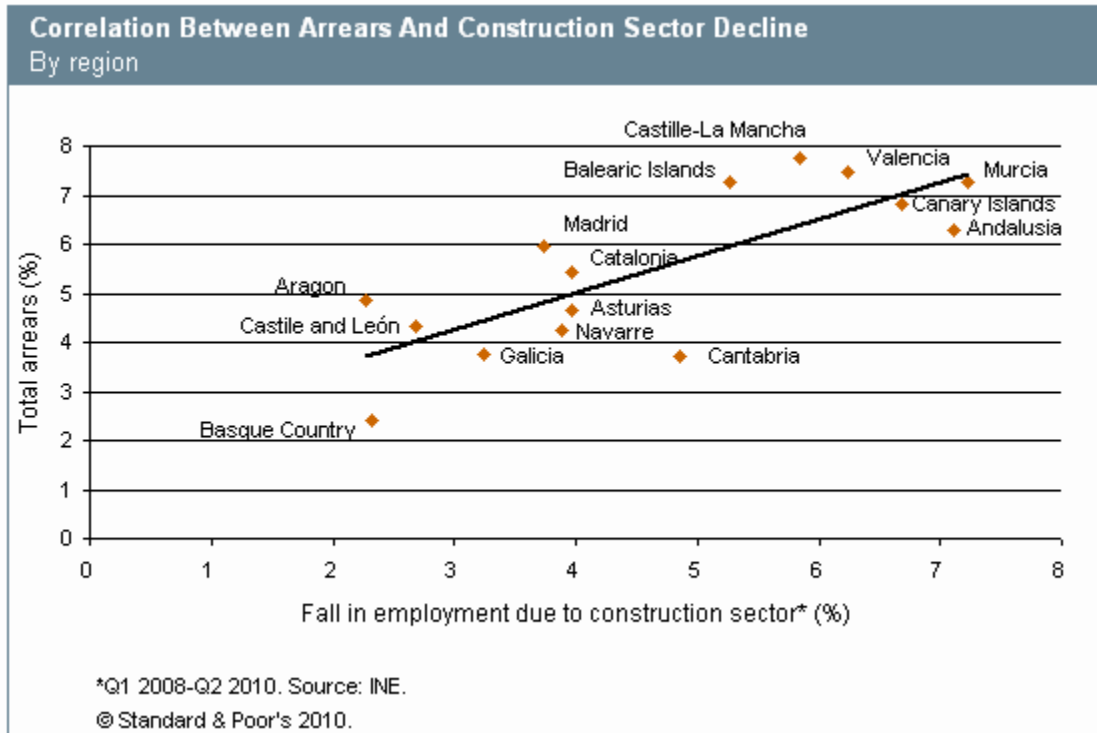


Chart 6



These regions were most closely tied to the prior real estate boom, and subsequently worst hit by the contraction (see chart 7).

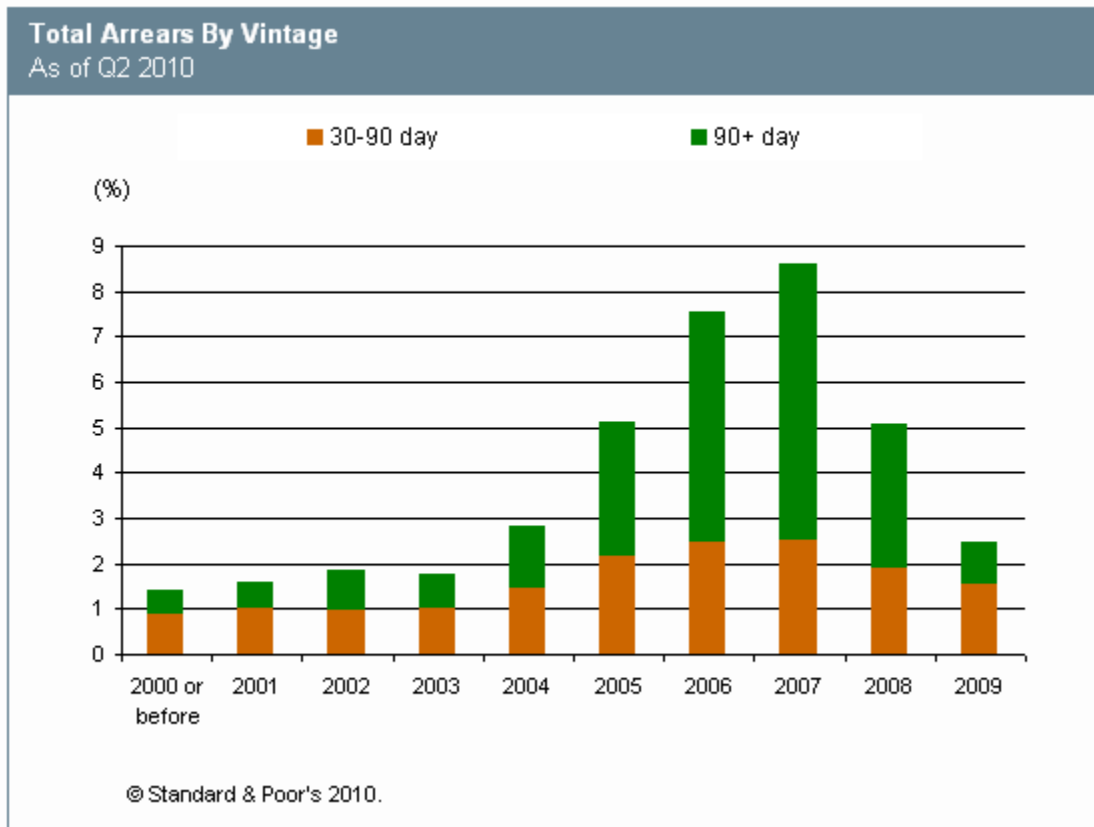
Chart 7



2007 vintage shows highest arrears

The volume of lending steadily increased over the years before 2008, but it is now the boom year loan vintages—2006 and 2007 in particular—that are also showing the highest arrears rates (see chart 8). For example, the 2006 and 2007 vintages exhibit 90+ day arrears of 5.0% and 6.1%, respectively, and together account for 48% of loan balances in our sample.

Chart 8



Higher arrears in certain loan vintages might be due in part to loosening lending standards leading up to 2007. Quantifiable metrics of lending risk include the loan's LTV ratio at origination, and the ratio of loan balance to borrower income.

In fact, the distribution of origination LTV ratios in our sample does not vary significantly by vintage, ostensibly ruling out a greater degree of high LTV lending as a possible reason for the higher incidence of arrears in the 2005-2008 vintages.

However, the average loan balances are significantly higher for later vintage loans. For example, the average loan balance for 2007 vintage loans in our sample is more than twice that of the 2003 vintage loans. Average earnings in Spain grew by around 15% between 2003 and 2007, which is lower than the average loan balance growth for that period and so it seems likely that average debt affordability at origination—in terms of loan-to-income ratio—may have been deteriorating. Anecdotal evidence suggests there may have been increasing instances of joint mortgage borrowing, with borrowers pooling separate incomes to overcome the increasing affordability hurdle of home ownership. Some of this household formation may have been predicated on borrowers' assumptions that they would always have the flexibility to sell or refinance if their situation changed, causing problems when this proved not to be the case.

The loan level data also shows us that the 2006 and 2007 vintages of loan originations were worst affected by the deterioration in residential property values, leading to the greatest impairment of borrowers' equity after origination, a risk factor to which we now turn.

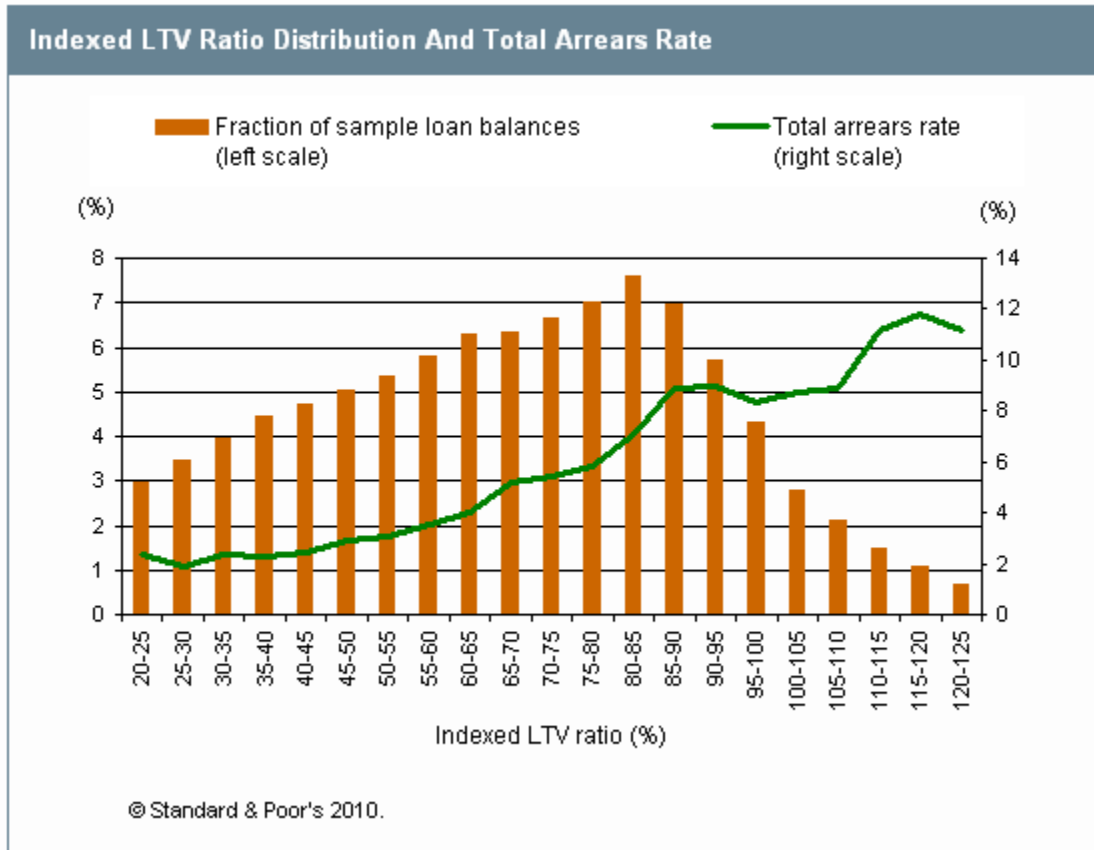
Estimate 8% Of Borrowers In Negative Equity

At origination, Spanish mortgage borrowers' equity positions have traditionally been relatively conservative, with average LTV ratios at origination of around 70% for the loans in our sample. One reason for this is that the regulatory treatment of loans with an LTV ratio of more than 80% has, in our view, acted as a disincentive for lending institutions to operate at this end of the risk spectrum.

However, largely due to house price declines since origination, current LTV ratios have risen in the past few years. In our loan sample we estimate that while the weighted-average current LTV ratio is about 65%, nearly a fifth of borrowers by loan balance have an LTV ratio of greater than 90%, and nearly one in 10 are in negative equity (see chart 9).

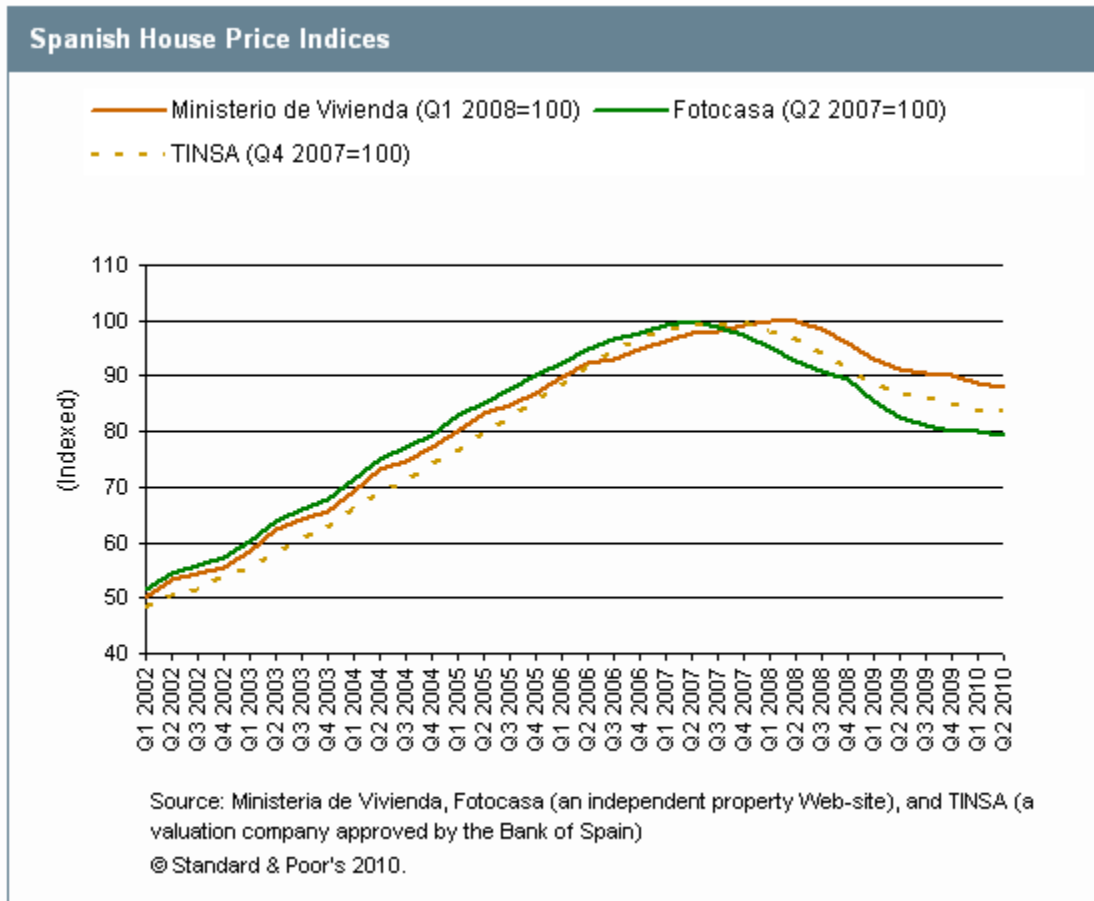
A high indexed LTV ratio—low or negative equity—is linked to greater likely loss severity in the case of default. However, it is, in our opinion, also likely linked to borrowers' willingness to make mortgage payments when other financial stress factors are present. Highly-leveraged borrowers are likely to have less financial flexibility if an adverse economic event affects them, such as loss of employment, and they are therefore more likely to fall behind on their mortgage payments, making higher LTV ratios an indicator of higher default risk too. In fact, the total arrears rate in our sample is indeed strongly positively correlated to the LTV ratio: Loans with higher LTV ratios report higher arrears rates (see chart 9).

Chart 9



We note that our LTV ratio estimates are based on region-specific indexation applied to the most recent reported property valuations using the Fotocasa index of asking prices on properties for sale. In our rating analysis for Spanish RMBS we use the official house price index published by the Ministerio de Vivienda, which recorded a decline of 12% from its peak in Q1 2008 to Q2 2010. However, other indices—including Fotocasa and TINSa—imply a more severe national decline of about 20% from the peak to mid-2010.

Chart 10



We believe that a combination of demographics and economic conditions fuelled the strong growth in Spanish property prices prior to 2007. The former included high immigration flows and a high rate of new households. In common with other western countries, interest rates were low and there was a boom in lending, in the Spanish market further supplemented by significant investment by foreigners, with vacation homes representing 25% of all units built up to 2007 and 40% of these sold to foreigners, according to an IMF study.

Spain also has a strong culture of home ownership, with an owner-occupation rate of well over 80% among the highest in Western Europe, in part due to tax incentives. By contrast, only 12% of the Spanish housing stock is rented—less than half the OECD average.

However, what differentiates Spain from some other European countries is not so much the sharp rate of property price appreciation during the boom, but rather the significance of real estate and construction for the economy as a whole. At the peak of the bubble, construction sector investment was equivalent to almost 16% of GDP, versus only

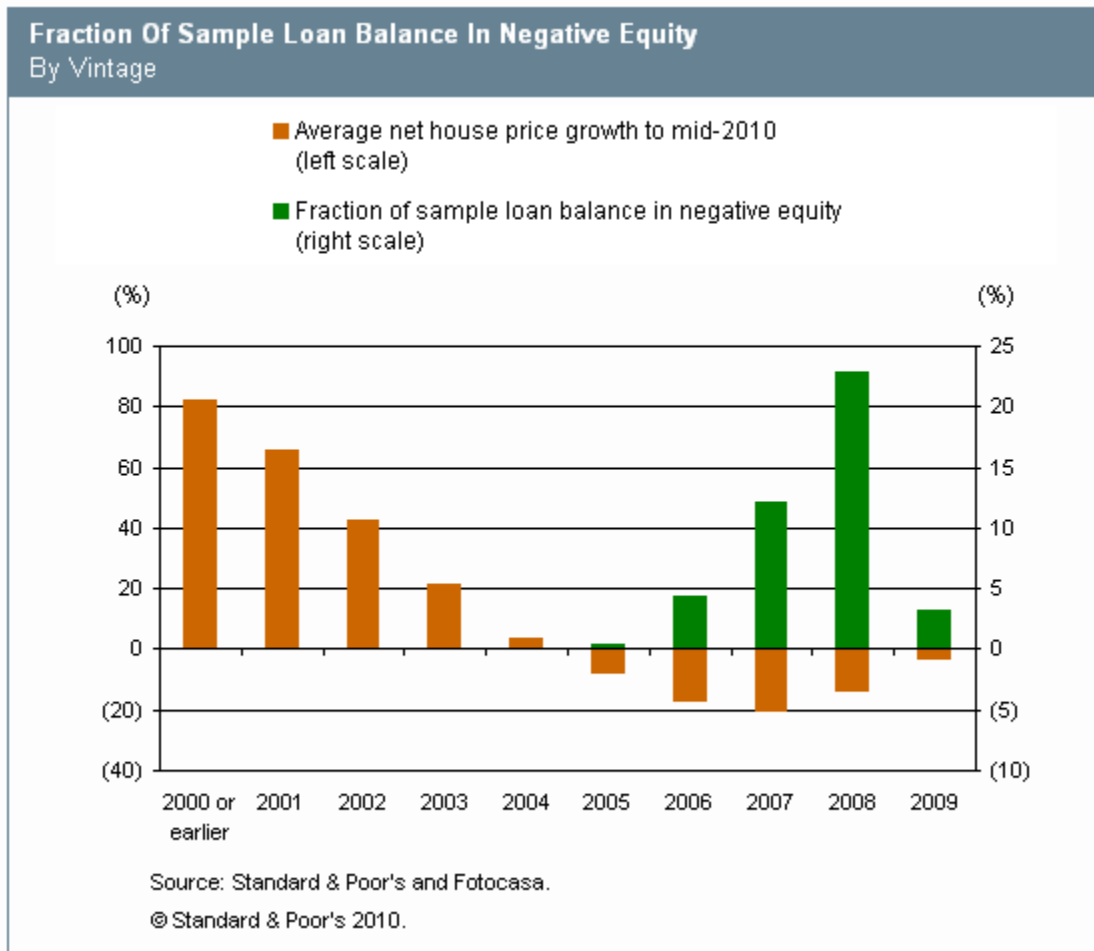
9% in each of France, Germany, the U.K., and Italy. In 2006, there were more housing units built in Spain than in these countries combined. As a result, the subsequent bursting of the property market bubble is likely, in our view, to have relatively severe and long-lasting consequences, and we do not expect Spanish house prices to stabilize until 2011.

Compared with our nationwide estimate of 8%, we calculate that more than 10% of the loan balances in our sample are in negative equity in Navarre, Valencia, Castile-La Mancha, and Murcia. Some of these are the same regions where arrears are running relatively high. However, the regional pattern for negative equity is somewhat different to the pattern for arrears, especially regarding the islands, where arrears are relatively high but the incidence of negative equity seems low according to our analysis (see map 2).



The incidence of negative equity according to our calculations is unsurprisingly highest in regions that have suffered the greatest house price declines. Unsurprisingly also, negative equity is by far more prevalent among recent vintage loans—2007 and 2008 vintages in particular—given that these did not benefit from much house price appreciation between origination and the beginning of the housing crash, and have therefore been exposed to the full brunt of the property downturn (see chart 11).

Chart 11



Incidence of negative equity would rise sharply if prices fell further

We expect any recovery in Spanish economic growth to lag behind other European countries, given the depth and structural nature of the difficulties Spain faces. Similarly, we expect Spanish house prices to continue lower even as other housing markets have stopped falling.

We therefore simulated the effect on borrowers' equity positions of two hypothetical house price scenarios, in which prices decline by 30% and 35% respectively from peak-to-trough. We assumed that these declines were not regionally uniform, but rather continued to reflect the regional differences observed in the pace of price falls up to June 2010. In these two scenarios, the incidence of negative equity rises to 19.6% and 28.2%, respectively, from an estimated 8% currently. In other words, further house price declines on this scale could further limit financial flexibility for a significant number of borrowers.

While the analysis presented in this report is based on only a sample of securitized Spanish mortgage loans, we believe it provides some useful insights into the underlying breakdown of risk factors related to the country's borrowers. Loan level data allows us to quantify the degree of divergence in performance between different groups of loans, such as those backed by properties in given regions or from given origination vintages.

Although arrears in Spanish RMBS transactions have generally been falling over the past months, the unemployment rate remains high. Interest rates are only likely to move higher in the medium term, in our view, and a large overhang of empty residential property supply looks set to keep house prices subdued for some time, meaning credit risks in RMBS pools remain.

Appendix: Methodology And Loan Sample

We analyzed loan level data on 90 Spanish RMBS transactions (see table 1) as of their most recent reporting dates. The overall sample included about 800,000 loans with an aggregate outstanding principal balance of about €75 billion.

We classified the severity of arrears cases by dividing the arrears balance by the current scheduled monthly mortgage payment, and multiplied by 30, to give a number of days in arrears. We note that Spanish RMBS investor reports may classify arrears cases differently, for example, by counting the number of days since the borrower first missed a payment.

The loan files we receive typically include a valuation for the property securing each mortgage loan, and this valuation will generally date from the time of the last advance on the loan. For certain analyses—e.g., calculation of borrowers' current equity positions—we therefore indexed these reported property valuations using a combination of national data from the Ministerio de Vivienda and regional data from Fotocasa.

For our two projections of borrowers' equity positions under further future house price declines, we analyze national peak-to-trough house price declines of 30% and 35%. In these scenarios, we assumed the same relationship between each region's ultimate peak-to-trough house price decline and the national equivalent as has been observed to date.

For example, according to the Fotocasa index, average house prices declined by about 21% from their peak to July 2010, but prices in the Cantabria region fell by only 10% over the same period. Therefore, in our scenario of a 30% peak-to-trough national decline, for example, we assumed house prices in Cantabria decline by only 14%.

Table 1

Transaction	Bloomberg ticker	Closing year	Portfolio balance (€ mil.)*	Regional concentration at closing			Name of top region	Originator(s)
				Top region (%)	Top 3 regions (%)			
AyT 11 Fondo de Titulizacion Hipotecaria	AYT 11	2002	117	47	84	Andalusia	CrediFIMO,Caja Vital Kutxa,Caja General de Ahorros de Granada, Caixa d'Estalvis de Tarragona	
AyT Caja Murcia Hipotecario I, Fondo de Titulizacion de Activos	AYTCH I	2005	168	69	100	Murcia	Caja de Ahorros de Murcia	
AyT Caja Murcia Hipotecario II, Fondo de Titulizacion de Activos	AYTCH II	2006	184	53	96	Murcia	Caja de Ahorros de Murcia	
AyT CajaGranada Hipotecario I Fondo de Titulizacion de Activos	GRANA 2007-1	2007	271	71	98	Andalusia	Caja de Ahorros de Granada	

Table 1

Sample Transactions (cont.)							
AyT Genova Hipotecario II Fondo de Titulizacion Hipotecaria	AYTGH II	2003	330	39	60	Madrid	Barclays Bank PLC
AyT Genova Hipotecario IV Fondo de Titulizacion Hipotecaria	AYTGH IV	2004	388	41	69	Madrid	Barclays Bank PLC
AyT Genova Hipotecario IX Fondo de Titulizacion Hipotecaria	AYTGH IX	2006	718	27	63	Madrid	Barclays Bank PLC
AyT Genova Hipotecario VIII Fondo de Titulizacion Hipotecaria	AYTGH VIII	2006	1,320	33	65	Madrid	Barclays Bank PLC
AyT Genova Hipotecario X Fondo de Titulizacion Hipotecaria	AYTGH X	2007	820	23	60	Madrid	Barclays Bank PLC
AyT Genova Hipotecario XI Fondo de Titulizacion Hipotecaria	AYTGH XI	2007	960	29	59	Madrid	Barclays Bank PLC
AyT Goya Hipotecario II Fondo de Titulizacion de Activos	GOYAH 2007-2	2008	1,035	34	62	Madrid	Barclays Bank PLC
AyT Hipotecario Mixto V, Fondo de Titulizacion de Activos	AYTH M5	2006	440	16	74	Barcelona	Caixa d'Estalvis Comarcal de Manlleu, Caja de Ahorros y Monte de Piedad de Navarra, Caja General de Ahorros de Granada
AyT ICO-FTVPO Caixa Galicia Fondo de Titulizacion de Activos	ICOCG 2009-1	2009	151	85	99	Galicia	Caja de Ahorros de Galicia
AyT ICO-FTVPO Caja Murcia Fondo De Titulizacion de Activos	ICOCM 2009-1	2009	132	58	100	Murcia	Caja de Ahorros de Murcia
AyT ICO-FTVPO III Fondo de Titulizacion de Activos	ICOFT 2009-3CAI	2009	124	98	99	Aragon	Caja de ahorros de La Rioja, Caja de Ahorros de la Inmaculada de Aragon
AyT Kutxa Hipotecario I, Fondo de Titulizacion de Activos	KUTXH 1	2006	519	50	93	Basque Country	Caja de Ahorros y Monte de Piedad de Gipuzkoa y San Sebastian (kutxa)
AyT Kutxa Hipotecario III, Fondo de Titulizacion de Activos	KUTXH 3	2008	463	31	73	Madrid	Caja de Ahorros y Monte de Piedad de Gipuzkoa y San Sebastian (kutxa)
AyT Kutxa Hipotecario IV Fondo de Titulizacion de Activos	KUTXH 4	2009	1,847	30	77	Basque Country	Caja de Ahorros y Monte de Piedad de Gipuzkoa y San Sebastian (kutxa)
AyT.8 Barclays Hipotecario I, Fondo de Titulizacion Hipotecaria	AYTBH I	2002	116	50	69	Madrid	Barclays Bank PLC
Bancaja 10, Fondo de Titulizacion de Activos	BCJAF 10	2007	1,909	38	67	Valencia	Caja de Ahorros de Valencia, Castellon y Alicante, Bancaja
Bancaja 11, Fondo de Titulizacion de Activos	BCJAF 11	2007	1,581	34	61	Valencia	Bancaja Fondo de Titulizacion Hipotecaria

Table 1

Sample Transactions (cont.)							
Bancaja 5 Fondo de Titulizacion de Activos	BCJAF 5	2003	271	55	81	Valencia	Caja de Ahorros de Valencia, Castellon y Alicante, Bancaja
Bancaja 6 Fondo de Titulizacion de Activos	BCJAF 6	2003	604	57	76	Valencia	Caja de Ahorros de Valencia, Castellon y Alicante, Bancaja
Bancaja 7 Fondo de Titulizacion de Activos	BCJAF 7	2004	720	48	71	Valencia	Caja de Ahorros de Valencia, Castellon y Alicante, Bancaja
Bankinter 10, Fondo de Titulizacion de Activos	BFTH 10	2005	935	35	61	Madrid	Bankinter SA
Bankinter 11 Fondo de Titulizacion Hipotecaria	BFTH 11	2005	554	35	62	Madrid	Bankinter SA
Bankinter 13, Fondo de Titulizacion de Activos	BFTH 13	2006	1,086	32	60	Madrid	Bankinter SA
Bankinter 15, Fondo de Titulizacion Hipotecaria	BFTH 15	2007	1,195	21	52	Madrid	Bankinter SA
Bankinter 17 Fondo de Titulizacion de Activos	BFTH 17	2008	850	19	52	Valencia	Bankinter SA
Bankinter 18, Fondo de Titulizacion de Activos	BFTH 18	2008	1,359	20	52	Catalonia	Bankinter SA
Bankinter 3 Fondo de Titulizacion Hipotecaria	BFTH 3	2001	338	28	46	Madrid	Bankinter SA
Bankinter 4 Fondo de Titulizacion Hipotecaria	BFTH 4	2002	343	35	60	Madrid	Bankinter SA
Bankinter 5 Fondo de Titulizacion Hipotecaria	BFTH 5	2002	232	32	55	Madrid	Bankinter SA
Bankinter 6 Fondo de Titulizacion de Activos	BFTH 6	2003	569	29	60	Madrid	Bankinter SA
BBVA Hipotecario 3, Fondo de Titulizacion de Activos	BBVAH 3	2005	402	26	64	Andalusia	Banco Bilbao Vizcaya Argentaria, SA
BBVA RMBS 2, Fondo de Titulizacion de Activos	BBVAR 2007-2	2007	3,680	21	52	Catalonia	Banco Bilbao Vizcaya Argentaria, SA
BBVA RMBS 4, Fondo de Titulizacion de Activos	BBVAR 2007-4	2007	3,648	21	55	Andalusia	Banco Bilbao Vizcaya Argentaria, SA
BBVA RMBS 5, Fondo de Titulizacion de Activos	BBVAR 2008-5	2008	4,177	22	55	Catalonia	Banco Bilbao Vizcaya Argentaria, SA
CAIXA PENEDES 1 TDA Fondo de Titulizacion de Activos	PENED 1	2006	664	98	99	Catalonia	Caixa d'Estalvis del Penedes
CAIXA PENEDES 2 TDA, Fondo de Titulizacion de Activos	PENED 2	2007	551	97	99	Catalonia	Caixa d'Estalvis del Penedes
Cassiopeia QEX B.V.	CASS 1	2008	430	23	57	Andalusia	Banesto Fondo de Titulizacion Hipotecaria/de Activos

Table 1

Sample Transactions (cont.)							
FonCaixa Hipotecario 10, Fondo de Titulizacion de Activos	FONCX 10	2007	1,056	52	77	Catalonia	Caja de Ahorros y Pensiones de Barcelona
FonCaixa Hipotecario 6, Fondo de Titulizacion Hipotecaria	FONCX 6	2002	246	35	77	Catalonia	Caja de Ahorros y Pensiones de Barcelona
FonCaixa Hipotecario 7, Fondo de Titulizacion Hipotecaria	FONCX 7	2003	603	29	75	Catalonia	Caja de Ahorros y Pensiones de Barcelona
FonCaixa Hipotecario 8, Fondo de Titulizacion Hipotecaria	FONCX 8	2005	562	34	73	Catalonia	Caja de Ahorros y Pensiones de Barcelona
FonCaixa Hipotecario 9, Fondo de Titulizacion de Activos	FONCX 9	2006	858	38	73	Catalonia	Caja de Ahorros y Pensiones de Barcelona
Fondo de Titulizacion de Activos UCI 11	UCI 11	2004	296	24	59	Andalusia	Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito
Fondo de Titulizacion de Activos UCI 14	UCI 14	2005	768	23	55	Andalusia	Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito
Fondo de Titulizacion de Activos UCI 15	UCI 15	2006	880	24	57	Andalusia	Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito
Fondo de Titulizacion de Activos UCI 16	UCI 16	2006	1,294	27	54	Andalusia	Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito
Fondo de Titulizacion de Activos UCI 17	UCI 17	2007	1,105	26	55	Andalusia	Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito
Fondo de Titulizacion de Activos UCI 18	UCI 18	2008	1,435	25	59	Andalusia	Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito
Fondo de Titulizacion de Activos UCI 19	UCI 19	2009	927	25	61	Andalusia	Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito
Fondo de Titulizacion de Activos, Hipotebansa X	HMSF X	2002	198	25	61	Catalonia	Banco Santander Central Hispano, SA
Fondo de Titulizacion Hipotecaria Banesto 4	BANES 4	2003	490	19	61	Madrid	Banco Espanol de Credito, SA
Fondo de Titulizacion Hipotecaria UCI 10	UCI 10	2004	210	26	64	Madrid	Union de Creditos Inmobiliarios, Establecimiento Financiero de Credito
Fondo de Titulizacion Hipotecaria UCI 12	UCI 12	2005	404	24	60	Andalusia	Union de Credit pour le Batiment, SA
Hipocat 10, Fondo de Titulizacion de Activos	HIPO HIPO-10	2006	837	70	85	Catalonia	Caixa d'Estalvis de Catalunya
Hipocat 11, Fondo de Titulizacion de Activos	HIPO HIPO-11	2007	868	70	89	Catalonia	Caixa d'Estalvis de Catalunya
Hipocat 15, Fondo de Titulizacion de Activos	HIPO HIPO-15	2008	985	68	88	Catalonia	Caixa d'Estalvis de Catalunya
Hipocat 7, Fondo de Titulizacion de Activos	HIPO HIPO-7	2004	550	81	96	Catalonia	Caixa d'Estalvis de Catalunya
Hipocat 8, Fondo de Titulizacion de Activos	HIPO HIPO-8	2005	712	81	93	Catalonia	Caixa d'Estalvis de Catalunya
Hipocat 9, Fondo de Titulizacion de Activos	HIPO HIPO-9	2005	536	68	90	Catalonia	Caixa d'Estalvis de Catalunya

Table 1

Sample Transactions (cont.)							
IM BANKOA MBS 1, FONDO DE TITULIZACION DE ACTIVOS	BKOAM 1	2009	483	86	94	Basque Country	Bankoa S.A.
IM GOYA HIPOTECARIO I, Fondo de Titulizacion de Activos	GOYAH 2007-1	2007	1,383	34	61	Madrid	Barclays Bank S.A. (a subsidiary of Barclays Bank PLC)
IM PASTOR 2, Fondo de Titulizacion Hipotecaria	IMPAS 2	2004	361	28	67	Madrid	Banco Pastor, SA
IM PASTOR 3, Fondo de Titulizacion Hipotecaria	IMPAS 3	2005	406	36	65	Catalonia	Banco Pastor, SA
IM PASTOR 4, Fondo de Titulizacion de Activos	IMPAS 4	2006	507	23	54	Catalonia	Banco Pastor, SA
IM Sabadell RMBS 2, Fondo de Titulizacion de Activos	SABA 2	2008	1,089	43	67	Catalonia	Banco de Sabadell S.A.
MADRID ICO-FTVPO I, Fondo de Titulizacion de Activos	MDRII 2008-1	2008	248	47	70	Madrid	Caja de Ahorros y Monte de Piedad de Madrid
MADRID RESIDENCIAL I, Fondo de Titulizacion de Activos	MDRIR 2008-1	2008	698	54	73	Madrid	Caja de Ahorros y Monte de Piedad de Madrid
MADRID RMBS I, Fondo de Titulizacion de Activos	CAJAM 2006-1	2006	1,286	70	84	Madrid	Caja Madrid
MADRID RMBS II, Fondo de Titulizacion de Activos	CAJAM 2006-2	2006	1,149	67	82	Madrid	Caja de Ahorros y Monte de Piedad de Madrid
MADRID RMBS III, Fondo de Titulizacion de Activos	CAJAM 2007-3	2007	2,109	56	81	Madrid	Caja de Ahorros y Monte de Piedad de Madrid
MADRID RMBS IV, Fondo de Titulizacion de Activos	CAJAM 2007-4	2007	1,713	58	79	Madrid	Caja de Ahorros y Monte de Piedad de Madrid
SOL-LION, Fondo de Titulizacion de Activos	SLION 2009-1	2009	4,107	34	72	Madrid	ING Direct N.V.
TDA 24, Fondo de Titulizacion de Activos	TDA 24	2005	273	51	84	Castilla-La Mancha	Caja de Ahorros de Castilla La Mancha (CCM), Banco de la Pequeña y Mediana Empresa, Union de Credito para la financiacion Mobiliaria e Inmobiliaria, Credifimo, EFC, SAU
TDA 27, Fondo de Titulizacion de Activos	TDA 27	2006	643	36	80	Andalusia	Caja General de Ahorros de Granada, Caixa d'Estalvis de Terrassa, Union de Credito para la financiacion Mobiliaria e Inmobiliaria, Credifimo, EFC, SAU, Caja Vital Kutxa
TDA 28, Fondo de Titulizacion de Activos	TDA 28	2007	376	21	94	Andalusia	Caixa d'Estalvis de Terrassa (Caixa Terrassa) and Unión de Crédito para la Financiación Mobiliaria e Inmobiliaria, Credifimo, E.F.C., S.A.U.

Table 1

Sample Transactions (cont.)							
TDA Cajamar 2, Fondo de Titulización de Activos	TDCAJ 2	2005	492	45	89	Andalusia	Caja Rural Intermediterranea, Sociedad Cooperativa de Credito
TDA CAM 10, Fondo de Titulización de Activos	TDAC 10	2007	966	40	72	Valencia	Caja de Ahorros del Mediterráneo
TDA CAM 7, Fondo de Titulización de Activos	TDAC 7	2006	1,162	42	73	Valencia	Caja de Ahorros del Mediterráneo
TDA CAM 8, Fondo de Titulización de Activos	TDAC 8	2007	1,176	48	81	Valencia	Caja de Ahorros del Mediterráneo
TDA CAM 9, Fondo de Titulización de Activos	TDAC 9	2007	1,070	45	71	Valencia	Caja de Ahorros del Mediterráneo
TDA CREDIFIMO 1, Fondo de Titulización de Activos	CRDFM 2008-1	2008	221	41	86	Madrid	CrediFIMO
TDA Ibercaja 1 Fondo de Titulización de Activos	TDAl 1	2003	233	35	72	Madrid	Caja de Ahorros y Monte de Piedad de Zaragoza, Aragon y Rioja (IBERCAJA)
TDA Ibercaja 3 Fondo de Titulización de Activos	TDAl 3	2006	630	18	66	Aragon	Caja de Ahorros y Monte de Piedad de Zaragoza, Aragon y Rioja (IBERCAJA)
TDA Ibercaja 4 Fondo de Titulización de Activos	TDAl 4	2006	922	32	68	Madrid	Caja de Ahorros y Monte de Piedad de Zaragoza, Aragon y Rioja (IBERCAJA)
TDA Ibercaja 5, Fondo de Titulización de Activos	TDAl 5	2007	880	31	72	Madrid	Caja de Ahorros y Monte de Piedad de Zaragoza, Aragon y Rioja (IBERCAJA)
TDA IBERCAJA ICO-FTVPO, Fondo de Titulización Hipotecaria	ICOIC 2009-1	2009	382	44	88	Madrid	Caja de Ahorros y Monte de Piedad de Zaragoza, Aragon y Rioja (IBERCAJA)

***As of Q1/Q2 2010; Source: Offering circulars.**

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