

Material Event
concerning

BBVA RMBS 3 Fondo de Titulización de Activos

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **BBVA RMBS 3 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Fitch Ratings** (“Fitch”) advised on October 18, 2010 that it has placed under watch negative the ratings of the Bond Series issued by **BBVA RMBS 3 Fondo de Titulización de Activos**:
 - **Series A1:** **AAAsf**, watch negative (previously **AAAsf**, negative outlook)
 - **Series A2:** **AAAsf**, watch negative (previously **AAAsf**, negative outlook)
 - **Series A3:** **AAAsf**, watch negative (previously **AAAsf**, negative outlook)
 - **Series B:** **BBB+sf**, watch negative (previously **BBB+sf**, negative outlook)
 - **Series C:** **Bsf**, watch negative (previously **Bsf**, negative outlook)

Enclosed herewith is the communication issued by Fitch.

Madrid, October 19, 2010.

Mario Masiá Vicente
General Manager

Fitch Places 45 Tranches of Spanish RMBS on Rating Watch Negative Ratings

18 Oct 2010 10:52 AM (EDT)

Link to Fitch Ratings' Report: [Fitch Places 45 Tranches of Spanish RMBS on Rating Watch Negative](#)

Fitch Ratings-London/Madrid-18 October 2010: Fitch Ratings has placed 45 tranches of 13 Spanish RMBS transactions on Rating Watch Negative (RWN) due to concerns over performance of the underlying assets in these deals. Specifically, Fitch is concerned with reserve fund depletions in combination with elevated arrears of high LTV loans. Fitch intends to resolve the RWN action by end of 2010.

A spreadsheet providing a full breakdown of the affected issues and tranches is available on the agency's website at www.fitchratings.com, or by clicking on the link above.

Out of the 13 transactions, seven have depleted their reserve funds and have seen a build-up of defaulted loans for which they have not yet provisioned. The provisioning mechanisms in transactions allow the use of excess spread towards the redemption of notes, and thereby reduce the cost of carry of defaulted loans. Transactions such as TDA 25, TDA 27, TDA 28 and Valencia Hipotecario 4, are no longer able to provision for future losses and are incurring a cost of carry on the value of defaulted loans that have not been written off. In coming months UCI 17, BBVA RMBS I and AyT Colaterales Global Hipotecario CCM 1 are expected to fully deplete their reserve funds and be unable to provision for all defaulted loans.

The transaction structures include interest deferring mechanisms for junior and mezzanine notes. Once defaults reach preset levels, these features provide additional support to senior noteholders by diverting interest payments from more junior noteholders. High levels of default and/or insufficient excess funds have caused four of these transactions to start deferring interest on mezzanine and junior tranches.

Fitch expects an increasing trend of interest deferral in the next several months. While UCI 16 was able to make full interest payments on the class D notes, Fitch expects both the class C and D notes will defer interest from December 2010. Similarly, Fitch expects the class C notes of Valencia Hipotecario 4 will defer on the interest payment date later this month. As loans in this transaction continue to default, Fitch believes that the deferral trigger on class B notes is likely to be breached in early 2011.

As 'CCC' ratings and below already demonstrate substantial credit risk with a real possibility of default, Fitch does not place such distressed rating categories on RWN. This is why the agency has not taken any rating actions on some note classes of the 13 deals. Class A and B tranches of AyT Colaterales Global Hipotecario Sa Nostra 1, which carry investment grade ratings were not placed on RWN, as the current level of credit support is deemed sufficient to maintain the current ratings.

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Additional information is available at www.fitchratings.com.

Applicable criteria, 'EMEA Residential Mortgage Loss Criteria', dated 23 February 2010, and 'EMEA Residential Mortgage Loss Criteria Addendum - Spain', dated 23 February 2010 are available at www.fitchratings.com.

Applicable Criteria and Related Research:

EMEA Residential Mortgage Loss Criteria
EMEA Residential Mortgage Loss Criteria Addendum - Spain
EMEA Structured Finance Snapshot: July 2010 (Multimedia)

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Fitch Places 45 Tranches of Spanish RMBS on Rating Watch Negative

| Deal Legal Name | Class | ISIN | Prior Rating | Prior Loss Severity/ Recovery Rating | Prior Rating Watch/Outlook | Rating Action | New Rating | Loss Severity/ Recovery Rating | Rating Watch / Outlook | Rating Action Effective Date |
|--|----------|--------------|--------------|--------------------------------------|----------------------------|-----------------|------------|--------------------------------|------------------------|------------------------------|
| AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario CCM 1 | Class A | ES0312273248 | AAAsf | LS1 | Rating Outlook Negative | Rating Watch On | AAAsf | LS1 | Rating Watch Negative | 18 oct 2010 |
| AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario CCM 1 | Class B | ES0312273255 | A-sf | LS3 | Rating Outlook Negative | Rating Watch On | A-sf | LS3 | Rating Watch Negative | 18 oct 2010 |
| AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario CCM 1 | Class C | ES0312273263 | BBsf | LS4 | Rating Outlook Negative | Rating Watch On | BBsf | LS4 | Rating Watch Negative | 18 oct 2010 |
| AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario CCM 1 | Class D | ES0312273271 | Bsf | LS5 | Rating Outlook Negative | Rating Watch On | Bsf | LS5 | Rating Watch Negative | 18 oct 2010 |
| AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario Sa Nostra I | Class C | ES0312273149 | BBB-sf | LS2 | Rating Outlook Negative | Rating Watch On | BBB-sf | LS2 | Rating Watch Negative | 18 oct 2010 |
| AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario Sa Nostra I | Class D | ES0312273156 | BB-sf | LS3 | Rating Outlook Negative | Rating Watch On | BB-sf | LS3 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 1, Fondo de Titulacion de Activos | Class A2 | ES0314147010 | AAAsf | LS1 | Rating Outlook Stable | Rating Watch On | AAAsf | LS1 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 1, Fondo de Titulacion de Activos | Class A3 | ES0314147028 | AAAsf | LS1 | Rating Outlook Stable | Rating Watch On | AAAsf | LS1 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 1, Fondo de Titulacion de Activos | Class B | ES0314147036 | Asf | LS2 | Rating Outlook Negative | Rating Watch On | Asf | LS2 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 1, Fondo de Titulacion de Activos | Class C | ES0314147044 | BBB-sf | LS2 | Rating Outlook Negative | Rating Watch On | BBB-sf | LS2 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 2, Fondo de Titulacion de Activos | Class A2 | ES0314148018 | AAAsf | LS1 | Rating Outlook Stable | Rating Watch On | AAAsf | LS1 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 2, Fondo de Titulacion de Activos | Class A3 | ES0314148026 | AAAsf | LS1 | Rating Outlook Stable | Rating Watch On | AAAsf | LS1 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 2, Fondo de Titulacion de Activos | Class A4 | ES0314148034 | AAAsf | LS1 | Rating Outlook Stable | Rating Watch On | AAAsf | LS1 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 2, Fondo de Titulacion de Activos | Class B | ES0314148042 | A+sf | LS2 | Rating Outlook Negative | Rating Watch On | A+sf | LS2 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 2, Fondo de Titulacion de Activos | Class C | ES0314148059 | BBB-sf | LS2 | Rating Outlook Negative | Rating Watch On | BBB-sf | LS2 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 3, Fondo de Titulacion de Activos | A1 | ES0314149008 | AAAsf | LS1 | Rating Outlook Negative | Rating Watch On | AAAsf | LS1 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 3, Fondo de Titulacion de Activos | A2 | ES0314149016 | AAAsf | LS1 | Rating Outlook Negative | Rating Watch On | AAAsf | LS1 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 3, Fondo de Titulacion de Activos | A3 | ES0314149024 | AAAsf | LS1 | Rating Outlook Negative | Rating Watch On | AAAsf | LS1 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 3, Fondo de Titulacion de Activos | B | ES0314149032 | BBB-sf | LS2 | Rating Outlook Negative | Rating Watch On | BBB-sf | LS2 | Rating Watch Negative | 18 oct 2010 |
| BBVA RMBS 3, Fondo de Titulacion de Activos | C | ES0314149040 | Bsf | LS3 | Rating Outlook Negative | Rating Watch On | Bsf | LS3 | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 14 | Class A | ES0338341003 | AAAsf | | Rating Outlook Negative | Rating Watch On | AAAsf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 14 | Class B | ES0338341011 | BBBsf | | Rating Outlook Negative | Rating Watch On | BBBsf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 14 | Class C | ES0338341029 | BB-sf | | Rating Outlook Negative | Rating Watch On | BB-sf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 15 | Series A | ES0380957003 | AAAsf | | Rating Outlook Negative | Rating Watch On | AAAsf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 15 | Series B | ES0380957011 | BBBsf | | Rating Outlook Negative | Rating Watch On | BBBsf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 15 | Series C | ES0380957029 | BB-sf | | Rating Outlook Negative | Rating Watch On | BB-sf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 16 | A2 | ES0338186010 | AA-sf | | Rating Outlook Negative | Rating Watch On | AA-sf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 16 | B | ES0338186028 | BB+sf | | Rating Outlook Negative | Rating Watch On | BB+sf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 16 | C | ES0338186036 | Bsf | | Rating Outlook Negative | Rating Watch On | Bsf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 17 | Class A2 | ES0337985016 | AA-sf | | Rating Outlook Negative | Rating Watch On | AA-sf | | Rating Watch Negative | 18 oct 2010 |
| Fondo de Titulacion de Activos, UCI 17 | Class B | ES0337985024 | BBsf | | Rating Outlook Negative | Rating Watch On | BBsf | | Rating Watch Negative | 18 oct 2010 |
| TDA 25, Fondo Titulacion de Activos | Class A | ES0377929007 | AAAsf | | Rating Outlook Negative | Rating Watch On | AAAsf | | Rating Watch Negative | 18 oct 2010 |
| TDA 25, Fondo Titulacion de Activos | Class B | ES0377929015 | BBsf | | Rating Outlook Negative | Rating Watch On | BBsf | | Rating Watch Negative | 18 oct 2010 |
| TDA 28, Fondo de Titulacion de Activos | Class A | ES0377930005 | AA+sf | | Rating Outlook Negative | Rating Watch On | AA+sf | | Rating Watch Negative | 18 oct 2010 |
| TDA 28, Fondo de Titulacion de Activos | Class B | ES0377930013 | AA-sf | | Rating Outlook Negative | Rating Watch On | AA-sf | | Rating Watch Negative | 18 oct 2010 |
| TDA 28, Fondo de Titulacion de Activos | Class C | ES0377930021 | BBBsf | | Rating Outlook Negative | Rating Watch On | BBBsf | | Rating Watch Negative | 18 oct 2010 |
| TDA 28, Fondo de Titulacion de Activos | Class D | ES0377930039 | BBsf | | Rating Outlook Negative | Rating Watch On | BBsf | | Rating Watch Negative | 18 oct 2010 |
| TDA 27, Fondo de Titulacion de Activos | Class A2 | ES0377954013 | AAAsf | | Rating Outlook Negative | Rating Watch On | AAAsf | | Rating Watch Negative | 18 oct 2010 |
| TDA 27, Fondo de Titulacion de Activos | Class A3 | ES0377954021 | AAAsf | | Rating Outlook Negative | Rating Watch On | AAAsf | | Rating Watch Negative | 18 oct 2010 |
| TDA 27, Fondo de Titulacion de Activos | Class B | ES0377954039 | AA-sf | | Rating Outlook Negative | Rating Watch On | AA-sf | | Rating Watch Negative | 18 oct 2010 |
| TDA 27, Fondo de Titulacion de Activos | Class C | ES0377954047 | BBBsf | | Rating Outlook Negative | Rating Watch On | BBBsf | | Rating Watch Negative | 18 oct 2010 |
| TDA 27, Fondo de Titulacion de Activos | Class D | ES0377954054 | BBsf | | Rating Outlook Negative | Rating Watch On | BBsf | | Rating Watch Negative | 18 oct 2010 |
| Valencia Hipotecario 4, Fondo de Titulacion de Activos | Class A | ES0382717009 | AAAsf | | Rating Outlook Negative | Rating Watch On | AAAsf | | Rating Watch Negative | 18 oct 2010 |
| Valencia Hipotecario 4, Fondo de Titulacion de Activos | Class B | ES0382717017 | A-sf | | Rating Outlook Negative | Rating Watch On | A-sf | | Rating Watch Negative | 18 oct 2010 |
| Valencia Hipotecario 4, Fondo de Titulacion de Activos | Class C | ES0382717025 | BBsf | | Rating Outlook Negative | Rating Watch On | BBsf | | Rating Watch Negative | 18 oct 2010 |

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