

June 22, 2009

## Rating Lowered To 'D' On Junior Notes In TDA 25's Spanish RMBS Transaction

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### OVERVIEW

- We have lowered our rating on the class D notes to 'D' following a missed interest payment.
- We also lowered our ratings on the class B and C notes to reflect the risk of future interest shortfalls. We have affirmed the class A notes.
- The portfolio comprises residential mortgage loans secured over properties in Spain. Banco Gallego and Credifimo originated and service the loans.

MADRID (Standard & Poor's) June 22, 2009--Standard & Poor's Ratings Services today lowered to 'D' its rating on the class D notes issued by TDA 25, Fondo de Titulizacion de Activos. At the same time, we lowered our ratings on the class B and C notes, and affirmed and removed from CreditWatch negative our rating on the class A notes (see list below). We also affirmed our rating on the NAS-IO notes.

We lowered to 'D' the rating on the class D notes following the failure to meet timely interest payments on today's interest payment date.

When the level of defaulted loans (defined as loans with arrears greater than 12 months) in this securitization reaches a certain percentage of the initial collateral balance, the priority of payments changes so as to postpone interest payments to the related class of notes, and divert these funds to amortize the most senior class of notes. Trigger levels are 6.4%, 4.9%, and

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3.9% for the class B, C, and D notes respectively. As a result, interest has been missed on the class D notes.

The class B and C downgrades take into account the relative likelihood of nonpayment of interest in light of recognized defaults and our assessment of the default risk in the residual portfolio.

The mortgage portfolios underlying this transaction continue to generate high arrears levels. As of the end of April, loans in arrears for more than 90 days, including defaulted loans, comprise 15.7% of the current mortgage portfolio. This is well above the average for other Spanish residential mortgage-backed securities (RMBS) transactions with similar seasoning. As of the end of Q1 2009, average severe delinquencies for Spanish deals that closed in 2006 were 3.83%.

Recent performance data, combined with the portfolio characteristics, suggests that delinquencies will continue to rapidly increase over the next few quarters. From Q3 2008 to Q2 2009, severe delinquencies increased to about 15.7% from 8.9%.

For the same reporting period, 90+ day arrears plus defaults as a percentage of the closing balance were 11.14%.

This transaction features a structural mechanism that traps excess spread to provide for defaults. As a result of a significant portion of loans being classified as defaulted, the transaction has fully depleted its cash reserve. This reduces the likelihood of the reserve being available to supplement any interest shortfalls.

The notes, issued in August 2006, are backed by a portfolio of residential mortgage loans secured over properties in Spain. Banco Gallego and Credifimo originated and service the loans.

### RELATED RESEARCH

- Methodology And Assumptions: Update To The Criteria For Rating Spanish Residential Mortgage-Backed Securities (published on Jan. 6, 2009)
- Ratings On TDA 25's Class A To C Notes Placed On CreditWatch Negative; Class D Notes Lowered (published on May 13, 2009)

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

### RATINGS LIST

TDA 25, Fondo de Titulizacion de Activos

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€265 Million Residential Mortgage-Backed Floating-Rate Notes

Class	To	Rating	From
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Rating Lowered

D	D		CCC
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Ratings Lowered And Removed From CreditWatch Negative

B	B		BBB/Watch Neg
C	CCC		BB/Watch Neg

Rating Affirmed And Removed From CreditWatch Negative

A	AAA		AAA/Watch Neg
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Rating Affirmed

NAS-IO	AAA		
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