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Dirección General de Mercados e Inversores
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Madrid

COMUNICACIÓN DE HECHO RELEVANTE

MADRID RMBS III, FONDO DE TITULIZACIÓN DE ACTIVOS

Actuaciones sobre las calificaciones de los bonos por parte de Standard and Poor's.

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. comunica el siguiente Hecho Relevante:

I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Standard and Poor's, con fecha 12 de junio de 2014, donde se llevan a cabo las siguientes actuaciones:

- Bono **B**, de **CCC- (sf)** a **D (sf)**.
- Bono **C**, confirmado como **D (sf)**.
- Bono **D**, confirmado como **D (sf)**.
- Bono **E**, confirmado como **D (sf)**.

En Madrid a 16 de junio de 2014

Ramón Pérez Hernández
Director General

RatingsDirect®

Rating Lowered To 'D (sf)' On Spanish RMBS Transaction MADRID RMBS III's Class B Notes Due To Interest Payment Default

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OVERVIEW

- On the May 22, 2014 interest payment date, MADRID RMBS III's class B notes defaulted on their interest payment. The class C, D, and E notes also continued to default on their interest payments.
- Consequently, we have lowered to 'D (sf)' from 'CCC- (sf)' our rating on the class B notes. At the same time, we have affirmed our 'D (sf)' ratings on the class C, D, and E notes.
- MADRID RMBS III is a 2007-vintage securitization of a portfolio of first-ranking Spanish residential mortgage loans.

MADRID (Standard & Poor's) June 12, 2014--Standard & Poor's Ratings Services today lowered to 'D (sf)' from 'CCC- (sf)' its credit rating on MADRID RMBS III, Fondo de Titulizacion de Activos' class B notes. At the same time, we have affirmed our 'D (sf)' ratings on the class C, D, and E notes.

The trustee's data for the May 2014 interest payment date (IPD) show that cumulative defaults increased to 20.40% of the portfolio's closing balance from 20.08% in March 2014. The class B notes' 20.30% have therefore breached their interest deferral trigger under the transaction documents. This is in line with our expectations in our previous review on March 21, 2014 (see "Various Rating Actions Taken In Spanish Transaction MADRID RMBS III Due To Performance Reasons").

Following the breach of the interest deferral trigger on the May 2014 IPD, the issuer deferred the class B notes' interest payment to a more junior position

Rating Lowered To 'D (sf)' On Spanish RMBS Transaction MADRID RMBS III's Class B Notes Due To Interest Payment Default

in the transaction's priority of payments. It will pay the class B notes after their principal amortization. Consequently, the class B notes defaulted on their interest payment on the May 2014 IPD. We have therefore lowered to 'D (sf)' from 'CCC- (sf)' our rating on the class B notes.

At the same time, we have affirmed our 'D (sf)' ratings on the class C, D, and E notes because they continue to default on their interest payments.

MADRID RMBS III is a 2007-vintage securitization of a portfolio of first-ranking Spanish residential mortgage loans. Bankia S.A. is the originator and servicer.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009
- Methodology And Assumptions: Update To The Criteria For Rating Spanish Residential Mortgage-Backed Securities, Jan. 6, 2009
- Methodology And Assumptions: Update To The Cash Flow Criteria For European RMBS Transactions, Jan. 6, 2009
- Criteria for Rating Spanish Residential Mortgage-Backed Securities, March 1, 2002

Related Research

- Various Rating Actions Taken In Spanish Transaction MADRID RMBS III Due To Performance Reasons, March 21, 2014
- Europe's Housing Market Recovery Is Not Yet On Solid Ground, April 30,

Rating Lowered To 'D (sf)' On Spanish RMBS Transaction MADRID RMBS III's Class B Notes Due To Interest Payment Default

2014

- Request for Comment: Italy And Spain RMBS Methodology And Assumptions, Oct. 28, 2013
- Request for Comment: Methodology And Assumptions For Ratings Above The Sovereign--Single Jurisdiction Structured Finance, Oct. 14, 2013
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- Spanish RMBS Index Report, published quarterly

RATINGS LIST

Class	To	Rating	From
Madrid RMBS III, Fondo de Titulizacion de Activos €3 Billion Mortgage-Backed Floating-Rate Notes			

Rating Lowered

B	D (sf)	CCC-	(sf)
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Ratings Affirmed

C	D (sf)		
D	D (sf)		
E	D (sf)		

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