

C. N. M. V.  
Dirección General de Mercados e Inversores  
C/ Edison, 4  
Madrid

### **COMUNICACIÓN DE HECHO RELEVANTE**

#### **TDA 31, FONDO DE TITULIZACIÓN DE ACTIVOS**

#### **Actuación sobre las calificaciones de los bonos por parte de Standard & 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 & Poor's, con fecha 05 de diciembre de 2012, donde se llevan a cabo las siguientes actuaciones:

- Bono A: afirmado como **AA- (sf)**.
- Bono B: de **A (sf)** a **BBB (sf)**
- Bono C: de **BBB (sf)** a **BB- (sf)**

En Madrid, a 17 de diciembre de 2012

Ramón Pérez Hernández  
Director General

# RatingsDirect®

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## Ratings Lowered On TDA 31's Class B And C Spanish RMBS Notes; Class A Notes Affirmed

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### OVERVIEW

- We have conducted our performance review of TDA 31 using the most updated trustee report for the assets and liabilities in the transaction.
- The performance of TDA 31's underlying mortgage portfolio has deteriorated since we first rated this deal in March 2011.
- We have therefore lowered our ratings on the class B and C notes for credit reasons. At the same time, we have affirmed our rating on the class A notes due to the application of our 2012 counterparty criteria and our nonsovereign ratings criteria.
- This transaction closed in November 2008, but we were not engaged to rate the notes at that time. The transaction securitizes a pool of Spanish mortgage loans originated by Banco Guipuzcoano. Banco Guipuzcoano merged with Banco de Sabadell in November 2010.

MADRID (Standard & Poor's) Dec. 5, 2012--Standard & Poor's Ratings Services today lowered its credit ratings on the class B and C notes in TDA 31, Fondo de Titulizacion de Activos (TDA 31) for credit reasons. At the same time, we have affirmed our 'AA- (sf)' rating on the class A notes due to the application of our 2012 counterparty criteria and our nonsovereign ratings criteria (see list below).

Today's rating actions follow what we consider to be deteriorating performance of the residential mortgage pool backing this transaction.

### CREDIT AND CASH FLOW ANALYSIS

Based on the latest available trustee investor report (dated October 2012),

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the transaction has a pool factor (the percentage of the pool's outstanding aggregate principal balance) of 77.54%. Of the outstanding pool balance, 9.84% is in arrears for more than 30 days (compared with 3.58% in March 2011), which is above our current expectations for delinquencies and defaults in this transaction.

As of the end of October 2012, the ratio of cumulative defaults (defined in this transaction as loans delinquent for more than 12 months) over the original loan balance increased to 2.56% from 1.08% a year earlier.

We expect cumulative defaults to continue to increase due to the high amount of delinquent loans, as long-term delinquencies continue to turn into defaults. The interest-deferral trigger levels for the class B and C notes are cumulative defaults of 10% and 7% of the closing portfolio balance, respectively.

A cash reserve and the excess spread left by the interest rate swap provide credit enhancement available to the notes in this transaction.

When we first rated this transaction in March 2011, the issuer had partially drawn on the reserve fund to cover for collateral loans that had defaulted since closing in November 2008. Since then, the reserve fund has been depleted further. As of the November 2012 interest payment date, the reserve fund was at 17.19% of the level required by the transaction documents.

Our cash flow analysis indicates that a 'BBB (sf)' rating is commensurate with the level of credit enhancement available to the class B notes, which has decreased due to the partial depletion of the reserve fund since March 2011. Therefore, we have lowered our rating on the class B notes to 'BBB (sf)' from 'A (sf)'.

The level of credit enhancement the performing balance provides to the class C notes is almost zero. If defaults continue to increase at the same rate for the next year, there would be insufficient performing collateral available to fully repay the principal amount outstanding for the class C notes, leaving them undercollateralized.

Our cash flow analysis also indicates that a 'BBB (sf)' rating is no longer commensurate with the level of credit enhancement available to the class C notes, as the transaction experiences interest and principal shortfalls under a 'BBB' stress scenario. Taking these factors into consideration, we have lowered to 'BB-' (sf)' from 'BBB (sf)' our rating on the class C notes.

The performance of the transaction's underlying collateral and structural features do not currently constrain our rating on the class A notes. Rather, the application of our 2012 counterparty criteria and our nonsovereign ratings criteria limit our rating on these notes ( see "Counterparty Risk Framework Methodology And Assumptions," published on Nov. 29, 2012, and "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011).

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COUNTERPARTY RISK

The interest swap agreement in this transaction provides protection against adverse interest-rate resetting and interest-rate movements, and guarantees a margin of 55 basis points over three-month EURIBOR. The notional amount of the swap (the balance used to calculate the interest due) is based on the outstanding balance of the class A, B, and C notes. The swap structure provides substantial credit enhancement to the notes in this transaction.

However, under the transaction documents, the derivative downgrade language (concerning lower volatility buffers, external marks, and additional termination events upon failure to obtain an external mark or failure to replace a counterparty) does not reflect our 2012 counterparty criteria.

Our 2012 counterparty criteria therefore cap the maximum potential rating on the class A notes at a one-notch uplift on the long-term issuer credit (ICR) rating on the interest swap counterparty, HSBC Bank PLC (AA-/Negative/A-1+), in this case 'AA (sf)'. However, our nonsovereign ratings criteria permit a maximum rating differential of up to six notches between our ratings in this transaction and the related EMU sovereign (in this case, Spain; BBB-/Negative/A-3). As a result, our nonsovereign ratings criteria cap our rating on the class A notes at 'AA- (sf)'. Therefore, we have affirmed our 'AA- (sf)' rating on the class A notes.

On April 30, 2012, we lowered to 'A-/A-2' from 'A+/A-1' our long- and short-term ratings on Banco Santander S.A. (BBB/Negative/A-2), which acts as reinvestment account provider, treasury account provider, and paying agent in this transaction (see "Negative Rating Actions On 16 Spanish Banks Following Sovereign Downgrade"). Therefore, Banco Santander is no longer considered eligible as transaction account provider under the transaction documents.

On Nov. 8, 2012, BNP Paribas Securities Services, Sucursal en España replaced Banco Santander as treasury account provider and paying agent. BNP Paribas Securities Services (A+/Negative/A-1) is considered an eligible counterparty under our 2012 counterparty criteria at the current rating level of the notes. Therefore, our ICR on the treasury account provider does not constrain our ratings in this transaction.

Additionally, on Dec. 3, 2012, Bank of Spain replaced Banco Santander as reinvestment account provider. We assume Bank of Spain to have the same rating as the European Central Bank (ECB; unsolicited, AAA/Stable/A-1+). Therefore, our ICR on the reinvestment account provider does not constrain our ratings in this transaction.

TDA 31 securitizes a pool of Spanish mortgage loans originated by Banco Guipuzcoano S.A., a small Spanish bank located in the Basque Country. Banco Guipuzcoano (not rated) merged with Banco de Sabadell S.A. (BB/Negative/B) in November 2010. The underlying portfolio comprises mortgage loans granted to individuals for the acquisition of a first or second home in Spain.

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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

- Counterparty Risk Framework Methodology And Assumptions, Nov. 29, 2012
- Various Rating Actions Taken On 116 Tranches In 87 Spanish Securitizations Following Sovereign Downgrade, Oct. 11, 2012
- 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
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- Methodology And Assumptions: Update To The Cash Flow Criteria For European RMBS Transactions, Jan. 6, 2009
- Methodology And Assumptions: Update To The Criteria For Rating Spanish Residential Mortgage-Backed Securities, Jan. 6, 2009
- Criteria for Rating Spanish Residential Mortgage-Backed Securities, March 1, 2002

RATINGS LIST

Class	Rating	
	To	From

TDA 31, Fondo de Titulización de Activos  
€300 Million Mortgage-Backed Floating-Rate Notes

Ratings Lowered

B	BBB (sf)	A (sf)
C	BB- (sf)	BBB (sf)

Rating Affirmed

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A            AA- (sf)

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