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COMUNICACIÓN DE HECHO RELEVANTE

MADRID RMBS III, FONDO DE TITULIZACIÓN DE ACTIVOS Bajada Calificación de Standard & Poor's

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

Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Standard & Poor's con fecha 24 de febrero, donde se bajan las siguientes calificaciones:

- Clase B, de **BB** a **B**
- Clase C, de **B** a **C**

En Madrid a 24 de febrero de 2010

Ramón Pérez Hernández
Director General

Rating Lowered To 'D' On Subordinated Notes In MADRID RMBS III

Surveillance Credit Analyst:

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OVERVIEW

- The class C notes breached a cumulative default trigger and thus missed an interest payment, as a result of which we downgraded the notes to 'D'.
- The class B notes have not yet breached their trigger, although we believe the risk has increased that it will, as a result of which we downgraded the notes to 'B'.
- MADRID RMBS III is Caja Madrid's Spanish RMBS securitization.

MADRID (Standard & Poor's) Feb. 24, 2010—Standard & Poor's Ratings Services today lowered to 'D' its credit rating on MADRID RMBS III, Fondo de Titulizacion de Activos' class C notes following missed interest payments on this class on the February 22 interest payment date (IPD). At the same time, we lowered our rating on the class B notes to 'B' and kept unchanged our ratings on the class A2, A3, D, and E notes (see list below).

The mortgage portfolio underlying this transaction has generated high delinquency levels. As of the end of December, delinquencies--defined as arrears greater than 90 days (including outstanding defaulted loans)--were 11.27% of the current collateral balance.

Cumulative defaults as a percentage of the original pool balance increased to 14.78% in December 2009 from 5.81% in December 2008. As a result of the high level of defaults and a structural mechanism requiring a full provisioning for defaulted loans, Madrid RMBS III has depleted its cash reserve. The transaction currently shows a principal deficiency of about €67.15 million, representing 3% of the outstanding collateral balance.

It is worth noting, that levels of arrears in all categories are decreasing in

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this transaction. Delinquencies of 30-60 days and 60-90 days have dramatically decreased since Q4 2008 and Q1 2009, respectively. And levels of loans in arrears more than 90 days have decreased to 11.27% of the current balance in the last reporting quarter from its peak of about 16% in Q2 2009.

Defaults in this securitization are defined as arrears greater than six months, which is generally more conservative than in other Spanish residential mortgage-backed securities (RMBS) transactions that we rate.

When the level of cumulative defaulted loans in this securitization reaches certain levels, 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. The class C, D, and E notes have already breached their trigger levels and this has caused missed interest payments on these notes. The triggers level for the class B notes is 20.3%. Based on the information received on the evolution of delinquencies in this pool, in our opinion the class B notes will not breach their trigger in the near term.

MADRID RMBS III issued the notes in July 2007. A portfolio of residential mortgage loans secured over properties in Spain backs the notes in this transaction. Caja de Ahorros y Monte de Piedad de Madrid (Caja Madrid) originated and services the mortgage loans.

RELATED RESEARCH

- Ratings Lowered To 'D' On Junior Notes In MADRID RMBS II And MADRID RMBS III, May 22, 2009
- Methodology And Assumptions: Update To The Criteria For Rating Spanish Residential Mortgage-Backed Securities, Jan. 6, 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. 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

Class	Rating	From
	To	

MADRID RMBS III, Fondo de Titulizacion de Activos
€3 Billion Mortgage-Backed Floating-Rate Notes

Ratings Lowered

B	B	BB
C	D	B

Rating Lowered To 'D' On Subordinated Notes In MADRID RMBS III

Ratings Unaffected

A2	AA
A3	AA
D	D
E	D

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