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Fitch Revises Hipocat 8 And 9 Fondo De Titulizacion De Activos Junior Notes Outlook To Negative

Ratings

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Fitch Ratings-London-21 October 2008: Fitch Ratings today changed the Outlooks on the junior classes for Hipocat Fondo De Titulizacion De Activos 8 and 9 RMBS transactions to Negative from Stable. Fitch has also revised the Outlook on the junior class of Hipocat 7 to Stable from Positive and upgraded two and affirmed 23 tranches issued by Hipocat Fondo de Titulizacion de Activos. The full list of rating actions is given below.

The Negative Outlooks reflect the high percentage of arrears and doubtful loans in Hipocat 8 and 9 transactions. The 90d+ arrears and doubtful loans in the July monthly reports were significantly higher than earlier transactions in this series.

The Class C notes in Hipocat 6 and 7 transactions have been upgraded as these classes benefit from transaction de-leveraging. The change in the Outlook on the junior class of Hipocat 7 to Stable from Positive reflects the challenging Spanish housing market conditions and increasing write-offs and doubtful loans in the transaction.

All Hipocat transactions benefit significantly from an interest rate swap with Caixa d'Estalvis de Catalunya (rated 'A'/Outlook Negative/'F1'). To date the excess spread guaranteed under the swap agreement has been sufficient to absorb the losses on each transaction without requiring a draw on the reserve fund. Under this agreement, the issuer pays Caixa d'Estalvis de Catalunya the scheduled interest on the outstanding mortgage. Caixa d'Estalvis de Catalunya is obliged to make the scheduled interest payments on the collateralised notes plus a margin (65 basis points in all transactions except Hipocat 7 where a margin of 66 basis points will be paid).

Delinquency levels on Hipocat deals, defined as mortgage loans that are more than three months in arrears, have been less than 1%, according to the latest investor reports. Reserve funds in all the Hipocat transactions can amortise according to certain guidelines. There are however, arrears triggers that will stop the amortisation should delinquencies reach particular levels.

The rating actions are as follows:

Hipocat 3, Fondo de Titulizacion Hipotecaria:

Class A (ISIN ES0338675004): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0338675012): affirmed at 'AA'; Outlook Positive

Hipocat 4, Fondo de Titulizacion de Activos:

Class A (ISIN ES0372269003): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0372269011): affirmed at 'AAA'; Outlook Stable

Class C (ISIN ES0372269029): affirmed at 'AA-' (AA minus); Outlook Stable

Hipocat 5, Fondo de Titulizacion de Activos:

Class A (ISIN ES0344264009): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0344264017): affirmed at 'AAA'; Outlook Stable

Class C (ISIN ES0344264025): affirmed at 'AA'; Outlook Stable

Hipocat 6, Fondo de Titulizacion Activos:

Class A (ISIN ES0345782009): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0345782017): affirmed at 'AAA'; Outlook Stable

Class C (ISIN ES0345782025): upgraded to 'AA-(AA minus)' from 'A+'; Outlook remains Stable

Class D (ISIN ES0345782033) paid in full in June 2006

Hipocat 7, Fondo de Titulizacion de Activos:

Class A2 (ISIN ES0345783015): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0345783023): affirmed at 'AAA'; Outlook Stable

Class C (ISIN ES0345783031): upgraded to 'AA' from 'AA-(AA minus)'; Outlook remains Stable

Class D (ISIN ES0345783049): affirmed at 'BBB+'; Outlook revised to Stable from Positive

Class A1 (ISIN ES0345783007) paid in full in July 2005

Hipocat 8, Fondo de Titulizacion de Activos:

Class A2 (ISIN ES0345784013): affirmed at 'AAA'; Outlook Stable

Class B (ISIN ES0345784021): affirmed at 'AA+'; Outlook Stable

Class C (ISIN ES0345784039): affirmed at 'A'; Outlook Stable

Class D (ISIN ES0345784047) : affirmed at 'BBB+'; Outlook revised to Negative from Stable
Class A1 (ISIN ES0345784005) paid in full in June 2006

Hipocat 9, Fondo de Titulizacion de Activos:

Class A2a (ISIN ES0345721015) : affirmed at 'AAA'; Outlook Stable
Class A2b (ISIN ES0345721023) : affirmed at 'AAA'; Outlook Stable
Class B (ISIN ES0345721031): affirmed at 'AA+'; Outlook Stable
Class C (ISIN ES0345721049): affirmed at 'A+'; Outlook Stable
Class D (ISIN ES0345721056): affirmed at 'BBB+'; Outlook revised to Negative from Stable
Class E (ISIN ES0345721064) : affirmed at 'CC'; Outlook revised to Negative from Stable
Class A1 (ISIN ES0345721007): paid in full in July 2007

Hipocat, Fondo de Tularizacion de Activos (Hipocat), transactions are backed by loans originated and serviced by Caixa d'Estalvis de Catalunya, Spain's seventh-largest banking group and fourth-largest savings bank by total assets. Hipocat deals are securitisations of residential mortgages originated and located in Spain, primarily in Catalonia.

Fitch has employed its credit cover multiple methodology in reviewing the deals in order to assess the level of credit support available to each class of notes.

Rating Outlooks for European Structured Finance tranches provide forward-looking information to the market. An Outlook indicates the likely direction of any rating change over a one- to two-year period. For further information on Rating Outlooks, see "Scanning the Horizon - Rating Outlooks in European Structured Finance", dated 1 June 2007 and available at www.fitchratings.com.

Performance data on these transactions is available on the agency's subscription website, www.fitchresearch.com.

For topical commentary on the European structured finance market, along with global capital markets coverage, please see www.fitchratings.com/capitalmarkets.

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