

**Material Event  
concerning**

**BBVA RMBS 2 Fondo de Titulización de Activos**

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **BBVA RMBS 2 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Fitch Ratings** (“Fitch”) advised on October 18, 2010 that it has placed under watch negative the ratings of the Bond Series issued by **BBVA RMBS 2 Fondo de Titulización de Activos**:
  - **Series A2:** **AAAsf**, watch negative (previously **AAAsf**, stable outlook)
  - **Series A3:** **AAAsf**, watch negative (previously **AAAsf**, stable outlook)
  - **Series A4:** **AAAsf**, watch negative (previously **AAAsf**, stable outlook)
  - **Series B:** **A+sf**, watch negative (previously **A+sf**, negative outlook)
  - **Series C:** **BBB-sf**, watch negative (previously **BBB-sf**, negative outlook)

Enclosed herewith is the communication issued by Fitch.

Madrid, October 19, 2010.

Mario Masiá Vicente  
General Manager

## **Fitch Places 45 Tranches of Spanish RMBS on Rating Watch Negative** Ratings

18 Oct 2010 10:52 AM (EDT)

**Link to Fitch Ratings' Report:** [Fitch Places 45 Tranches of Spanish RMBS on Rating Watch Negative](#)

Fitch Ratings-London/Madrid-18 October 2010: Fitch Ratings has placed 45 tranches of 13 Spanish RMBS transactions on Rating Watch Negative (RWN) due to concerns over performance of the underlying assets in these deals. Specifically, Fitch is concerned with reserve fund depletions in combination with elevated arrears of high LTV loans. Fitch intends to resolve the RWN action by end of 2010.

A spreadsheet providing a full breakdown of the affected issues and tranches is available on the agency's website at [www.fitchratings.com](http://www.fitchratings.com), or by clicking on the link above.

Out of the 13 transactions, seven have depleted their reserve funds and have seen a build-up of defaulted loans for which they have not yet provisioned. The provisioning mechanisms in transactions allow the use of excess spread towards the redemption of notes, and thereby reduce the cost of carry of defaulted loans. Transactions such as TDA 25, TDA 27, TDA 28 and Valencia Hipotecario 4, are no longer able to provision for future losses and are incurring a cost of carry on the value of defaulted loans that have not been written off. In coming months UCI 17, BBVA RMBS I and AyT Colaterales Global Hipotecario CCM 1 are expected to fully deplete their reserve funds and be unable to provision for all defaulted loans.

The transaction structures include interest deferring mechanisms for junior and mezzanine notes. Once defaults reach preset levels, these features provide additional support to senior noteholders by diverting interest payments from more junior noteholders. High levels of default and/or insufficient excess funds have caused four of these transactions to start deferring interest on mezzanine and junior tranches.

Fitch expects an increasing trend of interest deferral in the next several months. While UCI 16 was able to make full interest payments on the class D notes, Fitch expects both the class C and D notes will defer interest from December 2010. Similarly, Fitch expects the class C notes of Valencia Hipotecario 4 will defer on the interest payment date later this month. As loans in this transaction continue to default, Fitch believes that the deferral trigger on class B notes is likely to be breached in early 2011.

As 'CCC' ratings and below already demonstrate substantial credit risk with a real possibility of default, Fitch does not place such distressed rating categories on RWN. This is why the agency has not taken any rating actions on some note classes of the 13 deals. Class A and B tranches of AyT Colaterales Global Hipotecario Sa Nostra 1, which carry investment grade ratings were not placed on RWN, as the current level of credit support is deemed sufficient to maintain the current ratings.

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Additional information is available at [www.fitchratings.com](http://www.fitchratings.com).

Applicable criteria, 'EMEA Residential Mortgage Loss Criteria', dated 23 February 2010, and 'EMEA Residential Mortgage Loss Criteria Addendum - Spain', dated 23 February 2010 are available at [www.fitchratings.com](http://www.fitchratings.com).

**Applicable Criteria and Related Research:**

EMEA Residential Mortgage Loss Criteria  
EMEA Residential Mortgage Loss Criteria Addendum - Spain  
EMEA Structured Finance Snapshot: July 2010 (Multimedia)

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**Fitch Places 45 Tranches of Spanish RMBS on Rating Watch Negative**

Deal Legal Name	Class	ISIN	Prior Rating	Prior Loss Severity/ Recovery Rating	Prior Rating Watch/Outlook	Rating Action	New Rating	Loss Severity/ Recovery Rating	Rating Watch / Outlook	Rating Action Effective Date
AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario CCM 1	Class A	ES0312273248	AAAsf	LS1	Rating Outlook Negative	Rating Watch On	AAAsf	LS1	Rating Watch Negative	18 oct 2010
AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario CCM 1	Class B	ES0312273255	A-sf	LS3	Rating Outlook Negative	Rating Watch On	A-sf	LS3	Rating Watch Negative	18 oct 2010
AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario CCM 1	Class C	ES0312273263	BBsf	LS4	Rating Outlook Negative	Rating Watch On	BBsf	LS4	Rating Watch Negative	18 oct 2010
AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario CCM 1	Class D	ES0312273271	Bsf	LS5	Rating Outlook Negative	Rating Watch On	Bsf	LS5	Rating Watch Negative	18 oct 2010
AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario Sa Nostra I	Class C	ES0312273149	BBB-sf	LS2	Rating Outlook Negative	Rating Watch On	BBB-sf	LS2	Rating Watch Negative	18 oct 2010
AYT Colaterales Global Hipotecario, FTA Serie AyT Colaterales Global Hipotecario Sa Nostra I	Class D	ES0312273156	BB-sf	LS3	Rating Outlook Negative	Rating Watch On	BB-sf	LS3	Rating Watch Negative	18 oct 2010
BBVA RMBS 1, Fondo de Titulacion de Activos	Class A2	ES0314147010	AAAsf	LS1	Rating Outlook Stable	Rating Watch On	AAAsf	LS1	Rating Watch Negative	18 oct 2010
BBVA RMBS 1, Fondo de Titulacion de Activos	Class A3	ES0314147028	AAAsf	LS1	Rating Outlook Stable	Rating Watch On	AAAsf	LS1	Rating Watch Negative	18 oct 2010
BBVA RMBS 1, Fondo de Titulacion de Activos	Class B	ES0314147036	Asf	LS2	Rating Outlook Negative	Rating Watch On	Asf	LS2	Rating Watch Negative	18 oct 2010
BBVA RMBS 1, Fondo de Titulacion de Activos	Class C	ES0314147044	BBB-sf	LS2	Rating Outlook Negative	Rating Watch On	BBB-sf	LS2	Rating Watch Negative	18 oct 2010
BBVA RMBS 2, Fondo de Titulacion de Activos	Class A2	ES0314148018	AAAsf	LS1	Rating Outlook Stable	Rating Watch On	AAAsf	LS1	Rating Watch Negative	18 oct 2010
BBVA RMBS 2, Fondo de Titulacion de Activos	Class A3	ES0314148026	AAAsf	LS1	Rating Outlook Stable	Rating Watch On	AAAsf	LS1	Rating Watch Negative	18 oct 2010
BBVA RMBS 2, Fondo de Titulacion de Activos	Class A4	ES0314148034	AAAsf	LS1	Rating Outlook Stable	Rating Watch On	AAAsf	LS1	Rating Watch Negative	18 oct 2010
BBVA RMBS 2, Fondo de Titulacion de Activos	Class B	ES0314148042	A+sf	LS2	Rating Outlook Negative	Rating Watch On	A+sf	LS2	Rating Watch Negative	18 oct 2010
BBVA RMBS 2, Fondo de Titulacion de Activos	Class C	ES0314148059	BBB-sf	LS2	Rating Outlook Negative	Rating Watch On	BBB-sf	LS2	Rating Watch Negative	18 oct 2010
BBVA RMBS 3, Fondo de Titulacion de Activos	A1	ES0314149008	AAAsf	LS1	Rating Outlook Negative	Rating Watch On	AAAsf	LS1	Rating Watch Negative	18 oct 2010
BBVA RMBS 3, Fondo de Titulacion de Activos	A2	ES0314149016	AAAsf	LS1	Rating Outlook Negative	Rating Watch On	AAAsf	LS1	Rating Watch Negative	18 oct 2010
BBVA RMBS 3, Fondo de Titulacion de Activos	A3	ES0314149024	AAAsf	LS1	Rating Outlook Negative	Rating Watch On	AAAsf	LS1	Rating Watch Negative	18 oct 2010
BBVA RMBS 3, Fondo de Titulacion de Activos	B	ES0314149032	BBB-sf	LS2	Rating Outlook Negative	Rating Watch On	BBB-sf	LS2	Rating Watch Negative	18 oct 2010
BBVA RMBS 3, Fondo de Titulacion de Activos	C	ES0314149040	Bsf	LS3	Rating Outlook Negative	Rating Watch On	Bsf	LS3	Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 14	Class A	ES0338341003	AAAsf		Rating Outlook Negative	Rating Watch On	AAAsf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 14	Class B	ES0338341011	BBBsf		Rating Outlook Negative	Rating Watch On	BBBsf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 14	Class C	ES0338341029	BB-sf		Rating Outlook Negative	Rating Watch On	BB-sf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 15	Series A	ES0380957003	AAAsf		Rating Outlook Negative	Rating Watch On	AAAsf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 15	Series B	ES0380957011	BBBsf		Rating Outlook Negative	Rating Watch On	BBBsf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 15	Series C	ES0380957029	BB-sf		Rating Outlook Negative	Rating Watch On	BB-sf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 16	A2	ES0338186010	AA-sf		Rating Outlook Negative	Rating Watch On	AA-sf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 16	B	ES0338186028	BB+sf		Rating Outlook Negative	Rating Watch On	BB+sf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 16	C	ES0338186036	Bsf		Rating Outlook Negative	Rating Watch On	Bsf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 17	Class A2	ES0337985016	AA-sf		Rating Outlook Negative	Rating Watch On	AA-sf		Rating Watch Negative	18 oct 2010
Fondo de Titulacion de Activos, UCI 17	Class B	ES0337985024	BBsf		Rating Outlook Negative	Rating Watch On	BBsf		Rating Watch Negative	18 oct 2010
TDA 25, Fondo Titulacion de Activos	Class A	ES0377929007	AAAsf		Rating Outlook Negative	Rating Watch On	AAAsf		Rating Watch Negative	18 oct 2010
TDA 25, Fondo Titulacion de Activos	Class B	ES0377929015	BBsf		Rating Outlook Negative	Rating Watch On	BBsf		Rating Watch Negative	18 oct 2010
TDA 28, Fondo de Titulacion de Activos	Class A	ES0377930005	AA+sf		Rating Outlook Negative	Rating Watch On	AA+sf		Rating Watch Negative	18 oct 2010
TDA 28, Fondo de Titulacion de Activos	Class B	ES0377930013	AA-sf		Rating Outlook Negative	Rating Watch On	AA-sf		Rating Watch Negative	18 oct 2010
TDA 28, Fondo de Titulacion de Activos	Class C	ES0377930021	BBBsf		Rating Outlook Negative	Rating Watch On	BBBsf		Rating Watch Negative	18 oct 2010
TDA 28, Fondo de Titulacion de Activos	Class D	ES0377930039	BBsf		Rating Outlook Negative	Rating Watch On	BBsf		Rating Watch Negative	18 oct 2010
TDA 27, Fondo de Titulacion de Activos	Class A2	ES0377954013	AAAsf		Rating Outlook Negative	Rating Watch On	AAAsf		Rating Watch Negative	18 oct 2010
TDA 27, Fondo de Titulacion de Activos	Class A3	ES0377954021	AAAsf		Rating Outlook Negative	Rating Watch On	AAAsf		Rating Watch Negative	18 oct 2010
TDA 27, Fondo de Titulacion de Activos	Class B	ES0377954039	AA-sf		Rating Outlook Negative	Rating Watch On	AA-sf		Rating Watch Negative	18 oct 2010
TDA 27, Fondo de Titulacion de Activos	Class C	ES0377954047	BBBsf		Rating Outlook Negative	Rating Watch On	BBBsf		Rating Watch Negative	18 oct 2010
TDA 27, Fondo de Titulacion de Activos	Class D	ES0377954054	BBsf		Rating Outlook Negative	Rating Watch On	BBsf		Rating Watch Negative	18 oct 2010
Valencia Hipotecario 4, Fondo de Titulacion de Activos	Class A	ES0382717009	AAAsf		Rating Outlook Negative	Rating Watch On	AAAsf		Rating Watch Negative	18 oct 2010
Valencia Hipotecario 4, Fondo de Titulacion de Activos	Class B	ES0382717017	A-sf		Rating Outlook Negative	Rating Watch On	A-sf		Rating Watch Negative	18 oct 2010
Valencia Hipotecario 4, Fondo de Titulacion de Activos	Class C	ES0382717025	BBsf		Rating Outlook Negative	Rating Watch On	BBsf		Rating Watch Negative	18 oct 2010

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