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## Ratings Lowered On Class B And C Notes In TDA 25's Spanish RMBS Transaction; Class A Notes On Watch Neg

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OVERVIEW

- We have observed continuing portfolio deterioration in this transaction, and a failure to pay timely interest on the class C and D notes.
- We lowered our ratings on the class B and C notes and placed the class A notes on CreditWatch negative.
- TDA 25 is backed by a portfolio of residential mortgage loans secured over properties in Spain.

MADRID (Standard & Poor's) Sept. 23, 2009--Standard & Poor's Ratings Services today lowered to 'D' its credit rating on the class C notes issued by TDA 25, Fondo de Titulizacion de Activos (TDA 25) following the failure to meet timely interest payment on this class of notes at yesterday's interest payment date (IPD). At the same time, we lowered to 'CCC' the rating on the class B notes and placed the class A notes on CreditWatch negative (see list below).

Also, we withdrew the rating on the NAS-IO notes yesterday following full amortization (see list below).

When the level of defaulted loans (defined as loans with arrears greater than 12 months) in this securitization reaches a certain percentage of the initial collateral balance, 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.

According to the trustee, as of September's IPD, cumulative defaults are 6.31% (trigger levels are 6.40%, 4.90%, and 3.90% for the class B, C, and D notes, respectively). As a result, the issuer has missed interest payments on the class C and D notes.

This transaction features a structural mechanism that traps excess spread to provide for defaults. As a significant portion of loans are classified as defaulted, the transaction has fully depleted its cash reserve. This reduces the likelihood of the reserve being available to supplement any interest shortfalls.

Although the class A notes now benefit from all the cash in the deal and their credit enhancement will therefore build up through deleveraging, due to the continuing portfolio deterioration we will now analyze whether they can still withstand our 'AAA' stresses. As such, we placed them on CreditWatch negative.

All the notes in the transaction, issued in August 2006, are backed by a portfolio of residential mortgage loans secured over properties in Spain. Banco Gallego and Credifimo E.F.C. S.A.U. originated and service the loans.

#### RELATED RESEARCH

- Methodology And Assumptions: Update To The Criteria For Rating Spanish Residential Mortgage-Backed Securities, Jan. 6, 2009
- Rating Lowered To 'D' On Junior Notes In TDA 25's Spanish RMBS Transaction , June 22, 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](http://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	
	To	From

TDA 25, Fondo de Titulizacion de Activos  
€265 Million Residential Mortgage-Backed Floating-Rate Notes

#### Ratings Lowered

B	CCC	B
C	D	CCC

*Ratings Lowered On Class B And C Notes In TDA 25's Spanish RMBS Transaction; Class A Notes On Watch Neg*

Rating Placed On CreditWatch Negative

A                    AAA/Watch Neg                    AAA

Rating Withdrawn

NAS-IO            NR    AAA

NR--Not rated.

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