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S&PCORRECT: Various Ratings Lowered In Four Caja Madrid RMBS Securitizations

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(**Editor's Note:** This media release, published earlier today, is being republished to clarify certain points within paragraphs five, six, 10, and 11.)

MADRID (Standard & Poor's) April 29, 2009—Standard & Poor's Ratings Services today lowered several credit ratings across four Spanish residential mortgage-backed securities (RMBS) transactions originated by Caja de Ahorros y Monte de Piedad de Madrid (Caja Madrid).

Specifically, we:

- Downgraded the class A2, B, C, D, and E notes and affirmed the class A1 notes in MADRID RMBS I, Fondo de Titulizacion de Activos;
- Downgraded the class A2, A3, B, C, and D notes and affirmed the class A1 and E notes issued by MADRID RMBS II, Fondo de Titulizacion de Activos;
- Downgraded the class A1, A2, A3, B, C, and D notes and affirmed the class E notes issued by MADRID RMBS III, Fondo de Titulizacion de Activos;
- Downgraded the class A1, A2, B, C, D, and E notes issued by MADRID RMBS IV, Fondo de Titulizacion de Activos; and
- Removed certain classes from CreditWatch negative (see list below).

These rating actions follow a full credit and cash flow analysis of the most recent transaction information that we have received. The results of our analysis showed that, due to deterioration of the underlying mortgage pools,

credit enhancement available to the downgraded notes was not commensurate with the ratings.

The notes, issued between November 2006 and December 2007, are each backed by a portfolio of residential mortgage loans secured over properties in Spain. Caja Madrid originated and services the loans.

The mortgage portfolios underlying these transactions continue to generate high levels of arrears. As of the end of February, loans in arrears more than 90 days, including outstanding defaulted loans, are 14.31% (MADRID I), 15.85% (MADRID II), 15.27% (MADRID III), and 16.82% (MADRID IV) of their current mortgage portfolios. This is well above the average for other Spanish RMBS transactions with similar seasoning.

Recent performance data, combined with the portfolio characteristics, suggests that delinquencies will continue to rapidly increase over the next few quarters. From Q3 2008 to Q1 2009, severe delinquencies, defined as arrears greater than 90 days including outstanding defaulted loans, reached 14.31% from 5.2% (MADRID I), 15.85% from 7.1% (MADRID II), 15.27% from 5.1% (MADRID III), and 16.82% from 5.0% (MADRID IV).

All the transactions feature a structural mechanism that traps excess spread to provide for defaults. Defaults in these transactions are defined as arrears greater than six months, with the exception of MADRID IV, where defaults are defined as arrears greater than 12 months. These definitions are generally more conservative than those in other Spanish RMBS.

As a result of a significant portion of loans being classified as defaulted, all the transactions have drawn down their cash reserves. At present, only MADRID IV has a cash reserve balance; the other transactions have already used their entire reserves.

In our opinion, the effect of the reserve drawings is twofold. Firstly, it prevents excess spread from flowing from the deals until the reserve fund is replenished. Secondly, it impairs the internal liquidity of the transactions for so long as recoveries on defaulted assets are not received.

When the level of defaulted loans in these securitizations reaches a certain percentage of the initial collateral balance, the priority of payments is altered so as to shut off interest payments to the related class of notes. The trustee informs us that, as of the end of February, these ratios were 6.7% (trigger level: 8.00% for the most junior rated class of notes), 7.9% (8.00%), 8.4% (8.94%), and 2.1% (8.19%), for MADRID I, II, III, and IV, respectively.

For the same reporting period, 90+ day arrears plus outstanding defaults as a percentage of the closing balance were 11.70%, 12.90%, 13.75%, and 15.50%, respectively. In our opinion, it is reasonable to assume that a high percentage of loans 90+ days in arrears will come to be classified as defaulted, with consequent deferrals of interest.

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Today's rating actions therefore take into account the relative likelihood of nonpayment of interest in the light of recognized defaults and an assessment of the default risk in the residual portfolios.

RELATED RESEARCH

-- Methodology And Assumptions: Update To The Criteria For Rating Spanish Residential Mortgage-Backed Securities (published on 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	To	Rating	From
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MADRID RMBS I, Fondo de Titulizacion de Activos
€2 Billion Residential Mortgage-Backed Floating-Rate Notes

Ratings Lowered And Removed From CreditWatch Negative

A2	AA	AAA/Watch Neg
B	A-	AA/Watch Neg
C	BB	A/Watch Neg
D	B	BBB/Watch Neg
E	CCC	B/Watch Neg

Rating Affirmed And Removed From CreditWatch Negative

A1	AAA	AAA/Watch Neg
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MADRID RMBS II, Fondo de Titulizacion de Activos
€1.8 Billion Mortgage-Backed Floating-Rate Notes

Ratings Lowered And Removed From CreditWatch Negative

A2	AA	AAA/Watch Neg
A3	AA	AAA/Watch Neg

Ratings Lowered

B	BBB	A
C	BB	BBB
D	CCC	B

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Rating Affirmed And Removed From CreditWatch Negative

A1	AAA	AAA/Watch Neg
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Rating Affirmed

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

Ratings Lowered And Removed From CreditWatch Negative

A1	AA	AAA/Watch Neg
A2	AA	AAA/Watch Neg
A3	AA	AAA/Watch Neg

Ratings Lowered

B	BBB	A
C	BB	BBB
D	CCC	B

Rating Affirmed

E	CCC
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MADRID RMBS IV, Fondo de Titulizacion de Activos
€2.4 Billion Mortgage-Backed Floating-Rate Notes

Ratings Lowered And Removed From CreditWatch Negative

A1	AA-	AAA/Watch Neg
A2	AA-	AAA/Watch Neg
B	A-	AA/Watch Neg
C	BB	A-/Watch Neg
D	B	BB/Watch Neg
E	B-	B/Watch Neg

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