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Dirección General de Mercados e Inversores
C/ Edison 4
Madrid

COMUNICACIÓN DE HECHO RELEVANTE

TDA 31, FONDO DE TITULIZACIÓN DE ACTIVOS

Actuaciones sobre las calificaciones de los bonos por parte de Standard & Poor's.

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

I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Standard & Poor's, con fecha 22 de enero de 2016, donde se llevan a cabo las siguientes actuaciones:

- Bono A, de **AA (sf)** / en revisión para posible subida a **AA+ (sf)**.
- Bono B, de **BBB (sf)** / en revisión para posible subida a **BBB- (sf)**.
- Bono C, de **CCC (sf)** a **CCC- (sf)**.

En Madrid, a 25 de enero de 2016

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Director General

RatingsDirect®

Various Rating Actions Taken In Spanish RMBS Transaction TDA 31 Following Sovereign Upgrade

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OVERVIEW

- On Oct. 2, 2015, we raised to 'BBB+' from 'BBB' our long-term sovereign rating on Spain.
- On Oct. 30, 2015, we placed on CreditWatch positive our ratings on certain classes of Spanish RMBS and ABS notes that could be affected by this upgrade, including our ratings on TDA 31's class A and B notes.
- Following the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating, we have raised and removed from CreditWatch positive our rating on TDA 31's class A notes.
- At the same time, we have also lowered and removed from CreditWatch positive our rating on the class B notes and lowered our rating on the class C notes.
- TDA 31 is a Spanish RMBS transaction, which closed in November 2008.

LONDON (Standard & Poor's) Jan. 22, 2016--Standard & Poor's Ratings Services today took various credit rating actions in TDA 31, Fondo de Titulizacion de Activos.

Specifically, we have:

- Raised and removed from CreditWatch positive our rating on the class A notes;
- Lowered and removed from CreditWatch positive our rating on the class B notes; and
- Lowered our rating on the class C notes (see list below).

Various Rating Actions Taken In Spanish RMBS Transaction TDA 31 Following Sovereign Upgrade

Today's rating actions follow our Oct. 2, 2015 raising to 'BBB+' from 'BBB' of our long-term sovereign rating on Spain and the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria; see "Kingdom Of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable," published on Oct. 2, 2015, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015).

On Oct. 30, 2015, we placed on CreditWatch positive our ratings on TDA 31's class A and B notes (see "Ratings On 88 Spanish RMBS And ABS Tranches Placed On CreditWatch Positive Following Sovereign And Bank Rating Actions").

We have also applied our Spanish residential mortgage-backed securities (RMBS) criteria as part of our credit and cash flow analysis (see "Italy And Spain RMBS Methodology And Assumptions," published on Sept. 18, 2014).

Under our RAS criteria, we have applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity.

Our RAS criteria designate the country risk sensitivity for RMBS as moderate. This transaction's notes can therefore be rated four notches above the sovereign rating, if they have sufficient credit enhancement to pass a minimum of a severe stress. However, if all six of the conditions in paragraph 44 of our RAS criteria are met, we can assign ratings up to a maximum of six notches (two additional notches of uplift) above the sovereign rating, subject to credit enhancement being sufficient to pass an extreme stress (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

Following the application of our RAS criteria and our RMBS criteria, we have determined that our assigned rating on each class of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria and (ii) the rating that the class of notes can attain under our RMBS criteria.

In our view, the transaction's performance has remained stable since our previous review (see "Rating On TDA 31's Class A Spanish RMBS Notes Affirmed Following Similar Rating Action On Counterparty," published on July 3, 2015). Total delinquencies are at 2.87% of the current nondefaulted collateral balance, compared with 3.14% in our previous review.

Following the application of our credit and cash flow stresses under our RMBS criteria, we consider that the available credit enhancement for the class A notes is sufficient to support a 'AAA (sf)' rating level. The class A notes only pass stresses at the 'AA+ (sf)' rating level, under our RAS criteria. Consequently, the maximum uplift is six notches above the long-term sovereign rating for the class A notes. We have therefore raised to 'AA+ (sf)' from 'AA (sf)' and removed from CreditWatch positive our rating on the class A notes.

Various Rating Actions Taken In Spanish RMBS Transaction TDA 31 Following Sovereign Upgrade

We have lowered to 'BBB- (sf)' from 'BBB (sf)' and removed from CreditWatch positive our rating on the class B notes as the interest deferral trigger may be breached in a moderate stress scenario. In our previous review, the tranche was passing our stress tests at a higher rating level as the level of defaulted assets was lower, at 6.1%, than the current level of 6.6%.

We have lowered to 'CCC- (sf)' from 'CCC (sf)' our rating on the class C notes as we expect the interest deferral trigger to be hit within the next six months (see "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published on Oct. 1, 2012).

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign and we have therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00%, when we apply our RMBS criteria, to reflect this view (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on Sept. 18, 2014). We base these assumptions on our expectation of continuing high unemployment in 2016.

Spain's economic recovery is gaining momentum, but is currently only supporting a marginal improvement in the collateral performance of transactions in our Spanish RMBS index. Despite positive macroeconomic indicators and low interest rates, persistent high unemployment and low household income ratios continue to constrain the RMBS sector's nascent recovery, in our view.

We expect severe arrears in the portfolio to remain vulnerable to downside risks. These include high unemployment and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future and stronger economic growth.

TDA 31 is a Spanish RMBS transaction, which closed in November 2008 and securitizes mainly first-ranking mortgage loans. Banco Guipuzcoano S.A. originated the pool, which comprises loans granted to prime borrowers secured over owner-occupied residential properties in Spain.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
- Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
- Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013

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- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Global Derivative Agreement Criteria, June 24, 2013
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Ratings On 88 Spanish RMBS And ABS Tranches Placed On CreditWatch Positive Following Sovereign And Bank Rating Actions, Oct. 30, 2015
- Kingdom Of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable, Oct. 2, 2015
- Eurozone Economic Outlook: Steady For Now, Despite Slower World Trade, Sept. 30, 2015
- Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly, Sept. 11, 2015
- 2015 EMEA RMBS Scenario And Sensitivity Analysis, Aug. 6, 2015
- Low Lending Rates And Stronger Economic Growth Are Reviving Europe's Housing Markets, July 30, 2015
- Despite The Turmoil In Greece, Europe's Fragile Growth Continues, July 14, 2015
- Rating On TDA 31's Class A Spanish RMBS Notes Affirmed Following Similar Rating Action On Counterparty, July 3, 2015
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014

RATINGS LIST

Class	Rating	
	To	From
TDA 31, Fondo de Titulizacion Hipotecaria €300 Million Mortgage-Backed Floating-Rate Notes		
Rating Raised And Removed From CreditWatch Positive		
A	AA+ (sf)	AA (sf)/Watch Pos

Various Rating Actions Taken In Spanish RMBS Transaction TDA 31 Following Sovereign Upgrade

Rating Lowered And Removed From CreditWatch Positive

B BBB- (sf) BBB (sf)/Watch Pos

Rating Lowered

C CCC- (sf) CCC (sf)

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