

**Hecho Relevante de                      VALENCIA HIPOTECARIO 3 FONDO DE TITULIZACIÓN DE  
ACTIVOS**

En virtud de lo establecido en el apartado 4.1.4. del Módulo Adicional a la Nota de Valores del Folleto Informativo de **VALENCIA HIPOTECARIO 3 FONDO DE TITULIZACIÓN DE ACTIVOS** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Fitch Ratings** (“**Fitch**”), con fecha 2 de junio de 2011, comunica que ha confirmado las calificaciones de las Series de Bonos emitidos por el Fondo:
  - **Serie A2:**            **AAAsf**, perspectiva estable
  - **Serie B:**             **A+sf**, perspectiva negativa
  - **Serie C:**            **BBBsf**, perspectiva negativa
  - **Serie D:**            **CCCsf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 2 de junio de 2011.

Mario Masiá Vicente  
Director General

## FITCH AFFIRMS VALENCIA HIPOTECARIO SERIES

Fitch Ratings-London/Madrid-02 June 2011: Fitch Ratings has affirmed all four Valencia Hipotecario transactions, which contain residential mortgage loans originated and serviced in Spain by Banco de Valencia ('BBB-/Negative/'F3'). A full list of rating actions is at the end of this release.

In February 2011, Fitch downgraded three tranches of the Valencia Hipotecario transactions after considering its overall credit performance concerns (see "Fitch Downgrades Three Valencia Hipotecario Tranches; Affirms Others" dated 15 February 2011 on [www.fitchratings.com](http://www.fitchratings.com)). The agency also noted certain outstanding counterparty issues with regards to Banco de Valencia as swap provider. Since then, remedial actions have been put in place and the transactions' performance has remained in line with Fitch's expectations.

The originator, Banco de Valencia, acts as servicer of the collateral and swap provider. In February 2011, Banco de Valencia became ineligible as swap provider according to Fitch's counterparty criteria following the downgrade of its Long-term Issuer Default Ratings (IDR) to 'BBB-/RWN and Short-term rating to 'F3'.

Fitch considers that counterparty risk for the collateral servicing activities is mitigated by the daily transfer of collateral collections from the collection account to the special purpose vehicle (SPV) account bank, which is held with an eligible counterparty Banco Popular ('A/'F1'), and the dedicated commingling cash deposit in the transactions. These deposits are dynamically calculated and sized in amounts equivalent to 1.5 months of principal and interest collections at 10% annualised prepayments.

For the swaps, the arranger implemented remedial actions, including the appointment of Bancaja ('A-/Stable/'F2') as swap guarantor for all transactions. The guarantee covers any payment obligation derived from these swap agreements if Banco de Valencia fails to comply with contractual terms. The guarantee does not cover the potential operational risk arising if Banco de Valencia were to default (i.e. Bancaja would not replace Banco de Valencia as swap provider in any event). However, Bancaja went through a merger process with other Spanish financial institutions forming Banco Financiero y de Ahorros Group (BFA Group; 'A-/Stable/'F2') in April 2011, and is currently a non-eligible guarantor for structured finance notes rated above 'A+'. Additionally, these swaps are posting collateral on a weekly basis in favour of the SPVs, although this action is implemented by Banco de Valencia, which is ineligible under Fitch's counterparty criteria.

Fitch has consequently analysed the transactions in the absence of the support that would be provided by the swap agreements, and concluded that the impact of the basis risk in the transactions is immaterial to the overall rating stability of the notes. Consequently, Fitch is affirming all existing Valencia Hipotecario ratings, as follows:

Valencia Hipotecario 1, Fondo de Titulizacion de Activos:

Class A (ISIN ES0382744003): affirmed at 'AAAsf'; Outlook Stable; assigned a Loss Severity (LS) Rating 'LS-1'

Class B (ISIN ES0382744011): affirmed at 'AA-sf'; Outlook Stable; assigned a LS Rating 'LS-2'

Class C (ISIN ES0382744029): affirmed at 'BBB+sf'; Outlook Stable; assigned a LS Rating 'LS-3'

Valencia Hipotecario 2, Fondo de Titulizacion de Hipotecaria:

Class A (ISIN ES0382745000): affirmed at 'AAAsf'; Outlook Stable; assigned a LS Rating 'LS-1'

Class B (ISIN ES0382745018): affirmed at 'A+sf'; Outlook Stable; assigned a LS Rating 'LS-2'

Class C (ISIN ES0382745026): affirmed at 'BBB+sf'; Outlook Negative; assigned a LS Rating 'LS-3'

Class D (ISIN ES0382745034): affirmed at 'CCCsf'; assigned a Recovery Rating 'RR3'

Valencia Hipotecario 3, Fondo de Titulizacion de Activos:

Class A2 (ISIN ES0382746016): affirmed at 'AAAsf'; Outlook Stable; assigned a LS Rating 'LS-1'  
Class B (ISIN ES0382746024): affirmed at 'A+sf'; Outlook Negative; assigned a LS Rating 'LS-3'  
Class C (ISIN ES0382746032): affirmed at 'BBBsf'; Outlook Negative; assigned a LS Rating 'LS-3'  
Class D (ISIN ES0382746040): affirmed at 'CCCsf'; assigned a Recovery Rating 'RR4'  
Valencia Hipotecario 4, Fondo de Titulizacion de Activos:  
Class A (ISIN ES0382717009): affirmed at 'A-sf'; Outlook Stable; assigned a Loss Severity (LS) Rating 'LS-1'  
Class B (ISIN ES0382717017): affirmed at 'Bsf'; Outlook Negative; assigned a LS Rating 'LS-3'  
Class C (ISIN ES0382717025): affirmed at 'CCCsf'; assigned a Recovery Rating of 'RR4'  
Class D (ISIN ES0382717033): affirmed at 'CCsf' assigned a Recovery Rating of 'RR6'

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

Sources of information: in addition to those mentioned in the applicable criteria, the sources of information used to assess these ratings were Investor Reports.

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

Applicable Criteria and Related Research:  
EMEA Residential Mortgage Loss Criteria  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=500786](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=500786)  
EMEA Residential Mortgage Loss Criteria Addendum - Spain  
[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=500764](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=500764)

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