

Hecho Relevante de

BBVA RMBS 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 **BBVA RMBS 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 **Moody’s Investors Service** (“**Moody’s**”), con fecha 2 de abril de 2009, comunica que ha bajado la calificación de las siguientes Series de Bonos emitidos por **BBVA RMBS 3 Fondo de Titulización de Activos**:
 - **Serie A3: Aa1** (anterior **Aaa**)
 - **Serie B: Baa3** (anterior **A1**)
 - **Serie C: B3** (anterior **Baa3**)

Las restantes Series de Bonos permanecen sin cambios:

- **Serie A1: Aaa**
- **Serie A2: Aaa**

Se adjunta la nota de prensa emitida por Moody’s.

Madrid, 6 de abril de 2009.

Mario Masiá Vicente
Director General

Rating Action: [BBVA RMBS 1, FTA](#)

Moody's Downgrades Spanish RMBS Notes in 2 BBVA Transactions

EUR 1.41 billion of debt securities affected

London, 02 April 2009 -- Moody's Investors Service has today downgraded the ratings of:

- Classes B and C of notes issued by BBVA RMBS 1, Fondo de Titulización de Activos (BBVA RMBS 1)
- Classes A3, B and C of notes issued BBVA RMBS 3, Fondo de Titulización de Activos (BBVA RMBS 3)

A detailed list of the rating actions is provided at the end of this press release.

Today's rating action was prompted by the worse-than-expected performance of the collateral backing the notes and Moody's methodology update for rating Spanish RMBS, released on 23 July 2008. The downgrades also reflect Moody's negative sector outlook for Spanish RMBS and the weakening of the macro-economic environment in Spain, including the expected increase in unemployment rates projected for 2009 and 2010. Today's rating action concludes the review of the BBVA RMBS 1 notes, which Moody's placed on review for possible downgrade following the release of Moody's methodology update.

BBVA RMBS 1 and BBVA RMBS 3 -- which closed in February 2007 and July 2007, respectively -- share some collateral and structural features. The notes of these transactions are backed by first-ranking mortgage loans secured on residential properties located in Spain, which were originated by BBVA (Aa1/Prime-1), for an overall balance at closing of EUR 2.5 billion and EUR 3 billion, respectively. In both transactions the majority of the collateral includes loans with high Loan-to-Value: in BBVA RMBS 1 loans with LTV over 80% represent 96% of the current pool balance, whereas in BBVA RMBS 3 this percentage is equal to 72.89% of the outstanding pool balance. The portfolios are also quite concentrated in the area of Catalonia, Madrid and Andalusia.

Currently, both portfolios are showing worse-than-expected collateral performance. Taking into account the cumulative amount of defaulted loans and applying a roll-rate and severity analysis on the rest of the portfolio, Moody's has increased its loss expectations for the two transactions, as detailed below. Moody's has also assessed updated loan-by-loan information for the outstanding portfolios to determine the increase in credit support consistent with target rating levels and the volatility of the distribution of future losses. As a result, Moody's has updated its MILAN Aaa credit enhancement (MILAN Aaa CE) assumptions for both transactions, as detailed below. The loss expectation and the Milan Aaa CE are the two key parameters used by Moody's to calibrate its loss distribution curve, which is one of the core inputs in the cash-flow model it uses to rate RMBS transactions. These updated assumptions reflect the collateral performance to date as well as Moody's expectations for these transactions, in the context of a weakening macro-economic environment in Spain.

For BBVA RMBS 1, as of the last reporting date of December 2008, loans that have been in arrears for 90 days or above, amounted to 1.19% of the current pool balance. Cumulative defaults amounted to 0.36% of the original balance. Moody's has raised its Milan Aaa CE to 10% and the portfolio's expected loss assumption to 1.90% (as a percentage of original pool balance). The current available subordination for class A3 (most junior Aaa in the structure), which includes the reserve fund is equal to 11.68%.

For BBVA RMBS 3, as of the last reporting date of February 2009, loans that have been in arrears for 90 days or above, amounted to 3.87% of the current pool balance. Cumulative defaults amounted to 0.73% of the original balance. Moody's has raised its Milan Aaa CE to 15% and the portfolio's expected loss assumption to 2.40% (as a percentage of original pool balance). The current available subordination for Class A3 (most junior Aaa in the structure), which includes the reserve fund is equal to 10.03%.

As a result of their collateral performance, both BBVA RMBS 1 and BBVA RMBS 3 have seen draws on their reserve funds, being at 98.75% and 76.41% of their required balance in December 2008 and February 2009, respectively.

These transactions include an interest rate swap to hedge interest rate risk in the transaction, securing the weighted average interest rate on the notes plus 0.65% excess spread and covering the servicing fee over a notional equal to the daily average outstanding amount of the loans not more than 90 days in arrears. BBVA

acts as swap counterparty.

Also, BBVA RMBS 1 and BBVA RMB3 3, include artificial write-off of loans that are either more than 12 months delinquent or for which there are no expectations of them becoming current. This typical Spanish RMBS mechanism speeds up the off balance sheet treatment of a non-performing loan compared to waiting for the "natural write-off"; thus, the amount of notes collateralised by non-performing loans and, consequently, the negative carry, is minimised.

BBVA RMBS 1 and BBVA RMBS 3 also provide for the amortization mode of the Class A notes to switch from sequential to pro rata subject to a performance trigger, which is breached if the ratio between (1) the outstanding balance of loans less than 90 days in arrears (increased by principal collections received during the period preceding the relevant payment date) and (2) the outstanding balance of Series A is equal to or lower than 1 and 1.05, respectively. For BBVA RMBS 3, as this trigger is still far from its threshold level, Moody's expects that the senior classes will continue to pay sequentially and has taken rating action only on the Class A3 Notes.

On 4 November 2008, the Spanish Government announced a package of aid to assist unemployed, self employed and pensioner borrowers through a form of mortgage subsidy aid. It is unclear how this package will be implemented, and also if it is implemented, how the transaction will be affected, although both liquidity and credit implications are possible on this portfolio. However, any implications on the ratings will ultimately depend on the actual financial aid conditions which are approved.

Moody's ratings address the expected loss posed to investors by the legal final maturity of the notes (June 2050 and February 2060, respectively). Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

Moody's monitors BBVA RMBS 1 and BBVA RMBS 3 as described in the reports: "Moody's Approach to Rating Spanish RMBS: The "Milan" Model", March 2005, "Moody's Updated Methodology for Rating Spanish RMBS", July 2008 and "Revising Default/Loss Assumptions Over the Life of an ABS/RMBS Transaction", December 2008. The latest rating action on the notes issued by BBVA RMBS 1 was taken by Moody's on 23rd of July 2008. No rating action was taken on the notes issued by BBVA RMBS 3 since closing. Moody's will continue to monitor closely the performance of these transactions.

LIST OF DETAILED RATING ACTIONS

BBVA RMBS 1

- Class B, Downgraded to A1 from Aa3; previously on July 23, 2008 Placed Under Review for Possible Downgrade;
- Class C Downgraded to Ba3 from Baa2; previously on July 23, 2008 Placed Under Review for Possible Downgrade.

BBVA RMBS 3

- Class A3, Downgraded to Aa1 from Aaa; previously on July 24, 2007 Assigned Aaa;
- Class B, Downgraded to Baa3 from A1; previously on July 24, 2007 Assigned A1;
- Class C Downgraded to B3 from Baa3; previously on July 24, 2007 Assigned Baa3.

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