

**Material Event**  
**concerning**

**BANCAJA 3 Fondo de Titulización de Activos**

Pursuant to Chapter III, section III.5.2, of the Prospectus for **BANCAJA 3 Fondo de Titulización de Activos** (the “**Fund**”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On June 2, 2010 this Management Company notified a Material Event advising that the Rating Agency **Fitch Ratings** (“**Fitch**”) had on June 1, 2010 downgraded the credit ratings assigned to **Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja** (“**Bancaja**”), which circumstance is reported because Bancaja is Fund counterparty under the following financial transaction and service agreements:
  - (i) Interest Swap Agreement.
  - (ii) Mortgage Loan Servicing and Management and Mortgage Certificate Custody Agreement.

- **Interest Swap Agreement.**

On the terms of schedule III (Collateral Assignment Agreement) to the Agreement, from June 2, 2010, the Swap valuation-based cash deposit posted weekly by Bancaja to the Fund as security for fulfilment of its contractual obligations under the Swap, and as concerns the amount subject of such security required by Fitch, is made with a 25% increase in accordance with Fitch’s counterparty criteria for structured finance transactions currently in force (*Counterparty Criteria for Structured Finance Transactions: Derivative Addendum*) published on October 22, 2009.

- **Mortgage Loan Servicing and Management and Mortgage Certificate Custody Agreement.**

In accordance with the criteria set by Fitch and laid out in its document entitled “*Counterparty Risk for Structured Finance Transactions*”, dated October 22, 2009, the commingling risk dynamic reserve or deposit was set up on July 30, 2010 upon Bancaja (principal) being issued a guarantee by **Caja de Ahorros y Monte de Piedad de Madrid** (“**Caja Madrid**”) (guarantor) securing on first demand for the Fund (beneficiary) and up to an amount at least as high as 1.5 times the aggregate of the amounts comprising the first instalment payable by the Obligors of each Loan maturing thereafter (calculated assuming 0% delinquency and a 10% yearly prepayment rate), any Loan collection amount received by Bancaja, as Servicer, and not credited to the Fund by the deadline set for it to do so.

- Attached is Fitch’s press release dated August 3, 2010 explaining that Bancaja’s downgrade shall not affect the Fund due to the actions put in place as described above.

Madrid, August 4, 2010

Mario Masiá Vicente  
General Manager



**Fitch: No Impact on Bancaja and Banco de Valencia SF Deals from Downgrade  
03 Aug 2010 7:52 AM (EDT)**

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Fitch Ratings-London/Madrid-03 August 2010: Fitch Ratings says structured finance transactions associated with Caja de Ahorros de Valencia, Castellon y Alicante (Bancaja) and Banco de Valencia have not been impacted by the agency's recent downgrades on the abovementioned financial institutions due to remedial action being undertaken. The financial institutions are counterparties in these transactions.

On 1 June 2010 Fitch downgraded Bancaja's and Banco de Valencia's Long-term Issuer Default Ratings (IDR) to 'BBB' from 'BBB+' and Short-term IDRs to 'F3' from 'F2'. (For further information, please see 'Fitch Downgrades Bancaja to 'BBB'/Stable Outlook; Downgrades Individual Rating to 'C/D' and 'Fitch Downgrades Banco de Valencia to 'BBB'; Outlook Stable', both available at [www.fitchratings.com](http://www.fitchratings.com)).

Following is a list of the respective remedial actions, indicating the deals for which these were carried out:

Implementation of commingling reserve via cash collateralisation of required amounts for:

Valencia Hipotecario 1, FTA  
Valencia Hipotecario 2, FTH  
Valencia Hipotecario 3, FTA  
Valencia Hipotecario 4, FTA  
PYME Valencia 1, FTA

Provision of first demand guarantee by Caja de Ahorros y Monte de Piedad de Madrid ('A'/Negative/'F1') to cover Bancaja's required commingling reserve for:

Consumo Bancaja 1, FTA  
Bancaja 3, FTA  
Bancaja 4, FTH  
Bancaja 5, FTA  
Bancaja 6, FTA  
Bancaja 7, FTA  
Bancaja 8, FTA  
Bancaja 9, FTA  
MBS Bancaja 1, FTA  
MBS Bancaja 2, FTA  
MBS Bancaja 3, FTA  
MBS Bancaja 4, FTA  
VAL Bancaja 1, FTA (formerly FTGENVAL Bancaja 1, FTA)  
FTPYME Bancaja 2, FTA  
FTPYME Bancaja 3, FTA  
FTPYME Bancaja 4, FTA  
PYME Bancaja 5, FTA  
FTPYME Bancaja 6, FTA  
CM Bancaja 1, FTA  
MBS Bancaja 7, FTA

Increased cash collateralisation of swap agreement provided by Bancaja for the following deals:

Consumo Bancaja 1, FTA  
Bancaja 3, FTA  
Bancaja 4, FTH  
MBS Bancaja 1, FTA  
FTPYME Bancaja 2, FTA

FTPYME Bancaja 3, FTA

The respective public overcollateralisation commitments provided by Bancaja and Banco de Valencia to maintain the ratio of their total cover pools to outstanding cedulas at or above 231% and 232%. These commitments are applicable to their participations in all Fitch-rated multi-issuer Cedula Hipotecarias deals, which are:

Cedulas TDA 13, FTA  
Cedulas TDA 18, FTA  
IM Cedulas 2, FTA  
AyT Cedulas Cajas Global Series 19, FTA  
AyT Cedulas Cajas Global Series 20, FTA  
AyT Cedulas Cajas Global Series 21, FTA  
AyT Cedulas Cajas I, FTA

Applicable criteria, 'Rating Criteria for Multi-Issuer Cedula Hipotecarias', dated 11 December 2009, 'Counterparty Criteria for Structured Finance Transactions', dated 22 October 2009, and 'Counterparty Criteria for Structured Finance Transactions: Derivative Addendum - Amended', dated 23 October 2009, are available at [www.fitchratings.com](http://www.fitchratings.com).

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

Related Research:

Rating Criteria for Multi-Issuer Cedula Hipotecarias  
Counterparty Criteria for Structured Finance Transactions  
Counterparty Criteria for Structured Finance Transactions: Derivative Addendum - Amended

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