

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 15 de abril de 2011, comunica que ha bajado las calificaciones asignadas a las Series de Bonos emitidas por **BBVA RMBS 3 Fondo de Titulización de Activos**:
  - **Serie A1:** Ba1 (sf) (anterior **Aa1 (sf)**, bajo revisión)
  - **Serie A2:** Ba1 (sf) (anterior **Aa1 (sf)**, bajo revisión)
  - **Serie A3:** Ba1 (sf) (anterior **Aa1 (sf)**, bajo revisión)
  - **Serie B:** Caa3 (sf) (anterior **Baa3 (sf)**, bajo revisión)
  - **Serie C:** C (sf) (anterior **B3 (sf)**, bajo revisión)

Se adjunta la comunicación emitida por Moody’s.

Madrid, 18 de abril de 2011.

Enrique Pescador Abad  
Director de Organización y Control

**Rating Action: Moody's Investors Service takes action on Spanish RMBS notes issued by BBVA  
RMBS 3 FTA**

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**Global Credit Research - 15 Apr 2011**

Madrid, April 15, 2011 -- Moody's Investors Service announced today that it has downgraded the rating all notes issued by BBVA RMBS 3 FTA.

Complete rating action as follows:

Issuer: BBVARMBS 3 Fondo de Titulizacion de Activos

...EUR1200MA1 Certificate, Downgraded to Ba1 (sf); previously on Feb 8, 2011 Aa1 (sf) Placed Under Review for Possible Downgrade

...EUR595.5MA2 Certificate, Downgraded to Ba1 (sf); previously on Feb 8, 2011 Aa1 (sf) Placed Under Review for Possible Downgrade

...EUR960MA3 Certificate, Downgraded to Ba1 (sf); previously on Feb 8, 2011 Aa1 (sf) Placed Under Review for Possible Downgrade

...EUR156MB Certificate, Downgraded to Caa3 (sf); previously on Feb 8, 2011 Baa3 (sf) Placed Under Review for Possible Downgrade

...EUR88.5MC Certificate, Downgraded to C (sf); previously on Feb 8, 2011 B3 (sf) Placed Under Review for Possible Downgrade

The ratings of the notes were placed on review for possible downgrade in February 2011 due to the worse than expected performance of the collateral. All the loans were originated by Banco Bilbao Vizcaya Argentaria (BBVA Aa2/P-1).

**RATINGS RATIONALE**

Today's rating action concludes the review and takes into consideration the worse-than-expected performance of the collateral. It also reflects Moody's negative sector outlook for Spanish RMBS and the weakening of the macro-economic environment in Spain, including high unemployment rates.

The ratings of the notes take into account the credit quality of the underlying mortgage loan pools, from which Moody's determined the MILAN Aaa Credit Enhancement (MILAN Aaa CE) and the lifetime losses (expected loss), as well as the transaction structure and any legal considerations as assessed in Moody's cash flow analysis. The expected loss and the Milan Aaa CE are the two key parameters used by Moody's to calibrate its loss distribution curve, used in the cash flow model to rate European RMBS transactions.

**Portfolio Expected Loss:**

Moody's has reassessed its lifetime loss expectation taking into account the collateral performance to date, as well as the current macroeconomic environment in Spain. In February 2011, cumulative write-offs rose to 5.67% of the original pool balance. The share of 90+ day arrears stood at 5.46% of current pool balance. Moody's expects the portfolio credit performance to be under stress, as Spanish unemployment remains elevated. The rating agency believes that the anticipated tightening of Spanish fiscal policies is likely to weigh on the recovery in the Spanish labour market and constrain future Spanish households finances. Moody's also has concerns over the timing and degree of future recoveries in a weaker Spanish housing market. On the basis of Moody's negative sector outlook for Spanish RMBS, the rating agency has updated the portfolio expected loss assumption to 5.65% of original pool balance up from 2.40% at December 2008.

**MILAN Aaa CE:**

Moody's has assessed the loan-by-loan information to determine the MILAN Aaa CE. Moody's has increased its MILAN Aaa CE assumptions for 16%, up from 15% at December 2008. The increase in the MILAN Aaa CE reflects the exposure to broker origination (30.44%) and non Spanish nationals (1.50%). In addition 10% of the portfolio correspond to Self Employed. Credit enhancement under the Class A (including subordination and reserve fund) is 10.83%.

**Amortisation of Series A1, A2 and A3 notes**

The class A pro-rata amortisation trigger has been breached in the last payment date and therefore Moody's has positioned the ratings of Series A1, A2 and A3 notes at the same level. The amount retained as principal is allocated pro-rata between Series A1, A2 and A3 if at the Determination Date the ratio of the Outstanding Balance of non-defaulted Mortgage Loans more than 90 days in arrears, increased by the Mortgage Loan Principal repayment income amount received during the Determination Period preceding the relevant payment date, to (2) the sum of the Outstanding Principal Balance of Class A notes, is less than or equal to 1.05.

The rating addresses the expected loss posed to investors by the legal final maturity of the notes. In Moody's opinion, the structure allows for timely payment of interest and principal with respect of the notes by the legal final maturity. Moody's ratings only address the credit risk associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

**TRANSACTION FEATURES**

BBVA RMBS 3 closed in July 2007. The transactions is backed by a portfolio of first-ranking mortgage loans originated by BBVA (Aa2/P-1) and secured on residential properties located in Spain. The loans were originated between 2003 and 2007, with current weighted average loan-to-value standing at 87.72%. As mentioned above, a significant share of the securitised mortgage loans was originated via brokers and loans to non-Spanish nationals are also included in the pool. BBVA acts as servicer, paying agent and swap counterparty to the transactions.

Reserve fund and Principal Deficiency (PDL): the increasing levels of defaulted loans has ultimately caused the full depletion of the reserve fund and is currently experiencing an unpaid PDL. The current unpaid PDL is equal to EUR 104 million corresponding to 100% of the most junior note and 10% of the class B notes.

Commingling: All of the payments under the loans in this pool are collected by the servicer under a direct debit scheme into the collection accounts held at BBVA (Aa2/P-1) and are transferred to the treasury account held at BBVA every two days.

Swap: According to the swap agreement entered into between the Fondo and BBVA (Aa2 / P-1), on each payment date:

- The Fondo will pay the amount of interest actually received from the loans; and
- BBVA will pay the sum of (1) the weighted average coupon on the notes plus 65 bppa, over a notional calculated as the daily average outstanding amount of the loans not more than 90 days in arrears and (2) the servicing fee due on such payment date

For details on the deal structure, please refer to the BBVA RMBS 3, Pre Sale Reports. The report is available on [www.moody's.com](http://www.moody's.com).

The principal methodologies used in this rating were Moody's Updated Methodology for Rating Spanish RMBS published in July 2008, Cash Flow Analysis in EMEARMBS: Testing Features with the MARCO Model (Moody's Analyser of Residential Cash Flows) published in January 2006, Moody's Approach to Automated Valuation Models in Rating UK RMBS published in August 2008, A Framework for Stressing House Prices in RMBS Transactions in EMEA published in July 2008 and Global Structured Finance Operational Risk Guidelines: Moody's Approach to Analyzing Performance Disruption Risk published in March 2011.

Moody's Investors Service did not receive or take into account a third-party due diligence report on the underlying assets or financial instruments related to the monitoring of this transaction in the past six months.

#### REGULATORY DISCLOSURES

The ratings have been disclosed to the rated entity or its designated agents and issued with no amendment resulting from that disclosure.

Information sources used to prepare the credit ratings are the following: parties involved in the ratings, parties not involved in the ratings, public information, and confidential and proprietary Moody's Investors Service information.

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Please see ratings tab on the issuer/entity page on [Moody's.com](http://Moody's.com) for the last rating action and the rating history.

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Please see the Credit Policy page on [Moody's.com](http://Moody's.com) for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

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