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## Rating Lowered To 'D (sf)' On Spanish RMBS Transaction Bancaja 10's Class C Notes Following Interest Payment Default

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### OVERVIEW

- On the Feb. 24, 2014 payment date, Bancaja 10's class C notes defaulted on their interest payment.
- Consequently, we have lowered to 'D (sf)' from 'CCC (sf)' our rating on the class C notes.
- Bancaja 10 is a 2007-vintage securitization of first-ranking mortgages secured on owner-occupied residential properties in Spain. Bankia originated and services the mortgages.

MADRID (Standard & Poor's) March 12, 2014--Standard & Poor's Ratings Services today lowered to 'D (sf)' from 'CCC (sf)' its credit rating on Bancaja 10, Fondo de Titulizacion de Activos' class C notes.

Today's downgrade follows the class C notes' interest payment default on the Feb. 24, 2014 interest payment date (IPD).

As we noted in our previous review on March 15, 2012, our rating on the class C notes reflects the proximity of the interest deferral trigger (see "Various Rating Actions Taken In Spanish RMBS Transactions Bancaja 10 And Bancaja 11 Following Review").

The trustee's data for the January 2014 report shows that cumulative defaults account for 7.71% of the closing portfolio balance, which is above the

documented 7.40% interest deferral trigger for the class C notes.

The class C notes defaulted on their interest payment on the February 2014 IPD, following the breach of the interest deferral trigger and a lack of available liquid funds. As our ratings in this transaction address the timely payment of interest and the ultimate payment of principal, we have lowered to 'D (sf)' from 'CCC (sf)' our rating on the class C notes.

Bancaja 10 is a 2007-vintage securitization of first-ranking mortgages secured on owner-occupied residential properties in Spain. Bankia S.A. originated and services the mortgages.

#### STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>.

#### RELATED CRITERIA AND RESEARCH

##### Related Criteria

- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

##### Related Research

- Various Rating Actions Taken On Bancaja 10 And Bancaja 11's Spanish RMBS Notes Following Review, March 15, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011

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