



RMBS Country Addendum

Spain

[To be read in conjunction with the RMBS Rating Methodology](#)

06 June 2024*

Call for comments

Scope welcomes market participants' comments on its proposed methodology. Please send your comments by 30th June 2024 to consultation@scoperatings.com

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*The Country Addendum replace the previously published Country Addendum on the 31 May 2024 to account for the Call for comments nature of the document.

Distressed Default Rate	Source / Reference Value	Comment	Section 3.2.2
Country Distressed Default Rate		21,50% This corresponds to the default rate that could be experienced by a pool of mortgage exhibiting market characteristics.	
Benchmark Country Original LTV		67,00% This is the benchmark country original default rate assumed to compute the LTV loan modifier.	
Benchmark Country Floating Interest rate proportion		36,00% This is the benchmark proportion of floating rate loan assumed to compute the Interest Rate modifier.	
Region overconcentration		30,00% Increase of the Country-distressed default rate for regional over-concentration	
Loan Modifiers	Sensitivity		
Original LTV		0,94 The loan modifier dedicated to the original LTV is defined as $exp(Sensitivity * (Loan LTV - Country LTV))$	
Seasoning	Haircut of 40% at year 10	The loan modifier dedicated to the seasoning is defined as a piecewise linear function of seasoning increasing to a defined level and subsequently constant.	
Property Usage		80% The loan modifier for property usage which is increasing the default rate.	
Floating interest rate		60% The loan modifier for interest rate is multiplied by the excess proportion of floating interest rate versus the country average.	

Recoveries	Reference Value	Comment	Section 3.3
Standard Approach	Statistical analysis of historical data		
Distressed Recovery Rate haircut		40%	
Recovery Timing			
Year 1		10%	The recovery timing specified here defines our standard assumption in the absence of historical performance data.
Year 2		20%	
Year 3		20%	
Year 4		20%	
Year 5		30%	

Default timing	Marginal Default Rate	Section 3.2.3
Front-loaded Default Timing assumption	Higher between Y0-Y5	Default timing is derived from the assumption of a higher monthly marginal default rate during an early period.
Constant Default Timing assumption	Constant	Default timing is derived from the assumption of a constant monthly marginal default rate.
Back-loaded Default Timing assumption	Higher between Y10-Y15	Default timing is derived from the assumption of a higher monthly marginal default rate during a late period.

Prepayment	CPR	Section 3.4
Low Prepayment assumption		1% Lower boundary for prepayments if scenario testing is explicitly deemed to be relevant.
Mid Prepayment assumption		5% Base scenario for prepayment.
High Prepayment assumption		15% Higher boundary for prepayments if scenario testing is explicitly deemed to be relevant, knowing that a scenario of joint prepayment and default is assumed to be unlikely.

Structural assumptions	Section 4.1
Senior Fees assumption	0,30%
minimum	100k

Benchmark Regional Distribution	Section 3.2.2
Noroeste	6,50%
Noreste	8,00%
Com. De Madrid	12,50%
Centro	10,00%
Este	34,50%
Sur	24,00%
Canarias	4,50%