

La Hipotecaria Panamanian Mortgage Trust Series 2007-1 Certificates 'BBB (sf)' Rating Affirmed

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OVERVIEW

- La Hipotecaria Panamanian Mortgage Trust's series 2007-1 transaction securitized a pool of Panamanian residential U.S. dollar-denominated floating-rate mortgages originated by Banco La Hipotecaria S.A., a mortgage lender and servicer operating since 1997.
- We affirmed our 'BBB (sf)' rating and 'BBB (sf)' SPUR on the series 2007-1 certificates.
- The affirmation reflects the transaction's solid performance and strong credit enhancement levels.

MEXICO CITY (Standard & Poor's) April 27, 2011--Standard & Poor's Ratings Services today affirmed its 'BBB (sf)' rating and 'BBB (sf)' underlying rating (SPUR) on La Hipotecaria Panamanian Mortgage Trust's series 2007-1 certificates due December 2036.

The rating affirmation reflects the transaction's solid performance and strong credit enhancement levels, which are sufficient to support the assigned 'BBB (sf)' rating. The rating is also supported by an interest reserve account equal to three times the last series A interest payment, which Citibank N.A. (A+/Negative) provided in the form of a letter of credit. As of the last payment date in March 2011, the transaction had overcollateralization of 17.41% using Standard & Poor's standard formula (one minus outstanding liabilities/assets that are 90 or fewer days delinquent), or credit

enhancement of 13.94% using the formula contained in the transaction documents. The overcollateralization is in the form of a subordinated series B note (not rated). The underlying collateral shows a 31- to 90-day delinquency rate of 5.17% and a 91- to 180-day delinquency rate of 0.27%, as well as a cumulative default rate of 0.92% (including 180-plus-day delinquencies that are deemed defaults).

The transaction securitized a pool of Panamanian residential U.S. dollar-denominated floating-rate mortgages originated by Banco La Hipotecaria S.A. (La Hipotecaria, not rated; formerly known as La Hipotecaria S.A.), a mortgage lender and servicer operating since 1997; the transaction was La Hipotecaria's eighth securitization. We had originally assigned a 'AAA' rating to the series 2007-1 certificates, which reflected the bond insurance provided by XL Capital Assurance Inc. (XLCA; not rated), and a 'BBB' SPUR (absent the financial guarantee). In June 2008, however, we lowered the rating on XLCA below the transaction's SPUR, and we lowered the rating on the certificates to match the SPUR. As a result, the rating on the certificates was de-linked from the rating on XLCA.

RELATED CRITERIA AND RESEARCH

- General Criteria: Principles Of Credit Ratings, published Feb. 16, 2011.
- 15 CIFG/XCLA-Insured Emerging Market Ratings Lowered; Watch Neg Updates; CaVal Rating Affirmed, published June 9, 2008.
- New Issue: La Hipotecaria Panamanian Mortgage Trust 2007-1, published April 3, 2007.
- Securitization In Latin America: Existing Assets: Asset-Specific Rating Criteria, published Sept. 1, 2004.

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