

**FONDO DE TITULIZACIÓN DE ACTIVOS  
UCI 16  
ASSET-BACKED SECURITIES  
€ 1,819,800,000**

Class A1:	€430,000,000	AAA/AAA
Class A2:	€1,247,600,000	AAA/AAA
Class B:	€72,000,000	__A/A-
Class C:	€41,400,000	BBB/BBB
Class D:	€9,000,000	BB+/BB
Class E:	€19,800,000	CCC/CCC-

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**LEAD MANAGERS AND BOOKRUNNERS**



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**Paying Agent**



**Fund Promoted and Managed by:**



**SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A.**

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This document is the information prospectus (hereinafter, the “**Information Prospectus**” or the “**Prospectus**”) on UCI 16 asset securitization fund (hereinafter the “**Fund**”) approved and registered in the Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission, hereinafter CNMV) on the 17<sup>th</sup> of October 2006, in accordance with the stipulations in Regulation 809/2004, which includes the following:

1. A description of the main risk factors linked to the issue, to the securities and to the assets which back up the issue (hereinafter, the “**Risk Factors**”);
2. A registration document for the securities, drawn up in accordance with Annex VII of Regulation 809/2004 (hereinafter the “**Registration Document**”);
3. A note on the securities drafted in accordance with Annex XIII of Regulation 809/2004 (hereinafter, the “**Securities Note**”); and
4. An additional module to the Securities Note drafted by following the module stipulated in Annex VIII of Regulation 809/2004 (hereinafter, the “**Additional Building Block**”); and
5. A glossary of definitions (hereinafter, the “**Definitions**”).

## **RISK FACTORS**

### **I. SPECIFIC RISK FACTORS OF THE FUND:**

#### **(i) Risk of insolvency of the Fund:**

If faced with a case of impossibility by the Fund to meet payment of its obligations on a generalized basis, the provisions of article 11 of Royal Decree 926/1998 will apply. That is, the Management Company, after informing the CNMV, will proceed with the orderly liquidation of the Fund, in accordance with the rules established in this regard in this Prospectus.

The Fund shall only be liable for the performance of its obligations up to the amount of its assets.

#### **(ii) Absence of legal status of the Fund. Limitation of legal actions against the Management Company:**

The Fund lacks legal Status. Consequently, the Management Company must carry out its administration and representation and comply with the obligations legally established in relation to the Fund. It shall be liable to the Bondholders and the remaining unsecured creditors of the Fund up to the limit of its net worth in the event of breach of said obligations.

#### **(iii) Limitation of shares as regards the Management Company:**

The holders of the Bonds and the rest of the ordinary creditors of the Fund will only be able to bring an action against the Management Company of the Fund in the case of non-compliance with its functions or failure to observe the stipulations in the Deed of Constitution or in this Prospectus.

**(iv) Compulsory substitution of Management Company:**

In accordance with article 19 of Royal Decree 926/1998, the Management Company shall be replaced in the event it is held to be insolvent vis-à-vis its creditors. If in that case four months elapsed from the happening of the fact determining the substitution and no other Management Company that agreed to take over the managing was found, the early liquidation of the Fund will proceed and the redemption of the Bonds issued charging the Fund.

**(v) Applicability of the Law on Insolvency:**

In the event of insolvency of UCI as assignor of the Loans and issuer of the Mortgage Participations and the Certificates of Mortgage Transfer, the goods belonging to the Fund (including the Mortgage Loans and the Associated Loans), except for the cash, due to its fungible nature, which are in the insolvency property of UCI, would be owned by the Fund, and must be made available to it in the terms of articles 80 and 81 of the Law on Insolvency.

Notwithstanding the above, both the Information Prospectus and the Deed of Constitution stipulate certain mechanisms in order to alleviate the aforementioned effects as regards cash, due to its fungible nature.

In order to mitigate the consequences which the statement of temporary receivership regarding the Assignor might have on the rights of the Fund, in particular, as regards the effects of articles 1,527 of the Spanish Civil Code, it is stipulated in section 3.3.a) of the Additional Building Block to the Securities Note that *“in the event of insolvency or indications of insolvency, intervention by the Bank of Spain, liquidation or replacement of the Administrator, or because the Management Company considers it to be reasonably justified, the Management Company may request the Administrator to notify the obligors and, or in their absence, their respective guarantors, of the transfer of the outstanding Loans to the Fund, as well as the fact that the payments deriving from these Loans will only discharge if they are made into the Treasury Account opened in the name of the Fund. However, should the Administrator fail to notify the Obligors within five (5) Business days following reception of the request, and in the event of insolvency of the Administrator, it will be the Management Company itself, directly or, in its absence, through a new Administrator that it might have appointed, which shall notify the Obligors and, or in their absence, their respective guarantors”*.

In the event that the Bank is declared insolvent, the money received by the Bank and kept by it on behalf of the Fund in payment of the complementary contracts subscribed thereby, described in section 3.4.2.1. b) and 3.4.3. of the Additional Building Block to the Securities Note, previous to the date of statement of insolvency could be affected by the insolvency according to most authors and scholars who have analysed and construe articles 80 and 81 of the Law on Insolvency.

In addition, in order to mitigate the aforementioned risk, certain mechanisms have been stipulated and are described in sections 3.4.4., and 3.4.5. of the Additional Building Block to the Securities Note.

In the case of insolvency of the Management Company, this must be replaced by another Management Company in accordance with the stipulations of article 19 of Royal Decree 926/1998.

The structure of the asset securing operation, except for the case of non-compliance of the parties, does not allow there to be amounts in cash which might

be brought into the bankrupt's estate of the Management Company, as the amounts corresponding to income for the Fund must be deposited, in the terms stipulated in this Prospectus, in the accounts opened in the name of the Fund by the Management Company (which intervenes in opening these accounts, not as the simple mandatory of the Fund, but as the legal representative of the Fund), therefore, the Fund would have the right of separation, in the terms stipulated in articles 80 and 81 of the Law on Insolvency.

Notwithstanding the above, insolvency of any of the subjects intervening (UCI, the Bank, the Management Company or any other entity part of the Fund) could affect their contractual relations with the Fund.

**(vi) Breach of agreements by third parties**

The Fund has entered into agreements with certain third parties fore the rendering of certain services in relation to the Bonds. Amongst these agreements, there is the Subordinated Loan Agreement, the Guaranteed Reinvestment Agreement and the Management, Underwriting and Placement Agreements of the issue.

The holders of the Bonds might be damaged if any of the parties thereto breach the obligations undertaken under any of the aforesaid agreements.

**II. SPECIFIC RISK FACTORS OF THE ASSETS BACKING THE ISSUE:**

**(i) Risk of non-payment of the Loans:**

The holders of the Bonds issued and charged to the Fund will take the risk of non-payment of the Assets pooled in the Fund. However, measures to improve the credit have been arranged and these are included in section 3.4.2. of the Additional Building Block to the Securities Note.

UCI, as the Assignor, assumes no liability for non-payment of the Obligors, whether for principal, interest, or any other amount they may owe by virtue of the Assets. It will neither assume in whichever other manner, liability in guaranteeing directly or indirectly the good end of the operation, nor will it grant any warranty or guarantee, nor will perform any agreements of re-purchasing Assets, except for the commitments that are being assumed in Section 2.2.9. of the Additional Building Block to the Securities Note regarding the substitution of the Assets that did not adjust, in the moment of the constitution of the Fund, to the representations contained in Section 2.2.8. of the Additional Building Block to the Securities Note. The Assignor shall only be liable for the existence and legitimacy of the Loans at the time of the assignment and in the terms and conditions stated in the Prospectus, as well as for the legal status pursuant to which the assignment is made.

**(ii) Risk of prepayment of the Assets:**

The Loans pooled into the Fund are susceptible to being prepaid when the Obligors prepay, in the terms provided by each one of the Loan agreements from which the Assets derive.

The risk that such anticipated amortization will endeavour will be passed over quarterly, at each Payment Date, to the Bondholders through the partial redemption of the Bonds, as provided in the distribution rules of the Available Redemption Funds that are contained in Section 4.9.3 of the Securities Note.

**(iii) Protection:**

An investment in Bonds may be affected, *inter alia*, by a deterioration in general economic conditions, which has an adverse effect on the payments of the Assets that back the issue of the Fund. In the event that non-payments should reach an elevated level, they could reduce, or even eliminate, the protection against losses in the Loan portfolio enjoyed by the Bonds as a result of the existence of the credit enhancements described under section 3.4.2 of the Additional Building Block to the Securities Note. The foregoing considerations notwithstanding, the Bondholders have their risk mitigated by the order of priority of payments described under section 3.4.6.(b) of the Additional Building Block to the Securities Note. Thus, the subordination in interest payment and repayment of the principal amongst the Bonds of the different series which are derived from the Order of Priority of Payments and Order of Priority of Payment upon Liquidation of the Fund is a different protection mechanism amongst the respective series.

**III. RISK FACTORS SPECIFIC TO THE SECURITIES:**

**(i) Limited liquidity:**

There is no guarantee that trading in the Bonds with a minimum frequency or volume will come to take place in the market.

There is no commitment for intervention in secondary dealing on the part of any entity, thereby giving liquidity to the Bonds through the offering of compensation.

Furthermore, in no case may the Fund repurchase the Bonds from the Bondholders, although they may indeed be redeemed early in their entirety, in the case of early liquidation of the Fund, in the terms established under section 4.4.3. of the Registration Document.

**(ii) Return:**

The calculation of the average life, return and duration of the Bonds is subject, *inter alia*, to hypotheses relating to prepayment rates of the Assets which may not materialize, as well as future market interest rates, given the variable nature of the nominal interest rates. Compliance with the rate of prepayment of the loans is also determined by a variety of economic and social factors such as the interest rates on the market, the economic situation of the Obligors and the general economic activity, which make forecasting impossible.

**(iii) Default interest:**

Amounts deferred for the concept of interest shall accrue in favour of the holders' interest equal to that applied to the Bonds of their respective Class during the Interest Accrual Period(s) through the Payment Date on which the payment thereof takes place without this implying capitalization of the debt.

**(iv) Liability:**

The assignment of the loans will be full and unconditional and for the whole of the remaining period until the maturity of each Loan. UCI, as assignor of the Loans and issuer of the Mortgage Participations and of the Certificates of Transfer of Mortgage, in accordance with article 348 of the Spanish Commercial Code and article 1,529 of the Spanish Civil Code, will be liable as regards the Fund for the existence and legitimacy of the Loans, as well as for the form in which the assignment is made, but will not be liable for the solvency of the Obligors.



The Assignor does not take the risk of Loan non-payment and therefore does not assume any liability for the failure of the Obligor to pay the principal, the interest or any other amount that they might owe in the Loans, nor does the Assignor assume the efficacy of the guarantees accessory to the Loans. The Assignor will not assume liability of any kind as regards directly or indirectly guaranteeing the success of the operation, nor will the Assignor grant guarantees or bonds, nor will it enter repurchase agreements or agreements to replace the Loans, except for what is stated in section 2.2.9 of the Additional Building Block to the Securities Note.

Therefore, no guarantees are granted by any public or private entities, including the Assignor, the Management Company, and any subsidiary or company participated in by any of the above.

# REGISTRATION DOCUMENT

This Registration Document has been drafted in accordance with Annex VII of Regulation (EC) no. 809/2004 and was approved by the CNMV on the 17<sup>th</sup> of October, 2006.

## **1. PERSONS RESPONSIBLE**

### **1.1 Persons responsible for the information appearing in the Registration Document.**

Mr. IGNACIO ORTEGA GAVARA, acting in his capacity as General Manager, by virtue of the powers conferred on him expressly by the Board of Directors at its meeting held on the 11<sup>th</sup> of September, 2006, on behalf and in representation of SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A., with its registered offices at Ciudad Grupo Santander, Avda. de Cantabria s/n. 28660, Boadilla del Monte (Madrid), assumes the responsibility for the information contained in this Registration Document.

SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is the promoter of the FONDO DE TITULIZACIÓN DE ASSETS, UCI 16 and will be in charge of its legal administration and representation.

### **1.2 Statement by those responsible for the Registration Document.**

MR. IGNACIO ORTEGA GAVARA declares that, having taken all reasonable care to ensure that such is the case, the information given in the Registration Document is, to the best of his knowledge, in accordance with the facts and does not omit anything likely to affect its import.

## **2. STATUTORY AUDITORS OF THE FUND**

### **2.1 Name and address of the Fund's auditors (together with any membership of any relevant professional body).**

In accordance with the stipulations in section 4.4 of this Registration Document, the Fund lacks historical financial information.

However, during the life of the Fund, the annual accounts will be subject to audit by the auditors on an annual basis.

The Board of Directors of the Management Company, at its meeting held on the 11<sup>th</sup> of September, 2006, at which it was agreed to constitute this Fund, designated as auditors of the Fund the auditing firm of Deloitte, with registered address in Madrid, at Torre Picasso, Plaza Pablo Ruiz Picasso, s/n, with Tax Identification Number B-79104469, registered in the Official Registry of Auditors (*Registro oficial de auditores de cuentas, ROAC*) with number S0692 and registered in the Company Register of Madrid, in Volume 3, 190, Section 8, Sheet 1, Page M-54.414, Entry 1.

### **2.2 Fiscal years, accounting principles and statutory filing of annual financial statements.**

The fiscal year of the Fund will coincide with the calendar year. However, and as an exception, the first fiscal year will start on the Date of Constitution of the Fund, and the last fiscal year will finish on the date on which the Fund should expire.

The income and expenditure will be acknowledged by the Fund following the principle of accrual, that is to say, depending on the real flow that the income and expenditure represent, regardless of the time at which collection and payment take place.

The initial expenses of the Fund and the issue of the Bonds will be financed through the Subordinated Loan Agreement, which will be amortised quarterly in the amount these initial expenses have been amortised, in accordance with the official accounting of the

Fund, and in any case, during a maximum period of three (3) years from the constitution of the Fund and depending on the accounting and tax legislation in force at the time and whenever that the Fund has sufficient liquidity in accordance with the Order of Priority of Payments stipulated in section 3.4.6 of the Additional Building Block to the Securities Note.

The Management Company will submit the annual accounts of the Fund to the CNMV, together with the auditor's report on these accounts, within four (4) months following the date of closing of the fiscal year of the Fund (that is to say, before April 30 each year).

The annual accounts of the Fund and the relevant auditor's report will be deposited annually in the Company Register.

### **3. RISK FACTORS**

The specific risk factors of the Fund are those described in section I of the document incorporated at the beginning of this Prospectus called "RISK FACTORS".

## **4. INFORMATION ABOUT THE ISSUER**

### **4.1 Statement that the Issuer has been constituted as a securitisation Fund.**

The Issuer is a securitisation Fund for assets constituted in order to acquire Assets assigned to the Fund by UCI and to issue the Bonds, and lacks legal personality in accordance with Spanish legislation.

### **4.2 Legal and professional name of the Fund.**

The Fund will be constituted with the name FONDO DE TITULIZACIÓN DE ACTIVOS, UCI 16.

### **4.3 Registration of Issuer.**

The constitution of the Fund and the issue of the Bonds have the previous requisite that they must be registered in the official registers of the CNMV in Spain.

This Prospectus was registered in the CNMV on the 17<sup>th</sup> of October, 2006.

Neither the constitution of the Fund nor the Bonds, which are issued and charged to its assets, will be registered in the Company Register, making use of the power contained in article 5.4 of Royal Decree 926/1998.

### **4.4 Date of Constitution and period of activity of the Fund unless these are indefinite.**

#### **4.4.1. Date of Constitution.**

The authorisation of the Deed of Constitution and consequently, the Fund's Date of Constitution shall be the 18<sup>th</sup> of October, 2006.

The Deed of Constitution may not undergo any change except under exceptional circumstances and, as the case may be, in accordance with the conditions established by current regulations in force, and provided that the amendment does not impair the ratings awarded to the Bonds by the Rating Agencies or entail prejudice to the Bondholders. The contents of said amendment shall first be reported to the Rating Agencies and the CNMV, obtaining authorization from the latter, if necessary.

The Management Company guarantees that the contents of the Deed of Constitution will not contradict that of the Prospectus and that the Deed of

Constitution will coincide with the draft deed which has been submitted to the CNMV as a consequence of the registration of this Prospectus.

#### **4.4.2. Period of activity of the Fund.**

It is planned that the Fund will develop its activity from the Date of Constitution until the Legal Maturity, that is, until the 16<sup>th</sup> of June, 2049 or, if this is not a business day, the following business day, without prejudice to the stipulations in sections 4.4.3. and 4.4.4. below.

#### **4.4.3. Early liquidation of the fund: Cases.**

Notwithstanding the stipulation above, the Management Company is empowered to carry out the Advanced Settlement of the Fund and the Advanced Amortisation on a Payment Date for the whole of the issue of the Bonds in the terms established in this section, in the following cases:

- (i) When the Outstanding Balance of the Assets is less than ten per cent (10%) of the initial balance of the assets, on the condition that the amount of the sale of the outstanding Assets, together with the balance in the Cash flow, and, if applicable, in the Excess Funds Account, permit the total cancellation of the outstanding obligations with the holders of the Bonds, respecting the previous payments to those whose order of priority is preferential in accordance with the stipulations of section 3.4.6.(b) in the Additional Building Block to the Securities Note;
- (ii) When, due to an event or circumstance of any nature alien or not to the development of the Fund, there is a substantial alteration or the financial balance of the Fund required by article 5.6 of Law 19/1992 is permanently impaired. This case includes circumstances such as the existence of a modification to the legislation or additional legislative developments, the establishment of deduction obligations or other situations that might permanently affect the financial balance of the Fund. In this case, after informing the CNMV, the Management Company shall proceed to settle the Fund in an orderly manner in accordance with the rules set out in the Deed of Constitution and in this Registration Document;
- (iii) In the case stipulated in article 19 of the Royal Decree 926/1998 establishing the obligation to settle the Fund in advance in the event that four (4) months have elapsed since the time an event determining the compulsory replacement of the Management Company has taken place, due to the fact that the Management Company has been declared insolvent, and a new Management Company has not been found to manage the Fund;
- (iv) When failure to pay occurs and this indicates a serious and permanent imbalance as regards some of the Bonds or this is foreseen;

The CNMV must previously be notified of the Advanced Settlement of the Fund as must the holders of the Bonds, as stipulated in section 4.b) of the Additional Building Block to the Securities Note, thirty (30) Business Days in advance of the day on which the Advanced Amortisation is to take place, which must necessarily be carried out on a Payment Date.

#### **4.4.4. Cancellation of the Fund.**

The termination of the Fund will occur (i) due to the full amortisation of the Assets which it groups together, (ii) due to the full amortisation of the Bonds, (iii) due to any of the reasons for the Advanced Settlement stipulated in the above section, (iv) due to the arrival of the Legal Maturity (16<sup>th</sup> June, 2049 or the following Business day), even though there are expired unpaid debits, and (v) when the provisional ratings of the Bonds before the beginning of the Period of Subscription are not confirmed as definitive.

In the event that any of the situations described in the above sections occur, the Management Company will notify the CNMV and will initiate the proper steps for the termination of the Fund.

#### **4.4.5. Actions for the liquidation and cancellation of the Fund.**

So that the Fund, through its Management Company, might carry out the settlement and termination of the Fund and in its absence Advanced Amortisation of the issue of the Bonds in those cases which are determined in section 4.4.3 above and, specifically, so that the Fund might have sufficient liquidity to address its payment obligations, the Management Company will carry out some or all of the following actions on behalf of the Fund:

- (i) sell the Assets at a price which may not be less than the sum of the value of the principal plus the interest due and not collected of the outstanding Assets. For these purposes, the Management Company must request an offer from at least five (5) of the entities most active in the sale-purchase of similar assets, and may not sell them at a price which is less than the best offer received. The Assignor will have the preferential right to acquire these Assets, in the conditions established by the Management Company at the time of the settlement in such a way that the Assignor will have preference over third parties to acquire the Assets. In order to exercise this preferential right, the assignor will have a period of five (5) Business days from the date on which the Management Company notifies it of the conditions (price, method of payment, etc.) in which the Assets will be transferred. The offer of the Assignor must be equal to at least the best offer made by the third parties.

In the event that no offer covers the value of the principal plus the interest due on the outstanding Assets and not collected, the Management Company will proceed to choose three (3) entities from amongst the five (5) mentioned which, in its opinion, may give a market value. The Management Company will be obliged to accept the best offer received for the Assets that, in its opinion, cover their market value. In order to fix the market value, the Management Company may obtain the necessary evaluation reports from entities other than those mentioned above. In this case, the Assignor will also have the preferential right described above on the condition that its offer is equal, at least, to the best offer made by third parties.

In no case does this preferential right imply an agreement or obligation to re-purchase the Assets by the Assignor; and/or

- (ii) to sell any assets of the Fund other than the Assets and the cash for a price which is no less than that of the market. In order to establish the market value, the Management Company will request all evaluation reports considered necessary from at least one entity specialised in the evaluation or commercialisation of assets similar to those whose sale is intended, and will proceed to sell the assets in question by any procedure that enables it to achieve the highest price on the market; and/or
- (iii) cancel those agreements which are not necessary for the process of settling the Fund.

The Management Company will immediately apply all the amounts it has obtained from the transfer of the Assets and any other assets of the Fund to the payment of the items, in the manner, to the amount and in the Order of Priority of Payment upon Liquidation which correspond, as determined in section 3.4.6.(d) of the Additional Building Block to the Securities Note. The Advanced Amortisation of all of the Bonds in any of the cases stipulated in section 4.4.3. above will be carried out through the Balance of the Unpaid Principal up to the time, plus all interest due and unpaid from the last Date of Payment to the date of prepayment, which must coincide with a Payment Date, and in its absence taking away the tax deduction and free of charge for the holder, all amounts which, to all legal effects, will be considered matured, liquid and payable on this last date.

Once the Fund is settled and all the payments stipulated in accordance with the Order of Priority of Payment upon Liquidation stipulated in section 3.4.6.(d) of the Additional Building Block to the Securities Note have been made, in the event that a remainder exists or there are judicial or notary proceedings initiated as a consequence of non-payment of a Loan Obligor are pending resolution (in accordance with the stipulations in section 3.4.6 of the Additional Building Block to the Securities Note), both the aforementioned remainder and the continuation and /or the result of the resolution of the aforementioned proceedings will pass to UCI.

In any case, the Management Company, acting on behalf of the Fund, will not extinguish the Fund until it has settled the Assets and any other remaining asset of the Fund and has distributed the Available Funds, following the Order of Priority of Payments Upon Liquidation stipulated in section 3.4.6.(d) of the Additional Building Block to the Securities Note.

Once a maximum period of six (6) months has elapsed from the settlement of the Assets and any other remaining assets of the Fund and the distribution of the Available Funds, the Management Company will authorise a notary certificate declaring (i) the Fund to be extinguished, as well as the reasons stipulated in this Registration Document which led to its expiry, (ii) the procedure for notifying the holders of the Bonds and the CNMV which has been carried out, and (iii) the distribution of the available amounts of the Fund following the Order of Priority of Payment upon Liquidation stipulated in section 3.4.6.(d) of the Additional Building Block to the Securities Note and will comply with the other applicable

administrative formalities. This notary document will be forwarded by the Management Company to the CNMV.

In the event that the reason for extinction included in section 4.4.4. above arises, the constitution of the Fund will be terminated as will the issue of the Bonds and agreements subscribed to by the Management Company, acting on behalf of the Fund, except for the Subordinated Loan Agreement which will be charged with the expenses of constitution and issue that the Fund might have incurred. The CNMV will be immediately notified of this termination and, once four (4) month has elapsed from the time that the reason for the termination of the constitution of the Fund took place, the Management Company will authorise a notary certificate which it will forward to the CNMV, to Iberclear, to AIAF and to the Rating Agencies, declaring the termination of the Fund and the reasons for it.

#### **4.5 Domicile and legal form of the Issuer, legislation under which it operates.**

##### **a) Domicile of the Fund.**

The Fund has no registered address as it has no legal status. To all effects, the address of the Fund will be considered to be that of the Management Company, which is the following:

SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A.

Ciudad Grupo Santander

Avenida de Cantabria, s/n

28660 Boadilla del Monte (Madrid)

Telephone: 91 289 32 89

##### **b) Legal status of the Fund.**

The Fund will constitute a separate property, with no legal status, taking into account the closed nature of the assets and liabilities, in accordance with article 3 of the Royal Decree 926/1998, and the Management Company is entrusted with the constitution, management and legal representation of the Fund, as well as the capacity to manage the business of others, the representation and defence of the interest of the holders of the Bonds and the remaining ordinary creditors of the Fund.

##### **c) Legislation under which it operates and country of constitution.**

The Fund is constituted under Spanish Law and will be subject to it, and specifically to (i) the Deed of Constitution of the Fund, (ii) Royal Decree 926/1998 and its Implementation Rules, (iii) Royal Decree 1310/2005, (iv) Law 19/1992, (v) Law 24/1988, (vi) Order EHA/3537/2005, (vii) Law 44/2002, and (viii) the other legal and regulatory provisions in force which are duly applicable.

This Prospectus has been drafted following the models stipulated in Regulation (EC) no. 809/2004.

##### **d) Tax scheme of the Fund.**

In accordance with what is set out in section 2 of article 1 of Royal Decree 926/1998, in article 5.10 of Law 19/1992; article 7.1 h) of the Revised Text of the Law on Corporate Tax, approved by Legislative Royal Decree 4/2004; article 20.One.18 of Law 37/1992 and article 59 k) of the Corporate Income Tax



Regulations, passed by Royal Decree 1777/2004 of 30<sup>th</sup> June; in article 45.I.B).15 of the Revised Text of the Law on Law on Transfer and Stamp Duty approved by Legislative Royal Decree 1/1993 of 14<sup>th</sup> April, the characteristics of the tax scheme of the Fund are as follows:

- a) The constitution of the Fund is exempt from the “company operations” in the Transfer and Stamp Duty.
- b) The issue, subscription, transfer, redemption and repayment of the Bonds is exempt from Value Added Tax and Transfer and Stamp Duty.
- c) The Fund is subject to corporate tax, at the general rate in force, which is currently 35%.
- d) The management and deposit services rendered to the Fund by the Management Company shall be exempt from Value Added Tax.
- e) With regard to the return from the Certificates of Mortgage Transfer and the Non-mortgage Associated Loans that might involve earnings for the Fund, there will be no obligation to withhold or deposit on account.
- f) The concession of Mortgage Holdings, Mortgage Transfer Certificates and Fund Loans is a submitted operation exempt from Value Added Tax.

#### **4.6 Description of the amount of the Fund’s authorized and issued capital.**

Not applicable.

### **5. BUSINESS OVERVIEW**

#### **5.1 Brief description of the Issuer’s principal activities.**

The Issuer is an asset securitisation Fund and, as such, its main activity consists of acquiring Assets derived from Loans and the issue of Bonds from UCI.

The earnings from interest and repayments of the Loans received by the Fund are allocated quarterly, on each Date of Payment, to the payment of interest and repayment of the principal of the Bonds in accordance with the specific conditions of each one of the Classes and the Order of Priority of Payment established in section 3.4.6.b) of the Additional Building Block to the Securities Note.

In addition, represented by the Management Company, the Fund will arrange a series of financial operations and the provision of services in order to consolidate the financial structure of the Fund, to increase the security and regularity of the payment of the Bonds, to cover the temporary mismatches in the schedule of the principal and interest flows of the assets and of the Bonds and, in general, to enable the financial transformation operating on the wealth of the Fund as regards the financial characteristics of the Assets and the financial characteristics of each of the Class of Bonds.

#### **5.2 Global overview of the parties to the securitisation program.**

- a) SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. intervenes as Management Company of the Fund and as the legal and financial advisor of the structure of the transaction.

SANTANDER DE TITULIZACIÓN S.G.F.T., S.A. is Funds Management Securitisation Company whose registered address is in Ciudad Grupo Santander, Avenida de Cantabria *sin número*, 28660 Boadilla del Monte (Madrid) and Tax Identification Number A-80481419; a brief description of the company is included

in section 6 of the Registration Document and in 3.7.2. of the Additional Building Block to the Securities Note.

It is registered in the Company Register of Madrid, in Volume 4,789, Sheet 75, Page M-78658, entry 1. It is also registered in the Special registry of the CNMV, with number 1.

The Management Company has not been assigned a rating by any rating agency.

- b) UCI, UNIÓN DE CRÉDITOS INMOBILIARIOS, EFC, S.A. intervenes as the Assignor entity of the Loans and the financial advisor of the structure of the transaction.

UCI, UNIÓN DE CRÉDITOS INMOBILIARIOS, EFC, S.A. is a Spanish financial credit establishment whose address is in Madrid, at C/ Retama 3, 28045, and there is a brief description of this entity in section 3.5 of the Additional Building Block to the Securities Note.

Unión de Créditos Inmobiliarios S.A. EFC (a Single Member Company) is registered in the Company Register of Madrid in Volume 11266, Sheet 164, Section 8 number M-67739, Entry 344 and registered in the Registry of Financial Credit entities of the Bank of Spain with number 8.512.

UCI has not been assigned a rating by any rating agency.

- c) BANCO SANTANDER CENTRAL HISPANO, S.A. intervenes as the Lead Arranger of the issue of Bonds, as Paying Agent, as counterpart of the Fund in the Swap Agreement, in the subordinated Loan Agreement and in the Guaranteed Reinvestment Agreement, and as the Underwriter for the Domestic Tranche and Underwriter for the International Tranche.

In its capacity as Lead Arranger, it carries out the following function, in the terms established by article 35.1 of Royal Decree 1310/2005:

- To receive the mandate of the Management Company in order to direct the operations concerning the design of the temporary and commercial financial conditions of the issue, as well as the co-ordination of the relations with the supervisory authorities, with the market operators, with the potential investors and with the rest of the placement and underwriting entities.

BANCO SANTANDER CENTRAL HISPANO, S.A. is a Spanish credit entity with registered address in Santander at Paseo de Pereda 9-12, 39004 and whose operating headquarters are in Ciudad Grupo Santander, Avenida de Cantabria sin número, 28660 Boadilla del Monte (Madrid), Tax Identification Number A-39000013 and C.N.A.E. (National Certificate of Economic Activity) 651.

The ratings of the debt of the bank which is not subordinated and not guaranteed in the short and long term assigned by the following rating agencies are as follows:

- Fitch: AA (long term) and F1+ (short term), 12<sup>th</sup> of May, 2006.
- Standard & Poor's: A+ (long term) and A1 (short term), 9<sup>th</sup> of May, 2006.
- Moody's: Aa3 (long term) and P1 (short term), 5<sup>th</sup> of June, 2006.

- d) BNP PARIBAS, Branch in Spain ("BNP PARIBAS") intervenes as Lead Arranger and Underwriter for the International Tranche.

In its capacity as Lead Arranger, it carries out the same function as the Bank described in section c) above.

BNP PARIBAS is a credit entity constituted and registered in France which acts through its Branch in Spain, registered in the Bank of Spain as a credit entity with code number 0149, with registered address and central operating headquarters at Calle Ribera del Loira 28, 28042 Madrid, CNAE (National Certificate of Economic Activity): 651 and Tax Identification Number A-0011117I.

The ratings of the debt, which is not subordinated and not guaranteed in the short and long term assigned by the following rating agencies are as follows:

- Fitch: AA (long term) and F-1+ (short term), 15<sup>th</sup> of May, 2006.
- Standard & Poor's: AA (long term) and A-1+ (short term), 6<sup>th</sup> of July, 2004.
- Moody's: Aa2 (long term) and P-1 (short term), 19<sup>th</sup> of February, 2002.

- e) UNION DE CRÉDIT POUR LE BATIMENT S.A. ("UCB") intervenes together with the Bank as the counterparty of the Fund in the Subordinated Loan Agreement.

UNION DE CRÉDIT POUR LE BATIMENT S.A. ("UCB") is a French limited liability financial company in which BNP PARIBAS has a 99.93% share, with address at 5 Avenue Kléber, 75016 Paris (France), and registered in the Mercantile and Company Register in Paris (France), with number 552004624.

- f) AHORRO CORPORACIÓN FINANCIERA, S.V., S.A. ("ACF") intervenes together with the Bank and BANKINTER as Underwriter for the Domestic Tranche.

AHORRO CORPORACIÓN FINANCIERA, S.V., S.A. ("ACF") is a Spanish credit entity with registered address in Madrid at Paseo de la Castellana 89, 10<sup>a</sup> Planta, 28046; registered in the Company Register of the province of Madrid, Volume 9.671, General Section 8.374, folio 66, sheet 89.593; subject to the supervision of the Bank of Spain and registered in the special register thereof under number 3524; with tax identification no. A79202628 and Spanish Business Classification Code (CNAE) 65.

The ratings of the non-subordinated, non-guaranteed short and long term debt assigned by the following rating agencies are:

Moody's: A2 (long term) and P-1 (short term) dated the 14<sup>th</sup> of June, 2006.

- g) BANKINTER, S.A. ("BANKINTER") intervenes together with the Bank and ACF as Underwriter for the Domestic Tranche.

BANKINTER, S.A. ("BANKINTER") is a Spanish credit entity, with registered address in Madrid, at Paseo de la Castellana 29, 28046 registered in the Company Register of Madrid under Volume 1.857 folio 220, sheet no. 9.643; subject to the supervision of the Bank of Spain under number 30; with tax identification code no. A28-157360 and Spanish Business Classification Code (CNAE) 65121.

The ratings of the non-subordinated, non-guaranteed short and long term debt assigned by the following rating agencies are:

- Fitch: A+ (long term) and F1 (short term), dated the 27<sup>th</sup> of January, 2006.
- Standard & Poor's: A (long term) and A-1 (short term), dated the 12<sup>th</sup> of January, 2006.

- Moody's: Aa3 (long term) and P-1 (short term) dated the 26<sup>th</sup> of December, 2006.

h) FITCH intervenes as a Credit Rating Agency rating the Bonds.

FITCH is a Spanish limited liability company that is an affiliate of the credit rating agency Fitch Ratings Limited, whose registered address is in Barcelona, at Paseo de Gracia, 85 and with Tax Identification Number A-58090655.

i) S&P intervenes as a Credit Rating Agency rating the Bonds.

S&P is a Spanish limited liability company, whose registered address is at Calle Marqués de Villamejor, 5 28006, Madrid and with Tax Identification Number A-80310824.

j) CUATRECASAS ABOGADOS, S.R.L. intervenes as the legal counsel of the structure of the transaction.

CUATRECASAS ABOGADOS, S.R.L. is a limited liability company constituted in Spain, with Tax Identification Number: B-59942110, whose registered address is at Paseo de Gracia, 111, 08008 Barcelona and is registered in the Company Register of Barcelona in Volume 37673, Folio 30, Section 8, Page 23850.

For the purposes of article 4 of the Law on the Stock Market, SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is part of GRUPO SANTANDER.

BANCO SANTANDAR CENTRAL HISPANO, S.A. and BNP PARIBAS participate with 50% each of UCI, S.A., which in turn is the parent company of its 100% controlled subsidiary, UNIÓN DE CRÉDITOS INMOBILIARIOS EFC, S.A.

There is no knowledge of any other direct or indirect ownership relationship or control relationship than those mentioned in this section as concerns the legal persons who participate in the securitisation operation.

## **6. ADMINISTRATIVE; MANAGEMENT AND SUPERVISORY BODIES OF THE MANAGER COMPANY**

### **6.1 Corporate bodies of the Management Company**

In accordance with Law 19/1992 and Royal Decree 926/1998, the Asset Securitisation Funds lack their own legal status, and the Manager Companies of the Securitisation Funds are entrusted with the constitution, management and legal representation of these funds, as well the representation and defence of the interest of the holders of the securities issued and charged to the Funds they manage and of the rest of the ordinary creditors of the funds.

By virtue of the above, this section provides details of the information concerning SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A., in its capacity as Management Company, which constitutes, and represents the FONDO DE TITULIZACIÓN DE ACTIVOS, UCI 16.

**a) Name and business address.**

- Registered name: SANTANDER DE TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A.

- Registered address: Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte (Madrid).
- Tax Identification Number: A-80481419
- C.N.A.E. ( National Certificate of Economic Activities): No. 8199

**b) Constitution and registration with the Mercantile Registry, as well as information relating to the administrative authorisations and registration in the Comisión Nacional del Mercado de Valores.**

SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A., was constituted by a public instrument authorised on December 21, 1992, before the Notary of Madrid, Mr Francisco Mata Pallarés, with number 1,310 of his protocol, with the previous authorisation of the Ministry of Economy and Inland Revenue granted on December 1, 1992. It is registered in the Company Register of Madrid, in Volume 4789, Sheet 75, Page M-78658, Entry 1. It is also registered in the Special Registry of the CNMV, with number 1.

In addition, the Management Company amended its By-laws through an agreement of its Board of Directors adopted on June 15, 1998, executed in a public document authorised by the Notary of Madrid, Mr. Roberto Parejo Gamir, on July 20, 1998, with number 3070 of his protocol in order to adapt to the requirements established for the Asset Securitisation Fund Management Companies by Royal Decree 926/1998. This modification was authorised by the Ministry of Economy and Inland Revenue on July 16, 1998, in accordance with what is established in the Single Transitory Provision of the aforementioned Royal Decree 926/1998.

The duration of the Management Company is indefinite, except if there occurs any of the reasons in the legal and statutory provisions which might lead to its liquidation.

**c) Brief description of the Management Company's principal activities.**

The Management Company manages the following assets on the 10<sup>th</sup> of October 2006:

MORTGAGE SECURISATION FUNDS						
FUNDS	CLASSES	OUTSTANDING BALANCE	INTEREST RATE PER CLASS	RATING AGENCY	DATE OF CONSTITUTION	INITIAL ASSET BALANCE
FTH HIPOTEBANSA VI	Class A	€34,144,301.64	Libor 3M + 0.12%	S&P España / Moody's España	27/10/1997	€262,942,795.67
	Class B	€3,414,430.05	Libor 3M + 0.50%			-
	<b>Total</b>	<b>€37,558,731.69</b>	- -	-	-	-
FTH HIPOTEBANSA VII	Class A	€57,978,269.85	Libor 3M + 0.15%	S&P España / Moody's España	05/05/1998	€317,334,391.12
	Class B	€5,797,826.82	Libor 3M + 0.525%			-
	<b>Total</b>	<b>€63,776,096.67</b>	- -	-	-	-
FTH UCI 4	Class A	€27,331,248.30	Libor 3M + 0.16%	S&P España	25/06/1998	€180,303,631.32
	Class B	€2,733,125.36	Libor 3M + 0.575%			-
	<b>Total</b>	<b>€30,064,373.66</b>	- -	-	-	-
FTH HIPOTEBANSA VIII	Class A	€68,001,045.44	Libor 3M + 0.27%	Fitch IBCA / Moody's España	17/12/1998	€328,302,862.02
	Class B	€6,800,105.18	Libor 3M + 0.800%			-
	<b>Total</b>	<b>€74,801,150.62</b>	- -	-	-	-
FTH UCI 5	Class A	€54,699,713.20	Euribor 3M + 0.23%	Moody's España	03/06/1999	€265,000,000.00
	Class B	€4,375,976.40	Euribor 3M + 0.625%			-
	<b>Total</b>	<b>€59,075,689.60</b>	- -	-	-	-
FTH BANESTO 1	Class A	€135,610,451.60	Euribor 3M + 0.23%	Moody's España	29/07/1999	€759,000,000.00
	Class B	€10,848,836.60	Euribor 3M + 0.625%			-
	<b>Total</b>	<b>€146,459,288.20</b>	- -	-	-	-
FTH HIPOTEBANSA IX	Class A	€142,525,306.32	Euribor 3M + 0.27%	Fitch IBCA / Moody's España	10/11/1999	€519,200,000.00
	Class B	14,000,000.00 €	Euribor 3M + 0.75%			-
	<b>Total</b>	<b>€156,525,306.32</b>	- -	-	-	-

FTH BANESTO 2	Class A		Euribor 3M +	Moody's España	08/05/2000	€715,000,000.00
	Class B	€193,588,884.00	0.27%			-
	Total	€13,551,220.00	Euribor 3M + 0.625%			-
		<b>€207,140,104.00</b>	-	-	-	-
FTH BANESTO 3	Class A		Euribor 3M +	Moody's España	16/07/2001	€545,000,000.00
	Class B	€185,364,563.69	0.23%			-
	Total	€17,700,000.00	Euribor 3M + 0.60%			-
		<b>€203,064,563.69</b>	-	-	-	-
FTH BANESTO 4	Class A		Euribor 3M +	S&P España	15/11/2003	€1,500,001,867.69
	Class B	€832,497,165.00	0.20%			-
	Total	€45,000,000.00	Euribor 3M + 0.65%			-
		<b>€877,497,165.00</b>	-	-	-	-
FTH UCI 10	Class A		Euribor 3M +	S&P España	14/05/2004	€700,000,000.00
	Class B	€340,356,558.50	0.16%			-
	Total	€21,000,000.00	Euribor 3M + 0.50%			-
		<b>€383,268,974.90</b>	-	-	-	-
	<b>TOTAL FTH</b>	<b>€2,239,231,444.35</b>	-	-	-	-

ASSET SECURISATION FUNDS						
FUNDS	CLASSES	OUTSTANDING BALANCE	INTEREST RATE PER CLASS	RATING AGENCY	DATE OF CONSTITUTION	INITIAL ASSET BALANCE
FTA SANTANDER 1	Intern Pay			S&P España /	26/11/1998	
	Dom. Pay	4,355,697,039.70		Moody's España		-
	Total	608,600,000.00				-
		<b>€4,964,297,039.70</b>	-	-	-	-
FTA UCI 6	Class A		Euribor 3M +	Moody's España	19/06/2000	€457,000,000.00
	Class B	108,847,673.54	0.295%			-
	Total	9,578,596.24	Euribor 3M + 0.775%			-
		<b>€118,426,269.78</b>	-	-	-	-

FTA UCI 7	Class A	128,960,900.10	Euribor 3M + 0.250%	S&P España / Moody's España	25/10/2001	€455,000,000.00
	Class B	9,027,263.56	Euribor 3M + 0.700%			
	<b>Total</b>	<b>€137,988,163.66</b>	- -			
FTA HIPOTEBANSA X	Class A	344,695,345.75	Euribor 3M + 0.21%	S&P España / Moody's España	04/03/2002	€917,000,000.00
	Class B	21,000,000.00	Euribor 3M + 0.55%			
	<b>Total</b>	<b>€383,268,974.90</b>	- -			
FTA FTPYME BANESTO 1	CLASS A1(G)	0.00 €	Euribor 3M + 0.01%	Fitch IBCA / Moody's España	11/06/2002	€500,000,000.00
	CLASS A1	0.00 €	Euribor 3M + 0.35%			
	CLASS A2(G)	0.00 €	Euribor 3M + 0.04%			
	CLASS A2	0.00 €	Euribor 3M + 0.38%			
	CLASS A3(G)	166,700,000.00	Euribor 3M + 0.07%			
	CLASS A3	41,700,000.00	Euribor 3M + 0.48%			
	CLASS B(G)	1,654,308.00	Euribor 3M + 0.20%			
	CLASS B	1,654,308.00	Euribor 3M + 0.90%			
	CLASS C	2,205,744.00	Euribor 3M + 1.80%			
	<b>Total</b>	<b>€13,914,360.00</b>	- -			
	FTA UCI 8	Class A	167,674,260.78			
Class B		11,066,501.16	Euribor 3M + 0.600%			
<b>Total</b>		<b>€178,740,761.94</b>	- -			
FTA HIPOTEBANSA 11	Class A	529,297,695.12	Euribor 3M + 0.24%	S&P España / Moody's España	26/11/2002	€1,062,000,000.00
	Class B	21,200,000.00	Euribor 3M + 0.45%			
	<b>Total</b>	<b>€550,497,695.12</b>	- -			



<b>SANTANDER CONSUMER</b>	<b>Class A</b>	277,257,748.10	Euribor 3M + 0.30%	Fitch / Moody's España / S&P España	09/12/2002	€850,000,000.00
<b>FINANCE SPAIN 02-1 FTA</b>	<b>Class B</b>	17,908,244.55	Euribor 3M + 0.60%			-
<b>Total</b>		<b>€295,165,992.65</b>	-	-	-	-
<b>FTA CONSUMO SANTANDER 1</b>	<b>Class A</b>	236,642,828.40	Euribor 3M + 0.25%	S&P España / Moody's España	04/03/2003	€1,080,000,000.00
	<b>Class B</b>	37,800,000.00	Euribor 3M + 0.43%			-
	<b>Class C</b>	35,100,000.00	Euribor 3M + 0.73%			-
	<b>Class D</b>	35,100,000.00	Euribor 3M + 1.40%			-
<b>Total</b>		<b>€344,642,828.40</b>	-	-	-	-

ASSET SECURISATION FUNDS						
FUNDS	CLASSES	OUTSTANDING BALANCE	INTEREST RATE PER CLASS	RATING AGENCY	DATE OF CONSTITUTION	INITIAL ASSET BALANCE
<b>FTA UCI 9</b>	<b>Class A</b>	445,545,594.08	Euribor 3M + 0.265%	S&P España / Moody's España	16/06/2003	€1,250,000,000.00
	<b>Class B</b>	33,039,372.50	Euribor 3M + 0.65%			-
	<b>Class C</b>	7,288,096.36	Euribor 3M + 1.20%			-
<b>Total</b>		<b>€485,873,062.94</b>	-	-	-	-
<b>FTA FTPYME SANTANDER 1</b>	<b>Class A</b>	628,921,380.78	Euribor 3M + 0.25%	Fitch / Moody's España	24/09/2003	€1,800,000,000.00
	<b>Class B1(G)</b>	537,100,000.00	Euribor 3M + 0.00%			-
	<b>Class B2</b>	134,300,000.00	Euribor 3M + 0.40%			-
	<b>Class C</b>	27,000,000.00	Euribor 3M + 0.90%			-
	<b>Class D</b>	87,300,000.00	Euribor 3M + 1.80%			-
<b>Total</b>		<b>€1,414,621,380.78</b>	-	-	-	-

FTA SANTANDER HIPOTECARIO 1	Class A	1,146,261,125.76	Euribor 3M + 0.18%	S&P España / Moody's España	11/06/2004	€1,875,000,000.00	
	Class B	53,400,000.00	Euribor 3M + 0.30%				-
	Class C	46,900,000.00	Euribor 3M + 0.50%				-
	Class D	56,300,000.00	Euribor 3M + 0.95%				-
	<b>Total</b>	<b>€1,302,861,125.76</b>	- -				-
FTA FTPYME SANTANDER 2	Class A	750,677,750.55	Euribor 3M + 0.20%	S&P España	21/10/2004	€1,850,000,000.00	
	Class B	228,228,034.05	Euribor 3M + 0.00%				-
	Class C	81,000,000.00	Euribor 3M + 0.30%				-
	Class D	58,500,000.00	Euribor 3M + 0.70%				-
	Class E	58,500,000.00	Euribor 3M + 1.50%				-
	<b>Total</b>	<b>€1,176,905,784.60</b>	- -				-
FTA UCI 11	Class A	469,204,128.96	Euribor 3M + 0.14%	S&P España	17/11/2004	€850,000,000.00	
	Class B	6,000,000.00	Euribor 3M + 0.33%				-
	Class C	22,900,000.00	Euribor 3M + 0.75%				-
	<b>Total</b>	<b>€498,104,128.96</b>	- -				-
FTA SANTANDER PUBLICO 1	Class A	1,308,899,701.20	Euribor 3M+ 0.039%	Fitch / Moody's España	17/12/2004	€1,850,000,000.00	
	Class B	37,000,000.00	Euribor 3M+ 0.30%				-
	<b>Total</b>	<b>€1,345,899,701.20</b>	- -				-
FTA SANTANDER AUTO 1	Single Class	1,026,146,911.00	Euribor 3M + 0.059%	S&P España	07/04/2005	€1,598,000,000.00	
	<b>Total</b>	<b>€1,026,146,911.00</b>	- -	-	-	-	

<b>FTH UCI 12</b>	<b>Class A</b>	611,232,391.68	Euribor 3M + 0.15%	S&P España	30/05/2005	€900,000,000.00
	<b>Class B</b>	9,000,000.00	Euribor 3M + 0.27%			-
	<b>Class C</b>	23,800,000.00	Euribor 3M + 0.60%			-
	<b>Total</b>	<b>€644,032,391.68</b>	- -			- -

<b>ASSET SECURISATION FUNDS</b>						
<b>FUNDS</b>	<b>CLASSES</b>	<b>OUTSTANDING BALANCE</b>	<b>INTEREST RATE PER CLASS</b>	<b>RATING AGENCY</b>	<b>DATE OF CONSTITUTION</b>	<b>INITIAL ASSET BALANCE</b>
<b>FTA SANTANDER</b>	<b>Class A1</b>	797,004,762.24	Euribor 3M + 0.02%	S&P España / Fitch España	27/10/2005	€3,100,000,000.00
	<b>EMPRESAS 1</b>	1,240,000,000.00	Euribor 3M + 0.12%			-
	<b>Class B</b>	80,600,000.00	Euribor 3M + 0.21%			-
	<b>Class C</b>	96,100,000.00	Euribor 3M + 0.29%			-
	<b>Class D</b>	170,500,000.00	Euribor 3M + 0.59%			-
<b>Total</b>	<b>€2,384,204,762.24</b>	- -	- -	- -		
<b>FTA UCI 14</b>	<b>Class A</b>	1,113,933,282.50	Euribor 3M + 0.15%	S&P España / Fitch España	30/11/2005	€1,350,000,000.00
	<b>Class B</b>	34,100,000.00	Euribor 3M + 0.29%			-
	<b>Class C</b>	38,400,000.00	Euribor 3M + 0.58%			-
	<b>Total</b>	<b>€1,186,433,282.50</b>	- -			- -
<b>FTA UCI 15</b>	<b>Class A</b>	1,226,140,376.36	Euribor 3M + 0.14%	S&P España / Fitch España	28/04/2006	€1,430,000,010.22
	<b>Class B</b>	32,900,000.00	Euribor 3M + 0.27%			-
	<b>Class C</b>	56,500,000.00	Euribor 3M + 0.53%			-
	<b>Class D</b>	21,600,000.00	Euribor 3M + 0.58%			-
	<b>Total</b>	<b>€1,337,140,376.36</b>	- -			- -

<b>FTA SANTANDER</b>	<b>Class A</b>	1,801,500,000.00	Euribor 3M + 0.15%	S&P España / Moody's España	30/06/2006	€1,955,000,000.00
<b>HIPOTECARIO 2</b>	<b>Class B</b>	51,800,000.00	Euribor 3M + 0.20%			-
	<b>Class C</b>	32,300,000.00	Euribor 3M + 0.30%			-
	<b>Class D</b>	49,800,000.00	Euribor 3M + 0.55%			-
	<b>Class E</b>	19,600,000.00	Euribor 3M + 2.10%			-
	<b>Class F</b>	17,600,000.00	Euribor 3M + 1.00%			-
<b>Total</b>		<b>€1,972,600,000.00</b>	-	-	-	-
<b>FTA SANTANDER CON-</b>	<b>Class A</b>	1,282,500,000.00	Euribor 3M + 0.15%	S&P España / Fitch España	10/10/2006	€1,350,000,000.00
<b>SUMER SPAIN AUTO 06</b>	<b>Class B</b>	<u>22,300,000.00</u>	Euribor 3M + 0.20%			
	<b>Class C</b>	<u>22,300,000.00</u>	Euribor 3M + 0.30%			
	<b>Class D</b>	<u>22,900,000.00</u>	Euribor 3M + 0.55%			
	<b>Class E</b>	<u>10,200,000.00</u>	Euribor 3M + 2.10%			
<b>Total</b>		<b>€1,360,200,000.00</b>				
	<b>TOTAL FTA</b>	<b>€23,321,964,994.17</b>				

<b>TOTAL (FTH+FTA)</b>	<b>€25,561,196,438.52</b>
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**d) Share Capital.**

**(i) Par value subscribed and paid-in:**

The share capital of the Management Company is nine hundred and one thousand six hundred and fifty euros (€901,650), represented by fifteen thousand (15,000) registered shares of sixty euros eleven cents (€60.11) face value each one, numbered correlatively from one (1) to fifteen thousand (15,000), both inclusive, all fully subscribed to and paid up.

**(ii) Share classes:**

All the shares are of the same class and confer identical voting and economic rights.

**e) Administrative, management and supervision bodies.**

The government and management of the Management Company are entrusted by By-laws to the General Shareholders' Meeting and to the Board of Directors. Their competences and powers are those that correspond to these bodies in accordance with the stipulations of the Law on Limited Liability Companies, in Law 19/1992 and in Royal Decree 926/1998, as regards its mission statement.

**(i) Directors**

The Board of Directors is made up of the following persons:

President: Mr. José Antonio Álvarez Álvarez

Members: Ms. Ana Bolado Valle

Mr. Emilio Osuna Heredia

Mr. Santos González Sánchez

Mr. Ignacio Ortega Gavara

Mr. Marcelo Alejandro Castro

Mr. Eduardo García Arroyo

Mr. Francisco Pérez Mansilla

Mr. Fermín Colomé Graell and

Mr. José Antonio Soler Ramos

Non-Member Secretary: Ms. María José Olmedilla González

**(ii) General Management**

The General Manager of the Management Company is Mr. Ignacio Ortega Gavara.

**(iii) Main activities of the persons referred to in paragraph (i) above which are performed out of the Management Company if these activities are relevant in relation to the Fund**

<b>Name</b>	<b>Position in Bank</b>	<b>Company through which the activity is provided</b>	<b>Post or functions which are held or carried out in the company mentioned</b>
<b>Emilio Osuna Heredia</b>	Director of Coordination SGC (Santander Global Connect)	AIAF, Mercado de Renta Fija	Director
<b>Fermín Colomé Graell</b>	SCH 's Director of Operations and Service	Open Bank Santander Consumer, S.A.	Director
		Geoban S.A.	Chairman
<b>Ana Bolado Valle</b>	SCH 's Director of Management of Managerial Resources	-----	-----
<b>Santos González Sánchez</b>	SCH 's Mortgage Business Director	Hipotebansa , EFC	Director and CEO
<b>Francisco Pérez Mansilla</b>	SCH 's Director of Companies and SME	Santander Central Hispano Lease, SA, EFC	Director
		Santander Central Hispano Multileasing, S.A., EFC	Director
		Santander Central Hispano, Factoring y Confirming, S.A., EFC	Director
<b>Eduardo García Arroyo</b>	SCH 's IT Director	Ingenieria de Software bancario, S.L.	Director
<b>Marcelo Alejandro Castro</b>	SCH 's Treasurer for Europe	MEFF, Mercados Españoles Futuros Financieros	Director
		Holding Mercados S.A.	Director
<b>José Antonio Álvarez Álvarez</b>	SCH 's CFO	Santander Consumer Finance	Director
<b>José Antonio Soler Ramos</b>	SCH 's Financial Management Director	Santander Comercial Paper SAU	Chairman
		Santander Perpetual SAU	Chairman
		Santander US Debt SAU	Chairman
		Santander Finance Preferred SAU	Director and Chairman
		Santander Issuances SAU	Director and Chairman
		Santander International Debt SAU	Director and Chairman
		Santander Finance Capital SAU	Director and Chairman

The persons mentioned in this section 6.1.e) are not directly or indirectly holders of any shares, debentures or other securities which confer on the holder the right to acquire shares of the Management Company.

The professional address of all the persons mentioned in this section 6.1.e) is the following:

Santander Titulización, S.G.F.T., S.A.

Ciudad Grupo Santander

Avda. de Cantabria s/n

28660 Boadilla del Monte (Madrid)

**f) Lenders of the Management Company more than ten per cent (10%).**

The Management Company has not received any loans or credits from any person or entity.

**g) Significant litigation and disputes.**

On the date of verification of this Prospectus, the Management Company is not involved in any actions of an insolvency nature and there is no significant litigation or contention that might affect its financial-economic situation or, in the future, affect its capacity to carry out the management and administration functions of the Fund stipulated in this Prospectus.

**h) Financial information concerning the Management Company:**

The annual accounts of the Management Company corresponding to the 2003, 2004 and 2005 fiscal years were audited by Deloitte. The auditor's report corresponding to each one of these annual accounts contained no qualifications.

Below we provide detailed information on the Balance Sheets and the Profit & Loss Accounts corresponding to the 2004 and 2005 fiscal years and the first half-year of 2006:

**Balance Sheet, June 30, 2006, December 31, 2005 and 2004**  
**(figures in 000 Euros)**

<b>ASSETS</b>	<b>1<sup>st</sup> half-year 2006</b>	<b>2005</b>	<b>2004</b>
<b>FIXED ASSETS:</b>			
Intangible assets	9	6	3
Material assets	212	107	172
<b>Fixed Assets Total</b>	<b>221</b>	<b>113</b>	<b>175</b>
<b>WORKING CAPITAL:</b>			
Debtors	<b>147</b>	<b>178</b>	<b>125</b>
Loans to employees	105	89	59
Other debtors	42	89	66
Temporary financial investments	-	-	-
Cash	9,530	10,307	6,687
End-of-period adjustments	723	821	589
<b>Working Capital Total</b>	<b>10,253</b>	<b>11,306</b>	<b>7,401</b>
<b>ASSETS TOTAL</b>	<b>10,621</b>	<b>11,419</b>	<b>7,576</b>

<b>LIABILITIES</b>	<b>1<sup>st</sup> half-year 2006</b>	<b>2005</b>	<b>2004</b>
<b>SHAREHOLDER'S EQUITY:</b>			
Subscribed capital stock	902	902	902
Reserves	182	1,160	182
Year's results - Profit	1,762	3,298	2,628
Interim dividend	-	-	(1,650)
<b>Equity Total</b>	<b>2,846</b>	<b>5,360</b>	<b>2,062</b>
<b>LONG-TERM CREDITORS</b>			
Debts with Group companies	4,068	4,068	3,833
	<b>4,068</b>	<b>4,068</b>	<b>3,833</b>
<b>SHORT-TERM CREDITORS</b>			
Public finance ( <i>Hacienda Pública</i> )	2,770	41	37
Other debts	28	14	13
Debts with Group Companies	-	1,782	1,415
End-of-period adjustments	97	154	216
Asset dividends to pay	<b>812</b>		
<b>Short-term creditors Total</b>	<b>3,707</b>	<b>1,991</b>	<b>1,681</b>
<b>LIABILITIES TOTAL</b>	<b>10,621</b>	<b>11,419</b>	<b>7,576</b>



**Profit and Loss Account**  
**corresponding to June 30, 2006 and business years**  
**ended at December 31, 2005 and 2004**  
**(000 Euros)**

DEBTOR	1st half- year 2006	2005	2004
<b>EXPENSES:</b>			
<b>Personnel Costs</b>			
Wages, salaries and similar	404	880	827
Social expenses	71	137	127
Other personnel expenses	16	21	18
	491	1,038	972
<b>Allocation for fixed assets amortization</b>	29	145	110
<b>Other exploitation expenses</b>			
External Services	14	84	198
Taxes	-	2	-
Other ordinary management expenses	76	147	107
	90	233	305
<b>Operating profits</b>	<b>3,217</b>	<b>5,002</b>	<b>4,000</b>
Financial and similar expenses		-	-
Positive financial outcome	<b>110</b>	<b>83</b>	<b>44</b>
<b>Ordinary activities profits</b>	<b>3,327</b>	<b>5,085</b>	<b>4,044</b>
Extraordinary expenses	-	10	1
<b>Positive extraordinary outcomes</b>	-	-	-
<b>Earning before Taxes</b>	<b>2,729</b>	<b>5,080</b>	<b>4,043</b>
Corporate Tax	955	1,782	1,415
<b>Outcome of business year (profit)</b>	<b>1,774</b>	<b>3,298</b>	<b>2,628</b>

CREDITOR	1st half- year 2006	2005	2004
<b>REVENUES:</b>			
Revenues Net amount			
Rendering of services	3,327	6,418	5,387
Other interests and similar revenue	110	83	44
Extraordinary revenues	-	5	-
<b>Negative extraordinary outcome</b>	-	<b>5</b>	<b>1</b>

**7. MAJOR SHAREHOLDERS OF THE MANAGER COMPANY**

- a) The ownership of the shares of the Management Company is distributed amongst the companies listed below, with a statement of the quota of participation in the share capital of the Management Company corresponding to each one:

<b>SHAREHOLDERS</b>	<b>% SHARE CAPITAL</b>
Santander Investment, S.A.	19%
Banco Santander Central Hispano, S.A.	81%

**b) Description of the nature of such control and measures in place to ensure that such control is not abused.**

For the purposes of article 4 of the Law on the Stock Market, SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is part of GRUPO SANTANDER.

In order to guarantee that there is no abuse of control by the bank on the Management Company, the Management Company approved the Internal Rules of Conduct in application of what is stipulated in Chapter II of the Royal Decree 629/1993, of May 3, on the rules of acting on the stock markets and the obligatory registrations, and the CNMV was notified of this.

**8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS & LOSSES**

**8.1** The Management Company declares that on the date of verification of this Registration Document, the Fund was not yet constituted and, therefore, had not initiated its operations nor had any financial statements been made regarding such operations.

**8.2 Historical Financial Information.**

Not applicable.

**8.2.bis This paragraph may be used only for issues of asset-backed securities having a denomination per unit of at least €50,000.**

Not applicable.

**8.3 Legal and arbitration proceedings.**

Not applicable.

**8.4 Adverse change in the Issuer's financial position.**

Not applicable.

**9. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND STATEMENTS OF ANY INTEREST**

**9.1 Statement or report attributed to a person as an expert.**

Not applicable.

**9.2 Information sourced from a third party.**

Not applicable.

**10. DOCUMENTS ON DISPLAY**

The following documents (or a copy of these) will be available to the public during the period of validity of this Registration Document:

- (a) **The current and in force Corporate Bylaws and deed of incorporation of the Management Company.**
- (b) **This Prospectus.**
- (c) **The Deed of Constitution of the Fund.**
- (d) **The Subordinated Loan Agreement, the Guaranteed Reinvestment Agreement, the Domestic Tranche Management, Underwriting and Placement Agreement and the International Tranche Management, Underwriting and Placement Agreement.**
- (e) **Auditors' Report on the portfolio of Loans** granted by UCI, from which the Assets which are the object of assignment to the Fund shall be taken, as prepared by Deloitte.
- (f) **Certification of the resolution of UCI's General Meeting**, at its meeting held on the 12<sup>th</sup> of September, 2006, in which it was agreed to carry out the assignment of the Non-mortgage Associated Loans and the issue of the Certificates of the Transfer of Mortgage and the Mortgage Participations to the Fund, **and the certificate of the agreement of the Board of Directors of the Management Company**, at its meeting held on the 11<sup>th</sup> of September, 2006, in which it was agreed, amongst other things, to constitute the Fund, the acquisition of the Non-mortgage Associated Loans by the Fund and to subscribe to the Certificates of Transfer of Mortgage and the Mortgage Participations assigned by UCI and the issue of the Bonds charged to the Fund.
- (g) **The letters disclosing the provisional ratings and the letters disclosing the definitive ratings** on the part of Standard & Poor's Spain, S.A. and Fitch Ratings Spain, S.A.U.
- (h) **The letters from the Lead Managers and from the Assignor.**
- (i) **The Annual Financial Statements and auditors' report of the Management Company.**

A copy of all the above documents may be consulted at the registered offices of the Management Company.

Furthermore, a copy of all the documents mentioned in the above sections, except the content in section a), may be consulted at the CNMV at Paseo de la Castellana 19, 28046 Madrid.

A copy of the Prospectus will be available to the public on the web site of the CNMV ([www.cnmv.es](http://www.cnmv.es)), on the web site of AIAF ([www.aiaf.es](http://www.aiaf.es)), at the address of each Underwriter, listed in section 5.2 of this Registration Document and in the place of work of Iberclear, calle Tramontana 2, bis, Las Rozas (Madrid).

The Deed of Constitution will also be available to the public at Iberclear.

## **SECURITIES NOTE**

This Securities Note was drafted in accordance with Annex XIII of Regulation (EC) No. 809/2004 and was approved by the Spanish Securities Market Commission on the 17th of October, 2006.

## **1. PERSONS RESPONSIBLE**

### **1.1 Persons responsible for the information appearing in the Securities Note and in the Additional Building Block to the Securities Note.**

Mr. Ignacio Ortega Gavara, acting in his capacity as General Manager, by virtue of the powers granted to him by the Board of Directors at its meeting held on 11th of September, 2006 and on behalf and in representation of SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A., whose registered address is in Ciudad Grupo Santander, Avda. de Cantabria s/n. 28660, Boadilla del Monte (Madrid), assumes the responsibility for the information contained in this Securities Note and in the Additional Building Block to the Securities Note.

SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is the promoter of UCI 16, FONDO DE TITULIZACIÓN DE ACTIVOS and will be in charge of its legal management and representation.

### **1.2 Statement by those responsible for the Securities Note and the Additional Building Block to the Securities Note.**

Mr. Ignacio Ortega Gavara, declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Securities Note and the Additional Building Block to the Securities Note is, insofar as he is aware, in accordance with the facts and there are no omissions which might affect its content.

## **2. RISK FACTORS**

The specific risk factors regarding the Assets which back up the issue and regarding the securities are those described respectively in sections II and III of the document incorporated at the beginning of this Prospectus under the heading "RISK FACTORS".

## **3. KEY INFORMATION**

### **Interest of natural and legal persons involved in the issue**

The identity of the legal persons participating in the offer and the direct or indirect participation in control by them are explained in section 5.2 of the Registration Document. The interest of these persons as participants in the offer of the issue of Bonds is as follows:

- a) SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. intervenes as the Management Company of the Fund and as legal and financial advisor of the structure of the transaction.
- b) UCI, UNIÓN DE CRÉDITOS INMOBILIARIOS EFC, S.A. intervenes as the Assignor of the Loans and the issuer of the Mortgage Participations and the Mortgage Transfer Certificates and as the financial advisor of the structure of the transaction.
- c) BANCO SANTANDER CENTRAL HISPANO, S.A. intervenes as the Lead Arranger of the issue of Bonds, as Paying Agent and counter-party in the Subordinated Loan Agreement together with UCB and in the Guaranteed Reinvestment Agreement, as the Underwriter of the Domestic Tranche and Underwriter for the International Tranche of the issue, and as joint book-runner.

- d) BNP PARIBAS intervenes as Lead Arranger, as the Underwriter for the International Tranche of the issue and as joint book-runner.
- e) ACF intervenes as Underwriter for the Domestic Tranche.
- f) BANKINTER intervenes as Underwriter for the Domestic Tranche.
- g) UCB intervenes together with the Bank as the counterparty of the Fund in the Subordinated Loan Agreement.
- h) FITCH intervenes as a Credit Rating Agency rating the Bonds.
- i) Standard & Poor's intervenes as a Credit Rating Agency rating the Bonds.
- j) CUATRECASAS intervenes as the legal counsel of the structure of the transaction.

BANCO SANTANDER CENTRAL HISPANO, S.A., and BNP PARIBAS have respective participations of 50% of the share capital of UCI, S.A., which in turn is the parent company of the 100% held subsidiary UNIÓN DE CRÉDITOS INMOBILIARIOS EFC, S.A.

The Management Company is not aware of the existence of any other significant economic entitlement or interest of the aforementioned entities that participate in the issue, except for those that are strictly professional and derive from their participations as stated in detail in section 3.2 of the Additional Building Block to the Securities Note.

### **Purpose of the operation**

The Bond issue is fully intended for the acquisition of the Non-mortgage Associated Loans and subscription to the Mortgage Transfer Certificates pooled in the Fund and the provision of the Initial Reserve Fund in the case of Class E Bonds.

## **4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING**

### **4.1 Total amount of the securities**

#### **a) Total issue amount**

The total of the Bonds issued amounts to ONE THOUSAND EIGHT HUNDRED AND NINETEEN MILLION EIGHT HUNDRED THOUSAND EUROS (€1,819,800,000), insured in whole and represented by EIGHTEEN THOUSAND, ONE HUNDRED AND NINETY-EIGHT (18,198) Bonds each with a face value of one hundred thousand EUROS (€100,000), distributed in six (6) Classes of Bonds (A1, A2, B, C, D and E), and the following total face value corresponds to each one:

- **Class A1:** with a total face value of FOUR HUNDRED AND THIRTY MILLION EUROS (€430,000,000) is constituted by FOUR THOUSAND THREE HUNDRED (4,300) Bonds each with a face value of ONE HUNDRED THOUSAND EUROS (€100,000);
- **Class A2:** with a total face value of ONE THOUSAND TWO HUNDRED AND FORTY-SEVEN MILLION, SIX HUNDRED THOUSAND EUROS (€1,247,600,000) is constituted by TWELVE THOUSAND, FIVE HUNDRED AND FORTY-SIX (12,546) Bonds each with a face value of ONE HUNDRED THOUSAND EUROS (€100,000);
- **Class B** with a total face value of SEVENTY-TWO MILLION EUROS (€72,000,000) is constituted by SEVEN HUNDRED AND TWENTY (720)

Bonds each with a face value of ONE HUNDRED THOUSAND EUROS (€100,000);

- **Class C:** with a total face value of FORTY-ONE MILLION, FOUR HUNDRED THOUSAND EUROS (€41,100,000) is constituted by FOUR HUNDRED AND FOURTEEN (414) Bonds each with a face value of ONE HUNDRED THOUSAND EUROS (€100,000);
- **Class D:** with a total face value of NINE MILLION EUROS (€9,000,000) is constituted by NINETY (90) Bonds each with a face value of ONE HUNDRED THOUSAND EUROS (€100,000);
- **Class E:** with a total face value of NINETEEN MILLION EIGHT HUNDRED THOUSAND EUROS (€19,800,000) is constituted by ONE HUNDRED AND NINETY-EIGHT (198) Bonds each with a face value of ONE HUNDRED THOUSAND EUROS (€100,000);

Holding or subscribing to one of the series does not imply holding or subscribing to Bonds in the other Class.

#### **b) Underwriting and placement**

The Underwriters will place the Bonds amongst qualified investors for the purposes of article 39 of Royal Decree 1310/2005, that is to say, for descriptive purposes and not limited to these, legal persons which are authorised or regulated to operate on the financial markets, including, credit entities, investment services companies, insurance companies, collective investment institutions and their management companies, Pension Funds and their management companies, other authorised or regulated financial entities, etc. If they are to be taken into account, the subscription applications must be made by any means admitted in Law, during the Subscription Period, and must be sent to the Underwriters.

In addition, the Underwriters will assume the obligations contained in Domestic Tranche Management, Underwriting and Placement Agreement and/or in the International Tranche Management, Underwriting and Placement Agreement, and which are basically the following:

- (i) Endeavour to place the Bonds with third party subscribers;
- (ii) The joint commitment to the subscription of the Bonds which might not have been subscribed to once the Subscription Period has closed, up to the amounts established for each Underwriter in the corresponding agreement;
- (iii) Payment of the face value insured by each one of these to the Paying Agent before 14:00 hours on the Pay-Out Date, at the value on that same day;
- (iv) Delivery to the Bond subscribers who have requested, within a maximum time of five (5) days, of a document certifying the subscriptions by the subscribers to the Bonds allocated and the effective amount they have paid up for these subscriptions to those subscribers to the Bonds who have requested this. The validity of this document is limited to the date on which the book entry is made;
- (v) The delivery to the Paying Agent of the information on the control of the diffusion achieved as regards the placement of the Bonds;
- (vi) The Lead Arrangers and the Underwriters remain obliged to refrain from carrying out any activity which might be interpreted as being aimed at promoting subscription or purchase offers of the Bonds in any country or jurisdiction other than Spain or as regards nationals or residents in any country in which these promotion, offer, placement, intermediation or sale activities carried out without complying with the requisites which are established in the applicable local legislation are forbidden or restricted; and

(vii) The other factors that regulate underwriting and placement.

The fees for underwriting are estimated at €576,720, which will be distributed in the following manner:

Management CompanyAs payment for the commitment assumed by the insurers, these will receive an Underwriting Fee, which is included within the initial expenses of the Fund. Each of the Underwriters of the Bonds will receive the fees for each Bond included in the following chart, applied to the face value insured under Underwriting and Placement Agreements of the issue:

<b>Class</b>	<b>Underwriting Fee</b>
Bonds A1	Between 0.00% and 0.10%
Bonds A2	Between 0.00% and 0.10%
Bonds B	Between 0.00% and 0.10%
Bonds C	Between 0.00% and 0.10%
Bonds D	Between 0.00% and 0.10%
Bonds E	Between 0.00% and 0.10%

The only reason for the termination or suspension or termination the condition that are included in the Underwriting and Placement Agreements of the issue is the lack of confirmation of the provisional ratings of the Bonds as definitive before the commencement of the Subscription Period.

The placement of the issue of Bonds will be made in the domestic market and in the international market.

The placement of the Domestic Tranche will be carried out by the BANCO SANTANDER CENTRAL HISPANO, S.A., AHORRO CORPORACIÓN FINANCIERA, S.V., S.A. and BANKINTER, S.A.; and the International Tranche by BNP PARIBAS, by BANCO SANTANDER CENTRAL HISPANO, S.A., for the following amounts (in millions of euros):

**(a) Domestic Tranche:**

<b>Underwriters</b>	<b>Class A1 Bonds</b>	<b>Class A2 Bonds</b>	<b>Class B Bonds</b>	<b>Class C Bonds</b>	<b>Class D Bonds</b>	<b>Class E Bonds</b>
<b>BANCO SANTANDER CENTRAL HISPANO</b>	129	355	36	20.7	4.5	9.9
AHORRO CORPORACIÓN FINANCIERA	0	10	0	0	0	0
BANKINTER	0	10	0	0	0	0
<b>Total</b>	<b>129</b>	<b>375</b>	<b>36</b>	<b>20.7</b>	<b>4.5</b>	<b>9.9</b>



**(b) International Tranche:**

<b>Underwriters</b>	<b>Class A1 Bonds</b>	<b>Class A2 Bonds</b>	<b>Class B Bonds</b>	<b>Class C Bonds</b>	<b>Class D Bonds</b>	<b>Class E Bonds</b>
<b>BANCO SANTANDER CENTRAL HISPANO</b>	86	258.8	0	0	0	0
<b>BNP PARIBAS</b>	215	613.8	36	20.7	4.5	9.9
<b>Total</b>	<b>301</b>	<b>872.6</b>	<b>36</b>	<b>20.7</b>	<b>4.5</b>	<b>9.9</b>

BANCO SANTANDER CENTRAL HISPANO, S.A. and BNP PARIBAS, intervene as Lead Arrangers of the bond issue charged to the Fund, in the terms explained in detail in section 5.2 of the Registration Document, and will not charge any fees for this.

**4.2 Description of type and class of securities**

The Bonds will have the legal nature of fixed income negotiable values with explicit return, and are subject to the scheme stipulated in the Law on the Stock Market and its Implementation rules and are issued under Royal Decree 926/1998.

**4.3 Legislation of the securities**

“UCI 16, FONDO DE TITULIZACIÓN DE ACTIVOS” is constituted under Spanish Law and will be subject to IT, and specifically to, (i) the Deed of Constitution of the Fund, (ii) Royal Decree 926/1998 and its Implementation Rules, (iii) Royal Decree 1310/2005, (iv) Law 19/1992, (v) Law 24/1988, (vi) Order EHA/3537/2005, (vii) Law 44/2002, and (viii) all other legal and regulatory provisions in force which are duly applicable.

This Securities Note was drafted following the model stipulated in Regulation (EC) no. 809/2004.

**4.4 Representation of the securities**

The Bonds will be represented by book entries in accordance with the stipulations in Royal Decree 926/1998, will be constituted as such by virtue of their corresponding accounts registry and will be made out to the bearer. The Deed of Constitution will give rise to the effects stipulated in article 6 of the Law on the Stock Market.

The holders of the Bonds will be identified as such (in their own names or by third parties) as recorded in the accounting register kept by the Management Company of the Securities Registration, Compensation and Settlement Systems, S.A. (Iberclear), whose address is in Madrid, at Calle Plaza del la Lealtad 1, 28014 Madrid, which will be designated as the entity in charge of the accounting registry of the Bonds in the Deed of Constitution of the Fund so that the compensation and settlement of the Bonds will be made in accordance with the rulings regarding securities admitted to trading in the AIAF Fixed Income Market, and represented by the book entries established or which might be approved in the future by Iberclear.

**4.5 Currency of the Issue**

The denomination of the Bonds will be EUROS.

**4.6 Ranking**

The Class A2 Bonds will be deferred as regards the payment of interest and payment of the principal with respect to the Class A1 Bonds, in accordance with the Order of Priority of Payment described in section 3.4.6. of the Additional Building Block to the Securities Note.

The Class B Bonds will be deferred as regards the payment of interest and payment of the principal with respect to the Class A1 Bonds and the Class A2 Bonds, in accordance with the

Order of Priority of Payment described in section 3.4.6. of the Additional Building Block to the Securities Note.

The Class C Bonds will be deferred as regards the payment of interest and payment of the principal with respect to the Class A1 Bonds, the Class A2 Bonds, and the Class B Bonds in accordance with the Order of Priority of Payment described in section 3.4.6. of the Additional Building Block to the Securities Note.

The Class D Bonds will be deferred as regards the payment of interest and payment of the principal with respect to the Class A1 Bonds, the Class A2 Bonds, the Class B Bonds, and the Class C Bonds in accordance with the Order of Priority of Payment described in section 3.4.6. of the Additional Building Block to the Securities Note.

The Class E Bonds will be deferred as regards the payment of interest and as regards repayment of the principal amount with respect to the Class A1 Bonds, the Class A2 Bonds, the Class B Bonds, the Class C Bonds and the Class D Bonds as regards the endowment of the Initial Reserve Fund, in accordance with the Order of Priority of Payment of the Fund described in section 3.4.6. of the Additional Building Block to the Securities Note.

#### **4.6.1 Simple mention of the order number occupied by the payment of interest of the Bonds in the priority of payments of the Fund**

The payment of interest due for the Class A1 Bonds occupies the (2<sup>nd</sup>) (second) place in the application of Funds Available in the Order of Priority of Payment established in section 3.4.6. of the Additional Building Block to the Securities Note and the (2<sup>nd</sup>) (second) place in the application of the Funds Available for Settlement in the Order of Priority of Payment upon Liquidation established in section 3.4.6. in the Additional Building Block to the Securities Note.

The payment of interest due for the Class A2 Bonds occupies the (3<sup>rd</sup>) (third) place in the application of Funds Available in the Order of Priority of Payment established in section 3.4.6. of the Additional Building Block to the Securities Note and the (3<sup>rd</sup>) (third) place in the application of the Funds Available for Settlement in the Order of Priority of Payment upon Liquidation established in section 3.4.6. in the Additional Building Block to the Securities Note.

The payment of the interest due for the Class B Bonds occupies the (4<sup>th</sup>) (fourth) place in the application of Funds Available in the Order of Priority of Payment established in the aforementioned section 3.4.6. in the Additional Building Block to the Securities Note, except if the situation stipulated in the same section as regards its deferral occurs, in which case it will occupy the (8<sup>th</sup>) (eighth) place, and the (4<sup>th</sup>) (fourth) place in the application of the Funds Available for Settlement in the Order of Priority of Payment upon Liquidation established in section 3.4.6. in the Additional Building Block to the Securities Note.

The payment of the interest due for the Class C Bonds occupies the (5<sup>th</sup>) (fifth) place in the application of Funds Available in the Order of Priority of Payment established in the aforementioned section 3.4.6. in the Additional Building Block to the Securities Note, except if the situation stipulated in the same section as regards its deferral occurs, in which case it will occupy the (9<sup>th</sup>) (ninth) place, and the (5<sup>th</sup>) (fifth) place in the application of the Funds Available for Settlement in the Order of Priority of Payment upon Liquidation established in section 3.4.6. in the Additional Building Block to the Securities Note.

The payment of the interest due for the Class D Bonds occupies the (6<sup>th</sup>) (sixth) place in the application of Funds Available in the Order of Priority of Payment established in the aforementioned section 3.4.6. in the Additional Building Block to the Securities Note, except if the situation stipulated in the same section as regards its deferral occurs, in which case it will occupy the (10<sup>th</sup>) (tenth) place, and the (6<sup>th</sup>) (sixth) place in the application of the Funds Available for Settlement in the Order of Priority of Payment upon Liquidation established in section 3.4.6. in the Additional Building Block to the Securities Note.

The payment of the interest due for the Class E Bonds occupies the (12th) (twelfth) place in the application of Funds Available in the Order of Priority of Payment established in the aforementioned section 3.4.6. in the Additional Building Block to the Securities Note, and the (8th) (eighth) place in the application of the Funds Available for Settlement in the Order of Priority of Payment upon Liquidation established in section 3.4.6. in the Additional Building Block to the Securities Note.

#### **4.6.2 Simple mention of the order number occupied by the payments of principal of the bonds in the priority of payments of the Fund**

The deduction of the Amount Available to Amortise the Class A1, A2, B, C and D Bonds occupies the (7th) (sixth) place in the Order of Priority of Payment established in section 3.4.6. of the Additional Building Block to the Securities Note and the (7th) (seventh) in the Order of Priority of Payment upon Liquidation in section 3.4.6. of the Additional Building Block to the Securities Note.

The deduction of the Amount Available to Amortise the Class E Bonds occupies the (13th) (thirteenth) place in the Order of Priority of Payment established in section 3.4.6. of the Additional Building Block to the Securities Note and the (9th) (ninth) in the Order of Priority of Payment upon Liquidation in section 3.4.6. of the Additional Building Block to the Securities Note.

#### **4.7 Description of the rights attached to the securities and procedure for exercise of said rights.**

In accordance with the legislation in force, the Bonds listed in this Securities Note will not have present and/or future voting rights for the investor who acquires them as regards UCI 16, FONDO DE TITULIZACIÓN DE ACTIVOS.

The economic and financial rights for the investor associated with the acquisition and holding of the Bonds will be those derived from the conditions of the interest rate, returns and form of amortisation in which they are issued and which are included in sections 4.8 and 4.9 below.

In the event of failure to pay any amount due to the holders of the Bonds, these holders may only appeal against the Management Company and only when the Management Company has failed to comply with its obligations included in the Deed of Constitution and in this Prospectus. The Management Company is the only authorised representative of the Fund as regards third parties and in any legal proceedings, in accordance with applicable legislation.

The obligations of the assignor and of the rest of the entities which, one way or another, participate in the operation are limited to those which are included in the corresponding agreements relative UCI 16, FTA Fund, of which the relevant ones are described in this Prospectus and in the Deed of Constitution.

Any question, discrepancy or dispute concerning the Fund or the Bonds which are issued to be charged to this which might arise during the period of operation or on its settlement, whether this involves the holders of the Bonds or these and the Management Company, will be submitted to the Spanish Courts, waiving any other jurisdiction which might correspond to the parties.

#### **4.8 The nominal interest rate and provisions relating to interest payable**

The return of the Bonds will be determined for each Class through a variable interest rate in accordance with the following stipulations:

- a) All the Class of Bonds will accrue a nominal variable interest payable quarterly on each Payment Date on the condition that the Fund has sufficient liquidity in the

Cash flow Account and/or in the Excess Funds Account, in accordance with the Order of Priority of Payment stipulated for each Class in section 3.4.6. of the Additional Building Block to the Securities Note.

All deductions, advance tax payments and taxes established or which might be established in the future as regards the principal, interest or return of the Bonds will be paid exclusively by the holders of the Bonds and their amounts will be deducted by the Management Company, in representation and on behalf of the Fund, through the Paying Agent in the legally established form.

- b) The duration of the issue will be divided into successive Interest Accrual Periods which take in the effective days elapsed between each Payment Date, and the initial Payment Date is included in the Interest Accrual Period and the final Payment Date is excluded. By exception, the first Interest Accrual will have a duration greater than the quarter, equivalent to the days effectively elapsed between the Pay-Out Date, included, and the first Payment Date planned, excluded.
- c) The nominal interest rate applicable to the Bonds for each Interest Accrual Period will be determined by the Management Company, in representation and on behalf of the Fund, at the Rate Fixing Time which will be the second Business day according to the TARGET (*Trans-European Automated Real-time Gross Settlement Express Transfer System*) schedule previous to each Payment Date, at 11 a.m. (Madrid time) on that day and will be applicable for the following Interest Accrual Period.

The nominal interest rate of the Bonds for the first Interest Accrual Period will be determined as stipulated in section d) below, based on the reference interest rate at 11 a.m. (Madrid time) on the Date of Constitution.

The holders of the Bonds will be notified of the nominal interest rates determined for all the Class of Bonds for the successive Interest Accrual Period in the period and manner stipulated in section 4 of the Additional Building Block to the Securities Note through publication, either in the Daily Gazette of the AIAF or any other which might replace this in the future or another of similar characteristics, or by publication in a daily newspaper with a wide readership in Spain.

- d) The nominal interest rate determined for each Interest Accrual Period will be that which results from adding : (i) the reference interest rate EURIBOR at three (3) months or five (5) months, the latter only for the first Interest Accrual Period, or, in its absence, its substitute (described in section e) below) and (ii) a margin for each one of the Classes:

- Class A1: margin of between 0% and 0.10%, both included;
- Class A2: margin of between 0.08% and 0.18%, both included;
- Class B: margin of between 0.20% and 0.35%, both included;
- Class C: margin of between 0.40% and 0.60%, both included;
- Class D: margin of between 1% and 2.50%, both included;
- Class E: margin of between 1.50% and 2.50%, both included;

These will be rounded off to the nearest one thousandth of one point.

The definitive margins applicable to the Class A1, A2, B, C, D and E respectively will be fixed and the Management Company will be notified of these on the Date of Constitution by the Lead Arrangers before 9 a.m. (Madrid time). Moreover, the Management Company will notify the CNMV as determined in section 4.b.b2. In the absence of the notification which must be made by the Lead Arrangers, the Management Company will fix the margin of Class A1 at 0.04%, the margin of Class A2 at 0.11%, the margin of Class B at 0.27%, the margin of Class C at 0.50%, the margin of Class D at 2%, and the margin of Class E at 2%.

- e) The reference interest rate will be the following:
- (i) The EURIBOR rate (*Euro Interbank Borrowing Offered Rate*) is the reference rate for the money market for the euro for deposits at three (3) months from maturity or at five (5) months, the latter will be for the first Interest Accrual Period. The EURIBOR rate at three (3) months or at five (5) months, the latter only for the first Interest Accrual Period will be the one on the REUTERS screen, "EURIBOR01" page (or any other page which might replace this one in this service) at eleven hundred (11:00) hours, Madrid time, at the Rate Fixing Time.
  - (ii) In the event of an absence of rates as stipulated in section (i) above, the interest rate which results from making the simple arithmetic average of the interbank interest rates on offer for deposit operations in euros (EURIBOR) at three (3) months or at five (5) months will apply as a replacement reference interest rate, the rate at four months will only be for the first Interest Accrual Period, at the Rate Fixing Time by the entities which are stated below:
    - Banco Santander Central Hispano, London Branch.
    - J.P Morgan Securities Ltd.
    - BNP Paribas, London Branch.

And these will be rounded off to the nearest thousandth of a percentage point.

In the event that it is impossible to apply the above replacement reference interest rate due to one of the aforementioned companies failing to continually provide the statement of price trading, the interest rate resulting from calculating the simple arithmetic average of the interest rates declared by the remaining two (2) entities will apply.

If one of the two (2) remaining entities mentioned above ceases to declare the trading price, the last nominal interest rate applicable to the last Interest Accrual Period will apply, and so on for successive Interest Accrual Periods, so long as the situation persists.

If at least two (2) of the entities mentioned above again supplies the trading price, the subsidiary replacement reference interest rate will again apply in accordance with the above rules.

The Management Company will conserve the lists of the content of the REUTERS screen or, in its absence, the statements of trading prices of the aforementioned entities, as documents accrediting the corresponding rate.

At each of the Rate Fixing Times, the Paying Agent will notify the Management Company of the reference interest rate that will serve as a

basis for the calculation of the nominal interest rate applicable to each one of the Classes of Bonds.

- f) The nominal interest rate will accrue on the effective days elapsed in each Interest Accrual Period for which it has been determined, and will be calculated on the basis of a year of three hundred and sixty (360) days.
- g) The interest rate accrued for the Bonds of all the Class will be payable quarterly, on each Payment Date, that is to say, March 16, June 16, September 16 and December 16 each year until the total amortisation, on the condition that the Fund has sufficient liquidity in the Cash flow account and/or in the Excess Funds Account, in accordance with the Order of Priority of Payment stipulated for each Class in section 3.4.6. of the Additional Building Block to the Securities Note.

In the event that any of the dates established in the above paragraph is not a Business day, the payment of the interest will be made on the Business day immediately afterwards, and the interest corresponding to the Interest Accrual Period in progress, will accrue up to the aforementioned Business day, but not inclusive.

- h) The first payment of interest for the Bonds of all the Class will take place on the 16<sup>th</sup> of March, 2007, and these will accrue at the corresponding nominal interest rate from the Pay-Out Date (inclusive) up to the 16<sup>th</sup> of March, 2007 (not inclusive).
- i) The calculation of the interest payable at each Payment Date for each Interest Accrual Period will be carried out in accordance with the following formula:

$$I = P \cdot R / 100 \cdot d / 360$$

Where:

I = Interest payable on a specific Payment Date.

P = Outstanding Balance of Principal of the Bonds on the Date of Determination corresponding to this Payment Date.

R = Nominal interest rate expressed as an annual percentage.

d = Number of effective days corresponding to each Interest Accrual Period.

The holders of the Bonds will be notified of both the interest for the holders of the Bonds, calculated as stipulated above, and the amount of the interest accrued and unpaid as described in section 4 of the Additional Building Block to the Securities Note and, at least, one (1) calendar day in advance of each Payment Date.

- j) The payment of the accrued interest will take place on each Payment Date on the condition that the Fund has sufficient liquidity for this in the Cash flow Account and, as the case may be, in the Excess Funds Account, in accordance with the Order of Priority of Payment stipulated in section 3.4.6. in the Additional Building Block to the Securities Note.

In the event that on a Payment Date, the Fund may not totally or partially pay the interest accrued by the Bonds of any of the Classes in accord with the Order of Priority of Payment stipulated in section 3.4.6. in the Additional Building Block to the Securities Note, the amounts which the holders of the Bonds do not receive will be paid at the following Payment Date on which, in accordance with the

aforementioned Order of Priority of Payment, the Fund has sufficient liquidity to do so.

The amounts deferred will accrue an interest equal to the interest applied to the Bonds of the respective Class in favour of the holders during the Interest Accrual Period(s) until the Payment Date on which payment takes place.

#### **4.8.1 Valid deadline in which interest may be claimed**

The interest on the Bonds will be paid up to the respective amortisation of the Bonds on each Payment Date on the condition that the Fund has sufficient Funds Available for this in accordance with the Order of Priority of Payment included in section 3.4.6. in the Additional Building Block to the Securities Note.

In the event that on a Payment Date, the Fund may not totally or partially pay the interest accrued by the Bonds of any of the Class in accord with the Order of Priority of Payment stipulated in section 3.4.6. in the Additional Building Block to the Securities Note, the amounts which the holders of the Bonds do not receive will accrue until the following Payment Date to the interest of the Class which was to be paid on that same Payment Date, and will be paid in accordance with the aforementioned Order of Priority and will be applied by order of maturity in the event that it is not possible for it to be paid totally due to a lack of Funds Available.

Through its Management Company, the Fund cannot defer the payment of interest of the Bonds further than the Legal Maturity or, if this is not a Business day, the following Business day.

The deduction, rates and taxes established or which might be established in the future as regards the capital, interest or return of these Bonds will be paid exclusively by the holders of the Bonds and the amounts will be deducted by the corresponding entity in the legally established manner.

#### **4.8.2 Description of the underlying rate and historical information in relation thereto**

Merely as descriptive information, the following are the Euribor rates at three (3) months, provided by REUTERS on the dates stated, which, in any case, would be two (2) Business days before the supposed Payment Date, as well as the rates, which would be applicable to all the Classes of the Bonds.

The margin used as reference in the following table consists of the margin which the Management Company would fix in the event that the Lead Arrangers fail to notify of the definitive margins as stipulated in section 4.8.d) above.

DATE	EURIBOR	CLASS A1	CLASS A2	CLASS B	CLASS C	CLASS D	CLASS E
14/12/2005	2.463%	2.503%	2.573%	2.733%	2.963%	4.463%	4.463%
13/01/2006	2.507%	2.547%	2.617%	2.777%	3.007%	4.507%	4.507%
14/02/2006	2.596%	2.636%	2.706%	2.866%	3.096%	4.596%	4.596%
14/03/2006	2.704%	2.744%	2.814%	2.974%	3.204%	4.704%	4.704%
13/04/2006	2.765%	2.805%	2.875%	3.035%	3.265%	4.765%	4.765%
12/05/2006	2.885%	2.925%	2.995%	3.155%	3.385%	4.885%	4.885%
14/06/2006	2.961%	3.001%	3.071%	3.231%	3.461%	4.961%	4.961%
14/07/2006	3.092%	3.132%	3.202%	3.362%	3.592%	5.092%	5.092%
14/08/2006	3.219%	3.259%	3.329%	3.489%	3.719%	5.219%	5.219%
12/09/2006	3.315%	3.355%	3.425%	3.585%	3.815%	5.315%	5.315%

### **4.8.3 Description of any episode of market distortion of underlying rate**

Not applicable.

### **4.8.4 Rules for adjustment of underlying rates**

Not applicable.

### **4.8.5 Calculation Agent**

This will be the Management Company

## **4.9 Redemption price and provisions concerning maturity of the securities**

### **4.9.1 Redemption price**

The payment price of the Bonds of each of the Class will be ONE HUNDRED THOUSAND (100,000) euros per Bond, equivalent to their face value, free of charges and taxes for the holder of the Bond, payable progressively on each Payment Date of the principal, as set out in the following sections.

Each and every one of the Bonds of the same Class will be amortised in the same amount through the reduction of the face value of each one of these.

### **4.9.2 Date and forms of redemption**

The final maturity of the Bonds of all the Class will take place on the date on which they are totally amortised or on the Legal Maturity of the Fund, that is to say, the 16<sup>th</sup> of June, 2049 or the following Business day without prejudice to the Company amortising the issue of Bonds previous to the Legal Expiry Date of the Fund in accordance with section 4.4.3 of the Registration Document.

The Bonds will be amortised by reduction of their face value on March 16, June 16, September 16 and December 16 each year (or the following Business day) until their total amortisation in accordance with the ordinary rules of amortisation established below, unless there are no sufficient Available redemption funds in the Cash flow Account.

### **4.9.3 Available redemption funds**

The available Funds for amortisation of the Class A1, A2, B, C and D Bonds (hereinafter, the “**Available redemption funds**”) are the amounts which will be destined to repay the Bonds and which will be the lesser of the following amounts:

- (i) The Accrued Redemption Amount of the Bonds of Class A1, A2, B, C and D.
- (ii) Depending on the existing liquidity on that Payment Date, the remainder of Funds Available (as defined in section 3.4.6. of the Additional Building Block to the Securities Note) once the amounts applied to the items in sections (1) to (6) of the Order of Priority of Payment stipulated in section 3.4.6. of the Additional Building Block to the Securities Note are deducted on the condition none of the cases included in the exceptional rules of priority of payments included in section 3.4.6. of the Additional Building Block to the Securities Note might have occurred.

### **4.9.4 Accrued Redemption Amount**

The Accrued Redemption Amount will be understood to be, without any distinction between the Class A1, A2, B, C and D, the difference, as an absolute value, between the Outstanding Balance of Principal of the Class A1, A2, B, C and D Bonds on the Date of Determination previous to each Payment Date and the Outstanding Balance of the Assets, once a percentage of the amount of the principal of the assets due to which there has been a delay in the



payment of the amounts owed for a period equal or greater than eighteen (18) months has been deducted.

The percentage mentioned in the previous paragraph will be determined according to the time agreed to in months of delay as regards the payment of the amounts owed and the relationship between the outstanding balance and the evaluation value ("*Loan to Value*" or "LTV") of the underlying Loan.

The case of the Mortgage Loans will be as follows:

### **MORTGAGE LOANS**

<b>% LTV</b>	<b>T= 18 Months</b>	<b>T= 24 Months</b>	<b>T= 36 Months</b>	<b>T= 48 Months</b>
> 80%	PH X100%	PH X100%	PH X100%	PH X100%
60% - 80%	PH X 50%	PH X 75%	PH X 100%	PH X 100%
40% - 60%	PH X 25%	PH X 50%	PH X 75%	PH X 100%
= 40%	0%	0%	PH X 25%	PH X 50%

Example:

Mortgage Loan: 60,000 euros; LTV: 65%

60.000\* 50%: 30,000 euros at 18 months.

Mortgage Loan: 90,000; LTV: 45%

90,000 \* 25%: €22,500 AT 18 months.

In the case of Non-mortgage Associated Loans (PANH) and Second Rank Associated Mortgage Loans (PAH2R), the percentage will be determined depending on the time agreed to in months of delay as regards the amounts owed (T).

### **NON-MORTGAGE ASSOCIATED LOANS**

<b>T= Time delay</b>	<b>T=18 Months</b>	<b>T= 24 Months</b>	<b>T= 27 Months</b>
Outstanding Balance Non-mortgage Associated Loans with Mortgage Credit Insurance	PANH x 25%	PANH x 50%	PANH x 100%
Outstanding Balance Non-mortgage Associated Loans with no Mortgage Credit Insurance	PANHx 100%	PANH x 100%	PANH x 100%

### **SECOND RANK ASSOCIATED MORTGAGE LOANS**

<b>T= Time delay</b>	<b>T= 18 Months</b>	<b>T= 24 Months</b>	<b>T= 27 Months</b>
Outstanding Balance Second Rank Associated Mortgage Loans with Mortgage Credit Insurance.	PAH2R x 25%	PAH2R x 50%	PAH2R x 100%

Outstanding Balance				
Second Rank Associated Mortgage Loans with no Mortgage Credit Insurance.	PAH2R x 100%	PAH2R x 100%	PAH2R 100%	x

#### **4.9.4 Distribution of Available redemption funds**

The Available redemption funds will be applied on each Payment Date to the amortisation of each one of the Class in accordance with the following rules:

1. The Available redemption funds will be redeemed sequentially, in the first place, to the amortisation of the Class A1 up to its total amortisation, in the second place, to the amortisation of the Class A2 up to its total amortisation, in the third place to the amortisation of the Class B, in the fourth place to the amortisation of the Class D and in the fifth place to the amortisation of the Class E without prejudice to what is stipulated in the following rules for the *pro rata* amortisation of the Class.
2. Notwithstanding, taking into account the CPR of 20% (actual pre-payment rates set out in this Prospectus), in this Fund the *pro rata* amortisation shall prevail over the sequential amortisation described in paragraph above. The *pro rata* amortization shall have the following rules :
  - (i) The amortisation of the Bonds of Class A1, A2 and B will be effected on a *pro rata* basis if, on the corresponding Payment Date, the Outstanding Balance of Principal of the Class B Bonds is equal or greater than eight per cent (8.0%) of the Balance of the Outstanding balance Payment of the total of the Bonds of Classes A1, A2, B, C and D.
  - (ii) The amortisation of the Class A1, A2, B and C Bonds will be effected on a *pro rata* basis if, on the corresponding Payment Date, the Outstanding Balance of Principal of the Bonds of Class C is equal or greater than four point six per cent (4.6%) of the Outstanding Balance of Principal of the whole of the Bonds of Classes A1, A2, B, C and D.
  - (iii) The amortisation of the Class A1, A2, B, C and D Bonds will be effected on a *pro rata* basis if, on the corresponding Payment Date, the Outstanding Balance of Principal of the Bonds of Class D is equal or greater than one per cent (1%) of the Outstanding Balance of Principal of the whole of the Bonds of Classes A1, A2, B, C and D.

In relation to the *pro rata amortisation* of the Bonds of Class A1, Class A2, Class B, Class C and/or Class D, and complying with all the cases stipulated in the above rules, this will not take place if any of the following circumstances arise:

- 1 This Outstanding Balance of the Assets with default equal or greater than 90 days on the date of determination immediately previous to the Payment Date in progress is equal or greater than 2% of the Outstanding Balance of the Assets.
- 2 There is a Deficit in Amortisation greater than 100% of the amount of the Class E Bonds.
- 3 The amount of the Reserve Fund available is less than the minimum amount required established in section 3.4.2. in the Additional Building Block to the Securities Note.
- 4 The Outstanding Balance of the Assets not in default and unamortized is less than 10% of the initial Outstanding Balance.

In any of the above cases, all of the Available redemption funds will be used to repay the Class A1 and A2 Bonds, in sequence. When none of these circumstances occur, the amortisation of Class B, C and D will be re-established. Notwithstanding the above, the Management Company is empowered to carry out the settlement of the Fund in advance and the prepayment of all of the issue of the Bonds on a Payment Date, in the terms established in section 4.4.c) of the Registration Document, by carrying out the distribution of the Funds Available for Settlement in accordance with the Order of Priority of Payment upon Liquidation stipulated in section 3.4.6. of the Additional Building Block to the Securities Note.

#### **Amortisation of the Bonds of Class E**

The partial amortisation of the Bonds of Class E will be carried out on each Payment Date for an amount equal to the positive difference between the Outstanding Balance of Principal of Class E on the Date of Determination preceding the corresponding Payment Date and the amount of the Reserve Fund required on the corresponding Payment Date on the condition that the conditions stipulated in section 3.4.2.2 of the Additional Building Block to the Securities Note are complied with.

The Management Company will notify the holders of the Bonds of each Class of the Outstanding Balance of Principal of the Bonds of each Class, as well as of the real constant annual amortisation pre-payment rates forecast for the Loans and the average estimated residual life of the Bonds of each class.

#### **4.10 Indication of investor return and calculation method**

The average life, return, duration and final maturity of the Bonds of each Class depend on several factors, of which the most significant are the following:

- i) The schedule and system of amortisation of each of the Loans established in the corresponding agreements.
- ii) The capacity which the Obligors have to totally or partially amortise the Loans in advance and the speed at which this prepayment takes place throughout the life of the Fund. Thus, the prepayment of the Loans made by the Obligors, subject to continual changes, and estimated in this Prospectus through the use of several hypothesis of conduct of the future CPR, which will directly influence the speed of the amortisation of the Bonds, and, therefore, the average life and duration of the Bonds.
- iii) The variable interest rates which will be applicable to the majority of the Loans that will make the amount of the amortisation in each instalment vary.
- iv) The default of the Obligors as regards payment of the Loan instalments.

In order to calculate the charts that appear in this section, the following hypothetical values have been assumed for the factors described:

- interest rate of the Loans: 4.31% average weighted interest rate on the 12<sup>th</sup> of September, 2006 of the portfolio of selected Loans which has been used for the calculation of the quotas of amortisation and interest of each of the Loans selected;
- default in the Loan portfolio of UCI: 0.69% of the Outstanding Balance of the Loans;
- failures as regards the Loan portfolio which are considered to be written off: 0%;
- that the CPR remains constant throughout the life of the Bonds;
- that the Pay-Out Date of the Bonds is the 23<sup>rd</sup> of October, 2006;

- that no Amortisation Deficit occurs;
- that the Obligors do not exercise the Joker Instalment nor the option they have to restrict the growth of the instalment depending on the Retail price index as regards increases in the interest of its Loans in accordance with the stipulations in section 2.2.2 b) of the Additional Building Block to the Securities Note;
- that the extension of the period of any of the Loans does not take place.
- That the interest rate remains constant at 3.315%, corresponding to Euribor at 3 months on the 12<sup>th</sup> September, 2006, and the margins used for each class of Bonds have been the following: 0.04% for Class A1, 0.12% for Class A2, 0.26% for Class B, 0.48% for Class C, 2% for Class D and 3% for Class E.

The IRR for the holder must take into account the date and the purchase price of the Bond, the quarterly payment of the coupon and the repayments, in accordance with the schedule stipulated and the advanced nature. The real adjusted duration and the return or profitability of the Bonds will also depend on their variable interest rate.

The IRR for the holders of the Bonds of each of the Class will be calculated through the following formula:

$$100.000 = \sum_{i=1}^N ai(1+I)^{-[ni/365]}$$

Where:

**I** = IRR expressed as an annual rate, at so much per unit.

**ai** = Total amortisation and interest amounts which will be received by the investors. (a1 ..... aN)

**ni** = Number of days between the Pay-Out Date of the issue and the Payment Dates each year, not inclusive.

**The average Life of the Bonds** for different CPR, assuming the hypothesis described above, would be as follows:

% CPR	0%	5%	10%	15%	20%	25%
<b>CLASS A1</b>						
<b>AVERAGE EST. LIFE</b>	6.37	2.07	1.23	0.89	0.70	0.59
<b>IRR</b>	3.397%	3.397%	3.397%	3.397%	3.397%	3.397%
<b>ESTIMATED DURATION</b>	5.44	1.92	1.16	0.85	0.67	0.57
<b>FINAL EST. LIFE</b>	11.41	4.16	2.41	1.66	1.16	0.91
<b>FINAL EST. DATE</b>	March-18	December-10	March-09	June-08	December-07	September-07

% CPR	0%	5%	10%	15%	20%	25%
<b>CLASS A2</b>						
<b>AVERAGE EST. LIFE</b>	23.38	13.55	8.70	6.18	4.71	3.78
<b>IRR</b>	3.480%	3.480%	3.480%	3.480%	3.480%	3.480%

<b>ESTIMATED DURATION</b>	15.27	10.05	7.01	5.23	5.23	3.37
<b>FINAL EST. LIFE</b>	33.93	24.92	17.42	12.66	12.66	7.91
<b>FINAL EST. DATE</b>	September-40	September-31	March-24	June-19	June-16	September-14

<b>% CPR</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>	<b>20%</b>	<b>25%</b>
<b>CLASS B</b>						
<b>AVERAGE EST. LIFE</b>	27.77	17.71	11.58	8.26	6.29	5.05
<b>IRR</b>	3.623%	3.623%	3.623%	3.623%	3.623%	3.623%
<b>ESTIMATED DURATION</b>	16.97	12.48	9.01	6.86	5.39	4.43
<b>FINAL EST. LIFE</b>	33.93	24.92	17.42	12.66	9.66	7.91
<b>FINAL EST. DATE</b>	September-40	September-31	March-24	June-19	June-16	September-14

<b>% CPR</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>	<b>20%</b>	<b>25%</b>
<b>CLASS C</b>						
<b>AVERAGE EST. LIFE</b>	27.77	17.71	11.58	8.26	6.29	5.05
<b>IRR</b>	3.849%	3.849%	3.849%	3.849%	3.849%	3.849%
<b>ESTIMATED DURATION</b>	16.52	12.24	8.89	6.75	5.35	4.40
<b>FINAL EST. LIFE</b>	33.93	24.92	17.42	12.66	9.66	7.91
<b>FINAL EST. DATE</b>	September-40	September-31	March-24	June-19	June-16	September-14

<b>% CPR</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>	<b>20%</b>	<b>25%</b>
<b>CLASS D</b>						
<b>AVERAGE EST. LIFE</b>	27.77	17.71	11.58	8.26	6.29	5.05
<b>IRR</b>	5.422%	5.422%	5.422%	5.422%	5.422%	5.422%
<b>ESTIMATED DURATION</b>	13.80	10.72	8.05	6.25	5.02	4.17
<b>FINAL EST. LIFE</b>	33.93	24.92	17.42	12.66	9.66	7.91
<b>FINAL EST. DATE</b>	September-40	September-31	March-24	June-19	June-16	September-14

<b>% CPR</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>	<b>20%</b>	<b>25%</b>
<b>CLASS E</b>						
<b>AVERAGE EST. LIFE</b>	28,20	18,14	11,98	8,57	6,53	5,32
<b>IRR</b>	6,466%	6,466%	6,466%	6,466%	6,466%	6,466%

<b>ESTIMATED DURATION</b>	12,41	9,96	7,70	6,09	4,95	4,19
<b>FINAL EST. LIFE</b>	33,93	24,92	17,42	12,66	9,66	7,91
<b>FINAL EST. DATE</b>	September-40	September-31	March-24	June-19	June-16	September-14

Note: These rates have been considered in accordance with the experience of the Assignor as regards the type of Loans that are being securitised.

These figures have been calculated using the following formulas:

**Average life of the Bonds:**

$$A = \frac{\sum(B \times d)}{C} \times \frac{1}{365}$$

Where:

- A** = Average life of each Class of Bonds issued expressed in years.
- B** = Principal of each Class of Bonds to be amortised at each Payment Date, according to the amount to be amortised corresponding to each Class of Bonds.
- d** = Number of days elapsed since the Pay-Out Date up to the Payment Date in question.
- C** = Total nominal of each Class A1, A2, B, C and D of Bonds in euros.

**Duration of the Bonds:** The concept of *duration* applied to a fixed income bond, according to the definition of Macaulay as commonly used, is a measure of the sensitivity of the value of the asset in relation to the change of index representing the profitability observed on the market. To sum up, the *duration* is a measure of the risk of the change in the value of the bond as a consequence of the change in the profitability of its market references. Therefore, this measure of risk has an interpretation, which is different in the case of variable rate Bonds and in the case of fixed rate Bonds.

**Duration of the Bonds (adjusted Macaulay formula):**

$$D = \frac{\sum(P \times VA)}{PE} \times \frac{1}{(1+I)}$$

Where:

- D** = Duration of each Class of Bonds expressed in years.
- P** = Time elapsed (in years) between the Pay-Out Date up to each one of the Payment Dates in question.
- VA** = Current value of each of the amounts which include the gross principal and interest to be paid on each Payment Date discounted from the IRR.
- PE** = Price of the issue of the Bonds, 100,000 euros
- I** = IRR for each Class of Bonds.

The Management Company expressly states that the charts of the debt service of each Class which are described below are merely theoretical and for descriptive purposes, and do not represent any obligation to pay, taking into account that:

- The CPR are assumed as constant 15.00%, 20.00% and 25.00% respectively throughout the life of the Bond issue and the real prepayment.

- The Outstanding Balance of Principal of the Bonds on each Payment Date, and, therefore, the interest to be paid on each of these will depend on the prepayment, on the default and on the level of real failure of the Loans.
- The nominal interest rates of the Bonds are assumed to be constant for each Class as from the second Interest Accrual Period, and, as is known, the nominal interest rate of all the Class is variable.
- 3.315% has been used, corresponding to Euribor at 3 months on the 12<sup>th</sup> September, 2006, and the margins used for each class of Bonds have been the following: 0.04% for Class A1, 0.12% for Class A2, 0.26% for Class B, 0.48% for Class C, 2% for Class D and 3% for Class E.
- In all cases, the hypothetical values mentioned at the beginning of this section are assumed.
- It is assumed that the Management Company will exercise the option of the Advanced Settlement of the Fund and with this the Advanced Amortisation of the Bond issue, when the Outstanding Balance of the Assets is less than 10% of the initial Outstanding Balance of the assets on the constitution of the Fund.

Hereafter, the charts of the debt service of each of the Class for CPR of 15.00%, 20.00% and 25.00% respectively are included:

CPR 15%																		
PAYMENT DATE	CLASS A1			CLASS A2			CLASS B			CLASS C			CLASS D			CLASS E		
	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL
16/03/2007	29,175.44	1,435.19	30,610.64	0.00	1,469.42	1,469.42	0.00	1,529.31	1,529.31	0.00	1,623.42	1,623.42	0.00	2,273.64	2,273.64	0.00	2,701.42	2,701.42
16/06/2007	16,516.75	607.24	17,123.99	0.00	877.83	877.83	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/09/2007	15,813.10	465.63	16,278.73	0.00	877.83	877.83	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/12/2007	15,548.17	326.46	15,874.63	0.00	868.29	868.29	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/03/2008	15,275.57	194.60	15,470.17	0.00	868.29	868.29	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/06/2008	7,670.97	65.77	7,736.74	2,329.85	877.83	3,207.68	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/09/2008				4,760.84	857.38	5,618.23	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/12/2008				4,556.88	806.72	5,363.60	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/03/2009				4,361.46	758.73	5,120.19	0.00	893.75	893.75	0.00	948.75	948.75	0.00	1,328.75	1,328.75	0.00	1,578.75	1,578.75
16/06/2009				4,174.24	737.30	4,911.54	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/09/2009				3,994.88	700.66	4,695.54	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/12/2009				3,823.06	658.35	4,481.42	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/03/2010				3,658.46	618.29	4,276.75	0.00	893.75	893.75	0.00	948.75	948.75	0.00	1,328.75	1,328.75	0.00	1,578.75	1,578.75
16/06/2010				3,500.79	599.91	4,100.70	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/09/2010				3,235.80	569.18	3,804.98	1,161.50	913.61	2,075.11	1,161.50	969.83	2,131.33	1,161.50	1,358.28	2,519.77	1,161.50	1,613.83	2,775.33
16/12/2010				2,769.19	534.90	3,304.09	4,442.95	893.18	5,336.13	4,442.95	948.15	5,391.10	4,442.95	1,327.91	5,770.86	4,442.95	1,577.75	6,020.70
16/03/2011				2,649.46	505.24	3,154.70	4,250.85	843.66	5,094.51	4,250.85	895.58	5,146.43	4,250.85	1,254.28	5,505.13	4,250.85	1,490.27	5,741.12
16/06/2011				2,534.78	493.21	3,027.99	4,066.86	823.57	4,890.43	4,066.86	874.25	4,941.11	4,066.86	1,224.42	5,291.27	4,066.86	1,454.79	5,521.64
16/09/2011				2,424.94	470.96	2,895.90	3,890.63	786.42	4,677.05	3,890.63	834.81	4,725.44	3,890.63	1,169.18	5,059.81	3,890.63	1,389.15	5,279.79
16/12/2011				2,319.74	444.79	2,764.53	3,721.85	742.71	4,464.56	3,721.85	788.42	4,510.27	3,721.85	1,104.20	4,826.05	3,721.85	1,311.95	5,033.80
16/03/2012				2,218.99	424.64	2,643.64	3,560.21	709.08	4,269.28	3,560.21	752.71	4,312.92	3,560.21	1,054.19	4,614.40	3,560.21	1,252.54	4,812.74
16/06/2012				2,122.51	409.83	2,532.34	3,405.40	684.34	4,089.74	3,405.40	726.46	4,131.85	3,405.40	1,017.42	4,422.82	3,405.40	1,208.84	4,614.24
16/09/2012				2,030.10	391.20	2,421.30	3,257.15	653.23	3,910.38	3,257.15	693.43	3,950.57	3,257.15	971.17	4,228.31	3,257.15	1,153.89	4,411.03
16/12/2012				1,941.62	369.32	2,310.94	3,115.18	616.70	3,731.87	3,115.18	654.65	3,769.82	3,115.18	916.85	4,032.02	3,115.18	1,089.35	4,204.53
16/03/2013				1,856.51	348.59	2,205.10	2,978.64	582.08	3,560.71	2,978.64	617.90	3,596.53	2,978.64	865.38	3,844.02	2,978.64	1,028.20	4,006.84
16/06/2013				1,775.40	340.04	2,115.44	2,848.50	567.80	3,416.29	2,848.50	602.74	3,451.24	2,848.50	844.15	3,692.65	2,848.50	1,002.98	3,851.47
16/09/2013				1,696.88	324.45	2,021.33	2,722.52	541.77	3,264.29	2,722.52	575.11	3,297.63	2,722.52	805.46	3,527.98	2,722.52	957.01	3,679.53
16/12/2013				1,622.57	306.19	1,928.77	2,603.30	511.28	3,114.58	2,603.30	542.75	3,146.04	2,603.30	760.13	3,363.43	2,603.30	903.15	3,506.44



16/03/2014				1,551.43	288.89	1,840.32	2,489.15	482.40	2,971.54	2,489.15	512.08	3,001.23	2,489.15	717.19	3,206.33	2,489.15	852.12	3,341.27
16/06/2014				1,483.31	281.69	1,765.00	2,379.85	470.38	2,850.23	2,379.85	499.32	2,879.18	2,379.85	699.31	3,079.17	2,379.85	830.89	3,210.74
16/09/2014				1,417.86	268.67	1,686.53	2,274.85	448.63	2,723.48	2,274.85	476.24	2,751.09	2,274.85	666.99	2,941.84	2,274.85	792.48	3,067.33
16/12/2014				1,355.44	253.44	1,608.88	2,174.70	423.20	2,597.90	2,174.70	449.24	2,623.94	2,174.70	629.18	2,803.88	2,174.70	747.55	2,922.26
16/03/2015				1,295.62	239.02	1,534.64	2,078.73	399.11	2,477.84	2,078.73	423.67	2,502.40	2,078.73	593.37	2,672.09	2,078.73	705.01	2,783.73
16/06/2015				1,238.43	232.95	1,471.38	1,986.96	388.99	2,375.95	1,986.96	412.93	2,399.89	1,986.96	578.32	2,565.28	1,986.96	687.13	2,674.08
16/09/2015				1,183.49	222.08	1,405.57	1,898.82	370.84	2,269.66	1,898.82	393.66	2,292.48	1,898.82	551.33	2,450.15	1,898.82	655.06	2,553.88
16/12/2015				1,131.09	209.39	1,340.49	1,814.75	349.65	2,164.40	1,814.75	371.16	2,185.92	1,814.75	519.82	2,334.58	1,814.75	617.63	2,432.38
16/03/2016				1,080.48	199.57	1,280.05	1,733.55	333.25	2,066.79	1,733.55	353.75	2,087.30	1,733.55	495.44	2,228.99	513.03	588.66	1,101.69
16/06/2016				1,032.51	192.28	1,224.79	1,656.58	321.07	1,977.65	1,656.58	340.83	1,997.41	1,656.58	477.34	2,133.92	0.00	586.85	586.85
16/09/2016				984.18	183.22	1,167.39	1,579.04	305.94	1,884.98	1,579.04	324.76	1,903.80	1,579.04	454.84	2,033.88	0.00	586.85	586.85
16/12/2016				940.40	172.68	1,113.08	1,508.80	288.34	1,797.15	1,508.80	306.09	1,814.89	1,508.80	428.68	1,937.49	0.00	580.47	580.47
16/03/2017				898.21	162.71	1,060.92	1,441.11	271.69	1,712.80	1,441.11	288.41	1,729.52	1,441.11	403.92	1,845.03	0.00	574.09	574.09
16/06/2017				858.14	158.44	1,016.57	1,376.82	264.56	1,641.38	1,376.82	280.84	1,657.66	1,376.82	393.32	1,770.14	0.00	586.85	586.85
16/09/2017				819.45	150.90	970.35	1,314.75	251.98	1,566.73	1,314.75	267.49	1,582.23	1,314.75	374.62	1,689.37	0.00	586.85	586.85
16/12/2017				782.78	142.15	924.93	1,255.91	237.36	1,493.27	1,255.91	251.97	1,507.88	1,255.91	352.89	1,608.80	0.00	580.47	580.47
16/03/2018				747.29	133.86	881.16	1,198.97	223.53	1,422.50	1,198.97	237.28	1,436.26	1,198.97	332.32	1,531.30	0.00	574.09	574.09
16/06/2018				713.75	130.28	844.02	1,145.15	217.54	1,362.69	1,145.15	230.93	1,376.08	1,145.15	323.42	1,468.57	0.00	586.85	586.85
16/09/2018				681.02	124.01	805.03	1,092.64	207.08	1,299.72	1,092.64	219.82	1,312.46	1,092.64	307.87	1,400.51	0.00	586.85	586.85
16/12/2018				650.35	116.75	767.10	1,043.44	194.95	1,238.39	1,043.44	206.95	1,250.39	1,043.44	289.84	1,333.28	0.00	580.47	580.47
16/03/2019				620.85	109.88	730.73	996.10	183.49	1,179.59	996.10	194.78	1,190.88	996.10	272.79	1,268.89	0.00	574.09	574.09
16/06/2019				12,174.97	106.88	12,281.84	19,533.81	178.46	19,712.27	19,533.81	189.45	19,723.25	19,533.81	265.32	19,799.13	36,363.64	586.85	36,950.48
<b>TOTAL</b>	<b>€100,000.00</b>	<b>€3,094.90</b>	<b>€103,094.90</b>	<b>€100,000.00</b>	<b>€1,589.14</b>	<b>€21,589.14</b>	<b>€100,000.00</b>	<b>€30,008.66</b>	<b>€130,008.66</b>	<b>€100,000.00</b>	<b>€31,855.35</b>	<b>€131,855.35</b>	<b>€100,000.00</b>	<b>€44,614.28</b>	<b>€144,614.28</b>	<b>€100,000.00</b>	<b>€55,022.75</b>	<b>€155,022.75</b>

PAYMENT DATE	CPR 20%																	
	CLASS A1			CLASS A2			CLASS B			CLASS C			CLASS D			CLASS E		
	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL
16/03/2007	38,879.24	1,435.19	40,314.43	0.00	1,469.42	1,469.42	0.00	1,529.31	1,529.31	0.00	1,623.42	1,623.42	0.00	2,273.64	2,273.64	0.00	2,701.42	2,701.42
16/06/2007	21,556.68	524.04	22,080.72	0.00	877.83	877.83	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/09/2007	20,320.16	339.22	20,659.38	0.00	877.83	877.83	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/12/2007	19,243.92	163.20	19,407.12	108.93	868.29	977.22	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/03/2008				6,486.09	867.35	7,353.43	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/06/2008				6,049.00	819.94	6,868.94	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/09/2008				5,700.81	766.84	6,467.65	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/12/2008				5,372.40	709.01	6,081.41	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/03/2009				5,062.67	655.08	5,717.74	0.00	893.75	893.75	0.00	948.75	948.75	0.00	1,328.75	1,328.75	0.00	1,578.75	1,578.75
16/06/2009				4,770.55	625.19	5,395.74	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/09/2009				4,444.30	583.32	5,027.62	517.28	913.61	1,430.89	517.28	969.83	1,487.12	517.28	1,358.28	1,875.56	517.28	1,613.83	2,131.12
16/12/2009				3,659.25	538.39	4,197.64	5,870.99	899.01	6,770.00	5,870.99	954.33	6,825.32	5,870.99	1,336.56	7,207.56	5,870.99	1,588.03	7,459.03
16/03/2010				3,447.57	501.05	3,948.62	5,531.37	836.65	6,368.02	5,531.37	888.14	6,419.51	5,531.37	1,243.87	6,775.23	5,531.37	1,477.90	7,009.26
16/06/2010				3,247.96	481.92	3,729.88	5,211.11	804.71	6,015.82	5,211.11	854.23	6,065.34	5,211.11	1,196.38	6,407.49	5,211.11	1,421.47	6,632.58
16/09/2010				3,059.74	453.41	3,513.15	4,909.13	757.10	5,666.23	4,909.13	803.69	5,712.82	4,909.13	1,125.59	6,034.72	4,909.13	1,337.37	6,246.50
16/12/2010				2,882.27	421.91	3,304.18	4,624.38	704.51	5,328.89	4,624.38	747.86	5,372.25	4,624.38	1,047.41	5,671.79	4,624.38	1,244.47	5,868.85
16/03/2011				2,714.94	392.52	3,107.46	4,355.91	655.44	5,011.35	4,355.91	695.77	5,051.68	4,355.91	974.45	5,330.36	4,355.91	1,157.79	5,513.70
16/06/2011				2,557.17	377.41	2,934.58	4,102.78	630.21	4,732.99	4,102.78	668.99	4,771.77	4,102.78	936.94	5,039.72	4,102.78	1,113.22	5,216.00
16/09/2011				2,408.43	354.96	2,763.39	3,864.14	592.72	4,456.86	3,864.14	629.20	4,493.34	3,864.14	881.21	4,745.35	3,864.14	1,047.01	4,911.15
16/12/2011				2,268.20	330.19	2,598.40	3,639.16	551.36	4,190.52	3,639.16	585.29	4,224.45	3,639.16	819.72	4,458.88	3,639.16	973.94	4,613.10
16/03/2012				2,136.01	310.50	2,446.51	3,427.07	518.48	3,945.54	3,427.07	550.38	3,977.45	3,427.07	770.82	4,197.89	3,427.07	915.85	4,342.92
16/06/2012				2,011.40	295.16	2,306.56	3,227.13	492.86	3,720.00	3,227.13	523.19	3,750.33	3,227.13	732.75	3,959.88	3,227.13	870.61	4,097.74
16/09/2012				1,893.93	277.50	2,171.44	3,038.67	463.38	3,502.05	3,038.67	491.90	3,530.57	3,038.67	688.91	3,727.58	3,038.67	818.53	3,857.20
16/12/2012				1,783.21	258.04	2,041.26	2,861.03	430.88	3,291.91	2,861.03	457.40	3,318.43	2,861.03	640.60	3,501.63	2,861.03	761.13	3,622.16
16/03/2013				1,678.61	239.89	1,918.50	2,693.20	400.58	3,093.78	2,693.20	425.23	3,118.43	2,693.20	595.54	3,288.74	2,693.20	707.59	3,400.79
16/06/2013				1,580.27	230.49	1,810.76	2,535.43	384.87	2,920.30	2,535.43	408.56	2,943.99	2,535.43	572.20	3,107.63	2,535.43	679.85	3,215.28
16/09/2013				1,487.04	216.62	1,703.66	2,385.85	361.71	2,747.55	2,385.85	383.97	2,769.81	2,385.85	537.76	2,923.60	2,385.85	638.94	3,024.78
16/12/2013				1,399.76	201.35	1,601.11	2,245.81	336.22	2,582.02	2,245.81	356.91	2,602.71	2,245.81	499.86	2,745.67	841.73	593.91	1,435.64

16/03/2014				1,317.51	187.12	1,504.62	2,113.84	312.45	2,426.29	2,113.84	331.68	2,445.52	2,113.84	464.53	2,578.36	0.00	574.09	574.09
16/06/2014				1,240.00	179.71	1,419.71	1,989.48	300.08	2,289.56	1,989.48	318.55	2,308.03	1,989.48	446.14	2,435.62	0.00	586.85	586.85
16/09/2014				1,166.82	168.82	1,335.64	1,872.07	281.91	2,153.98	1,872.07	299.25	2,171.33	1,872.07	419.11	2,291.19	0.00	586.85	586.85
16/12/2014				1,098.02	156.86	1,254.88	1,761.68	261.92	2,023.61	1,761.68	278.04	2,039.73	1,761.68	389.41	2,151.09	0.00	580.47	580.47
16/03/2015				1,033.16	145.71	1,178.86	1,657.62	243.30	1,900.92	1,657.62	258.27	1,915.89	1,657.62	361.72	2,019.34	0.00	574.09	574.09
16/06/2015				972.09	139.87	1,111.96	1,559.64	233.56	1,793.20	1,559.64	247.94	1,807.57	1,559.64	347.24	1,906.88	0.00	586.85	586.85
16/09/2015				914.45	131.34	1,045.79	1,467.16	219.31	1,686.48	1,467.16	232.81	1,699.97	1,467.16	326.06	1,793.22	0.00	586.85	586.85
16/12/2015				860.26	121.97	982.23	1,380.22	203.67	1,583.89	1,380.22	216.21	1,596.43	1,380.22	302.80	1,683.02	0.00	580.47	580.47
16/03/2016				808.96	114.50	923.46	1,297.91	191.20	1,489.11	1,297.91	202.97	1,500.87	1,297.91	284.26	1,582.17	0.00	580.47	580.47
16/06/2016				12,378.24	108.66	12,486.90	19,859.94	181.44	20,041.38	19,859.94	192.61	20,052.55	19,859.94	269.75	20,129.69	36,363.64	586.85	36,950.48
<b>TOTAL</b>	<b>€00,000.00</b>	<b>€2,461.66</b>	<b>€02,461.66</b>	<b>€00,000.00</b>	<b>€6,455.97</b>	<b>€16,455.97</b>	<b>€00,000.00</b>	<b>€2,865.32</b>	<b>€22,188.51</b>	<b>€00,000.00</b>	<b>€24,272.41</b>	<b>€24,272.41</b>	<b>€00,000.00</b>	<b>€33,994.17</b>	<b>€33,994.17</b>	<b>€00,000.00</b>	<b>€1,923.48</b>	<b>€41,923.48</b>

CPR 25%																		
PAYMENT DATE	CLASS A1			CLASS A2			CLASS B			CLASS C			CLASS D			CLASS E		
	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL	CAPITAL	INTEREST	TOTAL
16/03/2007	48,943.77	1,435.19	50,378.96	0.00	1,469.42	1,469.42	0.00	1,529.31	1,529.31	0.00	1,623.42	1,623.42	0.00	2,273.64	2,273.64	0.00	2,701.42	2,701.42
16/06/2007	26,546.95	437.75	26,984.70	0.00	877.83	877.83	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/09/2007	24,509.29	210.14	24,719.42	37.43	877.83	915.26	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/12/2007				8,006.79	867.97	8,874.76	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/03/2008				7,552.95	798.44	8,351.39	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/06/2008				6,940.96	740.92	7,681.87	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/09/2008				6,435.18	679.99	7,115.17	0.00	913.61	913.61	0.00	969.83	969.83	0.00	1,358.28	1,358.28	0.00	1,613.83	1,613.83
16/12/2008				5,965.94	616.72	6,582.66	0.00	903.68	903.68	0.00	959.29	959.29	0.00	1,343.51	1,343.51	0.00	1,596.29	1,596.29
16/03/2009				5,150.16	558.71	5,708.87	3,878.02	893.75	4,771.77	3,878.02	948.75	4,826.77	3,878.02	1,328.75	5,206.77	3,878.02	1,578.75	5,456.77
16/06/2009				4,429.55	525.92	4,955.46	7,106.87	878.18	7,985.05	7,106.87	932.22	8,039.10	7,106.87	1,305.60	8,412.48	7,106.87	1,551.25	8,658.12
16/09/2009				4,105.88	487.03	4,592.92	6,587.58	813.25	7,400.83	6,587.58	863.30	7,450.88	6,587.58	1,209.07	7,796.65	6,587.58	1,436.56	8,024.14
16/12/2009				3,805.66	446.09	4,251.74	6,105.88	744.88	6,850.77	6,105.88	790.72	6,896.60	6,105.88	1,107.43	7,213.31	6,105.88	1,315.78	7,421.67
16/03/2010				3,527.18	408.50	3,935.68	5,659.08	682.12	6,341.21	5,659.08	724.10	6,383.19	5,659.08	1,014.12	6,673.21	5,659.08	1,204.93	6,864.01
16/06/2010				3,268.88	386.62	3,655.50	5,244.67	645.58	5,890.25	5,244.67	685.31	5,929.98	5,244.67	959.79	6,204.47	5,244.67	1,140.38	6,385.05
16/09/2010				3,029.32	357.92	3,387.24	4,860.31	597.67	5,457.98	4,860.31	634.44	5,494.76	4,860.31	888.56	5,748.87	4,860.31	1,055.74	5,916.05
16/12/2010				2,807.15	327.73	3,134.87	4,503.85	547.25	5,051.10	4,503.85	580.92	5,084.77	4,503.85	813.60	5,317.45	4,503.85	966.68	5,470.53
16/03/2011				2,601.10	300.02	2,901.12	4,173.27	500.98	4,674.25	4,173.27	531.81	4,705.08	4,173.27	744.81	4,918.09	4,173.27	884.95	5,058.22
16/06/2011				2,410.03	283.86	2,693.89	3,866.71	473.99	4,340.70	3,866.71	503.15	4,369.87	3,866.71	704.68	4,571.39	3,866.71	837.26	4,703.98
16/09/2011				2,232.85	262.70	2,495.55	3,582.44	438.66	4,021.10	3,582.44	465.65	4,048.09	3,582.44	652.16	4,234.60	3,582.44	774.86	4,357.30
16/12/2011				2,068.56	240.46	2,309.02	3,318.85	401.52	3,720.37	3,318.85	426.23	3,745.08	3,318.85	596.94	3,915.79	3,318.85	709.25	4,028.10
16/03/2012				1,916.23	222.49	2,138.73	3,074.45	371.53	3,445.97	3,074.45	394.39	3,468.84	3,074.45	552.35	3,626.80	3,074.45	656.27	3,730.72
16/06/2012				1,775.00	208.12	1,983.12	2,847.85	347.52	3,195.37	2,847.85	368.91	3,216.75	2,847.85	516.66	3,364.51	1,674.36	613.87	2,288.23
16/09/2012				1,644.06	192.54	1,836.59	2,637.77	321.50	2,959.27	2,637.77	341.29	2,979.05	2,637.77	477.98	3,115.75	0.00	586.85	586.85
16/12/2012				1,522.67	176.17	1,698.84	2,443.01	294.17	2,737.18	2,443.01	312.27	2,755.28	2,443.01	437.35	2,880.35	0.00	580.47	580.47
16/03/2013				1,409.98	161.16	1,571.13	2,262.20	269.10	2,531.30	2,262.20	285.66	2,547.86	2,262.20	400.08	2,662.28	0.00	574.09	574.09
16/06/2013				1,305.69	152.36	1,458.05	2,094.88	254.41	2,349.30	2,094.88	270.07	2,364.95	2,094.88	378.24	2,473.12	0.00	586.85	586.85
16/09/2013				1,208.67	140.90	1,349.57	1,939.22	235.28	2,174.49	1,939.22	249.75	2,188.97	1,939.22	349.79	2,289.00	0.00	586.85	586.85
16/12/2013				1,119.12	128.87	1,247.99	1,795.54	215.19	2,010.73	1,795.54	228.44	2,023.98	1,795.54	319.93	2,115.47	0.00	580.47	580.47

16/03/2014				1,036.12	117.85	1,153.97	1,662.38	196.78	1,859.16	1,662.38	208.89	1,871.27	1,662.38	292.56	1,954.94	0.00	574.09	574.09
16/06/2014				959.21	111.37	1,070.58	1,538.97	185.97	1,724.94	1,538.97	197.41	1,736.39	1,538.97	276.48	1,815.45	0.00	586.85	586.85
16/09/2014				11,727.69	102.95	11,830.64	18,816.18	171.91	18,988.09	18,816.18	182.49	18,998.67	18,816.18	255.58	19,071.76	36,363.64	586.85	36,950.48
<b>TOTAL</b>	<b>€00,000.00</b>	<b>€2,083.08</b>	<b>€02,083.08</b>	<b>€00,000.00</b>	<b>€3,229.44</b>	<b>€13,229.44</b>	<b>€00,000.00</b>	<b>€8,375.97</b>	<b>€22,188.51</b>	<b>€00,000.00</b>	<b>€19,506.80</b>	<b>€19,506.80</b>	<b>€00,000.00</b>	<b>€27,319.80</b>	<b>€27,319.80</b>	<b>€00,000.00</b>	<b>€3,915.51</b>	<b>€33,915.51</b>

#### **4.11 Representation of the security holders**

As regards the values included in this Bond issue, a Bondholder Syndicate will not be constituted.

In the terms stipulated in article 12 of the Royal Decree 926/1998, it corresponds to the Management Company, in its capacity as manager of other's business, to represent and defend the interests of the holders of the Bonds issued and charged to the Fund and of the rest of the ordinary creditors of the fund. Consequently, the Management Company must subject its actions to the defence of these and comply with the provisions that are duly established to this effect.

#### **4.12 Resolutions, authorisations and approvals by virtue of which the securities are issued**

##### **a) Corporate resolutions**

##### ***Agreement of constitution of the Fund, acquisition of the Loans, subscription to the Mortgage Participations and the Mortgage Transfer Certificates and the issue of the Bonds:***

The Board of Directors of the Management Company at its meeting held on the 11<sup>th</sup> of September, 2006, agreed on the following:

- i) The constitution of UCI 16, FTA in accordance with the legal scheme set out in Royal Decree 926/1998, by Law 19/1992, as regards what is not included in Royal Decree 926/1998 and is applicable, and in the other legal and regulation provisions in force that might duly apply.
- ii) The grouping in the Fund of the Loans assigned by UCI and the Mortgage Participations and Mortgage Transfer Certificates which instrument the assignment for the grouping through their subscription of the Mortgage Loans A and Mortgage Loans B and the Second Rank Mortgage Associated Loans respectively, in the Fund.
- iii) The issue of the Bonds charged to the assets of the Fund.

##### ***Agreement of assignment of the Loans:***

The General Shareholders' Meeting of UCI, at its meeting held on the 12<sup>th</sup> of September, 2006, agreed to authorise the assignment of the Non-mortgage Associated Loans and the issue of the Mortgage Participations and Mortgage Transfer Certificates to be pooled in the Fund.

##### **b) Registration by the CNMV**

The constitution of the Fund and the issue of the Bonds have the prerequisite to be registered in the Registers of the CNMV in this Prospectus and the other accrediting documents in conformity with what is set out in article 5.1.e) of Royal Decree 926/1998.

This Prospectus of constitution of the Fund and the Bond issue has been registered in the Official registers of the CNMV on the 17<sup>th</sup> of October, 2006.

##### **b) Authorisation of the Deed of Constitution of the Fund**

Once the registration of this Prospectus has been carried out by the CNMV, the Management Company together with UCI, as the Loan Assignor Entity and the issuer of the Mortgage Participations and the Mortgage Transfer Certificates, will authorise the Deed of Constitution of the Fund on the 18<sup>th</sup> of October, 2006, by virtue of the agreement of the Management Company, made on the 11<sup>th</sup> of September, 2006 and of the Agreement of the General shareholders' Meeting of UCI, held on the 12<sup>th</sup> of September, 2006, in the terms laid down in article 6 of Royal Decree 926/1998.

The Management Company states that the content of the Deed of Constitution will coincide with the draft of the Deed of Constitution delivered to the CNMV, and, in no case will the terms of the Deed of Constitution contradict, modify, alter or invalidate the regulation contained in this Prospectus.

The Management Company will forward a copy of the Deed of Constitution to the CNMV for filing with the Official Registers and to Iberclear previous to the opening of the Bond Subscription Period.

#### **4.13 Issue Date.**

The issue date of the Bonds shall be the 18<sup>th</sup> of October, 2006.

##### **4.13.1 Collective of potential qualified investors**

The placement of the issue is aimed at investors qualified for the purposes of article 39 of Royal Decree 1310/2005, that is to say, for descriptive purposes and not limited to legal persons authorised or regulated to operate on financial markets, including, credit entities, investment services companies, insurance companies, collective investment institutions and their management companies, Pension Funds and their management companies, other authorised or regulated financial entities, etc.

Once the issue has been totally placed and the Bonds are admitted to negotiation in AIAF, the Bonds may be acquired freely through this market in accordance with their own contracting rules.

The subscription of the Bonds implies the acceptance of the terms of the Deed of Constitution for each holder of the Bonds.

##### **4.13.2 Subscription Period**

The Subscription Period will start at 12:00 p.m. hours (Madrid time) on the 20<sup>th</sup> of October, 2006 and will finish at 5:00 p.m. hours (Madrid time) on the same day.

##### **4.13.3 Where and before whom may the subscription be processed**

The applications for subscription must be carried out during the Subscription Period before the Insurance Entities mentioned in section 5.2 of the Registration Document and in accordance with the procedure which is explained below: the subscription to or holding a Class does not imply the subscription to or holding another Class.

##### **4.13.4 Placement and Allocation of the Bonds**

The Underwriters will freely accept or not accept the applications for subscription received, taking care that there is no discriminatory treatment as regards the applications that have similar characteristics. Nevertheless, the Underwriters may give priority to the requests from those customers it considers to be most appropriate or advisable.

At the end of the Subscription Period, each Underwriter undertakes to subscribe in its own name to the number of Bonds required to complete the figure their commitment of underwritten amounts to as determined in the Domestic Tranche Management, Underwriting and Placement Agreement and Payment Agency and the International Tranche Management, Underwriting and Placement Agreement.

##### **4.13.5 Pay-Out Date and Form**

The Pay-Out Date will be the 23<sup>rd</sup> of October, 2006.

The investors who have been allocated the Bonds must pay the Underwriters the price of the issue that corresponds for each Bond allocated, before 11:00 hours, Madrid time on the Pay-Out Date, with value-date on that same day.

On the Pay-Out Date, each Underwriter will pay, before 14:00 hours, Madrid time on the Pay-Out Date, the respective nominal amount insured minus the underwriting fees accrued in its favour, through Funds Transfer Order “OMF” (*Orden de Movimiento de Fondos*) (0049) or in the account opened in the name of the Paying Agent at the Bank of Spain no. 01/400490/0.

The Paying Agent, in turn, will proceed to pay the Fund before 15:00 hours, Madrid time on the Pay-Out Date, the funds corresponding to each of the underwriting commitments, with value-date on that same day, through payment in the Cash flow Account.

#### **4.14 Restrictions on free transferability of the securities.**

The Bonds may be freely transferred by any means admitted in Law and in accordance with the norms of the AIAF. The ownership of each Bond will be transferred by accounting transfer. The registration of the transfer in favour of the acquirer in the accounting register will have the same effects as titles and, from this time, the transfer will be liable to objection by third parties. Thus, any third party who acquires a title to the Bonds at a price represented by book entries of the person who, according to the entries of the accounting register, appears as legitimised to transfer them will not be subject to any action for repossession unless at the time of acquisition they have acted in bad faith or with serious blame.

## **5. ADMISSION TO LISTING AND TRADING ARRANGEMENTS.**

### **5.1 Indication of Market where the securities will be listed and traded.**

The Management Company will request immediately on the Pay-Out Date the admission of the Bond issue to negotiation on the AIAF, created by the Association of Financial Asset Intermediaries. In addition, the Management Company will request the inclusion of the issue in Iberclear, in representation and on behalf of the Fund so that the compensation and settlement may be carried out under the operating norms that it has established or may be approved in the future by Iberclear with regard to the securities admitted to trading on AIAF and represented by book entries.

The Management Company undertakes that the registration of the issue in the AIAF is concluded within a period of thirty days (30) from the Pay-Out Date once the corresponding authorisations have been obtained.

The Management Company expressly puts on record that the requirements and conditions demanded for admission, permanence and exclusion of the securities from the AIAF are known, in accordance with the legislation in force, and the Management Company agrees to comply with these on behalf of the Fund.

In the event that failure to comply occurs within the aforementioned period of admission of the Bonds to trading, the Management Company undertakes to publish the proper Relevant Event at the CNMV and make the announcement in the Daily Official Gazette of the AIAF or in any other media generally accepted by the market which guarantees adequate dissemination of the information, in time and content, concerning the reasons for this non-compliance and the new date stipulated for admission of the issued securities to trading, without prejudice to the possible responsibility of the Management Company if the non-compliance is due to reasons attributable to this Company.

It is not planned to enter into any agreement with an entity that will undertake to facilitate the liquidity of the Bonds during the life of the issue.



## **5.2 Paying Agent and Depository Entities.**

### **a) Paying Agent:**

The Management Company, in representation and on behalf of the Fund, designates the Bank, which accepts, to be the Paying Agent in order to carry out the issue of the Bonds. The obligations assumed by the Bank, in its condition as Paying Agent, by virtue of the Domestic Tranche Management, Underwriting and Placement Agreement are as follows:

#### **(i) Pay-out of issue**

The Paying Agent will pay the Fund before 3 p.m. (Madrid time) on the Pay-Out Date and at the value on that same day, all amounts which, in accordance with what is established in the Domestic Tranche Management, Underwriting and Placement Agreement, are paid to it by the Underwriters, plus the sum of its own underwriting commitment, less all corresponding insurance commissions, through a deposit in the Cash flow Account of the Fund.

#### **(ii) Notice of EURIBOR Reference Rate**

At each of the Rate Fixing Times, the Paying Agent will notify the Management Company of the reference interest rate that will serve as a basis for the calculation of the nominal interest rate applicable to each of the Class of Bonds.

#### **(iii) Payments against the Fund**

On each of the Payment Dates of the Bonds, the Paying Agent will make the payment of interest and repayment of the principal of the Bonds in accordance with the instructions received from the Management Company.

The payments to be made by the Paying Agent will be made through the corresponding entities participating in Iberclear, in whose registers the Bonds are registered, in accord with the procedures in force regarding this service.

If, on a Payment Date, there are no Funds Available in the Cash flow Account, the Paying Agent will not be obliged to make any payments.

In the event that the short-term rating of the Bank should suffer a fall in its rating and be situated below A-1, or F1 (according to the rating scales of Standard & Poor's and Fitch, respectively), at any time during the life of the issue of the Bonds, the Management Company will have a maximum period of thirty (30) Business days counting from the time that the situation arises in order to revoke the appointment of the Bank as Paying Agent on behalf and in representation of the Fund, and designate an entity whose short-term rating has a minimum rating of A-1 or F1 as Paying Agent in the terms it considers most advisable for the Fund.

The Bank, in its condition as Paying Agent will not charge any fees for this item.

### **b) Depository Entities:**

Not applicable.

## 6. EXPENSES OF THE ADMISSION TO LISTING AND TRADING

The initial expenses forecast are as follows:

Constitution Expenses	EUROS
<b>CNMV Fees (39,033.00+0.003% of the total of the Issue) with a maximum limit of 9,000 euros</b>	€ 48,033.00
<b>AIAF Fees</b>	€ 52,000
<b>IBERCLEAR Fees (€500 € per series + VAT):</b>	€ 3,480
<b>Initial Expenses</b>	€ 102,010.12
<b>Subtotal</b>	<b>€ 205,72312</b>
<b>Fee for the structuring of the Management Company</b>	€ 90,000
<b>Fees for Underwriting and Placement (Estimates)</b>	€ 576,720
<b>Part financing the assets</b>	€ 27,556.88
<b>Initial difference</b>	€ 1,000,000
<b>GENERAL TOTAL</b>	<b>€ 1,900,000</b>

The constitution and issue expenses included will be paid by charging them to the Subordinated Loan described in section 3.4.3.a) in the Additional Building Block to the Securities Note.

The expenses incurred due to the settlement of the Fund will be charged to this.

## 7. ADDITIONAL INFORMATION

### 7.1 Persons and entities advising the issue

- a) SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. also intervenes as the legal and financial advisor of the structure of the operation.
- b) CUATRECASAS intervenes as the legal counsel of the structure of the transaction and has checked the statements regarding the tax treatment of the Fund, which are contained in section 4.5 d) of the Registration Document.

### 7.2 Information in the Securities Note reviewed by auditors

Not applicable.

### 7.3 Statement or report attributed to a person as an expert

Deloitte has prepared a check report on the main attributes of the Loans, which is included in section 2.2. of the Additional Building Block to the Securities Note.

Furthermore, Deloitte audits the annual accounts of the Management Company and Mazars Auditores, S.L. audits the annual accounts of the Grantor.

### 7.4 Information sourced from third parties

The Management Company confirms that the information provided by UCI in its capacity as Assignor, has been exactly reproduced in sections 2.2.2., 2.2.6. and 2.2.8. of the Additional Building Block to the Securities Note and that, insofar as it is aware and may take determinations based on the information provided by UCI, no event has been omitted which would render the information inexact or deceitful.

## 7.5 Ratings

The Management Company acting as founder and legal representative of the Fund, and the Assigner, acting as assigner of the Loans, has agreed to request the Rating Agencies for ratings of each of the Class of Bonds in accordance with the stipulations in article five of Royal Decree 926/1998.

On the date of registration of this Securities Note the following preliminary ratings for the Bonds were available on the 13<sup>th</sup> of October, 2006:

	<b>Standard &amp; Poor's</b>	<b>Fitch</b>
<b>Class A1</b>	AAA	AAA
<b>Class A2</b>	AAA	AAA
<b>Class B</b>	A-	A
<b>Class C</b>	BBB	BBB
<b>Class D</b>	BB	BB+
<b>Class e</b>	CCC-	CCC

The rating, by definition, is the opinion of the Rating Agencies on the level of credit risk associated with the Bonds. In the case that any of the above provisional ratings granted by the Rating Agencies are not confirmed, before the beginning of the Subscription Period of the Bonds, the constitution of the Fund, the Agreements (except for the Subordinated Loan Agreement) and the Bond issue will be considered terminated.

The ratings assigned, as well as revisions or suspension of these:

- (i) are drafted by the Rating Agencies on the basis of a substantial amount of information they receive, the precision of which they do not guarantee or state to be complete so that they cannot be considered responsible for these in any way;
- (ii) and they do not constitute and may not, in any way, be interpreted as an invitation, recommendation or encouragement to the investors to carry out any type of operation concerning the Bonds and, in particular, to acquire, conserve, encumber or sell these Bonds.

The ratings made by S&P on the reference title Bonds are an opinion concerning the capacity of the issuer to pay the interest and the capital during the lifetime of the operation, and in any case before the legal expiry of the said title Bonds, defined in this Prospectus as the Legal Expiry Date

The ratings made by Fitch on the risk constitute opinions on the capacity of the Fund to duly comply with the payment of interest on each Payment Date stipulated and the repayment of the principal during the life of the operation and as regards any other before the Legal Expiry Date, in accordance with the conditions stipulated for each tranche in the Prospectus and in the Deed of Constitution which permit the deferral of the payment of interest Bonds of the Class B, C and D Bonds in certain circumstances. This implies that the interest on these Bonds might not be received during a period of time if the conditions established for the deferral are achieved, and this circumstance leads to non-compliance as regards payment of the Bonds.

The Fitch and S&P ratings take into account the structure of the Bond issue, its legal aspects and those of the Fund that issues them, the characteristics of the assets and the regularity and continuity of the flows of the operation.

The ratings may be revised, suspended or withdrawn at any time by the Rating Agencies depending on any information that they might become aware of. The CNMV and the

bondholders will be immediately notified of these situations, which do not constitute cases of Advanced Settlement of the Fund.

In order to carry out the Process of rating and monitoring, the Rating Agencies confide in the precision and the completeness of the information they are provided with by the Management Company, the auditors, the legal counsels and other experts.

The Management Company, in representation of the Fund, undertakes to supply the Rating Agencies with regular information on the situation of the Fund and the Loans. It will also provide this information when it is reasonably requested to do so and, in any case, when there is a change in the conditions of the Fund, in the agreements agreed to by the Fund through its Management Company or in the parties concerned.

The Management Company will do its utmost to maintain the rating of the Bonds at its initial level and, in the event that this rating should fall, it will try to recover the initial level.

### **Fitch**

The Fitch rating scales regarding issues of long and short-term rating are as follows:

Long-Term	Short-Term
AAA	F1+
AA	F1
A	F2
BBB	F3
BB	B
B	B
CCC	C
CC	C
C	C

The AAA rating denotes the highest quality of credit of the corresponding issuer, and is only assigned in cases of exceptionally strong capacity to duly address the payments owed. AA denotes very high credit quality, A denotes high quality and BBB good credit quality. BB to C ratings are considered to be speculative. Thus, BB indicates that there is the possibility that there might be credit risk, in particular as a result of an adverse economic change at a given time.

F1 indicates the strongest capacity to address the payment of financial commitments, and may have the (+) sign added in order to indicate exceptionally strong capacity. F2 shows satisfactory capacity to duly address the financial commitments of the Issuer although the security margin is not as great as in the higher ratings. F3 denotes adequate capacity to address the financial commitments although adverse changes in the short term might suppose reduction to a speculation level. Levels B and C are speculative.

Fitch could add “+” or “-” to a rating in order to indicate a relative position within the rating categories. However, these cannot be added to the “AAA” category of the long-term rating, to categories under “CCC” or to short-term ratings that are not F1.

These credit ratings do not constitute a recommendation to buy, sell or be a holder of the securities. The aforementioned credit ratings are only an estimate and are not intended to do away with the need of the potential investors to carry out their own analysis of the securities to be acquired. The ratings assigned by Fitch are based on the documents and information provided by the issuer, and its experts and agents, and are subject to the reception of the final documents. Fitch does not audit, verify or check the veracity, precision or exactness of the aforementioned

information. The ratings do not constitute a recommendation to acquire, sell or hold the Bonds. Nor do they constitute an analysis of their adaptation to the market price, the suitability of the Bonds for a particular investor, or for tax exemption, or the taxable nature of the payments made as regards the Bonds. The ratings may be modified, withdrawn, suspended or placed on "Rating Watch" as a result of changes in the information, or in the precision of the information, or due to the reception of additional information, due to insufficiency of information, or for any other reason which Fitch considers to be sufficient. Failure to confirm any of the provisional ratings granted to the Bonds by the Rating Agency implies the termination of the issue and subscription to the Mortgage Participations and the Mortgage Transfer Certificates, the assignment of the Loans, the Subordinated Loan Agreement, as well as the rest of the agreements of the Fund, the constitution of the Fund and the issue of the Bonds.

**Standard & Poors**

The rating scales of S&P regarding issues of long and short-term rating are as follows:

	Long-Term		Short-Term
Investment Level	AAA		
	AA +		
	AA		A-1+
	AA-		
	A +		
	A		A-1
	A-		
	BBB +		A-2
	BBB		A-3
	BBB-		
Speculative Level	BB +		
	BB		B
	BB-		
	B +		
	B		
	B-		C
	CCC +		
	CCC		
	CCC-		
	CC		
	C		D
	D		

The following is a description of the meaning attributed by S&P to the long and short term ratings employed in this Information Prospectus.

**Long Term**

AAA An obligor classified as “AAA” has an extremely strong capacity to comply with its financial obligations. “AAA” is the maximum rating granted by S&P.

A An obligor classified as “A” has a strong capacity to comply with its financial obligations but is somewhat more sensitive to the adverse effects of the changes in economic circumstances than the obligors in higher categories.

BBB An obligor classified as “BBB” has adequate capacity to comply with its financial obligations. However, it is more likely that adverse economic conditions or a change of circumstances might lead to a weakening of the capacity of the obligor to comply with their financial obligations.

The ratings between “AA” and “CCC” may be modified by adding (+) or (-) in order to show their relative positions within each of the principal categories.

BB An Obligor classified as “BB” is less vulnerable to non-payment than other speculative securities. However, they face certain uncertainty or exposure to adverse economic or financial conditions or their economic conditions could lead to inadequate obligor capacity to meet their financial commitments.

CCC An Obligor classified as “CCC” is currently vulnerable to non-payment and depends on favourable economic, financial and business conditions to meet their financial obligations. In the event of adverse business, economic or financial conditions, the obligor will probably be unable to meet their financial commitments.

The ratings between “AA” and “CCC” may be modified by adding (+) or (-) in order to show their relative positions within each of the principal categories.

## **ADDITIONAL BUILDING BLOCK TO THE SECURITIES NOTE**

### **(Annex VIII of Regulation (EC) No. 809/2004 of the Commission)**

#### **1. THE SECURITIES**

##### **1.1 Amount of issue.**

The Fund represented by the Management Company, will be constituted with the Assets which UCI will assign to the Fund on the Date of Constitution, whose principal will be equal or slightly greater than ONE THOUSAND EIGHT HUNDRED AND NINETEEN MILLION EIGHT HUNDRED THOUSAND EUROS (€1,819,800,000), the sum to which the nominal value of the issue of the Bonds amounts.

##### **1.2 Confirmation disclosure relating to an undertaking/obligor not involved in the issue has been reproduced.**

Not applicable.

#### **2. THE UNDERLYING ASSETS**

##### **2.1 Confirmation as to the Assets' capacity to produce the funds to service payments on the securities.**

The Management Company confirms that the flows of principal, of ordinary interest and of any other amounts generated by the Assets permit the payments due and payable deriving from the Bonds which are issued to be settled in accordance with their contractual characteristics.

However, in order to cover possible failures of Obligors to pay, in accordance with the applicable legislation, a series of operations have been stipulated in order to improve credit and these increase the security or regularity of the payment of the Bonds and mitigate or neutralise the differences in interest rates of the assets and of the Bonds of each Class, and are described in sections 3.4.2, 3.4.3, and 3.4.4 of this Additional Building Block to the Securities Note. Even so, in exceptional circumstances, these improvement operations could be insufficient.

Not all the Bonds which are issued have the same risk of non-payment, which is shown by the different credit ratings assigned by the Rating Agencies regarding the different Class of Bonds, explained in section 7.5 of the Note on securities.

In the event that (i) in the opinion of the Management Company, there is a modification in the legislation in force or there are circumstances of any kind which might involve a substantial alteration or which might permanently impair or make it impossible or extremely difficult to maintain the asset balance of the Fund or (ii) a failure to pay indicating a serious and permanent imbalance in relation to the Bonds is expected, the Management Company may carry out an Advanced Settlement of the Fund and the Advanced Amortisation of the Bonds in the terms stipulated in section 4.4 of the Registration Document.

The above includes circumstances such as the existence of a modification to legislation or complementary legislative developments, the establishment of obligations regarding deduction or other situations which might permanently affect the financial balance of the Fund. In this case, after informing the CNMV, the Management Company will proceed

to settle the Fund in an orderly manner in accordance with the rules established in the Deed of Constitution and in section 4.4 of the Registration Document.

## 2.2 Assets backing up the issue.

The credit rights to be pooled in the assets of the Fund are derived from the following:

- (a) Loans with first rank mortgage security granted by UCI to its customers in order to finance operations involving the acquisition or refurbishment of houses in Spain and which comply with the requisites in Section II of Law 2/1981, and the provisions which develop it, in particular, the requirement according to which the Loan does not exceed eighty per cent (80%) of the evaluation of the good mortgaged at the time of execution (hereinafter, the **"Mortgage Loans A"**), which are assigned to the Fund through the Mortgage Participations issued by UCI for their subscription by the Fund.
- (b) Loans with first rank mortgage security granted by UCI to its customers in order to finance operations involving the acquisition or refurbishment of houses in Spain and which do not comply with any of the requisites in Section II of Law 2/1981, and the provisions which develop it. Specifically, the relationship between the balance of the Loan and the evaluation (hereinafter, the **"Mortgage Loans B"**) and, together with the Mortgage Loans A, the **"Mortgage Loans"**). The Mortgage Loans B are assigned to the Fund through the Mortgage Transfer Certificates issued by UCI for their subscription by the Fund.
- (c) Loans with no mortgage guarantee associated with some (but not all) of the Mortgage Loans A, whose purpose is to complement the excess financing which the Obligor of the corresponding **Mortgage Loan A** requires for the acquisition or refurbishment of the houses in those cases where the amount required by the Obligor exceeds eighty per cent (80%) of the evaluation of the house mortgaged at the time of execution up to the percentage which this Obligor requires (hereinafter, indistinctly, the **"Non-mortgage Associated Loans"**), so that in no case may the sum of the amounts of the **Mortgage Loan A** and its corresponding Associated Non-mortgage Associated Loan exceed one hundred per cent (100%) of the evaluation of the house which is the subject of financing.

The assignment of the Non-mortgage Associated Loans is governed by common Spanish legislation in force, that is to say, articles 1.526 et seq. of the Spanish Civil Code, and articles 347 and 348 of the Spanish Commercial Code.

Some of the Non-mortgage Associated Loans have an additional guarantee as they are insured with a Mortgage Credit Insurance executed by UCI with Genworth Financial Mortgage Insurance Limited. In this regard, the description of the Mortgage Credit Insurance and the details of the insurance company are included in section 2.2.10 of this Additional Building Block to the Securities Note.

As concerns the Non-mortgage Associated Loans, in the deeds (*pólizas*) executed by a notary and by which these Non-mortgage Associated Loans are executed, it is established that a reason for the early termination of the Associated Non-mortgage Associated Loan will be the termination of the corresponding **Mortgage Loan A** to which the Associated Non-mortgage Associated Loan is associated due to the non-compliance of any of the obligations established in the **Mortgage Loan A**.

- (d) Loans with second rank mortgage security associated with some (but not all) of the Mortgage Loans A, the purpose of which is to complement the excess



financing which the Obligor of the corresponding **Mortgage Loan A** requires for the acquisition or refurbishment of the houses in those cases in which the amount required by the Obligor exceeds eighty per cent (80%) of the evaluation of the house mortgaged, up to the percentage which this Obligor requires (hereinafter, the “**Second Rank Associated Mortgage Loans**” and together with the Non-mortgage Associated Loans, the “**Associated Loans**”). Therefore, in no case will the sum of the amounts of the **Mortgage Loan A** and its corresponding Second Rank Associated Mortgage Loan exceed one hundred per cent (100%) of the evaluation of the house which is the subject of the financing.

The Second Rank Associated Mortgage Loans are assigned to the Fund through the Mortgage Transfer Certificates issued by UCI for their subscription by the Fund.

Some of the Second Rank Associated Mortgage Loans have an additional guarantee as they are insured with a Mortgage Credit Insurance executed by UCI with Genworth Financial Mortgage Insurance Limited. In this regard, the description of the Mortgage Credit Insurance and the details of the insurance company are included in section 2.2.10 of this Additional Building Block to the Securities Note.

In relation to the Second Rank Associated Mortgage Loans, in the public implements through which these Second Rank Associated Mortgage Loans are executed, a reason for the early termination of the Second Rank Associated Mortgage Loan is the early termination of the corresponding **Mortgage Loan A** to which the Second Rank Associated Mortgage Loan is associated due to non-compliance with any of the obligations established in the corresponding **Mortgage Loan A**.

Taking the above into account, and in order to ensure greater clarity, within the Mortgage Loans A are: (i) those which have an Associated Loan, either a Non-mortgage Associated Loan (with or without Mortgage Credit Insurance) or a Second Rank Associated Mortgage Loan (with or without Mortgage Credit Insurance), and (ii) those which do not have an Associated Loan.

The choice between offering a Non-Mortgage Associated Loan or a Loan with a Second Class Associated Mortgage will be made by the Assignor based on the commercial and financial criteria of the corresponding **Mortgage Loan A** or that of its Obligor.

As regards all the Second Rank Associated Mortgage Loans, the first rank guarantee corresponds to the Assignor by virtue of the **Mortgage Loan A**, which the Loan with a Second Class Associated Mortgage is complementary to.

#### **Auditing Loans which are subject to securitisation through the Fund.**

The preliminary Loan portfolio was the subject of a report drafted by Deloitte, S.L., and dealt with a series of qualitative and quantitative items (attributes) of a sample of this preliminary portfolio. The sampling of attributes supposes the obtaining of a random sample (made on the 12<sup>th</sup> of September, 2006, on a total of 697 Loans of which 508 are First Rank Associated Mortgage Loans, 163 Non-mortgage Associated Loans and 23 Second Rank Associated Mortgage Loans), the verification (against adequate certifying documentation) that the items which make up the sample have the characteristics required to be checked in the population and the projection of the conclusions obtained in the analysis of the sample of the total population.

The attributes dealt with in the auditing report are as follows:

- Identification of the Borrower;
- Date of execution of the Loan;

- Maturity of the Loan;
- Initial amount of the loan;
- Current amount of the loan;
- Residual life of the Loan;
- Reference interest rate;
- Differential of the interest rate;
- Interest rate applied;
- Purpose of the loan;
- Delays in payment;
- Credit insurance;
- Property guarantees;
- Address of the property mortgaged and property registration.
- Evaluation certificate;
- Evaluation value (including VPO);
- Current Balance of the Loan / Evaluation value
- Damage and fire insurance.

The Loans detected with errors during the verification of the sample will not be assigned to the Fund.

### **2.2.1 The legal jurisdiction by which the pool of Assets is governed.**

The assets securitised are governed by Spanish Law.

### **2.2.2 General characteristics of the Obligors.**

#### **a) General characteristics of the Obligors**

The Obligors of the Loans are private persons who have been granted a certain Loan for the acquisition or refurbishment of their houses located in Spain.

In the following sub-sections of this section 2.2.2 several stratified analysis charts of the Loan portfolio are included. All these charts were made on the 12<sup>th</sup> of September, 2006.

The Loan Portfolio is made up of the following:

<b>TYPE OF LOAN</b>	<b>NUMBER OF LOANS</b>	<b>PERCENTAGE (IN NUMBERS)</b>	<b>AMOUNT</b>	<b>PERCENTAGE (IN AMOUNT)</b>
Mortgage Loans A A	11,933	69%	1,689,719,217.59	88.4%
Mortgage Loans B	685	4%	103,395,218.34	5.4%
Non-mortgage Associated Loans	4,016	23%	87,465,409.93	4.6%
Second Rank Associated Mortgage Loans	670	4%	31,232,044.28	1.6%
<b>TOTAL</b>	<b>17,304</b>	<b>100%</b>	<b>1.911,811,890.14</b>	<b>100%</b>

***Distribution of the Loans according to the type of guarantee, options and type of product.***

**b.1.) Distribution of the Loans according to the type of guarantee:**

Depending on the existence or otherwise of additional guarantees of the preliminary Loan Portfolio (in particular, the guarantee referring to the Mortgage Credit Insurance) and taking into account the types of Loans (Mortgage Loans, Non-mortgage Associated Loans and Second Rank Associated Mortgage Loans) which make this up, the following classification may be made on the 12<sup>th</sup> of September, 2006:

TYPE	MORTGAGE CREDIT INSURANCE	BALANCE	% BALANCE	NUMBER LOANS	% NUMBER LOANS
Mortgage Loans	No	1,334,129,438.74	74.4%	8,765	69.5%
	Yes	458,984,997.19	25.6%	3,853	30.5%
<b>TOTAL PH</b>		<b>1,793,114,435.93</b>		<b>12,618</b>	
Non Mortgage Associated Loans	No	13,784,859.10	15.8%	602	15.0%
	Yes	73,680,550.83	84.2%	3,414	85.0%
<b>TOTAL PANH</b>		<b>87,465,409.93</b>		<b>4,016</b>	
Associated Loans with Second Rank Mortgage	No	13,247,157.89	42.4%	277	41.3%
	Yes	17,984,886.39	57.6%	393	58.7%
<b>TOTAL PAH2R</b>		<b>31,232,044.28</b>		<b>670</b>	
<b>TOTAL</b>		<b>1,911,811,890.14</b>		<b>17,304</b>	

The percentage of Loans (Mortgage Loan plus Associated Loan) insured with Genworth Financial Mortgage Insurance Limited is twenty-eight point five per cent (28.5%) of the global balance of the preliminary portfolio of the Fund. The amount of the Mortgage Credit Insurance covers the percentage financed by UCI which exceeds seventy-eight per cent (78%) of the evaluation up to ninety-seven per cent (97%), or, as regards the Loans executed since September 2005, up to one hundred per cent (100%).

The Mortgage Loan Portfolio is made up of thirteen thousand two hundred and eighty-eight (13,288) Loans, which represent ninety-five per cent (95%) of the amount issued and with a balance, on the 12<sup>th</sup> of September, 2006, of one thousand eight hundred and twenty-four million three hundred and forty-six thousand four hundred and eighty euros twenty-one cents (1,824,346,480.21€).

Fifteen per cent (15%) of the Mortgage Loans of the portfolio of the Fund have the guarantee of a house guaranteed as Official Protection Housing (VPO).

## **b.2.) Distribution of the Loans according to the obligors' options**

### **CUOTA COMODÍN**

Depending on the options which UCI offers the Obligor, some Loans have the option to use a *Cuota Comodín* (Joker Instalment). This instalment is an option corresponding to the borrower once (1) a year during the first three years of the life of the Loan, if the obligation to pay one (1) of the monthly instalments is substituted by its capitalisation together with the rest of the outstanding principal. The substitution of the payment of the instalments cannot be exercised in two consecutive instalments even though these belong to different tiers and customers who are in default are not permitted to do this. The part of the amortisation of the instalment unpaid by the customer is added to the outstanding principal and the impact of this capitalisation will be regulated at the time of the calculation of the new instalment depending on the function of the revision of the interest rate established in drafting the corresponding document.

- **MORTGAGE LOANS**

Under ten per cent (10%) of the mortgage Obligors have exercised this option in UCI 10, UCI 11, UCI 12, UCI 14 and UCI 15 Funds and less than one per cent (1%) in UCI 11 and 12 Funds and in this portfolio under one per cent (1%) has used this in the last year.

The distribution of the Mortgage Loan Portfolio depending on this option is as follows:

<b>OPTION</b>	<b>Percentage of the preliminary balance of the portfolio</b>
Does not have Joker Instalment	89%
The option is in force for 2 years	11%

- **NON-MORTGAGE ASSOCIATED LOANS**

Nine per cent (9%) of the Non-mortgage Associated Loans of the portfolio of the Fund have the option of the Joker Instalment in the following two (2) years.

- **SECOND RANK ASSOCIATED MORTGAGE LOANS**

Five per cent (5%) of the Second Rank Associated Mortgage Loans of the portfolio of the Fund have the option of the Joker Instalment in the next two (2) years.

### **LIMITATIONS OF INSTALMENTS DEPENDING ON RETAIL PRICE INDEX (RPI)**

In addition, the Loans have the option, for and on the initiative of the customer, to limit the annual growth of the instalments as regards possible increases of their interest rates to a maximum amount equal to 200% or 100% of the Retail Price Index depending on the revision period for the interest rates (12 months or 6 months, respectively). This option is a right of the borrower in force during the first three years of the life of the Loan and which may be exercised at the time of the revision of the interest rate. The capitalisation caused by limiting instalments in terms of CPI will be adjusted when calculating the new instalment in line with the interest rate revision established in the corresponding loan.

- **MORTGAGE LOANS**

The distribution of the Mortgage Loan Portfolio depending on its option is as follows:

<b>OPTION</b>	<b>Percentage of the preliminary balance of the portfolio</b>
Does not have limitation of instalment	19%
The option is in force for one year	1%
The option is in force for two years	80%

At the present time, none of the Obligors of the Mortgage Loan Portfolio which will mostly be assigned to the Fund is limited to the instalment.

- **NON-MORTGAGE ASSOCIATED LOANS**

Four per cent (4%) of the Associated Non-mortgage Associated Loan Portfolio may limit the instalment in the next two (2) years.

- **SECOND RANK ASSOCIATED MORTGAGE LOANS**

Thirty-nine per cent (39%) of the Portfolio of Second Rank Associated Mortgage Loans may limit the instalment in the next two (2) years.

**b.3.) Distribution of the Loans according to the type of product.**

- **MORTGAGE LOANS**

UCI generates the mortgage loans in two different ways, one is that of the professionals of the real estate sector and the other is their Internet portal ([www.uci.com](http://www.uci.com)) or the Superlínea Telefónica.

With regard to the distribution of the Mortgage Loans attending the type of product, the following chart may be established:

<b>Product type</b>	<b>Percentage of the preliminary balance of the portfolio</b>
"Young"	39%
"Easy payment"	19%
"Bridge loan "	27%
"Rest of Products"	15%

**Young Loan**

39% of the Mortgage Loans are "Young Loans". This type of loan is aimed at making the acquisition of the first home more available to young people, with the possibility of establishing a period of grace as regards the capital for a maximum period of five years depending on the age of the customer (the maximum age of the holders permitted for periods of grace is 39). 81% of this portfolio has periods of grace as regards the capital, and the average date of finalisation of the period of grace is August 2010.

**Easy payment**

Nineteen percent (19%) of the Mortgage Loans have thirty-six (36) pre-determined, progressive first instalments ("Easy payment") (the first year will have a minimum amount of the instalment with a period of grace for the capital, the rest of the instalments are progressive until it reaches the normal financial instalment in the fourth year). The interest due and unpaid will accrue to the outstanding principal. As from the fourth year, the calculation of the new instalment will absorb the impact of the possible period of grace for the amortisation of the first three years.

**Bridge Loan**

Twenty-seven percent (27%) of the Mortgage Loans are ("Bridge Loan") Mortgage Loans granted for the purchase of a new house when the borrower has not yet sold his previous property. Thus, both houses are mortgaged and the borrower is granted a period of 3 years to sell the older property, with an obligation to repay the

amount of the Loan depending on the mortgage liability regarding this house. At the present time, 84% of this portfolio have not yet sold their previous property.

The average date for the end of the grace period in this portfolio is the 4<sup>th</sup> of March, 2009.

### **Rest of Products**

The rest of the Portfolio of Mortgage Loans (15%) is composed of loans at variable rates, with annual or quarterly revisions and with no particularities other than the Joker Instalment and the option of the limitation of instalment depending on the Retail price index, described above.

- **NON-MORTGAGE ASSOCIATED LOANS**

The portfolio of the Non-mortgage Associated Loans is made up of four thousand and sixteen (4,016) Loans, which represent four point six per cent (4.6%) of the amount of the preliminary portfolio of the Fund, and whose outstanding principal, on the 12<sup>th</sup> of September, 2006, amounted to eighty-seven million four hundred and sixty-five thousand four hundred and nine euros ninety-three cents (€87,465,409.93).

### **5 Year Fixed Rate**

Sixty-one per cent (61% in balance) of the Non-mortgage Associated Loans are Non-mortgage Associated Loans with fixed rate during the first five (5) years. These Mortgage Loans have an average maturity of the fixed rate in December, 2010. Once the interest rate becomes variable, 98% of the portfolio is referred to the IRPC (combination of the Savings Banks), with an equivalent average margin on Euribor at 12 months of 2.53%. The average rate of this portfolio is 6.70%.

- **SECOND RANK ASSOCIATED MORTGAGE LOANS**

The portfolio of the Second Rank Associated Mortgage Loans is made up of six hundred and seventy (670) Loans, which represents one point six per cent (1.6%) of the amount of the preliminary portfolio of the Fund, and the outstanding principal of which, on the 12<sup>th</sup> of September, 2006, amounted to thirty-one million two hundred and thirty-two thousand and forty-four euros twenty-eight cents (€31,232,044.28).

c) ***Maximum, minimum and weighted average value of the principals of the Loans***

The following chart shows the distribution of the Mortgage Loans by outstanding principal.

OUTSTANDING PRINCIPAL OF THE MORTGAGE LOANS					
INTERVAL (EUROS)		Outstanding Balance (THOU)	% Outstanding balance	No. loans	% No. loans
3,437.10	20,000	570.78	0.03	33	0.26
20,000	40,000	11,397.24	0.63	348	2.75
40,000	60,000	38,383.27	2.14	745	5.9
60,000	80,000	99,901.95	5.57	1,409	11.16
80,000	100,000	187,127.87	10.43	2,070	16.4
100,000	120,000	197,385.06	11	1,801	14.27
120,000	140,000	185,157.64	10.32	1,431	11.34
140,000	160,000	155,258.57	8.65	1,037	8.21
160,000	180,000	139,873.96	7.8	826	6.54
180,000	200,000	118,122.20	6.58	624	4.94
200,000	220,000	93,633.90	5.22	447	3.54
220,000	240,000	80,942.59	4.51	353	2.79
240,000	260,000	76,091.82	4.24	306	2.42
260,000	280,000	63,212.80	3.52	235	1.86
280,000	300,000	54,132.29	3.01	187	1.48
300,000	320,000	54,881.20	3.06	178	1.41
320,000	340,000	33,234.56	1.85	101	0.8
340,000	360,000	34,610.91	1.93	99	0.78
360,000	380,000	28,072.15	1.56	76	0.6
380,000	400,000	22,219.81	1.23	57	0.45
400,000	420,000	23,261.15	1.29	57	0.45
420,000	440,000	21,450.96	1.19	50	0.39
440,000	460,000	13,891.78	0.77	31	0.24
460,000	480,000	13,137.17	0.73	28	0.22
480,000	500,000	10,285.49	0.57	21	0.16
500,000	520,000	9,108.54	0.5	18	0.14
520,000	540,000	7,392.99	0.41	14	0.11
540,00	601,212.42	20,375.65	1.13	36	0.28
<b>TOTALS</b>		<b>1,793,114,435.93 €</b>	<b>100</b>	<b>12,618</b>	<b>100</b>

Maximum Outstanding Principal	601,212.42 €
Minimum Outstanding Principal	3,437.10 €
Average Outstanding Principal	142,107.65 €

There is no concentration of risk by Obligor. No Obligor is the holder of more than one First Rank Mortgage Loan, and 601,212.42 euros is the largest amount in the portfolio of Mortgage Loans.

The following chart shows the distribution of the Non-mortgage Associated Loans by outstanding principal:



OUTSTANDING PRINCIPAL OF NON-MORTGAGE ASSOCIATED LOANS					
INTERVAL		Outstanding Balance	% Outstanding Balance	No. Loans	% No. loans
408.84	10,000	3,045.17	3.48	426	10.60
10,000	20,000	20,604.79	23.55	1,329	33.09
20,000	30,000	36,584.06	41.82	1,482	36.90
30,000	40,000	25,470.16	29.12	741	18.45
40,000	50,000	1,220.97	1.39	28	0.69
50,000	57,415.89	540.24	0.61	10	0.24
<b>TOTALS</b>		<b>87,465,409.93 €</b>	<b>100.00</b>	<b>4,016</b>	<b>100.00</b>

Maximum Outstanding Principal	57,415.89 €
Minimum Outstanding Principal	408.84 €
Average Outstanding Principal	21,779.23 €

The following chart shows the distribution of the Second Rank Associated Mortgage Loans by outstanding balance:

OUTSTANDING PRINCIPAL OF ASSOCIATED LOANS WITH SECOND RANK MORTGAGE					
INTERVAL		Outstanding Balance	% Outstanding Balance	No. loans	% No. loans
4555.08	20,000	254.22	0.81	18	2.68
20,000	30,000	908.78	2.9	36	5.37
30,000	40,000	2,301.30	7.36	64	9.55
40,000	50,000	16,093.52	51.52	357	53.28
50,000	60,000	7,071.56	22.64	132	19.7
60,000	70,000	2,627.88	8.41	41	6.11
70,000	80,000	663.70	2.12	9	1.34
80,000	90,000	340.87	1.09	4	0.59
90,000	142,333.76	970.18	3.1	9	1.34
<b>TOTALS</b>		<b>31,232,044.28 €</b>	<b>100.00</b>	<b>670</b>	<b>100.00</b>

Maximum outstanding principal	142,333.76 €
Minimum outstanding principal	4,555.08 €
Average outstanding principal	46,614.99 €

Within the preliminary Loan portfolio (Mortgage Loan plus Associated Loan), there is no concentration of Debtors since only 2.2% of them has amounts equal or greater than €400.00.

**d) Maximum, minimum and weighted average values of the Loans' initial amounts**

The following chart shows the statistical relationship of the Loans:

INITIAL AMOUNTS OF THE MORTGAGE LOANS					
INTERVAL	AMOUNT (THOUSANDS €)	% BALANCES	No. LOANS	% No. LOANS	
15,100	20,000	292.59	0.01	17	0.13
20,000	40,000	9,604.72	0.51	299	2.36
40,000	60,000	33,401.73	1.77	664	5.26
60,000	80,000	97,278.40	5.17	1,386	10.98
80,000	100,000	180,110.95	9.58	2,002	15.86
100,000	120,000	191,527.27	10.19	1,757	13.92
120,000	140,000	181,003.96	9.63	1,405	11.13
140,000	160,000	150,749.37	8.02	1,009	7.99
160,000	180,000	136,311.22	7.25	808	6.4
180,000	200,000	118,853.85	6.32	631	5
200,000	220,000	99,231.02	5.28	476	3.77
220,000	240,000	83,432.37	4.44	365	2.89
240,000	260,000	88,523.19	4.71	357	2.82
260,000	280,000	73,659.17	3.92	274	2.17
280,000	300,000	64,451.26	3.43	223	1.76
300,000	320,000	62,133.77	3.3	202	1.6
320,000	340,000	38,092.06	2.02	116	0.91
340,000	360,000	41,491.69	2.2	119	0.94
360,000	380,000	31,251.11	1.66	85	0.67
380,000	400,000	26,465.12	1.4	68	0.53
400,000	420,000	29,354.39	1.56	72	0.57
420,000	440,000	26,886.37	1.43	63	0.49
440,000	460,000	18,361.72	0.97	41	0.32
460,000	480,000	20,605.59	1.09	44	0.34
480,000	500,000	14,171.12	0.75	29	0.22
500,000	520,000	12,685.52	0.67	25	0.19
520,000	540,000	7,931.35	0.42	15	0.11
540,000	1,160,000	40,338.26	2.14	66	0.52
<b>TOTALS</b>		<b>1,878,199,252.60</b>	<b>€ 100</b>	<b>12,618</b>	<b>100</b>

Maximum amount 1,160,000.00 €  
 Minimum amount 15,100.00 €  
 Average amount 148,850.78 €

INITIAL AMOUNTS OF THE ASSOCIATED NON-MORTGAGE LOANS					
INTERVAL	AMOUNT (THOUSANDS €)	% BAL- ANCES	No. LOANS	% No. LOANS	
1,080	10,000	2,963.20	3.37	416	10.35
10,000	20,000	20,481.17	23.35	1,324	32.96
20,000	30,000	36,784.76	41.95	1,491	37.12
30,000	40,000	25,681.27	29.28	747	18.6
40,000	50,000	1,179.85	1.34	27	0.67
50,000	57,200	589.33	0.67	11	0.27
<b>TOTALS</b>		<b>87,679,608.07 €</b>	<b>100</b>	<b>4,016</b>	<b>100</b>

Maximum amount	57,200.00 €
Minimum amount	1,080.00 €
Average amount	21,832.57 €

INITIAL AMOUNTS OF THE ASSOCIATED LOANS WITH SECOND MORTGAGE RANK					
INTERVAL	AMOUNT (THOUSANDS €)	% BAL- ANCES	No. LOANS	% No. LOANS	
4,570	20,000	231.03	0.73	16	2.38
20,000	30,000	872.85	2.78	35	5.22
30,000	40,000	2,147.99	6.84	60	8.95
40,000	50,000	16,162.32	51.53	359	53.58
50,000	60,000	7,396.35	23.58	138	20.59
60,000	70,000	2,561.71	8.16	40	5.97
70,000	80,000	594.17	1.89	8	1.19
80,000	90,000	422.96	1.34	5	0.74
90,000	144,240	970.16	3.09	9	1.34
<b>TOTALS</b>		<b>31.359.579.22 €</b>	<b>100</b>	<b>670</b>	<b>100</b>

Maximum amount	144,240.00 €
Minimum amount	4,570.00 €
Average amount	46,805.34 €

**e) *Effective interest rate applicable or current financial burden: maximum, minimum and weighted average of the Loans.***

Approximately ninety-nine per cent (99,2%) of the preliminary balance of the portfolio of Mortgage Loans correspond to Loans with variable interest rates and the remaining zero point eight per cent (0.8%) have the first three years at fixed interest rates and the rest are variable. This portfolio with initial fixed initial rate has an average maturity of the period of fixed interest in December, 2008, with an average rate of 4.36%.

Eighty percent (80%) of the Mortgage Loan Portfolio has half-yearly revisions of the interest rates, and the rest is revised each year.

The principal reference interest rate of the portfolio of Mortgage Loans is the IRPC (combination of the Savings Banks) and IRPH (combination of financial entities) (for ninety-one per cent (91%) of the Portfolio). The remaining nine per cent (9%) of the Mortgage Loans are referenced to Euribor or MIBOR at one year.

The equivalent average global margin on EURIBOR at 12 months of the Mortgage Loans with variable interest is 1.45% The average margin of the portfolio referenced to Euribor is 0.69% and to IRPC/IRPH of 0.43% equivalent to Euribor plus 1.53%).

The following chart shows the distribution of the Mortgage Loans according to their reference indexes.

<b>REFERENCE INTEREST RATES OF THE MORTGAGE LOANS</b>				
<b>REFERENCE RATE</b>	<b>Outstanding Balance (THOU)</b>	<b>% Outstanding balance</b>	<b>No. loans</b>	<b>% No. loans</b>
IRPC(combined savings banks)	1.632.881,94	91,06	11.701	92,73
Euribor at 1 year	158.757,40	8,85	897	7,02
IRPH combined Entities (Bank of Spain)	1.401,29	0,07	17	0,20
Others	73,78	0,00	3	0,02
<b>TOTALS</b>	<b>1.793.114.435,93 €</b>	<b>100</b>	<b>12.618</b>	<b>100</b>

The following chart shows the distribution of the Mortgage Loans at intervals of zero point five per cent (0.5%) of the current nominal interest rate.

<b>CURRENT INTEREST RATE OF THE MORTGAGE LOANS</b>				
<b>INTERVAL (EUROS)</b>	<b>Outstanding Balance (THOU)</b>	<b>% Out-standing balance</b>	<b>No. loans</b>	<b>% No. loans</b>
2.00 - 2.50	45,156.55	2.51	160	1.26
2.50 - 3.00	31,471.83	1.75	179	1.41
3.00 - 3.50	117,233.30	6.53	733	5.8
3.50 - 4.00	660,918.32	36.85	4,336	34.36
4.00 - 4.50	453,294.88	25.27	3,363	26.65
4.50 - 5.00	398,245.30	22.2	3,151	24.97
5.00 - 5.50	51,822.73	2.89	400	3.17
5.50 - 6.00	31,023.92	1.73	267	2.11
6.00 - 6.50	2,058.21	0.11	17	0.13
6.50 - 7.00	1,674.98	0.09	10	0.07

Maximum Interest Rate	7.50%
Minimum Interest Rate	2.15%
Average Interest Rate	4.10%

Thirty-nine per cent (39%) of the preliminary balance of the portfolio of the Non-mortgage Associated Loans corresponds to Loans with variable interest and the rest sixty-one per cent (61%) has the first five (5) years with a fixed interest and the rest with variable interest. Ninety-seven per cent (97%) of the portfolio is referenced to the IRPC (combined Savings Banks) and the remaining three per cent (3%) to the EURIBOR at twelve (12) months published by the Bank of Spain. The current variable rate of this portfolio is 6.50%.

Eighty-one percent (81%) of the Non Mortgage Associated Loan Portfolio has interest rates revised every half year, and the rest have yearly revisions.

The equivalent average global margin on EURIBOR at 12 months of the Non-mortgage Associated Loans with variable interest rate is two point six one per cent (2.61%) (the average margin of the portfolio referenced to a Euribor of 1.61% and the portfolio referenced to IRPC of 1.54% equivalent to Euribor plus 2.64%).

The following chart shows the distribution of the Non-mortgage Associated Loans according to their reference indexes.

<b>REFERENCE INTEREST RATES OF THE NON-MORTGAGE ASSOCIATED LOANS</b>				
<b>REFERENCE RATE</b>	<b>Outstanding Balance (THOU)</b>	<b>% Outstanding balance</b>	<b>No. loans</b>	<b>% No. loans</b>
IRPC (combined savings banks)	90,576.21	85.431,19	97,67	3.913
Euribor 1 year	2.034,21	2,32	103	2,56
<b>TOTALS</b>	<b>87.465.409,93 €</b>	<b>100</b>	<b>4.016</b>	<b>100</b>

The following chart shows the distribution of the Non-mortgage Associated Loans at intervals of zero point five per cent (0.5%) of the current nominal interest rate.

<b>CURRENT INTEREST RATE OF THE NON-MORTGAGE ASSOCIATED LOANS</b>				
<b>INTERVAL (EUROS)</b>	<b>Outstanding Balance (THOU)</b>	<b>% Outstanding balance</b>	<b>No. loans</b>	<b>% No. loans</b>
2,99 - 3,50	2,392.57	2.73	114	2.83
3,50 - 4,00	475.11	0.54	18	0.44
4,00 - 4,50	693.23	0.79	27	0.67
4,50 - 5,00	1,722.76	1.96	69	1.71
5,00 - 5,50	3,516.28	4.02	148	3.68
5,50 - 6,00	9,271.85	10.6	387	9.63
6,00 - 6,50	15,967.30	18.25	687	17.1
6,50 - 7,00	20,379.42	23.29	888	22.11
7,00 - 7,50	19,781.53	22.61	964	24
7,50 - 8,00	11,028.11	12.6	597	14.86
8,00 - 8,50	1,947.74	2.22	102	2.53
8,50 - 9,00	200.91	0.22	9	0.22
9,00 - 9,50	44.37	0.05	4	0.09
9,50 - 10,00	29.71	0.03	1	0.02
10,00 - 10,50	0.00	0	0	0
10,50 - 11,00	14.46	0.01	1	0.02
<b>TOTALS</b>	<b>87,465,409.93 €</b>	<b>100</b>	<b>4,016</b>	<b>100</b>

Maximum Interest Rate	11.00%
Minimum Interest Rate	2.99%
Average Interest Rate	6.66%

One hundred per cent (100%) of the preliminary balance of the Portfolio of Second Rank Associated Mortgage Loans corresponds to Loans with variable interest rates. The main reference interest rate of the Portfolio of Second Rank Associated Mortgage Loans is the Collective Income Tax (IRPF) (combined Savings Banks) and the Mortgage Reference Rate (IRPH) (Combined Financial Entities) for ninety-two per cent (92%) of the portfolio. Eight per cent (8%) of the Second Rank Associated Mortgage Loans are referenced to annual Euribor.

Eighty-five percent (85%) of the Non Mortgage Associated Loan Portfolio has interest rates revised every half year, and the rest have yearly revisions.

The equivalent average global margin on EURIBOR at 12 months of the Non-mortgage Associated Loans with variable interest rate is one point nine-five per cent (1.95%) (the average margin of the portfolio referenced to a Euribor of 0.99% and the portfolio referenced to IRPC of 0.93% equivalent to Euribor plus 2.03%).

The following chart shows the distribution of the Second Rank Associated Mortgage Loans according to their benchmarks.

<b>REFERENCE INTEREST RATES OF THE ASSOCIATED LOANS WITH SECOND MORTGAGE RANK</b>				
<b>REFERENCE RATE</b>	<b>Outstanding Balance (THOU)</b>	<b>% Outstanding Balance</b>	<b>No. loans</b>	<b>% No. loans</b>
IRPC(combined savings banks)	28,840.06	92.34	619	92.38
Euribor 1 year	7.65	51	7.61	7.87
IRPH (combined entities)	<b>31,232,044.28 €</b>	<b>100</b>	<b>670</b>	<b>100</b>
<b>TOTALS</b>	92.34	619	92.38	<b>100</b>

The following chart shows the distribution of the Second Rank Associated Mortgage Loans at intervals of zero point five per cent (0.5%) of the current nominal rate.

<b>CURRENT INTEREST RATE OF THE LOANS ASSOCIATED WITH SECOND RANK MORTGAGE</b>				
<b>INTERVAL (EUROS)</b>	<b>Outstanding Balance (THOU)</b>	<b>% Outstanding balance</b>	<b>No. loans</b>	<b>% No. loans</b>
2.50 - 3.00	1,310.89	4.19	27	4.02
3.00 - 3.50	710.07	2.27	15	2.23
3.50 - 4.00	4,157.27	13.31	90	13.43
4.00 - 4.50	3,057.98	9.79	66	9.85
4.50 - 5.00	7,806.32	24.99	164	24.47
5.00 - 5.50	3,613.19	11.56	78	11.64
5.50 - 6.00	5,352.27	17.13	115	17.16

Maximum interest rate	9.00%
Minimum interest rate	2.90%
Average interest rate	5.00%

**f) Nearest and furthest dates of execution and signing of the Loans.**

<b>MORTGAGE LOAN SIGNING DATE</b>				
<b>INTERVAL</b>	<b>AMOUNT</b>	<b>% OPERATION BALANCES</b>	<b>NO. LOANS</b>	<b>% NO. LOANS</b>
19/01/1999 - 30/04/2000	124.70	0	5	0.03
1/05/2000 - 30/06/2000	16.10	0	1	0
1/07/2000 - 31/08/2000	43.74	0	1	0
1/09/2000 - 31/10/2000	90.44	0	1	0
1/01/2001 - 28/02/2001	18.35	0	1	0
1/03/2001 - 30/04/2001	39.78	0	1	0
1/05/2001 - 30/06/2001	109.42	0	2	0.01
1/07/2001 - 31/08/2001	79.18	0	2	0.01

1/09/2001 - 31/10/2001	281.30	0.01	3	0.02
1/11/2001 - 31/12/2001	301.31	0.01	3	0.02
1/03/2002 - 30/04/2002	425.66	0.02	5	0.03
1/05/2002 - 30/06/2002	70.88	0	1	0
1/07/2002 - 31/08/2002	403.60	0.02	5	0.03
1/09/2002 - 31/10/2002	528.73	0.02	5	0.03
1/11/2002 - 31/12/2002	351.72	0.01	4	0.03
1/01/2003 - 28/02/2003	480.08	0.02	7	0.05
1/03/2003 - 30/04/2003	596.81	0.03	4	0.03
1/05/2003 - 30/06/2003	907.70	0.05	8	0.06
1/07/2003 - 31/08/2003	509.29	0.02	7	0.05
1/09/2003 - 31/10/2003	679.37	0.03	9	0.07
1/11/2003 - 31/12/2003	416.71	0.02	5	0.03
1/01/2004 - 29/02/2004	1,026.83	0.05	8	0.06
1/03/2004 - 30/04/2004	4,460.82	0.24	32	0.25
1/05/2004 - 30/06/2004	3,892.99	0.21	32	0.25
1/07/2004 - 31/08/2004	5,284.48	0.29	39	0.3
1/09/2004 - 31/10/2004	3,774.38	0.21	30	0.23
1/11/2004 - 31/12/2004	6,580.52	0.36	58	0.45
1/01/2005 - 28/02/2005	5,226.72	0.29	49	0.38
1/03/2005 - 30/04/2005	13,122.47	0.73	98	0.77
1/05/2005 - 30/06/2005	22,205.22	1.23	168	1.33
1/07/2005 - 31/08/2005	46,219.68	2.57	408	3.23
1/09/2005 - 31/10/2005	164,976.17	9.2	1,321	10.46
1/11/2005 - 31/12/2005	335,326.11	18.7	2,446	19.38
1/01/2006 - 28/02/2006	418,562.12	23.34	2,988	23.68
1/03/2006 - 30/04/2006	433,426.42	24.17	2,891	22.91
1/05/2006 - 23/06/2006	322,554.46	17.98	1,970	15.61
<b>TOTALS</b>	<b>1,793,114,435.93</b>	<b>€</b>	<b>100</b>	<b>12,618</b>
				<b>100</b>

Maximum date 23<sup>rd</sup> June-06  
Minimum date 19<sup>th</sup> Jan-99  
Average date 23<sup>rd</sup> Jan-06

<b>SIGNING DATE OF LOANS ASSOCIATED WITH SECOND RANK MORTGAGE</b>				
<b>INTERVAL</b>	<b>AMOUNT (THOU)</b>	<b>% Out-standing Balance</b>	<b>No. of loans</b>	<b>% No. of loans</b>
28/09/2004 - 31/10/2004	36.09	0.11	1	0.14
1/11/2004 - 31/12/2004	126.67	0.4	3	0.44
1/01/2005 - 28/02/2005	158.57	0.5	5	0.74
1/03/2005 - 30/04/2005	170.82	0.54	6	0.89
1/05/2005 - 30/06/2005	260.37	0.83	7	1.04
1/09/2005 - 31/10/2005	2,435.14	7.79	56	8.35
1/11/2005 - 31/12/2005	6,189.15	19.81	131	19.55
1/01/2006 - 28/02/2006	6,946.32	22.24	143	21.34
1/03/2006 - 30/04/2006	9,413.09	30.13	199	29.7
1/05/2006 - 23/06/2006	5,495.78	17.59	119	17.76



<b>TOTALS</b>	<b>31,232,044.28 €</b>	<b>100.00</b>	<b>670</b>	<b>100.00</b>
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Maximum date 23/06/2006  
Minimum date 28/09/2004  
Average date 23/04/2006

<b>SIGNING DATE OF NON MORTGAGE ASSOCIATED LOANS</b>				
<b>INTERVAL</b>	<b>AMOUNT (THOU)</b>	<b>% Out-standing balance</b>	<b>No. loans</b>	<b>% No. loans</b>
16/12/1999 - 30/04/2001	42.19	0.04	3	0.07
1/07/2001 - 31/08/2001	11.95	0.01	1	0.02
1/11/2001 - 31/12/2001	32.10	0.03	2	0.04
1/03/2002 - 30/04/2002	9.43	0.01	2	0.04
1/09/2002 - 31/10/2002	10.56	0.01	1	0.02
1/11/2002 - 31/12/2002	30.45	0.03	2	0.04
1/01/2003 - 28/02/2003	25.29	0.02	1	0.02
1/03/2003 - 30/04/2003	37.37	0.04	2	0.04
1/05/2003 - 30/06/2003	78.67	0.08	5	0.12
1/07/2003 - 31/08/2003	37.63	0.04	2	0.04
1/09/2003 - 31/10/2003	82.14	0.09	4	0.09
1/11/2003 - 31/12/2003	59.32	0.06	4	0.09
1/01/2004 - 29/02/2004	114.74	0.13	6	0.14
1/03/2004 - 30/04/2004	197.76	0.22	12	0.29
1/05/2004 - 30/06/2004	142.44	0.16	9	0.22
1/07/2004 - 31/08/2004	311.36	0.35	15	0.37
1/09/2004 - 31/10/2004	140.07	0.16	10	0.24
1/11/2004 - 31/12/2004	549.82	0.62	31	0.77
1/01/2005 - 28/02/2005	474.69	0.54	22	0.54
1/03/2005 - 30/04/2005	335.14	0.38	19	0.47
1/05/2005 - 30/06/2005	1,106.37	1.26	52	1.29
1/07/2005 - 31/08/2005	3,724.82	4.25	194	4.83
1/09/2005 - 31/10/2005	10,643.94	12.16	484	12.05
1/11/2005 - 31/12/2005	16,449.29	18.8	777	19.34
1/01/2006 - 28/02/2006	20,425.66	23.35	931	23.18
1/03/2006 - 30/04/2006	20,323.20	23.23	898	22.36
1/05/2006 - 23/06/2006	12,068.87	13.79	527	13.12
<b>TOTALS</b>	<b>87,465,409.93 €</b>	<b>100.00</b>	<b>4,016</b>	<b>100.00</b>

Maximum date 23-Jun-06  
16-Dec-99  
Minimum date 99  
Average date 8-Jan-06

**g) Final maturity date.**

The Mortgage Loans which make up the preliminary portfolio have final maturities which fall between the 5<sup>th</sup> of April, 2009 and the 5<sup>th</sup> of July, 2046.

The amortisation of the Mortgage Loans takes place throughout the remaining life until total amortisation, a period during which the Obligors must pay monthly instalments including the repayment of the capital and interest or financial charges.

The following chart shows the distribution of the Mortgage Loans according to the date of final amortisation of these in annual intervals:

<b>MORTGAGE LOAN MATURITY DATES</b>				
<b>INTERVAL</b>	<b>OUTSTANDING BALANCES (THOU)</b>	<b>% OUTSTANDING BALANCES</b>	<b>NUMBER OF LOANS</b>	<b>% NUMBER OF LOANS</b>
5/04/2009 - 31/12/2011	16.45	0	1	0
1/07/2012 - 31/12/2012	349.47	0.01	8	0.06
1/01/2013 - 30/06/2013	939.03	0.05	18	0.14
1/01/2014 - 30/06/2014	339.30	0.01	10	0.07
1/07/2014 - 31/12/2014	105.30	0	2	0.01
1/01/2015 - 30/06/2015	345.94	0.01	5	0.03
1/07/2015 - 31/12/2015	1,002.99	0.05	15	0.11
1/01/2016 - 30/06/2016	5,928.22	0.33	89	0.7
1/07/2016 - 31/12/2016	814.12	0.04	10	0.07
1/01/2017 - 30/06/2017	1,067.00	0.05	11	0.08
1/07/2017 - 31/12/2017	1,406.00	0.07	14	0.11
1/01/2018 - 30/06/2018	2,490.84	0.13	38	0.3
1/07/2018 - 31/12/2018	732.13	0.04	10	0.07
1/01/2019 - 30/06/2019	1,416.54	0.07	19	0.15
1/07/2019 - 31/12/2019	731.58	0.04	9	0.07
1/01/2020 - 30/06/2020	1,553.32	0.08	19	0.15
1/07/2020 - 31/12/2020	7,143.47	0.39	81	0.64
1/01/2021 - 30/06/2021	20,295.67	1.13	209	1.65
1/07/2021 - 31/12/2021	1,093.09	0.06	9	0.07
1/01/2022 - 30/06/2022	2,703.83	0.15	26	0.2
1/07/2022 - 31/12/2022	678.45	0.03	6	0.04
1/01/2023 - 30/06/2023	2,552.10	0.14	16	0.12
1/07/2023 - 31/12/2023	1,404.22	0.07	12	0.09
1/01/2024 - 30/06/2024	5,365.71	0.29	35	0.27
1/07/2024 - 31/12/2024	1,815.83	0.1	13	0.1
1/01/2025 - 30/06/2025	3,566.62	0.19	23	0.18
1/07/2025 - 31/12/2025	15,793.83	0.88	129	1.02
1/01/2026 - 30/06/2026	38,342.40	2.13	350	2.77
1/07/2026 - 31/12/2026	1,936.28	0.1	13	0.1
1/01/2027 - 30/06/2027	2,326.44	0.12	15	0.11
1/07/2027 - 31/12/2027	1,698.35	0.09	15	0.11
1/01/2028 - 30/06/2028	2,732.01	0.15	25	0.19
1/07/2028 - 31/12/2028	2,138.58	0.11	16	0.12
1/01/2029 - 30/06/2029	4,462.97	0.24	36	0.28
1/07/2029 - 31/12/2029	1,722.71	0.09	13	0.1
1/01/2030 - 30/06/2030	6,117.41	0.34	46	0.36
1/07/2030 - 31/12/2030	26,723.93	1.49	209	1.65

1/01/2031 - 30/06/2031	67,650.19	3.77	481	3.81
1/07/2031 - 31/12/2031	3,765.22	0.2	24	0.19
1/01/2032 - 30/06/2032	2,604.92	0.14	20	0.15
1/07/2032 - 31/12/2032	3,054.21	0.17	27	0.21
1/01/2033 - 30/06/2033	6,672.67	0.37	47	0.37
1/07/2033 - 31/12/2033	2,753.80	0.15	26	0.2
1/01/2034 - 30/06/2034	6,927.35	0.38	53	0.42
1/07/2034 - 31/12/2034	11,704.25	0.65	75	0.59
1/01/2035 - 30/06/2035	19,450.01	1.08	153	1.21
1/07/2035 - 31/12/2035	188,687.79	10.52	1,291	10.23
1/01/2036 - 30/06/2036	582,682.92	32.49	3,355	26.58
1/07/2036 - 31/12/2036	20,286.06	1.13	102	0.8
1/01/2037 - 30/06/2037	528.10	0.02	5	0.03
1/07/2037 - 31/12/2037	2,163.55	0.12	22	0.17
1/01/2038 - 30/06/2038	593.02	0.03	5	0.03
1/07/2038 - 31/12/2038	2,252.60	0.12	21	0.16
1/01/2039 - 30/06/2039	1,967.71	0.1	18	0.14
1/07/2039 - 31/12/2039	5,906.36	0.32	57	0.45
1/01/2040 - 30/06/2040	7,202.78	0.4	66	0.52
1/07/2040 - 31/12/2040	46,029.65	2.56	414	3.28
1/01/2041 - 30/06/2041	29,557.56	1.64	240	1.9
1/07/2041 - 31/12/2041	640.30	0.03	4	0.03
1/01/2042 - 30/06/2042	135.37	0	1	0
1/07/2042 - 31/12/2042	141.96	0	1	0
1/01/2043 - 30/06/2043	159.90	0	1	0
1/01/2044 - 30/06/2044	541.12	0.03	4	0.03
1/07/2044 - 31/12/2044	275.04	0.01	2	0.01
1/01/2045 - 30/06/2045	564.15	0.03	5	0.03
1/07/2045 - 31/12/2045	119,545.88	6.66	986	7.81
1/01/2046 - 5/07/2046	488,817.50	27.26	3,537	28.03
<b>TOTALS:</b>	<b>1,793,114,435.93 €</b>	<b>100</b>	<b>12,618</b>	<b>100</b>

Maximum maturity date 05/07/2046  
Minimum maturity date 05/04/2009  
Average maturity date 01/10/2038

The Non-mortgage Associated Loans which make up the preliminary portfolio have final maturity on dates between 5<sup>th</sup> January, 2013 and 5<sup>th</sup> July, 2046.

The amortisation of the Non-mortgage Associated Loans occurs throughout the remaining life until total amortisation of the corresponding Mortgage Loan, a period during which the Obligors must pay monthly instalments including the repayment of the capital and interest or financial charges.

The following chart shows the distribution of the Non-mortgage Associated Loans according to the date of their final amortisation in half-year intervals:

<b>MATURITIES OF THE NON-MORTGAGE ASSOCIATED LOANS</b>				
<b>INTERVAL</b>	<b>OUTSTANDING BALANCES</b>	<b>% OUTSTANDING BALANCES</b>	<b>NUMBER OF LOANS</b>	<b>% NUMBER OF LOANS</b>
5/01/2013 - 30/06/2013	0.4	0	1	0.02
1/07/2016 - 31/12/2016	7.49	0	1	0.02
1/01/2020 - 30/06/2020	11.92	0.01	1	0.02
1/07/2020 - 31/12/2020	8.21	0	1	0.02
1/01/2021 - 30/06/2021	90.96	0.1	5	0.12
1/01/2022 - 30/06/2022	2.93	0	1	0.02
1/01/2024 - 30/06/2024	23.39	0.02	2	0.04
1/01/2025 - 30/06/2025	44.6	0.05	2	0.04
1/07/2025 - 31/12/2025	118.56	0.13	8	0.19
1/01/2026 - 30/06/2026	256.04	0.29	15	0.37
1/07/2026 - 31/12/2026	29.23	0.03	2	0.04
1/01/2027 - 30/06/2027	20.91	0.02	3	0.07
1/07/2027 - 31/12/2027	84.36	0.09	3	0.07
1/01/2028 - 30/06/2028	10.17	0.01	1	0.02
1/07/2028 - 31/12/2028	85.26	0.09	4	0.09
1/01/2029 - 30/06/2029	61.67	0.07	5	0.12
1/07/2029 - 31/12/2029	52.48	0.06	3	0.07
1/01/2030 - 30/06/2030	100.69	0.11	6	0.14
1/07/2030 - 31/12/2030	952.27	1.08	46	1.14
1/01/2031 - 30/06/2031	978.7	1.11	55	1.36
1/07/2031 - 31/12/2031	100.37	0.11	6	0.14
1/01/2032 - 30/06/2032	95.95	0.1	5	0.12
1/07/2032 - 31/12/2032	162.51	0.18	10	0.24
1/01/2033 - 30/06/2033	238.46	0.27	14	0.34
1/07/2033 - 31/12/2033	227.56	0.26	13	0.32
1/01/2034 - 30/06/2034	372.91	0.42	20	0.49
1/07/2034 - 31/12/2034	496.22	0.56	26	0.64
1/01/2035 - 30/06/2035	781.98	0.89	40	0.99
1/07/2035 - 31/12/2035	6,063.99	6.93	298	7.42
1/01/2036 - 30/06/2036	11,067.18	12.65	529	13.17
1/07/2036 - 31/12/2036	441.83	0.5	23	0.57
1/01/2037 - 30/06/2037	84.51	0.09	4	0.09
1/07/2037 - 31/12/2037	281.35	0.32	14	0.34
1/01/2038 - 30/06/2038	71.19	0.08	4	0.09
1/07/2038 - 31/12/2038	246.54	0.28	12	0.29
1/01/2039 - 30/06/2039	182.42	0.2	11	0.27
1/07/2039 - 31/12/2039	907.06	1.03	42	1.04
1/01/2040 - 30/06/2040	882.33	1	43	1.07
1/07/2040 - 31/12/2040	4,435.37	5.07	224	5.57
1/01/2041 - 30/06/2041	2,500.47	2.85	111	2.76
1/07/2041 - 31/12/2041	28.68	0.03	1	0.02

1/01/2042 - 30/06/2042	3.04	0	1	0.02
1/07/2042 - 31/12/2042	38.54	0.04	1	0.02
1/01/2044 - 30/06/2044	15.5	0.01	1	0.02
1/07/2044 - 31/12/2044	29.59	0.03	1	0.02
1/01/2045 - 30/06/2045	45.3	0.05	3	0.07
1/07/2045 - 31/12/2045	12,526.44	14.32	562	13.99
1/01/2046 - 5/07/2046	42,197.66	48.24	1,832	45.61
<b>TOTALS:</b>	<b>87,465,409.93 €</b>	<b>100</b>	<b>4,016</b>	<b>100</b>

Maximum maturity                    05/07/2046  
 Minimum maturity                    05/01/2013  
 Weighted maturity                    08/11/2042

The Second Rank Associated Mortgage Loans which make up the preliminary portfolio have final maturities between the 5<sup>th</sup> November, 2020 and the 5<sup>th</sup> July, 2046.

The amortisation of the Second Rank Associated Mortgage Loans occurs throughout the remaining life until total amortisation of the corresponding Mortgage Loan, a period during which the Obligors must pay monthly instalments including the repayment of the capital and interest or financial charges.

The following chart shows the distribution of the Second Rank Associated Mortgage Loans according to the date of their final amortisation in half-yearly intervals.

<b>MATURITY DATE OF THE LOANS ASSOCIATED WITH SECOND RATE MORTGAGE</b>				
<b>INTERVAL</b>	<b>OUTSTANDING BALANCES (THOU)</b>	<b>% OUTSTANDING BALANCES</b>	<b>NUMBER OF LOANS</b>	<b>% NUMBER OF LOANS</b>
5/11/2020 - 31/12/2020	26.00	0.08	1	0.14
1/07/2025 - 31/12/2025	145.15	0.46	5	0.74
1/07/2028 - 31/12/2028	29.96	0.09	1	0.14
1/01/2029 - 30/06/2029	50.79	0.16	1	0.14
1/01/2030 - 30/06/2030	42.47	0.13	1	0.14
1/07/2030 - 31/12/2030	281.87	0.9	6	0.89
1/01/2031 - 30/06/2031	358.91	1.14	6	0.89
1/07/2032 - 31/12/2032	98.64	0.31	2	0.29
1/01/2033 - 30/06/2033	65.23	0.2	2	0.29
1/01/2034 - 30/06/2034	50.45	0.16	1	0.14
1/07/2034 - 31/12/2034	175.60	0.56	3	0.44
1/01/2035 - 30/06/2035	575.23	1.84	18	2.68
1/07/2035 - 31/12/2035	1,600.44	5.12	36	5.37
1/01/2036 - 30/06/2036	6,028.17	19.3	120	17.91
1/07/2036 - 31/12/2036	203.82	0.65	3	0.44
1/07/2039 - 31/12/2039	40.39	0.12	1	0.14
1/07/2040 - 31/12/2040	208.52	0.66	5	0.74
1/01/2041 - 30/06/2041	518.62	1.66	10	1.49
1/07/2041 - 31/12/2041	54.12	0.17	1	0.14
1/01/2043 - 30/06/2043	44.00	0.14	1	0.14
1/07/2045 - 31/12/2045	4,011.69	12.84	87	12.98
1/01/2046 - 5/07/2046	16,621.89	53.22	359	53.58
<b>TOTALS:</b>	<b>31,232,044.28 €</b>	<b>100</b>	<b>670</b>	<b>100</b>

Maximum maturity date	05/07/2046
Minimum maturity date	05/11/2020
Average maturity date	30/11/2042

***h) Indication of the geographical distribution by Provinces.***

<b>OUTSTANDING PRINCIPAL OF THE MORTGAGE LOANS BROKEN DOWN BY PROVINCES</b>				
<b>PROVINCE</b>	<b>OUTSTANDING BALANCES (THOUSANDS)</b>	<b>% OUTSTANDING BALANCES</b>	<b>NUMBER OF LOANS</b>	<b>% NUMBER OF LOANS</b>
1 ALAVA	2,952.56	0.16	22	0.17
2 ALBACETE	8,485.61	0.47	85	0.67

3	ALICANTE	106,959.22	5.96	945	7.48
4	ALMERIA	46,837.85	2.61	346	2.74
5	AVILA	1,919.92	0.1	17	0.13
6	BADAJOS	12,685.32	0.7	149	1.18
7	BALEARES	82,472.41	4.59	521	4.12
8	BARCELONA	141,292.29	7.87	680	5.38
9	BURGOS	9,895.39	0.55	80	0.63
10	CACERES	5,305.96	0.29	65	0.51
11	CADIZ	56,608.72	3.15	472	3.74
12	CASTELLON	41,310.53	2.3	326	2.58
13	CIUDAD REAL	12,690.92	0.7	140	1.1
14	CORDOBA	26,647.19	1.48	218	1.72
15	LA CORUÑA	27,305.35	1.52	233	1.84
16	CUENCA	2,781.78	0.15	25	0.19
17	GERONA	42,309.22	2.35	220	1.74
18	GRANADA	50,476.55	2.81	357	2.82
19	GUADALAJARA	16,619.77	0.92	77	0.61
20	GUIPUZCOA	3,180.58	0.17	22	0.17
21	HUELVA	31,665.69	1.76	236	1.87
22	HUESCA	5,279.01	0.29	56	0.44
23	JAEN	10,761.31	0.6	117	0.92
24	LEON	7,245.70	0.4	79	0.62
25	LERIDA	13,335.65	0.74	127	1
26	LA RIOJA	2,498.04	0.13	24	0.19
27	LUGO	4,541.71	0.25	49	0.38
28	MADRID	241,658.00	13.47	1.306	10.35
29	MALAGA	173,593.28	9.68	995	7.88
30	MURCIA	42,670.63	2.37	350	2.77
31	NAVARRA	9,504.36	0.53	69	0.54
32	ORENSE	5,556.80	0.3	51	0.4
33	ASTURIAS	41,993.89	2.34	407	3.22
34	PALENCIA	1,311.60	0.07	13	0.1
35	LAS PALMAS	91,573.72	5.1	742	5.88
36	PONTEVEDRA	17,398.34	0.97	141	1.11
37	SALAMANCA	5,480.52	0.3	54	0.42
	SANTA CRUZ DE TE-				
38	NERIFE	40,012.59	2.23	335	2.65
39	CANTABRIA	19,185.18	1.06	139	1.1
40	SEGOVIA	2,166.94	0.12	18	0.14
41	SEVILLE	99,592.32	5.55	729	5.77
42	SORIA	514.31	0.02	4	0.03
43	TARRAGONA	44,333.18	2.47	249	1.97
44	TERUEL	420.75	0.02	4	0.03
45	TOLEDO	49,528.75	2.76	312	2.47
46	VALENCIA	76,936.97	4.29	609	4.82
47	VALLADOLID	10,847.84	0.6	95	0.75
48	VIZCAYA	23,042.42	1.28	154	1.22
49	ZAMORA	573.55	0.03	7	0.05
50	ZARAGOZA	21,154.02	1.17	147	1.16
	<b>TOTALS:</b>	<b>1,909,064,534.57 €</b>	<b>100</b>	<b>13,410</b>	<b>100</b>

<b>OUTSTANDING PRINCIPAL OF THE NON-MORTGAGE</b>					
<b>ASSOCIATED LOANS BROKEN DOWN BY PROVINCES</b>					
<b>PROVINCE</b>	<b>OUTSTANDING BALANCES (THOUSANDS)</b>	<b>% OUTSTANDING BALANCES</b>	<b>NUMBER OF LOANS</b>	<b>% NO. OF LOANS</b>	
1	ALAVA	168,857.48	0.19%	6	0.15%
2	ALBACETE	296,179.50	0.34%	13	0.32%
3	ALICANTE	9,656,973.69	11.04%	512	12.75%
4	ALMERIA	4,029,066.00	4.61%	179	4.46%
5	AVILA	137,033.06	0.16%	9	0.22%
6	BADAJOS	751,308.94	0.86%	43	1.07%
7	BALEARES	7,719,311.53	8.83%	287	7.15%
8	BARCELONA	2,701,198.60	3.09%	94	2.34%
9	BURGOS	472,584.86	0.54%	27	0.67%
10	CACERES	366,874.46	0.42%	20	0.50%
11	CADIZ	1,962,938.76	2.24%	85	2.12%
12	CASTELLON	2,385,988.82	2.73%	126	3.14%
13	CIUDAD REAL	620,897.92	0.71%	33	0.82%
14	CORDOBA	1,598,433.38	1.83%	67	1.67%
15	LA CORUÑA	2,038,129.29	2.33%	116	2.89%
16	CUENCA	84,157.78	0.10%	5	0.12%
17	GERONA	1,750,596.76	2.00%	71	1.77%
18	GRANADA	2,264,098.12	2.59%	103	2.56%
19	GUADALAJARA	500,461.67	0.57%	19	0.47%
20	GUIPUZCOA	51,460.70	0.06%	4	0.10%
21	HUELVA	1,346,464.35	1.54%	72	1.79%
22	HUESCA	405,247.10	0.46%	27	0.67%
23	JAEN	925,870.47	1.06%	52	1.29%
24	LEON	404,018.12	0.46%	23	0.57%
25	LERIDA	998,312.28	1.14%	55	1.37%
26	LA RIOJA	178,539.34	0.20%	8	0.20%
27	LUGO	333,626.85	0.38%	22	0.55%
28	MADRID	4,592,906.62	5.25%	155	3.86%
29	MALAGA	3,418,202.32	3.91%	126	3.14%
30	MURCIA	3,762,355.56	4.30%	184	4.58%
31	NAVARRRE	618,581.74	0.71%	28	0.70%
32	ORENSE	447,815.25	0.51%	23	0.57%
33	ASTURIAS	2,991,656.41	3.42%	177	4.41%
34	PALENCIA	120,547.73	0.14%	6	0.15%
35	LAS PALMAS	6,328,268.23	7.24%	258	6.42%
36	PONTEVEDRA	994,791.87	1.14%	45	1.12%
37	SALAMANCA	399,662.05	0.46%	21	0.52%
	SANTA CRUZ DE				
38	TENERIFE	3,717,396.50	4.25%	168	4.18%
39	CANTABRIA	1,402,433.86	1.60%	64	1.59%
40	SEGOVIA	162,012.79	0.19%	8	0.20%
41	SEVILLE	3,136,792.34	3.59%	155	3.86%
42	SORIA	48,369.86	0.06%	2	0.05%
43	TARRAGONA	1,727,785.98	1.98%	81	2.02%
44	TERUEL	31,329.75	0.04%	1	0.02%
45	TOLEDO	2,334,778.46	2.67%	95	2.37%
46	VALENCIA	4,202,395.24	4.80%	216	5.38%
47	VALLADOLID	598,435.67	0.68%	35	0.87%
48	VIZCAYA	1,227,871.26	1.40%	47	1.17%
49	ZAMORA	75,944.63	0.09%	4	0.10%
50	ZARAGOZA	976,445.98	1.12%	39	0.97%
<b>TOTALS:</b>		<b>87,465,409.93 €</b>		<b>100</b>	<b>4,016</b>
					<b>100</b>



<b>OUTSTANDING PRINCIPAL OF THE ASSOCIATED LOANS</b>					
<b>WITH SECOND RANK MORTGAGE BROKEN DOWN BY PROVINCES</b>					
<b>PROVINCE</b>	<b>OUTSTANDING BALANCES (THOUSANDS)</b>	<b>% OUTSTANDING BALANCES</b>	<b>NUMBER OF LOANS</b>	<b>% NO. OF LOANS</b>	
1 ALAVA	171.19	0.54	4	0.59	
3 ALICANTE	356.12	1.14	9	1.34	
4 ALMERIA	220.55	0.7	5	0.74	
5 BADAJOZ	189.01	0.6	5	0.74	
6 BALEARES	2,054.42	6.57	42	6.26	
7 BARCELONA	5,561.35	17.8	111	16.56	
8 BURGOS	44.19	0.14	1	0.14	
9 CACERES	43.43	0.13	1	0.14	
10 CADIZ	580.73	1.85	13	1.94	
11 CASTELLON	253.18	0.81	6	0.89	
12 CIUDAD REAL	78.16	0.25	2	0.29	
13 LA CORUÑA	297.90	0.95	7	1.04	
15 CUENCA	95.04	0.3	3	0.44	
16 GERONA	809.55	2.59	19	2.83	
17 GRANADA	598.19	1.91	12	1.79	
18 GUADALAJARA	357.90	1.14	7	1.04	
19 GUIPUZCOA	42.66	0.13	1	0.14	
20 HUELVA	112.12	0.35	3	0.44	
21 HUESCA	55.87	0.17	2	0.29	
22 JAEN	48.24	0.15	1	0.14	
23 LERIDA	368.97	1.18	12	1.79	
25 MADRID	9,967.77	31.91	210	31.34	
28 MADRID	10,432.54	31.2	218	30.66	
29 MALAGA	1,482.60	4.74	32	4.77	
30 MURCIA	245.85	0.78	6	0.89	
31 NAVARRA	346.62	1.1	7	1.04	
32 ORENSE	45.79	0.14	1	0.14	
33 ASTURIAS	349.27	1.11	7	1.04	
35 LAS PALMAS	1,620.06	5.18	32	4.77	
36 PONTEVEDRA	277.67	0.88	5	0.74	
37 SALAMANCA	21.60	0.06	1	0.14	
SANTA CRUZ DE TE-					
38 NERIFE	366.70	1.17	8	1.19	
39 CANTABRIA	230.39	0.73	5	0.74	
41 SEVILLE	925.69	2.96	21	3.13	
43 TARRAGONA	372.76	1.19	7	1.04	
45 TOLEDO	981.84	3.14	22	3.28	
46 VALENCIA	472.95	1.51	11	1.64	
48 VIZCAYA	396.92	1.27	10	1.49	
50 ZARAGOZA	788.60	2.52	19	2.83	
<b>TOTALS:</b>	<b>31,232,044.28 €</b>	<b>100</b>	<b>670</b>	<b>100</b>	

**i) Delinquency in the Pool of the Loans transferred by UCI.**

<b>DELAYS IN THE PAYMENT OF THE QUOTAS OF THE MORTGAGE LOANS</b>				
<b>INTERVAL</b>	<b>OUTSTANDING BALANCES</b>	<b>% OUTSTANDING BAL- ANCES</b>	<b>NUMBER OF LOANS</b>	<b>% NUMBER OF LOANS</b>
0 - 0	1,597,123.68	93.12	11,062	87.66
1 - 30	146,564.07	4.79	1,136	9
31 - 60	49,426.67	1.96	420	3.32
<b>TOTALS:</b>	<b>1,793,114,435.93</b>	<b>100</b>	<b>12,618</b>	<b>100.00</b>

The balance of the Loans with any instalment unpaid more than 30 days amounts to €49,426.67 (thousands), which entails 1.96% of the outstanding balance.

As regards the Non-mortgage Associated Loans which will be assigned to the Fund, UCI guarantees that none of these will present payments pending greater than thirty (30) days on the Date of Association of the Fund.

<b>DELAYS IN THE PAYMENT OF THE QUOTAS OF THE ASSOCIATED NON-MORTGAGE LOANS</b>				
<b>INTERVAL</b>	<b>OUTSTANDING BALANCES</b>	<b>% OUTSTANDING BAL- ANCES</b>	<b>NUMBER OF LOANS</b>	<b>% NUMBER OF LOANS</b>
0 - 0	77,061.98	88.1	3,489	86.87
1 - 30	8,427.79	9.63	428	10.65
31 - 60	1,975.63	2.25	99	2.46
<b>TOTALS:</b>	<b>87,465,409.93</b>	<b>100</b>	<b>4,016</b>	<b>100</b>

The balance of the Loans with any instalment unpaid more than 30 days amounts to €1,975.63, which entails 2.25% of the outstanding balance.

As regards Non Mortgage Associated Loans that will be assigned to the Fund, UCI guarantees that none of these will present payments pending greater than thirty (30) days on the Date of Association of the Fund.

<b>DELAYS IN THE PAYMENT OF QUOTAS OF ASSOCIATED LOANS WITH SECOND RANK MORTGAGE</b>				
<b>INTERVAL</b>	<b>OUTSTANDING BALANCES</b>	<b>% OUTSTANDING BALANCES</b>	<b>NUMBER OF LOANS</b>	<b>% NUMBER OF LOANS</b>
0 - 0	29,433.45	94.24	629	93.88
1 - 30	1,444.36	4.62	32	4.77
31 - 60	354.23	1.13	9	1.34
<b>TOTALS:</b>	<b>31,232,044.28</b>	<b>100</b>	<b>670</b>	<b>100</b>

The balance of the Loans with any instalment unpaid more than 30 days amounts to €354.23, which entails 1.13% of the outstanding balance.

As regards Second Rank Mortgage Associated Loans that will be assigned to the Fund, UCI guarantees that none of these will present payments pending greater than thirty (30) days on the Date of Association of the Fund.

### **2.2.3 Legal nature of the Assets.**

The Assets consist of Non-mortgage Associated Loans, Mortgage Participations and Mortgage Transfer Certificates.

The inclusion of the Mortgage Participations into the Assets of the Fund through their issue by UCI and their subscription by the Fund, represented by the Management Company, implements the assignment for the grouping of the Mortgage Loans A in the Fund.

The inclusion of the Mortgage Transfer Certificates into the Assets of the Fund through their issue by UCI and their subscription by the Fund, represented by the Management Company implements the assignment for the grouping of the Mortgage Loans B and of the Second Rank Associated Mortgage Loans in the Fund.

The issue of and subscription to Mortgage Participations will be carried out subject to the stipulations in Spanish Law 19/1992 and in the legislation on the mortgage market (Spanish Law 2/1981, the Royal Decree 685/1982, and the other applicable provisions.

The issue of a subscription to the Mortgage Transfer Certificates will be made in accordance with Additional Provision 5 of Spanish Law 3/1994, as per its drafting given by article 18 of Spanish Law 44/2002, Spanish Law 2/1981, the Royal Decree 685/1982, and the other regulations in force at the time of application of the transferability and acquisition of security on the mortgage market.

Each Mortgage Participation and Certificate of Transfer of Mortgage refers to 100% participation in the undue principal of each one of the Mortgage Loans or, as the case may be, of the Second Rank Associated Mortgage Loans the assignment of which it implements; it will have the same period as the Mortgage Loan or, as the case may be, as the Associated Loan with Second Rank Mortgage the assignment of which it implements; and will accrue an interest rate equal to the nominal rate which might duly accrue to the corresponding Mortgage Loan or, in the absence, the corresponding Associated Loan with Second Rank Mortgage.

The assignment of the Non-mortgage Associated Loans is governed by common Spanish legislation in force, that is to say, articles 1.526 et seq. of the Spanish Civil Code, and articles 347 and 348 of the Spanish Commercial Code.

### **2.2.4 The expiration or maturity date(s) Assets.**

Each of the Loans selected has a maturity, without prejudice to the quotas of partial, periodical amortisation, in accordance with the particular conditions of each one of these.

At any time in the life of the Loans, the Obligors may repay all or part of the capital pending amortisation in advance, and the accrual of interest of the part cancelled in advance will cease as from the date on which repayment was made.

The last final maturity of the Loans selected is the 5<sup>th</sup> July, 2046. Consequently, the Date of Final Maturity is the 5<sup>th</sup> July, 2046.

The Loans have an average maturity of 32.4 years.

## 2.2.5 Amount of the Assets.

The Assets of the Fund will be made up of the Mortgage Participations, the Mortgage Transfer Certificates and the Non-mortgage Associated Loans assigned and issued, respectively by UCI, and selected from amongst those which make up the audited portfolio, until a figure is reached as near as possible by excess to ONE THOUSAND EIGHT HUNDRED MILLION euros (€1,800,000,000).

The Loan portfolio selected, from where the Loans which will be assigned to the Fund on the Date of Association will be extracted, is made up of 17,304 Loans, the outstanding principal of which, on the 12<sup>th</sup> of September, 2006, amounts to 1,911,811,890.14 euros. Loans will not be assigned with defaults greater than thirty (30) days.

Section 2.2.2 c) above includes a chart that shows the distribution of the Loans selected according to the outstanding principal of each one of these.

## 2.2.6 Loan to value ratio or level of collateralisation.

The ratio, expressed as a percentage of the amount of the unpaid principal on the 12<sup>th</sup> of September, 2006 and the valuation assessment of the properties mortgaged through the Mortgage Loans selected, was between 0.64% and 100%, and the average weighted ratio was 67.40%.

The following chart shows the distribution of the Mortgage Loans in their different intervals, considering the market rating value for all of the Mortgage Loans, including the Mortgage Loans on VPO, which represent 15% of the portfolio of which the rating value is legally established:

RATIO BETWEEN OUTSTANDING BALANCE AND APPRAISAL OF MORTGAGE LOANS					
INTERVAL	OUTSTANDING BALANCES (THOUSANDS)	% OUT- STANDING BAL- ANCES	NUMBER OF LOANS	% NO. OF LOANS	
0.64	19.99	9,109.20	0.5	215	1.7
20	24.99	11,717.17	0.65	172	1.36
25	29.99	20,457.24	1.14	257	2.03
30	34.99	27,328.17	1.52	294	2.33
35	39.99	51,778.94	2.88	531	4.2
40	44.99	59,994.53	3.34	485	3.84
45	49.99	80,644.03	4.49	537	4.25
50	54.99	97,485.75	5.43	621	4.92
55	59.99	115,177.13	6.42	656	5.19
60	64.99	120,802.75	6.73	669	5.3
65	69.99	154,264.63	8.6	805	6.37
70	74.99	160,055.47	8.92	882	6.99
75	79.99	780,488.36	43.52	5,807	46.02
80	84.99	91,072.81	5.07	612	4.85
85	89.99	6,348.03	0.35	34	0.26
90	100	6,390.15	0.35	41	0.32
		<b>1,793,114,435.93 €</b>	<b>100</b>	<b>12,618</b>	<b>100</b>

Minimum ratio 0.64%

Maximum ratio 100%

Average ratio 67.40%

The ratio, expressed as a percentage between the amount of principal pending repayment at the 12th of September 2006 and the market evaluation value plus VPO of the selected Mortgage Loans, lay between 0.64% and 139.97%, the average weighted ratio being 72.34%.

The following table shows the distribution of the Mortgage Loans in the different intervals:

<b>RATIO BETWEEN OUTSTANDING BALANCE AND MARKET EVALUATION VALUE PLUS VPO OF THE MORTGAGE LOANS</b>				
<b>INTERVAL</b>	<b>OUTSTANDING BAL- ANCES (THOU)</b>	<b>% OUT- STANDING BALANCES</b>	<b>NO. LOANS</b>	<b>% NUMBER OF LOANS</b>
0.64% - 9.99%	503.25	0.03%	19	0.15%
10-19.99%	6,924.25	0.39%	154	1.22%
20-29.99%	23,048.05	1.29%	306	2.43%
30-39.99%	64,309.52	3.59%	658	5.21%
40-49.99%	100,984.51	5.63%	700	5.55%
50-54.99%	74,887.65	4.18%	471	3.73%
55-59.99%	105,345.06	5.87%	591	4.68%
60-64.99%	94,427.72	5.27%	538	4.26%
65-69.99%	148,814.09	8.30%	791	6.27%
70-74.99%	138,177.26	7.71%	785	6.22%
75-79.99%	813,569.86	45.37%	6,126	48.55%
80-84.99%	55,020.26	3.07%	312	2.47%
85-89.99%	18,255.84	1.02%	115	0.91%
90-94.99%	19,096.40	1.06%	117	0.93%
95-99.99%	23,058.82	1.29%	131	1.04%
100-109.99%	37,199.53	2.07%	247	1.96%
110-119.99%	36,978.67	2.06%	291	2.31%
120-129.99%	18,295.26	1.02%	151	1.20%
130-139.97%	14,218.44	0.79%	115	0.91%
<b>Total</b>	<b>1,793,114,435.93 €</b>	<b>100.00%</b>	<b>12,618</b>	<b>100.00%</b>

Maximum ratio	139.97%
Minimum ratio	0.64%
Average ratio	72.34%

The ratio, expressed as a percentage, between the outstanding balance and the valuation assessment of the properties mortgaged through Second Rank Associated Mortgage Loans (which correspond to the evaluation of the Mortgage Loans A to which each of the Second Rank Associated Mortgage Loans refers as complementary to the financing required by the Obligor in question), is between 1.07% and 46.07%, and the average weighted ratio is 19.72%.

The following chart shows the distribution of the Second Rank Associated Mortgage Loans in their different intervals:

RATIO BETWEEN OUTSTANDING BALANCE AND APPRAISAL OF LOANS ASSOCIATED WITH SECOND RATE MORTGAGE					
INTERVAL		OUTSTANDING BALANCES (THOUSANDS)	% OUTSTANDING BALANCES	NUMBER OF LOANS	% NO. OF LOANS
1,07	19.99	9,208.42	29.48	228	34.02
20	24.99	19,531.57	62.53	400	59.7
25	29.99	1,329.75	4.25	26	3.88
30	34.99	567.88	1.81	8	1.19
35	39.99	421.25	1.34	6	0.89
40	46.07	173,13	0.55	2	0.29
		<b>31,232,044.28 €</b>	<b>100</b>	<b>670</b>	<b>100</b>

Minimum ratio 1.07%

Maximum ratio 46.07%

Average ratio 19.72%

There is no excess collateral in the Fund as the principal of the Loans which UCI assigns to the Fund at its constitution will be equal to or slightly greater than ONE THOUSAND EIGHT HUNDRED THOUSAND MILLION euros (€1,800,000,000), the amount the value of the Classes A1, A2, B, C, and D reaches.

In no case does the financed global amount of the Loans to be assigned (Mortgage Loan A and its complementary Associated Loan, or Mortgage Loan B) exceed one hundred per cent (100%) of the evaluation of the guarantees provided or 140% of the appraisal and VPO value of the guarantees provided.

### **2.2.7 Description of the procedures established by UCI for execution of loans and credit facilities in the Mortgage Loan, Second Rank Associated Mortgage Loans and Non-mortgage Associated Loan segment.**

#### **a) Introduction**

The basic documentation generally used to study the operation is as follows:

**a.1.** *The application form plus the identifying data of the holders.*

**a.2.** *Regarding the house to be acquired: documentation provided by the applicant concerning the house to be financed or any other house provided as additional guarantee on the operation (simple registry note and title deed, where required)*

**a.3.** *Regarding the earnings of the applicant:*

- Wage earners: the last 3 payslips and the Income Tax Returns for the previous year.
- Professionals and the self-employed: Income Tax Returns for the previous year.

#### **b) Data coding.**

The collection and coding of the data of the operation in the management computing system for UCI Loans is carried out in the department of "Operations Installations", which depends on Risk Management, thus ensuring that there is

uniformity of criteria and independence as regards the commercial agencies. This department is also responsible, amongst other things, for the calculation of incomes and the verification of the files on risk to which we have access.

**c) Powers.**

The majority of the decisions are taken centrally at the C.A.N. (Centre for National Authorisation). The analysts have powers of decision delegated depending on their experience, years of seniority in the post and the amount of the Loan. Their function is to verify the information provided by the customers and depends on the level of their powers, to approve the operations under the condition of compliance under certain the conditions (standing payment of salary in Banco Santander, providing additional guarantees). Since the beginning of 2005, the managers of some of the commercial agencies have had limited powers to decide on certain types of operations, depending on their seniority in the post and years of experience.

*c.1 Decision at agency*

The operations subject to the decision of an agency manager with powers must comply with a number of requisites.

In addition, depending on the Risk Management, there is a team of people (Responsible for Risks and Methods) integrated in the Department of Policies and Methods whose function is to supervise on-line the decisions taken in agencies. In order to guarantee the quality of these decisions, a checking objective of a minimum fifty per cent (50%) of the operations executed by an agency decision is established. This check must be carried out during the 2 weeks following execution.

*c.2 Decision at the C.A.N.*

The risk analysts of the C.A.N. decide on the operations depending on their powers. Those which exceed these powers are subject to a decision at the C.A.N. Committee or at the Risks Committee as applicable.

**d) Evaluation**

Using his powers, the decider of the operation (analyst, C.A.N. Committee or Risk Committee) evaluates the Loan and issues a first provisional authorisation subject to the definitive evaluation of the goods to be mortgaged made by the Sociedad de Tasación Valtecnic and the verification of the registration data by the administrative agents who collaborate with UCI.

In order to take the decision, the following basic criteria are taken into account:

*d.1 Purpose:* acquisition or refurbishment of a house.

*d.2 Owners:* Natural persons who are of age and access the ownership of their house, having checked that they meet the following conditions:

*d.2.1* The professional stability of the applicant is analysed, considering the way of contracting, his professional dynamics, strengthening the operations with insufficient stability through endorsements, additional guarantees or Mortgage Credit Insurance.

*d.2.2* The maximum percentage of financing depends on the type of labour agreement and generally, although there are exceptions, the

maximum is seventy per cent (70%) for the liberal professions and sixty per cent (60%) for self-employed persons, and these percentages may be surpassed in the case of wage earners. In the case of owners who are government employees, the percentage of financing may reach one hundred and five per cent (105%), and exceptionally up to one hundred and twenty per cent (120%) (distributed in a Mortgage Loan for eighty per cent (80%) and the rest as a Non-mortgage Associated Loan or a Second Rank Associated Mortgage Loan). Nevertheless, none of the financing for government employees mentioned which are securitised will have a financing percentage greater than one hundred per cent (100%) or 140%, as the case may be.

*d.2.3* The selection process is backed up by a statistical score based on the probability of failure to pay depending on the function of the customer profile and an expert system (in which all the rules of UCI policy on the acceptance of risk are included) which confirms that the simple operation complies with all policy acceptance rules at UCI.

*d.2.4* In all the operations, a systematic check is made on whether the owners and guarantors, if there are any, are included in the risk files of the National Association of Financing Entities (ASNEF). If necessary, the Risk Information Office of the Bank of Spain (CIRBE) is also consulted.

**e) *Loan payment.***

Once the evaluation and definitive authorisation stages are completed, the Loan Instrument is signed before a Notary Public, at which time UCI pays the Funds. If the percentage of financing granted with regard to the evaluation of the guarantees surpasses eighty per cent (80%), the handover of the Funds would normally take place in two stages:

- e.1* First stage: up to eighty per cent (80%) in the form of a Mortgage Loan.
- e.2* Second stage: the excess of the eighty per cent (80%) in the form of Second Rank Associated Mortgage Loans or, as the case may be, an Associated Non-mortgage Associated Loan.

A percentage of these operations is backed by a credit insurance which covers, in the terms and conditions agreed in the corresponding current insurance contract between UCI and Genworth Financial Mortgage Insurance, the percentage between seventy-eight per cent (78%) and ninety-seven per cent (97%), or, as regards those Loans executed since September 2005, one hundred per cent (100%).

In the event that there are charges prior to the Loan, the representative designated by UCI will be in charge of their cancellation, and for this purpose, they will withhold the necessary Funds and ensure all the process of registration in the Registry until UCI's mortgage is registered with first rank.

In formalising the operation, UCI is represented by a professional jurist who replies for the outcome of the operation with a civil liability insurance and who receives both the instructions for signing the text of the deed minutes of the loans from a UCI Department that controls their activity through a system of previous authorisations.



## **2.2.8 Representation and other warranties given to the Issuer in relation to the Assets.**

### **2.2.8.1.- Representations**

The Management Company hereafter reproduces the declarations and guarantees that the Assignor, as the owner of the Loans and issuer of the Mortgage Participations and the Mortgage Transfer Certificates, will declare following on the Date of Constitution of the Fund to the Management Company, in representation of the Fund:

#### **a) *In relation to UCI***

- a.1 UCI is a duly constituted company in accordance with the legislation in force and is registered in the Company Register of Madrid and in the Registry of Financial Credit Entities of the Bank of Spain, and is equally empowered to participate in the mortgage market.
- a.2 Neither on the date of this Prospectus nor at any time since its constitution, has UCI been in a situation of insolvency, suspension of payments, bankruptcy or insolvency proceedings (in accordance with the provisions of the Law on insolvency).
- a.3 The corporate bodies of UCI have validly adopted all the agreements required for (i) the assignment of the Mortgage Loans A through the issue of the Mortgage Participations, (ii) the assignment of the Mortgage Loans B and of the Second Rank Associated Mortgage Loans through the issue of the Mortgage Transfer Certificates, (iii) the assignment of the Non-mortgage Associated Loans in accordance with articles 1.526 et seq. of the Spanish Civil Code and with articles 347 and 348 of the Spanish Commercial Code, and (iv) in order to validly have the agreements and commitments assumed.
- a.4 It has the annual accounts corresponding to the last three fiscal years closed and duly audited and the Auditors' Report corresponding to the last of these, 2005, has no reservations. The annual accounts audited corresponding to the last three fiscal years closed are deposited in the CNMV and the Company Register.

#### **b) *In relation to all of the Loans:***

- b.1 UCI is the full owner of the Loans free of charges and encumbrances and is not aware that any Obligor might raise any objections to the payment of any amount regarding the Loans.
- b.2 UCI is not aware that any Obligor is involved in insolvency proceedings.
- b.3 UCI guarantees that on the Date of Constitution there will be no defaults greater than thirty (30) days and that such defaults may never exceed 10% of the Mortgages granted to the Fund on the said date.
- b.4 The Loans exist, are valid and executable in accordance with applicable legislation and, when applicable, they comply with the stipulations of Law 7/1995.
- b.5 The data concerning the Loans which are included in sections 2.2.2, 2.2.6 and 2.2.8 of this Additional Building Block to the Securities Note are complete and truly and exactly reflect the reality of these Loans.
- b.6 As regards the Loans, no person has a preferential right to the Fund.
- b.7 All the Obligors are natural persons resident in Spain.

- b.8* The Loans have been granted in order to finance the acquisition or refurbishment of houses located in Spain.
- b.9* On the date of assignment, the outstanding balance on each loan is in euros.
- b.10* UCI is not aware that any of the Obligors is the holder of any credit right as regards UCI by which they might exercise compensation.
- b.11* The information contained in this Prospectus on the Loan portfolio is complete and truly adjusts to reality.
- b.12* Both the assignment of the Loans and the issue of the Mortgage Participations and the Mortgage Transfer Certificates, and the assignment of the Non-mortgage Associated Loans, as well as all the acts related to these, have been carried out or will be carried out in accordance with market criteria.
- b.13* UCI has faithfully followed the criteria contained in the Internal Memorandum which appears in section 2.2.7 of this Additional Building Block to the Securities Note as regards the policy on the assignment of each and every one of the Loans.
- b.14* All the Mortgage Loans and the Second Rank Associated Mortgage Loans are recorded in public deeds and all the Non-mortgage Associated Loans are executed in deeds (*pólizas*) executed before a Notary. All the original instruments of the mortgages granted on the houses and in guarantee of Mortgage Loans or Second Rank Associated Mortgage Loans, and the original deeds executed before a Notary which refer to the Non-mortgage Associated Loans, have been duly deposited in the records adapted for this purpose, at the disposal of the Management Company, in representation of the Fund, and at UCI there is a CD-ROM record in triplicate with these instruments and deeds, which have been duly deposited in the records of the company, Centro de Tratamiento de la Documentación, S.A., at the disposal of the Management Company. There will also be a DVD copy of these documents at the disposal of the Agency. The Mortgage Loans, the Non-mortgage Associated Loans and the Second Rank Associated Mortgage Loans mentioned are subject to identification through the computing registry held by UCI.
- b.15* On the Date of Constitution, the unpaid principal of the Loans will be equivalent, at least, to the figure this Bond issue amounts to.
- b.16* The Loans have been and are being administered by UCI in accordance with normal procedures.
- b.17* UCI is not aware of the existence of litigation of any kind as regards the Loans which might damage their validity or give rise to the application of article 1535 of the Spanish Civil Code (in reference to the right of termination by the Obligor of the credit in litigation which is being sold). In addition, UCI is not aware of the existence of any litigation or claim of the Obligors as regards the supplier of the houses which might give rise to the application of article 15 of Law 7/1995, nor that there are circumstances which might give rise to the inefficacy of the Mortgage Deed of Constitutions regarding the houses mortgaged in guarantee of the Mortgage Loans or the Second Rank Associated Mortgage Loans, or

the inefficacy of the deeds corresponding to the Non-mortgage Associated Loans.

- b.18* All the Loans have a maturity that precedes (3 years before) the Legal Expiry Date.
- b.19* UCI undertakes to provide the Management Company with all periodical information regarding the Loans in accordance with the computer applications of the Management Company.
- b.20* The Loans will accrue a fixed or variable interest rate referenced to a market index, and in no case is a maximum or minimum limit of the applicable interest rate foreseen.
- b.21* The payments of the Obligors deriving from the Loans are not subject to any withholding tax.
- b.22* The Loan agreements are governed by Spanish Law.
- b.23* According to its internal registers, none of the Loans corresponds to financing granted to real estate promoters for the construction or refurbishment of houses and/or commercial or industrial property for sale.
- b.24* On the Date of Constitution, it has received no notification of total or partial prepayment of the Loans.
- b.25* Some Mortgage Loans A together with their corresponding Associated Loans have additional guarantees as they are operations insured with a Mortgage Credit Insurance executed with Genworth Financial Mortgage Insurance Limited, the description and functioning of which are given in section 2.2.10 of this Additional Building Block to the Securities Note.

The percentage of Loans (Mortgage Loan plus Associated Loan) insured with Genworth Financial Mortgage Insurance Limited represents twenty-eight point five per cent (28,5%) of the global balance of the preliminary portfolio of the Fund. This mortgage insurance is intended, throughout the life of the operation and for a constant amount, to cover the risk of loss following the process of carrying out a loan, if there is any default on the part of the borrower. All operations may be insured that hold a financing percentage (mortgage plus associate) at the time that the operation is formalised of between eighty per cent (80%) and ninety-seven per cent (97%), or, for the Loans executed since September 2005, up to one hundred per cent (100%). The maximum amount of the cover will be the difference between the initial amount of the loan (mortgage plus associated) and seventy eight per cent (78%) of the evaluation of the mortgage guarantee backing it.

- b.26* The assigned Loans have been the subject-matter of a report drafted by Deloitte, S.L, in accordance with articles 5 and 8 of Royal Decree 926/1998.

**c) *In relation to the Mortgage Loans:***

- c.1* Each of the Mortgage Loans will be secured by a real estate mortgage granted with first ranking on the freehold ownership of each and every one of the properties in question, and the properties mortgaged are not

affected by prohibitions concerning their availability, cancellation or any other ownership limitation.

- c.2* All the Mortgage Loans are recorded in public deed, and all the mortgages are duly granted and registered in the corresponding Property Registries. The registration of the properties mortgaged is in force and with no contradictions and is not subject to any preferential limitation to the mortgage, in accordance with applicable legislation.
- c.3* The mortgages are granted on properties which are owned in freehold and in whole by the mortgagor, and the Assignor is not aware of any litigation regarding their ownership.
- c.4* All the houses mortgaged have been previously evaluated by a surveyor who is duly registered in the corresponding Official Registry of the Bank of Spain, and this evaluation is accredited by the relevant certificate.
- c.5* UCI is not aware that any reduction of the evaluation of any property amounting to more than twenty per cent (20%) has taken place.
- c.6* The houses on which the mortgage security have been granted have insurance against damage and fire in force, and the sum insured coincides at least with the evaluation of the houses contained in the corresponding certificate of evaluation. The information regarding insurance against fire and any other accessory right is complete and adjusts truly to reality
- c.7* The premiums due up to today as regards the insurance contracted and referred to in the previous point have been fully paid.
- c.8* The property mortgaged by virtue of the Mortgage Loans are not involved in the situation of goods excluded from being admitted in guarantee in accordance with article 31.1.d) of the Royal Decree 685/1982.
- c.9* The Mortgage Loans are not amongst the credits excluded or restricted under article 32 of Royal Decree 685/1982 to serve as cover for the issue of Mortgage Participations and Mortgage Transfer Certificates.  
  
In particular, the Mortgage Loans are not attached to any issue of Mortgage Bonds, Mortgage Participations or Mortgage Transfer Certificates other than the present issue of the Mortgage Participations and Mortgage Transfer Certificates.
- c.10* There is no circumstance which might prevent the execution of the mortgage guarantee.
- c.11* All the properties mortgaged by the Mortgage Loans are finished houses.
- c.12* On the Date of Constitution, the outstanding balance for each of the Mortgage Loans and the Second Rank Associated Mortgage Loans is equivalent to the capital of the Certificate of Transfer of Mortgage or the corresponding Mortgage Participation.
- c.13* The Mortgage Loans A comply with all the requisites established in Section II of Law 2/1981 and in Chapter II of Royal Decree 685/1982, in particular, the outstanding balance of the Mortgage Loans A will not exceed eighty per cent (80%) of the evaluation on the Date of

Constitution of the evaluation of the properties mortgaged in guarantee of the corresponding Mortgage Loans A.

c.14 The Mortgage Loans B do not comply with any of the requisites established in Section II of Law 2/1981 and in Chapter of Royal Decree 685/1982. In particular, they are Loans in which the outstanding balance exceeds eighty per cent (80%) of the evaluation of the property mortgaged in guarantee of the corresponding **Mortgage Loan B**, and does not exceed one hundred per cent (100%) on the date of issue of the Mortgage Transfer Certificates.

c.15 As improvements on the risk of the Mortgage Loans, eighteen per cent (18%) of the portfolio of the Mortgage Loans have more than one first rank mortgage guarantee backing the same loan, that is to say, that the Obligor has granted a first rank mortgage as regards another property owned by it, fourteen per cent (14%) of the Obligors contribute guarantors to the operation, and ninety-five per cent (95%) of the Obligors have their salaries paid into the Bank.

**d) *In relation to the Non-mortgage Associated Loans:***

d.1 The Non-mortgage Associated Loans have been granted in order to complete the financing required for the acquisition or refurbishment of the houses in those cases in which the amount required surpasses eighty per cent (80%) of the evaluation of the house mortgaged, as complement of a Mortgage Loan A, and as an alternative to the concession of a Second Rank Associated Mortgage Loan with the said purpose.

d.2 The Non-mortgage Associated Loans guaranteed with the Mortgage Credit Insurance (84% of the balance of the Non Mortgage Associated Loans) comply with the requisites laid down by Genworth Financial Mortgage Insurance Limited, in the terms and conditions agreed to in the corresponding insurance agreement. The guarantee granted by the Mortgage Credit Insurance does not disappear even if the Associated Non-mortgage Associated Loan has been totally repaid.

**e) *In relation to the Second Rank Associated Mortgage Loans:***

e.1 The Second Rank Associated Mortgage Loans have been granted in order to complete the financing required for the acquisition or refurbishment of the houses in which the amount required exceeds eighty per cent (80%) of the evaluation of the house mortgaged, as a complement to a Mortgage Loan A, and as an alternative to the concession of a Second Rank Associated Mortgage Loan with the said purpose.

e.2 The Second Rank Associated Mortgage Loans guaranteed with the Mortgage Credit Insurance (62% of the balance of the Second Rank Associated Mortgage Loans) comply with the requisites laid down by Genworth Financial Mortgage Insurance Limited, in the terms and conditions agreed to in the corresponding insurance agreement. The guarantee granted by the Mortgage Credit Insurance will be maintained during the lifetime of the operation for a constant amount and does not disappear even if the Second Rank Associated Mortgage Loan Associated has been totally repaid.

e.3 Each of the Second Rank Associated Mortgage Loans will be secured by a real estate mortgage granted with second ranking on the freehold

ownership of each and every one of the properties in question, and the properties mortgaged are not affected by prohibitions on their availability, cancellation action or any other ownership limitation except for the first rank real estate mortgage granted in guarantee of the corresponding **Mortgage Loan A** to which the Associated Loan with a Second Rank Mortgage is complementary.

- e.4* All the Second Rank Associated Mortgage Loans are executed in public instruments, and all the mortgages are duly granted and registered in the corresponding Property Registries. The registration of the properties mortgaged is in force and without contradictions and is not subject to any preferential limitation on the mortgage, in accordance with applicable legislation, except for the first rank real estate mortgage granted in guarantee of the corresponding **Mortgage Loan A** and to which the Associated Loan with a Second Rank Mortgage is complementary.
- e.5* The mortgages are granted on properties which are owned in freehold (except for the first rank real estate mortgage granted in guarantee of the corresponding **Mortgage Loan A**) and in whole by the mortgagor, and the Assignor is not aware of any litigation regarding their ownership.
- e.6* All the houses mortgaged have been previously evaluated by a surveyor who is duly registered in the corresponding Official Registry of the Bank of Spain, and this evaluation is certified by the relevant certificate.
- e.7* UCI is not aware that any reduction of the evaluation of any property amounting to more than twenty per cent (20%) has taken place.
- e.8* The houses on which the second rank guarantee has been granted, as these are the same houses on which the first rank mortgage guarantee which the Mortgage Loans A have been granted, have insurance in force against damage and fire, and the sum insured coincides, at least, with the evaluation of the houses contained in the corresponding survey certificate. The information regarding the insurance against fire and any other accessory right is complete and adjusts to reality.
- e.9* The premiums due up to today as regards the insurance contracted and referred to in the previous point have been fully paid.
- e.10* The property mortgaged by virtue of the Second Rank Associated Mortgage Loans are not involved in the situation of goods excluded from being admitted in guarantee in accordance with article 31.1.d) of Royal Decree 685/1982.
- e.11* The Second Rank Associated Mortgage Loans are not amongst the credits excluded or restricted in article 32 of Royal Decree 685/1982 in order to serve as cover for the issue of Mortgage Transfer Certificates.

In particular, the Second Rank Associated Mortgage Loans are not attached to any issue of Mortgage Bonds, Mortgage Participations or Mortgage Transfer Certificates other than the issue of the Mortgage Transfer Certificates.
- e.12* There is no circumstance which might prevent the execution of the second rank mortgage guarantee, except for the circumstance regarding its subordination to the first rank mortgage guarantee which the Mortgage Loans A have, in accordance with applicable mortgage legislation.

- e.13 All the properties mortgaged by the Second Rank Associated Mortgage Loans are finished houses.
- e.14 On the Date of Constitution, the outstanding balance for each of the Second Rank Associated Mortgage Loans is equivalent to the capital of the Mortgage Transfer Certificate it corresponds to.
- e.15 The Second Rank Associated Mortgage Loans do not comply with any of the requisites established in Section II of Law 2/1981 and in Chapter II of Royal Decree 685/1982. In particular, as its name would indicate, these are Loans that are not guaranteed by a first rank mortgage on the freehold ownership.

**f) *In relation to the Mortgage Participations and the Mortgage Transfer Certificates:***

- f.1 The Mortgage Participations and the Mortgage Transfer Certificates are issued in accordance with what is stipulated in (i) Law 2/1981, (ii) Royal Decree 685/1982, (iii) the Fifth Additional Provision of Law 3/1994, as drafted by article 18 of Law 44/2002, by virtue of which, the legislation in force applicable to Mortgage Participations is applied to the Mortgage Transfer Certificates, as regards all that may be applied, and (iv) other applicable legislation.
- f.2 The Mortgage Participations and the Mortgage Transfer Certificates are issued for the same period that remains until maturity and for the same interest rate as each of the corresponding Mortgage Loans or the Second Rank Associated Mortgage Loans.
- f.3 On the Date of Constitution, the outstanding balance for each of the Mortgage Loans and of the Second Rank Associated Mortgage Loans will be equivalent to the capital of the Mortgage Participation or the corresponding Mortgage Transfer Certificate.
- f.4 The respective corporate body of the Assignor has validly adopted all the agreements required for the issue of the Mortgage Participations and of the Mortgage Transfer Certificates.

The aforementioned characteristics of the Assignor, of the Loans and of the Mortgage Participations and the Mortgage Transfer Certificates must exist on the Date of Constitution.

The Management Company has obtained the statements and guarantees regarding the characteristics from the Assignor, both as regards the Loans and from the assignor itself, which are described in this section and will be ratified in the Deed of Constitution.

**2.2.8.2.- Other guarantees.**

The Bank will guarantee that in the event that UCI is declared to be wound up, or in insolvency proceedings in accordance with the stipulations of the Law on Insolvency, it will maintain the Fund which might derive from such a statement free from the damage, specifically including the damage that might result from UCI failing to comply with its obligation to manage and administer the assets assigned, and specifically, it will directly pay the Fund the corresponding amounts of the principal, interest and compensation.

The Bank will not receive any fee for the provision of this guarantee.

### **2.2.9 Substitution of the Assets.**

In the case of prepayment of the Assets initially pooled together due to the advanced repayment of the corresponding Loan, the affected Assets will not be substituted.

In the event that subsequent to the Date of Constitution, it is detected that an Asset does not adjust to the conditions and characteristics contained in section 2.2.8 of this Additional Building Block to the Securities Note, as the corresponding Loan is not adjusted, with the previous agreement of the Management Company and of the Rating Agencies so that this substitution does not involve a reduction in the credit rating of the Bonds, UCI undertakes to immediately substitute or, in its absence, amortise the Mortgage Participation, the Mortgage Transfer Certificate or the corresponding Associated Non-mortgage Associated Loan in advance subject to the following rules:

- a) The substitution by UCI, which, in any case, will be carried out at the face value (outstanding principal and due and payable principal and not deposited in the Fund of each of the Mortgage Participations, Mortgage Transfer Certificates or Non-mortgage Associated Loans assigned) plus the interest due and unpaid.

The substitution will be made through the issue of Mortgage Participations or Mortgage Transfer Certificates, or the assignment of Non-mortgage Associated Loans, as the case may be, as regards Loans in its portfolio which may be integrated into an Asset Securitisation Fund with the same characteristics as the underlying Loan of the Mortgage Participation or Mortgage Transfer Certificates, or the Associated Non-mortgage Associated Loan, as the case may be, which is the subject of substitution due to the amount, period (equal or inferior to the maximum temporary limit for maturity of the Loans), interest rate, characteristics of the Obligor or the characteristics of the property mortgaged as well as the credit quality which, in the case of the Mortgage Loans and the Second Rank Associated Mortgage Loans, must be considered in terms of the relationship between the outstanding balance of the Mortgage Participation or the Mortgage Transfer Certificate, as corresponds, and the evaluation of the underlying property, as the case may be, so that the financial balance of the Fund is not affected by the substitution.

In the event that once fifteen (15) calendar days have elapsed from the notification, there are no Loans in UCI portfolio as the issuer, of characteristics similar to the Mortgage Loan or to the Associated Loan with a Second Rank Mortgage underlying the Mortgage Participation or the Mortgage Transfer Certificates substituted, or, in its absence, with characteristics similar to the Associated Non-mortgage Associated Loan substituted, UCI undertakes to amortise the Mortgage Participations, Mortgage Transfer Certificates or the Non-mortgage Associated Loans affected in advance, immediately repaying the outstanding principal in cash, the interest due and unpaid as well as any amount which might correspond to the Fund up to the date by virtue of the corresponding Mortgage Participation, Mortgage Transfer Certificate or Associated Non-mortgage Associated Loan.

- b) The substitution will be made in the following manner depending on the nature of the Asset:

*b.1.* In the case of Mortgage Participations and/or Mortgage Transfer Certificates:

*b.1.1* UCI will inform the Rating Agencies and the Management Company, in representation of the Fund, of the existence of each Mortgage Participation or Mortgage Transfer Certificate which is not suitable, and the Management Company must give its previous consent to the substitution. Subsequently, UCI will immediately cancel this Mortgage



Participation or Mortgage Transfer Certificate through the corresponding stamp on the title which has been duly itemised for this purpose, and issue another Mortgage Participation or Mortgage Transfer Certificate with similar residual period characteristic, interest rate, outstanding balance and credit quality in terms of the relationship between (i) the outstanding balance of the Mortgage Loan or, as the case may be, of the Associated Loan with a Second Rank Mortgage, and (ii) the evaluation of the property which is the subject of the guarantee of the underlying Loan, once a check has been made previous to the substitution, on the suitability of the substituting Loan by the external auditing company, in accordance with the stipulations in section 2.2.2 of the Additional Building Block to the Securities Note, so that the financial structure of the Fund and the rating of the Bonds will not be affected by the substitution.

*b.1.2* This issue of Mortgage Participations or Mortgage Transfer Certificates by UCI and the substitution by the Management Company, in representation of the Fund, will be made through the corresponding Notary certificate, which will include the data concerning the Mortgage Participation or the Mortgage Transfer Certificate to be substituted and the Mortgage Loan or Associated Loan with a Second Rank Mortgage underlying this, and the new Mortgage Participation or Mortgage Transfer Certificate issued, with the data on the new Mortgage Loan or Associated Loan with Second Class Mortgage, as well as the reason for the substitution and the variables which determine the homogeneous character of both Mortgage Participations or Mortgage Transfer Certificates, as described above.

A copy of this notary certificate will be handed over to the Spanish Securities Market Commission, to the Management Company of the Systems for the Registration, Compensation and Settlement of Securities, S.A. (Iberclear), and the AIAF.

Moreover, the Management Company will hand over the Multiple Title representing the Mortgage Participations or Mortgage Transfer Certificates to UCI, and UCI will hand over a new multiple title including all the Mortgage Participations or Mortgage Transfer Certificates owned by the Fund (excluding the Mortgage Participation or Mortgage Transfer Certificate substituted and including the new Mortgage Participation or the new Mortgage Transfer Certificate).

*b.2* In the case of Non-mortgage Associated Loans:

*b.2.1* UCI will notify the Rating Agencies and the Management Company, on behalf of the Fund, of the existence of the unsuitable Associated Non-mortgage Associated Loan, and will offer a new Associated Non-mortgage Associated Loan with similar characteristics to the Associated Non-mortgage Associated Loan to be substituted, in accordance with the stipulations in section 2.2.8 above. Once the new Associated Non-mortgage Associated Loan is offered, its suitability will be checked by the external auditing company, stipulated in section 2.2.3 of this Additional Building Block to the Securities Note, so that the financial structure of the Fund and the rating of the Bonds are not affected by the substitution.

*b.2.2* UCI and the Management Company, on behalf of the Fund, will grant a notary document resolving on the assignment of the unsuitable Associated Non-mortgage Associated Loan and the assignment of the

new Associated Non-mortgage Associated Loan, by virtue of which the Management Company, on behalf of the Fund and UCI, will substitute the unsuitable Associated Non-mortgage Associated Loan with the new Associated Non-mortgage Associated Loan in identical terms and conditions to those mentioned in section 2.2.8 above.

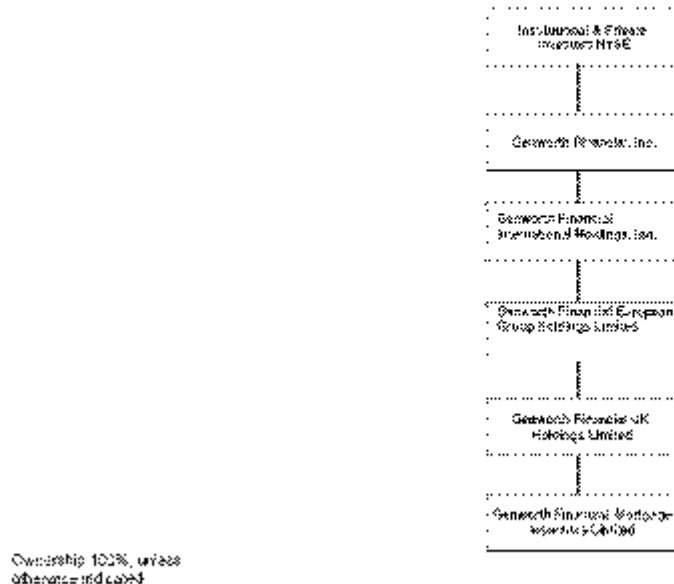
A copy of this document will be sent to the Spanish Securities Market Commission, to the Management Company of the Systems for the Registration, Compensation and Settlement of Securities, S.A. (Iberclear), and to the AIAF.

**2.2.10 Relevant insurance policies relating to the Loans.**

A percentage of the Loan portfolio (Mortgage Loan plus Associated Loan) which will be assigned to the Fund present an additional guarantee as they are operations insured with a Mortgage Credit Insurance executed with Genworth Financial Mortgage Insurance Limited. On the 12<sup>th</sup> of September, 2006, the operations insured represent twenty-eight point five per cent (28.5%) of the preliminary Loan portfolio.

Genworth Financial Insurance Limited is an English company founded in 1991 whose owner is Genworth Financial, Inc., an Underwriter holding company in the United States, with a growing international presence, which provides life and similar insurance, retirement and investment services, mortgage credit insurance for the needs of more than fifteen million (15,000,000) customers and operates in twelve European countries. Genworth Financial, Inc has an AA credit rating on the 12<sup>th</sup> of July 2006 by Standard & Poor's and AA on the 9<sup>th</sup> of March 2006 by Fitch.

**Genworth Financial Mortgage Insurance Limited:  
Ownership Structure**



The most outstanding economic data of Genworth Financial Mortgage Insurance Limited are as follows:

1. Capital insured during 2005.- 11,145 million euros;

2. Premiums during 2005.- 65.03 million euros;
3. Profit before tax during 2005.- 8.64 million euros.

This Mortgage Credit Insurance is intended to cover the risk of loss which might occur after the execution process of a Loan due to failure of the borrower to pay during the life of the operation and for a constant amount. The operations insurable are those with a percentage of financing (Mortgage Loan plus Associated Loan) at the time of the execution of the operation situated between eighty per cent (80%) and ninety-seven per cent (97%) or, for those Loans executed since September 2005, between eighty per cent (80%) and one hundred per cent (100%). The maximum amount of cover will be the difference between the initial amount of the Loan (Mortgage Loan plus Associated Loan) and seventy-eight percent (78%) of the evaluation of the appraisal of the buildings that are the object of the mortgage guarantee which backs this, considering that the Loan is defaulted in the event of non payment for a consecutive 90 days.

If after twenty-seven (27) months from the date of the first non-payment (that is to say, twenty-four (24) months from the date of default) (i) the mortgage guarantee has still not been executed on the corresponding building, or (ii) if UCI should have been adjudicated, the property given in guarantee of the operation should still not have been sold following the process of judicial performance, Genworth Financial Mortgage Insurance Limited will pay UCI the maximum amount of the cover established for the operation, and this will be paid by UCI to the Fund, as Loan Administrator. This amount will form part of the Funds Available for Amortisation.

Example:

Initial amount of the Loan

(Mortgage Loan plus Non-Mortgage Associated Loan) 92,000 €

Evaluation: 100,000 € (LTV operation = 92%)

Maximum amount of the cover: 14,000 € = 92,000-(100,000\*78%).

In this case, Genworth Financial Mortgage Insurance Limited will pay the UCI and UCI will pay the Fund 14,000 €, that is, the maximum amount of the claim allowed in the Policy.

Once (i) the mortgage guarantee has been executed on the corresponding building, or (ii) if UCI has received the award, the sale of the building given in guarantee of the operation has occurred after the process of legal execution, the difference (as the case may be) between the maximum amount of the cover and the amount of the loss (calculated as in the following paragraph) will be reimbursed by UCI to Genworth Financial Mortgage Insurance Limited, and the remaining amount received either in the execution or the sale of the building will form part of the Available Amortisation Funds, and must be paid by UCI to the Fund as the Loan Administrator.

If after twenty-seven (27) months from the date of the first non-payment (that is to say, twenty-four (24) months from the date of default) (i) the mortgage guarantee has still not been executed on the corresponding building, or (ii) if UCI should have been adjudicated, the property given in guarantee of the operation should still not have been sold following the process of judicial performance, Genworth Financial Mortgage Insurance Limited will pay UCI the amount of the cover (calculated as follows). This amount, which must then

be paid by UCI to the Fund as the Loan Administrator established for the operation, will form part of the Funds Available for Amortisation.

The amount of the loss is defined as the difference between:

- the amount of the debt of the customer (outstanding balance of the return of the Loan (Mortgage Loan plus Associated Loan) plus the ordinary interest due and unpaid up to a total of forty-eight (48) unpaid monthly instalments).
- the value of judicial award of the property which is the subject of the guarantee of the Mortgage Loan or, as the case may be, of the Associated Loan with a Second Rank Mortgage to a third party or the sale of the property after the judicial foreclosure, if UCI should have received the award.

Example:

Initial amount of the Loan

(Mortgage Loan plus Associated Non-mortgage Associated Loan) €92,000

Evaluation: €100,000 (LTV operation = 92%)

Maximum amount of the cover: €14,000 = 92,000-(100,000\*78%).

Debt claimed from the customer: €87,000

Value of the judicial award: €85,000

Theoretical loss: €87,000 - €5,000 = 2,000

As the amount of the loss (€2,000) is less than the maximum amount of the cover (€14,000), the real loss in this operation would be zero as the loss would be covered by Genworth Financial Mortgage Insurance Limited.

There is a single premium and this is paid by the obligor to Genworth Financial Mortgage Insurance Limited at the time of the execution of the operation. The maximum amount of cover insures the operation (Mortgage Loan plus Associated Loan) during the life of the Loan and if the cancellation of the Associated Loan occurs the protection of the Mortgage Loan would be maintained.

With regard to the damage insurance subscribed to for the Mortgage Loans, 82% of the portfolio is insured with Seguros Liberty, and, in this case, the Obligor has the possibility to choose the insurance company the considers to be advisable.

The most outstanding financial data on Seguros Liberty are as follows:

1. Total earnings during the year 2005.- 915.51 million euros
2. Premiums during the year 2005.- 825.6 million euros
3. Net profit for the yea 2005.- 102.9 million euros.

**2.2.11 Information relating to the Obligors in cases in which the Assets comprise obligations of five (5) or fewer Obligors that are legal persons, or where an Obligor accounts for twenty per cent (20%) or more of the Assets, or where an Obligor accounts for a material portion of the Assets.**

Not applicable.

**2.2.12 Details of the relationship between the issuer, the guarantor and the Obligor if it is material to the issue.**

It is not known whether there are important relationships concerning the issue of the Bonds as regards the Fund, the Assignor, the Management Company and other persons

involved in the operation other than those included in section 5.2 of the Registration Document and in sections 2.2.8.2. and 3.2 of this Additional Building Block to the Securities Note.

**2.2.13 Where the Assets comprise fixed income securities, description of the principle conditions**

Not applicable.

**2.2.14 Where the Assets comprise equity securities, description of the principle conditions.**

Not applicable.

**2.2.15 Where more than ten percent (10%) of the Assets comprise equity securities not traded on a regulated or equivalent market, description of the principal conditions.**

Not applicable.

**2.2.16 Where the material portion of the Assets is secured on or backed by real property, a valuation report relating to the property setting out both the valuation of the property and cash flow /income streams.**

As concerns the Assets deriving from Mortgage Loans and from Second Rank Associated Mortgage Loans, the evaluation of the property on which the real estate mortgage is granted has been carried out by one evaluation company (Valtecnic, S.A.), approved and registered in the corresponding registry of the Bank of Spain. This evaluation is carried out in accordance with the stipulations of Order ECO/805/2003.

**2.3 Assets actively managed backing the issue.**

Not applicable.

**2.4 Where an issuer proposes to issue further securities backed by the same Assets, a prominent statement to that effect and description of how the holders of that class will be informed.**

Not applicable.

**3. STRUCTURE AND CASH FLOW**

**3.1 Description of the structure of the transaction, including a diagram if necessary.**

Through this securitisation operation, UCI will transfer the Assets (the Mortgage Participations, the Mortgage Transfer Certificates and the Non-mortgage Associated Loans) to the Fund. The Fund will acquire the Assets and will issue the Bonds from which it will obtain the Funds or resources for the purchase of the assets. Periodically, it will obtain Funds from the amortisation of the principal and interest of the Loans which will be used to amortise the Bonds and to pay interest to its holders. This operation will be executed through the Deed of Constitution, which will be granted by the Management Company, on behalf and at the expense of the Fund, by UCI and by the Bank. Thus, through the Deed of Constitution of the Fund the following will take place:

- a) the assignment to the Fund of the Assets deriving from Mortgage Loans and Second Rank Associated Mortgage Loans (through the issue by UCI and the subsequent subscription by the Fund of the corresponding Mortgage Participations and the Mortgage Transfer Certificates), and the assignment of the Non-mortgage Associated Loans; and
- b) the issue of eighteen thousand one hundred and ninety-eight (18,198) Bonds, distributed in six (6) Classes of Bonds A1, A2, B, C, D, and E.

A copy of the Deed of Constitution will be forwarded to the CNMV and to Iberclear to be incorporated into their official registers previous to the opening of the Subscription Period.

On another level, and in order to consolidate its financial structure and achieve the widest cover possible as regards the risks inherent to the issue, the Management Company, in representation of the Fund, will enter into, among others, the agreements which are stated below:

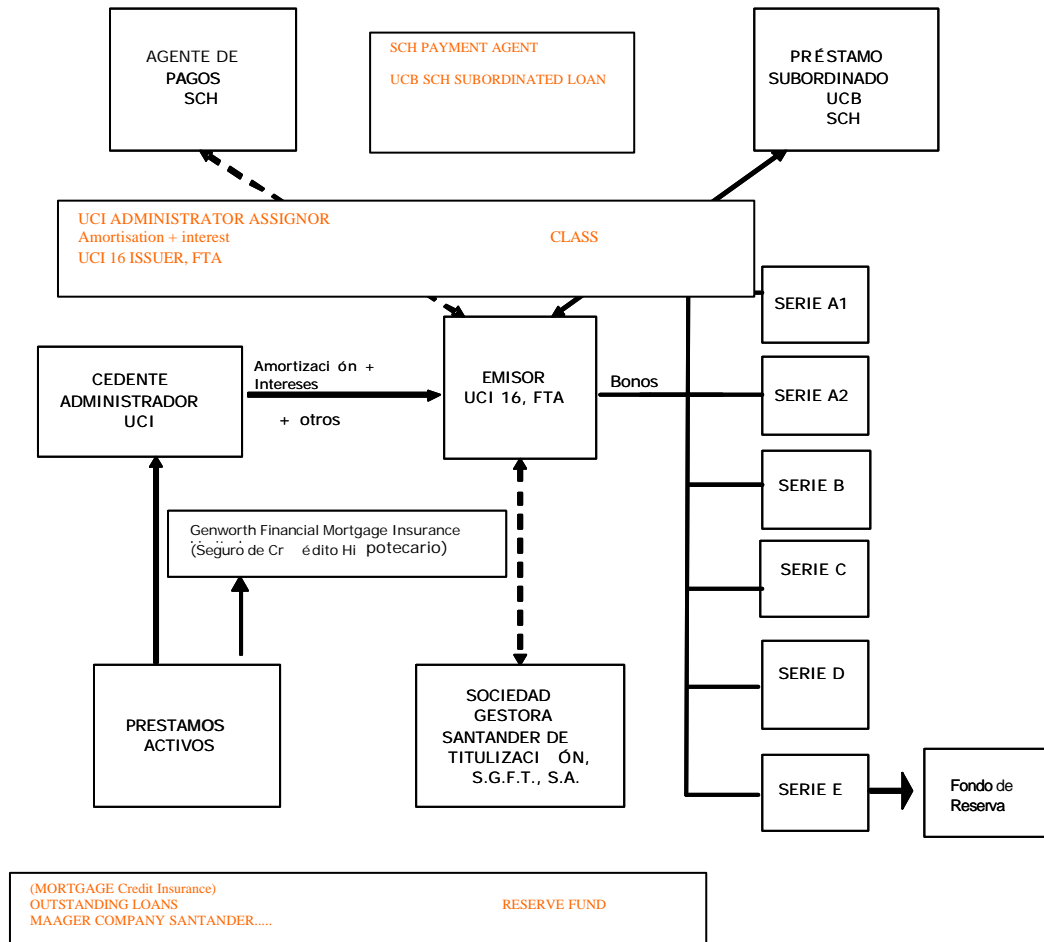
- (i) Subordinated Loan Agreement, with UCB and the Bank at fifty per cent (50%) each one in their positions as creditors, which will be used to finance the expenses of the constitution of the Fund and the issue of the Bonds, to partially finance the acquisition of the Assets, and to cover the temporary mismatch in the first Interest Accrual Period.
- (ii) Guaranteed Reinvestment Agreement with the Bank by virtue of which the Bank will guarantee variable return for the amounts deposited by the Fund through its Management Company in the Cash flow Account.

Furthermore, the Reserve Fund will be allocated a charge to the Funds obtained from the subscription and paying up of the E Class Bonds, as explained in section 3.4.2.2.

In addition, the Management Company, in representation and on behalf of the Fund, will make the Domestic Tranche Management, Underwriting and Placement Agreement with the Underwriters of the Domestic Tranche, and the International Tranche Management, Underwriting and Placement Agreement with the Underwriters of the International Tranche.

The description of the abovementioned agreements in this section and described in sections 4.1.b) and 5.2 of the Securities Note and 3.4.3.a), 3.4.4 and this Additional Building Block to the Securities Note truly show the most relevant information contained in these agreements, and no data or information which might be relevant has been omitted.

The following is an explanatory diagram of the operation:



### Initial balance sheet of the Fund

The balance of the Fund at the close of the Pay-Out Date will be as follows:

ASSETS		LIABILITIES	
Assets	€1,800,000,000	Bond Class A1	€430,000,000
		Bond Class A2	€1,247,600,000
	€1,000,000		€72,000,000
Cash-Flow Account		Bond Class B	
Constitution and Issue Expenses	€900,000	Bond Class C	€41,400,000
Reserve Fund	€19,800,000	Bond Class D	€9,000,000
		Bond Class E	€19,800,000
		Subordinated Loan	€1,900,000
<b>Total Assets</b>	<b>€1,821,700,000</b>	<b>Total Liabilities</b>	<b>€1,821,700,000</b>

The estimated initial expenses of the constitution of the Fund and the issue of the Bonds, is described in section 6 of the Securities Note.

If it is assumed that the all the initial expenses of the Fund and the issue of the Bonds are settled on the Pay-Out Date, these expenses appear as activated in the previous Balance Sheet.

### **3.2 Description of the entities participating in the issue and description of the functions to be performed by them.**

- (i) SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. intervenes as Management Company of the Fund and as a legal and financial advisor of the structure of the operation.
- (ii) UCI, UNIÓN DE CRÉDITOS INMOBILIARIOS, EFC, S.A. intervenes as the Assignor entity of the Loans and as a financial advisor of the structure of this operation.
- (iii) BANCO SANTANDER CENTRAL HISPANO, S.A. intervenes as the Lead Arranger of the issue of Bonds together with BNP PARIBAS, as Paying Agent, as counterpart of the Fund in the Swap Agreement, 50% in their creditor position along with UCB, in the Subordinated Loan Agreement as counterpart and in the Guaranteed Reinvestment Agreement and as the Underwriter for the Domestic Tranche and Underwriter for the International Tranche.
- (iv) BNP PARIBAS, Branch in Spain (“BNP PARIBAS”) intervenes as Lead Arranger together with the Bank and as Underwriter for the International Tranche.
- (v) AHORRO CORPORACIÓN FINANCIERA, S.V., S.A. (“ACF”) intervenes as Underwriter for the Domestic Tranche.
- (vi) BANKINTER, S.A. (“BANKINTER”) intervenes as Underwriter for the Domestic Tranche.
- (vii) UNION DE CRÉDIT POUR LE BATIMENT S.A. intervenes as the counterpart of the Fund 50% as creditor alongside the bank in the Subordinated Loan Agreement.
- (viii) FITCH intervenes as a Credit Rating Agency rating the Bonds.
- (ix) S&P intervenes as a Credit Rating Agency rating the Bonds.
- (x) CUATRECASAS ABOGADOS, S.R.L. intervenes as the legal counsel of the structure of the transaction.

The description of the entities mentioned in numbers (i) to (viii) above is included in section 5.2 of the Registration Document.

The Management Company states that the descriptions summed up in the aforementioned agreements, contained in the corresponding sections, which will be subscribed to on behalf and in representation of the Fund, include the most substantial and relevant information on each one of the agreements and truly reflect the content of these agreements and do not omit information might affect them.



### **3.3 Description of the method and of the date of sale, transfer, novation or assignment of the Assets.**

#### **a) Assignment of the Assets.**

The assignment of the Loans carried out by UCI will be effective from the Date of Constitution of the Fund, will be implemented through the Deed of Constitution and will be carried out as is determined below, differentiating between (i) Mortgage Loans and Second Rank Associated Mortgage Loans, and (ii) Non-mortgage Associated Loans.

The assignment of the Mortgage Loans A which have a complementary Associated Loan shall have been made simultaneously to the assignment of that Associated Loan to the Fund, so that every Associated Loan which is assigned corresponds to one **Mortgage Loan A**.

The Obligors will not be notified of the assignment of the Loans to the Fund by UCI. However, in the event of insolvency proceedings, or indications of insolvency, of intervention by the Bank of Spain, of liquidation or substitution of the Administrator, or because the Management Company considers this to be reasonably justified, the management Company may request the Administrator to notify the Obligors and, or in its absence, their respective guarantors, of the transfer of the outstanding Loans to the Fund, as well as the fact that the payments deriving from such Loans will only be released from debt if payment is made into the Cash flow Account opened in the name of the Fund. However, both in the case that the Administrator has not complied with the notification to the Obligors within five (5) Business days following reception of the request, and in the case of insolvency proceedings as regards the Administrator, the Management Company itself will, directly or through a new Administrator it has designated, notify the Obligors and, or in their absence, their respective guarantors.

#### *a.1 Assignment of the Mortgage Loans and of the Second Rank Associated Mortgage Loans:*

The assignment of the Mortgage Loans A will be implemented through the issue of Mortgage Participations by UCI, and the assignment of the Mortgage Loans B and of the Second Rank Associated Mortgage Loans will be implemented through the issue of the Mortgage Transfer Certificates by UCI.

These Mortgage Participations and Mortgage Transfer Certificates will be subscribed to by the Management Company on behalf of the Fund to be pooled in the Fund, by virtue of the Deed of Constitution and in the terms set out in it, and this will be in accordance with the legislation on the mortgage market (Law 2/1981, Royal Decree 685/1982, Law 3/1994, in its drafting given by article 18 of Law 44/2002, and the other provisions applicable, and as regards what is not stipulated in the above legislation, by the stipulations in Law 19/1992).

The Mortgage Participations and the Mortgage Transfer Certificates will refer to a participation in the Mortgage Loans and in the corresponding Second Rank Associated Mortgage Loans granted by UCI at one hundred per cent (100%) in the principal, and a participation of one hundred per cent (100%) in the ordinary and delayed interest, both calculated on the

basis of the interest rate applicable to each Mortgage Loan or Associated Loan with Second Rank Mortgage in question.

The participation in the Mortgage Loans or in the Second Rank Associated Mortgage Loans, as the case may be, through the issue of Mortgage Participations or Mortgage Transfer Certificates will be made for the whole of the remaining period up the final maturity of these Loans.

The Mortgage Participations and the Mortgage Transfer Certificates issued under the stipulations in the Deed of Constitution will be represented by Multiple Titles issued by the Assignor, representing each one of the total Mortgage Participations and Mortgage Transfer Certificates issued. These Multiple Titles will be deposited at the Bank by the Management Company during the act of constitution of the Fund.

Both in the cases in which the substitution of a Mortgage Transfer Certificate or of a Mortgage Participation must be made and in the case that Management Company, on behalf and in representation of the Fund, executes a Mortgage Loan or an Associated Loan with Second Rank Mortgage, as well as if it carries out the Advanced Settlement of the Fund, the sale of the Mortgage Transfer Certificates or of the Mortgage Participations is to take place, UCI undertakes to break up any multiple title into so many Multiple Titles or individual titles as is necessary, to substitute it or exchange it in order to achieve the above objectives.

UCI, as issuing entity, will keep a special book in which it will note down the Mortgage Transfer Certificates and Mortgage Participations issued and the changes of address which it has been notified of by the holder of each one of the Loans, and will also record (i) the dates of execution and maturity of the Mortgage Loans and of the Second Rank Associated Mortgage Loans, (ii) their amounts and form of settlement and (iii) the registration data of the mortgages which guarantee the Mortgage Loans and the Second Rank Associated Mortgage Loans.

The Management Company, in the name of the Fund, will subscribe to the Mortgage Participations and to the Mortgage Transfer Certificates issued by UCI in the Deed of Constitution so that they may be immediately incorporated into the Fund.

The subscription to and holding of the Mortgage Participations and the Mortgage Transfer Certificates is limited to qualified investors, and cannot be acquired by the non-specialised public. The Fund, in its capacity as qualified investor, will subscribe to the Mortgage Participations and the Mortgage Transfer Certificates, for the purposes of the second paragraph of article 64.6 of Royal Decree 685/1982, and, consequently, the issue of the Mortgage Participations and the Mortgage Transfer Certificates will not be the subject of a note in the margin in each registration of the mortgage corresponding to each one of the Mortgage Loans or Second Rank Associated Mortgage Loans in the Property Registry.

Following the stipulations of Royal Decree 685/1982, the Mortgage Participations and the Mortgage Transfer Certificates will be transferable through a written statement on the title itself and, in general, by any of the

means admitted in Law. UCI must be notified of the transfer of the participation and the address of the new holder by the acquirer.

The Transmitter will not be liable as regards the solvency of UCI nor for the solvency of the Obligor, nor for the sufficiency of the mortgage which guarantees this.

a.2 *Assignment of the Assets deriving from Non-mortgage Associated Loans:*

With regard to the Non-mortgage Associated Loans and by virtue of what is established in article 2.2.c).1 of Royal Decree 926/1998, UCI will execute the assignment of the aforementioned Non-mortgage Associated Loans to the Fund, through the Management Company in the Deed of Constitution, in its condition as contractual document which accredits the business of assignment and in the terms set out in this document.

**b) *Terms and conditions of the assignment of the Assets.***

The assignment of the Loans will be full and unconditional and for the whole of the remaining period up to the maturity of each Loan. UCI, as Assignor of the Loans and issuer of the Mortgage Participations and the Mortgage Transfer Certificates, in accordance with article 348 of the Commercial Code and article 1.529 of the Civil Code, will be responsible as regards the Fund for the existence and legitimacy of the Loans, as well as for the personality in which it makes the assignment, but it will not be responsible for the solvency of the Obligors.

The Assignor does not run the risk of non-payment of the Loans and therefore it does not assume any liability for non-payment of the Obligors, whether this be of the principal, of the interest or of any other amount which they might owe as regards the Loans, nor does it assume the efficacy of the guarantees accessory to these. Neither will it assume, in any other form, liability as regards the directly or indirectly guaranteeing the success of the operation, nor will it grant guarantees or bonds nor make repurchase or substitution agreements as regards the Loans, except for what is explained in section 2.2.9 of this Additional Building Block to the Securities Note.

The assignment of each Loan will be made for the whole of the outstanding balance on the Date of Constitution and will be for the whole of the ordinary interest and of the delay as regards each Loan which is the subject of assignment on that date.

Specifically, and for description purposes and not limited to these, the assignment will include all the accessory rights, such as the guarantee, bond, mortgage, pledge or privilege, in accordance with the stipulations of article 1.528 of the Civil Code, thus, it will confer the following rights as regards the Loans on the Fund:

1. The whole of the amounts due for the amortisation of the capital or principal of the Loans.
2. The whole of the amounts due for the ordinary interest of the Loans.
3. The whole of the amounts due for the default interest of the Loans.
4. Any amounts or assets received through judicial or notary execution of the guarantees or, in their absence, of the Mortgage Loans or the Second Rank Associated Mortgage Loans, due to the availability or use of the property awarded to the Fund in execution of the mortgage security or in the temporary administration or possession of the property (in the

process of foreclosure) up to the amount owed by the respective Obligor, the acquisition at the auction price or for the amount determined by judicial resolution. In the event that the Obligor is not involved in insolvency proceedings, the Fund may also apply the remaining balances of the execution of the mortgage security to the payment of the amounts owed as Non-mortgage Associated Loans.

5. All the possible rights or indemnities which might be in favour of UCI, including not only those deriving from the insurance agreements assigned by UCI to the Fund and those deriving from any payment to UCI by Genworth Financial Mortgage Insurance Limited under the Mortgage Credit Insurance, but also those deriving from any accessory right to the Loans, with the exception of fees for claims for unpaid receipts, subrogation fees, amortisation and advanced cancellation fees, as well as any other fee or surcharge which might correspond to the Assignor.

In the event of the Obligor failing to pay the premium on the damage and fire insurance for the mortgage security, UCI, in its capacity as mortgage creditor, assumes the payment of the premium insuring the property through a collective insurance policy with an Underwriter once it is made aware of this failure to pay by the aforementioned Underwriter.

6. In the event of prepayment of the Loans by total or partial advanced repayment of the principal, the substitution of the Assets affected will not take place.
7. All the rights mentioned above will accrue in favour of the Fund as from the Date of Constitution.
8. The rights of the Fund arising from the Loans are linked to the payments made by the Obligors against the Loans and, therefore, they are directly affected by the evolution, delays, prepayments or any other incidents regarding these Loans.
9. All the possible expenses or costs that might arise for the Assignor from the recovery action in the event of the Obligor failing to comply with its obligations, including executive action against such Obligors, will be paid by the Fund, with the exception of fees for claims for unpaid receipts.

**c) *Sale price or assignment of the Assets.***

The sale or assignment price of the Assets will be at par, that is to say, for the unpaid principal of the Loans and will be paid on the Pay-Out Date into the Cash flow Account.

The Assignor will not receive interest for the deferral of the payment of the sale price from the Date of Constitution until the Pay-Out Date.

In the event that the constitution of the Fund is terminated and, consequently, the assignment of the Assets (i) the obligation of the Fund to pay the price for the acquisition of the Assets will be extinguished, (ii) the Management Company will be obliged to reimburse UCI as regards any rights which might have accrued to the Fund due to the assignment of the Assets and (iii) it will cancel the Mortgage Participations and the Mortgage Transfer Certificates, and will terminate the assignment of the Non-mortgage Associated Loans.

### **3.3 An explanation of the flow of funds, including:**

#### **3.3.1 How the cash flow from the Assets will meet the issuer's obligations to the holders of the securities.**

The amounts received by the Fund deriving from the Assets will be deposited by the Administrator in the Cash flow Account or, as the case may be, by the Management Company in the Excess Funds Account before twelve midnight (12 p.m.) on the day following reception. Therefore, the Fund will be practically receiving daily income in the Cash flow Account or in the Excess Funds Account due to the amounts received for the Assets.

The Collection Dates of the Fund will be all the Business days on which payments are made by the Obligors as regards the Loans.

In the event that it is considered to be necessary in order to better defend the interests of the Bond holders and on the condition that there is a case of compulsory substitution of the Assignor as Administrator of the Loans, the Management Company will instruct the Assignor to notify each of the Obligors of the Loans of this, and, from the time this notification takes effect, the Obligors will directly pay the amounts they are obliged to pay as regards the Loans into the Cash flow Account, opened in the name of the Fund at the Paying Agent.

In no case, will the Assignor pay any amounts which it has not previously received from the Obligors in payment of Loans into the Fund.

Each quarter, on the Payment Date, the holders of the Bonds in the Class A1, A2, B, C, D, and E will be paid the interest due and the repayment of the principal of the Bonds of each one of the Class A1, A2, B, C, D, and E in accordance with the conditions set out for each one of these in sections 4.6.1 and 4.6.2 of the Securities Note and the Order of Priority of Payment which is included in section 3.4.6 of this Additional Building Block to the Securities Note.

On each Payment Date, the Funds Available to attend to the obligations of the Issuer with the Bond holders will be the income obtained for the Loans as regards the principal and interest calculated on each Determination Date, the interest due from the Cash flow Account and, or as the case may be, the interest of the Excess Funds Account, the amount in the Reserve Fund, the product of the possible settlement, and when applicable, from the Assets of the Fund.

The amortisation of the Class E Bonds will be made on any Payment Date for an amount equal to the positive difference between the Outstanding Balance of Principal of the Class E Bonds on the Determination Date previous to the corresponding Payment Date and the level of the Reserves Fund required on this Payment Date in accordance with the stipulations in section 3.4.2.2. of this Additional Building Block to the Securities Note.

Monthly and quarterly, the Management Company will draft reports on the evolution of the Fund, the portfolio and the Bonds.

#### **3.3.2 Information on any credit enhancements**

##### **3.4.2.1 Credit enhancements**

In order to consolidate the financial structure of the Fund, to increase the security or the regularity of the payment of the Bonds, to cover temporary mismatches of the schedule of flows of principal and interest of the Loans and the Bonds, or, in general, transform the financial characteristics of the Bonds issued, and complement the management of the Fund, the Management Company, in representation of the Fund, will enter into the

agreements and operations which are described below in the act authorising the Deed of Constitution, in accordance with applicable legislation.

The operations for the improvement of credit which are incorporated into the structure of the Fund are as follows:

**a) *Reserve Fund.***

This mitigates the risk of credit due to default or non-payment of the Loans. The Reserve Fund is equivalent to one point one per cent (1.1%) of the initial amount of the Bonds of Classes A1, A2, B, C and D, and its endowment is made by charging the Funds obtained from the subscription and payment of the Bonds of Class E, as explained in 3.4.2.2. below.

**b) *Guaranteed Reinvestment Agreement and Excess Funds Account.***

The Cash flow Account and, as the case may be, the Excess Funds Account are remunerated at rates agreed to in such a way that a minimum return of the balances in the Cash flow Account and, as the case may be, in the Excess Funds Account is guaranteed

**c) *Subordination and postponement of payment of principal and interests between the different Classes of Bonds***

Classes A2, B, C, and D represent 76.11% of the initial amount of the Bonds of Classes A1, A2, B, C and D. All of the Classes will be repaid in a sequential manner until the amortisation begins of the A2, B, C and D Classes, from when the repayment will become prorata as described in section 4.9.5 of the Value Note. Bearing in mind a TCAP of 20%, the amortisation of the Bonds of all the Class will become prorata when approximately 100% of the initial balance of the Class A1 Bonds has been repaid and 38% of the initial balance of the Class A2 Bonds.

**d) *Excess of spread***

The excess of margin is the difference between the interest rate of the Loan portfolio (4.31%) and the interest rate of the Bonds.

**e) *Credit Insurances***

Twenty-eight point five (28.5%) percent of the preliminary portfolio of Mortgage Loans is insured with the Mortgage Credit Insurance of Genworth Financial Mortgage Insurance Limited subscribed to by UCI. The amount of the Mortgage Credit Insurance covers the percentage financed which exceeds seventy-eight per cent (78%) of the evaluation up to ninety-seven per cent (97%), or, up to one hundred per cent (100%) for those Loans executed since the 1<sup>st</sup> of September 2005.

### **3.4.2.2 Reserve Fund**

The Management Company, in representation and on behalf of the Fund, will endow a Reserve Fund charged to the Funds obtained from the subscription and payment of the Class D Bonds, with the following characteristics:

**a) *Amount:***

it will have an initial amount equal to nineteen million eight hundred thousand euros (€19,800,000), equivalent to one point one per cent (1.1%) of the initial amount of the Bonds of Classes A1, A2, B, C and D.

When the Reserve Fund reaches two point two per cent (2.2%) of the Outstanding Balance of the Assets, and never before the Payment Date corresponding to the 16<sup>th</sup> of September, 2009 (or the following Business day), it may decrease quarterly as regards each Payment Date, and maintain this percentage until the Reserve Fund reaches a minimum level equal to nought point four per cent (0.4%) of the initial amount of the Bonds of Classes A1, A2, B, C and D, that is to say, a minimum level of the Reserve Fund equal to seven million two hundred thousand euros (€7,200,000).

This rule will be considered as general on the condition that the Outstanding Balance of the Assets with default equal or greater than ninety (90) days is less than nought point seven five per cent (0.75%) of the current balance of the assets. If there are variations in the level of default regarding the Assets, the Reserve Fund will follow the following conditions:

a.1 On a Payment Date, when the Outstanding Balance of the Assets with default equal or greater than ninety (90) days is between nought point seven five per cent (0.75%) and one point two five per cent (1.25%) of the Outstanding Balance of the Assets, the Reserve Fund may have an amount equivalent to the greater of the following:

- (i) two point two percent (2.2%) of the Outstanding Balance of the Assets
- (ii) nought point seven 0.7% of the initial amount of the Bonds of Classes A1, A2, B, C and D.

This level required for the Reserve Fund will be kept constant provided these levels on non-payment are maintained.

a.2 On a Payment Date, when the Outstanding Balance of the Assets with default equal or greater than ninety (90) days is greater than one point two five per cent (1.25%) of the Outstanding Balance of the Assets, the Reserve Fund will have an amount equal to the greater of the following:

- (i) two point two percent (2.2%) of the Outstanding Balance of the Assets
- (ii) nought point eight (0.80)% of the initial amount of the Bonds of Classes A1, A2, B, C and D.

This level required for the Reserve Fund will be kept constant provided these levels on non-payment are maintained.

At the time these circumstances do not occur, the Reserve Fund may decrease until it reaches the level required.

The levels required for the Reserve Fund will be maintained constant until the Final Date of Expiry of the Fund on which it will be used to comply with the payment obligations of the Fund.

Notwithstanding the above, in order to ensure that the Reserve Fund may decrease on a Payment Date, a necessary condition is that none of the following circumstances occur:

- a) There is an Amortisation Deficit
- b) The Outstanding Balance of the Assets is less than ten per cent (10%) of the initial balance.
- c) The average weighted interest rate of the Assets is less than the average weighted interest rate of the Bonds of the four Class plus a margin of forty base points (0.40%).

**b) *Return:***

The amount of this Reserve Fund will be paid into the Cash flow Account on the Pay-Out Date, and will be the subject of the Guaranteed Reinvestment Agreement of the Cash flow Account to be made with the Bank, while the Bank maintains a rating of its short-term rating of, at least, A-1 and F1 (according to the rating scales of Standard & Poor's and Fitch, respectively).

**c) *Use:***

The Reserve Fund will be applied on each Payment Date in order to comply with the payment obligations contained in the Order of Priority of Payment included in section 3.4.6.(b) below.

### **3.3.3 Details of any subordinated debt finance**

**a) *Subordinated Loan Agreement***

The Management Company, in representation and on behalf of the Fund, will make a Subordinated Loan Agreement with UCB and the Bank (50% each in their creditor positions), amounting to ONE MILLION NINE HUNDRED THOUSAND euros (€1,900,000) which will be used for (i) financing the expenses of constitution of the Fund, (ii) financing the expenses of the issue of the Bonds, (iii) partially financing the acquisition of the Assets, and (iv) covering the temporary mismatch in the first Interest Accrual Period (due to the difference which will be generated between the interest of the Assets charged during the first Accrual Period and the interest on the Bonds to be paid on the first Payment Date).

The amount of the Subordinated Loan will be paid into the Cash flow Account on the Pay-Out Date.

The Subordinated Loan Agreement will accrue nominal annual interest equivalent to the interest rate which results from adding a margin of between 1% and 3% to the EURIBOR (*Euro Interbank Borrowing Offered Rate*), the reference rate of the money market for the euro, in operations concerning deposits at three (3) months or at five (5) months, the latter only for the first Interest Accrual Period.

The interest due and unpaid on a Payment Date will accrue an interest on delay at the same rate as that of the Subordinated Loan Agreement and will be paid on the condition that the Fund has sufficient liquidity in accordance with the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note.

The Subordinated Loan will be amortised quarterly, over the first three (3) years from the constitution of the Fund and the issue of the Bonds, provided that the Fund has sufficient liquidity in accordance with the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note.



Notwithstanding the above, this part of the Subordinated Loan may be amortised in advance on the condition that the Fund has sufficient liquidity, in accordance with the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note and this is agreed by the Management Company and UCI.

Due to its subordinated nature, this Loan will be set back in rank as regards some of the other creditors of the Fund in the terms stipulated in the Order of Priority of Payment established in section 3.4.6.(b) of this Additional Building Block to the Securities Note, including, but not only, the Bond holder.

Before the commencement of the Subscription Period, if the Rating Agencies do not confirm any of the provisional ratings assigned as final, this circumstance will give rise to the termination of the Subordinated Loan Agreement except for the initial expenses of constitution of the Fund and the issue of the Bonds.

**b) Rules of subordination among the Bonds**

- The payment of interest due for the Class A1 Bonds occupies the second (2<sup>nd</sup>) place in the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note.
- The payment of interest due for the Class B Bonds occupies the third (3<sup>rd</sup>) place in the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note, and consequently is set back in rank as regards the payment of interest due for the Class A1 and A2 Bonds.
- The payment of interest due for the Class B Bonds occupies the fourth (4<sup>th</sup>) place in the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note, and consequently is set back in rank as regards the payment of interest due for the Class A1 and A2 Bonds.
- The payment of interest due for the Class C Bonds occupies the fifth (5<sup>th</sup>) place in the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note, and consequently is set back in rank as regards the payment of interest due for the Class A1, A2, and B Bonds.
- The payment of interest due for the Class D Bonds occupies the sixth (6<sup>th</sup>) place in the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note, and consequently is set back in rank as regards the payment of interest due for the Class A1, A2, B and C Bonds.
- The payment of interest due for the Class E Bonds occupies the twelfth (12<sup>th</sup>) place in the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note, and consequently is set back in rank as regards the payment of interest due for the Class A1, A2, B, C and D Bonds.

Notwithstanding the above, section 4.9.5 of the Securities Note describes the circumstances in which, exceptionally, the *pro rata* amortisation of the Class A1, A2, B, C, and D Bonds may take place.

Sections 4.6.1 and 4.6.2 of the Securities Note provide details on the order numbers which the payment of interest and repayment of the principals of the Bonds of each one of the Classes have in the Order of Priority of Payment of the Fund.

### **3.4.4 An indication of any investment parameters for the investment of temporary liquidity surpluses and description of the parties responsible for such investment**

The Management Company, in representation and on behalf of the Fund, and the Bank will make the Guaranteed Reinvestment Agreement under which the Bank will guarantee a return for the amounts deposited by the Fund through its Management Company in the Cash flow Account. Specifically, the Guaranteed Reinvestment Agreement will determine the amounts the Fund receives as:

- (i) principal and interest of the Assets;
- (ii) any other amounts which are received in payment of the ordinary principal or interest and default interest regarding the Assets;
- (iii) the amounts which constitute the Reserve Fund at any time;
- (iv) the sums to which the return obtained from the balance of the Cash flow Account amounts to;

will be deposited in the Cash flow Account.

All the collections and payments during all the life of the Fund will be centralised in the Cash flow Account.

On the Pay-Out Date, the Cash flow Account will receive the effective amount of the payment of the subscription to the issue of Bonds and the initial amount of the Subordinated Loan Agreement, and will pay the price of acquisition of the Assets assigned by UCI at the initial amount and the expenses of constituting the Fund.

Through its Management Company, the bank guarantees the Fund an annual return for the amounts deposited in the Cash flow Account, equal to the interest rate of EURIBOR at three (3) months during the quarter immediately before each Payment Date.

Exceptionally, and for the first Interest Accrual Period, the interest rate will be EURIBOR at five (5) months at 11 a.m. (Central European Time) on the Date of Constitution.

The calculation of the return of the Cash flow Account will be made by taking the effective days and as basis, a year composed of three hundred and sixty-five (365) days. The settlement of interest will be monthly, five (5) Business days before the twentieth (20<sup>th</sup>) day of each month.

In the event that at any time during the life of the issue of Bonds, the short-term rating of the Bank undergoes a drop in rating and is situated below A-1 or F1 (according to the rating scales of Standard & Poor's and Fitch, respectively), the Management Company will have a maximum period of thirty (30) Business days counting from the time this situation arises to transfer the Cash flow Account of the Fund to an entity whose short-term rating has a minimum rating of A-1 or F1, on behalf and in representation of the Fund, so that at the time the Funds are deposited in the account of the new entity, the Bank will cease to carry out the reinvestment of the Funds, and the Management Company will agree the maximum return possible for its balance, which may be different from the one contracted with the Bank, and may subsequently transfer this to the Bank when its short-term rating again reaches the A-1 or F1 rating (according to the aforementioned rating scales).

Through the Guaranteed Reinvestment Agreement, the risk of temporary mismatch between (i) the revenue from the Fund as principal and interest with different periodicity and (ii) the amortisation and payment of interest on the Bonds with quarterly periodicity is mitigated.

In the event that the amount accrued in the Cash flow Account surpasses twenty per cent (20%) of the Outstanding Balance of Principal of the Bonds, not including equities investment, and the unsubordinated, non-guaranteed short term debt of the Bank should experience a fall in rating at any time in the life of the issue of the Bonds, dropping to below A-1 or F1 according to the S&P and Fitch scales, respectively, the Management Company, on behalf of the Fund, will open a new account at another entity with a minimum short-term *rating* of A-1+ and F1+ according to S&P and Fitch, respectively (the “**Excess Funds Account**”), and all the amounts which exceed the aforementioned twenty per cent 20% will be deposited in this Account, contracting the best possible returns for the balances, which will be at least equal to that contracted for the Cash Flow account.

In the event that the new entity loses the A-1+ and F1+ rating according to S&P and Fitch, respectively, the Management Company will have thirty (30) days to find a new entity with a rating of A-1+ and F1+ according to S&P and Fitch, respectively, and which does not harm the ratings assigned to the Bonds. The Management Company will notify S&P and Fitch as far in advance as possible of the probability that this event will take place. The Excess Funds Account, once constituted, will remain open during the whole of the lifetime of the Fund even though its balance might suffer variations as a result of the transfer of funds that might be deposited in the Cash Management CompanyFlow account sufficiently in advance so that it might be available on the Payment Dates on which this Excess Funds Account might have a balance. The balance of the Excess Funds Account will include both the excess of 20% accumulated in the Cash Flow account and all amounts received as returns be previous to the following Payment Date.

### **3.4.5 How payments are collected in respect of the Assets.**

As the collection agent on behalf of the Fund, UCI will receive any amounts paid by the Obligors deriving from the Loans both as regards principal and interest and any other item and the insurance agreements assigned to the Fund, and will deposit the amounts which correspond to the Fund in the Cash flow Account within a period no greater than twenty-four hours (24) hours.

UCI will also pay the amounts it receives from the Obligors for the prepayment of the Loans and which correspond to the Fund into this Cash flow Account within the aforementioned period.

The Administrator will diligently ensure that the payments which must be made by the Obligors are collected in accordance with the contractual terms and conditions of the respective Loans.

In no case, will the Administrator pay any amount into account which has not been previously received from the Obligors in payment of the Loans.

### **3.4.6 Origin and application of Funds.**

On the Date of Constitution of the Fund and issuing of the Bonds, the Fund will lay out the amounts that come from the subscription of the issuing Bonds and the subordinated Loans and will apply these amounts to the following payments: sale price or assignment of the Bonds, payment of the expenses of constitution of the Fund and issuing of the Bonds and endowment of the Reserve Fund.

From the Date of Constitution until the total amortisation of the Bonds, the origin and application of the amounts which the Fund will dispose of is provided in detail below:

a) **Origin:**

The Funds Available on each Payment Date will be those from the following items:

- 1.1 Revenue obtained from the Loans as interest, calculated on each Determination Date as follows: the revenue obtained from the previous Determination Date, included, and the current Determination Date, excluded, except for the first Determination Date, which will be those obtained between the Date of Constitution, included, and the Determination Date, excluded.
- 1.2 The return obtained during each preceding Determination Period from the reinvestment of the Reserve Fund as well as from the amounts deposited in the Cash flow Account and in the Excess Funds Account, if applicable.
- 1.3 Revenue obtained from the Loans as principal, calculated on each Determination Date as follows: the revenue obtained from the previous Determination Date anterior, included, and the current Determination Date actual, excluded, except for the first Determination Date which will be the revenue obtained between the Date of Constitution, included, and the Determination Date, excluded.
- 1.4 The amount corresponding to the Reserve Fund.

Any other amounts which the Fund might receive, including the revenue from the execution of the guarantees of the Assets.

The Funds Available will be applied in the same order in order to address the payments described in the Order of Priority of Payment that is described below in section b).

**b) Application**

On each Payment Date, the Management Company, on behalf of the Fund, will apply the sum to which the Funds Available amount (regardless of the time it falls due) to the following payments and deductions, in accordance with the Order of Priority of Payment described below.

1. Payment to the Management Company of the Ordinary Expenses and Extraordinary Expenses of the Fund.
2. Payment of the interest on the Class A1 Bonds.
3. Payment of the interest on the Class A1 Bonds.
4. Payment of the interest on the Class B Bonds, except if the payment of these is set back, depending on the exceptional rules described in section 3.4.6.c) below.
5. Payment of the interest on the Class C Bonds, except if the payment of these is set back, depending on the exceptional rules described in section 3.4.6.c) below.
6. Payment of the interest on the Class D Bonds, except if the payment of these is set back, depending on the exceptional rules described in section 3.4.6.c) below.

7. Retention of a sum equal to the Accrued Redemption Amount and allocated for the amortisation of the Class A1, A2, B, C and D Bonds, sequentially or prorata, as described in section 4.9.5. of the Securities Note.
8. Payment of the interest on the Class B Bonds when the payment is set back from the fourth (4th) place in the Order of Priority of Payment.
9. Payment of interest on the Class C Bonds when the payment is set back from the fifth (5th) place in the Order of Priority of Payment.
10. Payment of interest on the Class D Bonds when the payment is set back from the sixth (6th) place in the Order of Priority of Payment.
11. Retention of a sufficient amount to duly maintain the Reserve Fund at its required level, in accordance with the stipulations in section 3.4.2.2. of this Additional Building Block to the Securities Note.
12. Payment of the interest on the Class E Bonds.
13. Retention of a sum equal to the Accrued Redemption Amount of Class E, as described in section 4.9.5. of the Securities Note.
14. Payment of interest due on the Subordinated Loan Agreement.
15. Lineal amortisation of the principal of the Subordinated Loan as described in section 3.4.3. (a) of this Additional Building Block to the Securities Note.
16. Payment to UCI, on each Payment Date, of the fee for the administration of the Loans, equal to six thousand euros (€6,000) quarterly, V.A.T. included, up to the Final Expiry Date on which the inclusive total amortisation of the issue takes place (or up to the Payment Date on which the Advanced amortisation of the issue takes place).
17. A quarterly payment of a variable amount to UCI as remuneration or compensation for the financial intermediation process carried out and this will be equal to the difference between the accounted income and expenditure for the Fund on the corresponding Payment Date.

**The Ordinary Expenses referred to in the first place in the above order of priority are broken down into the following:**

- Expenses deriving from the annual audits of the accounts of the Fund;
- Notary expenses;
- Expenses deriving from the maintenance of the *ratings* of the four 4) Class of Bonds;
- Expenses related to the notifications that must be made to the holders of the Bonds in circulation in accordance with the stipulations in this Prospectus.
- In general, any other expenses incurred by the Management Company and deriving from their work of representation and management of the Fund.

**A detailed description of the Extraordinary Expenses can be found in the Definitions.**

In the event that on a Payment Date previous to the Payment Date in progress, an item is unpaid, the Order of Priority of Payment will be followed strictly in this section, beginning with the earliest item.

**c) Exceptional rules of priority of payments for the account of the Fund.**

- c.1 If UCI is substituted as Administrator of the Assets by another entity, an administration fee will accrue for the third party (as new Administrator), which will pass from the sixteenth position (16<sup>th</sup>) to the first position (1<sup>st</sup>) in the Order of Priority of Payment included in section 3.4.6.b) above.
- c.2 In the event that on a Payment Date (with regard to the period included between this Payment Date and the previous one) more than seven per cent (7%) of the Obligors (with regard to the outstanding balance) has exercised the right to the limitation of instalment depending on the Retail price index, the payment of the seventeenth position (17<sup>th</sup>) of the Order of Priority of Payment, referring to the quarterly payment to UCI of a variable amount as remuneration or compensation for the process of financial intermediation will be suspended. In this case, this amount will be deposited in the Cash flow Account until the Payment Date on which the exercise of the limitation of instalment depending on the Retail price index corresponding to a new period does not surpass the percentage mentioned. On this Payment Date, the amount retained will form part of the Funds Available. The payment of this fee may only be taken up again on the condition that the rating authorised for the Bonds by the Rating Agencies is not affected. The calculation of the aforementioned percentage will be made on the Determination Dates.
- c.3 The payment of interest on the Class B Bonds will be set back from the fourth (4<sup>th</sup>) to the eighth (8<sup>th</sup>) position, and, consequently, the interest of the Class C from the fifth (5<sup>th</sup>) to the ninth (9<sup>th</sup>) position and the interest of the Class D from the sixth (6<sup>th</sup>) to the tenth (10<sup>th</sup>) position, if the following two (2) circumstance occur:
- 1) On a Payment Date, the complete amortisation of the Class A1 and A2 Bonds has not taken place, and
  - 2) On a Payment Date, the amount resulting from subtracting the sum of the amounts of Classes A1 and A2 from the Outstanding Balance of Principal is greater than zero:
    - The surplus of the Funds Available once the amounts applied to the payment obligations in the first (1<sup>st</sup>) to the fourth (4<sup>th</sup>) places in the Order of Priority of Payment are deducted, and
    - The Outstanding Balance of the Assets paid up or with, at least, eighteen (18) months default in the payments on the previous Determination Date.

Notwithstanding the above, regardless of whether the two previous circumstances occur, Payment of Interest on the Class B Bonds will be made, in the fourth (4<sup>th</sup>) place on the condition that the Fund has a surplus which comes from the collection of interest on the Assets, and from the return obtained by the Cash flow Account and the Excess Funds Account, if applicable.

- c.4 The payment of the interest on the Class C Bonds will be set back from the fifth (5<sup>th</sup>) to the ninth (9<sup>th</sup>) place and therefore the interest of Class D from sixth (6<sup>th</sup>) to tenth (10<sup>th</sup>) place if the following two circumstances occur:
- 1) On a Payment Date, the complete amortisation of the Classes A1, A2 and B Bonds has not occurred, and

- 2) On a Payment Date, the amount resulting from subtracting the sum of the following amounts from the Outstanding Balance of Principal of the Classes A1, A2 and B is greater than zero:
  - The surplus of the Funds Available once the amounts applied to the payment obligations in the first (1<sup>st</sup>) to the fifth (5<sup>th</sup>) places in the Order of Priority of Payment are deducted, and
  - The Outstanding Balance of the Assets paid up or with, at least, eighteen (18) months default in payment on the previous Determination Date.

Notwithstanding the above, regardless of whether the two previous circumstances occur, Payment of Interest on the Class C Bonds will be made, in the fifth (5<sup>th</sup>) place on the condition that the Fund has a surplus which comes from the collection of interest on the Assets, net amounts received from the return obtained by the Cash flow Account and the Excess Funds Account, if applicable.

- c.5 The payment of the interest on the Class D Bonds will be set back from the sixth (6<sup>th</sup>) to the tenth (10<sup>th</sup>) place if the following two circumstances occur:
  - 1) On a Payment Date, the complete amortisation of the Classes A1, A2, B and C Bonds has not occurred, and
  - 2) On a Payment Date, the amount resulting from subtracting the sum of the following amounts from the Outstanding Balance of Principal of the Classes A1, A2, B and C is greater than zero:
    - The surplus of the Funds Available once the amounts applied to the payment obligations in the first (1<sup>st</sup>) to the sixth (6<sup>th</sup>) places in the Order of Priority of Payment are deducted, and
    - The Outstanding Balance of the Assets paid up or with, at least, eighteen (18) months default in payment on the previous Determination Date.

Notwithstanding the above, regardless of whether the two previous circumstances occur, Payment of Interest on the Class D Bonds will be made, in the sixth (6<sup>th</sup>) place on the condition that the Fund has a surplus which comes from the collection of interest on the Assets, net amounts received from the return obtained by the Cash flow Account and the Excess Funds Account, if applicable.

- c.6 The surplus from the collection of interest on the Loans and the return obtained by the Cash flow Account and, as the case may be, by the Excess Funds Account, stated in points c.3, c4 and c.5 of this section, will cease to apply to the payment of interest on the Class B, the Class C and the Class D Bonds, as the case may be, and will be added to the Amount Due for Amortisation in the event that the ratio of the Accrued Default Balance as regards the initial balance of the portfolio reaches 9.60%.

The Accrued Default Balance will be the balance of the Loans which have outstanding instalments for longer than eighteen (18) months, or which have begun the process of execution of guarantees (if this process occurs previous to the eighteen (18) months from the first failure to pay) without counting the

amounts which might result during the process of execution of guarantees of the Loans.

**d) Order of Priority of Payment upon Liquidation**

The Management Company will liquidate the Fund when its liquidation takes place on the Legal Date of Maturity or the Date of Payment on which the Advanced Liquidation takes place according to sections 4.4.3 and 4.4.4 of the Registry Document, by applying the funds available for the following concepts (hereinafter, the “**Funds Available for Liquidation**”): (i) of the Available Funds, and (ii) of the amounts that are obtained by the Fund through the selling-off of the Assets remaining, in the following order of payment priority (the “**Order of Priority of Payment upon Liquidation**”):

1. Payment to the Management Company of the Ordinary Expenses, Extraordinary Expenses and Liquidation Expenses.
2. Payment of the interest of the Class A1 Bonds.
3. Payment of the interest of the Class A2 Bonds.
4. Payment of the interest of the Class B Bonds.
5. Payment of the interest of the Class C Bonds.
6. Payment of the interest of the Class D Bonds.
7. Withholding of an amount equal to the Accrued Redemption Amount, intended to repay the Class A1, A2, B, C and D Bonds, as described in section 4.9.5. of the Value Note.
8. Payment of the interest of the Class E Bonds.
9. Withholding of an amount equal to the Accrued Redemption Amount of the Class E as described in section 4.9.5. of the Value Note.
10. Payment of Accrued Interest of the Subordinated Loan Agreement.
11. Amortisation of the principal of the Subordinated Loan Agreement equal to the sum of (i) the periodical amortisation of the constitution expenses of the Fund and Bond issue and (ii) the temporary dysphasia in the first Period of Interest Accrual.
12. Payment to UCI of the fees for the administration of the Loans, equal to six thousand euros (6,000 €), including VAT.
13. Payment to UCI of a variable amount as remuneration or compensation for the process of financial intermediation performed, equal to the difference between the accounting income and expenditure for the Fund.

**3.5 Name, address and significant business activities of the Assignor**

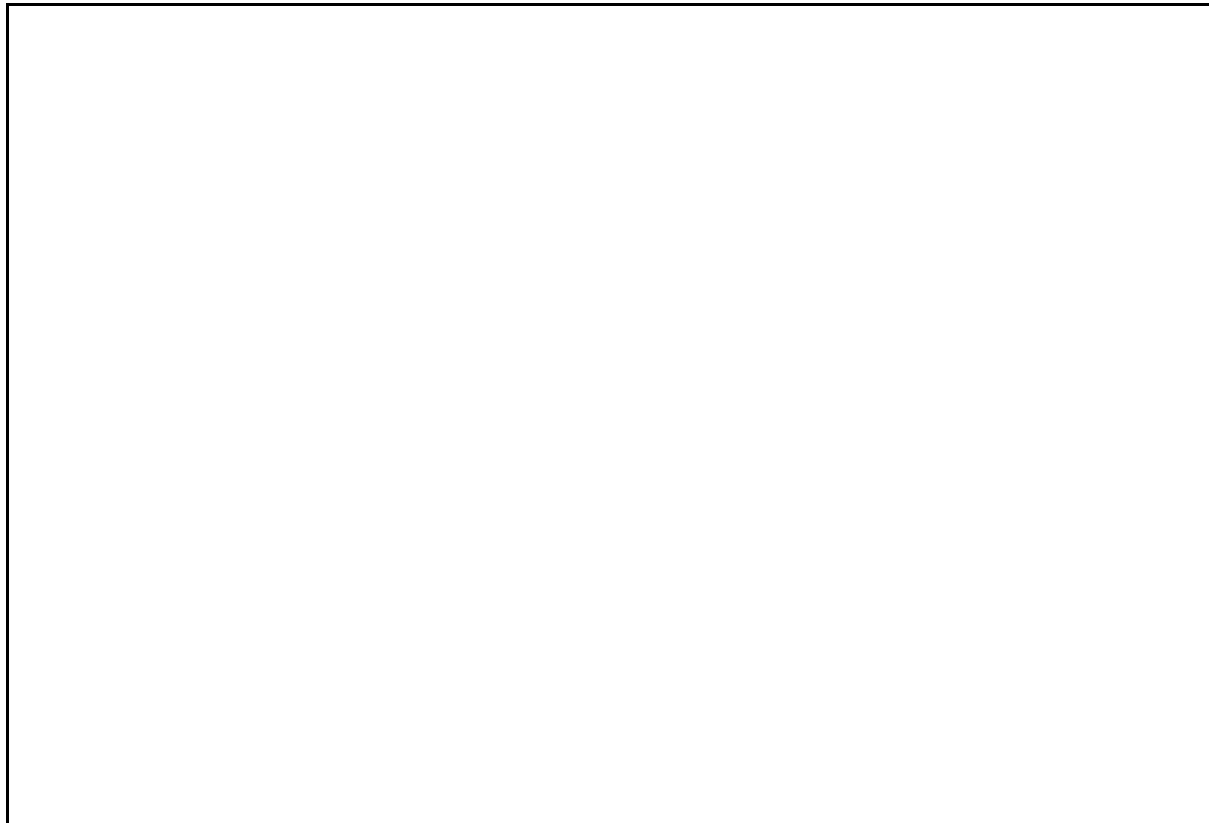
The Assignor of the Assets is UCI. As a financial credit entity, its main activity consists of financing the purchase and refurbishment of dwellings, fundamentally through personal and Mortgage Loans, in accordance with the stipulations of the Law.

The selected financial information on UCI with regard to the first quarter of 2006 fiscal year and the comparison between the fiscal year closed on December 31, 2005 and the fiscal year closed on December 31, 2004 is shown below.



The information corresponding to the 30<sup>th</sup> of June, 2006 and the 31<sup>st</sup> of December, 2005 and 31<sup>st</sup> December 2004 was prepared in accordance with the International Norms on Financial Information which are applicable according to Regulation EC 1606/2002 and Memorandum 4/2004 of the Bank of Spain.

	31-12-05	31-12-04	D %	30-06-06
<b>Balance UCI EFC (Thousands of euros)</b>				
Total Balance Sheet Assets	3,964,975	3,002,477	32.1%	4,089,021
Customer Credits in Balance Sheet	3,740,619	2,916,540	28.3%	3,963,173
Total Own Funds of UCI Group (Tier 1 + Tier 2)	234,310	169,411	38.3%	339,984
<b>Credit on Securitised Customers Spain</b>				
	4,445,042	3,051,277	45.7%	5,229,352
<b>Nominal Account UCI EFC (thousands of euros) rule 4/04</b>				
Intermediation Margin	207,429	77,574	167.4%	76,259
Ordinary Margin	156,524	94,830	65.1%	99,532
Operating Margin	89,754	46,831	91.7%	66,016
Profit Before Tax	70,895	37,904	87.0%	42,574
Profit Attributed to the Group	39,390	19,709	99.9%	23,569
<b>Relevant Ratios UCI EFC</b>				
Default Index (*)	0.67%	0.66%	0.01%	0.69%
Default Cover Index (**)	127%	136%	-9.0%	143%
Ratio of Efficacy (***)	34%	41%	-7.00%	26%
Ratio BIS (UCI Group)	11.40%	10.4%	1.0%	11.75%
<b>Complementary Information</b>				
Number of Offices in Spain	45	48	-3	59
Number of Offices Rest of the World	9	9	0	10
Number of Collaborating Entities in Spain	806	636	170	796
Number of Collaborating Entities Rest of theWorld	135	136	-1	162
(*) Calculated for > 6 months default for the portfolio manager (balanced + titles) Spain only				
(**) Only for the > 6 months default in the balance Spain				
(***) For the credit activity in Spain only				



**3.6 Return and/or repayment of the securities linked to others which are not Assets of the Issuer.**

Not applicable.

**3.7 Administrator of the Loans and responsibilities of the Management Company as Administrator**

**3.7.1 Administrator of the Loans**

UCI, the Assignor entity of the Assets, in accordance with what is stipulated in article 2.2. of Royal Decree 926/1998, is obliged to exercise the custody and administration of the Loans, and the relationship between UCI and the Fund is regulated by the stipulations of the Deed of Constitution.

UCI will accept the mandate received from the Management Company and, by virtue of this mandate, it undertakes the following:

- (i) To exercise the administration and management of the Assets acquired by the Fund in the terms of the scheme and the ordinary procedures of administration and management set out in the Deed of Constitution;
- (ii) To continue to administer the Loans, dedicating the same time and attention and the same level of expertise, care and diligence in its administration as it would dedicate and exercise in the administration of its own Loans and, in any case, it will exercise an adequate level of expertise, care and diligence as regards providing the services stipulated in this Additional Building Block to the Securities Note and in the Deed of Constitution;
- (iii) That the procedures it applies and will apply for the administration and management of the Loans are and will continue to be in accordance with the Laws and legal norms in force which are applicable;

- (iv) To comply with the instructions given by the Management Company with due loyalty;
- (v) To compensate the Fund for the damages that might derive from failure to comply with the obligations contracted.

A succinct summarised description of the scheme and of the ordinary procedures of administration and custody of the Loans regulated by the Deed of Constitution of the Fund is contained in the following sections.

**(1) Term of Duration**

The services will be provided by UCI until, once the whole of the Loans are amortised, all the obligations assumed by UCI in relation to these Loans are extinguished, without prejudice to the possible advanced revocation of its mandate.

Both in the case of non-compliance of the Administrator of the obligations established in this Additional Building Block to the Securities Note, and due to a drop in its credit rating in such a way that they entail damage or risk for the financial structure of the Fund or for the rights and interests of the Bond holders, if it is legally possible, the Management Company may carry out any of the following actions:

- (i) Request the Administrator to subcontract, delegate or be guaranteed by another entity which, in the opinion of the Management Company, has the proper legal and technical capacity to carry out these obligations on the condition that there is no negative impact on the rating of the Bonds.
- (ii) In the event that the above action is not possible, the Management Company must directly assume the development of the services.

The Management Company will take the proposals made by the Administrator into account, both as regards subcontracting, delegating or designating the substitute as regards carrying out its obligations, and as concerns the entity which might guarantee it in the execution of these obligations.

The Administrator may voluntarily waive exercising the administration and management of the Loans if this is possible in accordance with the legislation in force at the time and on the condition that (i) it is authorised by the Management Company, (ii) the Management Company has designated a new Administrator, (iii) the Administrator has compensated the Fund for the damages which the renunciation and the substitution might cause to it, and (iv) there is no negative impact on the rating of the Bonds.

If the substitution of UCI by another entity takes place as regards its work as Administrator of these Loans due to any of the reasons stipulated in this section, the substituting entity will have the right to receive an administration fee which will occupy the first place (1st) in the Order of Priority of Payment, as determined in section 3.4.6.(c).c1 of the Additional Building Block to the Securities Note.

**(2) Liability of UCI as to custody and administration**

UCI undertakes to act with due diligence as regards the custody and administration of the Loans and will be responsible as regards the Fund, thorough its Management Company, for any damage which might derive from its negligence.

UCI will compensate the Fund, through its Management Company, for any damage, loss or expense it might have incurred due to failure to comply with its obligations concerning custody and/or administration of the Loans.

**(3) Liability of UCI in collection management**

UCI undertakes, in the management of collections of the Loans, to act with due diligence and will be responsible as regards the Fund, through its Management Company, for any damage which might derive from its negligence.

UCI does not assume liability in any form as regards directly or indirectly guaranteeing the success of the operation, nor will it grant guarantees or bonds nor will it enter into agreements for the repurchase of the Loans except for those which are not adjusted to the statements and guarantees contained in section 2.2.8 of this Additional Building Block to the Securities Note on the Date of Constitution.

**(4) Custody of contracts, deeds, documents and files.**

The Administrator will keep all the agreements, copies of instruments, documents and computer files on the Loans and damage insurance and Mortgage Credit Insurance policies in safe custody and will not abandon the possession, custody or control of these unless there is the previous written consent of the Management Company to this end, unless the document is requested in order to initiate proceedings for the execution of a Loan.

The Administrator will reasonably provide access, at all times, to these agreements, instruments, documents and registers, to the Management Company or to the auditor of the Fund, duly authorised for this. If the Management Company requests this, the Administrator will also provide a copy or photocopy of any of these agreements, instruments and documents within five (5) Business days following this request and free of charge. The Administrator must act in the same way in the case of requests for information from the auditor of the Fund.

In any case, the Administrator waives the privileges which the Law confers on its condition as manager of collections for the Fund and for the custody of the agreements of the Loans and, in particular, those stipulated in articles 1730 and 1780 of the Civil Code (concerning deduction of things deposited as pledges) and 276 of the Commercial Code (a guarantee similar to the deduction of something deposited as pledge).

**(5) Collection management**

UCI, as Administrator of the Loans will apply the same due diligence and carry out the same procedure for claiming the amounts of the Loans owed and unpaid as in the rest of the loans in its portfolio.

**5.1) Foreclosure proceeding against Obligors of the Assets**

The Fund, as holder of the Assets, may use all the legal actions which derive from the ownership of the Assets, in accordance with the legislation in force. This action must be exercised through the corresponding steps in judicial procedure in accordance with what is stipulated in articles 517 et seq. of the Law on Civil Procedure.

For the above purpose, at the act authorising the Deed of Constitution, the Management Company will grant a power of attorney as wide and sufficient as required by Law to UCI so that UCI, acting through any of

the persons it has empowered with sufficient powers for this purpose, in accordance with the instructions of the Management Company on behalf and in representation of the Fund or in its own name but on behalf of the Management Company as the legal representative of the Fund, may request the Obligor of any of the Loans to pay its debt and exercise judicial action against these, as well as other powers required for the exercise of its functions as Administrator. These powers may also be granted in a document other than the Deed of Constitution and be extended and modified if necessary in order to exercise these functions.

With regard to the Non-mortgage Associated Loans, in the event of non-compliance of the Obligor of the payment obligations deriving from these Loans, the Fund will be able to use executive action against these Obligors through the Management Company or through the Administrator, once the legitimisation requirements which authorise it have been complied with, in accordance with the steps stipulated for this process in the Law of Civil Procedure. The executive action comes from the titles which include execution and in this case are specified in the deeds executed with the intervention of a commercial broker from the Association of Commercial Brokers of the Non-mortgage Associated Loans.

The Administrator, by virtue of the power given to him by the Fund, may, in general terms, seek the mortgage foreclosure in the name of the Fund with regard to the Mortgage Loans and the Second Rank Associated Mortgage Loans or the execution of the titles and the consequent embargo of property with regard to the Non-mortgage Associated Loans if, during a period of time of three (3) months, the Obligor who has failed to comply with its payment obligations does not reinitiate payments to the Administrator and the Administrator, with the consent of the Management Company, fails to achieve a satisfactory payment commitment for the interests of the Fund. The Administrator, in any case, must immediately seek the foreclosure if the Management Company, in representation of the Fund, and with the previous analysis of the specific circumstances of the case, considers this to be pertinent.

## **5.2) Action against the Administrator**

The Management Company, in representation and on behalf of the Fund, as holder of the Mortgage Participations and of the Mortgage Transfer Certificates, will be able to carry out executive action against UCI as issuer of the Mortgage Participations concerning the effectiveness of the expiries of Mortgage Participations and of the Mortgage Transfer Certificates as regards principal and interest, when the failure to comply with the payment obligation for these items is not a consequence of the failure to pay of the Obligors of the Mortgage Loans or of the Second Rank Associated Mortgage Loans, as the case may be.

In addition, the Management Company, in representation of the Fund, will be able to take the corresponding action against UCI for the effectiveness of the expiries of the Non-mortgage Associated Loans when non-compliance is not a consequence of the failure to pay by the Obligors of these Non-mortgage Associated Loans.

Neither the Bond holders nor any other creditor of the Fund will be able to take any action against the Assignor, and it is the Management Company, as representative of the Fund holder of the Mortgage Participations, of the Mortgage Transfer Certificates and of the Non-mortgage Associated Loans, who is able to take such action.

Once the Loans are extinguished, the Fund, through its Management Company, will be able to take action against the Administrator until compliance with its obligations.

The risk of non-payment of the Loans will be the responsibility of the Bond holders. Therefore, UCI will not assume any responsibility for non-payment of the Obligors of the Loans, whether this is principal, interest or any other amount which the Obligors might owe as regards the Loans.

### **5.3) *Actions in case of non-payment of the Loans***

5.3.1 In the event of the Obligor failing to comply with payment of the Mortgage Loan or the Associated Loan with Second Class Mortgage, the Management Company, acting on behalf and in representation of the Fund, will have the following powers stipulated in article 66 of Royal Decree 685/1982:

- (i) To compel the Assignor, as Administrator, to seek the mortgage foreclosure.
- (ii) To participate with the same rights as UCI as the issuing entity of the Mortgage Transfer Certificates and of the Mortgage Participations, in the execution followed by UCI against the Obligor, and will be present in any execution proceedings lodged by UCI, and will receive the whole of the credit executed, without prejudice to the amount that might be credited to Genworth Financial Mortgage Insurance Limited by way of reimbursement of the advance Mortgage Credit Insurance according to section 2.2.10 of the Additional Building Block to the Securities Note.
- (iii) If UCI does not initiate the procedure within sixty (60) calendar days from notary request for payment of the debt, in the case of the Mortgage Loans or of the Second Rank Associated Mortgage Loans, the Management Company, in representation of the Fund, will be legitimised subsidiarily to exercise the mortgage action of the Mortgage Loan or, as the case may be, the Associated Loan with Second Rank Mortgage up to the amount corresponding to the percentage of its participation, as regards principal and interest, and the Assignor will be obliged issue a certificate of the balance of the Mortgage Loan or, as the case may be, of the Associated Loan with Second Class Mortgage.
- (iv) In the event of the freezing of the procedure followed by UCI, Fund, duly represented by the Management Company, as holder of the Mortgage Participation or the corresponding Mortgage Transfer Certificate, may be subrogated in its position and continue the procedure of execution with no need for the period stated to elapse.

In the cases stipulated in paragraphs (iii) and (iv), the Management Company, in representation of the Fund, may request the competent Judge to commence or continue the corresponding procedure for the foreclosure of the mortgage, and will attach the original title of the Mortgage Participation or the Mortgage Transfer Certificate with an explanation to the claim, the notary request stipulated in section (iii) above and the registration certificate of registration and the subsistence of the mortgage, in the case of the Mortgage Participations and the Mortgage Transfer Certificates and the document accrediting the balance claimed.

In the event that it is legally necessary, and for the purposes of what is stipulated in articles 581.2 and 686.2 of the Law on Civil Procedure, in the Deed of Constitution, UCI will authorise an irrevocable power of attorney, as wide and sufficient as is necessary in Law so that the Management Company, acting on behalf and in representation of UCI may, through a Notary, request the mortgage Obligor of any of the Mortgage Loans or the Second Rank Associated Mortgage Loans to pay their debts.

The Fund, in its capacity as holder of the Mortgage Participations and the Mortgage Transfer Certificates may also, through the Management Company, participate with rights equal to those of UCI in the foreclosure proceedings and thus, with regard to the Mortgage Loans and the Second Rank Associated Mortgage Loans, request the award of the property mortgaged in payment of its credit in the terms stipulated in articles 691 et seq. of the Law on Civil Procedure. The Management Company will sell the properties awarded as soon as possible in market conditions. In the case of the Second Rank Associated Mortgage Loans, the foreclosure of the mortgage guarantee will respect the subsistence of the first rank guarantee granted as regards the corresponding Mortgage Loan to which the Associated Loan with Second Class Mortgage in question is complementary.

- 5.3.2 In the event of the failure of the Obligors to comply with their payment obligations concerning the Non-mortgage Associated Loans and, in the light of the stipulations in articles 517 and 520 of the Law on Civil Procedure, as regards the Non-mortgage Associated Loans in deeds executed before a Notary, the Fund, through the Management Company, may take executive action against the Obligors.

The costs and allocation of the Funds corresponding to the foreclosure proceedings stated in this section will be paid by the Fund.

UCI, as the manager of collections, will receive any amounts regarding the principal or the interest or any other amount paid by the Obligors deriving from the Loans (excluding fees and commissions) and from the insurance agreements assigned to the Fund (either as compensation or advance), and will deposit the amounts corresponding to the Funds in the Cash flow Account within a period no greater than twenty-four (24) hours.

The Bank will also deposit the amounts it receives from the Obligors for the prepayment of the Loans and which correspond to the Fund in the Cash flow Account within the aforementioned period of time.

**(6) Setting of interest rate.**

With regard to the Loans subject to a variable interest rate, the Administrator will continue to fix these interest rates in accordance with what is established in the corresponding Loans, and will draft the communications and notifications which are established for this purpose in the respective agreements.

**(7) Advance of Funds**

UCI will, in no case, advance any amount which has not been previously received from the Obligors as principal or an outstanding instalment, interest or financial charge, prepayment or others, which derive from the Loans, without prejudice to UCI's obligation, as the Loan Administrator, to pay all amounts into the Cash Flow Fund that are received as advances by virtue of the Mortgage Credit Insurance, according to section 2.2.10 of the Additional Building Block to the Securities Note.

**(8) Insurance Policies**

1. Damage insurance

UCI must make reasonable efforts to keep the insurance policies subscribed to in relation to each of the Loans in force and with full effects, and UCI will be responsible as regards the Fund for the damage caused, in the event that the insurance policies are not kept in force and with full effect, as well as the cases in which these policies have not been subscribed to.

The Administrator is obliged to advance payment of the premiums of the damage insurance which have not been paid by the Obligors on the condition that he is aware of this circumstance, without prejudice to its right to obtain repayment of the amounts paid from the Fund.

In the event of loss, UCI, as Administrator of the Loans, must co-ordinate the actions for the collection of the compensation deriving from the damage insurance policies in accordance with the terms and conditions of the Loans and the insurance policies.

2. Mortgage Credit Insurance

UCI will maintain and fully effect the subscribed Mortgage Credit Insurance and will be liable before the Fund for any damages that might be caused to them if UCI has failed to maintain the Mortgage Credit Insurance in full force.

UCI shall take all necessary action to collect the advance payments derived from the Mortgage Credit Insurance, according to its terms, conditions and limits, and to make all payments that correspond to the Fund, including those derived from the sale of the building without judicial execution, and all returns that might correspond, as the case may be, to Genworth Financial Mortgage Insurance Limited following the legal execution of the building that is the object of the guarantee of the Mortgage Loan or, as the case may be, the Second Rank Mortgage Associated Loan, or the sale of the building after the legal execution if UCI should have received the award.

At the act of constitution of the Fund, UCI will assign to the Management Company, in representation of the Fund, the rights which correspond to it as



beneficiary of the damage and Mortgage Credit insurance agreements. Therefore, all the amounts which the Fund would have received from UCI (either as compensation or advances) in this regard will correspond to the Management Company, in representation of the Fund.

**(9) Reporting**

The Administrator must periodically inform the Management Company of the level of compliance of the Obligors as regards the obligations deriving from the Loans, of the compliance of the Administrator with its obligation to deposit the amounts received from the Loans, and of the actions carried out in the event of delay and the auction of property, and of the existence of hidden flaws in the Loans.

The Administrator must prepare and hand over to the Management Company additional information which the Management Company might reasonably request regarding the Loans or the rights deriving from these.

**(10) Subrogation of the Obligor of the Assets**

The Administrator will be authorised to permit substitutions in the position of the Obligor in the Loan agreements, exclusively in the cases in which the characteristics of the new Obligor are similar to those of the previous Obligor and these characteristics are adjusted to the criteria for the assignment of the Loans, described in section 2.2.7 of this Additional Building Block to the Securities Note on the condition that the expenses deriving from this modification are completely payable by the Obligors.

The Management Company may totally or partially limit this power of the Administrator, or establish conditions on this power, when these substitutions might negatively affect the ratings granted to the Bonds by the Rating Agencies.

In any case, The Management Company must be immediately notified of any subrogation carried out in conformity with what is established in the above paragraph by the Administrator. The subrogation of the Loan must not affect the Loan portfolio.

In turn, the Management Company will inform the Qualification Agencies each quarter of any subrogation's of the Loan Obligors which, according to the provisions of this section, have taken place in the natural quarter immediately before the date of this communication and which have been duly notified by the Administrator.

Furthermore, the Obligor may request the Administrator for the possible subrogation in the Mortgage Loans by the Second Rank Associated Mortgage Loans, under the stipulations of Law 2/1994.

The subrogation of a new creditor in the Loan and the consequent payment of the amount owed will lead to the prepayment of the Loan and of the Mortgage Participation or the corresponding Mortgage Transfer Certificate, or, as the case may be, of the Associated Non-mortgage Associated Loan.

**(11) Powers and actions in relation to Loan re-negotiation processes.**

UCI cannot voluntarily cancel the guaranties for reasons other than the payment of the Loan, renounce or compromise as regards these, condone all or part of the Loans, nor, in general, carry out any act which reduces the rank, the legal efficacy or the economic value of the guaranties or of the Loans.

In no case may UCI, on its own initiative, undertake renegotiation of the interest rates that might result in a fall in the interest rate applicable to an asset without duly requesting this of the Obligor.

The Management Company authorises UCI to renegotiate the interest rate applicable to the loans requested by the Obligors, with the following requisites:

- a) UCI will renegotiate the interest rate of the loans at a rate considered the market rate and not different from the one that the Administrator might apply in renegotiating loans granted by them. To these effects, the interest rate will be the market interest offered by credit entities in the Spanish market for loans
- b) In no case will the renegotiation of the applicable interest rate result in its modification to an interest rate or index other than the interest rates or indexes that UCI uses in loans granted by them.

Furthermore, UCI's faculty to renegotiate recognised in this section is subject to the following limitations:

- a. The amount of the credit may not be increased in any case.
- b. The frequency of the quota payments of the loans may not be increased.
- c. The margin on the reference index may not be renegotiated below zero point six five per cent (0.65%) if the reference is Euribor or under zero point four per cent (-0.40%) if the reference is IRPC or IRPH
- d. The maturity time of a loan may not be extended.

In any case, after any renegotiation in accordance here with, UCI will immediately report the results of the said renegotiation to the Management Company.

On behalf of the Fund, the Management Company may, at any time, suspend or modify the powers and the requisites for the Administrator to renegotiate which are presented in this section.

Due to market reasons or any other circumstance, if the value of the property mortgage drops below the initial rating by more than the percentages legally permitted, UCI will request the mortgagor Obligor, through the accreditation by evaluation carried out at its request, the extension of the mortgage to other goods sufficient to cover the relationship between the value of the property and the amount of credit this property guarantees.

After being requested to carry out the extension, if the Obligor chooses to return the whole or a part of the Mortgage Loan and/or of the Associated Loan with Second Class Mortgage complementary to the Mortgage Loan, which exceeds the amount resulting from applying the percentage used to initially determine the amount of the Loan to the updated evaluation, UCI will be obliged to deposit the amounts it receives from the Obligor in this regard in favour of the Management Company, in representation of the Fund, in the Cash flow Account opened by the Management Company in the name of the Fund, described in section 3.4.4 of this Additional Building Block to the Securities Note.

Within a period of two (2) months from the time the Obligor is requested to make the extension, if the mortgagor Obligor has not done so nor returned the part of the Mortgage Loan (and/or of the Associated Loan with Second Class Mortgage complementary to the Mortgage Loan) referred to in the previous paragraph, it will be understood that the Obligor has chosen to return the whole of the Mortgage Loan (and/or of the Associated Loan with Second Class Mortgage complementary to the Mortgage Loan), which must be immediately claimed by UCI. Once the amount corresponding to the whole of the Mortgage Loan has been received (and/or the amount of the Associated Loan with Second Class Mortgage), UCI will immediately deposit the part corresponding to the Fund in favour of the Management Company, in representation of the Fund.

The Management Company will inform the Qualification Agencies each quarter of any process to renegotiate the Loans, which, according to what is provided in this section, has taken place in the natural quarter immediately prior to the date of this communication and which has been duly notified by the Administrator.

**(12) Fee for provision of services**

A fixed quarterly fee of six thousand euros (€6,000), including V.A.T., will fall due for UCI for its Asset administration work, on each Payment Date. If UCI is substituted as regards its work of administration of these Assets by another entity, the substitute entity will have the right to receive an administration fee which will occupy the first (1st) place in the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note.

If the Fund, through its Management Company, fails to pay the whole of the fee on a Payment Date due to lacking sufficient liquidity in the Cash flow Account, in accordance with the Order of Priority of Payment stipulated in section 3.4.6.(b), the amounts unpaid will accrue to the fee which must be paid on the following Payment Date with no penalisation, and will be paid at that time.

In addition, UCI, on each Payment Date, will have the right to the repayment of all the expenses of an exceptional nature it might have incurred, previously justifying these expenses in relation to the Loans to the Management Company. These expenses, which will include, amongst others, those due to the execution of the guaranties and, in its absence, the sale of property will be paid on the condition that the Fund has sufficient liquidity in the Cash flow Account and in accordance with the Order of Priority of Payment stipulated in section 3.4.6.(b) of this Additional Building Block to the Securities Note.

**(13) Other expenses and remuneration.**

UCI will also have the right to annually receive, as remuneration or compensation for the financial intermediation process carried out, a subordinated and variable amount equal to the difference between the booked revenue and the expenses for the Fund in one fiscal year so that the financial margin may be extracted. The payments for this item may be realised quarterly on each Payment Date in accordance with the Order of Priority of Payment stipulated in section 3.4.6.(b) of the Additional Building Block to the Securities Note and will have the consideration of payments on account.

**(14) Compensation**

In the event that any of the Obligors of the Loans has a payable, expired, liquid right of credit as regards the Administrator and, therefore, this will mean that one

of the Loans will be totally or partially compensated against this right of creditor, the Administrator will remedy this circumstance or, if it is not possible to remedy it, the amount which would have been compensated plus the interest due and which would have corresponded to the Fund up to the date on which the income calculated in accordance with the conditions applicable to the corresponding Loan will be deposited in the Fund by the Administrator

**(15) Subcontracting**

The Administrator may subcontract any of the services which it has undertaken to provide by virtue of the above stipulations and those of the Deed of Constitution, except for those services which cannot be delegated pursuant to the legislation in force. In no case will this subcontracting entail any cost or additional expense for the Fund or the Management Company, and cannot give rise to a revision downwards of the rating granted by the Rating Agencies to each one of the Class of Bonds. Notwithstanding any subcontracting or delegating, the Administrator will not be exonerated nor released from any of its responsibilities assumed and which are legally attributable to or obligatory for the Administrator through this subcontracting or delegating.

**(16) Notifications**

The Management Company and the Assignor have agreed not to notify the assignment to the respective Obligors. For these purposes, notification is not a requisite for the validity of the assignment of the Loans nor for the issue of the Mortgage Participations and the Mortgage Transfer Certificates.

However, the Assignor will grant the widest powers of attorney which in Law are necessary to the Management Company so that it can, in the name of the Fund, notify the Obligors of the assignment at the time it considers this to be advisable.

Nevertheless, in the event of insolvency, or indications of insolvency, of intervention by the Bank of Spain, of liquidation or the substitution of the Administrator or because the Management Company considers it to be reasonably justified, the Management Company may request the Administrator to notify the Obligors of the transfer of the outstanding Loans to the Fund, as well as the fact that the payments deriving from these will only be of a releasing nature if they are made into the Cash flow Account opened in the name of the Fund. However, both in the case that the Administrator has not notified the Obligors within five (5) Business days following the reception of the request, and in the case of insolvency of the Administrator, it will be the Management Company which directly notifies the Obligors. The Management Company will notify in the shortest possible period of time.

The Assignor will assume the expenses involved in notifying the Obligors even when notification is made by the Management Company.

**3.7.2 Management Company.**

The administration and legal representation of the Fund corresponds to the Management Company, whose name, address and significant activities are given in section 6 del Registration Document in the terms stipulated in Royal Decree 926/1998 and the other applicable legislation.

The Management Company, in its capacity as manager of others' business, also has the representation and defence of the Bond holders and of the rest of the ordinary creditors of the Fund. Consequently, the Management Company must at all times look after the

interests of the Bond holders and will subject its actions to their defence in accordance with the provisions which are established in the regulations for this purpose.

The actions which the Management Company will carry out as regards compliance with its function of administration and legal representation of the Fund are the following, given as a description and without prejudice to other actions stipulated in this Additional Building Block to the Securities Note:

- (i) It will open the Cash flow Account, in the name of the Fund, initially with the Bank, as long as the short-term *rating* of the Bank does not drop from A-1 or F1 (according to the scales of S&P and Fitch respectively).

In the event that the accrued amount in the Cash flow Account at any time, without considering the fixed income investments, if any, surpasses twenty per cent (20%) of the Outstanding Balance of Principal of the Bonds and the non-subordinated, non-guaranteed short term debt of the Bank should experience, at any time in the lifetime of the Bond issue, a fall in its S&P and Fitch rating to below A-1 or F1, respectively, the Management Company, on behalf of the Fund will open the Excess Funds Account in another entity with an A-1+ or F1 *rating* (according to the rating scales mentioned above), under the best possible conditions, in which all the amounts which surpass the aforementioned twenty per cent (20%) will be deposited. In the event that the new entity loses the A-1+ or F1 *rating* mentioned, the Management Company will have 30 days to find a new entity with the proper *rating*. The Management Company will notify S&P and Fitch of the probability that this event will occur as soon as possible

- (ii) To exercise the rights inherent to the ownership of the Assets of the Fund and, in general, to carry out all the acts of administration and disposal required for the proper execution of the administration and the legal representation of the Fund;
- (iii) To carry out the financial administration of the Assets with diligence and rigour, without prejudice to the management functions assumed by the Assignor in its capacity as Administrator in accordance with the stipulations of section 3.7.1 above;
- (iv) To check that the amount of the revenue which the Fund effectively receives corresponds with the amounts which the Fund has to receive in accordance with the conditions of each Asset and with the conditions of the agreements;
- (v) To validate and check the information which the Administrator receives concerning the Loans, both as regards the collection of the ordinary instalments, advanced cancellations of principal, payments of unpaid instalments received and the situation and control of bad debt;
- (vi) To calculate the available Funds and the movements of Funds which will have to be made once their application has been carried out in accordance with the corresponding Order of Priority of Payment, and will order the transfers of Funds between the asset and liability accounts and give the instructions regarding the relevant payments, including those assigned to attend to the debt service of the Bonds;
- (vii) To calculate and settle the amounts which the asset and liability financial accounts have to receive as interests and fees, as well as the fees to be paid for the financial services contracted and the amounts which correspond as regards repayment of the principal and interest for each one of the Class of Bonds, as well as calculating the interest rates applicable to each Class of Bonds on each Payment Date;

- (viii) In the event that the ratings of the debt of the Bank assigned by the Rating Agencies, at any time during the life of the Bonds, drop from the ratings established in the Guaranteed Reinvestment Agreements, the Agreements for the Underwriting and Placement of the Domestic and International Tranches, as regards the condition of the Bank as Paying Agent, to carry out the actions stipulated in relation to these agreements which are described in sections 3.4.4 of this Additional Building Block to the Securities Note;
- (ix) To comply with its calculation obligations stipulated in this Additional Building Block to the Securities Note and in the Subordinated Loan Agreement, the Guaranteed Reinvestment Agreement, the Domestic Tranche Management, Underwriting and Placement Agreement and the International Tranche Management, Underwriting and Placement Agreement, and those described in sections 3.4.3 and 3.4 of this Additional Building Block to the Securities Note;
- (x) To closely follow the actions of the Administrator regarding the recovery of bad debts, giving instructions, when applicable, so that it will request executive procedure and, or in its absence, regarding the position to be adopted in the actions of property. To exercise the proper actions when the circumstances require these;
- (xi) To carry out the accounting of the Fund duly separate from the accounting of the Management Company, to render account and comply with the tax obligations or any other obligations of a legal nature which the Fund might have to carry out;
- (xii) To provide the holders of the Bonds issued and charged to the Fund, the CNMV and the Rating Agencies with any information and notifications stipulated by the legislation in force and, in particular, those stipulated in this Prospectus;
- (xiii) In order to enable the operation of the Fund in the terms stipulated in the Prospectus, the Deed of Constitution and in the legislation in force at the time, to extend or modify the agreements which it has subscribed to on behalf of the Fund, to substitute each of the providers of services to the Fund under these agreements and, if necessary, to make additional agreements, and all these subject to the legislation in force at the time, to the previous authorisation, if required, of the CNMV or competent administrative body and to notification being given to the Rating Agencies, on the condition that these actions do not lead to a drop in the rating of the Bonds and do not damage the interests of the Bonds holders. The CNMV will be previously notified of any modification of the Deed of Constitution so that the corresponding authorisation may be obtained from the Rating Agencies.
- (xiv) To designate and substitute the auditor who audits the annual accounts of the Fund;
- (xv) To draw up and submit to the CNMV and the competent bodies all the documents and information which must be submitted according to the legislation in force and in this Prospectus, or those which are requested from it, as well as drafting and sending the information which is reasonably requested by the Rating Agencies;
- (xvi) To adopt the proper decisions regarding the settlement of the Fund, including the decision on advanced maturity of the issue of Bonds and the settlement of the Fund, in accordance with the stipulations in this Prospectus;

- (xvii) Not to carry out actions which might deteriorate the rating of the Bonds and endeavour to adopt the measures which are reasonably within its reach so that the rating of the Bonds is not negatively affected at any time;
- (xviii) To manage the Fund so that the asset value of the Fund is always null.

The Management Company will carry out its activity with due diligence in accordance with Royal Decree 926/1998, and will represent the Fund and defend the interests of the Bond holders and of the rest of the creditors of the Fund as if these were its own interests, and will maximise the levels of diligence, information and defence of the interests of these and will prevent situations which involve conflict of interests, giving priority to the interests of the Bond holders and the rest of the creditors of the Fund as regards its own interests. The Management Company will be responsible as regards the Bond holders and the rest of the creditors of the Fund for all the damage which might be caused to them due to its failure to comply with its obligations. It will also be responsible in the sanctioning order applicable to it in accordance with the stipulations of Law 19/1992.

The Management Company has the resources required including suitable computer systems, to carry out the administration functions of the Fund attributed to it by Royal Decree 926/1998.

The Management Company has established Internal Rules of Conduct in application of the stipulations of Chapter II of Royal Decree 629/1993, and the CNMV has been notified of these. These Internal Rules were adopted in accordance with the stipulations in Law 44/2002.

The Management Company may act as Management Company of the Fund, as well as any other securitisation Fund, and the simultaneous management of these does not, in any way, constitute a breach of its due diligence obligations as a Management Additional Building Block to the Securities Note Management Company of the Fund or of other securitisation Funds.

### **Substitution of Management Company**

The Management Company will be substituted as regards the administration and representation of the Fund in accordance with the regulation provisions established to this effect. Thus, in accordance with the stipulations of articles 18 and 19 of Royal Decree 926/1998, the substitution of the Management Company will be made with the following procedure:

- (i) The Management Company may renounce its function when this is considered to be pertinent and voluntarily request its substitution in a written document to the CNMV in which it will state the designation of the substituting Management Company. A document of the new Management Company will be attached to this document authorised and registered as such in the special registers of the CNMV, in which the new Management Company declares that it is prepared to accept this function and is interested in the corresponding authorisation. The renunciation of the Management Company and the appointment of a new company as the Management Company of the Fund must be approved by the CNMV. In no case may the Management Company renounce the exercise of its functions until the requirements and steps needed for its substitute to fully assume its functions as regards the Fund are complied with. The Management Company cannot renounce its functions if, due to the aforementioned substitution, the rating granted to any of the Class of Bonds issued and charged to the Fund decreases. All the expenses which are generated as a consequence of this substitution will be

paid by the Management Company, and cannot be attributed to the Fund, in any case.

- (ii) In the case that the Management Company is involved in any of the reasons for dissolution stipulated in number 1 of article 260 of the Law on Limited Liability Companies, the Management Company will be substituted. The CNMV will be notified of any of these reasons by the Management Company. In this case, the Management Company will be obliged to comply with the stipulations in section (i) preceding its liquidation.
- (iii) In the event that the Management Company is declared to be insolvent or its authorisation is revoked, it must name a Management Company to substitute it. The substitution must come into effect before four (4) months have elapsed from the date the event determining the substitution occurred. After four (4) months have elapsed from the time the event determining the substitution took place, and the Management Company has not designated a new Management Company, the Advanced Settlement of the Fund will take place as well as the Advanced Amortisation of the Bonds, and to this end, the actions stipulated in section 4.4.5 of the Registration Document must take place.
- (iv) The Rating Agencies must be notified of the substitution of the Management Company and the appointment of the new company, approved by the CNMV in accordance with the stipulations in the previous paragraphs, and it will be published within a period of fifteen (15) days, in an announcement in two national daily newspapers and in the Gazette of the AIAF.

The Management Company is obliged to grant the public and private documents which might be necessary as regards the substitution by another Management Company in accordance with the scheme stipulated in the above paragraphs in this section. The substitute Management Company must be subrogated in the rights and obligations which, as regards this Additional Building Block to the Securities Note, correspond to the Management Company. Moreover, the Management Company must hand over any documents and any accounting and computer documents and files concerning the Fund which it might have to the new Management Company.

#### **Subcontracting of the Management Company**

The Management Company will be empowered to subcontract or delegate the provision of any of the services which it has to carry out with regard to their functions concerning the administration and legal representation of the Fund to third parties with acknowledged solvency and capacity, in accordance with what is set out in this Prospectus on the condition that the subcontractor or delegate has renounced the exercise of any action claiming liability against the Fund.

In any case, the subcontracting or delegation of any service (i) cannot involve any additional cost or expense for the Fund, (ii) it must be legally possible, (iii) it will not give rise to a drop in the rating granted to each of the Class of Bonds by the Rating Agencies, and (iv) the CNMV will be notified of this, and, if legally necessary, it will have its previous authorisation. Notwithstanding any subcontracting or delegation, the Management Company will not be exonerated nor released from any of the liabilities assumed by virtue of this Prospectus which are legally attributable to or required from it due to this subcontracting or delegating.

#### **Scheme of remuneration in favour of the Management Company for performance of its functions**



The Deed of Constitution will determine that the Management Company has the right to the following:

- (i) a structuring fee payable on the Pay-Out Date and only once equal to ninety thousand euros (€90,000) and,
- (ii) on each Payment Date of the Bonds, to a periodical administration fee equal to 0.02% annually, with a minimum of seven thousand five hundred euros (€7,500) quarterly, and with a maximum of thirty-seven thousand five hundred euros (€37,500) a quarter, which will fall due on the effective days of each Interest Accrual Period and will be paid quarterly on each of the Payment Dates and will be calculated on the sum of the Outstanding Balances of Principal of the Bonds of all the Classes, on the date of commencement of the Determination Period previous to the Payment Date in progress. The fee due from the Date of Constitution of the Fund up to the first Payment Date of the Bonds will be adapted proportionally to the days elapsed between both dates, and will be calculated on the nominal amount of the Bonds issued.

The calculation of the periodical administration fee, payable on a determined Payment Date, will be made in accordance with the following formula

$$A = B \times 0.02\% \times \frac{d}{365 \times 100}$$

Where:

A = Fee payable on a determined Payment Date.

B = Sum of the Outstanding Balances of Principal of the Bonds of all the Class, on the Determination Date corresponding to this Payment Date.

d = Number of days elapsed during each Interest Accrual Period.

In any case, the annual amount of this periodical fee on each of the Payment dates cannot be greater or inferior, respectively, to the maximum and minimum amounts determined below:

- Maximum amount of thirty-seven thousand five hundred euros (€37,500);
- Minimum amount of seven thousand five hundred euros (€7,500).

In the event that during the period the Fund is in force, the General National Retail price index published by the National Institute of Statistics corresponding to each calendar year varies positively, the annual minimum amount will be revised accumulatively in the same proportion as from 2008 inclusive and with effects from the 1<sup>st</sup> of January each year.

### **3.8 Name and address and brief description of any swap counterparties and any providers of other material forms of credit/liquidity enhancement or of accounts.**

The Bank is the counterparty of the Fund in the agreements which are described below. A brief description of the Bank is included in section 5.2.c del Registration Document.

#### **a) Guaranteed Reinvestment Agreement.**

A description of the Agreement is included in section 3.4.4 of this Additional Building Block to the Securities Note.

**b) Subordinated Loan Agreement**

UCB and the Bank are the counter-parties of the Subordinated Loan Agreement, each with 50% in their creditor positions.

A description of the Subordinated Loan Agreement is included in section 3.4.3.a) of this Additional Building Block to the Securities Note.

**4. POST-ISSUANCE REPORTING**

**a) Obligations and deadlines contemplated for the drawing up, auditing and approval of the annual financial statements and management report.**

The Management Company will submit the Annual Accounts of the Fund, together with the Auditors' Report on these Accounts to the CNMV, within four (4) months following the close of the fiscal year of the Fund which will coincide with the calendar year (that is to say, before the 30<sup>th</sup> of April each year).

**b) Obligations and deadlines contemplated for the placement at the disposal of the public and forwarding to the CNMV and the Rating Agencies of periodic information on the economic-financial status of the Fund.**

**b.1.- Ordinary periodic notifications.**

The Management Company, in its work concerning the management and administration of the Fund, undertakes to send the CNMV and the Rating Agencies, with the utmost diligence, the information which it is requested in relation to the Bonds of the four (4) Class, the performance of the Assets, pre-payments, and the economic-financial situation of the Fund, regardless of informing it of any additional information which might be required.

The notifications of this section will be carried out as stipulated in section b.3 below, and Iberclear and AIAF will also be informed within a maximum period of two (2) Business days before each Payment Date.

**b.2 Extraordinary Notifications.**

The Fund, through its Management Company, will also inform the Bond holders of any relevant event which might occur in relation to the Assets, the Bonds, the Fund, and the Management Company itself, which might significantly affect the negotiation of the Bonds and, in general, of the definitive margins to be applied to the Bonds in the first Interest Accrual Period, as well as of any relevant modification to the assets or liabilities or a possible decision regarding Advance Amortisation of the Bonds due to any of the reasons stipulated in the Prospectus, and in this case, the notary certificate on settlement and procedures referred to in section 4.4.5 of the Registration Document will be forwarded to the CNMV.

**b.3 Procedure.**

The notifications to the Bond holders which, in the light of the above, must be made by the Fund, through its Management Company, will have to be made through the generally accepted or legally required channels.

Moreover, the above notifications may be made through their publication in other media of general diffusion.

These notifications will be considered to be made on the date of their publication, and any calendar day, whether this is a Business day or a Non-Business day is suitable for this (for the purposes of this Prospectus).

**b.4 Reporting to Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission).**

The Management Company will notify the CNMV of the la information stipulated in the previous sections, as well as any information which might also be required.

**b.5 Information to be furnished by the Bank to the Management Company.**

In addition, UCI is obliged to inform the Management Company every quarter, in representation of the Fund, and, in any case, on the request of the Management Company, of the defaults, prepayment and modifications of interest rates, and duly inform on the payment requirements, judicial actions, and any other circumstances which might affect the Loans. In addition, UCI will provide the Management Company with all the documentation which the Management Company might request in relation to these Loans and, in particular, the documentation required for the possible initiation of judicial actions by the Management Company.

**IGNACIO ORTEGA GAVARA, FOR AND ON BEHALF OF SANTANDER DE TITULIZACION, S.G.F.T., IN HIS CAPACITY AS GENERAL MANAGER, HEREBY SIGNS THIS PROSPECTUS IN MADRID ON THE 11TH OF OCTOBER, 2006.**

## **DEFINITIONS**

In order to properly interpret this Prospectus, the terms written with capital letters will be understood in accordance with the definitions given for each one below, unless they are expressly given another meaning. The terms which are not expressly defined will be understood in their natural and obvious meanings in accordance with their general use. It is also put on record that the terms which are in singular include the plural and vice-versa on the condition that the text requires this.

The terms which appear in capitals listed below will have the following meanings:

“**ACF**” means Ahorro Corporación Financiera, S.V., S.A.

“**Accrued Default Balance**” means the balance of the Loans which have outstanding instalments for more than 18 months, or which have begun the process of execution of guarantees (if this process takes place previous to the 18 months from the first failure to pay) not including the amounts which might arise during the process of execution of the guarantees of the Assets.

“**Accrued Redemption Amount**” means, without distinction between the Classes A1, A2, B, C and D, the difference, in absolute terms, between the Outstanding Balance of Principal of the Class A1, A2, B, C and D Bonds on the determination Date previous to each Payment Date and the Outstanding Balance of the Assets, once a percentage of the amount of the principal of the Assets due to which there has been a delay in the payment of the amounts owed for a period equal or greater than eighteen (18) months has been previously subtracted from the Outstanding Balance of the Assets.

In the case of the Mortgage Loans, this percentage will be determined depending on the time, expressed in months of delay, on the payment of amounts owed and on the relationship between the outstanding balance and the evaluation of the underlying Mortgage Loan, in accordance with the regulations set out in section 4.9.34 of the Securities Note.

In the case of the Non-mortgage Associated Loans, this percentage will be determined depending on the time, expressed in months of delay, on the payment of the amounts owed, in accordance with the rules stipulated in section 4.9.24 of the Securities Note.

“**Additional Building Block to the Securities Note**” means the Additional Building Block to the Securities Note regarding the issue of Bonds drafted in accordance with Annex VIII of Regulation (EC) No. 809/2004, approved by the CNMV on the 17<sup>th</sup> of October, 2006.

“**Administrator**” means UCI, Unión de Créditos Inmobiliarios, E.F.C., S.A.

“**Advanced Settlement**” means the settlement of the Fund and, thus, the prepayment of the issue of Bonds on a date before the Final Expiry Date, in the cases and in accordance with the procedure set out in section 4.4.3 of the Registration Document.

“**AIAF**” means AIAF Mercado de Renta Fija, S.A., the stock exchange in relation to fixed income securities located in Madrid where the Bonds are expected to be listed.

“**Amount Due for Amortisation in the Class E**” means the positive difference between the Outstanding Balance of Principal of the Class E, on the Determination Date preceding the corresponding Payment Date, and the amount of the Reserve Fund required on the corresponding Payment Date on the condition that the conditions stipulated in section 3.4.2.2 of the Additional Building Block to the Securities Note are complied with.

“**Assets**” means the Mortgage Participations, the Mortgage Transfer Certificates and the Non-mortgage Associated Loans which will be assigned to the Fund.

“**Assignor**” means UCI, Unión de Créditos Inmobiliarios E.F.C., S.A.

“**Associated Loans**” means the Non-mortgage Associated Loans and the Second Rank Associated Mortgage Loans.

“**Available Redemption Funds**” means the amount which is allocated to the amortisation of the Bonds on each Payment Date and which will be determined in accordance with the stipulations in section 4.9.3 of the Securities Note.

“**Bank**” or “**BSCH**” means the Banco Santander Central Hispano, S.A.

“**Bankinter**” means Bankinter, S.A.

“**BNP Paribas**” means BNP Paribas, Branch in Spain.

“**Bonds**” (*bonos de titulización*) means the securitisation bonds issued and charged to the Fund.

“**Bridge Loans**” means the Mortgage Loans granted for the purchase of a new house when the borrower has not yet sold his previous house. Thus, both houses are mortgaged and the borrower is granted a period of two (2) years to sell the older property, with the obligation to repay the amount of the Loan depending on the mortgage liability stated for this house.

“**Business Day**” means any day which is not one of the following:

- (i) Saturday;
- (ii) Sunday;
- (iii) A holiday according to the TARGET calendar (only for the purposes of determining the nominal interest rate applicable for each Interest Accrual Period). Besides the days recognised in the sections (i) and (ii) above, it includes the 1<sup>st</sup> of January, Good Friday, Easter Monday, the 1<sup>st</sup> of May, the 25<sup>th</sup> and 26<sup>th</sup> of December; and
- (iv) A holiday in Madrid (for the purposes of determining the nominal interest rate applicable for each Interest Accrual Period and for the rest of the conditions of the issue).

“**Cash flow Account**” means the account to be opened in the Bank in the name of the Fund by the Management Company and whose functioning will be the subject of the Guaranteed Reinvestment Agreement.

“**Civil Code**” means the Civil Code published by virtue of Royal Decree of the 24<sup>th</sup> of July 1889 and the other preparatory legislation.

“**Civil Procedural Law**” or “**Law 1/2000**” means Law 1/2000, of January 7 on Civil Procedure.

“**Class**” means each of the four (4) series the total amount of the Bond issue is broken down into.

“**Class A1**” means the Class with a total nominal sum of FOUR HUNDRED AND THIRTY MILLION EUROS (€430,000,000), constituted by FOUR THOUSAND THREE HUNDRED (4,300) Bonds each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

“**Class A2**” means the Class with a total nominal sum of ONE THOUSAND TWO HUNDRED AND FORTY-SEVEN MILLION SIX HUNDRED THOUSAND EUROS (€1,247,600,000), constituted by TWELVE THOUSAND FOUR HUNDRED AND SEVENTY-SIX (12,476) Bonds each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

“**Class B**” means the Class with a total nominal sum of SEVENTY-TWO MILLION EUROS (€72,000,000), constituted by SEVEN HUNDRED AND TWENTY (720) Bonds each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

“**Class C**” means the Class with a total nominal sum of FORTY-ONE MILLION FOUR HUNDRED THOUSAND EUROS (€41,400,000€), constituted by FOUR HUNDRED AND FOURTEEN (414) Bonds each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

“**Class D**” means the Class with a total nominal sum of NINE MILLION EUROS (€9,000,000), constituted by NINETY (90) Bonds each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

“**Class E**” means the Class with a total nominal sum of NINETEEN MILLION EIGHT HUNDRED THOUSAND EUROS (€19,800,000), constituted by ONE HUNDRED AND NINETY-EIGHT (180) Bonds each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

“**CNMV**” means the Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission).

“**Collection Date**” means the Dates for Collection of the Fund, which will be all the Business days on which the Obligors make payments as regards the Loans.

“**Commercial Code**” means the Commercial Code published by virtue of Royal Decree of the 22<sup>nd</sup> of August, 1885.

“**CPR**” means Constant Annual Pre-Payment Rate.

“**Cuatrecasas**” means Cuatrecasas Abogados.

“**Cuota Comodín**” means the option which corresponds to the borrower in certain Mortgage Loans of substituting the obligation to pay one (1) of the monthly instalments by its capitalisation together with the rest of the outstanding capital once a year during the first three (3) years. The instalments whose maturity is eliminated for each period of twelve (12) instalments cannot be consecutive and this is not permitted for customers in default.

“**Date of Constitution**” means the day on which the Deed of Constitution are authorised. The Date of Constitution is scheduled for the 18th of October, 2006.

“**Debtors**” means the natural persons, resident in Spain, to whom UCI has granted the Loans from where the Assets which are the subject of securitisation derive.

“**Deed of Constitution**” means the Deed of Constitution of UCI 16, Fund for the Securitisation of Assets, Assignment of Assets and the Issue of Securitisation Bonds.

“**Deloitte**” means Deloitte S.L.

“**Determination Date**” means the date on which the Management Company will carry out the calculations required to determine the Outstanding Balance of Principal of the Bonds of each Class, the Outstanding Balance of the Assets in the name of the Fund. The Determination Dates will be those which correspond to the fifth (5th) Business day before each Payment Date.

“**Determination Period**” means each of the periods included between two consecutive Determination Dates, including the initial Determination Date of the corresponding period in each Determination Period, excluding the final of the corresponding period.

“**Domestic Tranche**” means the domestic tranche of the Bond issue described in section 4.1.b). (a) in the Securities Note.

**“Domestic Tranche Management, Underwriting and Placement Agreement”** means the lead arrangement, underwriting and placement agreement for the Domestic Tranche to be entered into by the Management Company for and on behalf of the Fund, and the Underwriters of the Domestic Tranche.

**“Easy Payment Loans”** means the Mortgage Loans which have thirty-six (36) first instalments pre-determined and progressive. The instalment of the first year has as a minimum the amount of the instalment with a period of grace for the capital and the rest of the instalments are progressive until the normal financial instalment is reached in the fourth year. The interest due and unpaid accrues to the outstanding principal and, as from the fourth year, the calculation of the new instalment absorbs the impact of the possible period of grace as regards the amortisation of the first three (3) years.

**“Euribor at 3 Months”** means the Euro Interbank Offered Rate, which is the rate of offer of interbank deposits at three (3) months in euros calculated as the average daily trading supplied for fifteen periods of three (3) months by a panel composed of 57 banks, amongst the most active in the Euro zone. The rate is quoted based on the calculation of the real days to the maturity and one year is composed of 360 days, and it is fixed at 11 a.m. (Central European Time), expressed to three decimal figures.

**“Euribor at 5 Months”** means the Euro Interbank Offered Rate, which is the rate of offer of interbank deposits at five (5) months in euros calculated as the average daily trading supplied for fifteen periods of five (5) months by a panel composed of 57 banks, amongst the most active in the Euro zone. The rate is quoted based on the calculation of the real days to the maturity and one year is composed of 360 days, and it is fixed at 11 a.m. (Central European Time), expressed to three decimal figures.

**“Excess Funds Account”** means the account to be opened in an entity other than the Bank which has the ratings established by the Rating Agencies, in the name of the Fund by the Management Company in which all the amounts which surpass twenty per cent (20%) of the Outstanding Balance of Principal of the Bonds accrued in the Cash flow Account, when the non subordinated, non-guaranteed short term debt of the Bank should, at any time in the lifetime of the Bond issue, suffer a fall in its S&P and Fitch rating to below A-1 or F1, respectively..

**“Extraordinary Expenses”** means, as that case may be, all expenses derived from preparation and execution by the amendment of the Deed of Constitution and the agreements, and by the holding of all additional agreements; the amount of the initial expense of constituting the Fund and issuing Bonds exceeding the amount of the principal of the Loan for Initial Expenses; the extraordinary expenses of audits and legal advice; all expenses that might be derived from the sale of Credit Rights and the remaining assets of the Fund for its liquidation; those necessary to cause the execution of the Mortgage Loans and those derived from the recovery actions that might be required; generally all other extraordinary expenses borne by the Fund or by the Management Company in representation or on account thereof.

**“Failed Loans”** means those Loans whose debt the Bank considers will not be recovered or those Loans which have outstanding instalments for periods greater than 18 months or which have begun the process of execution of guarantees (if this process arises previous to the 18 months from the first failure to pay).

**“Final Expiry Date”** means the 5<sup>th</sup> of July, 2046 or, if this is not a Business day, the following Business day.

**“Fitch”** means Fitch Ratings España, S.A.

**“Fund”** or **“Issuer”** means UCI 16, Assets Securitisation Fund.



**“Funds Available”** means the amounts received by the Fund as principal and interest of the Assets, the return of the Cash flow Account and of the Excess Funds Account, if applicable, the Reserve Fund, the Swap Agreement and any amounts which the Fund might receive, as established in section 3.4.6.a) of the Additional Building Block to the Securities Note, which will be applied on each Payment Date to the payments established in the Order of Priority of Payment included in section 3.4.6.b) of the Additional Building Block to the Securities Note.

**“Funds Available for Settlement”** means the amount used to repay the Bonds on each Payment Date, and which will be determined according to section 4.9.3 of the Securities Note.

**“Genworth Financial Mortgage Insurance Limited”** means the Mortgage Credit Insurance company.

**“Guaranteed Reinvestment Agreement”** means the guaranteed interest rate reinvestment agreement of the Cash flow Account to be subscribed to by Management Company, acting on behalf and in representation of the Fund, and the Bank, by virtue of which the Bank will guarantee a variable return for the amounts deposited by the Fund (through its Management Company) in the Cash flow Account.

**“Iberclear”** means the Company of the Securities Registration, Compensation and Settlement Systems.

**“Initial Reserve Fund”** means the Reserve Fund constituted on the Pay-Out Date and charged to the payment of the subscription of the Class E Bonds, for an amount equal to nineteen million eight hundred thousand euros (€19,800,000).

**“Interest accrual periods”** means each one of the periods in which the issue of the Bonds is divided, and include the days effectively elapsed between each Payment Date, including the initial Payment Date of the corresponding period in each Interest Accrual Period, excluding the final Payment Date final of the corresponding period.

**“Internal Rules of Conduct”** means the internal Rules of Conduct of the Management Company in application of the stipulations in Chapter II of Royal Decree 629/1993, of May 3, on the rules of acting on the stock markets and obligatory registries, which the CNMV has been notified of.

**“International Norms on Financial Information”** means the International Norms on Financial Information which are applicable to the financial information provided by UCI in accordance with Regulation EC 1606/2002 and Memorandum 4/2004 of the Bank of Spain.

**“International Tranche”** means the international tranche of the Bond issue described in section 4.1.b). (b) in the Securities Note.

**“International Tranche Management, Underwriting and Placement Agreement”** means the lead arrangement, underwriting and placement agreement for the International Tranche of Bonds to be entered into by the Management Company, on behalf and in representation of the Fund, and the Underwriters of the International Tranche.

**“IRR”** means the Internal Rate of Return for the holders of each of the Class of Bonds.

**“Law 2/1981”** means Law 2/1981 of March 25, on the Mortgage Market.

**“Law 19/1992”** means Law 19/1992, of July 7, on the Scheme of Real Estate Investment Companies and Funds and Mortgage Securitisation.

**“Law 37/1992”** means Law 37/1992, of December 28, on Value Added Tax.

**“Law 2/1994”** means Law 3/1994, of March 3, on subrogation and modification of Mortgage Loans.

“**Law 3/1994**” means Law 3/1994, of April 14, on the Adaptation to the Second Directive on Banking Co-ordination.

“**Law 7/1995**” means Law 7/1995, of March 23, on Consumer Credit.

“**Law 44/2002**” means Law 44/2002, of November 22, on Measures for the Reform of the Financial System.

“**Law 22/2003**” or “**Insolvency Law**” means Law 22/2003, of July 9, Insolvency.

“**Law on Corporate Taxation**” means the Law approved by Legislative Royal Decree 4/2004, of March 5.

“**Law on Limited Liability Companies**” means the Revised Text of the Law on Limited Liability Companies, approved by Legislative Royal Decree 1564/1989, of December 22.

“**Law on the Stock Market**” or “**Law 24/1988**” means Law 24/1988, of July 28, regulating the Stock Market in its version modified by Law 37/1998, of November 16, by Law 44/2002, of November 22 by Royal Decree Law 5/2005, of March 11 and Order 3537/2005, of November 10.

“**Lead Arranger**” means each of the Lead Arrangers of the issue.

“**Lead Arrangers**” means, together, Banco Santander Central Hispano, S.A. and BNP Paribas, Branch in Spain.

“**Legal Expiry Date**” means the 16th of June 2049.

“**Legislative Royal Decree 1/1993**” means Legislative Royal Decree 1/1993, de 24 of September, whereby the revised text of the Law on Transfer and Stamp Duty.

“**Legislative Royal Decree 4/2004**” Legislative Royal Decree 4/2004, of March 5, whereby the revised text of the Law on Corporate Tax was approved.

“**Liquidation Expenses**” means those that are caused by the liquidation of the Fund.

“**Loans**” means the mortgage Loans and the Associated Loans.

“**LTV**” means “*Loan to Value*”, that is to say, the relationship between the outstanding balance and the evaluation of each Mortgage Loan.

“**Management Company**” means Santander de Titulización, S.G.F.T., S.A.

“**Memorandum 4/2004**” means Memorandum 4/2004 of the Bank of Spain, of December 22, to credit entities, on the norms on public and reserved financial information and financial statement form.

“**Minimum Level of the Reserve Fund**” means 7,200,000 euros.

“**Mortgage Credit Insurance**” means the insurance for all the life of the operation and for a constant amount which is intended to cover the risk of loss which might occur after the process of execution of a loan due to the failure of the borrower to pay.

“**Mortgage Loans**” means Loans guaranteed by first rank real estate mortgage, excluding, therefore, Second Rank Associated Mortgage Loans for the purposes of this Prospectus.

“**Mortgage Loan A**” means the loans with first rank mortgage guarantee granted by UCI to its customers in order to finance operations involving the acquisition or refurbishment of houses in Spain and which comply with the requisites in Section II of Law 2/1981, and the provisions which develop it, specifically, the requisite according to which the loan does not exceed eighty per cent (80%) of the evaluation of the mortgaged property.

**“Mortgage Loans B”** means the loans with first rank mortgage guarantee granted by UCI to its customers in order to finance operations involving the acquisition or refurbishment of houses in Spain and which do not comply with any one of the requisites in Section II of Law 2/1981, and the provisions which develop it, and, specifically, the aforementioned relationship between the balance of the loan and the evaluation of the mortgaged property.

**“Mortgage Participations”** or **“MP”** means the Mortgage Participations to be issued by UCI with regard to the Mortgage Loans A and in accordance with the stipulations in section 3.3.a)1) of the Additional Building Block.

**“Mortgage Transfer Certificates”** or **“CTH”** means the Mortgage Transfer Certificates to be issued by UCI as regards the Mortgage Loans B and the Second Rank Mortgage Associated Loans in accordance with the stipulations in section 3.3.a) 41) of the Additional Building Block.

**“Multiple Titles”** means the two security titles representative of the Mortgage Transfer Certificates and of Mortgage Participations issued by UCI on the Mortgage Loans and the Associated Loans to the Second Rank Mortgages.

**“Non-Business day”** means any day of the calendar which is not included in the definition of Business day given above.

**“Non-mortgage Associated Loans”** means the loans with no mortgage guarantee associated with some (but not all) the Mortgage Loans A, whose finality is to complement the excess financing which the Obligor of the corresponding Mortgage Loan A requires for the acquisition or refurbishment of the houses in those cases in which the amount required by the Obligor goes beyond eighty per cent (80%) of the evaluation of the mortgaged house, up to the percentage which this Obligor requires so that in no case, will the sum of the amounts of the Mortgage Loan A and its corresponding Associated Non-mortgage Associated Loan exceed one hundred per cent (100%) of the evaluation of the house which is the subject of financing.

**“Order of Priority of Payment”** means the order of priority for the application of the payment or deduction obligations of the Fund both as regards the application of the Funds Available and for the distribution of the Available redemption funds.

**“Order of Priority of Payment upon Liquidation”** means the order of priority of the payment or deduction obligations of the Fund as regards the application of the Available Settlement Funds on the Date of Settlement.

**“Order ECO/805/2003”** means Order ECO/805/2003 of March 27, of the Ministry of Economy on norms of evaluation of real estate and certain rights for financial purposes.

**“Order EHA/3537/2005”** means the Order of the Ministry of Economy and Inland Revenue 3537/2005, of November 10, whereby article 27.4 of Law 24/1988, of July 28, on the Stock Market is developed.

**“Ordinary Expenses”**: Amongst other things, and merely for the purpose of information, this means those that might be derived from checking, registrations and administrative authorisations that have to be fulfilled; the fees of the Qualification Agencies for following up on and maintaining the qualification of the Bonds; those concerning carrying the accounting register of the Bonds through their representation by notes on account, their admission to negotiation on organised secondary markets and the maintenance of all of this; those derived from the administration of the Fund; those derived from the annual auditing of the Fund; those derived from the amortisation of the Bonds; those derived from the publication of the announcements and notifications related to the Fund and/or the Bonds.

**“Outstanding Balance of the Assets”** means the amounts of the principal due and not collected together with the amounts of the principal which are still not due and outstanding of the Assets.

**“Outstanding Balance of Principal”** means the total of the outstanding balances of all the Classes (that is to say the amount of the outstanding principal of the Bonds).

**“Paying Agent”** means Banco Santander Central Hispano, S.A.

**“Payment Dates”** means the 16<sup>th</sup> of March, the 16<sup>th</sup> of June, the 16<sup>th</sup> of September and the 16<sup>th</sup> of December each year, or, in the event that any of these dates is not a Business day, the Business day immediately following.

**“Pay-Out Date”** means the 23rd of October, 2006.

**“Pre-payment”** means the amortisation of the Bonds on a date previous to the Final Expiry Date in the cases of advanced settlement of the Fund in accordance with the requisites which are laid down in section 4.4.3 of the Registration Document.

**“Prospectus”** means, together, the table of contents, the document describing the risk factors, the Registration Document, the Securities Note, the Additional Building Block to the Securities Note and the document containing the definitions.

**“Rate Setting Time”** means the second Business day in accordance with the TARGET calendar (*Tran-European Automated Real-time Gross Settlement Express Transfer System*) previous to each Payment Date, at 11 a.m. (Central European Time) on that day.

**“Rating Agencies”** means, together, Standard & Poor’s España, S.A. and Fitch Ratings España, S.A.

**“Redemption Shortfall”** means the difference between the Amount Due for Amortisation and the Available redemption funds.

**“Registration Document”** means the Registration Document, prepared in accordance with Annex VII of Regulation (EC) No. 809/2004 and approved by the CNMV on the 17th of October, 2006.

**“Regulation (EC) No. 809/2004”** means Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, constitution by reference and publication of such prospectuses and dissemination of advertisements.

**“Regulation (EC) 1606/2002”** means regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards.

**“Reserve Fund”** means the Reserve Fund to be endowed by the Management Company, in representation and on behalf of the Fund, in accordance with the stipulations in section 3.4.2 of the Additional Building Block to the Securities Note.

**“Royal Decree 629/1993”** means Royal Decree 629/1993, of May 3, on the rules of acting on the stock markets and obligatory registries.

**“Royal Decree 685/1982”** means Royal Decree 685/1982, of March 17, whereby specific aspects of Law 2/1981, of March 25, on the Regulation of the Mortgage Market, and Royal Decree 1289/1991, of August 2, whereby certain articles of the aforementioned law were modified, were developed.

**“Royal Decree 926/1998”** means Royal Decree 926/1998, of May 14, whereby Asset Securitisation Funds and the Management Companies of Securitisation Funds are regulated.

“**Royal Decree 1310/2005**” means Royal Decree 1310/2005, of November 4 , whereby Law 24/1988, of July 28, on the Stock Market, was partially developed as regards admission to negotiation of securities on official secondary markets, public offers of sale or subscription and the prospectus required for these purposes.

“**Royal Decree 1777/2004**” means Royal Decree 1777/2004, of July 30, whereby the Regulations on Corporate Tax were approved.

“**RPI**” means the Retail Price Index for the last twelve (12) months published in the *Boletín del Instituto Nacional de Estadística* (National Statistics Institute bulletin), one (1) month before the revision of the interest rates of the Loans.

“**Second Rank Associated Mortgage Loans**” means the Loans with second rank mortgage guarantee associated with some (but not all) of the Mortgage Loans A, whose finality is to complement the excess financing required by the Obligor of the corresponding Mortgage Loan A for the acquisition or refurbishment of the houses in which the amount required by the Obligor surpasses eighty per cent (80%) of the evaluation of the house mortgaged, up to the percentage which this Obligor needs so that in no case, may the sum of the amounts of the Mortgage Loan A and its corresponding Associated Loan with Second Rank Mortgage surpass one hundred per cent (100%) of the evaluation of the house which is the subject of the financing.

“**Securities Note**” means the Securities Note concerning the issue of Bonds drawn up in accordance with Annex XIII of Regulation (EC) No. 809/2004, approved by the CNMV on the 17th of October, 2006.

“**Settlement Date**” means the date on which the Management Company settles the Fund as a consequence of any of the cases of advanced settlement stated in section 4.4.3 of the Registration Document.

“**Standard & Poor’s**” o “**S&P**” means Standard & Poor’s España, S.A.

“**Subordinated Loan**” means the loan executed under the Subordinated Loan Agreement defined above.

“**Subordinated Loan Agreement**” means the Subordinated Loan Agreement to be subscribed to by the Management Company, on behalf and in representation of the Fund, and the Bank and UCB, which will be allocated to financing the expenses of constitution of the Fund and the issue of the Bonds, to partially finance the acquisition of the Assets and to cover the temporary mismatch in the first Interest Accrual Period by the difference which will be generated between the interest of the Assets which will be covered during the first Interest Accrual Period and the interest of the Bonds to be paid on the first Payment Date.

“**Subscription Period**” means the period of six hours, between 9 a12 p.m. and 35 p.m. Madrid time on the second Business day after the Date of Constitution of the Fund, during which the applications for subscription must be formulated at the offices of the Underwriters.

“**UCB**” means Union de Crédit pour le Bâtiment S.A.

“**UCI**” means Unión de Créditos Inmobiliarios, Establecimiento Financiero de Crédito, S.A.

“**Underwriters**” means, together, the Underwriters of the Domestic Tranche and the Underwriters of the International Tranche.

“**Underwriters of the Domestic Tranche**” means Banco Santander Central Hispano, S.A., Ahorro Corporación Financiera, S.V., S.A. and Bankinter, S.A.

“**Underwriters of the International Tranche**” means BNP Paribas, Spanish Branch and Banco Santander Central Hispano, S.A..

**“Underwriting and Placement Agreements”** means, together, the Domestic Tranche Management, Underwriting and Placement Agreement and the International Tranche Management, Underwriting and Placement Agreement.

**“V.A.T.”** means Value Added Tax.

**“Young Loan”** means the Loans intended to make the acquisition of a first home more accessible for young people, with the possibility of establishing a period of grace as regards the capital within a maximum period of five years depending on the age of the customer (the maximum age of the owners permitted for periods of grace is 39).