

**FONDO DE TITULIZACIÓN DE ACTIVOS RMBS PRADO I  
ISSUE PROSPECTUS**

**€ 450,000,000**

Class A Notes: € 342,000,000	Euribor 3M + up to 0.90% up to the Class A Step-Up Date (included)	AA (sf)
Subordinated Loan 1: € 108,000,000	Euribor 3M + up to 1.80% from the Class A Step-Up Date (excluded)	Aa2 (sf)
	Euribor 3M + up to 0.90% up to the Class A Step-Up Date (included) + 0.25%	
	Euribor 3M + up to 1.80% from the Class A Step-Up Date (excluded) + 0.25%	

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**UNIÓN DE CRÉDITOS INMOBILIARIOS,  
ESTABLECIMIENTO FINANCIERO DE CRÉDITO**



**JOINT LEAD MANAGERS AND JOINT ARRANGERS**



**Back Up Servicer Facilitator**



**Paying Agent**



**BNP PARIBAS SECURITIES SERVICES, SPANISH BRANCH**

**Fund promoted and administered by:**



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

**FE DE ERRATAS AL FOLLETO INFORMATIVO RELATIVO A  
"FONDO DE TITULIZACIÓN DE ACTIVOS RMBS PRADO I"  
(el "Folleto"), INSCRITO EN LOS REGISTROS OFICIALES DE LA CNMV EL  
26 DE MAYO DE 2015**

El presente documento de fe de erratas se elabora a los efectos de subsanar el apartado del Folleto que se enumera más abajo como consecuencia de haberse advertido un error en la fecha en la que se fijará el margen de los Bonos y del Swap.

Los términos en mayúscula que no se encuentren definidos en la presente fe de erratas tendrán el significado que se les atribuya en el Folleto.

En este sentido:

**Securities Note ("Nota de Valores"):**

**Section 4.8 ("The nominal interest rate and provisions relating to interest payable")**

Página 45, apartado c) segundo párrafo, donde figura:

"The nominal interest rate of the Notes 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. approximately (Madrid time), on the Date of Incorporation."

Debe decir:

"The nominal interest rate of the Notes 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. approximately (Madrid time), on the Date of Incorporation or on the following Business Day."

Página 46, apartado d) tercer párrafo, donde figura:

"The definitive margin applicable to the Class A will be fixed by the Joint Arrangers and notified to the Management Company on the Date of Incorporation."

Debe decir:

“The definitive margin applicable to the Class A will be fixed by the Joint Arrangers and notified to the Management Company on the Date of Incorporation or on the following Business Day.”

**Additional Building Block (“Módulo Adicional”):**

**Section 3.4.7 (“Details of other agreements conditioning the payment of interest and principal of Noteholders”)**

Página 108, tercer párrafo, donde figura:

“The Margin<sub>fixed</sub>, Margin<sub>IRPH</sub>, and Margin<sub>Euribor</sub> will be fixed by the Joint Arrangers and notified to the Management Company on the Date of Incorporation. Additionally, the Management Company will publish the proper relevant event at the CNMV with the above mentioned swap margins.”

Debe decir:

“The Margin<sub>fixed</sub>, Margin<sub>IRPH</sub>, and Margin<sub>Euribor</sub> will be fixed by the Joint Arrangers and notified to the Management Company on the Date of Incorporation or on the following Business Day. Additionally, the Management Company will publish the proper relevant event at the CNMV with the above mentioned swap margins.”

En consideración a lo anterior, se solicita tenga por presentado este documento de fe de erratas y proceda a incorporarlo a los Registros de la Comisión Nacional del Mercado de Valores.

En Madrid, a 28 de mayo de 2015

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Fdo. Dña. María José Olmedilla González  
**SANTANDER DE TITULIZACIÓN, S.G.F.T, S.A.**



MARÍA JOSÉ OLMEDILLA GONZÁLEZ en calidad de Secretario del Consejo de Administración de SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A., actuando esta última en nombre y representación del FONDO DE TITULIZACIÓN DE ACTIVOS RMBS PRADO 1 debidamente facultada al efecto

### **CERTIFICA**

Que el Folleto Informativo de constitución del FONDO DE TITULIZACIÓN DE ACTIVOS RMBS PRADO 1 que ha sido remitido a esa Comisión, coincide exactamente y es fiel reflejo del Folleto Informativo de constitución de FONDO DE TITULIZACIÓN DE ACTIVOS RMBS PRADO 1 que ha sido registrado, en el día de hoy en esa Comisión, cumpliendo con lo establecido en el artículo 5 del Real Decreto 926/1998, de 14 de mayo.

Así mismo, la Sociedad Gestora autoriza la difusión pública de dicho Folleto Informativo a través de la “Web” de la Comisión Nacional del Mercado de Valores.

Y para que conste, a los efectos oportunos, expide la presente en Madrid, a 26 de mayo de 2015.

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## IMPORTANT NOTICE – PROSPECTUS

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You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.



The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the joint lead managers or any affiliate of the joint lead managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the joint lead managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Banco Santander, S.A., and BNP Paribas, London Branch (together, the "**Joint Lead Managers**") nor any person who controls the Joint Lead Managers nor any director, officer, employee, agent or affiliate of any such person nor the Issuer nor the Assignor nor the Management Company (each as defined below) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format herewith and the hard copy version available to you on request from the Issuer and/or the Joint Lead Managers.

This document is the information memorandum (the “**Prospectus**”) on FONDO DE TITULIZACIÓN DE ACTIVOS RMBS PRADO I (the “**Fund**”) approved and registered in the Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission, “**CNMV**”) on the 26<sup>th</sup> May, 2015, 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 (the “**Risk Factors**”);
2. A registration document for the securities, drawn up in accordance with Annex VII of Regulation 809/2004 (the “**Registration Document**”);
3. A note on the securities drafted in accordance with Annex XIII of Regulation 809/2004 (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 (the “**Additional Building Block**”); and
5. A glossary of definitions (the “**Definitions**”).

### **PCS Label**

An application has been made to Prime Collateralised Securities (PCS) UK Limited, on 20<sup>th</sup> April, 2015, for the Class A Notes to receive the Prime Collateralised Securities label (the “**PCS Label**”) and the Assignor currently expects that the Class A Notes will receive the PCS Label. However, there can be no assurance that the Class A Notes will receive the PCS Label (either before issuance or at any time thereafter) and if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date.

The PCS Label is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC).

By awarding the PCS Label to certain securities, no views are expressed about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities. Noteholders should conduct their own research regarding the nature of the PCS Label and must read the information set out in <http://pcsmarket.org>.

## **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 Noteholders and the remaining unsecured creditors of the Fund up to the limit of its net worth in the event of breach of said obligations.

The Noteholders 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 Incorporation or in this Prospectus.

**(iii) 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. Similarly, in the event that its authorization were to be revoked, a management company to substitute it shall be named. If in that case four months have elapsed from the occurrence determining the substitution and no other management company has agreed to take over the managing, the early liquidation of the Fund would proceed and the Notes issued would be redeemed.

**(iv) Applicability of the Spanish Insolvency Law:**

In the event of the insolvency of the Assignor, all Fund assets held by the Assignor, save for cash due to its status as a fungible asset, will become the property of the Fund and must be made available to it under the terms of Articles 80 and 81 of Law 22/2003, of July 9 (“**Spanish Insolvency Law**”).

Notwithstanding the above, this Prospectus and the Deed of Incorporation envisage certain mechanisms aimed at mitigating the aforementioned effects in relation to cash due to its status as a fungible asset.

If the Assignor is declared insolvent, monies received and held by it on behalf of the Fund in its capacity as counterparty to certain agreements signed by it before the date of declaration of insolvency, could be tied to the insolvency estate in accordance with the majority doctrinal interpretation of Articles 80 and 81 of the Spanish Insolvency Law.

If the Assignor becomes insolvent, the assignment of the Assets transferred to the Fund could be returned pursuant to the provisions of the Spanish Insolvency Law and special regulations applicable to securitisation funds.

By virtue of Articles 10 and 15 of Law 2/1981 and Additional Provision Five of Law 3/1994, the assignment of the Assets transferred to the Fund may only be rescinded or challenged under Article 71 of the Spanish Insolvency Law by the insolvency administration insofar as it is able to prove the existence of fraud.

In the event of the insolvency of the Management Company, the Management Company shall be replaced by another manager, as provided for under Article 19 of Royal Decree 926/1998.

The structure of the assets securitisation operation envisaged herein does not allow for cash amounts to become part of the assets of the Management

Company, except in the case of breach by the Parties, since all amounts corresponding to Fund payments shall be deposited, pursuant to the terms of this Prospectus, into the accounts opened in the name of the Fund by the Management Company (which has opened these accounts not only as a simple agent of the Fund but as its legal representative).

Notwithstanding the above, the insolvency of any of the Parties (whether the Assignor or any other counterparty of the Fund) could affect their contractual relationships with the Fund.

**(v) Breach of agreements by third parties:**

The Fund has entered into agreements with certain third parties for the rendering of certain services in relation to the Notes. Amongst these agreements, there is the Subordinated Loan 1 Agreement, the Subordinated Loan 2 Agreement, the Guaranteed Reinvestment Agreement, the Swap Agreement, the Payment Agency Agreement and the Direction, Placement and Subscription Agreement.

The Noteholders might be adversely affected if any of the parties thereto breach the obligations undertaken under any of the aforesaid agreements.

**(vi) Derivative regulation:**

On 16 August 2012 the European Market Infrastructure Regulation (EU No. 648/2012) came into force ("**EMIR**"). EMIR introduces certain requirements in respect of derivative contracts, which will apply primarily to financial counterparties ("**FCs**"), such as investment firms, credit institutions, insurance companies, amongst others, and non-financial counterparties ("**NFCs**") which are entities established in the EU which are not FCs. NFCs whose transactions in OTC derivative contracts exceed EMIR's prescribed clearing threshold ("**NFC+s**") are generally subject to more stringent requirements under EMIR than NFCs whose transactions in OTC derivative contracts do not exceed such clearing threshold (including because such contracts are excluded from the threshold calculation on the basis that they are concluded in order to reduce risks directly relating to the NFC's commercial activity or treasury financing activity) ("**NFC-s**").

Even though the Issuer will enter into the Swap Agreement as an NFC and solely to reduce risks directly relating to its commercial activity or treasury financing activity, the relevant clearing threshold could be exceeded on a consolidated basis pursuant to Article 10(3) EMIR to the extent the Issuer forms part of the UCI's group and consequently becomes an NFC+.

Broadly, EMIR's requirements in respect of derivative contracts are (i) mandatory clearing by FCs and NFC+s of OTC derivative contracts declared subject to the clearing obligation through an authorized central counterparty (a "**CCP**") (the "**Clearing Obligation**"); (ii) risk mitigation techniques in respect of uncleared OTC derivative contracts; and (iii) reporting and record-keeping requirements in respect of all derivative contracts. These requirements are described in more detail below.

The "frontloading" period with respect to the Clearing Obligation began on 18 March 2014, which means that any OTC derivative contracts entered into by FCs or NFC+s from such date which fall within the classes of derivative contracts ultimately declared subject to the Clearing Obligation may need to be cleared (subject to certain phase-in and remaining maturity requirements, which have not

yet been published). While it is not currently clear that the Swap Agreement will form part of a class of OTC derivatives that will be declared subject to the Clearing Obligation, this cannot be excluded. Thus, as of the date hereof, it cannot be excluded that the Issuer will be subject to the Clearing Obligation in the future in respect of the Swap Agreement or any replacement interest rate swap transaction. If the Clearing Obligation applies to the Issuer amendments may be required to the Swap Agreement and to the transaction to allow the Issuer to post collateral, amongst other consequences.

The Issuer is required to apply certain risk mitigation techniques in relation to timely confirmation, portfolio reconciliation and compression, and dispute resolution that are applicable to OTC derivatives contracts that are not cleared by a CCP to the Swap Agreement or replacement interest rate swap transaction. The Issuer may also be required to comply with mandatory margining requirements in respect of any replacement interest rate swap transaction; although the technical standards which will contain the detail relevant to the mandatory margining requirement have not yet been published.

Further, the Issuer is required to deliver certain information about the Swap Agreement or any replacement interest rate swap transaction to a registered or recognized trade repository. EMIR also imposes a record-keeping requirement, already applicable from 16 August 2012, pursuant to which counterparties, such as the Issuer, must keep records of any derivative contract they have concluded and any modification for at least five years following the termination of the contract.

The EU regulatory framework and legal regime relating to derivatives is set not only by EMIR but also by a new Directive and Regulation containing a package of reforms to the existing Markets in Financial Instruments Directive (Directive 2004/39/EC), collectively referred to as ("**MiFID II**"). MiFID II has now been formally adopted by the European Parliament, and was published in the Official Journal of the European Union on 15 May 2014, as Directive 2014/65/EC. In particular, MiFID II is expected to require all transactions between FCs and NFC+s in sufficiently liquid OTC derivatives to be executed on a trading venue which meets the requirements of the MiFID II regime. While it is not currently clear that the Swap Agreement or any replacement interest rate swap transaction will form part of a class of OTC derivatives that will be declared subject to the MiFID II trading obligation, this possibility cannot be excluded, and the Issuer could therefore become subject to the trading obligation to the extent that it exceeds the EMIR clearing threshold on a consolidated basis in future.

**(vii) Eurosystem eligibility:**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of Iberclear, Euroclear or Clearstream and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem eligible collateral**") either upon issue or at any or all times during their life. Such recognition will, inter alia, depend upon satisfaction of the Eurosystem eligibility criteria set out in the Guideline of the European Central Bank (the "**ECB**") of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (recast) (ECB/2011/14) as amended and applicable from time to time (the "**Guideline**"). In addition, the Servicer will, for

as long as the Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility, make loan-level data available in such manner as required by the ECB to comply with the Eurosystem eligibility criteria, subject to applicable data protection rules.

On 15 December 2010 the Governing Council of the ECB decided to establish loan-by-loan information requirements for asset-backed securities in the Eurosystem collateral framework. On 28 November 2012, in the Guideline of the ECB of 26 November 2012 amending Guideline ECB/2011/14 on monetary policy instruments and procedures of the Eurosystem (ECB/2012/25), the ECB laid down the reporting requirements related to the loan-level data for asset-backed securities. Such reporting requirements have applied since 3<sup>rd</sup> January 2013 in the case of residential-mortgage backed securities (RMBS). For asset-backed securities to become or to remain eligible for Eurosystem monetary policy operations, the Eurosystem requires comprehensive and standardised loan-level data on the pool of cash flow generating assets underlying an asset-backed security to be submitted by the relevant parties in the asset-backed security, as set out in appendix 8 (loan level data reporting requirements for asset-backed securities) of the Guideline. Non-compliance with provision of loan-level data will lead to suspension of or refusal to grant eligibility to the asset-backed security transaction in question.

If the Class A Notes do not satisfy the criteria specified by the ECB, or if the Servicer fails to submit the required loan-level data, the Class A Notes will not be eligible collateral for the Eurosystem. Each of the Issuer, the Joint Lead Managers and the Joint Arrangers gives no representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral. Any potential investor in the Class A Notes should make its own conclusions and seek its own advice with respect to whether or not the Class A Notes constitute Eurosystem eligible collateral.

**(viii) Economic conditions in the euro-zone:**

Concerns relating to credit risks (including that of sovereigns and those of entities which are exposed to sovereigns) have recently intensified. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the Euro-zone. If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any changes to, including any break-up of, the Euro-zone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect one or more of the parties to the transaction documents (including the Assignor, the Servicer and/or the swap counterparty). Given the current uncertainties and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

**(ix) Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes:**

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset backed securities industry. This has resulted in a draft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Class A Notes are responsible for analysing their own regulatory position and none of the Issuer, the Joint Arrangers, the Joint Lead Managers nor the Assignor makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Date of Incorporation or at any time in the future.

**(x) U.S. Foreign Account Tax Compliance withholding may affect payments on the Notes:**

Sections 1471 through 1474 of the Code ("**FATCA**") impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign pass thru payments" made to certain non-U.S. financial institutions (any such non-U.S. financial institution, an "**FFI**") that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating *FFI* (collectively "**Withholdable Payments**"). Whilst the Class A Notes are held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA Withholding. The Issuer's obligations under the Class A Notes are discharged once it has paid the Clearing Systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries.

The United States and the Government of the Kingdom of Spain have entered into an intergovernmental agreement to facilitate the implementation of FATCA (the "**IGA**"). An FFI (such as the Issuer) that complies with the terms of the IGA, as well as applicable local law requirements will not be subject to withholding under FATCA with respect to Withholdable Payments that it receives. Further, an FFI that complies with the terms of the IGA will not be required to withhold under FATCA on payments it makes to accountholders of such FFI (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). Pursuant to the IGA, an FFI is required to report certain information in respect

of certain of its account holders to its home government, whereupon such information will be provided to the U.S. Internal Revenue Service. The Issuer will undertake to comply with the IGA and any local implementing legislation, but there is no assurance that it will be able to do so.

An FFI that fails to comply with the terms of the IGA may become subject to the FATCA Withholding described above. Additionally, a failure to comply with future local implementing legislation may result in negative consequences to an FFI. The imposition of the FATCA Withholding on payments made to the Issuer would reduce the profitability, and thus the cash available to make payments on the Notes. Prospective investors should consult their advisers about the potential application of FATCA.

**(xi) Potential impact of early termination of the Swap Agreement:**

Should the Fund decide at its discretion to early liquidate or terminate the Swap Agreement, a negative mark to market might arise from such termination that could have an impact on the Available Funds of the Fund. Any such Swap Termination Payment could, if market rates or other conditions have changed materially, be substantial. Under certain circumstances, termination payments required to be made by the Fund to the Swap Counterparty will rank higher in priority than all payments on the Notes. In such event, the Assets may be insufficient to make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments on the Notes.

**(xii) Potential negative yield of the Cash Flow Account:**

Pursuant to the financial terms of the Guaranteed Reinvestment Agreement and depending on the performance of the EONIA interest rate reference, the Cash Flow Account could have negative interest for the Fund, which, given the case, will be considered as Extraordinary Expenses of the Fund and shall be payable in accordance with the Order of Priority of Payment.

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

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

The Noteholders 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.

Transfer of title to the Mortgage Loans will be complete and unconditional throughout the remaining repayment period until maturity of each Mortgage Loan.

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 Mortgage Loans.

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

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



Such funds from prepayment risk will become part of the Available Funds, as described in section 3.4.6. of the Additional Building Block. The risk of prepayment shall be transferred quarterly, at each Payment Date, to the Noteholders through the partial redemption of the Notes, as provided in Section 4.9.3 of the Securities Note.

**(iii) Liability:**

The Assignor assumes no liability for non-payment by the Obligors, whether for principal, interest or any other amount owed by virtue of the Mortgage Loans. Nor will it assume any other form of liability in guaranteeing directly or indirectly the successful outcome of the operation; it will not give any form of guarantee, nor will it engage in repurchase agreements relating to the Assets other than the commitments undertaken in Section 2.2.9 of the Additional Building Block relating to the replacement of such Mortgage Loans that, at the time of assignment, fail to meet the specifications contained in Section 2.2.8 of the Additional Building Block of this Prospectus or, as the case maybe, the potential repurchase further to the exercise of the Optional Redemption contained in Section 4.9.4 of the Securities Note. In this sense, no guarantee is given by any public or private body, be it the Assignor, the Management Company or any other affiliate or company in which either of the two aforesaid has an ownership interest.

The Assignor of the Mortgage Loans and Mortgage Transfer Certificates, in accordance with Article 348 of the Spanish Commercial Code and Article 1,529 of the Spanish Civil Code, will be accountable to the Fund solely for the existence and legitimacy of the Mortgage Loans at the time of assignment in the terms and conditions stated in this Prospectus, as well as for the legal standing of the entity with which it formalises the assignment.

**(iv) Limited Protection:**

An investment in Notes may be affected, *inter alia*, by a deterioration in general economic conditions, which has an adverse effect on the payments of the Mortgage Loans 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 Mortgage Loan portfolio enjoyed by the Notes 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 Noteholders 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.

**(v) Concentration by date of formal execution:**

As is specified in section 2.2.2. c.5) of the Additional Building Block, with regard to the year of the grant of the Mortgage Loans, the percentage of Outstanding Balance of the Assets concluded between the years 2007 and 2010 is 54.70%.

**(vi) Geographical concentration:**

As is specified in section 2.2.2. c.7) of the Additional Building Block, the autonomous communities that show a greater concentration of real property given in guarantee of the Mortgage Loans are, as to percentage of Outstanding Balance of

the Assets, the following: Andalucía: 27.95%, Madrid: 27.04% and Cataluña: 23.43%, representing 78.42% as a whole.

Given these levels of concentration, any kind of situation having a negative impact on the Autonomous Regions might affect the payments on the Mortgage Loans backing the issue of the Notes.

**(vii) Impact of Law 1/2013:**

Law 1/2013, of May 14, on measures to strengthen the protections for mortgage debtors, debt restructuring and social rent, in its current wording ("**Law 1/2013**"), as amended by the Royal Decree-law 1/2015, of 27 February, of second chance mechanism, reduction of financial burden and other social measures (*Real Decreto-ley 1/2015, de 27 de febrero, de mecanismo de segunda oportunidad, reducción de carga financiera y otras medidas de orden social*) ("**Royal Decree-law 1/2015**") consists of four chapters that introduce a set of measures that may affect the Mortgage Loans.

As a result of the foregoing, the Fund, as the holder of credit rights derived from the Mortgage Loans, may be affected by among other things, (i) a delay in delivery of possession of the adjudicated common property by the interruption, for up to four (4) years, of the relocation of its occupants in situations of special vulnerability, (ii) the delay in collection of the credit rights transferred, with a possible prolonged term of the foreclosure proceedings, in court or out-of-court, and (iii) obtaining amounts resulting from such foreclosure processes lower than could be reached until now due, among other things, to the limit on the maximum default interest rate applicable.

In connection with the mentioned Chapter IV, note that UCI has adhered to the amendments to the Code of Good Practice endorsed by the aforementioned Law 1/2013 and Royal Decree-law 1/2015. As a result, the Fund, to the extent that the Management Company acknowledges and accepts that UCI has adhered to the amendments to the Code of Good Practice, it may be affected by the measures set out therein (being applicable to the entire portfolio of loans, including the Mortgage Loans), which may involve a prolonged term in foreclosure proceedings, and loss of value on Mortgage Loans.

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

**(i) Limited liquidity:**

There is no guarantee that trading in the Notes 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 Notes through the offering of compensation.

Furthermore, other than the Optional Redemption and in the case of Early Liquidation of the Fund, in the terms established under section 4.4.3. and 4.9.4 of the Registration Document, the Fund may not repurchase the Notes.

**(ii) Yield and Duration:**

The calculation of the average life, return and duration of the Notes 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, defaults and recoveries all gathered in section 4.10 of the Securities Notes. 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, default rates, redemption rates, the economic situation and social factors of the Obligors and the general economic activity, which make forecasting impossible.

**(iii) Default interest:**

Amounts deferred for the concept of interest shall not accrue default interest in favour of the Noteholders.

**(iv) Rating of the Notes:**

The credit risk of the Notes issued against the Fund has been provisionally evaluated by the ratings agencies Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Service.

The final ratings assigned can be reviewed, suspended or retired at any moment by these rating entities in light of any new information that comes to their knowledge.

Their ratings do not constitute and under no circumstances may be construed as an invitation, recommendation or encouragement directed at investors for them to carry out any transaction with respect to the Notes, and in particular, to acquire, keep, encumber or transfer such Notes.

## 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 26<sup>th</sup> May, 2015.

### 1. PERSONS RESPONSIBLE

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

Mrs. María José Olmedilla González, acting in her capacity as Non-Director Secretary of the Board of Directors, by virtue of the powers conferred on her expressly by the Board of Directors at its meeting held on the 18<sup>th</sup> February, 2015, 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 ACTIVOS, RMBS PRADO I and will be in charge of its legal administration and representation.

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

Mrs. María José Olmedilla González 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 18<sup>th</sup> February, 2015, at which it was agreed to constitute this Fund, designated Deloitte as auditors of the Fund, 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 Commercial 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 Incorporation 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 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) in order to file it with the corresponding registry.

### **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 an asset securitisation fund established according to Royal Decree 926/1998 for the purpose of acquiring the Assets assigned to the Fund by UCI and to issue the Notes.

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

The Fund will be constituted with the name FONDO DE TITULIZACIÓN DE ACTIVOS, RMBS PRADO I.

The Issuer is not, and as a result of the offer and sale of the Notes, will not be, required to register as an "investment company", as such term is defined in the Investment Company Law of 1940, as amended (the "**Investment Company Law**"), under the Investment Company Law. The Issuer is not now, and immediately following the issuance of the Notes will not be, a "covered fund" for purposes of Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the final regulations issued on 10<sup>th</sup> December, 2013 by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Commodities Futures Trading Commission and the Securities Exchange Commission (commonly referred to as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Law may be available, the Company has relied on the exemption from registration set forth in Section 3(c)(5)(A) under the Investment Company Law.

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

The incorporation of the Fund and the issue of the Notes 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 26<sup>th</sup> May, 2015.

It is hereby stated that neither the incorporation of the Fund nor the issue of the Notes charged against its assets will be filed with the Commercial Register by virtue of the power set forth in Article 5.4 of Royal Decree 926/1998.

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

#### **4.4.1. Date of Incorporation.**

The authorisation of the Deed of Incorporation and consequently, the Fund's Date of Incorporation shall be the 28<sup>th</sup> May, 2015.

In accordance with the provisions of Article 7 of Law 19/1992, under its current wording, the Deed of Incorporation may be amended at the request of the Management Company provided that the amendment: (i) does not alter the nature of the assets transferred to the Fund, (ii) does not result in the Fund becoming a mortgage securitisation fund, and (iii) does not, de facto, create a new fund, for which it must comply with the procedure set out in that Article 7 of Law 19/1992 for this purpose.

The Deed of Incorporation may also be amended at the request of the CNMV.

The Management Company guarantees that the contents of the Deed of Incorporation will not contradict that of the Prospectus and that the Deed of Incorporation 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 Incorporation until the Legal Maturity Date, that is, until the 15<sup>th</sup> June, 2055 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 Early Liquidation of the Fund and the Early Redemption at any time for the whole of the issue of the Notes in the terms established in this section, in the following cases:

- (i) When the amounts due and not paid to the Fund on the Assets (the "**Outstanding Balance of the Assets**") (excluding NPL's) is less than 10% of the outstanding balance thereof on the Date of Incorporation, provided that the amount of the sale of the Assets pending amortisation, together with the balance existing at that time in the Cash Flow Account, allows for total cancellation of all outstanding obligations with the Noteholders, and respecting the prior payments thereto, whose order of priority takes preference as provided in the Order of Priority of Payment upon Liquidation described in section 3.4.6.(d) of the Additional Building Block;
- (ii) Where, by reason of any event or circumstance of any nature, whether or not related to the operation of the Fund, there were to occur, in the opinion of the Management Company, a material alteration or permanent impairment of the financial balance of the Fund required by Article 11 b) of Royal Decree 926/1998. Included in this case circumstances such as the existence of a change in the law or supplemental legislative developments, the establishment of withholding obligations or other situations that could permanently affect the financial balance of the Fund;
- (iii) Mandatorily, in the case contemplated in Article 19 of Royal Decree 926/1998, which establishes the obligation to liquidate the Fund in advance in the case where four (4) months have elapsed since the occurrence of an event determining the forced replacement of the Management Company, by it being declared bankrupt, or in the event its

authorization is revoked, without a new management company having been found that is prepared to take charge of the management of the Fund appointed according to section 3.7.2 of the Additional Building Block;

- (iv) When a non-payment occurs or is expected to occur which is indicative of a serious and permanent imbalance in relation to the Class A Notes and/or Subordinated Loan 1;
- (v) On the Payment Date that precedes the Legal Maturity Date of the Fund by at least six (6) months, or if such date is not a Business Day, the Business Day immediately thereafter;
- (vi) In the event that the Management Company has the consent and express acceptance of all the Noteholders and all those who have existing contracts with the Fund, both in relation to payment of the amounts that such Early Liquidation of the Fund implies and in relation to the procedure that must be followed for such payment; and
- (vii) In the event of an Optional Redemption according to section 4.9.4 of the Securities Note.

Liquidation of the Fund shall be reported beforehand to the CNMV and, afterwards, to the Noteholders, in the manner envisaged in Section 4 of the Additional Building Block, at least fifteen (15) Business Days ahead of the date on which the Early Redemption is to take place.

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

Cancellation of the Fund shall take place:

- (i) Upon full repayment of the Assets pooled therein;
- (ii) Upon total redemption of the Notes;
- (iii) As a consequence of the finalization of the Early Liquidation process provided in section 4.4.3 above;
- (iv) Due to the arrival of the Legal Maturity Date;
- (v) When the provisional ratings of the Notes are not confirmed as being definitive prior to the Subscription Period; and
- (vi) If UCI do not subscribe the amount of Class A Notes that were not allocated to qualified investors, if any.

In the event that any of the situations described in the foregoing sections should occur, the Management Company shall inform the CNMV as established in Section 4 of the Additional Building Block, and shall initiate the pertinent steps for cancellation of the Fund.

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

In order that the Fund, through its Management Company, may carry out the liquidation and cancellation of the Fund and, as the case may be, the Early Liquidation of the Fund and Early Redemption of the Notes in those cases determined by section 4.4.3. above, and specifically, in order that the Fund shall have sufficient funds to meet its payment obligations, the Management Company, on behalf of the Fund, shall proceed to carry out any or all of the following actions:

- (i) Sell the Assets for a price which may not be less than the sum of the value of the Outstanding Balance of the Assets plus interest accrued and not paid on the outstanding Assets. For such purpose, the Management Company shall request an offer from at least five (5) entities of those most active in the sale and purchase of similar assets, and may not sell them at a price less than the best offer received. The Assignor will have a pre-emptive right to acquire said Assets under the conditions established by the Management Company at the time of the settlement, effectively meaning it will enjoy preference over third parties in acquiring the Assets. In order to exercise the pre-emptive right, the Assignor shall have the term of five (5) Business Days from the date on which the Management Company notifies it of the relevant conditions (price, form of payment, etc.) under which the disposal of the Assets must be carried out. The offer of the Assignor must at least equal the best of the offers received from the third parties.

In the event that no offer covers the value of the principal plus accrued and unpaid interest of the Assets pending amortisation, the Management Company shall accept the best offer received for the Assets which, in its judgment, covers the market value thereof. For the purpose of defining the market value, the Management Company may obtain any appraisal reports it deems necessary from third-party entities different from the above. If so, the Assignor will also enjoy the aforementioned pre-emptive right, provided that its offer at least equals the best of those made by third parties.

Under no circumstances does this pre-emptive right imply an agreement or impose an obligation to repurchase the Assets on the part of the Assignor; and/or

- (ii) Sell any other assets of the Fund, other than the Assets and other than the cash, for a price not less than market value. For the purpose of defining the market value, the Management Company will request from at least one entity specializing in the appraisal or marketing of assets similar to those to be sold any appraisal reports it deems necessary, before then selling the assets in question through the procedure that yields the highest market price; and/or
- (iii) Cancelling those contracts not necessary for the process of liquidating the Fund.

The Management Company shall immediately apply all amounts it has obtained from the disposal of the Assets and any other Fund assets towards payment of the various obligations, in the applicable manner and for the applicable amount and in order of priority, as set forth in the Order of Priority of Payment upon Liquidation described in section 3.4.6. (d) of the Additional Building Block. The Early Redemption of all the Notes in any of the situations envisaged in section 4.4.3. above shall be carried out for the total Outstanding Principal Balance of the Class A Notes and the Outstanding Principal Balance of Subordinated Loan 1 up to the date in question, plus interest accrued and not paid from the last



Payment Date through to the Early Redemption date, less, where applicable, any tax withholdings and free of expenses for the holder. All such amounts will, for all legal purposes, be deemed due and payable on the Early Redemption date.

In the event that, once the Fund has been liquidated and all scheduled payments have been made pursuant to the Order of Priority of Payment upon Liquidation contemplated under section 3.4.6.(d) of the Additional Building Block, any remainder should exist or any judicial or notary proceedings brought as a consequence of the non-payment by any Obligor of the Assets should remain pending settlement (all in accordance with the provisions of section 3.4.5.b) of the Additional Building Block), both the said remainder as well as the continuation and/or proceeds of the settlement of the proceedings above shall inure to UCI's favour.

In any case, the Management Company, acting on behalf of the Fund, shall not cancel the Fund until it has liquidated the Assets and any other remaining Fund assets and distributed the Fund's liquid funds, following the Order of Priority of Payment upon Liquidation envisaged in section 3.4.6. (d) of the Additional Building Block.

Once a period of six (6) months since the liquidation of the Assets and any other remaining assets of the Fund and the distribution of the Available Funds has elapsed, and always prior to the Legal Maturity Date, the Management Company shall execute an official attestation before a notary public declaring (a) the Fund to be cancelled, as well as the causes contemplated in this Registration Document which motivated its cancellation, (b) the procedure carried out for notifying the Noteholders and the CNMV, and (c) the distribution of the Available Funds from the Fund following the Order of Priority of Payment upon Liquidation contemplated under section 3.4.6.(d) of the Additional Building Block and shall comply with such further administrative steps as may be applicable. The Management Company shall send this notarized attestation to the CNMV.

In the event that any of the causes of termination stated under section 4.4.4.(v) and (vi), above occur (that is, when the provisional ratings of the Notes on the Subscription Period have not been confirmed as being final or if UCI do not subscribe the amount of Class A Notes that were not allocated to qualified investors, if any), the incorporation of the Fund as well as the Notes issue and the contracts executed by the Management Company, acting on behalf of the Fund, shall be terminated, except for the Subordinated Loan 2 Agreement, against which the incorporation and issue expenses incurred by the Fund shall be paid. Said termination shall be reported forthwith to the CNMV and, once one (1) month from the cause for termination of the incorporation of the Fund has transpired, the Management Company shall execute before a notary public the attestation, which it shall send to the CNMV, Iberclear, AIAF and the Rating Agencies, declaring the cancellation of the Fund and the cause thereof.

#### **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 incorporation, 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 Noteholders and the remaining ordinary creditors of the Fund.

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

The incorporation of the Fund and the issue of the Notes charged against, has taken place in accordance with the laws of Spain, and, specifically, in accordance with the legal system set forth in (i) Royal Decree 926/1998 and implementing provisions; (ii) Law 19/1992, with regards to any matters not envisaged in Royal Decree 926/1998 and insofar as applicable; (iii) section 2 of Transitory Provision Seven of Law 5/2015, of April 27, on the promoting of business financing and Articles 34, 35 and 36 of such Law 5/2015 under the terms mentioned in said Transitory Provision Seven; (iv) Additional Provision Five of Law 3/1994; (v) Law 24/1988 of July 28 on the Securities Market; (vi) Royal Decree 116/1992 of February 14 on the representation of book-entry securities and the clearing and settlement of stock market operations, (vii) Royal Decree 1310/2005, (viii) Order of the Ministry of Economy and Finance 3537/2005; and (ix) other legal and regulatory provisions in force and applicable from time to time.

According to that provided in section 2 of Seventh Transitory Provision of Law 5/2015, the Fund, given that it was under process of approval and filing with CNMV and that it will be incorporated within the two months following the entry into force of said Law 5/2015 (29<sup>th</sup> April, 2015), will be governed, until its extinction, by the provisions that were applicable prior to its entry into force, mentioned in (i) and (ii) above. Notwithstanding the previous, transparency rules of Articles 34 and 36 of Law 5/2015 will be immediately applicable with the entry into force of such Law and Article 35 will be applicable to annual and quarterly reports published after twelve months have elapsed since the entry into force of this Law.

This Prospectus has been prepared pursuant to the standard forms envisaged in Commission Regulation (EC) No 809/2004 of April 29, 2004, relating to the application of Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in the prospectus, as well as the format, inclusion by reference, the publication of such prospectus and the dissemination of advertisements, as amended under Delegated Regulation (EC) No. 486/2012,

of March 30, of the Commission and Delegated Regulation (EC) No. 862/2012 of June 4, 2012, of the Commission.

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

The tax scheme applicable to the asset securitisation funds is contained in section 2 of Article 1 of the Royal Decree 926/1998; Article 7.1.i) of Law 27/2014, of November 27, of the Corporate Income Tax (“**Law 27/2014**”); Article 59 k) of Corporate Income Tax Regulation, as enacted by Royal Decree 1777/2004, of July 30; Article 20.One.18 of Law 37/1992, on Value Added Tax, of December 28, modified by Law 28/2014, of November 27; Article 45.I.B).15 and 20.4 of the Revised Text of the Law on Transfer Tax and Stamp Duty approved by Royal Legislative Decree 1/1993, of September 24; and additional provision five of Law 3/1994, of April 14. The referred regulation essentially defines the following fundamental principles:

- (i) The incorporation of the Fund is exempt from the concept of “Business Tax” (“*Operaciones Societarias*”) (Article 45.I.B.20.4 of the Revised Text of the Law on Transfer Tax and Stamp Duty). The Fund is subject to the general provisions of the Corporate Income Tax. The amount subject to this tax is calculated in accordance with the provisions of Section IV of Law 27/2014. The general rate in force for tax periods beginning during 2015 is 28% and for tax periods beginning from 2016 onward 25%.

In this regard, rule 13 of Circular 2/2009, as drafted in Circular 4/2010, of October 14, both from the Spanish National Securities Market Commission (CNMV), sets forth the criteria through which securitisation funds must carry out the pertaining value adjustments resulting from drops in the value of the financial assets. Article 13.1 of Law 27/2014, applicable to tax periods beginning from 1<sup>st</sup> January, 2015 onward, states that, the regulation of the Corporate Income Tax, will governed the circumstances determining the deductibility of value adjustments made on account of losses in the value of debt securities valued at amortized cost and included in mortgage-backed securities funds and asset-backed securities funds.

Pursuant to Article 16.6 of Law 27/2014, the limitation to the tax deductibility of financial expenses, for tax periods beginning from 1<sup>st</sup> January, 2015 onward, shall not be applicable to the Fund.

- (ii) The yield of the CTH that constitutes income of the Fund shall not be subject to any withholding tax.
- (iii) The management and deposit services rendered by the Manager to the Fund shall be exempt from Value Added Tax.
- (iv) The issuance, subscription, transfer, redemption and repayment of the Notes, depending on whether the investor is a corporation for the purposes of Value Added tax, will be “not subject” or “exempt”, according to each case, from Value Added Tax (Article 20.1.18 of the Value Added Tax Law) and Transfer Tax/Stamp Duty (Article 45.I.B.15 of the revised text of the Law on Transfer Tax and Stamp Duty).
- (v) The transfer to the Fund of the CTH is a transaction subject to and exempt from Value Added Tax and Stamp Duty.

- (vi) The Fund must comply with the general reporting obligations, as well as those stipulated in Royal Decree 1065/2007, of July 27, approving the General Regulations on procedures and tax management and inspection, and on the development of common norms for taxation procedures.

#### **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 from UCI derived from Mortgage Loans and the issue of Notes.

The earnings from interest and repayments of the Mortgage Loans received by the Fund are allocated quarterly, on each Payment Date, to the payment of interest and repayment of the principal of the Notes and Subordinated Loan 1 in accordance with 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 Notes and of the Subordinated Loan 1, to cover the temporary mismatches in the schedule of the principal and interest flows of the assets and of the Notes and of the Subordinated Loan 1 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 the Class A Notes and of the Subordinated Loan 1.

#### **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.

SANTANDER DE TITULIZACIÓN S.G.F.T., S.A. is a Funds Management Securitisation Company whose registered address is in Ciudad Grupo Santander, Avenida de Cantabria *s/n*, 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 Commercial 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, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO** intervenes as the Assignor of the Mortgage Loans, issuer of the Mortgage Transfer Certificates, subscriber of any Class A Notes that is not subscribed by qualified investors and counterparty of the Fund in the Subordinated Loan 1 Agreement and in the Subordinated Loan 2 Agreement.

UCI, UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO 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 is registered in the Commercial 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, S.A.** (“**Santander Global Banking & Markets**” or “**SGBM**”), intervenes as Joint Arranger, as Joint Lead Manager and as Back-Up Servicer Facilitator.

In its capacity as Joint 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 coordination of the relations with the supervisory authorities and with the subscribers.

BANCO SANTANDER, 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 Banco Santander, S.A. unsubordinated and unsecured short and long-term debt, as assigned by the rating agencies, are:

- Fitch Ratings España, S.A.U.: A- (long-term) (confirmed in July 2014) and F2 (short-term) (confirmed in July 2014).
- Standard & Poor’s Credit Markets Services Europe Limited, Sucursal en España: BBB+ (long-term) (confirmed in December 2014) and A-2 (short-term) (confirmed in December 2014) with a stable outlook.
- Moody’s Investors Service España, S.A. Ltd.: Baa1 (long-term) (confirmed in January 2015) and P-2 (short-term) (confirmed in January 2015) with a stable outlook.
- Dominion Bond Rating Service: A (high) (long-term) (confirmed in December 2014) and R-1 (low) (short-term) (confirmed in December 2014) with a negative outlook.
- Scope Ratings AG: A+ (long-term) (confirmed in February 2015) and S-1 (short-term) (confirmed in February 2015) with a stable outlook.

- d) **BNP PARIBAS, London Branch** (“**BNP Paribas, London Branch**”) intervenes as Joint Arranger and as Joint Lead Manager.

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

BNP Paribas is a French Public Limited Company (*Société Anonyme*) licensed to conduct banking operations under the French Monetary and Financial Code, Book V, Section 1 (Code Monétaire et Financier, Livre V, Titre 1er) governing banking sector institutions with its registered address at 16 boulevard des Italiens, 75009 Paris, France, which acts through its London Branch, at 10 Harewood Avenue, London NW1 6AA, United Kingdom.

The ratings of BNP Paribas unsubordinated and unsecured short and long-term debt, as assigned by the rating agencies, are:

- Fitch Ratings Limited: A+ (long term) and F-1 (short term) stable outlook (affirmed on 25 November 2014).
- Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited: A+ (long term) and A-1 (short term) negative outlook (affirmed on 3 July 2014).
- Moody's Investors Service Limited: A1 (long term) and P1 (short term) negative outlook (affirmed on 1st July 2014).

e) **BNP PARIBAS** (“**BNP Paribas**”) intervenes as Swap Counterparty of the Fund.

BNP Paribas is a French Public Limited Company (*Société Anonyme*) licensed to conduct banking operations under the French Monetary and Financial Code, Book V, Section 1 (Code Monétaire et Financier, Livre V, Titre 1er) governing banking sector institutions with its registered address at 16 boulevard des Italiens, 75009 Paris, France.

The ratings of BNP Paribas unsubordinated and unsecured short and long-term debt, as assigned by the rating agencies, are:

- Fitch Ratings Limited: A+ (long term) and F-1 (short term) stable outlook (affirmed on 25 November 2014).
- Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited: A+ (long term) and A-1 (short term) negative outlook (affirmed on 3 July 2014).
- Moody's Investors Service Limited: A1 (long term) and P1 (short term) negative outlook (affirmed on 1st July 2014).

f) **BNP PARIBAS SECURITIES SERVICES, Spanish Branch** (“**BP2S**”) intervenes as Paying Agent and counterparty of the Fund in the Guaranteed Reinvestment Agreement (Cash Flow Account).

BP2S is a credit entity constituted and registered in Madrid at Calle Ribera del Loira 28, 28042 Madrid and with Tax Identification Number W-0012958-E.

The ratings of BP2S unsubordinated and unsecured short and long-term debt, as assigned by the rating agencies, are:

- Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited: A+ (long term) and A-1 (short term) negative outlook (affirmed on 3 July 2014).
- Moody's Investors Service Limited: A1 (long term) and P1 (short term) negative outlook (affirmed on 1st July 2014).

- g) **STANDARD & POOR'S CREDIT MARKET SERVICES EUROPE LIMITED** ("S&P" or "Standard & Poor's") intervenes as credit rating agency rating the Notes.

Standard & Poor's Credit Market Services Europe Limited, Sucursal en España is the Branch in Spain of the English firm Standard & Poor's Credit Market Services Europe Limited, affiliated to and operating in accordance with the methodology, standards and quality control of Standard & Poor's Rating Services; whose registered address is at Paseo de la Castellana 7, 6ª Planta, 28046, Madrid and with Tax Identification Number W8261162E.

- h) **MOODY'S INVESTORS SERVICE LTD.**("Moody's") intervenes as credit rating agency of the Notes.

Moody's is a credit rating agency, having its registered offices in One Canada Square, Canary Wharf, London, E14 5FA, United Kingdom.

The ratings agencies mentioned previously were registered and authorized by European Securities & Markets Authority ("ESMA"), on October 31, 2011, as credit rating agencies in the European Union pursuant to the terms of European Community Regulation no. 1060/2009 of the European Parliament and of the Council of September 16, 2009, regarding Credit Rating Agencies.

- i) **CUATRECASAS GONÇALVES PEREIRA, S.L.P.** intervenes as the legal adviser on the structure of the operation and has reviewed the tax regime applicable to the Fund as contained in section 4.5 d) of the Registration Document.

CUATRECASAS GONÇALVES PEREIRA, S.L.P. is a limited liability company incorporated in Spain, with Tax Identification Code: B-59942110, registered office at Paseo de Gracia, 111, 08008 Barcelona, registered in the Commercial Register of Barcelona, Volume 37673, Folio 30, Section 8, Page 23850.

- j) **DELOITTE, S.L.** intervenes as auditor of the Fund and of the assignable portfolio.

Deloitte, S.L. is an audit firm having registered offices in Madrid, at Torre Picasso, Plaza Pablo Ruiz Picasso, s/n, holder of Tax Identification Number B-79104469, and registered with the Official Registry of Certified Public Accountants (*Registro Oficial de Auditores de Cuentas; R.O.A.C.*) under number S0692.

- k) **DLA PIPER INTERNATIONAL LLP** intervenes as legal adviser of the Joint Lead Managers and has reviewed the tax regime applicable to the Fund as contained in section 4.5 d) of the Registration Document.

DLA PIPER INTERNATIONAL LLP is a limited liability partnership operating in Spain through a limited liability company with Tax Identification Code: B-83386029, registered office at Paseo de la Castellana 35, Madrid, registered in the Commercial Register of Madrid, Volume 17920, Sheet 162, Page M-309428.

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 Santander, 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, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO.

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 MANAGEMENT COMPANY**

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

In accordance with Law 19/1992 and Royal Decree 926/1998, asset securitisation funds are not considered a body corporate as a result the management companies of the securitisation funds are entrusted with the incorporation, management and legal representation of these funds, as well the representation and defence of the interest of the noteholders of 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, RMBS PRADO I.

#### **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) Incorporation and registration with the Commercial Register, 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 Commercial 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 20<sup>th</sup> July, 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.**

As required by law, Article 2 of the Management Company's Bylaws states that: *"the company shall have as its exclusive purpose the incorporation, administration and legal representation of (i) Mortgage Securitisation Funds in the terms of Article 6 of Law 19/1992, of July 7, on the Real Estate Investment Companies and Funds Scheme and on Mortgage Securitisation Funds; (ii) Asset Securitisation Funds, in accordance with the provisions of Article 12, point 1, of Royal Decree 926/1998, of May 14, regulating Asset Securitisation Funds and Securitisation Fund Management Companies; and (iii) Banking Assets Funds (FAB) in accordance with the terms of Chapter IV of Royal Decree 1559/2012 of November 15 setting the legal framework for Asset Management Companies. As a manager of third party businesses, it is responsible for the representation and defence of the interest of the holders of the securities issued against the Funds it administers and its other ordinary creditors, as well as the performance of further duties as attributed to Securitisation Fund management companies by the current law in force on the matter of securitisation funds and banking assets funds."*

On March 27, 2014, the Executive Committee of the CNMV authorized the amendment of Article 2 of the bylaws of Santander de Titulización S.G.F.T. S.A. for the purpose of ratifying its authorization to undertake the management and representation of Banking Assets Funds, as currently established by the mentioned article. This amendment to the bylaws was approved by the shareholders' meeting of the Management Company on 13<sup>th</sup> December, 2013. The shareholders' meeting agreement was filed with the corresponding Commercial Register, and registration was carried out by the corresponding Registrar on June 2, 2014 at Volume 4,789, Page 116, Section 8, Sheet M-78658, Entry 58.

The total assets managed by the Management Company at 31<sup>st</sup> March, 2015 are as follows:

MORTGAGE-BACKED FUNDS (Fondo de Titulización Hipotecaria, or FTH)						
FUND	SERIES	OUTSTANDING BALANCE	INTEREST RATE BY SERIES	RATING AGENCY	CONSTITUTION DATE	INITIAL ASSET BALANCE
FTH UCI 5	Serie A	13,695,674.30 €	Euribor 3M+ 0.23%	Moody's	03/06/1999	265,000,000.00 €
	Serie B	2,649,999.60 €	Euribor 3M+ 0.625%			
	<b>Total</b>	<b>16,345,673.90 €</b>				
FTH HIPOTEBANSA XI	Serie A	135,919,096.60 €	Euribor 3M+ 0.24%	S&P / Moody's	26/11/2002	1,062,000,000.00 €
	Serie B	8,675,683.80 €	Euribor 3M+ 0.45%			
	<b>Total</b>	<b>144,594,780.40 €</b>				
FTH UCI 10	Serie A	142,216,278.40 €	Euribor 3M+ 0.16%	S&P	14/05/2004	700,000,000.00 €
	Serie B	9,269,681.40 €	Euribor 3M+ 0.50%			
	<b>Total</b>	<b>151,485,959.80 €</b>				
FTH UCI 12	Serie A	268,482,258.24	Euribor 3M+ 0.15%	S&P	30/05/2005	900,000,000.00 €
	Serie B	9,000,000.00	Euribor 3M+ 0.27%			
	Serie C	23,800,000.00	Euribor 3M+ 0.60%			
	<b>Total</b>	<b>301,282,258.24 €</b>				
<b>TOTAL FTH</b>		<b>613,708,672.34 €</b>				<b>2,927,000,000.00 €</b>

ASSET-BACKED FUNDS (Fondo de Titulización de Activos, or FTA)						
FUND	SERIES	OUTSTANDING BALANCE	INTEREST RATE BY SERIES	RATING AGENCY	CONSTITUTION DATE	INITIAL ASSET BALANCE
FTA UCI 6	Serie A	34,013,234.20	Euribor 3M + 0.295%	Moody's	19/06/2000	457,000,000.00 €
	Serie B	4,569,934.90	Euribor 3M + 0.775%			
	<b>Total</b>	<b>38,583,169.10 €</b>				
FTA UCI 7	Serie A	44,047,326.06	Euribor 3M + 0.250%	S&P / Moody's	25/10/2001	455,000,000.00 €
	Serie B	3,412,500.50	Euribor 3M + 0.700%			
	<b>Total</b>	<b>47,459,826.56 €</b>				
FTA HIPOTEBANSA X	Serie A	85,837,173.62	Euribor 3M + 0.21%	S&P / Moody's	04/03/2002	917,000,000.00 €
	Serie B	6,877,500.51	Euribor 3M + 0.55%			
	<b>Total</b>	<b>92,714,674.13 €</b>				
FTA UCI 8	Serie A	64,185,147.18	Euribor 3M + 0.220%	S&P / Moody's	24/06/2002	600,000,000.00 €
	Serie B	4,499,999.46	Euribor 3M + 0.600%			
	<b>Total</b>	<b>68,685,146.64 €</b>				

ASSET-BACKED FUNDS (Fondo de Titulización de Activos, or FTA)						
FUND	SERIES	OUTSTANDING BALANCE	INTEREST RATE BY SERIES	RATING AGENCY	CONSTITUTION DATE	INITIAL ASSET BALANCE
FTA UCI 9	Serie A	176,052,048.87	Euribor 3M + 0.265%	S&P / Moody's	16/06/2003	1,250,000,000.00 €
	Serie B	13,055,116.00	Euribor 3M + 0.65 %			
	Serie C	2,879,804.68	Euribor 3M + 1.20 %			
	<b>Total</b>	<b>191,986,969.55 €</b>				
FTA FTPYME SANTANDER 1	Serie A	0.00	Euribor 3M + 0.25%	Fitch / Moody's	24/09/2003	1,800,000,000.00 €
	Serie B1(G)	21,944,240.98	Euribor 3M + 0.00%			
	Serie B2	5,487,081.67	Euribor 3M + 0.40%			
	Serie C	27,000,000.00	Euribor 3M + 0.90%			
	Serie D	87,300,000.00	Euribor 3M + 1.80%			
<b>Total</b>	<b>141,731,322.65 €</b>					
FTA SANTANDER HIPOTECARIO 1	Serie A	322,001,181.12	Euribor 3M + 0.18%	S&P / Moody's	11/06/2004	1,875,000,000.00 €
	Serie B	53,400,000.00	Euribor 3M + 0.30%			
	Serie C	46,900,000.00	Euribor 3M + 0.50%			
	Serie D	56,300,000.00	Euribor 3M + 0.95%			
<b>Total</b>	<b>478,601,181.12 €</b>					
FTA FTPYME SANTANDER 2	Serie A	13,312,640.25	Euribor 3M + 0.20%	S&P	21/10/2004	1,850,000,000.00 €
	Serie B	4,047,432.75	Euribor 3M + 0.00%			
	Serie C	81,000,000.00	Euribor 3M + 0.30%			
	Serie D	58,500,000.00	Euribor 3M + 0.70%			
	Serie E	58,500,000.00	Euribor 3M + 1.50%			
<b>Total</b>	<b>215,360,073.00 €</b>					
FTA UCI 11	Serie A	188,371,506.96	Euribor 3M+ 0.14%	S&P	17/11/2004	850,000,000.00 €
	Serie B	6,000,000.00	Euribor 3M+ 0.33%			
	Serie C	22,900,000.00	Euribor 3M+ 0.75%			
<b>Total</b>	<b>217,271,506.96 €</b>					
FTA SANTANDER PUBLICO 1	Serie A	112,657,825.70	Euribor 3M+ 0.039%	Fitch / Moody's	17/12/2004	1,850,000,000.00 €
	Serie B	12,185,805.70	Euribor 3M+ 0.30%			
	<b>Total</b>	<b>124,843,631.40 €</b>				

ASSET-BACKED FUNDS (Fondo de Titulización de Activos, or FTA)						
FUND	SERIES	OUTSTANDING BALANCE	INTEREST RATE BY SERIES	RATING AGENCY	CONSTITUTION DATE	INITIAL ASSET BALANCE
FTA SANTANDER EMPRESAS 1	Serie A1	0.00	Euribor 3M + 0.02%	S&P / Fitch	27/10/2005	3,100,000,000.00 €
	Serie A2	0.00	Euribor 3M + 0.12%			
	Serie B	0.00	Euribor 3M + 0.21%			
	Serie C	25,251,005.36	Euribor 3M + 0.29%			
	Serie D	170,500,000.00	Euribor 3M + 0.59%			
<b>Total</b>		<b>195,751,005.36 €</b>				
FTA UCI 14	Serie A	454,461,631.75	Euribor 3M + 0.15%	S&P / Fitch	30/11/2005	1,350,000,000.00 €
	Serie B	34,100,000.00	Euribor 3M + 0.29%			
	Serie C	38,400,000.00	Euribor 3M + 0.58%			
	<b>Total</b>		<b>526,961,631.75 €</b>			
FTA UCI 15	Serie A	531,347,212.18	Euribor 3M + 0.14%	S&P / Fitch	28/04/2006	1,430,000,010.22 €
	Serie B	32,900,000.00	Euribor 3M + 0.27%			
	Serie C	56,500,000.00	Euribor 3M + 0.53%			
	Serie D	21,600,000.00	Euribor 3M + 0.58%			
	<b>Total</b>		<b>642,347,212.18 €</b>			
FTA SANTANDER HIPOTECARIO 2	Serie A	604,057,542.15	Euribor 3M + 0.15%	S&P / Moody's	30/06/2006	1,955,000,000.00 €
	Serie B	51,800,000.00	Euribor 3M + 0.20%			
	Serie C	32,300,000.00	Euribor 3M + 0.30%			
	Serie D	49,800,000.00	Euribor 3M + 0.55%			
	Serie E	19,600,000.00	Euribor 3M + 2.10%			
	Serie F	17,600,000.00	Euribor 3M + 1.00%			
<b>Total</b>		<b>775,157,542.15 €</b>				
FTA UCI 16	Serie A1	0.00	Euribor 3M + 0.06%	S&P / Fitch	18/10/2006	1,800,000,000.00 €
	Serie A2	768,681,916.60	Euribor 3M + 0.15%			
	Serie B	72,000,000.00	Euribor 3M + 0.30%			
	Serie C	41,400,000.00	Euribor 3M + 0.55%			
	Serie D	9,000,000.00	Euribor 3M + 2.25%			
	Serie E	19,800,000.00	Euribor 3M + 2.30%			
<b>Total</b>		<b>910,881,916.60 €</b>				
FTA PYMES BANESTO 2	Serie A1	0.00 €	Euribor 3M + 0.13%	S&P / Moody's Fitch	17/11/2006	1,000,000,000.00 €
	Serie A2	68,594,875.13 €	Euribor 3M + 0.16%			
	Serie B	24,300,000.00 €	Euribor 3M + 0.27%			
	Serie C	34,000,000.00 €	Euribor 3M + 0.54%			
<b>Total</b>		<b>126,894,875.13 €</b>				
FTA SANTANDER FINANCIACION 1	Serie A	0.00 €	Euribor 3M + 0.15%	S&P / Moody's	14/12/2006	1,900,000,000.00 €
	Serie B	0.00 €	Euribor 3M + 0.20%			
	Serie C	15,979,362.16 €	Euribor 3M + 0.30%			
	Serie D	47,500,000.00 €	Euribor 3M + 0.55%			
	Serie E	26,600,000.00 €	Euribor 3M + 2.10%			
	Serie F	14,300,000.00 €	Euribor 3M + 1.00%			
<b>Total</b>		<b>104,379,362.16 €</b>				
FTA SANTANDER EMPRESAS 2	Serie A1	0.00 €	Euribor 3M + 0.05%	Fitch / Moody's	14/12/2006	2,900,000,000.00 €
	Serie A2	0.00 €	Euribor 3M + 0.16%			
	Serie B	18,096,167.04	Euribor 3M + 0.22%			
	Serie C	62,300,000.00	Euribor 3M + 0.32%			
	Serie D	59,500,000.00	Euribor 3M + 0.55%			
	Serie E	29,000,000.00	Euribor 3M + 2.10%			
	Serie F	53,700,000.00	Euribor 3M + 0.50%			
<b>Total</b>		<b>222,596,167.04 €</b>				
FTA SANTANDER HIPOTECARIO 3	Serie A1	218,702,412.02	Euribor 3M + 0.06%	Fitch / Moody's	04/04/2007	2,800,000,000.00 €
	Serie A2	780,389,148.00	Euribor 3M + 0.14%			
	Serie A3	212,833,404.00	Euribor 3M + 0.20%			
	Serie B	79,200,000.00	Euribor 3M + 0.22%			
	Serie C	47,500,000.00	Euribor 3M + 0.30%			
	Serie D	72,000,000.00	Euribor 3M + 0.55%			
	Serie E	28,000,000.00	Euribor 3M + 2.10%			
	Serie F	22,400,000.00	Euribor 3M + 0.50%			
<b>Total</b>		<b>1,461,024,964.02 €</b>				
FTA UCI 17	Serie A1	0.00	Euribor 3M + 0.10%	S&P / Fitch	07/05/2007	1,415,400,000.00 €
	Serie A2	697,540,643.96	Euribor 3M + 0.18%			
	Serie B	72,800,000.00	Euribor 3M + 0.35%			
	Serie C	28,000,000.00	Euribor 3M + 0.60%			
	Serie D	15,400,000.00	Euribor 3M + 2.25%			
<b>Total</b>		<b>813,740,643.96 €</b>				

ASSET-BACKED FUNDS (Fondo de Titulización de Activos, or FTA)						
FUND	SERIES	OUTSTANDING BALANCE	INTEREST RATE BY SERIES	RATING AGENCY	CONSTITUTION DATE	INITIAL ASSET BALANCE
FTA SANTANDER EMPRESAS 3	Serie A1	0.00	Euribor 3M + 0.08%	S&P / Moody's Fitch	28/05/2007	3,500,000,000.00 €
	Serie A2	109,903,680.00	Euribor 3M + 0.17%			
	Serie A3	46,870,736.00	Euribor 3M + 0.25%			
	Serie B	39,700,000.00	Euribor 3M + 0.28%			
	Serie C	117,300,000.00	Euribor 3M + 0.32%			
	Serie D	70,000,000.00	Euribor 3M + 0.65%			
	Serie E	45,500,000.00	Euribor 3M + 2.30%			
Serie F	45,500,000.00	Euribor 3M + 0.50%				
<b>Total</b>		<b>474,774,416.00 €</b>				
FTA PITCH	Serie 1	1,200,000,000.00 €	5.1353%	S&P / Moody's	17/07/2007	1,200,000,000.00 €
<b>Total</b>		<b>1,200,000,000.00 €</b>				
FTA UCI 18	Serie A	808,013,346.45	Euribor 3M + 0.32%	S&P	27/02/2008	1,700,000,000.00 €
	Serie B	38,300,000.00	Euribor 3M + 0.60%			
	Serie C	21,200,000.00	Euribor 3M + 1.20%			
	Serie D	23,000,000.00	Euribor 3M + 2.20%			
<b>Total</b>		<b>890,513,346.45 €</b>				

ASSET-BACKED FUNDS (Fondo de Titulización de Activos, or FTA)						
FUND	SERIES	OUTSTANDING BALANCE	INTEREST RATE BY SERIES	RATING AGENCY	CONSTITUTION DATE	INITIAL ASSET BALANCE
FTA	Pagarés	1,000,000,000.00		S&P Fitch	27/11/2008	500,000,000.00 €
<b>SANTANDER 2</b>						
FTA	Serie A	69,894,720.00	Euribor 3M+ 0.70%	Moody's	13/09/2010	1,600,000,000.00 €
EMPRESAS BANESTO 5	Serie B	96,000,000.00	Euribor 3M+ 1.20%	DBRS		
	Serie C	160,000,000.00	Euribor 3M+ 2.00%			
		<b>325,894,720.00 €</b>				

ASSET-BACKED FUNDS (Fondo de Titulización de Activos, or FTA)						
FUND	SERIES	OUTSTANDING BALANCE	INTEREST RATE BY SERIES	RATING AGENCY	CONSTITUTION DATE	INITIAL ASSET BALANCE
SANTANDER CONSUMER SPAIN AUTO 2010	Serie A	0.00	Euribor 3M+ 0.70%		01/07/2010	600,000,000.00 €
	Serie B	12,818,348.10	Euribor 3M+ 1.20%	Moody's		
	Serie C	49,500,000.00	Euribor 3M+ 1.50%			
	Serie D	88,500,000.00	Euribor 3M+ 0.65%			
		<b>150,818,348.10 €</b>				
FTA	Serie A	931,395,024.00	Euribor 3M+ 0.65%	Moody's	22/07/2011	1,800,000,000.00 €
SANTANDER HIPOTECARIO 7	Serie B	360,000,000.00	Euribor 3M+ 1.30%	DBRS		
	Serie C	359,700,000.00	Euribor 3M+ 0.65%			
		<b>1,651,095,024.00 €</b>				
FTA	Serie A	0.00	Euribor 3M+ 0.70%	Moody's	28/09/2011	1,100,000,000.00 €
EMPRESAS BANESTO 6	Serie B	106,114,816.50	Euribor 3M+ 1.20%	DBRS		
	Serie C	264,000,000.00	Euribor 3M+ 2.00%			
		<b>370,114,816.50 €</b>				
FTA	Serie A	0.00	Euribor 3M+ 0.75%	Moody's	24/11/2011	4,700,000,000.00 €
SANTANDER EMPRESAS 10	Serie B	0.00	Euribor 3M+ 1.00%	DBRS		
	Serie C	940,000,000.00	Euribor 3M+ 0.65%			
		<b>940,000,000.00 €</b>				
SANTANDER CONSUMER SPAIN AUTO 11-1	Serie A	59,927,390.68	Euribor 3M+ 1.40%	Moody's	07/12/2011	795,000,000.00 €
	Serie B	71,600,000.00	Euribor 3M+ 1.70%	FITCH		
	Serie C	63,600,000.00	Euribor 3M+ 2.00%			
	Serie D	117,300,000.00	Euribor 3M+ 0.65% + Parte extra			
		<b>312,427,390.68 €</b>				
FTA	Serie A	420,349,440.00	Euribor 3M+ 0.65%	Moody's	15/12/2011	800,000,000.00 €
SANTANDER HIPOTECARIO 8	Serie B	160,000,000.00	Euribor 3M+ 1.00%	DBRS		
	Serie C	160,000,000.00	Euribor 3M+ 0.65%+Parte extra			
		<b>740,349,440.00 €</b>				
FTA	Serie A	153,645,393.56	Euribor 3M+ 0.30%	S&P	17/07/2012	1,570,000,000.00 €
PYMES SANTANDER 3	Serie B	266,900,000.00	Euribor 3M+ 0.50%	DBRS		
	Serie C	314,000,000.00	Euribor 3M+ 0.50%+Parte extra			
		<b>734,545,393.56 €</b>				
FTA	Serie A	139,030,156.50	Euribor 3M+ 0.30%	Moody's	13/11/2012	2,650,000,000.00 €
PYMES SANTANDER 4	Serie B	397,500,000.00	Euribor 3M+ 0.50%	DBRS		
	Serie C	530,000,000.00	Euribor 3M+ 0.50%+Parte extra			
		<b>1,066,530,156.50 €</b>				
SANTANDER CONSUMER SPAIN AUTO 12-1	Serie A	183,189,492.50	Tipo Fijo 3,00%	Moody's Fitch	20/11/2012	500,000,000.00 €
		<b>183,189,492.50 €</b>				
F.T.A. PYMES SANTANDER 5	Serie A	314,252,992.80	Euribor 3M+1.00%	Moody's	14/05/2013	1,710,000,000.00 €
	Serie B	342,000,000.00	Euribor 3M+1.10%	DBRS		
	Serie C	342,000,000.00	Euribor 3M+0.50%			
		<b>998,252,992.80 €</b>				
F.T.A. SANTANDER HIPOTECARIO 9	Serie A	435,831,337.50 €	Euribor 3M+ 0.30%	Moody's	25/06/2013	767,000,000.00 €
	Serie B	162,500,000.00 €	Euribor 3M+ 0.40%	DBRS		
	Serie C	117,000,000.00 €	Euribor 3M+ 0.50%+Parte extra			
		<b>715,331,337.50 €</b>				
F.T.A. PYMES BANESTO 3	Serie A	87,537,465.12	Euribor 3M+0.30%	S&P	21/01/2013	490,000,000.00 €
	Serie B	63,700,000.00	Euribor 3M+0.50%	DBRS		
	Serie C	98,000,000.00	Euribor 3M+0.50%			
		<b>249,237,465.12 €</b>				
SANTANDER CONSUMER SPAIN AUTO 13-1	Serie A	314,789,876.16	Tipo Fijo 3,00%	Moody's Fitch	16/10/2013	500,000,000.00 €
		<b>314,789,876.16 €</b>				

F.T.A. PYMES SANTANDER 6	Serie A	154,698,547.86	Euribor 3M+1.50%	S&P DBRS	19/11/2013	340,000,000.00 €
	Serie B	105,400,000.00	Euribor 3M+1.60%			
	Serie C	68,000,000.00	Euribor 3M+0.50%			
		<b>328,098,547.86 €</b>				
F.T.A. PYMES SANTANDER 7	Serie A	189,622,488.00	Euribor 3M+1.00%	Moody's DBRS	25/11/2013	1,700,000,000.00 €
	Serie B	340,000,000.00	Euribor 3M+1.10%			
	Serie C	340,000,000.00	Euribor 3M+0.50%			
		<b>869,622,488.00 €</b>				
F.T.A. PYMES SANTANDER 8	Serie A	602,045,063.50	Euribor 3M+0.40%	Moody's DBRS	20/05/2014	1,550,000,000.00 €
	Serie B	232,500,000.00	Euribor 3M+0.50%			
	Serie C	310,000,000.00	Euribor 3M+0.50%			
		<b>1,144,545,063.50 €</b>				
F.T.A. PYMES SANTANDER 9	Serie A	277,086,391.08	Euribor 3M+0.75%	S&P DBRS	20/05/2014	500,000,000.00 €
	Serie B	168,300,000.00	Euribor 3M+0.80%			
		<b>445,386,391.08 €</b>				
F.T.A. RMBS SANTANDER 1	Serie A	893,384,580.40	Euribor 3M+0.90%	Moody's DBRS	23/06/2014	1,495,000,000.00 €
	Serie B	338,000,000.00	Euribor 3M+1.30%			
	Serie C	195,000,000.00	Euribor 3M+0.65%			
		<b>1,426,384,580.40 €</b>				
F.T.A. RMBS SANTANDER 2	Serie A	2,421,623,736.00	Euribor 3M+0.30%	Moody's DBRS	14/07/2014	3,450,000,000.00 €
	Serie B	480,000,000.00	Euribor 3M+0.40%			
	Serie C	450,000,000.00	Euribor 3M+0.50%			
		<b>3,351,623,736.00 €</b>				
F.T.A. RMBS SANTANDER 3	Serie A	5,395,000,000.00	Euribor 3M+0.58%	Moody's DBRS	17/11/2014	7,475,000,000.00 €
	Serie B	1,105,000,000.00	Euribor 3M+0.63%			
	Serie C	975,000,000.00	Euribor 3M+0.65%			
		<b>7,475,000,000.00 €</b>				
F.T.A. SCS AUTO 2014-1	Serie A	703,000,000.00 €	Tipo fijo 2,00%	Fitch DBRS	26/11/2014	798,000,000.00 €
	Serie B	27,400,000.00 €	Tipo fijo 2,50%			
	Serie C	15,200,000.00 €	Tipo fijo 3,50%			
	Serie D	14,400,000.00 €	Tipo fijo 5,00%			
	Serie E	38,000,000.00 €	Tipo fijo 5,00%			
		<b>798,000,000.00 €</b>				
F.T.A. PYME SANTANDER 10	Serie A	2,907,000,000.00	Euribor 3M+0.35%	Moody's DBRS	28/11/2014	4,560,000,000.00 €
	Serie B	893,000,000.00	Euribor 3M+0.60%			
	Serie C	760,000,000.00	Euribor 3M+0.65%	Scope Ratings		
		<b>4,560,000,000.00 €</b>				
<b>TOTAL FTA</b>		<b>39,398,166,506.67 €</b>				<b>83,426,200,010.22 €</b>
<b>TOTAL (FTH+FTA)</b>		<b>40,011,875,179.01 €</b>				<b>86,353,200,010.22 €</b>

**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 Management Company is an entity registered with and supervised by CNMV.

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:

Chairman: Mr. José García Cantera

Directors: Mr. Ignacio Ortega Gavara

Mr. José Antonio Soler Ramos

Ms. Ana Bolado Valle

Mr. Marcelo Alejandro Castro Zappa

Mr. Enrique Silva Bravo

Mr. Jesús Cepeda Caro

Mr. Gabriel de Escalante Yangüela

Mr. Jesús Fuentes Colella

Secretary/Non-Director: Mrs. 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**

Name	Activity performed	Relationship under which activity is performed	Company in which the activity is performed	Position or functions held or performed in relation to the Company in question
José García Cantera	Banking	Employee	Santander Investment, SA	Board member
Enrique Silva Bravo	Banking	Employee	Reintegra, SA	Chairman
			Redsys, SL	Board member
			Isban, SA	
			Open Bank, SA	
			Bansalud, SL	
Marcelo Alejandro Castro	Banking	Employee	Santander Benelux	Board member
José Antonio Soler Ramos	Financial Intermediation	Employee	Santander Commercial Paper, SAU	Chairman
			Santander US Debt, SAU	
			Santander Issuances, SAU	
			Santander International Debt, SAU	Board member
			Santander Benelux, SA	
Open Bank, SA				
Gabriel de Escalante Yangüela	Banking	Employee	Geoban, S.A.	Chairman
			Santander Operaciones Retail, S.A.	Board member
			Grupo Konecta, SL	
Jesús Cepeda Caro	Banking	Employee	Salco S.A.	Chairman
			Santander Brasil EFC, S.A	Board member

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 Management Company keeps its accounts in accordance with the Spanish General Accounting Plan (Plan General Contable) approved by Royal Decree 1514/2007 of November 16.

Details of the audited balance sheet and income statement for fiscal years 2012 and 2013, and the unaudited balance sheet as at December 31, 2014, are provided below:

**Audited Balance Sheet as at 31<sup>st</sup> December, 2013 and 2014 and unaudited Balance Sheet at 31<sup>st</sup> March, 2015 (in thousands of euros):**

<b>ASSETS</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>03/31/2015</b>
<b>FIXED ASSETS:</b>			
Intangible assets	-	-	-
Tangible assets	-	-	-
<b>Total fixed assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL ASSETS</b>			
Long-term sureties	19	19	19
<b>Total capital assets</b>	<b>19</b>	<b>19</b>	<b>19</b>
<b>CURRENT ASSETS:</b>			
Receivables	<b>396</b>	<b>452</b>	<b>185</b>
Loans to employees	36	25	34
Other receivables	360	427	151
Short-term investments	-	-	-
Public tax authorities	-	-	-
Cash in bank and at hand	<b>9,987</b>	<b>9,998</b>	<b>12,432</b>
Prepayments and accrued income	<b>880</b>	<b>1,031</b>	<b>916</b>
<b>Total current assets</b>	<b>11,263</b>	<b>11,481</b>	<b>13,533</b>
<b>TOTAL ASSETS</b>	<b>11,282</b>	<b>11,500</b>	<b>13,552</b>

<b>LIABILITIES</b>	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>03/31/2015</b>
<b>EQUITY:</b>			
Share capital	902	902	902
Reserves	182	182	182
Trading results - Profit	1,553	1,400	582
<b>Total equity</b>	<b>2,637</b>	<b>2,484</b>	<b>1,666</b>
<b>LONG-TERM PAYABLES:</b>			
Debts with Group companies	7,679	8,344	8,344
	<b>7,679</b>	<b>8,344</b>	<b>8,344</b>
<b>SHORT-TERM PAYABLES:</b>			
Tax authorities ( <i>Hacienda Pública</i> )	710	636	898
Other payables	30	13	10
Debts with Group companies	3	3	3
Prepayments and accrued expenses	223	20	1,230
Dividend payable	-	-	1,401
<b>Total short-term payables</b>	<b>966</b>	<b>672</b>	<b>3,542</b>
<b>TOTAL LIABILITIES</b>	<b>11,282</b>	<b>11,500</b>	<b>13,552</b>

Regarding Debts with Group companies, this amount corresponds to the Corporate Income Tax assigned by the Group to the Management Company. Therefore, it shall not be considered as a debt.

**Audited Income Statements at 31<sup>st</sup> December, 2013 and 2014, and unaudited Income Statement at 31<sup>st</sup> March, 2015 (in thousands of Euros):**

	<b>12/31/2013</b>	<b>12/31/2014</b>	<b>03/31/2015</b>
<b>CONTINUED OPERATIONS</b>			
Net income	7,544	7,186	2,094
Other operating income	25	2	2
Personnel costs	-1,050	-1,092	-251
Other operating expenses	-4,299	-4,094	-1,013
Depreciation of property, plant and equipment	-	-	-
Impairment and income from disposals of property, plant and equipment	-	-	-
<b>OPERATING PROFIT</b>	<b>2,220</b>	<b>2,002</b>	<b>832</b>
Financial income	-	-	-
From tradable securities and other financial instruments	-	-	-
<b>FINANCIAL PROFIT</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PRE-TAX PROFIT</b>	<b>2,220</b>	<b>2,002</b>	<b>832</b>
Income tax	-667	-602	-250
<b>PROFIT FOR THE YEAR FROM CONTINUED OPERATIONS</b>	<b>1,553</b>	<b>1,400</b>	<b>582</b>
<b>DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the year from discontinued operations, net of tax	-	-	-
<b>PROFIT FOR THE YEAR</b>	<b>1,553</b>	<b>1,400</b>	<b>582</b>



## 7. MAJOR SHAREHOLDERS OF THE MANAGEMENT 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:

SHAREHOLDERS	% SHARE CAPITAL
Santander Investment, S.A.	19%
Banco Santander, 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 Spanish Securities Market Law, SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is part of the SANTANDER GROUP.

The Management Company adheres to the General Rule of Conduct and the Rule of Conduct of the Grupo Santander in the Securities Market.

So as to ensure the absence of abuses of control on the part of Banco Santander, S.A. over the Management Company, the Management Company approved its Internal Rules of Conduct in accordance with the provisions of Chapter II of Royal Decree 217/2008 of February 15, on the legal structure of investment services companies and other entities that render investment services and by which the Regulatory Framework of Law 35/2003 of November 4 was in part amended for Collective Investment Schemes, as approved by Royal Decree 1309/2005 of November 4. The Internal Rules of Conduct were duly reported to the CNMV.

## 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 incorporated 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 By-laws and deed of incorporation of the Management Company.**
- (b) **This Prospectus.**
- (c) **The Deed of Incorporation of the Fund.**
- (d) **The Subordinated Loan 1 Agreement, the Subordinated Loan 2 Agreement, the Swap Agreement, the Guaranteed Reinvestment Agreement, the Payment Agency Agreement and the Direction, Placement and Subscription Agreement.**
- (e) **Auditors' Report on the portfolio of Mortgage 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) **Certificate of the agreement of the Board of Directors of the Management Company**, at its meeting held on 18<sup>th</sup> February, 2015 in which it was agreed, amongst other things, to incorporate the Fund, to subscribe to the Mortgage Transfer Certificates assigned by UCI and the issue of the Notes charged to the Fund.
- (g) **Certificate of the Sole Shareholder of UCI** at its meeting held on 9<sup>th</sup> February, 2015.
- (h) **The letters disclosing the provisional ratings and the letters disclosing the definitive ratings** on the part of S&P and Moody's.
- (i) **The Annual Financial Statements and auditors' report of the Management Company.**
- (j) **The notarial deed bearing witness redemption of the Notes issue**, when this occurs.

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

In addition, a copy of all documents mentioned in the above sections except for those contained in section a) and d) may be inspected at the CNMV at Calle Edison 4, Madrid, and at Paseo de Gracia 19, 4º planta, Barcelona.

A copy of the Prospectus will be available to the public on the CNMV's webpage ([www.cnmv.es](http://www.cnmv.es)), AIAF's webpage ([www.aiaf.es](http://www.aiaf.es)) and on the Management Company's webpage ([www.santanderdetitulizacion.com](http://www.santanderdetitulizacion.com)).

The Deed of Incorporation will be available to the public in 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 26<sup>th</sup> May, 2015.

### 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.

Mrs. María José Olmedilla González, acting in her capacity as Non-Director Secretary of the Board of Directors, by virtue of the powers granted to her by the Board of Directors at its meeting held on 18<sup>th</sup> February, 2015 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 FONDO DE TITULIZACIÓN DE ACTIVOS, RMBS PRADO I 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.

Mrs. María José Olmedilla González, 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, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

### 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 Notes is as follows:

- a) **SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A.** intervenes as the Management Company of the Fund.
- b) **UCI, UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO** intervenes as the Assignor of the Mortgage Loans, issuer of the Mortgage Transfer Certificates, subscriber of any Class A Notes that is not subscribed by qualified investors and counterparty of the Fund in the Subordinated Loan 1 Agreement and in the Subordinated Loan 2 Agreement.
- c) **BANCO SANTANDER, S.A.** intervenes as Joint Arranger, as Joint Lead Manager and as Back-Up Servicer Facilitator .
- d) **BNP PARIBAS, London Branch** intervenes as Joint Arranger and as Joint Lead Manager.

- e) **BNP PARIBAS** intervenes as Swap Counterparty of the Fund.
- f) **BNP PARIBAS SECURITIES SERVICES, Spanish Branch** intervenes as Paying Agent and counterparty of the Fund in the Guaranteed Reinvestment Agreement (Cash Flow Account).
- g) **STANDARD & POOR'S CREDIT MARKET SERVICES EUROPE LIMITED** intervenes as credit rating agency rating the Notes.
- h) **MOODY'S INVESTORS SERVICE LTD.** intervenes as credit rating agency rating the Notes.
- i) **CUATRECASAS GONÇALVES PEREIRA, S.L.P.** intervenes as the legal adviser on the structure of the operation and has reviewed the tax regime applicable to the Fund as contained in section 4.5 d) of the Registration Document.
- j) **DELOITTE, S.L.** intervenes as auditor of the Fund and of the assignable portfolio.
- k) **DLA PIPER INTERNATIONAL LLP** intervenes as legal adviser of the Joint Lead Managers and has reviewed the tax regime applicable to the Fund as contained in section 4.5 d) of the Registration Document.

Banco Santander, 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, S.A., EFC.

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.

#### **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 Notes issued amounts to THREE HUNDRED AND FORTY TWO MILLION EUROS (€342,000,000), represented by three thousand four hundred and twenty (3,420) Notes each with a face value of one hundred thousand euros (€100,000), distributed in one (1) class of Notes (Class A).

###### **b) Placement**

The Joint Lead Managers will place the Notes 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.

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

The Notes 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.**

The Notes are issued in accordance with the laws of Spain and, in particular, according to legal system established in (i) Royal Decree 926/1998 and implementing provisions; (ii) Royal Decree 1310/2005; (iii) section 2 of Additional Provision Seven of Law 5/2015 and Articles 34, 35 and 36 of said Law 5/2015 under the terms mentioned in said Additional Provision Seven, (iv) Law 19/1992, for any matters not envisaged in Royal Decree 926/1998 and insofar as applicable; (v) the Spanish Securities Market Law; (vi) Order 3537/2005 of the Spanish Ministry of the Economy and Finance of 10<sup>th</sup> November, 2005, which implemented Article 27.4 of Spanish Securities Market Law 24/1988 of July 28; and (vii) any such other legal and regulatory provisions as may be in force and applicable from time to time.

According to that provided in section 2 of Additional Provision Seven of Law 5/2015, the Fund, given that it was under process of approval and filing with CNMV and that it will be incorporated within the two months following the entry into force of said Law 5/2015 (29th April, 2015), will be governed, until its extinction, by the provisions that were applicable prior to its entry into force, mentioned in (i), (ii) and (iv) above. Notwithstanding the previous, transparency rules of Articles 34 and 36 of Law 5/2015 will be immediately applicable with the entry into force of such Law and Article 35 will be applicable to annual and quarterly reports published after twelve months have elapsed since the entry into force of this Law.

This Securities Note has been prepared in accordance with the standard forms envisaged in Annex XIII of Regulation (EC) No 809/2004.

Any issue, discrepancy or dispute relating to the Fund or the Notes issued against the Fund and arising during the operation or settlement of the Fund, whether between the Noteholders or between these and the Management Company, will be heard before the Courts of Madrid, with the parties expressly waiving any other jurisdiction or venue to which they may be entitled.

#### **4.4 Representation of the securities.**

The Notes 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 Incorporation will give rise to the effects stipulated in Article 6 of the Law on the Stock Market.

The Noteholders 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 Notes in the Deed of Incorporation of the Fund so that the compensation and settlement of the Notes 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 Notes will be EUROS.

## **4.6 Ranking.**

The Subordinated Loan 1 will be deferred as regards the payment of interest and payment of the principal with respect to the Class A Notes, in accordance with the Order of Priority of Payment 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 Notes and of the Subordinated Loan 1 in the priority of payments of the Fund**

The payment of interest due for the Class A Notes occupies the (3<sup>rd</sup>) (third) place in the application of Available Funds 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 Available Funds for Liquidation 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 Subordinated Loan 1 occupies the (6<sup>th</sup>) (sixth) place in the application of Available Funds in the Order of Priority of Payment established in section 3.4.6. of the Additional Building Block to the Securities Note and the (4<sup>th</sup>) (fourth) place in the application of the Available Funds for Liquidation 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 Notes and of the Subordinated Loan 1 in the priority of payments of the Fund**

The repayment of Outstanding Principal Balance of the Class A Notes occupies the (5<sup>th</sup>) (fifth) place in the application of Available Funds 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 Available Funds for Liquidation 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 repayment of Outstanding Principal Balance of Subordinated Loan 1 occupies the (7<sup>th</sup>) (seventh) place in the application of Available Funds in the Order of Priority of Payment established in section 3.4.6. of the Additional Building Block to the Securities Note and the (4<sup>th</sup>) (fourth) place in the application of the Available Funds for Liquidation in the Order of Priority of Payment upon Liquidation established in section 3.4.6. in the Additional Building Block to the Securities Note.

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

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

The economic and financial rights for the investor associated with the acquisition and holding of the Notes 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 Noteholders, they 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 Incorporation 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 related to the FONDO DE TITULIZACIÓN DE ACTIVOS, RMBS PRADO I of which the relevant ones are described in this Prospectus and in the Deed of Incorporation.

Any question, discrepancy or dispute concerning the Fund or the Notes issued which might arise during the period of operation or on its settlement, whether this involves the Noteholders or these and the Management Company, will be submitted to the Courts of Madrid, 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 Notes will be determined through a variable interest rate in accordance with the following stipulations:

- a) The Notes 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, in accordance with the Order of Priority of Payment stipulated for the Class A Notes 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 Notes will be paid exclusively by the Noteholders 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 of the Notes will be divided into successive Interest Accrual Periods comprising the days elapsed between each Payment Date, including in each Interest Accrual Period the initial Payment Date and excluding the final Payment Date. By exception, the First Interest Accrual Period will have a duration greater than three months, equivalent to the days effectively elapsed between the Disbursement Date, included, and the First Payment Date planned (15<sup>th</sup> September, 2015), excluded.
- c) The nominal interest rate applicable to the Notes for each Interest Accrual Period will be determined by the Management Company, in representation and on behalf of the Fund, at the Rate Setting Date 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. approximately (Madrid time), on that day and will be applicable for the following Interest Accrual Period.

The nominal interest rate of the Notes 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. approximately (Madrid time), on the Date of Incorporation.

The Noteholders will be notified of the nominal interest rates determined 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 the higher of: (i) zero and the sum of (ii) the reference interest rate EURIBOR at three (3) months or, in its absence, its substitute (described in section e) below) and (iii) the Class A Margin: margin of up to 0.90% per annum up to (and including) the Class A Step-Up Date and margin of up to 1.80% per annum from (but excluding) the Class A Step-Up Date to (and including) the Final Maturity Date.



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

The definitive margin applicable to the Class A will be fixed by the Joint Arrangers and notified to the Management Company on the Date of Incorporation.

In the absence of the notification, the Management Company will fix the margin of Class A at 0.90% up to the Class A Step Up Date (included) and a margin of 1.80% from the Class A Step Up Date (excluded).

- 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. The EURIBOR rate at three (3) months 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 approximately, Madrid time, at the Rate Setting Date.
  - (ii) Exceptionally, the Reference Interest Rate for the First Interest Accrual Period will be that resulting from the linear interpolation of EURIBOR rate at three (3) months and the EURIBOR rate at six (6) months quoted at approximately 11.00 hours at the Rate Setting Date, taking into account the number of days of the First Interest Accrual Period, according to the following formula.

$$R = E_2 + \left[ \frac{E_3 - E_2}{d_3 - d_2} \right] \times (d_t - d_2)$$

Where:

R = Reference Interest Rate for the First Accrual Period

$d_t$  = Number of days of the First Accrual Period

$d_3$  = Number of days corresponding to the three (3)-month Euribor

$d_6$  = Number of days corresponding to the six (6)-month Euribor

$E_2$  = Three (3)-month Euribor rate

$E_6$  = Six (6)-month Euribor rate

- (iii) In the event of an absence of rates as stipulated in section (i) above, the interbank interest rates on offer for deposit operations in euros (EURIBOR) at three (3) months will apply as a replacement reference interest rate, at the Rate Setting Date by the entities which are stated below:
  - a) Banco Santander, London Branch.
  - b) J.P Morgan Securities Ltd.
  - c) BNP Paribas, London Branch.

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

As an exception, for the first Interest Accrual Period and in the event of an absence of rates according to the provisions in section (i) above, there shall apply as a type of replacement reference interest rate the interest rate resulting from calculating the simple arithmetic average of the interbank interest rates offered for operations of deposit in euros (EURIBOR) at three (3) month or at six (6) months, at the Rate Setting Date by the entities previously mentioned, rounded to the nearest thousandth of a whole per cent.

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 Setting Dates, 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 the Notes.

- 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 Notes will be payable quarterly, on each Payment Date, i.e. on 15<sup>th</sup> March, June, September and December each year until the total amortisation, on the condition that the Fund has sufficient liquidity in the Cash Flow Account, in accordance with the Order of Priority of Payment stipulated for the Notes 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 Notes will take place on 15<sup>th</sup> September, 2015, and these will accrue at the corresponding nominal interest rate from the Disbursement Date (inclusive) up to 15<sup>th</sup> September, 2015 (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:

$$I = \frac{P \times R \times d}{36.000}$$

Where:

I = Interest payable on a specific Payment Date.

P = Outstanding Principal Balance of the Notes on the Determination Date preceding this Payment Date.

R = Nominal interest rate expressed as an annual percentage.

d = Number of calendar days in the related Interest Accrual Period.

The Noteholders and the counterparty to the Subordinated Loan 1 will be notified of both the interest for the Noteholders and for the counterparty to the Subordinated Loan 1, 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, 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 Notes 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 Noteholders 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 not accrue default interest.

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

The interest on the Notes will be paid up to the respective amortisation of the Notes on each Payment Date on the condition that the Fund has sufficient Available Funds 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.

Through its Management Company, the Fund cannot defer the payment of interest of the Notes further than the Legal Maturity Date 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 Notes will be paid exclusively by the Noteholders and the amounts will be deducted by the corresponding entity in the legally established manner.

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

Not applicable.

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

Not applicable.

#### **4.8.4 Calculation Agent**

This will be the Management Company.

### **4.9 Amortisation of the securities.**

#### **4.9.1 Amortisation price**

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

Each and every one of the Notes 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 Notes will take place on the date on which they are totally amortised or on the Legal Maturity Date of the Fund, that is to say, 15<sup>th</sup> June, 2055 or the following Business Day without prejudice to the Management Company amortising the issue of Notes previous to the Legal Maturity Date of the Fund in accordance with section 4.4.3 of the Registration Document.

The Notes will be amortised by reduction of their face value on 15<sup>th</sup> March, June, September and December 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 Funds in the Cash Flow Account.

#### **4.9.3 Redemption of the Notes**

On each Payment Date, the funds for the amortisation of the Notes shall equal the amount of the Available Funds after payment of item from (1) to (4) (inclusive) of the Order of Priority of Payment or, upon liquidation, item from (1) to (2) of the Order of Priority of Payment upon Liquidation, provided that it shall not exceed the then Outstanding Principal Balance of the Class A Notes.

The Available Funds will be applied on each Payment Date to the amortisation of the Class A Notes by means of partial amortisations as from the First Payment Date until the total face value is reached, distributed pro rata among the Class A Notes by means of reducing the face value of each Class A Notes, and without prejudice to the Order of Priority of Payment upon Liquidation described in section 3.4.6. d) referring to the application of Available Funds for Liquidation:

#### **Early redemption of all the Notes issued**

Regardless of the obligation of the Fund, by means of the Management Company, to redeem the Notes on the Legal Maturity Date of the Fund or undertake partial redemptions on each Payment Date as stated in the foregoing sections, the Management Company is authorised to exercise at any time advanced liquidation of the Fund and, with it, advanced redemption of all the Notes issued, in the terms stated in section 4.4.3) of the Registration Document of this Prospectus and to distribute the Available Funds for Liquidation in accordance with the Order of Priority of Payment upon Liquidation contained in section 3.4.6 d) of the Additional Building Block of this Prospectus.

#### **4.9.4 Optional Redemption**

On any Payment Date commencing on the Class A Step-Up Date (each an “**Optional Redemption Date**”), the Management Company may at its option redeem the Notes in

whole (but not in part) at their Outstanding Principal Balance together with all accrued but unpaid interest thereon up to and including the relevant Payment Date.

Any such redemption (an “**Optional Redemption**”) shall be effected by the Issuer provided that the Issuer has given with not more than 45 and not less than 15 days' prior written notice to Noteholders in accordance with Section 4 b2) of the Additional Building Block and to the Swap Counterparty, and provided that the Issuer, prior to giving such notice shall confirm to the Noteholders that it will have the necessary funds to discharge all its outstanding liabilities in respect of the Notes to be redeemed and any amount ranking prior thereto or *pari passu* therewith pursuant to the Order of Priority of Payment. Furthermore, if the Management Company decides to exercise the Optional Redemption, it shall publish the proper relevant event at the CNMV.

In any case, the effectiveness of the transfer of the Assets will be subject to the receipt by the Issuer of the purchase price of the Assets from the Assignor (or any other purchaser) which will form part of the Available Funds on the relevant Payment Date in an amount enough to discharge all the outstanding liabilities in respect of the Notes and any amount ranking prior thereto or *pari passu* therewith pursuant to the Order of Priority of Payment.

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

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

- i) The schedule and system of amortisation of each of the Mortgage Loans established in the corresponding agreements.
- ii) The capacity which the Obligors have to totally or partially amortise the Mortgage Loans in advance and the speed at which this prepayment takes place throughout the life of the Fund. Thus, the prepayment of the Mortgage 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 Notes, and, therefore, the average life and duration of the Notes.
- iii) The variable interest rates which will be applicable to the majority of the Mortgage Loans that will make the amount of the amortisation in each instalment vary.
- iv) The default of the Obligors as regards payment of the Mortgage Loan instalments.

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

- i) The interest rate on the Mortgage Loans which has been used to calculate the repayments and interest on each of the selected Mortgage Loans is the interest rate of each of the selected Mortgage Loans on 20<sup>th</sup> April, 2015;
- ii) The maintenance of the selected Mortgage Loan repayment systems on 20<sup>th</sup> April, 2015, including, where appropriate, the pending repayment of principal, and the due date of the instalments;
- iii) Asset default: 9.40% of the Outstanding Balance of the Assets with 50% recovery between 90 days and 12 months in arrears;
- iv) Non-Performing Assets in the portfolio of Mortgage Loans: 5.25% of the Outstanding Balance of the Assets with 30% recovery at 12 months from being flagged as Non-Performing;
- v) The Disbursement Date is 3<sup>rd</sup> June, 2015;

- vi) The annual CPRs (5%, 7% and 9%) hold constant over the life of the Notes;
- vii) Aggregate non-performing assets of the Mortgage Loan of 6.92% with a CPR of 5%, 6.62% with a CPR of 7% and 6.37% with a CPR of 9%;
- viii) All Notes shall be fully redeemed at Payment Date 15<sup>th</sup> June, 2020.

The adjusted actual term of the Notes will also depend on their variable interest rate, and in all of the tables where they appear in this section, the interest rates are assumed as constant for Class A Notes A at 0.892%; taking as a reference -0.008% (three month EURIBOR on 7<sup>th</sup> May, 2015), plus a maximum margin of 0.900% for the Class A Notes.

Variables (ii), (iii), (v) and (vi) above, which are used in the tables below, come from the historical data provided by the Originator concerning portfolios with similar characteristics to the credit rights granted by UCI to individuals in order to finance operations involving the acquisition or refurbishment of houses in Spain or for subrogations of individuals in the financings granted to developers for the construction of houses in Spain for its sale.

In preparing the tables included below, the grace periods for the principal of the Assets, if any, and the periodicity in the payment of the corresponding instalments have both been taken into account.

**The average life of the Notes, IRR and Duration for different CPR, assuming the hypothesis described above, would be as follows:**

CPR	5%	7%	9%
	<b>Class A Notes</b>		
<b>Average Life (years)</b>	3.93	3.68	3.44
<b>IRR</b>	0.907%	0.907%	0.907%
<b>Duration (years)</b>	3.82	3.58	3.35
<b>Last Principal Redemption</b>	15 06 2020	15 06 2020	15 06 2020
<b>(years)</b>	5.04	5.04	5.04

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

- The Outstanding Principal Balance of the Class A Notes 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 Mortgage Loans.
- It is assumed that the Management Company will exercise the option of the Early Liquidation of the Fund and with this the Early Redemption of the Notes on Class A Step-Up Date.
- For the construction of the tables below any excess spread amount has been disregarded. A positive excess spread amount would have shortened the estimated weighted average life and reduced the principal payment window.

Hereafter, the charts of the debt service of the Class A, for 2015 and for CPR of 5%, 7% and 9% respectively are included:

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR: 5,00%**

Payment Date	Class A Notes		
	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>342,000,000.00</b>	<b>12,167,380.07</b>	<b>354,167,380.07</b>
3-Jun-2015			
15-Sep-2015	10,860,903.28	881,296.00	11,742,199.28
15-Dec-2015	7,938,454.02	746,645.08	8,685,099.09
15-Mar-2016	7,835,680.96	728,745.63	8,564,426.59
15-Jun-2016	7,789,534.24	718,891.95	8,508,426.19
15-Sep-2016	7,832,633.35	701,135.27	8,533,768.62
15-Dec-2016	7,964,742.01	675,853.39	8,640,595.40
15-Mar-2017	7,790,059.50	650,665.06	8,440,724.56
15-Jun-2017	7,772,329.06	647,366.41	8,419,695.47
15-Sep-2017	7,656,434.58	629,648.95	8,286,083.53
15-Dec-2017	7,502,886.50	605,541.38	8,108,427.89
15-Mar-2018	7,354,716.87	582,155.64	7,936,872.52
15-Jun-2018	7,332,712.97	578,326.95	7,911,039.93
17-Sep-2018	7,220,820.96	561,611.62	7,782,432.59
17-Dec-2018	7,058,229.34	539,225.80	7,597,455.14
15-Mar-2019	6,898,353.46	517,560.39	7,415,913.85
17-Jun-2019	6,867,224.67	513,336.56	7,380,561.23
16-Sep-2019	6,755,891.48	497,682.34	7,253,573.81
16-Dec-2019	6,594,548.66	477,039.71	7,071,588.37
16-Mar-2020	6,478,366.35	462,170.47	6,940,536.82
15-Jun-2020	198,495,477.74	452,481.47	198,947,959.21

<b>FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER</b> <b>(AMOUNTS IN EUR)</b> <b>CPR: 7,00%</b>
--

Payment Date	Class A Notes		
	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>342,000,000.00</b>	<b>11,387,420.53</b>	<b>353,387,420.53</b>
3-Jun-2015			
15-Sep-2015	13,835,874.60	881,296.00	14,717,170.60
15-Dec-2015	10,027,187.41	739,937.18	10,767,124.59
15-Mar-2016	9,831,579.62	717,328.10	10,548,907.72
15-Jun-2016	9,716,004.96	702,799.19	10,418,804.15
15-Sep-2016	9,711,841.27	680,651.02	10,392,492.29
15-Dec-2016	9,817,106.57	651,354.59	10,468,461.17
15-Mar-2017	9,533,884.85	622,304.70	10,156,189.55
15-Jun-2017	9,467,893.13	614,400.68	10,082,293.80
15-Sep-2017	9,268,252.93	592,818.09	9,861,071.02
15-Dec-2017	9,014,853.37	565,476.56	9,580,329.94
15-Mar-2018	8,769,734.78	539,159.41	9,308,894.19
15-Jun-2018	8,701,919.35	531,149.64	9,233,068.99
17-Sep-2018	8,516,570.66	511,313.13	9,027,883.79
17-Dec-2018	8,266,731.15	486,552.40	8,753,283.55
15-Mar-2019	8,022,663.04	462,770.86	8,485,433.90
17-Jun-2019	7,950,343.44	454,766.55	8,405,109.99
16-Sep-2019	7,774,555.97	436,643.30	8,211,199.27
16-Dec-2019	7,537,746.02	414,367.28	7,952,113.30
16-Mar-2020	7,360,015.51	397,371.34	7,757,386.85
15-Jun-2020	168,875,241.38	384,960.49	169,260,201.88



<b>FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER</b> <b>(AMOUNTS IN EUR)</b> <b>CPR: 9,00%</b>
--

Payment Date	Class A Notes		
	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>342,000,000.00</b>	<b>10,642,743.52</b>	<b>352,642,743.52</b>
3-Jun-2015			
15-Sep-2015	16,853,537.37	881,296.00	17,734,833.37
15-Dec-2015	12,118,366.26	733,133.02	12,851,499.28
15-Mar-2016	11,807,095.57	705,808.80	12,512,904.37
15-Jun-2016	11,600,369.66	686,650.01	12,287,019.67
15-Sep-2016	11,529,816.20	660,206.32	12,190,022.52
15-Dec-2016	11,591,508.37	627,032.99	12,218,541.36
15-Mar-2017	11,183,010.79	594,293.45	11,777,304.25
15-Jun-2017	11,050,064.81	582,007.68	11,632,072.49
15-Sep-2017	10,751,382.66	556,818.44	11,308,201.11
15-Dec-2017	10,385,898.93	526,524.09	10,912,423.02
15-Mar-2018	10,033,413.99	497,577.56	10,530,991.55
15-Jun-2018	9,905,360.11	485,763.11	10,391,123.22
17-Sep-2018	9,636,399.32	463,183.29	10,099,582.61
17-Dec-2018	9,292,502.38	436,420.75	9,728,923.13
15-Mar-2019	8,958,889.82	410,902.64	9,369,792.46
17-Jun-2019	8,834,535.89	399,611.52	9,234,147.41
16-Sep-2019	8,588,305.59	379,472.71	8,967,778.30
16-Dec-2019	8,273,500.74	355,983.28	8,629,484.03
16-Mar-2020	8,030,429.89	337,328.38	8,367,758.27
15-Jun-2020	141,575,611.65	322,729.47	141,898,341.12

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

As regards the values included in this Notes issue, a Noteholder 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 Noteholders 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.**

##### **i) Corporate resolutions**

##### ***Agreement of incorporation of the Fund, acquisition of the Mortgage Loans, subscription to the Mortgage Transfer Certificates and the issue of the Notes:***

The Board of Directors of the Management Company at its meeting held on 18<sup>th</sup> February, 2015, agreed on the following:

- i) The incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS, RMBS PRADO I 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 Mortgage Loans assigned by UCI through the issue of Mortgage Transfer Certificates which instrument the assignment of the Mortgage Loans in the Fund.
- iii) The issue of the Notes charged to the assets of the Fund.

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

The Certificate of the Sole Shareholder of UCI, at its meeting held on 9<sup>th</sup> February, 2015, agreed to authorise the issue of the Mortgage Transfer Certificates to be pooled in the Fund.

##### **ii) Registration by the CNMV**

The incorporation of the Fund and the issue of the Notes 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 has been registered in the Official Registers of the CNMV on 26<sup>th</sup> May, 2015.

##### **iii) Authorisation of the Deed of Incorporation of the Fund**

Once the registration of this Prospectus has been carried out by the CNMV, the Management Company together with UCI, as the Mortgage Loans Assignor and the issuer of the Mortgage Transfer Certificates, will authorise the Deed of Incorporation of the Fund on 28<sup>th</sup> May, 2015.

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

The Management Company will forward a copy of the Deed of Incorporation to the CNMV for filing with the Official Registers and to Iberclear.

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

The issue date of the Notes shall be 28<sup>th</sup> May, 2015.

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

The placement of the Notes 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 in 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.

Class A Notes issue is directed at qualified investors (as defined in Article 39 of Royal Decree 1310/2005).

Subscription of the Notes implies, for each Noteholder, acceptance of the terms of the Deed of Incorporation and this Prospectus.

#### **4.13.2 Subscription Period**

The Management Company will arrange a Direction, Placement and Subscription Agreement for the Notes issue by which UCI will undertake to subscribe all Class A Notes that are not subscribed by qualified investors through the Joint Lead Managers.

The Subscription Period will begin at 9:00 CET on 3<sup>rd</sup> June, 2015 and will end on the same day at 12.00 CET. Once the Subscription Period is over, and before 12.30 CET on the same day, the Joint Lead Managers, will notify UCI and the Management Company of the number and amount of the Class A Notes that have been placed. UCI undertakes to subscribe on 3<sup>rd</sup> June, 2015, between 13.00 CET and 13.30 CET, the remaining Class A Notes not placed by the Joint Lead Managers in accordance with the Direction, Placement and Subscription Agreement.

#### **4.13.3 Disbursement Date and Form**

The Disbursement Date will be 3<sup>rd</sup> June, 2015.

The disbursement of the amounts of the Class A Notes will be paid by the subscribing entities.

On the Disbursement Date, the Joint Lead Managers will pay to the Fund before 15:00 CET through the Paying Agent the amount of the effectively placed Class A Notes into the Cash Flow Account, value that same day.

The Class A Noteholders must pay the Joint Lead Managers, before 12.30 CET, on the Disbursement Date, value that day, the price of the issue of each allocated Note.

Furthermore, UCI, if applicable, will pay through the Paying Agent before 13.30 CET the amount of Class A Notes that were not allocated to qualified investors into the Cash Flow Account.

The non-subscription by UCI of the amount of Class A Notes that were not allocated to qualified investors, if any, will result in the termination of the incorporation of the Fund, the Notes issue, all agreements save for the Subordinated Loan 2 Agreement in relation to the costs incurred from incorporating the Fund, the Notes issue and the transfer of the Notes.

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

The Notes may be freely transferred by any means admitted by Law and in accordance with the norms of the AIAF. The ownership of each Note 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 Notes 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 Disbursement Date the admission of the Note issue to negotiation on the AIAF. 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 to conclude the registration of the issue in the AIAF within a period of thirty days (30) from the Disbursement 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 Notes 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 it.

It is not planned to enter into any agreement with an entity that will undertake to facilitate the liquidity of the Notes 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 BNP PARIBAS SECURITIES SERVICES, Spanish Branch, which accepts, to be the Paying Agent in order to carry out the issue of the Notes. The obligations assumed by BNP PARIBAS SECURITIES SERVICES, Spanish Branch, in its condition as Paying Agent, include the following:

#### **(i) Disbursement of issue**

The Paying Agent will pay the Fund before 15.00 (Madrid time) on the Disbursement Date and at the value on that same day, all amounts which, in accordance with what is established in the Direction, Placement and Subscription Agreement, are paid to it by the Noteholders, through a deposit in the Cash Flow Account of the Fund.

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

At each of the Rate Setting Dates, the Paying Agent will notify the Management Company of the reference interest rate that will serve as a basis to the Management Company for the calculation of the nominal interest rate applicable to the Notes.

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

On each of the Payment Dates of the Notes, the Paying Agent will make the payment of interest and repayment of the principal of the Notes 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 Notes are registered, in accordance with the procedures in force regarding this service.

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

Pursuant to the Paying Agency Agreement:

- (a) the Management Company may with thirty (30) days prior written notice terminate the appointment of the Paying Agent and appoint a new paying agent; and
- (b) the Paying Agent may resign giving thirty (30) days prior written notice to the Management Company

provided that the conditions precedent set out therein are satisfied (and in particular but without limitation that a new paying agent has been appointed).

In the case of replacement due to the waiver of the replaced Paying agent, any costs resulting from the replacement as well as any commission for the new Paying Agent will be considered as extraordinary expenses of the Issuer.

### **Moody's criteria**

In the event that the credit rating of the Paying Agent for its short-term non-subordinated and non-secured debt as awarded by Moody's falls below Baa3 or P-3 for its long-term and short-term risk, respectively, or is not rated, the Management Company must put into practice, on behalf of the Fund and within a maximum period of thirty (30) Business Days from the moment at which such situation takes place and following notice to the Rating Agencies, one of the necessary alternatives described below, and which allow the maintenance of an adequate level of guarantee with respect to the commitments deriving from the functions contained in the Payment Agency Agreement:

- i) To obtain a first-demand guarantee, at the simple request of the Management Company, that secures the timely payment by the Paying Agent of its obligations, from a credit entity or entities with a credit rating for their debt of no less than Baa3 or P-3 for their long-term and short-term risk, respectively, that secures the commitments assumed by the Paying Agent.
- ii) To replace the Paying Agent with an entity with a rating for its debt of no less than Baa3 or P-3 for their long-term and short-term risk, respectively, to assume, under the same conditions, the functions of the affected entity established in the respective agreement.

In the event that the Paying Agent reaches again the required rating by the relevant Rating Agencies it would be able to recover its status as paying agent.

All costs incurred in the previous options will be considered extraordinary expenses of the Fund.

**b) Depository Entities:**

Not applicable.

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

The following expenses have been envisaged:

	Euros
<b>Incorporation and Issue costs (expenses related to documentation, advertising, official charges and others):</b>	
CNMV charges (for the offer and admission to trading): 0.01% of the Notes	34,200.00
If for any reason the Notes are not admitted to trading, there will be a fixed fee of 5,000 €.	
AIAF charges:	66,658.90
Iberclear charges:	2,196.15
Other (Rating Agencies, legal advising, notarial services, auditing and more)	596,944.95
Direction Fee	0.00
Placement Fee	0.00
<b>TOTAL</b>	<b>700,000.00</b>

The incorporation and issue expenses stated herein shall be charged to the Subordinated Loan 2, the so-called "Other" includes the amount allocated to partially finance the acquisition of assets.

**7. ADDITIONAL INFORMATION**

**7.1 Persons and entities advising the issue.**

CUATRECASAS GONÇALVES PEREIRA, S.L.P. intervenes as legal adviser with respect to the structure of the operation and have revised the tax scheme of the Fund contained in point 4.5.d) of the Registration Document as an independent third party.

DLA PIPER INTERNATIONAL LLP intervenes as legal adviser of the Joint Lead Managers and has reviewed the tax regime applicable to the Fund as 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 Mortgage 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.

**7.4. Information sourced from third parties.**

The Management Company confirms that the information provided by UCI in its capacity as Assignor, has been accurately 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 it is able to ascertain based on the information provided by UCI, no facts have been omitted which would render the information inaccurate or misleading.

## 7.5 Ratings given by rating agency.

The Notes included in this Securities Note have been assigned, on 22<sup>nd</sup> May, 2015, by Moody's and S&P, respectively, the following provisional ratings by the Rating Agencies:

Notes	S&P	MOODY'S
Class A Notes	AA (sf)	Aa2 (sf)

### Considerations regarding ratings:

The ratings assigned to the reference asset-backed Notes by the Rating Agencies constitute an opinion with respect to the Issuer regarding the timely payment of interest on each Payment Date and the ultimate payment of principal at the latest on the Legal Maturity Date.

The ratings of the Rating Agencies take into account the structure of the issue of the Notes, the legal aspects thereof and of the Fund issuing the Notes, the features of the loans selected for transfer to the Fund and the regularity and continuity of the flows from the operation.

The ratings of the Rating Agencies do not constitute an assessment as to the probability of the Obligors effecting early payments of principal, nor as to the extent to which such early payments will differ from that originally planned. In no way do the ratings qualify the actuarial levels of returns.

The assigned ratings and all reviews or suspensions thereof:

- (i) have been formulated by the Rating Agencies from the wealth of information received and provide no guarantee as to the accuracy or completeness of such information. Under no circumstances, therefore, will the Rating Agencies be held liable for the ratings; and
- (ii) do not constitute and, therefore, may not be interpreted as an invitation, recommendation or incitement aimed at investors to carry out any kind of operation in relation to the Notes, and in particular, to acquire, conserve, encumber or sell the Notes.

Final ratings may be reviewed, suspended or withdrawn at any time by the Rating Agencies. These situations, which will not constitute grounds for Early Liquidation of the Fund, will be immediately reported to the CNMV and to the Noteholders in accordance with section 4 of the Additional Building Block.

In order to carry out the rating and follow-up procedure, the Rating Agencies have relied on the accuracy and completeness of the information provided by UCI, the Management Company, the auditors, the legal advisers and other experts.

The abovementioned credit ratings are intended purely as an opinion and should not prevent potential investors from conducting their own analyses of the securities to be acquired.

If, before the Subscription Period, the Rating Agencies do not confirm any of the provisional ratings assigned, this will be reported immediately to the CNMV and made public as provided for in section 4 of the Additional Building Block. This circumstance will result in the termination of the incorporation of the Fund, the Notes issue, all agreements save for the Subordinated Loan 2 Agreement in relation to the costs incurred from incorporating the Fund, the Notes issue and the transfer of the Notes.

The abovementioned Rating Agencies have being registered and authorized by the ESMA as of October 31, 2011 as European Union Credit Rating Agencies in accordance with the provisions of European Community Regulation No 1060/2009 of the European Parliament and of the Council of September 16, 2009, on Credit Rating Agencies.

**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 incorporated with the Assets which UCI will assign to the Fund on the Date of Incorporation, whose principal will be equal or slightly greater than FOUR HUNDRED AND FIFTY MILLION EUROS (€450,000,000), the sum to which the nominal value of the issue of the Class A Notes and Subordinated Loan 1 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 Notes and the Subordinated Loan 1 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 Notes and of the Subordinated Loan 1 and mitigate or neutralise the differences in interest rates of the assets and, among them, of the Class A Notes and of the Subordinated Loan 1, 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.

Among the rest of the causes that could trigger the Early Liquidation of the Fund according to section 4.4 of the Registration Document, 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 Notes and the Subordinated Loan 1 is expected, the Management Company may carry out an Early Liquidation of the Fund and the Early Redemption of the Notes 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 Incorporation and in section 4.4 of the Registration Document.



## 2.2 Assets backing up the issue.

The Fund will pool in its assets the credit rights derived from the Mortgage Loans granted by UCI to individuals (customers or employees) in order to finance operations involving the acquisition or refurbishment of houses in Spain or for subrogations of individuals (customers or employees) in the financings granted to developers for the construction of houses in Spain for its sale (the “**Mortgage Loans**”).

The assignment of the Mortgage Loans will be implemented by means of the issue by the Assignor and the signing by the Fund of mortgage transfer certificates (the “**Mortgage Transfer Certificates**” or “**CTH**”) as UCI is not aware if the Mortgage Loans fulfil the requirement set forth in Chapter II of the Royal Decree 716/2009 regarding insurance policies.

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

The preliminary Mortgage 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 20<sup>th</sup> April, 2015, on a total of 3,761 Mortgage Loans in the amount of € 460,637,372.89, 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:

- Nature of the Borrower and Mortgage Loan formalization;
- Ownership of the Mortgage Loan;
- Identification of the Borrower;
- Transfer of the Mortgage Loan;
- Purpose of the Mortgage Loan;
- Date of execution of the Mortgage Loan;
- Date of maturity of the Mortgage Loan;
- Initial amount of the Mortgage Loan;
- Current amount of the Mortgage Loan;
- Reference interest rate;
- Spread over the Reference interest rate;
- Interest rate applied;
- Delays in payment;
- Mortgage security;
- Address of the property mortgaged and/or property registration.
- Valuation;
- Initial Valuation (including VPO);
- Finished dwelling;
- Mortgage Loans given to developers;
- Renegotiation;
- Loan to Value (LTV).

The Mortgage 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 Obligators.**

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

The Obligators of the Mortgage Loans are private persons who have been granted a certain Mortgage Loan for the acquisition or refurbishment of their houses located in Spain or for subrogations in the financings granted to developers for the construction of houses in Spain.

Among the Mortgage Loans, 4.4% of the pool is intended for the financing of second residence houses, while a 95.6% is allocated for first residence houses. All the Mortgage Loans are backed by first-rank mortgages, have no grace period, are based on monthly instalments and on the French amortisation system.

In the following sub-sections of this section 2.2.2 several stratified analysis charts of the Mortgage Loan portfolio are included. All these charts were made on 20<sup>th</sup> April, 2015.

#### **b) Distribution of the Mortgage Loans according to the type of guarantee, options and type of product.**

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

15.97% of the Mortgage Loans of the portfolio of the Fund have the guarantee of a house guaranteed as Official Protection Housing (VPO, for its Spanish acronym).

Official Protection Housing (VPO) is considered to be housing which is used as usual and permanent residence and qualified as such and the type, dimension and price of which is regulated by the Government, establishing conditions for the purchaser to obtain specific economic and tax benefits, which should in turn comply with conditions established with respect to ownership title, and individual or household earnings. The qualification of a home as VPO or Official Protection Housing implies the existence of a series of legal obligations and restrictions on the property rights. These obligations are maintained during the validity of the legal system governing the Official Protection Housing.

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

###### **CUOTA COMODÍN**

Depending on the options which UCI offers the Obligor, some Mortgage Loans have the option to use a *Cuota Comodín* (Joker Instalment). This instalment is an option corresponding to the Obligators once (1) a year during the first three years of the life of the Mortgage Loan, enabling them to pay one (1) of the monthly instalments through capitalization of the part of the instalment used to repay the capital, together with the remainder of the capital pending payment. Substitution of payment of the instalment cannot be made in two consecutive instalments, even if they pertain to different years and defaulting Obligators are not permitted to take advantage of this facility. The repayment part of the instalment unpaid by the Obligor is added to the capital pending and the impact of this capitalization is regularized at the time of calculation of the new instalment based on revision of the interest rate established in the corresponding Mortgage Loan.

The distribution of the Mortgage Loan portfolio based on this option is as follows:

<b>Residential Mortgage loans dated April 20th 2015</b>				
<b>Loans with Joker Instalment</b>				
<b>Joker Instalments</b>	<b>Loans</b>		<b>Principal Outstanding</b>	
	<b>number</b>	<b>%</b>	<b>euros</b>	<b>%</b>
Does not have Joker Instalment	3,503	93.14	434,247,320	94.27
The option is in force for 2 years	258	6.86	26,390,053	5.73
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>

On the date of registration of this Prospectus, less than 0.5% of the Obligors of the Mortgage Loans which will mainly be used for the Fund, are using the Joker Instalment.

#### **LIMITATIONS OF INSTALMENTS DEPENDING ON CPI**

Furthermore, the Mortgage Loans present the option in favour of Obligors, and on their own initiative, of restricting the annual growth of the instalments in the event of possible increases in their interest rates, to a maximum amount equal to 200% or 100% of the CPI based on the term for revision of interest rates (12 months or 6 months, respectively). The effect of this limitation on instalments means a lower repayment of the Mortgage Loan for the amount limited in each instalment.

This option is the Obligor's right during the first ten (10) years of the life of the Mortgage Loan and this right may be exercised at the moment of revising the interest rate. Depending on the Mortgage Loans there is a period in which the limitation is applied by default and in the following period it is applied at the Obligor's request. The lowest repayment of the loan produced by limitation of instalments based on the CPI is regularized at the time of calculating the new instalment, based on revision of the interest rate established in the corresponding loan document.

The following table shows the CPI limitation availability, based on outstanding principal of the Mortgage Loans. For the avoidance of doubt, at the Date of Incorporation of the Fund, the CPI limitation will be automatically applied over 8%, at Obligor's request, over 46% of the Outstanding Principal Balance of Mortgage Loans. The CPI limitation is not available for 46% of the Outstanding Principal Balance of Mortgage Loans. As of 2023, none of the Mortgage Loans will have the option to limit the instalments depending on CPI.

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
No option available	46%	35%	26%	27%	43%	52%	60%	78%	100%
Automatically applied	8%	5%	3%	1%	0%	0%	0%	0%	0%
At borrower's request	46%	60%	71%	72%	57%	48%	40%	22%	

On the date of registration of this Prospectus only 349 Obligors out of the entire UCI portfolio have the instalment limitation option been applied in 2014.

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

UCI creates mortgage loans through two different channels. One is through professionals in the property sector and the other is through their internet websites ([www.uci.com](http://www.uci.com) and [Hipotecas.com](http://Hipotecas.com)). Word of mouth is also considered an additional channel for capturing clients.

The portfolio is comprised of varied interest loans which are revised annually or every six months and with no other detail or particularity other than the Joker Instalment and CPI limitation options as described above.

15.85% of the Mortgage Loans were previous "Bridge Loans". A Bridge Loan was granted for the purchase of a new house when the borrower had not yet sold his previous property. For such purposes, both guarantees were mortgaged. In order to release one of them, the client had to repay a certain percentage of the loan according to the secured liability of the property and then the remaining instalments were adjusted taking into account the prepaid amount, the interest rates agreed with the client and the remaining term.

On the date of registration of this Prospectus, 100% of these Mortgage Loans considered as Bridge Loans at origination have released one of the properties and the instalments have been adjusted.

This portfolio has 36.88% of Mortgage Loans with an initial fixed rate period, of three (3), five (5), or seven (7) years. During the fixed rate period, these loans have the first thirty-six (36), sixty (60) or eighty-four (84) instalments predetermined and progressive ("*Easy Payment*").

From instalment 37, 61 or 85, depending on when the fixed interest rate period is over, the instalments will be calculated using the applicable variable interest rate. This variable interest rate will be reset on an annual or semi-annual basis.

This fixed rate Mortgage Loan portfolio has an average maturity date for the fixed rate period from March 2017, with the maximum date being January 2021. The average rate during the fixed rate period is 4.43%. When the rate becomes variable, 54.39% of these are indexed according to the Mortgage Loan Reference Index (IRPH) and the rest to Euribor, with a weighted average margin of 1.78%

The remainder of the loan portfolio, 63.12% is at variable rate from the start with an average rate of 2.16% of which 41.66% are indexed to the IRPH and the rest to Euribor, with an weighted average margin of 0.91%.

The weighted average equivalent global margin over Euribor for the whole portfolio (fixed plus variable) will be 1.70%.

### **c) *Statistics on the portfolio of Mortgage Loans according to various criteria.***

#### **c.1.) *Reviews of the rates of interest on the Mortgage Loans***

The following table shows the distribution of the Mortgage Loans as a function of the semi-annual or annual review of the interest rates. For the purposes of the table below the initial fixed rate period for all relevant Mortgage Loans is assumed

to be finished and the variable rate applies. 95.30% of the portfolio of Mortgage Loans has a semi-annual review and 4.70% has an annual review.

<b>Residential Mortgage loans dated April 20th 2015</b>					
<b>Interest rate reset period</b>					
<b>Interest rate reset period</b>		<b>Loans</b>		<b>Principal Outstanding</b>	
		<b>number</b>	<b>%</b>	<b>euros</b>	<b>%</b>
<b>semiannually</b>	Fixed	1,533	40.76	167,654,620	36.40
	Floating	2,050	54.51	271,340,047	58.91
<b>annually</b>	Fixed	18	0.48	2,231,624	0.48
	Floating	160	4.25	19,411,082	4.21
<b>Total</b>		<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>

For the avoidance of doubt the interest reset period for those loans with an initial fixed period refers to the interest reset frequency once the initial fixed period has finished and the fixed rates have switched to floating.

**c.2.) Maximum, minimum and weighted average value of the principals of the Mortgage Loans**

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

Residential Mortgage loans dated April 20th 2015						
Principal Outstanding						
Principal Outstanding			Loans		Principal Outstanding	
			number	%	euros	%
0	-	25,000	44	1.17	971,721	0.21
25,000	-	50,000	320	8.51	12,475,262	2.71
50,000	-	75,000	549	14.60	34,780,884	7.55
75,000	-	100,000	586	15.58	51,122,785	11.10
100,000	-	125,000	649	17.26	73,007,068	15.85
125,000	-	150,000	490	13.03	67,400,093	14.63
150,000	-	175,000	413	10.98	66,783,446	14.50
175,000	-	200,000	296	7.87	55,479,058	12.04
200,000	-	225,000	178	4.73	37,788,756	8.20
225,000	-	250,000	123	3.27	28,983,621	6.29
250,000	-	275,000	61	1.62	15,987,398	3.47
275,000	-	300,000	28	0.74	8,064,322	1.75
300,000	-	325,000	15	0.40	4,675,524	1.02
325,000	-	350,000	5	0.13	1,701,860	0.37
350,000	-	375,000	4	0.11	1,415,576	0.31
<b>Total</b>			<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>
<b>Average:</b>					<b>122,477</b>	
<b>Minimum:</b>					<b>17,972</b>	
<b>Maximum:</b>					<b>356,602</b>	

Intervals including the lower bound, excluding upper bound.

**c.3.) Maximum, minimum and weighted average values of the Mortgage Loans' initial amounts**

The following chart shows the initial amount of the Mortgage Loans:

Residential Mortgage loans dated April 20th 2015						
Initial Principal						
Initial Principal interval			Loans		Initial Principal	
			number	%	euros	%
0	-	25,000	4	0.11	95,000	0.02
25,000	-	50,000	192	5.11	7,595,114	1.30
50,000	-	75,000	431	11.46	27,107,275	4.65
75,000	-	100,000	512	13.61	44,521,176	7.64
100,000	-	125,000	538	14.30	60,253,245	10.34
125,000	-	150,000	456	12.12	62,290,784	10.69
150,000	-	175,000	406	10.80	65,481,258	11.24
175,000	-	200,000	318	8.46	59,224,370	10.16
200,000	-	225,000	232	6.17	49,132,581	8.43
225,000	-	250,000	180	4.79	42,503,200	7.29
250,000	-	275,000	120	3.19	31,341,600	5.38
275,000	-	300,000	100	2.66	28,634,210	4.91
300,000	-	325,000	61	1.62	18,900,400	3.24
325,000	-	350,000	47	1.25	15,754,690	2.70
350,000	-	375,000	41	1.09	14,856,590	2.55
375,000	-	400,000	34	0.90	13,122,800	2.25
400,000	-	425,000	25	0.66	10,257,250	1.76
425,000	-	450,000	10	0.27	4,384,000	0.75
450,000	-	475,000	16	0.43	7,377,000	1.27
475,000	-	500,000	11	0.29	5,313,875	0.91
500,000	-	525,000	12	0.32	6,132,500	1.05
525,000	-	550,000	7	0.19	3,750,600	0.64
550,000	-	575,000	5	0.13	2,848,500	0.49
575,000	-	600,000	3	0.08	1,800,000	0.31
<b>Total</b>			<b>3,761</b>	<b>100.00</b>	<b>582,678,018</b>	<b>100.00</b>
<b>Average:</b>					<b>154,926</b>	
<b>Minimum:</b>					<b>23,500</b>	
<b>Maximum:</b>					<b>600,000</b>	

Intervals including the lower bound, excluding upper bound.

**c.4.) *Effective interest rate applicable or current financial burden: maximum, minimum and weighted average of the Mortgage Loans***

The weighted average interest rate of the portfolio is 3.00%.

Some of the Mortgage Loans may have an initial fixed interest period, after which the interest rate switches to floating and then it can be reviewed in an annual or semi-annual basis.

63.12% of the preliminary balance of the portfolio of Mortgage Loans correspond to Mortgage Loans with variable interest rates.

The principal reference interest rate of the portfolio of Mortgage Loans is Euribor at one year with a 53.65%. The remaining 46.35% of the Mortgage Loans is referenced to the IRPH (taking into account the Mortgage Loans that after the initial fixed period switch to floating).

The equivalent average global margin on EURIBOR at 12 months of the Mortgage Loans with variable interest is 1.62%. The average margin of the portfolio referenced to IRPH is 0.79%.

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

Residential Mortgage loans dated April 20th 2015							
Interest Type							
Interest Type	Loans		Principal Outstanding		Weighted interest rate	Weighted spread	
	number	%	euros	%			
<b>Fixed</b>	EUR 12 M	693	18.43	77,491,711	16.82	4.26	2.46
	IRPH	858	22.81	92,394,533	20.06	4.58	1.21
<b>Floating</b>	EUR 12 M	1,254	33.34	169,636,246	36.83	1.54	1.23
	IRPH	956	25.42	121,114,883	26.29	3.03	0.47
<b>Total</b>		<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>	<b>3.00</b>	<b>1.23</b>
<b>Average:</b>						<b>3.11</b>	<b>1.28</b>
<b>Minimum:</b>						<b>0.96</b>	<b>0.05</b>
<b>Maximum:</b>						<b>5.60</b>	<b>3.75</b>



The following chart shows the distribution of the Mortgage Loans at intervals of 0.5% of the current nominal interest rate.

Residential Mortgage loans dated April 20th 2015									
Nominal Interest Rate									
Interest rate			Loans		Principal Outstanding		Weighted	Weighted	
			number	%	euros	%	Int rate	spread	
0.50	-	1.00	9	0.24	1,122,374	0.24	0.96	0.75	
1.00	-	1.50	675	17.95	93,794,327	20.36	1.29	0.99	
1.50	-	2.00	450	11.96	59,656,708	12.95	1.68	1.38	
2.00	-	2.50	72	1.91	9,487,715	2.06	2.22	1.46	
2.50	-	3.00	551	14.65	73,522,354	15.96	2.79	0.44	
3.00	-	3.50	338	8.99	38,453,281	8.35	3.15	0.64	
3.50	-	4.00	463	12.31	48,202,457	10.46	3.89	1.81	
4.00	-	4.50	405	10.77	43,465,954	9.44	4.22	1.59	
4.50	-	5.00	672	17.87	77,542,687	16.83	4.62	1.70	
5.00	-	5.50	108	2.87	13,267,476	2.88	5.30	2.19	
5.50	-	6.00	18	0.48	2,122,039	0.46	5.59	2.29	
<b>Total</b>			<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>	<b>3.00</b>	<b>1.23</b>	
<b>Average:</b>							<b>3.11</b>	<b>1.28</b>	
<b>Minimum:</b>							<b>0.96</b>	<b>0.05</b>	
<b>Maximum:</b>							<b>5.60</b>	<b>3.75</b>	

Intervals including the lower bound, excluding upper bound.

**c.5.) Nearest and furthest dates of execution and signing of the Mortgage Loans**

Residential Mortgage loans dated April 20th 2015							
Origination date							
Origination date	Loans		Principal Outstanding		Weighted orig date	weighted months	
	number	%	euros	%			
06/03/2003 - 30/06/2003	2	0.05	161,071	0.03	21/03/2003	147.08	
30/06/2003 - 31/12/2003	3	0.08	210,660	0.05	01/10/2003	140.60	
31/12/2003 - 30/06/2004	2	0.05	174,130	0.04	28/05/2004	132.63	
30/06/2004 - 31/12/2004	1	0.03	76,274	0.02	12/11/2004	127.03	
31/12/2004 - 30/06/2005	3	0.08	159,313	0.03	06/03/2005	123.21	
30/06/2005 - 31/12/2005	8	0.21	933,721	0.20	24/10/2005	115.48	
31/12/2005 - 30/06/2006	6	0.16	762,236	0.17	06/04/2006	110.02	
30/06/2006 - 31/12/2006	6	0.16	822,762	0.18	14/11/2006	102.61	
31/12/2006 - 30/06/2007	24	0.64	3,011,467	0.65	28/03/2007	98.17	
30/06/2007 - 31/12/2007	162	4.31	20,527,277	4.46	17/11/2007	90.36	
31/12/2007 - 30/06/2008	250	6.65	31,683,523	6.88	12/04/2008	85.46	
30/06/2008 - 31/12/2008	206	5.48	25,339,312	5.50	07/10/2008	79.50	
31/12/2008 - 30/06/2009	256	6.81	33,502,861	7.27	15/04/2009	73.17	
30/06/2009 - 31/12/2009	308	8.19	41,965,886	9.11	04/10/2009	67.45	
31/12/2009 - 30/06/2010	299	7.95	42,937,900	9.32	09/04/2010	61.23	
30/06/2010 - 31/12/2010	364	9.68	52,986,780	11.50	27/10/2010	54.51	
31/12/2010 - 30/06/2011	381	10.13	50,743,174	11.02	05/04/2011	49.17	
30/06/2011 - 31/12/2011	142	3.78	16,003,097	3.47	30/09/2011	43.25	
31/12/2011 - 30/06/2012	212	5.64	24,810,563	5.39	13/04/2012	36.72	
30/06/2012 - 31/12/2012	394	10.48	41,835,848	9.08	04/11/2012	29.89	
31/12/2012 - 30/06/2013	354	9.41	34,874,916	7.57	16/04/2013	24.46	
30/06/2013 - 31/12/2013	378	10.05	37,114,602	8.06	08/10/2013	18.63	
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>	<b>07/11/2010</b>	<b>54.16</b>	
<b>Average:</b>					<b>05/01/2011</b>	<b>52.20</b>	
<b>Minimum:</b>					<b>06/03/2003</b>	<b>147.60</b>	
<b>Maximum:</b>					<b>31/12/2013</b>	<b>15.83</b>	

Intervals including the lower bound, excluding upper bound

**c.6.) Final maturity date**

The Mortgage Loans which make up the preliminary portfolio have final maturities which fall between 2018 and 2051.

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:

Residential Mortgage loans dated April 20th 2015						
Maturity Date						
Maturity Date	Loans		Principal Outstanding		weighted maturity	weighted months
	number	%	euros	%		
2018	5	0.13	152,578	0.03	20/03/2018	35.52
2019	7	0.19	312,764	0.07	28/07/2019	52.01
2020	12	0.32	453,937	0.10	28/07/2020	64.21
2021	11	0.29	329,008	0.07	12/05/2021	73.81
2022	16	0.43	667,503	0.14	07/07/2022	87.86
2023	34	0.90	1,452,492	0.32	10/06/2023	99.12
2024	15	0.40	855,296	0.19	24/05/2024	110.76
2025	28	0.74	1,422,689	0.31	03/06/2025	123.25
2026	32	0.85	1,779,464	0.39	25/05/2026	135.11
2027	24	0.64	1,399,374	0.30	30/07/2027	149.48
2028	83	2.21	5,833,906	1.27	08/06/2028	159.97
2029	36	0.96	2,958,053	0.64	03/06/2029	171.96
2030	40	1.06	3,442,592	0.75	02/07/2030	185.07
2031	40	1.06	3,200,612	0.69	21/06/2031	196.87
2032	57	1.52	5,205,850	1.13	16/06/2032	208.93
2033	118	3.14	9,513,006	2.07	15/06/2033	221.04
2034	48	1.28	4,098,377	0.89	04/06/2034	232.86
2035	48	1.28	5,481,636	1.19	20/06/2035	245.55
2036	71	1.89	7,731,393	1.68	17/06/2036	257.66
2037	97	2.58	9,567,481	2.08	10/08/2037	271.62
2038	162	4.31	17,743,720	3.85	01/07/2038	282.46
2039	90	2.39	11,200,558	2.43	25/06/2039	294.42
2040	101	2.69	12,690,920	2.76	15/06/2040	306.28
2041	105	2.79	12,992,501	2.82	04/06/2041	318.08
2042	335	8.91	39,598,164	8.60	22/07/2042	331.86
2043	568	15.10	65,510,155	14.22	26/05/2043	342.10
2044	128	3.40	17,410,681	3.78	11/05/2044	353.80
2045	65	1.73	10,212,160	2.22	23/06/2045	367.42
2046	92	2.45	14,214,176	3.09	03/06/2046	378.91
2047	193	5.13	26,722,452	5.80	18/07/2047	392.59
2048	240	6.38	33,483,678	7.27	05/06/2048	403.35
2049	290	7.71	43,220,797	9.38	04/07/2049	416.47
2050	341	9.07	53,942,789	11.71	28/06/2050	428.46
2051	229	6.09	35,836,611	7.78	10/03/2051	436.95
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>	<b>20/02/2044</b>	<b>351.11</b>
<b>Average:</b>					<b>03/07/2042</b>	<b>331.41</b>
<b>Minimum:</b>					<b>05/02/2018</b>	<b>34.07</b>
<b>Maximum:</b>					<b>01/06/2051</b>	<b>439.70</b>

**c.7.) Indication of the geographical distribution by Autonomous Community**

The location below corresponds to the situation of the property for which the Mortgage Loan was granted.

<b>Residential Mortgage loans dated April 20th 2015</b>				
<b>Property location (CC.AA.)</b>				
<b>CC.AA.</b>	<b>Loans</b>		<b>Principal Outstanding</b>	
	<b>number</b>	<b>%</b>	<b>euros</b>	<b>%</b>
Andalucía	1,149	30.55	128,737,637	27.95
Aragón	44	1.17	5,131,524	1.11
Asturias	24	0.64	2,342,852	0.51
Canarias	130	3.46	14,171,842	3.08
Cantabria	29	0.77	3,193,559	0.69
Castilla - La Mancha	84	2.23	10,749,785	2.33
Castilla y León	37	0.98	4,161,103	0.90
Cataluña	759	20.18	107,935,234	23.43
Comunidad Valenciana	271	7.21	28,571,872	6.20
Extremadura	49	1.30	4,522,960	0.98
Galicia	58	1.54	6,750,408	1.47
Islas Baleares	76	2.02	9,723,001	2.11
Madrid	983	26.14	124,556,542	27.04
Murcia	20	0.53	2,250,084	0.49
Navarra	1	0.03	336,029	0.07
País Vasco	47	1.25	7,502,941	1.63
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>

**c.8.) Delinquency in the Pool of the Mortgage Loans transferred by UCI**

As regards the Mortgage 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 Incorporation of the Fund.

<b>Residential Mortgage loans dated April 20th 2015</b>				
<b>Loans in Arrears</b>				
<b>Arrears Interval</b>	<b>Loans</b>		<b>Principal Outstanding</b>	
	<b>number</b>	<b>%</b>	<b>euros</b>	<b>%</b>
All current	3,761	100.00	460,637,373	100.00
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>

**c.9.) Distribution of Mortgage Loans by Obligor concentration**

The following table shows the 20 largest Obligors.

Residential Mortgage loans dated April 20th 2015					
Debtor's concentration					
Debtor	Loans		Principal Outstanding		CC.AA.
	number	%	euros	%	
Debtor 1	1	0.03	356,602	0.08	Cataluña
Debtor 2	1	0.03	354,142	0.08	Madrid
Debtor 3	1	0.03	353,617	0.08	Madrid
Debtor 4	1	0.03	351,216	0.08	Andalucía
Debtor 5	1	0.03	348,054	0.08	Cataluña
Debtor 6	1	0.03	346,813	0.08	Islas Baleares
Debtor 7	1	0.03	339,555	0.07	Madrid
Debtor 8	1	0.03	336,029	0.07	Navarra
Debtor 9	1	0.03	331,408	0.07	Extremadura
Debtor 10	1	0.03	324,185	0.07	Madrid
Debtor 11	1	0.03	323,311	0.07	Cataluña
Debtor 12	1	0.03	319,254	0.07	Madrid
Debtor 13	1	0.03	317,136	0.07	Madrid
Debtor 14	1	0.03	316,651	0.07	Cataluña
Debtor 15	1	0.03	314,517	0.07	Madrid
Debtor 16	1	0.03	314,478	0.07	Cataluña
Debtor 17	1	0.03	311,469	0.07	Madrid
Debtor 18	1	0.03	310,779	0.07	Madrid
Debtor 19	1	0.03	306,629	0.07	Madrid
Debtor 20	1	0.03	305,317	0.07	Madrid
Rest of 3,741 debtors	3,741	99.47	454,056,210	98.57	
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>	

The risk per Obligor is not excessively concentrated. No Obligor has more than one Mortgage Loan, the largest of which is €356,602, corresponding to a 0.08 % of the Principal Outstanding dated 20<sup>th</sup> April, 2015.

**c.10.) Distribution of Mortgage Loans according to the type of Dwelling**

The following table shows the distribution of Mortgage Loans into free dwellings and VPO (officially protected dwellings) dwellings.

Residential Mortgage loans dated April 20th 2015				
Type of Dwelling				
Dwelling	Loans		Principal Outstanding	
	number	%	euros	%
Free Dwellings	3,156	83.91	387,052,414	84.03
Official Protection Housing (VPO)	605	16.09	73,584,959	15.97
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>

**c.11.) Distribution of Mortgage Loans according to the channel of origination**

The following table shows the distribution of the Mortgage Loans attending to the channel of origination. The distinction between large or small in the brokers and real estate agents origination channels is an UCI's internal classification for monitoring purposes.

Residential Mortgage loans dated April 20th 2015				
Origination Channel				
Origination Channel	Loans		Principal Outstanding	
	number	%	euros	%
Developer	74	1.97	12,287,067	2.67
Direct Channel	166	4.41	22,680,119	4.92
Financial Entities	59	1.57	6,480,642	1.41
Insurance	25	0.66	3,203,594	0.70
Large Broker	81	2.15	9,651,411	2.10
Large Real Estate Agency	993	26.40	114,821,061	24.93
Word of mouth	218	5.80	27,258,082	5.92
Other	111	2.95	11,441,766	2.48
Small Broker	144	3.83	18,683,351	4.06
Small Real Estate Agency	1,890	50.25	234,130,279	50.83
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>

c.12.) *Distribution of Mortgage Loans according to the initial debt to income (DTI) ratio.*

The following table shows the distribution of the Mortgage Loans according to the initial DTI ratio.

The DTI ratio evaluates the level of income of the Obligors with respect to the level of their total debts. For the calculation of the DTI ratio, UCI takes into account, not only UCI's Mortgage Loan but also any other loans that the client may have at the time of analyzing the risk of the transaction and, as income, the justified income of the Obligors at that moment.

Residential Mortgage loans dated April 20th 2015							
Initial Debt to Income Ratio (DTI)							
Initial DTI			Loans		Principal Outstanding		Weighted
			number	%	euros	%	Initial DTI
0.00	-	10.00	18	0.48	1,020,073	0.22	7.60
10.00	-	20.00	278	7.39	19,211,008	4.17	16.37
20.00	-	30.00	865	23.00	82,948,839	18.01	25.30
30.00	-	40.00	1,331	35.39	166,500,222	36.15	34.85
40.00	-	50.00	1,081	28.74	161,741,112	35.11	43.92
50.00	-	60.00	188	5.00	29,216,120	6.34	52.22
<b>Total</b>			<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>	<b>36.59</b>
Average:							34.43
Minimum:							5.00
Maximum:							59.00

Intervals including the lower bound, excluding upper bound

c.13.) *Distribution of Mortgage Loans according to the number of current guarantees*

The following table shows the distribution of the Mortgage Loans according to the number of current guarantees. All additional security have the same characteristics than the financed residence, since they are located in Spain and secured by first rank mortgages.

Residential Mortgage loans dated April 20th 2015				
Number of Current Guarantees				
Current Guarantees	Loans		Principal Outstanding	
	number	%	euros	%
One guarantee	1,850	49.19	180,052,481	39.09
More than one guarantee	1,911	50.81	280,584,891	60.91
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>

**c.14.) Distribution of Mortgage Loans according to the type of residence**

The following table shows the distribution of the Mortgage Loans according to the type of residence.

Residential Mortgage loans dated April 20th 2015				
Residence Type				
Residence Type	Loans		Principal Outstanding	
	number	%	euros	%
First Residence	3,580	95.19	440,271,983	95.58
Second Residence	181	4.81	20,365,389	4.42
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>

**c.15.) Distribution of Mortgage Loans according to the Borrower's Nationality**

The following table shows the distribution of the Mortgage Loans according to the borrower's nationality.

Residential Mortgage loans dated April 20th 2015				
Borrower's Nationality				
Residence Type	Loans		Principal Outstanding	
	number	%	euros	%
Spanish	3,565	94.79	440,013,873	95.52
Other	196	5.21	20,623,500	4.48
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>

**2.2.3 Legal nature of the Assets.**

The Assets which are subject to securitisation by means of their assignment to the Fund are credit rights derived from Mortgage Loans granted by UCI.

The assignment of the assets will be carried out by means of the issuance by UCI of the CTH which will be subscribed fully by the Fund through its Management Company, according to the Deed of Incorporation and in the terms therein established and in the present Prospectus.

The issue and subscription of the Mortgage Transfer Certificates will be made in accordance with Additional Provision 5 of Spanish Law 3/1994, Spanish Law 2/1981, the Royal Decree 716/2009, and the other regulations in force at the time of application of the transferability and acquisition of security on the mortgage market.

The Mortgage Transfer Certificates will be represented in one multiple registered security containing the minimum details stipulated in Royal Decree 716/2009.

Each Mortgage Transfer Certificates refers to 100% participation in the undue principal of each one of the Mortgage Loans, the assignment of which it implements; it will have



the same period and will accrue an interest rate equal to the nominal rate which might duly accrue to the corresponding Mortgage Loan.

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

Each of the Mortgage 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 Mortgage 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 Mortgage Loans selected is 1<sup>st</sup> June, 2051. Consequently, the Final Maturity Date is 1<sup>st</sup> June, 2051 as previously described in 2.2.2. c.6).

#### **2.2.5 Amount of the Assets.**

The Assets of the Fund will be made up of the Mortgage Transfer Certificates, assigned and issued 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 four hundred and fifty million euros (€450,000,000).

The Mortgage Loan portfolio selected, from where the Mortgage Loans which will be assigned to the Fund on the Date of Association will be extracted, is made up of 3,761 Mortgage Loans, the outstanding principal of which, on 20<sup>th</sup> April, 2015, amounts to €460,637,372.89. Mortgage 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 Mortgage Loans selected according to the outstanding principal of each one of these.

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

The original Loan to Value (LTV) ratio, expressed as a percentage of the amount of the initial principal and the initial valuation assessment of the properties mortgaged through the Mortgage Loans selected (on the date of the granting of the Mortgage Loan), was between 11.15% and 89.93%, and the average weighted ratio was 57.14%. In the case of Officially Protected Housing the surveyed value will in no case exceed the maximum official value.

For the calculation of the Original LTV, the value of any security securing the Mortgage Loans has been taken into account.

Residential Mortgage loans dated April 20th 2015							
Original Loan to Value Ratio (OLTV)							
OLTV	Loans		Principal Outstanding		Weighted OLTV		
	number	%	euros	%			
0.00 - 10.00	0	0.00	0	0.00	0.00		
10.00 - 20.00	36	0.96	2,034,534	0.44	17.74		
20.00 - 30.00	151	4.01	10,659,457	2.31	26.21		
30.00 - 40.00	398	10.58	38,932,064	8.45	35.79		
40.00 - 50.00	755	20.07	88,382,172	19.19	45.22		
50.00 - 60.00	910	24.20	118,551,668	25.74	55.06		
60.00 - 70.00	833	22.15	115,130,930	24.99	64.83		
70.00 - 80.00	609	16.19	78,475,624	17.04	75.44		
80.00 - 90.00	69	1.83	8,470,925	1.84	82.99		
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>	<b>57.14</b>		
<b>Average:</b>					<b>55.45</b>		
<b>Minimum:</b>					<b>11.15</b>		
<b>Maximum:</b>					<b>89.93</b>		

The current LTV ratio, expressed as a percentage of the amount of the outstanding principal and the initial valuation assessment of the properties currently mortgaged through the Mortgage Loans selected (for the avoidance of doubt, without considering the initial valuation of the properties already released), is between 4.97% and 79.46%, and the average weighted ratio is 53.76%. In the case of Officially Protected Housing the surveyed value will in no case exceed the maximum official value.

Residential Mortgage loans dated April 20th 2015							
Current Loan to Value Ratio (CLTV)							
CLTV	Loans		Principal Outstanding		Weighted CLTV		
	number	%	euros	%			
0.00 - 10.00	13	0.35	350,167	0.08	8.19		
10.00 - 20.00	112	2.98	5,197,545	1.13	16.72		
20.00 - 30.00	239	6.35	17,469,423	3.79	26.11		
30.00 - 40.00	493	13.11	50,558,461	10.98	35.75		
40.00 - 50.00	784	20.85	97,232,556	21.11	45.34		
50.00 - 60.00	944	25.10	128,560,322	27.91	54.96		
60.00 - 70.00	760	20.21	106,800,556	23.19	64.54		
70.00 - 80.00	416	11.06	54,468,344	11.82	74.22		
80.00 - 90.00	0	0.00	0	0.00	0.00		
<b>Total</b>	<b>3,761</b>	<b>100.00</b>	<b>460,637,373</b>	<b>100.00</b>	<b>53.76</b>		
<b>Average:</b>					<b>51.29</b>		
<b>Minimum:</b>					<b>4.97</b>		
<b>Maximum:</b>					<b>79.46</b>		

## 2.2.7 Method of origination or creation of the assets by UCI and principal lending criteria.

### 1. Granting Policy

#### a) Introduction

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

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

*a.2 Concerning the dwelling to be purchased:* documentation provided by the applicant on the dwelling to be financed or any other dwelling provided as additional collateral to the operation (Land registry report and title deed, if applicable.)

*a.3 Concerning the applicant's income.*

- Salaried workers: Last three (3) pay slips and Income Tax return of the last year.
- Professionals and autonomous workers: Income Tax return of the last year.

#### b) Data codification.

The capture and encoding of the data of the operation in the UCI loan management IT system was performed by the C.A.N. (*Centro de Autorización Nacional* – National Authorization Centre) Department reporting to the Risks Department, thus ensuring the uniformity of criteria and independence with respect to commercial agencies. Between 2006 and 2011, owing to the strong increase in production, a sub-department was created, known as "Encoding Control", which dealt with, among other matters, the aspects relating to capture, encoding, calculation of revenue and verification of different risk files to which we have access, and conducting telephone surveys to the companies where the applicants work in those cases where it was necessary.

Additionally, from the year 2013 onwards, the C.A.N. risk analysts systematically contact all the customers by phone to verify the information provided.

#### c) Powers.

The majority of decisions are taken centrally in the C.A.N. (National Authorization Centre). The analysts have delegated decision-making powers based on their experience, the years of seniority in the post, the amount of the Mortgage Loan and other characteristics identified by the computer application. Their function is to verify the information provided by its customers and, depending on their level of powers, to approve the operations under the condition of the fulfilment of certain conditions (direct debit of salary, provision of additional guarantees, sureties, justifying documentation, etc.). From early 2005 until the end of 2008, the managers of some of the commercial agencies had limited powers to decide certain kinds of operations, according to their seniority in the post and years of experience.

*c.1 Agency decision*

Operations that were subject to the decision of the agency managers with powers had to meet a series of requirements.

In addition, and also reporting to the Risks Department, there is a team of people –RRM (*Responsables de Riesgos y Métodos*): Risks and Methods Managers– integrated into the Policies and Methods Department whose function was, among others, overseeing agency decisions "on line". To ensure the quality of those decisions, an objective review was established for a minimum of 30% of the transactions formalized by agency decision.

#### *c.2 C.A.N. Decision*

The C.A.N. risk analysts decide operations according to their powers. Those that exceed these powers are subject to decision of the C.A.N. Committee or the Risks Committee as appropriate. Similarly, the RRM team oversees decisions made by analysts from a representative sample of cases.

#### **d) Evaluation**

Making use of their powers, the decision-maker of the operation (analyst, Agency Manager with powers, C.A.N. Committee or Risks Committee) evaluates the Mortgage Loan and issues a first provisional authorization subject to the final appraisal carried out by Appraisal Firm on the property to be mortgaged (until 2007, we worked exclusively with VALTECNIC and since then we have included the mortgage appraisal firms TINSA Tasaciones Hipotecarias and SIVASA, although we have currently stopped working with the latter) and also subject to the verification of the land registry data by administrative managers who collaborate with UCI.

For decision-taking, the following basic criteria will be followed:

- d.1 Purpose:* purchase or renovation of dwelling or re-mortgaging of mortgage loans from other institutions.
- d.2 Holders:* Individuals of legal age, who access to the ownership of their homes or who wish to refinance their mortgage after verification of the following requirements:
  - d.2.1.* The professional stability of the applicant is examined, considering both the type of labour contract and professional history, reinforcing operations with insufficient stability through additional guarantees or warranties.
  - d.2.2.* The maximum percentage of financing depends on the type of employment contract, being in general, with exceptions, a maximum of the 70% for liberal professionals and 60% for autonomous workers, with these percentages increasing in the case of salaried employees. In the case of government workers, the percentage of financing can reach 105%, and exceptionally up to 120%. However, none of the financing granted to government workers and subject to securitisation shall have percentage greater than 100%.
  - d.2.3.* The selection process is supported by a statistical "score" based on the probability of default according to the customer profile, an expert system (which includes all the rules of UCI's risk acceptance policy) that checks if the operation complies with all of UCI's risk acceptance policy rules and includes a system of geographical population studies.

d.2.4. The presence of the holders and guarantors, if applicable, is systematically checked in the risk records held by ASNEF (Asociación Nacional de Entidades de Financiación – National Association of Financing Entities). If necessary, the CIRBE (Central de Información de Riesgos del Banco de España – Bank of Spain Risk Information Centre) is also consulted.

UCI's possible origination channels are the following:

1. Real Estate Agencies : Real estate agencies that intervene in the process of sale and purchase of properties.
2. Brokers: Financial intermediaries whose main activity is to obtain financing for their clients, usually not intervening in the process of sale and purchase of properties.
3. Direct Channel: UCI's origination channel through the Internet ([www.hipotecas.com](http://www.hipotecas.com)).
4. Developers: Real estate agents whose main activity is the intervention in the sale of developments, that can be reconciled with the intervention of the sale and purchase of second-hand housing.
5. Banks: Financial institutions, banks or savings banks (*cajas de ahorros*) with which UCI has signed a cooperation agreement in order to manage its clients' finance transactions.
6. Insurances: Insurance agents that reconcile their main activity of insurance intermediation with financial intermediation.
7. Word of mouth: Finance transactions to clients that arrive directly to UCI's offices.

Since 2010 the subscription of a cooperation agreement between UCI and any originator of operations will be subject to a strict acceptance policy by the Management of Risks (*Dirección de Riesgos*). Such policy includes, with prior consent from the originator, the consultation of risk files (ASNEF, CIRBE, Worldcheck...), request of commercial and asset information and analysis of potential effects of the relationship with such intermediary regarding UCI's image.

Procedures established by UCI for the formalization of transactions are independent from the origination channel, no exceptions have been defined to such procedures depending on the type of contributor.

**e) *Disbursement of the Mortgage Loan.***

After completing the final evaluation and authorization procedures, the Mortgage Loan deed is signed before a Notary Public at which time UCI disburses the funds.

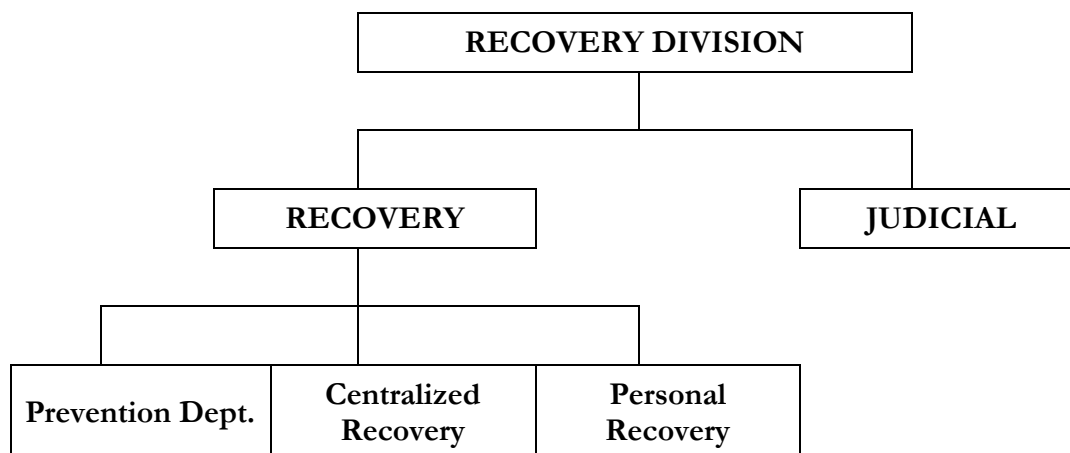
In the case of any prior charges on the Mortgage Loan, the representative appointed by UCI will ensure these are cancelled, retaining the necessary funds for this purpose and overseeing the whole land registry procedure until UCI's mortgage is registered as a first tier mortgage.

During the formalization of the operation, UCI is represented by a professional lawyer who oversees the correct completion of the operation with a civil liability insurance policy and a bank guarantee upon first request, and who receives both the instructions for signing and the text for the minutes of loan deeds from a

Department at ICU that supervises his activity through a system of prior authorizations.

## ***2. Collection and claims Policy***

Collection management is performed through the Recovery Division, which is structured as follows:



The Prevention Department is the first stage of the division and deals with customers experiencing financial difficulties and who have not defaulted. This department adopts appropriate measures to prevent customers from finally defaulting and aggravating their financial situation with UCI.

Between days 2 and 8 of each month the majority of definitive defaults of the instalments due take place, which derives in an early process of recovery of such defaults.

Next, if a customer makes a first definitive default, this is handled by the Centralized Recovery Department. This department uses telephone management to attempt to recover the debt contracted by the customer, to prevent aggravating the default situation and ensure the possible future payment of instalments using the tools and mechanisms at UCI's disposal to resolve the customer's payment problems.

If the customer's normal payment situation cannot be re-established or is aggravated by more than two (2) defaults, the matter is forwarded to the Recovery Agency Network. The main difference with previous departments is the network's personal contact with the customer.

The tools used in assisting customers to pay are applied based on the individualized study of their economic/personal situation at all times and are as follows:

1.- Restructuring. In this operation, for reasons related to the customer's financial difficulties – current or foreseeable – the initial loan conditions are modified to facilitate payment (of principal and interest) because the holder cannot – or is not likely to – comply with the initial conditions in a timely manner.

2.- Payment in kind. In this operation UCI accepts the dwelling, or any of the dwellings guaranteeing the loan, as payment or part payment of the debt. Should there be a remnant, it is possible to implement Restructuring to adapt the instalments to the customer's real payment possibilities.

If, despite the efforts employed, it is not possible to reach an amicable solution with the customer, the Legal Department will be responsible for claiming the debt in court, notwithstanding the possibility of reaching an amicable solution during the proceedings.

Several teams are involved at this stage:

- 1.- Pre-trial team. Responsible for obtaining the documentation prior to filing the claim.
- 2.- Litigation team. Responsible for monitoring the assigned court proceedings and overseeing portfolios assigned to the team of outside lawyers.
- 3.- Law firms. Responsible for the direct monitoring of court proceedings assigned and distributed by geographic area (External Team).
- 4.- Court Advocates. Representatives of the Institution, responsible for managing Court proceedings in progress (External Team).

Once the property is owned by UCI, either by payment in kind or Court Allocation, through its Branch Network the Real Estate Marketing Division will select, maintain and monitor the Real Estate Brokers in charge of marketing and selling the properties.

## **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 representations and guarantees that the Assignor, as the owner of the Mortgage Loans and issuer of the Mortgage Transfer Certificates, will declare on the Date of Incorporation of the Fund to the Management Company, in representation of the Fund:

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

1. UCI is a duly constituted company in accordance with the legislation in force and is registered in the Commercial 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.
2. Neither on the date of this Prospectus nor at any time since its incorporation 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).
3. The corporate bodies of UCI have validly adopted all the agreements required for (i) the assignment of the Mortgage Loans through the issue of the Mortgage Transfer Certificates, and (ii) in order to validly have the agreements and commitments assumed.
4. It has the annual accounts corresponding to the last four fiscal years closed and duly audited. The Auditors' Report corresponding to 2014 has no reservations. The annual accounts audited corresponding to years 2014, 2013 and 2012 are deposited in the CNMV and the Commercial Register.

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

1. UCI is the full owner of the Mortgage 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 Mortgage Loans.
2. UCI is not aware that any Obligor is involved in insolvency proceedings.

3. UCI guarantees that on the Date of Incorporation there will be no arrears greater than thirty (30) days.
4. The Mortgage Loans exist, are valid and enforceable in accordance with applicable legislation. In particular, the Mortgage Loans comply with the applicable consumer legislation in Spain.
5. The data concerning the Mortgage 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 Mortgage Loans.
6. The Mortgage Loans have not been subject to any variation, amendment, modification, waiver or exclusion of time of any kind, which in any material way adversely affects the enforceability or collectability of all or a material portion of the Assets being transferred.
7. As regards the Mortgage Loans, no person has a preferential right to the Fund.
8. All the Obligors are natural persons resident in Spain.
9. The Mortgage Loans have been granted in order to finance the acquisition or refurbishment of houses located in Spain or for subrogations of individuals (customers or employees) in the financings granted to developers for the construction of houses in Spain for its sale.
10. None of the Mortgage Loans finance the acquisition of repossessions.
11. None of the Mortgage Loans refinance older positions.
12. None of the Mortgage Loans have ever been in arrears for more than thirty (30) days and to the best of UCI's knowledge, the Obligors have not defaulted any other obligation under the Mortgage Loans.
13. The repayment of the Mortgage Loans by the Obligors is done via direct debit.
14. None of the Mortgage Loans include Self-Certified Mortgage Loans or Equity Release Mortgage Loans.
15. On the date of assignment, the outstanding balance on each Mortgage Loan is in euros.
16. As of the assignment date, each Obligor has made at least one scheduled payment under the Mortgage Loan agreement.
17. UCI is not aware of any Obligor holding any credit right against UCI that might entitled them to exercise any set-off rights.
18. The information contained in this Prospectus on the Mortgage Loan portfolio is complete and truly adjusts to reality.
19. Both the assignment of the Mortgage Loans and the issue of the Mortgage Transfer Certificates, as well as all the acts related to these, have been legally and validly carried out or will be legally and validly carried out in accordance with market criteria.
20. 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 Mortgage Loans.

21. All the Mortgage Loans are recorded in public deeds. All the original instruments of the mortgages granted on the houses and in guarantee of Mortgage 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, Recall, S.A., at the disposal of the Management Company. The Mortgage Loans mentioned are subject to identification through the computing registry held by UCI.
22. The Mortgage Loans were originated in the ordinary course of business of the UCI and have been and are being administered by UCI in accordance with normal procedures.
23. UCI is not aware of the existence of litigation of any kind as regards the Mortgage 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).
24. All the Mortgage Loans have a maturity that precedes (3 years before) the Legal Expiry Date.
25. UCI undertakes to provide the Management Company with all periodical information regarding the Mortgage Loans in accordance with the computer applications of the Management Company.
26. The Mortgage Loans, after any initial fixed rate period if applicable, will accrue a variable interest rate referenced to an official benchmarked index (Euribor /IRPH), without a maximum or minimum limit of the applicable interest rate being foreseen.
27. The payments of the Obligors deriving from the Mortgage Loans are not subject to any withholding tax.
28. The Mortgage Loan agreements are governed by Spanish Law.
29. On the Date of Incorporation, it has received no notification of total or partial prepayment of the Mortgage Loans.
30. That assigned Mortgage 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.
31. 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, with the exception of those in which the prior registry inscription was still pending cancellation (although economically cancelled), and the properties mortgaged are not affected by prohibitions concerning their availability, cancellation or any other ownership limitation.
32. All the Mortgage Loans are recorded in public deed, and all the mortgages are duly granted and registered in the corresponding Property Registries, with the exception of those in which the prior registry inscription was still

pending cancellation (although economically cancelled). 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.

33. 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.
34. 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. In the case of subsidized housing (“Vivienda de Protección Oficial – VPO”), the valuation is equal to or less than the maximum legal value.
35. The Mortgage Loans do not meet any of the characteristics of excluded or restricted credits under Articles 12.1 a), c), d), f) and 12.2 of Royal Decree 716/2009.
36. For purposes of credit risk enhancement, 61% of the Mortgage Loans have more than one first rank mortgage security backing the same loan, that is to say, that the Obligor has granted a first rank mortgage, not only over the financed residence, but also over some other residence. All these additional security have the same characteristics than the financed residence, since they are located in Spain and secured by first rank mortgages.
37. The properties mortgaged by virtue of the Mortgage Loans are not subject to a situation of excluded assets for acceptance as security (owing to their exclusion from town planning) in accordance with Article 11.1 of Royal Decree 716/2009, of April 24, implementing certain aspects of Law 2/1981, of March 25, on Regulation of the Mortgage Market and other regulations of the mortgage and financial system.
38. In particular, the Mortgage Loans are not attached to any issue of Mortgage notes, Mortgage Transfer Certificates other than the present issue of the Mortgage Transfer Certificates.
39. There is no circumstance which might prevent the execution of the mortgage guarantee.
40. On the Date of Incorporation, the outstanding balance for each of the Mortgage Loans is equivalent to the capital of the corresponding Mortgage Transfer Certificates.
41. The Mortgage Loans are fully disbursed.
42. The Originator may freely transfer its interest in the Mortgage Loans and their related security without breaching any term or condition of the Mortgage Loans.

**c) In relation to the Mortgage Transfer Certificates:**

1. That the Mortgage Transfer Certificates are issued in accordance with the provisions of (i) Law 2/1981, (ii) Royal Decree 716/2009, (iii) Additional Provision Five of Law 3/1994, of April 14, by virtue of which the current law in force applicable to mortgage units or participations is applied to the MTC’s, wherever applicable, and other applicable regulations.

2. That the Mortgage Transfer Certificates are issued because the Mortgage Loans are not eligible under Article 3 of Royal Decree 716/2009, for purposes of being subject to mortgage shares (“*Participaciones Hipotecarias*”), as they do not meet the requirement set out in Chapter II of the Royal Decree regarding insurance policies.
3. 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.
4. On the Date of Incorporation, the outstanding balance for each of the Mortgage Loans, which are fully disbursed will be equivalent to the capital of the corresponding Mortgage Transfer Certificate.
5. The respective corporate body of the Assignor has validly adopted all the agreements required for the issue of the Mortgage Transfer Certificates.

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

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

#### **Compliance with Regulation 575/2013, of June 26**

In compliance with the provisions of Article 405 Regulation 575/2013 of June 26 on the prudent requirements of credit institutions and investment entities, amending Regulation (EU) No. 648/2012 (“**Regulation 575/2013**”), the Assignor has notified the Management Company that it will retain a significant net financial interest in the Fund on an ongoing basis under the terms required by Regulation 575/2013. For these purposes, the Assignor has notified the Management Company that by “ongoing basis” it is understood that the retained net financial interest shall not be subject to a credit risk reduction, or short positions or other types of hedging and neither will it be sold. The Assignor will undertake in the Deed of Incorporation to include, on the website of [www.uci.es](http://www.uci.es) (or any other site that may replace it in the future), reference to the location where all the updated details can be found on the requirement to retain a net financial interest.

Without prejudice to the foregoing, certain details on this withholding are provided below in this Prospectus. In particular:

For so long as the Class A Notes are outstanding, the Assignor as an "Originator" within the meaning of Article 4(1)(13)(b) of the Regulation 575/2013 will, on an ongoing basis, retain a material net economic interest in this securitisation transaction which shall not be less than 5% in accordance with Article 405 of the Regulation 575/2013 and Article 51 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (“AIFMR”). As at the Date of Incorporation of the Fund, such interest will be retained in accordance with Article 405(1) (d) of the Regulation 575/2013 and Article 51(1) (d) of the AIFMR. The Assignor shall satisfy such retention requirement by making and holding the Subordinated Loan 1. The Assignor will confirm to the Management Company its ongoing retention of the net economic interest described above on a monthly basis and the Management company will notify on a quarterly basis the Noteholders of any change to the manner in which such interest is held. For the purpose of this notification, the Assignor must explicitly state that it has not

performed any action (coverage of the risk of the loan, sale, assumption of short positions, etc.) that has undermined the application of the withholding requirement.

That the Assignor shall undertake, in the Deed of Incorporation, to retain the material net economic interest described above and to inform the Management Company, on a monthly basis, of the maintenance of the commitment to withhold assumed in the Deed of Incorporation.

With a view to compliance with Article 409 of the Regulation 575/2013 and 52(e), (f) and (g) of AIFMR, the Originator in its capacity as Servicer will, on a monthly basis after the Date of Incorporation of the Fund, provide relevant information to investors, including data with regard to the Mortgage Loans and an overview of the retention of the material net economic interest. The Originator will make available to the Noteholders, potential investors and firms that generally provide services to investors on its website [www.uci.es](http://www.uci.es) and such information will be updated on a periodic basis.

### **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 Mortgage Loan, the affected Assets will not be substituted.

In the event that subsequent to the Date of Incorporation, it is detected that an Asset does not adjust at the Date of Incorporation to the conditions and characteristics contained in section 2.2.8 of this Additional Building Block to the Securities Note, as the corresponding Mortgage 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 Notes, UCI undertakes to immediately substitute or, in its absence, amortise the corresponding Mortgage Transfer Certificate 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 Transfer Certificates assigned) plus the interest due and unpaid.

The substitution will be made through the issue of Mortgage Transfer Certificates as regards Mortgage Loans in its portfolio which may be integrated into an Asset Securitisation Fund with the same characteristics as the underlying Mortgage Loan of the Mortgage Transfer Certificate, which is the subject of substitution due to the amount, period (equal or inferior to the maximum temporary limit for maturity of the Mortgage 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 must be considered in terms of the relationship between the outstanding balance of the Mortgage Transfer Certificate, 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 Mortgage Loans in UCI portfolio as the issuer, of characteristics similar to the Mortgage Loan or underlying the Mortgage Transfer Certificate substituted, UCI undertakes to amortise the Mortgage Transfer Certificates 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 Transfer Certificate.

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

*b.1* UCI will inform the Rating Agencies and the Management Company, in representation of the Fund, of the existence of each 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 Transfer Certificate through the corresponding stamp on the title which has been duly itemised for this purpose, and issue another 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 and (ii) the evaluation of the property which is the subject of the guarantee of the underlying Mortgage Loan, once a check has been made previous to the substitution, on the suitability of the substituting Mortgage 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 Notes will not be affected by the substitution.

*b.2* This issue of 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 Transfer Certificate to be substituted and the Mortgage Loan underlying this, and the new Mortgage Transfer Certificate issued, with the data on the new Mortgage Loan, as well as the reason for the substitution and the variables which determine the homogeneous character of Mortgage Transfer Certificates, as described above.

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

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

#### **2.2.10 Relevant insurance policies relative to the Mortgage Loans.**

The assets on which the mortgages have been established as security for the Mortgage Loans have been insured, as the case may be, in accordance with the provisions of Order ECO/805/2003.

Initially, insurance policies are contracted with Santander Seguros (Group Santander), BNP Paribas Cardiff (Group BNP Paribas) and Liberty Seguros, Compañía de Seguros y Reaseguros S.A. However, the Obligors are able to transfer them to another insurer of their choice so that the property under mortgage is insured at all times.

Data on insurance company concentration are not included because the insurance policies signed by the Obligors and their details are not supported by or updated in UCI's computer records. There may, however, be a concentration of the abovementioned

insurance companies since initially the damage insurance policies were entered into with such insurance companies.

At the date of registration of this Prospectus, there is no evidence of the valid damage insurance contracted at the time of granting of the Mortgage Loans.

**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 Notes 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 the valuation of the property on which the real estate mortgage is granted has been carried out for the most part by one valuation company (Valtecnic, S.A.), and residually by other valuation companies (Tasaciones Hipotecarias, Tinsa and Sivasa). All of them ratified 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.

The valuations of the properties related to the Mortgage Loans were carried out on the date of its granting and the properties have not been re-evaluated.

**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 Transfer Certificates) to the Fund. The Fund will acquire the Assets and will issue the Notes 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 Mortgage Loans which will be used to amortise the Notes and to pay interest to its holders. This operation will be executed through the Deed of Incorporation, which will be granted by the Management Company, on behalf and at the expense of the Fund, by UCI. Thus, through the Deed of Incorporation of the Fund the following will take place:

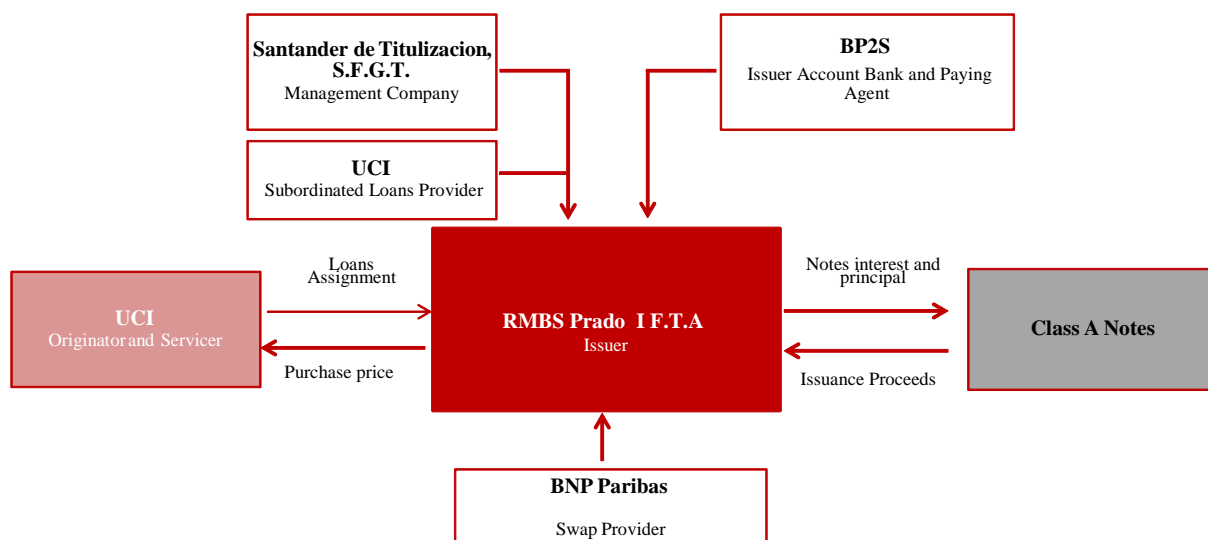
- a) the assignment to the Fund of the Assets deriving from Mortgage Loans (through the issue by UCI and the subsequent subscription by the Fund of the corresponding Mortgage Transfer Certificates)
- b) the issue of three hundred forty two million euro Notes (€342,000,000), distributed in one (1) class of Notes and
- c) the formalisation of the Subordinated Loan 1 Agreement for an amount of one hundred and eight million euros (€108,000,000).

A copy of the Deed of Incorporation will be forwarded to the CNMV and to Iberclear to be incorporated into their official registers previous to 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 2 Agreement, with UCI, which will be used to finance the Reserve Fund, the expenses of the incorporation of the Fund and the issue of the Notes, to partially finance the acquisition of the Assets, and to cover the temporary mismatch in the first Interest Accrual Period, and which will be applied to comply with the payment obligations contained in the Order of Priority of Payments described in sections 3.4.6.(b) and 3.4.6.(d) of the Additional Building Block, respectively.
- (ii) Guaranteed Reinvestment Agreement with BP2S by virtue of which BP2S will provide an agreed variable return for the amounts deposited by the Fund through its Management Company in the Cash Flow Account as long as the EONIA is above certain level.
- (iii) Swap Agreement with BNP Paribas.
- (iv) Payment Agency Agreement with BP2S.

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 Disbursement Date will be as follows:

ASSETS		LIABILITIES	
<b>Credit Rights</b>		<b>Bonds issuance</b>	
Assets (credit rights from mortgage loans)	450.000.000	Series A	342.000.000
<b>Working Capital</b>	<b>14.200.000</b>		
Treasury account	14.200.000		
· Reserve Fund loan	13.500.000	<b>Other L/T debts</b>	<b>122.200.000</b>
· Initial expenses loan	700.000	Subordinated loan	108.000.000
		Reserve Fund loan	13.500.000
		Initial expenses loan	700.000
<b>Total Assets</b>	<b>464.200.000</b>	<b>Total Liabilities</b>	<b>464.200.000</b>

The estimated initial expenses of the incorporation of the Fund and the issue of the Notes, 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 Notes are settled on the Disbursement 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.**

The description of the entities which participate in the issue and the functions which they carry out are contained in section 5.2 of the Registration Document and 3.1 of the Securities Note.

**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 Mortgage Loans carried out by UCI will be effective from the Date of Incorporation of the Fund. It will be implemented through the Deed of Incorporation and will be carried out as is determined below.

The Obligors will not be notified of the assignment of the Mortgage Loans to the Fund by UCI. However, in the event of insolvency proceedings, or indications of insolvency, or because the Management Company considers this to be reasonably justified, the Management Company may request the Servicer to notify the Obligors and, or in its absence, their respective guarantors, of the transfer of the outstanding Mortgage Loans to the Fund, as well as the fact that the payments deriving from such Mortgage Loans will only release 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 Servicer 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 servicer, the Management Company itself will, directly or through a new servicer it has designated, notify the Obligors and, or in their absence, their respective guarantors.

The assignment of the Mortgage Loans will be implemented through the issue of the Mortgage Transfer Certificates by UCI.

These 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 Incorporation and in the terms set out in it, and this will be in accordance with the legislation on the mortgage market (Law 2/1981, in the wording given in Law 41/2007, Royal Decree 716/2009, Additional Provision Five of Law 3/1994, in the wording given in Law 41/2007, 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 Transfer Certificates will refer to a participation in the corresponding Mortgage Loans granted by UCI at 100% in the principal, a participation of 100% in the ordinary and delayed interest, both calculated on the basis of the interest rate applicable to each Mortgage Loan in question and a participation of 100% on any other concepts afforded to the fund, including the commissions for repayment and early cancellation.

The participation in the Mortgage Loans through the issue of Mortgage Transfer Certificates will be made for the whole of the remaining period up the final maturity of these Mortgage Loans.

The Mortgage Transfer Certificates issued under the stipulations in the Deed of Incorporation will be represented by one Multiple Title issued by the Assignor, representing the total Mortgage Transfer Certificates issued. This Multiple Title

will be deposited at Banco Santander, S.A. by the Management Company during the act of incorporation of the Fund.

Both in the cases in which the substitution of a Mortgage Transfer Certificate must be made and in the case that Management Company, on behalf and in representation of the Fund, executes a Mortgage Loan, as well as if it carries out the Early Liquidation of the Fund, the sale of the Mortgage Transfer Certificates 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 issued and the changes of address which it has been notified of by the holder of each one of the Mortgage Loans, and will also record (i) the dates of execution and maturity of the Mortgage Loans, (ii) their amounts and form of settlement and (iii) the registration data of the mortgages which guarantee the Mortgage Loans.

The Management Company, in the name of the Fund, will subscribe to the Mortgage Transfer Certificates issued by UCI in the Deed of Incorporation so that they may be immediately incorporated into the Fund.

Given the nature of qualified investor of the Fund and the subscription by the latter of the Mortgage Transfer Certificates, for the purpose of paragraph two, Article 29.1 of Royal Decree 716/2009, the issuance of the Mortgage Transfer Certificates shall not be subject to a marginal notation in each recording of the mortgage pertaining to each one of the Mortgage Transfer at the Property Registry.

As established by Royal Decree 716/2009, the Mortgage Transfer Certificates shall be transferable through a written declaration on the certificate itself and, in general, by any of the means permitted by Law. The transfer of the Mortgage Transfer Certificate and the address of the new holder shall be notified by the transferee to the Assignor.

The transferor 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.

**b) *Terms and conditions of the assignment of the Assets.***

The assignment of the Mortgage Loans will be full and unconditional and for the whole of the remaining period up to the maturity of each Mortgage Loan. UCI, as Assignor of 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 Mortgage 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 Mortgage Loans and therefore it does not assume any liability for non-payment of the Obligors, whether this be of the principal, interest or of any other amount which they might owe as regards the Mortgage 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 Notes nor make repurchase or substitution agreements as regards the Mortgage Loans, except for what is explained in section 2.2.9 of

this Additional Building Block to the Securities Note or, as the case maybe, the potential repurchase further to the exercise of the Optional Redemption contained in Section 4.9.5 of the Securities Note.

The assignment of each Mortgage Loan will be made for the whole of the outstanding balance on the Date of Incorporation and will be for the whole of the ordinary interest and of the delay as regards each Mortgage 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 in accordance with the stipulations of Article 1.528 of the Civil Code, thus, it will confer the following rights as regards the Mortgage Loans on the Fund:

1. All amounts due for the amortisation of the capital or principal of the Mortgage Loans.
2. All amounts due for the ordinary interest of the Mortgage Loans.
3. All amounts due for the default interest of the Mortgage Loans.
4. All fees due for the total or partial prepayment of the Mortgage Loans as well as compensations fees for fixed interest rates.

The purpose of these compensations is to pay off UCI for the possible damage that the total or partial prepayment of the Mortgage Loans could cause within a period of revision of interest rates agreed to last more than 12 months. This shall occur to UCI in the case of Mortgage Loans with an initial fixed interest period longer than 12 months.

This is only recoverable from the client in case there is a loss for UCI, which will usually take place when market interest rates are, at the moment of the prepayment, lower than the applicable interest rate, according to Law 2/1981 on the Mortgage Market. In order to know if this applies in each case and to be able to calculate the market value of the Mortgage Loan at the time of the prepayment, provisions set forth in Rule Fifteen of Banco de España Circular 5/2012, of June 27, shall be applicable.

5. Any amounts or assets received through judicial or notary enforcement of the guarantees or 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.
6. All the possible rights or indemnities which might be in favour of UCI, including those deriving from any accessory right to the Mortgage Loans, including amortisation and advanced cancellation fees (and excluding any other fees there might be.).
7. In the event of prepayment of the Mortgage Loans by total or partial advanced repayment of the principal, the substitution of the Assets affected will not take place.
8. All the rights mentioned above will accrue in favour of the Fund as from the Date of Incorporation.

9. The rights of the Fund arising from the Mortgage Loans are linked to the payments made by the Obligors against the Mortgage Loans and, therefore, they are directly affected by the evolution, delays, prepayments or any other incidents regarding these Mortgage Loans.
10. 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.

**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 Mortgage Loans and will be paid on the Disbursement 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 Incorporation until the Disbursement Date.

In the event that the incorporation 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 Transfer Certificates.

**3.4 An explanation of the flow of funds, including:**

**3.4.1 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 Servicer in the Cash Flow 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 due to the amounts received for the Assets. However, the Fund will also receive other amounts paid by the Obligors either in respect of cancellation fees or early amortisation fees, and will deposit them each month in the Cash Flow Account.

The collection dates of the Fund will be all the Business Days on which payments are made by the Obligors as regards the Mortgage Loans.

In the event that it is considered necessary in order to better defend the interests of the Noteholders and on the condition that there is a case of compulsory substitution of the Assignor as Servicer of the Mortgage Loans, the Management Company will instruct the Assignor to notify each of the Obligors of the Mortgage 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 Mortgage Loans into the Cash Flow Account, opened in the name of the Fund at the counterparty of the Fund in the Guaranteed Reinvestment Agreement.

In no case, will the Assignor pay any amounts which it has not previously received from the Obligors in payment of Mortgage Loans into the Fund.

Quarterly, on the Payment Date, the holders of the Class A Notes will be paid the interest due and the repayment of the principal of the Class A Notes in accordance with the conditions set out 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 Available Funds to attend to the obligations of the Issuer with the Noteholders will be the income obtained for the Mortgage Loans as regards the principal, interest, amortisation, fixed interest rate compensation and advanced cancellation fees calculated on each Determination Date, the interest due from the Cash Flow Account, the net amount in favour of the Fund by virtue of the Swap Agreement, the amount in the Reserve Fund, the product of the possible settlement, and when applicable, from the Assets of the Fund.

### **3.4.2 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 Notes, to cover temporary mismatches of the schedule of flows of principal and interest of the Mortgage Loans and the Notes, or, in general, transform the financial characteristics of the Notes 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 Incorporation, 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 liquidity or commingling risk of the Mortgage Loans. It is incorporated using funds from the Subordinated Loan 2, as is specified in section 3.4.2.2. hereinafter. On the Date of Incorporation, the Reserve Fund will be equal to 3% of the Initial Principal Balance of the Assets.

**b) Guaranteed Reinvestment Agreement.**

The account opened in the name of the Fund by the Management Company (Cash Flow Account) is remunerated at certain rates, which in some cases could be negative.

**c) Swap Agreement.**

Mitigates the interest rate risk that occurs due to the existence of different interest rates between the Assets and the Notes.

**d) Subordination and postponement of payment of principal and interests between the Class A Notes and the Subordinated Loan 1**

The Subordinated Loan 1 will be repaid after full repayment of the Class A Notes.

### 3.4.2.2 Reserve Fund

The Reserve Fund will initially be financed from the partial payout from the Subordinated Loan 2 on the Disbursement Date.

The Subordinated Loan 2 provider will not be obliged to replenish the Reserve Fund nor to pay any additional amount after the Date of Incorporation. If the Reserve Fund needs to be adjusted in order to comply with the Reserve Fund Required Amount, such adjustment shall be made, to the extent there are Available Funds, by the Management Company, up to the Reserve Fund Required Amount pursuant to the applicable Priority of Payments.

**a) *Reserve Fund Required Amount:***

1. On the Date of Incorporation, equal to thirteen million five hundred thousand euros (€13,500,000), equivalent to 3% of the Initial Principal Balance of the Assets.
2. On each Payment Date after the Date of Incorporation, equal to 3% of the Outstanding Principal Balance of the Assets.
3. Zero, following the earliest of:
  - a. Repayment in full of interest and principal due in respect of the Class A Notes.
  - b. Payment Date on which the Outstanding Balance of the Assets is zero but the Notes have not been redeemed in full.
  - c. Maturity Date.

Provided that:

1. in case of 1 and 2, the Reserve Fund Required Amount shall not be less than 1% of the Initial Principal Balance of the Assets.
2. if a Reserve Fund Shortfall occurred on the preceding Payment Date, the Reserve Fund Required Amount shall not be less than the Reserve Fund Required Amount as of the Payment Date immediately preceding that Payment Date.

**b) *Return:***

The amount of this Reserve Fund will be paid into the Cash Flow Account on the Disbursement Date, and will be the subject of the Guaranteed Reinvestment Agreement of the Cash Flow Account to be made with BP2S.

**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.

**(d) *Yield:***

The Subordinated Loan 2 for Reserve Fund will accrue nominal annual interest, calculated each quarter for each Interest Accrual Period, which will be the result of adding (i) the Reference Interest Rate calculated for Notes and (ii) a margin of 0.65%, subject to a floor of zero. Interest will only be paid if the Fund has sufficient liquidity in accordance with the Order of Priority of Payments or, where applicable, in the Order of Priority of Payment upon Liquidation described in

sections 3.4.6.(b) and 3.4.6.(d) below, respectively. Interest accrued, which should be paid on a particular Payment Date, will be calculated using the (i) number of days in each Interest Accrual Period and (ii) on the basis of a year containing three hundred and sixty (360) days.

Interest accrued and not paid on a Payment Date will accumulate at a rate of interest applied at the same rate as the nominal interest rate on the Subordinated Loan 2 for Reserve Fund and be paid, if the Fund has sufficient liquidity in accordance with the Order of Priority of Payments or, where applicable, in the Order of Priority of Payment upon Liquidation described in sections 3.4.6. (b) and 3.4.6. (d) below, respectively.

**(e) Repayment**

The Subordinated Loan 2 for Reserve Fund will be repaid on each Payment Date in instalments equal to the difference between the balances required of the Reserve Fund on the two (2) Determination Dates immediately prior to the Payment Date in question. This shall be subject to the Fund has sufficient liquidity in accordance with the Order of Priority of Payments or, where applicable, in the Order of Priority of Payment upon Liquidation described in sections 3.4.6. (b) and 3.4.6. (d) below, respectively.

**3.4.2.3 Subordinated Loan 1**

The Management Company shall, on the date of establishment of the Fund, for and on behalf of the Fund, enter with UCI into an agreement whereby UCI shall grant to the Fund a commercial loan (“**Subordinated Loan 1**”) for a total amount of one hundred and eight million euros (€108,000,000) (the “**Subordinated Loan 1 Agreement**”).

The Subordinated Loan 1 amount shall be exclusively allocated by the Management Company to paying part of the price at the face value of the Mortgage Loans not covered by the Notes subscription payment amount.

The Subordinated Loan 1 amount shall be delivered on the Disbursement Date by crediting the Cash Flow Account.

The Outstanding Principal Balance of Subordinated Loan 1 will accrue annual nominal floating interest, determined quarterly for each Interest Accrual Period.

This interest will be payable only if the Fund should have sufficient liquidity on each Payment Date in the Order of Priority of Payment or, in the event of liquidation of the Fund, in the Order of Priority of Payment upon Liquidation.

Interest shall be settled and be payable on the expiry date of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period, and (ii) a three-hundred-and-sixty (360) day year. The first interest settlement date shall be the First Payment Date, 15<sup>th</sup> September, 2015. Section 4.6.2 of the Securities Note sets out the rules for repayment of Subordinated Loan 1 principal.

The nominal interest rate determined for each Interest Accrual Period will be that which results from the higher of (i) zero and (ii) the sum of (a) the reference interest rate EURIBOR at three (3) months or, in its absence, its substitute (described in section 4.8 e) of the Securities Note), (b) the Class A Margin: margin of up to 0.90% per annum up to (and including) the Class A Step-Up Date and up to 1.80% per annum from (but excluding) the Class A Step-Up Date to (and including) the Final Maturity Date, and (c) 0.25%.

All Subordinated Loan 1 earned interest and principal repayment amounts payable to the lender shall be paid only if the Fund should have sufficient Available Funds and will be subject to the Order of Priority of Payment or to the Order of Priority of Payment upon Liquidation, as appropriate.

All amounts, as set out in the preceding paragraphs, not delivered to the lender on a Payment Date shall be paid on the following Payment Dates on which the Available Funds allow such payment in the Order of Priority of Payment or, upon liquidation of the Fund, in the Order of Priority of Payment upon Liquidation and shall take precedence over Subordinated Loan 1 amounts falling due on that Payment Date.

Amounts due by the Fund and not delivered as provided in the preceding paragraphs shall not earn late payment interest.

Interest due and not paid on a Payment Date will not be accumulated to the Subordinated Loan 1 principal.

The lender may fully or partially assign its rights under Subordinated Loan 1 in accordance with the laws in force from time to time, notifying such assignment to the Management Company, in which case references to the lender herein shall be construed as made to the assignee(s) of the rights under Subordinated Loan 1.

The Subordinated Loan 1 Agreement shall be fully terminated in the event that (i) the Rating Agencies do not confirm the provisional ratings assigned to the Notes as final ratings before the Subscription Period or (ii) if UCI do not subscribe the amount of Class A Notes that were not allocated to qualified investors, if any.

The Subordinated Loan 1 will be repaid after full repayment of the Class A Notes on an Interest Payment Date.

### **3.4.3 Details of any subordinated debt finance**

#### ***a) Subordinated Loan 1 Agreement***

The Management Company, in representation and on behalf of the Fund, will enter into a Subordinated Loan 1 Agreement with UCI which will be used to partially finance the acquisition of the Assets, together with the nominal value of the Class A Notes.

The Subordinated Loan 1 Agreement shall be fully terminated in the event that (i) the Rating Agencies do not confirm the provisional ratings assigned to the Notes as final ratings before the Subscription Period or (ii) if UCI do not subscribe the amount of Class A Notes that were not allocated to qualified investors, if any.

Section 3.4.2.3 of the Additional Building Block to the Securities Note provides details on the Subordinated Loan 1 Agreement.

#### ***b) Subordinated Loan 2 Agreement***

The Management Company, in representation and on behalf of the Fund, will enter into a Subordinated Loan 2 Agreement with UCI for a total amount of fourteen million two hundred thousand euros (€14,200,000) which will be used for (i) the financing of the Reserve Fund as described above, (ii) financing the expenses of incorporation of the Fund, (iii) financing the expenses of the issue of the Notes, (iv) partially financing the acquisition of the Assets (for the difference between the total nominal capital of the acquisition amount of the Mortgage Loans and subscription to the CTHs and the nominal amount of the Class A Notes and the Subordinated Loan 1, and (v) covering the initial temporary mismatch in the first Interest Accrual Period (due to the difference which will be



generated between the interest of the Assets charged from the Date of Incorporation to First Payment Date and the interest on the Notes to be paid on the First Payment Date).

The Subordinated Loan 2 Agreement shall be fully terminated in the event that (i) the Rating Agencies do not confirm the provisional ratings assigned to the Notes as final ratings before the Subscription Period or (ii) if UCI do not subscribe the amount of Class A Notes that were not allocated to qualified investors, if any, except for the initial expenses of incorporation of the Fund and the issue of the Notes.

All amounts due under the Subordinated Loan 2 Agreement corresponding to the principal used for purposes (i) to (v) above, shall be payable on a quarterly basis during the first five (5) years elapsed from the Date of Incorporation of the Fund, as long as the Available Funds allow such payment in the Order of Priority of Payment or, upon liquidation of the Fund, in the Order of Priority of Payment upon Liquidation.

Section 3.4.2.2 of the Additional Building Block to the Securities Note provides details on the Subordinated Loan 2 Agreement.

**c) *Rules of subordination among the Notes and the Subordinated Loan 1***

- The payment of interest due for the Class A Notes 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.
- The payment of interest due for the Subordinated Loan 1 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 and repayment of principal due for the Class A Notes.

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 Notes and of the Subordinated Loan 1 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 BP2S will enter into the Guaranteed Reinvestment Agreement under which BP2S 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, as the case may be, might be paid into the Fund and are derived from the Swap Agreement;
- (iv) the amount which constitute the Reserve Fund at any time;
- (v) the sums to which the return obtained from the balance of the Cash Flow Account amounts to;

- (vi) income achieved, as the case may be, from repayment and early cancellation fees 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 Disbursement Date, the Cash Flow Account will receive the effective amount of the payment of the subscription of the issue of Notes, and the initial amount of the Subordinated Loan 1 Agreement and the Subordinated Loan 2 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, BP2S guarantees the Fund an annual return for the amounts deposited in the Cash Flow Account, equal to the interest rate of EONIA (i) minus twenty (20) basis points as long as EONIA is equal to or greater than twenty (20) basis points, or (ii) minus five (5) basis points as long as EONIA is equal or below zero. The return of the Cash Flow Account shall be subject to a 0% floor if EONIA is greater than zero and below twenty (20) basis points. Notwithstanding the above, the return rates shall be subject to review in the event that EONIA suffers considerable variations.

According to the paragraph above, the Cash Flow Account could have negative interest for the Fund, which, given the case, will be considered as Extraordinary Expenses of the Fund and shall be payable in accordance with the Order of Priority of Payment.

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, the fifth (5<sup>th</sup>) day of each month.

The temporary liquidity surpluses of the Cash Flow Account shall be reinvested in Eligible Investments, according to the Rating Agencies criteria, and pursuant to the provisions set out in the Guaranteed Reinvestment Agreement.

Pursuant to the Guaranteed Reinvestment Agreement, BP2S shall, if so instructed by the Management Company, on behalf of the Issuer, invest the balance of the Cash Flow Account in Eligible Investments on the Business Day immediately following each Payment Date.

### **Criteria of S&P**

The Management Company, on behalf of the Fund, shall apply the provisions of the document Counterparty Risk Framework Methodology And Assumptions, published by S&P on 25<sup>th</sup> June, 2013. The entity providing the Cash Flow Account or the account opened by the Fund to replace or complement it, must have a long-term risk rating on the S&P scale of no less than A- or A-1 when there is no long-term rating.

In the event that the provider of the account concerned loses the minimum rating required herein, or any of the ratings are withdrawn, the Management Company must, with prior notice to the Rating Agencies, within a maximum period of sixty (60) calendar days of the day this situation arises, adopt one of the options described below which allows an appropriate level of guarantee to be maintained with respect to the commitments relating to the Cash Flow Account:

- i. obtain from one or more entities with minimum credit ratings for long-term debt of at least A- or A-1 when there is no long-term rating, an unconditional and irrevocable guarantee on first demand securing, upon first request of the Management Company, the timely compliance by the account holder of its

- obligation to repay the amounts deposited therein, for as long as situation remains downgraded;
- ii. transfer the balances deposited in the account opened with the providing entity affected to another account or accounts opened on behalf of the Fund in one or more entities whose long-term debt has a minimum rating of A- or A-1 when there is no long-term rating. The Management Company shall arrange the highest possible return for the balance of the aforementioned accounts, which may be equal or higher to that arranged with the Cash Flow Account provider.

### **Moody's criteria**

In the event that the unsubordinated and unsecured debt of the holder of the Cash Flow Account should undergo, at any time during the life of the Notes, a downgrade in its rating below Baa3 or P-3 for its long and short term risk, respectively, in the case of Moody's, or another equivalent expressly recognized by Moody's, the Manager shall have a maximum deadline of thirty (30) Business Days from when such situation takes place, to adopt, after notifying the Rating Agencies, one of the options described below that will allow an adequate level of guarantee to be maintained in respect of the commitments deriving from the Cash Flow Account:

- i. Obtain from a credit entity with a minimum credit rating for its non-subordinated and non-guaranteed debt of Baa3 or P-3 for its long and short term risk, respectively, in the case of Moody's and without this adversely affecting the rating granted to the Notes by the Rating Agencies, an unconditional and irrevocable guarantee on first demand securing, at the simple request of the Manager, the timely compliance by the Cash Flow Account holder of its obligation to repay the amounts deposited in the Cash Flow Account for the duration of the loss of Baa3 or P-3 rating in the case of Moody's;
- ii. Transfer the Cash Flow Account to an entity whose non-subordinated and non-guaranteed debt has a minimum rating of Baa3 or P-3 for its long and short-term risk, respectively, in the case of Moody's and to arrange the highest possible return on their balances, which may be different from the one arranged with the holder of the Cash Flow Account by virtue of such agreement. It shall be possible to transfer the Cash Flow Account back to the initial holder when its unsubordinated and unsecured short-term debt once again achieves the rating of Baa3 or P-3.

If the Cash Flow Account provider recovers the relevant minimum ratings mentioned above, the Cash Flow Account provider may recover its condition as such.

All costs, expenses and taxes incurred by the implementation and execution of the above options will be considered as extraordinary expenses of the Fund.

### **3.4.5 How payments are collected in respect of the Assets.**

As is specified in section 3.7.1 (5) of the present Additional Building Block, as the collection agent on behalf of the Fund in an account open in BP2S, UCI will receive any amounts paid by the Obligors deriving from the Mortgage Loans both as regards principal and interest, plus amounts for early amortisation of the Mortgage Loans and for the insurance policies assigned to the Fund, depositing these amounts in the Cash Flow Account in favour of the Fund. At the same time it will receive whatever amounts are paid by the Obligors by way of cancellation and early amortisation fees and will deposit them daily in the Cash Flow Account.

The Servicer 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 Mortgage Loans.

In no case, will the Servicer pay any amount which has not been previously received from the Obligors in payment of the Mortgage Loans.

### **3.4.6 Origin and application of Funds.**

On the Date of Incorporation of the Fund and issue of the Notes, the Fund will lay out the amounts that come from the subscription of the issue of the Notes and the Subordinated Loan 1 and the Subordinated Loan 2 and will apply these amounts to the following payments: sale price for assignment of the Notes, payment of the expenses of incorporation of the Fund and issue of the Notes and endowment of the Reserve Fund.

From the Date of Incorporation until the total amortisation of the Notes, the origin and application of the amounts which the Fund will dispose of is provided in detail below:

#### **a) Origin:**

The Available Funds on each Payment Date will be those from the following items:

1. Revenue obtained from the Mortgage Loans as interest, calculated on each Determination Date as follows: the revenue obtained from the previous Determination Date, excluded, and the current Determination Date, included, except for the first Determination Date, which will be those obtained between the Date of Incorporation, included, and the Determination Date, included.
2. The net amounts received, as the case may be, by virtue of the Swap Agreement (excluding any Eligible Credit Support posted by the Swap Counterparty in the Counterparty Downgrade Collateral Account and any Swap Replacement Proceeds received by a replacement Swap Counterparty in those events as provided in the Swap Agreement).
3. 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.
4. Revenue obtained from the Mortgage Loans as principal, calculated on each Determination Date as follows: the revenue obtained from the previous Determination Date anterior, excluded, and the current Determination Date actual, included, except for the first Determination Date which will be the revenue obtained between the Date of Incorporation, included, and the Determination Date, included.
5. The income obtained, as the case may be, by the amortisation, fixed interest rate compensation and advanced cancellation fees.
6. The amount corresponding to the Reserve Fund and the Reserve Fund Decease Amount.
7. Any other amounts which the Fund might receive, including the revenue from the execution of the guarantees of the Assets.

The Available Funds will be applied 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 Available Funds 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 net amount of the Swap Agreement, according to the provisions of section 3.4.7. of the Additional Building Block to the Securities Note.
3. Payment of interest due and payable on the Class A Notes.
4. 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.
5. Repayment of Outstanding Principal Balance of the Class A Notes.
6. Payment of interest due and payable on the Subordinated Loan 1 Agreement.
7. Repayment of Outstanding Principal Balance of the Subordinated Loan 1 Agreement.
8. Payment of interest due and payable on the Subordinated Loan 2 Agreement.
9. Payment of principal due on the Subordinated Loan 2 Agreement.
10. Payment to UCI, on each Payment Date, of the fee for the administration of the Mortgage Loans, equal to six thousand euros (€6,000) quarterly, V.A.T. included, up to the Legal Maturity Date on which the inclusive total amortisation of the issue takes place (or up to the Payment Date on which the Early Redemption of the issue takes place).
11. 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, for purely informative reasons, into the following:**

- Expenses incurred in verifying registrations and compulsory official authorisations.
- Expenses incurred in keeping the accounting register of the Notes and placing them on organised secondary markets;
- Expenses incurred in administering the Fund;
- Expenses incurred in amortising the Notes;
- Expenses deriving from the annual audits of the accounts of the Fund;
- Notary expenses;
- Expenses deriving from the maintenance of the *ratings* of the Notes;
- Expenses related to the notifications that must be made to the holders of the Notes 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.***

If UCI is substituted as Servicer of the Assets by another entity, an administration fee will accrue for the third party (as new servicer), which will pass from the tenth position (10th) to the first position (1st) in the Order of Priority of Payment included in section 3.4.6.b) above.

***d) Order of Priority of Payment upon Liquidation***

The Management Company will liquidate the Fund when its liquidation takes place on the Legal Maturity Date or at any time on which the Early Liquidation takes place according to sections 4.4.3 and 4.4.4 of the Registry Document, by applying the available funds for the following concepts (the “**Available Funds 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 of the Fund.
2. Payment of the net amount of the Swap Agreement, according to section 3.4.7. of this Additional Building Block to the Securities Note.
3. Payment of the interest and Outstanding Principal Balance of the Class A Notes.
4. Payment of the interest and Outstanding Principal Balance of the Subordinated Loan 1 Agreement.
5. Payment of interest and principal outstanding balance of the Subordinated Loan 2 Agreement.
6. Payment to UCI of the fees for the administration of the Mortgage Loans.
7. Payment to UCI of the remuneration or compensation for the process of financial intermediation performed.

**3.4.7 Details of other agreements conditioning the payment of interest and principal of Noteholders.**

The Fund will enter into the Swap Agreement with the Swap Counterparty on the Date of Incorporation. The Swap Agreement will hedge the interest rate risk on the Notes. The Swap Counterparty is an Eligible Swap Counterparty.

Under the Swap Agreement the Fund will undertake to pay to the Swap Counterparty on each Payment Date:

- (i) an amount equal to the amount of interest on the Outstanding Principal Balance of Mortgage Loans (which are not Loans in Default) that bear a fixed rate of interest *multiplied by* the Class A Percentage, calculated on the basis of the weighted average fixed rate on the relevant Mortgage Loans less  $\text{Margin}_{\text{fixed}}$  *per annum*;
- (ii) an amount equal to the amount of interest on the Outstanding Principal Balance of Mortgage Loans (which are not Loans in Default) that bear a floating rate of interest determined by reference to the Mortgage Loans Reference Index (IRPH) *multiplied by* the Class A Percentage, calculated on the basis of the floating rate of interest on the relevant Mortgage Loans (disregarding any applicable spread under the terms of such Mortgage Loans) less  $\text{Margin}_{\text{IRPH}}$  *per annum*;
- (iii) an amount equal to the amount of interest on the Outstanding Principal Balance of Mortgage Loans (which are not Loans in Default) that bear a floating rate of interest determined by reference to EURIBOR *multiplied by* the Class A Percentage, calculated on the basis of the floating rate of interest on the relevant Mortgage Loans (disregarding any applicable spread under the terms of such Mortgage Loans) less  $\text{Margin}_{\text{Euribor}}$  *per annum*; and
- (iv) An amount equal to the Outstanding Principal Balance of Mortgage Loans (which are not Loans in Default) multiplied by the Class A Percentage and further multiplied by (i) the Class A Margin (in the case of any Payment Date falling prior to and on the Step-Up Date) and (ii) the Class A Margin plus 0.25% (in the case of any Payment Date falling after the Step-Up Date).

The  $\text{Margin}_{\text{fixed}}$ ,  $\text{Margin}_{\text{IRPH}}$ , and  $\text{Margin}_{\text{Euribor}}$  will be fixed by the Joint Arrangers and notified to the Management Company on the Date of Incorporation. Additionally, the Management Company will publish the proper relevant event at the CNMV with the above mentioned swap margins.

Under the Swap Agreement, the Swap Counterparty will undertake to pay to the Fund on each Payment Date an amount equal to the floating rate of interest on the Outstanding Principal Balance of Mortgage Loans (which are not Loans in Default) multiplied by the Class A Percentage, calculated on the basis of EURIBOR three-month euro deposits plus the Class A Margin on the basis of the actual number of days elapsed in an interest period divided by 360, and subject to a floor of zero.

Payments under the Swap Agreement will be exchanged on a net basis on each Payment Date. Payments made by the Fund under the Swap Agreement rank higher in priority than all payments on the Notes. In the absence of any events of default or termination events under the Swap Agreement, the Swap Agreement will remain in full force until the termination date being the earlier of (i) the date on which the Notes are redeemed in full in accordance with their terms (excluding upon the occurrence of Early Redemption or a Clean-up Call); and (ii) the Payment Date falling on the Final Maturity Date.

Payments by the Swap Counterparty to the Fund under the Swap Agreement (except for payments by the Swap Counterparty into the Counterparty Downgrade Collateral Account) will be made into the Cash Flow Account and will, to the extent necessary, be increased to insure that such payments are free and clear of all taxes, other than in respect of any withholding tax imposed or withheld in connection with FATCA.

A segregated Counterparty Downgrade Collateral Account will be established with an Eligible Collateral Bank (which on the Date of Incorporation, will be the Counterparty Downgrade Collateral Account Bank) in accordance with provisions in the Swap Agreement. Any cash collateral posted to such Counterparty Downgrade Collateral Account as a result of a credit ratings down-

grade (as set out in the Swap Agreement) will be monitored on a specific collateral ledger and will bear interest. Such cash collateral will be segregated from the proceeds held in the Cash Flow Account and from the general cash flow of the Fund and will not constitute Available Funds. Collateral posted to such Counterparty Downgrade Collateral Account is solely for the purposes of, and in connection with, collateralising the Swap Agreement.

Any Swap Replacement Proceeds received by the Fund, or the Management Company on behalf of the Fund, from a replacement Swap Counterparty will be remitted directly to the Counterparty Downgrade Collateral Account and shall be applied in payment of any Swap Termination Payments to the Swap Counterparty under the initial Swap Agreement outside of the Order of Priority of Payment or the Order of Priority of Payment upon Liquidation, as applicable. If Swap Replacement Proceeds are insufficient to pay the Swap Termination Payment due to the initial Swap Counterparty, any shortfall shall be paid in accordance with the Order of Priority of Payment or the Order of Priority of Payment upon Liquidation, as applicable. If Swap Replacement Proceeds exceed the Swap Termination Payment due to the initial Swap Counterparty, any excess shall be treated as part of the Available Funds or Available Funds for Liquidation, as applicable.

To the extent that the Management Company, on behalf of the Fund, determines not to replace the initial Swap Agreement and the Rating Agencies have been informed of the proposed non-replacement and none of the Rating Agencies has indicated that such non-modification will result in (x) a downgrade, withdrawal or suspension of the current ratings assigned to the Notes by such Rating Agency or (y) such Rating Agency placing the Notes on rating watch negative (or equivalent) is met with respect to such determination, any amounts standing to the credit of the Counterparty Downgrade Collateral Account which correspond to Swap Termination Payments received by the Fund, or the Management Company on behalf of the Fund, (after returning any Excess Swap Collateral to the Swap Counterparty) shall be remitted directly to the Cash Flow Account, shall be treated as part of the Available Funds or Available Funds for Liquidation, as applicable, and shall be paid in accordance with the Order of Priority of Payment or the Order of Priority of Payment upon Liquidation, as applicable.

Events of default under the Swap Agreements applicable to the Fund are limited to failure to make a payment under the Swap Agreements when due, if such failure is not remedied within three (3) Business Days of notice of such failure being given.

Events of default under the Swap Agreement applicable to the Swap Counterparty include:

- (i) failure to make a payment under the Swap Agreement when due, if such failure is not remedied within three (3) Business Days of notice of such failure being given;
- (ii) the occurrence of certain bankruptcy and insolvency events in respect of the Swap Counterparty.

Termination events under the Swap Agreement include the following:

- (i) illegality of the transactions contemplated by the Swap Agreement;
- (ii) either party is required to pay additional amounts under the Swap Agreement due to actions taken by tax authorities or change in tax law, or has the amount payable to it under the Swap Agreement reduced due to actions taken by tax authorities or change in tax law, and a transfer to another office or affiliate of the Swap Counterparty that would eliminate the effect of such taxes has not taken place after the time set forth in the Swap Agreement;
- (iii) Early Redemption (which includes any Clean-Up Call but excludes any Optional Redemption) occurs; or



- (iv) failure of the Swap Counterparty to maintain its credit rating at certain levels required by the Swap Agreement, which failure may not constitute a termination event if (in the time set forth in the Swap Agreement) the Swap Counterparty:
  - (a) posts an amount of collateral (in the form of cash and/or securities) as calculated in accordance with the credit support annex to the Swap Agreement; or
  - (b) obtains a guarantee from an institution with an acceptable rating; or
  - (c) assigns its rights and obligations under the Swap Agreement to a successor Swap Counterparty with an acceptable rating; or
  - (d) take such other action in order to maintain the rating of the Notes, or to restore the rating of the Notes to the level it would have been at immediately prior to such downgrade.

Upon the occurrence of any event of default or termination event specified in the Swap Agreement, the non-defaulting party (in case of an event of default) or the non-affected party (in case of a termination event) may, after a period of time set forth in the Swap Agreement, elect to terminate the Swap Agreement. If the Swap Agreement is terminated due to an event of default or a termination event, a Swap Termination Payment may be due to the Swap Counterparty by the Fund out of its Available Funds. The amount of any such Swap Termination Payment may be based on the actual cost or market quotations of the cost of entering into a similar swap transaction or such other methods as may be required under the Swap Agreement, in each case in accordance with the procedures set forth in the Swap Agreement. Any such Swap Termination Payment could, if market rates or other conditions have changed materially, be substantial. Under certain circumstances, termination payments required to be made by the Fund to the Swap Counterparty will rank higher in priority than all payments on the Notes. In such event, the Assets may be insufficient to make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments on the Notes.

The Swap Counterparty and the Fund agree that, so long as either party has or may have any obligation under the Swap Agreement or under any Credit Support Document (as defined in the Swap Agreement) to which it is a party, it will deliver to the other party such information and documentation as will reasonably be requested by the other party to assist it in complying with FATCA or any other Tax Information Arrangement, where applicable, within ten (10) working days of request.

The Swap Counterparty and the Fund will agree to comply with their obligations under EMIR, including but not limited to timely confirmation, portfolio reconciliation, dispute resolution and reporting requirements to the relevant competent authorities or trade repositories.

The Management Company in respect of the Fund will comply with the Fund's obligations under EMIR, and may do so by delegating the respective functions to a third party.

The Swap Counterparty may transfer its obligations under the Swap Agreement to a third party which is an Eligible Swap Counterparty, subject to the conditions set forth in the Swap Agreement.

The Swap Counterparty will make its best efforts to find a replacement swap provider upon termination of the existing Swap Agreement.

### **3.5 Name, address and significant business activities of the Assignor**

The Assignor of the Assets is UCI, with registered office at c/ Retama 3, 28045, Madrid. As a financial credit entity ("*establecimiento financiero de crédito*"), 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 referring to December 2014, and the comparison with the fiscal year closed on December 2013 is shown below.

	<b>31/12/2014</b>	<b>31/12/2013</b>	<b>Δ</b>
<b><u>UCI EFC Balance Sheet (k€)</u></b>			
<b>Total Assets Balance</b>	<b>12,348,651</b>	<b>12,553,133</b>	<b>-2%</b>
Total net loans and advances to customers	11,389,238	11,685,120	-3%
Total non performing Loans	1,368,395	1,423,696	-4%
<b><u>Computable Equity UCI EFC (Tier 1 + Tier 2)</u></b>			
Tier 1	399,920	402,608	-1%
Tier 2	149,289	139,769	7%
<b><u>Income Statement UCI EFC (k€)</u></b>			
Net Interest Income	195,100	229,470	-15%
Gross Income	217,116	349,290	-38%
Net Operating Income	29,684	63,387	-53%
Operating Profit before Tax	-7,822	2,670	-393%
Net Income	-2,667	16,583	-116%
<b><u>Key Ratios UCI EFC</u></b>			
Rate of Non performing loans on Total Loans (*)	11.7%	11.8%	0.0%
Coverage Rate (**)	26.6%	25.4%	1.2%
Cost-Income Ratio (***)	20.1%	17.8%	2.3%
Solvency Ratio	9.3%	9.0%	0.3%
Tier 1	6.7%	6.7%	0.1%
Tier 2	2.5%	2.3%	0.2%
<b><u>Additional information</u></b>			
Nº staff Spain	572	577	
Nº staff rest Europe	122	123	
Nº branches Spain	25	29	
Nº branches rest Europe	7	7	
Nº of loans managed	126,000	128,000	
(*) Calculated on the outstanding loans with arrears >90 days on UCI EFC Balance Sheet			
(**) Calculated on the outstanding loans with arrears >90 days on UCI EFC Balance Sheet			
(***) Excluding the positive impact of the restructuring of the UCI EFC liabilities			

The annual accounts of the Assignor for 2012, 2013 and 2014 have been audited and deposited in the CNMV.

It has been prepared in accordance with International Financial Reporting Standards applicable to UCI under Regulation EC 1606/2002 and Banco de España Circular 6/2008.

**3.6 Return and/or repayment of the securities linked to others which are not Assets of the Issuer.**

Not applicable.

**3.7 Servicer of the Mortgage Loans and responsibilities of the Management Company as Servicer**

**3.7.1 Servicer of the Mortgage Loans**

UCI, the Assignor 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 Mortgage Loans, and the relationship between UCI and the Fund is regulated by the stipulations of the Deed of Incorporation.

UCI will accept the mandate received from the Management Company to act as servicer of the Mortgage Loans (the “*Servicer*”) 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 Incorporation;
- (ii) To continue to administer the Mortgage 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 Incorporation;
- (iii) That the procedures it applies and will apply for the administration and management of the Mortgage 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 description of the scheme and of the ordinary procedures of administration and custody of the Mortgage Loans regulated by the Deed of Incorporation 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 Mortgage Loans are amortised, all the obligations assumed by UCI in relation to these Mortgage Loans are extinguished, without prejudice to the possible advanced revocation of its mandate.

Both in the case of non-compliance of the Servicer 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 Noteholders, as well as by reason of insolvency of the Servicer, the Management Company may take one of the following actions:

- (i) to replace the Servicer with another entity that, in the opinion of the Management Company, has the suitable legal and technical capacity, provided that this does not negatively affect the rating of the Notes;
- (ii) to require it to subcontract, delegate or be secured in the fulfilment of the said obligations by another entity that, in the opinion of the Management Company, has the suitable legal and technical capacity, provided that this does not negatively affect the rating of the Notes.

In the case of insolvency of the Servicer, the only possible action will be (i) above.

For the purposes of replacing the Servicer, Banco Santander, S.A. in its capacity of Back-Up Servicer Facilitator pursuant to the Guidance ECB/2013/4, of 20th March, 2013, (as amended and consolidated), will undertake under a public document, if so required, to perform the duties of searching for a new servicer so that within sixty (60) days the said new servicer can replace UCI as the Servicer; all the foregoing in compliance with the Guideline ECB/2013/4, of 20th March, 2013 (as amended and consolidated).

Without prejudice to this obligation of Banco Santander, S.A. the Management Company will take into account the proposals made by the Servicer both in connection with the subcontracting, delegation or appointment of the new administrator for the fulfilment of its obligations, and in connection with the entity that could guarantee the fulfilment of the said obligations.

Notwithstanding the foregoing, the final decision as regards the appointment of the new servicer and any of the aforementioned actions will correspond to the Management Company, acting in the name and on behalf of the Fund.

The Servicer may voluntarily waive exercising the administration and management of the Mortgage 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 servicer, (iii) the Servicer 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 Notes.

If the substitution of UCI by another entity takes place as regards its work as Servicer of these Mortgage 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 Mortgage Loans and will be responsible as regards the Fund, through 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 Mortgage Loans.

**(3) Liability of UCI in collection management**

UCI undertakes, in the management of collections of the Mortgage 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 Notes nor will it enter into agreements for the repurchase of the Mortgage 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 Incorporation or, as the case maybe, the potential repurchase further to the exercise of the Optional Redemption contained in Section 4.9.5 of the Securities Note.

**(4) Custody of agreements, deeds, documents and files.**

The Servicer will keep all the agreements, copies of instruments, documents and computer files on the Mortgage Loans and damage insurance policies in safe custody and will not abandon the possession, custody or control of these without previous written consent by the Management Company to this end, unless the document is requested in order to initiate proceedings for the execution of a Mortgage Loan.

The Servicer 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 Servicer 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 Servicer must act in the same way in the case of requests for information from the auditor of the Fund.

In any case, the Servicer 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 Mortgage 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**

The system of recovery at UCI is divided into three phases:

- Personalized friendly collection: The collection phase starts as soon as there is confirmation of non-payment of the first instalment. There are several teams who participate in this phase:
  - Initial collection: it involves a team outside of UCI, which renders its services from a “Call Centre”, and whose objective is to make contact with the client to learn the causes of the non-payment and propose initial solutions. This team handles those clients that have as a maximum one unpaid instalment. During this phase, UCI presents several times in the month the instalment to liquidate the debt partially or in full.
  - Preventive collection: this is an internal team at UCI, centralized at Headquarters, which handles clients that have up to two unpaid

instalments.

- Collection Treatment: this is an internal team at UCI, decentralized in collection branches in the main cities; it handles clients that have more than two unpaid instalments, making personal contact with them and seeking specific solutions for each problem. As a function of the specific details of each case, the clients are helped to sell the dwelling, or alternative solutions adapted to the client are sought.
- Judicial: this phase is started when, based on the previous measures, it has not been possible to collect the unpaid amounts and it is necessary to have recourse to the judicial execution of the assets. There are several teams in this phase:
  - Pre-trial team: this team is in charge of obtaining the documentation prior to the filing of the complaint.
  - Litigation team: this team is in charge of monitoring the assigned judicial proceedings and of following up the portfolios assigned to the team of outside lawyers.
  - External team: law firms in charge of the direct monitoring of assigned judicial proceedings, distributed by geographical areas.
  - An external team of trial attorneys, official intermediaries, in charge of the management of judicial proceedings of execution in the Courts.
- Real estate property: once the real estate property has been adjudicated to UCI by judicial decision or given over in payment of the debt, this department is in charge of the formalities for marketing of the property, as well as of the maintenance of same while it is property of UCI. UCI's business network takes responsibility for the marketing and sale of these properties by making contact with the network of consumer leading intermediaries of UCI.

With respect to judicial actions, UCI, as Servicer of the Mortgage Loans will apply the same due diligence and carry out the same procedure for claiming the amounts of the Mortgage Loans owed and unpaid as in the rest of the loans in its portfolio.

### ***5.1) Foreclosure proceeding against Obligors of the Mortgage Loans***

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 Incorporation, 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 the Mortgage Loans to pay its debt and exercise judicial action against these, as well as other powers required for the exercise of its functions as Servicer. These powers may also be granted in

a document other than the Deed of Incorporation and be extended and modified if necessary in order to exercise these functions.

The Servicer, 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 if, during a period of time of three (3) months, the Obligor who has failed to comply with its payment obligations does not reinstate payments to the Servicer and the Servicer, with the consent of the Management Company, fails to achieve a satisfactory payment commitment for the interests of the Fund. The Servicer, 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.

In case of some of the Mortgage Loans acting as the underlying assets of the Mortgage Transfer Certificates that registers in the Property Register of property subject to mortgages loans contain reference to mortgages prior the Mortgage Loan concerned, even when, according to the statement of UCI in section 2.2.8.1.b) of this Additional Building Block, the debts giving rise to such active mortgage registers have been fully redeemed.

As a consequence, these Mortgage Loans, for registration purposes, do not have front-rank mortgages but rank after the registered mortgages. Nonetheless, the debts to which the second-rank mortgages relate are fully redeemed.

Where in cases of mortgage foreclosure the Servicer finds that the Property Register contains together with the entry for the asset encumbered with the mortgage to be foreclosed, other mortgages prior to this which, notwithstanding, were redeemed either before or at the same time as the actionable mortgage was constituted, it will take whatever legal steps are necessary to ensure that the Register entry reflects the actual legal circumstances. Where the Servicer has the necessary documentation he will act in accordance with Article 40 of Part IV of the Mortgage Law and, where not, in accordance with Article 209 of the said law.

## **5.2) *Action against the Servicer***

The Management Company, in representation and on behalf of the Fund, as holder of the Mortgage Transfer Certificates, will be able to carry out executive action against UCI as issuer of the Mortgage Transfer Certificates concerning the effectiveness of the expiries 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.

Neither the Noteholders 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 Transfer Certificates who will take such action.

Once the Mortgage Loans are extinguished, the Fund, through its Management Company, will be able to take action against the Servicer until compliance with its obligations.

The risk of non-payment of the Mortgage Loans will be the responsibility of the Noteholders. Therefore, UCI will not assume any responsibility for non-payment of the Obligors of the Mortgage Loans, whether this is principal, interest or any other amount which the Obligors might owe as regards the Mortgage Loans.

**5.3) *Actions in case of non-payment of the Mortgage Loans***

In the event of the Obligor failing to comply with payment of the Mortgage Loan, the Management Company, acting on behalf and in representation of the Fund, will have the following powers:

- (i) To compel the Assignor, as Servicer, to seek the mortgage foreclosure.
- (ii) To participate with the same rights as UCI as the issuing entity of the Mortgage Transfer Certificates, 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.
- (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, the Management Company, in representation of the Fund, will be legitimised alternatively to exercise the mortgage action of the Mortgage Loan 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.
- (iv) In the event of the freezing of the procedure followed by UCI, Fund, duly represented by the Management Company, as holder of 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 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 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 Incorporation, 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 to pay their debts.



The Fund, in its capacity as holder of 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, 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.

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, amortisation and advance cancellation fees or any other amount paid by the Obligors deriving from the Mortgage Loans (excluding other different fees) and from the insurance agreements assigned to the Fund (either as compensation or advance), and will deposit the amounts corresponding to the Fund in the Cash Flow Account within a period no greater than twenty-four (24) hours.

UCI will also deposit the amounts it receives from the Obligors for the prepayment of the Mortgage 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 Mortgage Loans subject to a variable interest rate, the Servicer will continue to fix these interest rates in accordance with what is established in the corresponding Mortgage 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 arise from the Mortgage Loan.

**(8) Insurance Policies**

Damage insurance

In the event of loss, UCI, as Servicer of the Mortgage Loans, must coordinate the actions for the collection of the compensation deriving from the damage insurance policies in accordance with the terms and conditions of the Mortgage Loans and the insurance policies.

At the act of incorporation 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 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 Servicer must periodically inform the Management Company of the level of compliance of the Obligors as regards the obligations deriving from the Mortgage Loans, of the compliance of the Servicer with its obligation to deposit the amounts received from the Mortgage 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 Mortgage Loans.

The Servicer must prepare and hand over to the Management Company additional information which the Management Company might reasonably request regarding the Mortgage Loans or the rights deriving from these.

**(10) Subrogation of the Obligor of the Mortgage Loans**

The Servicer will be authorised to permit substitutions in the position of the Obligor in the Mortgage 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 Servicer, or establish conditions on this power, when these substitutions might negatively affect the ratings granted to the Notes 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 Servicer. The subrogation of the Mortgage Loan must not affect the Mortgage Loan portfolio.

Furthermore, the Obligor may request subrogation to the Servicer of the Mortgage Loans, under the stipulations of Law 2/1994.

The subrogation of a new creditor in the Mortgage Loan and the consequent payment of the amount owed will lead to the prepayment of the Mortgage Loan and of the corresponding Mortgage Transfer Certificate.

**(11) Powers and actions in relation to proceedings for the renegotiation of Mortgage Loans.**

The Management Company confers upon the Servicer general authority to conduct renegotiations, without its prior consent, under the terms and conditions described below.

The Servicer may not voluntarily cancel guarantees for any reason other than the payment of the Mortgage Loans, waive or compromise on said guarantees, write off the Mortgage Loans in full or in part, or, in general, undertake any act that restricts the status, legal effectiveness, or economic value of the Mortgage Loans, without prejudice to its preparedness to attend to other requests from the Obligors with the same diligence and in accordance with the same procedure as if they were other loans.

Under no circumstances may UCI enter into renegotiations on the interest rate that could result in a reduction in the interest rate applicable to an asset on its own initiative and without a request to this end from the Obligor.

The Management Company authorizes UCI to renegotiate the interest rate on loans as requested by the Obligors, with the following requirements:

- a) UCI will renegotiate the interest rate on loans to a rate considered as a market rate, and which is the same as that applied by the Servicer when renegotiating loans extended by the Servicer. For the purposes of these

proceedings, a market interest rate is the interest rate offered by lenders in the Spanish loans market.

- b) Under no circumstances shall the renegotiation of the interest rate applicable result in the interest rate being adjusted to a level or index other than the interest rates or indices used in loans extended by UCI. However, interest rates may be renegotiated to alter a given variable interest rate to another fixed rate of interest.

Furthermore, the powers of renegotiation given to UCI in this section are subject to the following limitations:

- a. No increase in the amount of credit will be allowed.
- b. No modification in the frequency of repayments throughout the remaining term of the Mortgage Loans will be allowed.
- c. Renegotiations of instalment reduction agreed through the Recovery Division will be allowed with a limit of 15% of the Initial Principal Balance of the Assets.
- d. The margin on the reference index may not be renegotiated below 0.50% if the reference rate used is Euribor, or below minus zero point four per cent (-0.40%) if the reference rate used is the Mortgage Loan Reference Index (“*Índice de Referencia de Préstamos Hipotecarios*”).
- e. The maturity date on a loan may be extended, provided that the new maturity date of the loan does not fall after the Final Maturity Date of the Fund.

In any event, after any renegotiation in accordance with the provisions of this section, UCI will immediately inform the Management Company of the conditions resulting from each renegotiation.

The Management Company, representing the Fund, will at any time be able to suspend or amend the authorization and requirements for renegotiation by the Servicer outlined in this section.

If the Servicer fails to comply with the provisions outlined in this section in relation to the renegotiation of any of the Mortgage Loans, the replacement procedure described in section 2.2.9 of the Additional Module shall apply in respect of the Mortgage Loan in question (without prejudice to the responsibility of the Servicer for said circumstance). This does not mean that the Servicer guarantees the successful conclusion of the operation, but rather the necessary repair of the effects of its non-compliance with its obligations, in accordance with Article 1124 of the Spanish Civil Code (*Código Civil*). The Management Company will immediately inform the Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission, the CNMV) of the Repayment of Assets resulting from the non-compliance of the Servicer. Costs incurred to rectify the non-compliance of the Servicer must be met by the Servicer, and cannot be passed on to the Fund.

## **(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 Mortgage 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 Mortgage Loans has a payable, expired, liquid right of credit as regards the Servicer and, therefore, this will mean that one of the Mortgage Loans will be totally or partially compensated against this right of creditor, the Servicer 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 Mortgage Loan will be deposited in the Fund by the Servicer

**(15) Subcontracting**

The Servicer may subcontract any of the services which it has undertaken to provide by virtue of the above stipulations and those of the Deed of Incorporation, 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 the Notes. Notwithstanding any subcontracting or delegating, the Servicer will not be exonerated nor released from any of its responsibilities assumed and which are legally attributable to or obligatory for the Servicer 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 Mortgage Loans nor for the issue of 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 liquidation or the substitution of the Servicer, or because the Management Company considers it to be reasonably justified, the Management Company may request the Servicer to notify the Obligors of the transfer of the outstanding Mortgage 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 Servicer has not notified the Obligors within five (5) Business Days following the reception of the request, and in the case of insolvency of the Servicer, 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 is vested in the Management Company, whose name, address and significant business activities are detailed under section 6 of the Registration Document in the terms provided by Royal Decree 926/1998, and other applicable regulations, without prejudice to the provisions of the Articles of Incorporation.

The Management Company, as manager of third-party businesses, is also responsible for representing and defending the interests of the Noteholders and of the remaining ordinary creditors of the Fund. Accordingly, the Management Company shall at all times protect the interests of the Noteholders, conditioning its actions to the defence thereof and adhering to applicable law and regulations for such purpose.

The actions to be performed by the Management Company in furtherance of its duties of administration and legal representation of the Fund are, purely as a matter of illustration and without prejudice to other actions envisaged under this Additional Building Block, as follows:

- (i) it will open, in the name of the Fund, the Cash Flow Account, initially with BP2S, and guarantee that the funds obtained from collections are deposited into the Cash Flow Account, under the terms stated in this Prospectus;
- (ii) exercise the rights attaching to ownership of the Assets of the Fund and, in general, carry out any such acts of administration and disposal as deemed necessary for the proper performance of the administration and legal representation of the Fund;
- (iii) carry the financial servicing of the Assets with diligence and rigor, without prejudice to the management duties assumed by the Assignor in its capacity as Servicer in accordance with the provisions of section 3.7.1 above;
- (iv) verify that the amount of income effective received by the Fund corresponds to the amounts to be received by the Fund in accordance with the conditions of each Asset and the conditions of the various contracts;
- (v) validate and control the information it receives from the Servicer regarding the Mortgage Loans, both as regards collections of ordinary payments, prepayments of principal, payments received for unpaid payments and status and control of non-payments;
- (vi) calculate the Available Funds and movements of funds which it shall have to make once the application thereof has been carried out in accordance with the relevant order of priority of payments, ordering transfers of funds between the various asset and liability accounts and the applicable payment instructions, including those assigned to meet the financial servicing on the Notes;
- (vii) calculate and settle the amounts which, for interest and fees, must be received and paid by the various asset and liability financial accounts, as well as the fees to be paid for the various financial services arranged and the amounts which, for repayment of principal and interest, pertain to the Notes and the Subordinated Loan 1 Agreement;
- (viii) fulfil its calculation obligations as contemplated in this Additional Building Block and the Subordinated Loan 2 Agreement, Guaranteed Interest Rate Reinvestment Agreement, which are described under sections 3.4.3 and 3.4.4 of this Additional Building Block;

- (ix) monitor the actions of the Servicer for recovery of non-payments, giving instructions, when applicable, in order to bring a foreclosure proceeding and, as the case may be, with regard to the position to be adopted in real property auctions. Exercise the actions which apply when circumstances occur which so require;
- (x) carry the accounting of the Fund with due separation from the accounting of the Management Company, and render accounts and comply with the tax or other legal obligations applicable to the Fund;
- (xi) furnish the Noteholders issued against the Fund, the CNMV and the Rating Agencies, such information and notices as are provided by current law in force and, especially, those contemplated in this Prospectus;
- (xii) so as to ensure that the Fund operates in accordance with the terms set forth herein and by law in force from time to time, the Management Company shall enter into, extend or amend agreements it has executed on behalf of the Fund, substitute each of the providers of services to the Fund by virtue of such agreements, and also, if necessary, enter into additional agreements, all the foregoing subject to applicable law, after obtaining the prior authorization, if required, from the CNMV or competent administrative body, and after notifying the Rating Agencies, and provided that such actions do not lead to a decrease in the rating of the Notes and do not impair the interests of the Noteholders;
- (xiii) appoint and replace, as the case may be, the financial auditor charged with auditing the annual financial statements of the Fund;
- (xiv) prepare and submit to the CNMV and the competent bodies, all documents and information that must be submitted pursuant to applicable law and the terms of this Prospectus, or when such documents and information are requested of it, and likewise to prepare and submit to the Rating Agencies any information they may reasonably request;
- (xv) adopt the appropriate decisions in relation to the liquidation of the Fund, including the decision for early termination of the issued Notes and liquidation of the Fund, in accordance with the provisions of this Prospectus;
- (xvi) not carry out actions which could deteriorate the rating on the Notes and procure the adoption of those measures which are reasonably in its reach in order that the rating on the Notes is not adversely affected at any time;
- (xvii) establish systems or procedures for analyzing the historic returns on the Assets acquired from the Assignor and that allow it to analyze and control the composition and yield of said Assets;
- (xviii) maintain systems for monitoring the Notes issued against the Fund;
- (xix) manage the Fund in such a manner that the net asset value thereof is always zero;
- (xx) pay the ordinary and extraordinary costs incurred by the Management Company on behalf of the Fund.

The Management Company shall perform its activities with the diligence required thereof in accordance with Royal Decree 926/1998, representing the Fund and defending the interests of the Noteholders and of the remaining creditors of the Fund as if handling its own interests, caring for the levels of diligence, reporting and defence of the interests of the former and avoiding situations which entail conflicts of interest, giving priority to the interests of the Noteholders and to those of the remaining creditors of the Fund over its own. The Management Company will be liable to the Noteholders and remaining

creditors of the Fund for all damages caused thereto from breach of its obligations. Furthermore, it will be liable as regards sanctions applicable thereto pursuant to the provisions of Law 19/1992.

The Management Company possesses the necessary resources, including suitable information systems, to discharge its duties of administering the Fund as attributed thereto by Royal Decree 926/1998.

The Management Company has established a set of Internal Rules and Regulations in application of the provisions of Chapter II of Royal Decree 217/2008 of February 15, on the legal regime for investment service companies and other entities that provide investment services and which partially amends the Regulations of Law 35/2003 of November 4, on collective investment schemes, approved by royal Decree 1309/2005 of November 4, which was passed on to the CNMV.

For the purposes of Article 4 of the Spanish Securities Market Law, SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is part of the SANTANDER GROUP.

### **Substitution of Management Company**

The Management Company shall be replaced in the administration and representation of the Fund in accordance with the provisions established by applicable law. Thus, in accordance with the provisions of Articles 18 and 19 of Royal Decree 926/1998, the replacement of the Management Company shall be carried out through the following procedure:

- (i) The Management Company may stand down when it deems this pertinent and voluntarily request its replacement by letter addressed to the CNMV, containing the appointment of the replacement manager. Included with such letter shall be that of the new manager, duly authorized and registered as such in the special registries of the CNMV, in which the latter declares it is willing to accept such duties and wishes to seek the pertinent authorization. The resignation of the Management Company and appointment of a new company as manager of the Fund must be approved by the CNMV. In no case may the Management Company waive the exercise of its duties until all of the requisites and formalities for its replacement to be able to fully assume its duties in relation to the fund have been fulfilled. Nor may the Management Company waive its duties if, as a result of the aforesaid substitution, the rating assigned to any of the Notes issued against the Fund would be downgraded. All expenses generated as a consequence of such replacement shall be paid by the Management Company itself, and may not be attributed, in any case, to the Fund.
- (ii) In the event of the occurrence in the Management Company of any of the causes for dissolution contemplated under Articles 360 et seq. of the Spanish Companies Law (“*Ley de Sociedades de Capital*”), the substitution of the Management Company shall proceed. The Management Company shall notify the CNMV of the occurrence of any of such causes. In this case, the Management Company must comply with the provisions of section (i) above prior to its dissolution.
- (iii) In the event that the Management Company is declared insolvent, or has its authorization revoked, a management company to replace it must be appointed. The replacement must be made effective within the four (4) months running from the date on which the event determining the replacement took place. If, four (4) months from the event determining the substitution have elapsed and the Management Company has not appointed a new management company, the Early Liquidation of the Fund and the redemption of the Notes shall proceed, for



which the actions contemplated under section 4.4.3(3) of the Registration Document shall proceed.

- (iv) The substitution of the Management Company and appointment of the new company, approved by the CNMV in accordance with the provisions of the above paragraphs, shall be reported to the Rating Agencies and shall be published, within a deadline of fifteen (15) days by legal notice in two nationally-circulated newspapers and in the bulletin of the AIAF.

The Management Company must execute any such public or private documents deemed necessary in order to proceed with its replacement by another management company in accordance with the procedure explained in the preceding paragraphs of this section. The substitute management company shall be subrogated in the rights and obligations which, in relation to this Additional Building Block, are vested in the Management Company. Furthermore, the Management Company shall deliver to the new management company any documents and accounting and database records relating to the Fund as are in its possession.

#### **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 the Notes 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 Incorporation will determine that the Management Company has the right to the following:

- (i) on each Payment Date of the Notes, provided the Fund has Available Funds in the Cash Flow Account in accordance with the Order of Priority of Payments contemplated under section 3.4.6.(b) of the Additional Building Block, to a periodic administration fee equal to zero point zero twenty per cent (0.020%) per annum, with a minimum of TEN THOUSAND EUROS (€10,000.00) per quarter, including indirect taxes, where applicable, to accrue on the actual days of each Interest Accrual Period, payable quarterly at each Payment Date, and calculated on the Outstanding Principal Balance of the Class A Notes and the Outstanding Principal Balance of Subordinated Loan 1, on the start date of the Determination Period preceding the Payment Date in progress. The fee accruing from the Date of Incorporation of the Fund up to the First Payment Date of the Notes shall be adjusted in proportion to the days transpiring between both dates, calculated on the face value of the issued Notes.

The periodic management fee payable on a given Payment Date will be calculated in accordance with the following formula:

$$A = B \times 0,020 \times \frac{d}{365 \times 100}$$

where:

A = Fee payable on a given Payment Date.

B = Sum of Outstanding Principal Balance of the Class A Notes and the Outstanding Principal Balance of Subordinated Loan 1, on the Determination Date corresponding to this Payment Date.

d = Number of calendar days in the related Interest Accrual Period.

### **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.**

A brief description of the counterparts of the contracts described hereinafter is contained in section 5.2. of the Registry Document.

#### **a) Guaranteed Reinvestment Agreement.**

BP2S is the counterparty of the Fund in the 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 2 Agreement**

UCI is the counterparty of the Fund in the Subordinated Loan 2 Agreement. A description of the Subordinated Loan 2 Agreement is included in section 3.4.3.b) of this Additional Building Block to the Securities Note.

#### **c) Swap Agreement.**

BNP Paribas is the Swap Counterparty of the Fund.

A description of the agreement is included in section 3.4.7 of the Additional Building Block to the Securities Note.

## **4. POST-ISSUANCE REPORTING**

### **a) Obligations and deadlines envisaged for the preparation, auditing and approval of the annual and quarterly financial statements and management report.**

The Management Company shall present to the CNMV the Fund's annual financial statements, together with the auditors' report in respect thereof, within four (4) months following the close of the Fund's fiscal year, which shall coincide with the calendar year (i.e. prior to April 30 of each year).

Additionally, according to Article 35 of Law 5/2015, which will be applicable after twelve months have elapsed since the entry into force of this Law, the Management Company shall present to the CNMV the Fund's quarterly financial statements within two (2) months following the end of each calendar quarter.

**b) Obligations and deadlines contemplated for the placement at the disposal of the public and forwarding to the CNMV and the Rating Agency of periodic information on the economic-financial status of the Fund**

The Management Company, in its task involving management and administration of the Fund, undertakes to supply, with the utmost diligence possible or within the stipulated deadlines, the information described below and any other additional information as may be reasonably requested thereof.

**b.1. Ordinary periodic notifications.**

Furthermore, prior to the Date of Incorporation, the Issuer shall make available to the investors such information as is required including loan level data and, either directly or indirectly, a cash flow model setting out the transaction cash flows assuming zero losses. From the Date of Incorporation to the Final Maturity Date, the Issuer shall make available updates to such information on a periodic basis.

The Management Company, as long as the Notes remain outstanding, within a deadline between the Rate Setting Date and the Payment Date (unless they fall on a bank holiday in Madrid in which case they will shift to the following Business Days), undertakes to make the following notifications to the CNMV, AIAF and Iberclear:

- i. The resulting interest on the Notes for the current Interest Accrual Period;
- ii. The principal redemption for the Notes for the current Accrual Period;
- iii. The Actual Average Prepayment Rates of the Assets, as at the Determination Date corresponding to the Payment Date in question;
- iv. The average residual life of the Notes calculated pursuant to the assumptions regarding said actual prepayment rate;
- v. The Outstanding Principal Balance (after the repayment to be made on the Payment Date in question) of each Note, and the percentage that such Outstanding Principal Balance represents of the total initial face value of each Note;
- vi. Amounts outstanding for matured principal/interest payments of the Notes;
- vii. The outstanding Principal Balance of each Note unpaid corresponding to the Payment Date in question, if applicable;
- viii. The nominal interest rates resulting for the Notes for the following Interest Accrual Period;
- ix. A cash flow model setting out the transaction cash flows assuming zero losses.

Notifications will be made according to the provisions of section b.3. below.

Furthermore, the Issuer shall disclose in the first investor report the amount of Notes:

- (a) privately-placed with investors which are not the Assignor or part of the Assignor's group;
- (b) retained by the Assignor or by a member of the Assignor's group; and
- (c) publicly-placed with investors which are not in the Assignor's group.

The Issuer shall also disclose (to the extent possible), in relation to any amount initially retained by a member of the Assignor's group, but subsequently placed with investors which are not in the Assignor's group, such placement in the next investor report.

Each investor report shall contain a glossary of the defined terms used in such report.

From the Date of Incorporation until each Note has been redeemed in full, copies of each investor report shall be available for inspection in physical form during customary business hours on any Business Day at the registered office of the Issuer.

### **b.2. Extraordinary notifications.**

The Fund, through its Management Company, shall also report to the Noteholders and the Rating Agencies, any material fact that may occur in relation to the Assets, the Notes, the Fund, and the Management Company itself, and that may affect the trading of the Notes and, in general, any relevant modification to the assets or liabilities of the Fund and any amendment to the Deed of Incorporation. It shall likewise report any eventual decision regarding the Early Liquidation of the Notes for any of the causes provided in the Prospectus. In such case, the certificate executed before notary evidencing the settlement and procedure described in section 4.4.3. of the Registration Document must also be submitted to the CNMV.

Also, prior to the Closing Date, the Management Company shall inform the CNMV of the applicable interest rate for the First Accrual Period, by sending the Deed of Incorporation specifying the rate, as set out in paragraph 3.1 of the Additional Building Block.

This shall also include, among others, changes in the ratings of the Notes and the steps to be taken if the triggers are activated owing to a downgrade in the rating of the counterparty to the financial agreements or owing to any other cause.

### **b.3. Procedure.**

Notices to Noteholders which, as per the above, must be given by the Fund, through its Management Company, shall be given as follows:

1. Ordinary periodic notices referred to under section b.1. *supra*, by publication in the AIAF daily bulletin, or any other which may come to replace it in the future or other of similar characteristics, or via its publication as a material event with the CNMV, or via publication in a newspaper with a wide circulation in Spain.
2. The extraordinary notices described under section b.2) *supra*, except that relating to the interest rate for the First Accrual Period, by publication with the CNMV as a material event.

Additionally, the above notices may be given by publication in other mainstream media.

These notices shall be deemed to be given on the date they are published, with any day of the calendar, whether or not a Business Day, being suitable for this purpose (for purposes of this Prospectus).

**(c) Reporting to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores, or CNMV).**

The information on the Fund will be forwarded to the CNMV according to the formats contained in Circular 2/2009, of March 25, regarding accounting rules, annual accounts, public and reserved financial statements of statistical information regarding the securitisation funds, as well as any information which, irrespective of the above, is requested by the CNMV or the prevailing legislation at all times.

**(d) Reporting to the Rating Agencies.**

The Management Company shall provide the Rating Agencies with periodic information on the status of the Fund and the performance of the Mortgage Loans so that they may monitor the ratings of the Notes and the extraordinary notices. It will also employ its best efforts to provide such information when reasonably requested to do so and, in any case, when there is a significant change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the interested parties.

**(e) Information to be furnished by UCI to the Management Company.**

In addition, UCI is obliged to inform the Management Company, on behalf of the Fund, on a quarterly basis and, in any case, at the request thereof, of any non-payments, prepayments and modifications of interest rates and, punctually, of payment demands, judicial actions, and any other circumstances which affect the Mortgage Loans.

Furthermore, UCI shall furnish the Management Company with all documentation the latter may request thereof in relation to the said Mortgage Loans and, especially, the necessary documentation to start, as the case may be, judicial actions by the Management Company.

**MRS. MARÍA JOSÉ OLMEDILLA GONZÁLEZ, for and on behalf of SANTANDER DE TITULIZACIÓN, S.G.F.T., acting in her capacity as Non-Director Secretary of the Board of Directors hereby signs this Prospectus in Madrid on 26<sup>th</sup> May, 2015.**

## 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:

**"12-month EURIBOR"** means, for a given day, the rate for deposits in euros for a period of 12 months which appears on the REUTERS Screen "EURIBOR1" Page.

**"Additional Building Block to the Securities Note"** means the Additional Building Block to the Securities Note regarding the issue of Notes drafted in accordance with Annex VIII of Regulation (EC) No. 809/2004, approved by the CNMV on 26<sup>th</sup> May, 2015.

**"AIAF"** means AIAF Mercado de Renta Fija, S.A., the stock exchange in relation to fixed income securities located in Madrid where the Notes are expected to be listed.

**"Assets"** means the means the credit rights arising from the Mortgage Loans granted by UCI and which are the object of assignment to the Fund.

**"Assignor"** means UCI, Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito.

**"Available Funds"** means the amounts received by the Fund as principal and interest of the Assets, the return of the Cash Flow Account, the Reserve Fund, the amounts received under the Swap Agreement (excluding any Eligible Credit Support posted by the Swap Counterparty in the Counterparty Downgrade Collateral Account and any Swap Replacement Proceeds received by a replacement Swap Counterparty in those events as provided in 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.

**"Average EURIBOR Index"** means, in relation to any calendar month, the arithmetic average, rounded to three decimal places, of daily 12-month EURIBOR determined using historical 12-month EURIBOR values for each day of such calendar month on which such values have been published; for the avoidance of doubt, the average shall be based on the number of days in such calendar month on which the 12-month EURIBOR values have been published and not on the actual number of days in such calendar month.

**"Back-Up Servicer Facilitator"** means Banco Santander, S.A.

**"BNP Paribas"** means BNP Paribas.

**"BNP PARIBAS, London Branch"** means BNP Paribas, London Branch.

**"BNP PARIBAS Securities Services, Spanish Branch"** means BNP Paribas, Spanish Branch.

**"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

- (i) 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 BNP PARIBAS Securities Services, Spanish Branch 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 A Notes”** or the **“Notes”** means the securitisation Notes issued and charged to the Fund with a total nominal sum of THREE HUNDRED AND FORTY TWO MILLION EUROS (€342,000,000), constituted by three thousand four hundred and twenty (3,420) Notes each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

**“Class A Percentage”** means, in respect of each Calculation Period:  $\text{MIN}(1, \text{Outstanding Principal Balance of the Class A Notes} / \text{Outstanding Balance of the Reference Mortgage Loans})$  where the Outstanding Principal Balance of the Class A Notes and the Outstanding Balance of the Reference Mortgage Loans are computed at the Determination Date prior to such Calculation Period.

For the avoidance of doubt, if the Outstanding Balance of the Reference Mortgage Loans equals zero, the Class A Percentage shall be equal to zero.

**“Class A Step-Up Date”** means the Payment Date which falls on 15<sup>th</sup> June, 2020.

**“Clean-up Call”** means where the Management Company exercises its right to liquidate the Fund early when the amounts due and not paid to the Fund on the Assets (excluding NPLs) is less than 10% of the outstanding balance thereof in accordance with section 4.4.3 of the Registration Document.

**“CNMV”** means the Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission).

**“Commercial Code”** means the Commercial Code published by virtue of Royal Decree of the 22<sup>nd</sup> of August, 1885.

**“CPI”** means the Consumer 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 Mortgage Loans.

**“CPR”** means Constant Annual Pre-Payment Rate.

**“Counterparty Downgrade Collateral Account Bank Required Guarantee”** means a guarantee provided to the Counterparty Downgrade Collateral Account Bank by a party with ratings, solicited or unsolicited, of (i) a deposit rating from Moody's of at least "Baa3/P3" and (ii) a long-term rating of at least "A-" from S&P, or, if such entity is not subject to a long-term rating from S&P, short-term ratings of at least "A-1" from S&P. For the avoidance of doubt, such Counterparty Downgrade Collateral Account Bank Required Guarantee shall comply with the S&P guarantee criteria as published by S&P from time to time.

**“Counterparty Downgrade Collateral Account Bank Required Rating”** means ratings, solicited or unsolicited, of (i) a deposit rating from Moody's of at least "Baa3/P3" and (ii) a long-term

rating of at least "A-" from S&P, or, if such entity is not subject to a long-term rating from S&P, short-term ratings of at least "A-1" from S&P.

**"Counterparty Downgrade Collateral Account"** means an account of the Fund used for the posting of collateral by the Swap Counterparty in accordance with the Swap Agreement. In the event that the Swap Counterparty should transfer any Eligible Credit Support (as defined in the Swap Agreement) to the Fund in connection with the Swap Agreement, the Fund shall hold such Eligible Credit Support in the Counterparty Downgrade Collateral Account which shall be segregated from the Cash Flow Account and from the general cash flow of the Fund. Collateral deposited in such Counterparty Downgrade Collateral Account shall not constitute collections. The Eligible Credit Support shall secure solely the payment obligations of Swap Counterparty to the Fund under the Swap Agreement. The amounts in the Counterparty Downgrade Collateral Account will be applied in or towards satisfaction of Swap Counterparty's obligations to the Fund upon termination of the Swap Agreement. Any amount in excess of such obligations and owing to the Swap Counterparty shall not be available to the ordinary creditors of the Fund and shall be returned to the Swap Counterparty outside of the Order of Priority of Payment or the Order of Priority upon Liquidation, as applicable.

**"Counterparty Downgrade Collateral Account Bank"** means BP2S.

**"Date of Incorporation"** means the day on which the Deed of Incorporation is authorised. The Date of Incorporation is scheduled for 28<sup>th</sup> May, 2015.

**"Deed of Incorporation"** means the Deed of Incorporation of Fund for the Securitisation of Assets, RMBS PRADO I, Assignment of Assets and the Issue of Securitisation Notes.

**"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 Principal Balance of the Class A Notes, 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.

**"Direction, Placement and Subscription Agreement"** means the direction, placement and subscription agreement to be entered into by the Management Company, for and on behalf of the Fund, the Joint Lead Managers and UCI.

**"Disbursement Date"** means 3<sup>rd</sup> June, 2015.

**"Early Liquidation"** means the settlement of the Fund and, thus, the prepayment of the issue of Notes on a date before the Legal Expiry Date, in the cases and in accordance with the procedure set out in section 4.4.3 of the Registration Document.

**"Early Redemption"** means final Notes amortisation on a date preceding to Final Maturity Date under the Early Liquidation Events of the Fund in accordance with the requirements established in section 4.4.3 of the Registration Document.

**"Eligible Collateral Bank"** means an international recognised bank with the Counterparty Downgrade Collateral Account Bank Required Rating or the Counterparty Downgrade Collateral Account Bank Required Guarantee.

**"Eligible Investments"** means (i) any dematerialised euro-denominated senior (unsubordinated) debt securities, (ii) other debt instruments (including, for the avoidance of doubt, deposits), or (iii) commercial paper issued by, or fully and unconditionally guaranteed on an unsubordinated



basis by, an institution whose unsecured and unsubordinated debt obligations have at least the following ratings:

(a) with respect to S&P:

(1) to the extent such Eligible Investment has a maturity not exceeding the immediately subsequent Payment Date after the relevant investment is made: a long term rating of at least A and a short term rating of at least A-1 (or, if such Eligible Investment has no long term rating, a short term rating of at least A-1);

(b) with respect to Moody's:

(1) to the extent such Eligible Investment has a maturity not exceeding 30 calendar days: a long term rating of at least Baa2 and a short term rating of at least P-2 (or, if such Eligible Investment has no long term rating, a short term rating of at least P-2); or (2) to the extent such Eligible Investment has a maturity exceeding 30 calendar days but not exceeding the immediately subsequent Payment Date after the relevant investment is made: a long term rating of at least Baa1;

provided that, in all cases, such investments (1) are immediately repayable on demand, disposable without penalty and in any case have a maturity date falling on or before the immediately succeeding Payment Date and (2) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested; and further provided that, in no case shall such investment be made, in whole or in part, actually or potentially, in (a) tranches of other asset-backed securities; or (b) credit-linked notes, swaps or other derivatives instruments, or synthetic securities; or (c) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Class A Notes as eligible collateral; and further provided that in the event of downgrade below the rating allowed under this definition, the relevant securities shall be sold, if it could be achieved without a loss, or otherwise shall be allowed to mature.

**"Eligible Swap Counterparty"** means any entity:

- (a) either with (i) a counterparty risk assessment from Moody's of at least "A3" or better (the **"Moody's Qualifying Collateral Trigger Rating"**) and/or (ii) a counterparty risk assessment from Moody's of at least "Baa1" or better (the **"Moody's Qualifying Transfer Trigger Rating"**) and within the time periods specified in Swap Agreement obtaining a guarantee from a party having the ratings set forth in (a)(i); and
- (b) having (i) the S&P Option 1 First Required Rating (in the event that S&P Option 1 applies), the S&P Option 2 First Required Ratings (in the event that S&P Option 2 applies), the S&P Option 3 Required Ratings (in the event that S&P Option 3 applies) or the S&P Option 4 Required Ratings (in the event that S&P Option 4 applies) or (ii) the S&P Option 1 Second Required Ratings (in the event that S&P Option 1 applies) and posts collateral in the amount and manner set forth in the Swap Agreements or obtains a guarantee from a party having the ratings set forth in (b)(i) above, or the S&P Option 2 Second Required Ratings (in the event that S&P Option 2 applies) and posts collateral in the amount and manner set forth in the Swap Agreements or obtains a guarantee from a party having the ratings set forth in (b)(i) above, or (iii) in the case of S&P Option 1, S&P Option 2, S&P Option 3 or S&P Option 4, taking such other action in accordance with S&P criteria in accordance with the Swap Agreements in order to maintain or restore the rating on the Notes to the level at which it was immediately prior to the failure to meet the applicable rating.

For the avoidance of doubt, the Swap Counterparty will remain as an Eligible Swap Counterparty if its, its successor's and, if relevant, any credit support provider's (as defined in the Swap Agreement) unsecured, unguaranteed and unsubordinated debt is downgraded below the above mentioned ratings, provided that the remedial conditions set out in the Swap Agreements are satisfied.

**“Equity Release Mortgage Loan”** means a residential mortgage loan where borrowers have monetised their properties for either a lump sum of cash or regular periodic income.

**“Excess Swap Collateral”** means at any time, the amounts of Swap Collateral which may not be applied under the terms of the Swap Agreement at that time in satisfaction of the Swap Counterparty's obligations to the Fund including Swap Collateral which is to be returned to the Swap Counterparty from time to time in accordance with the terms of the Swap Agreement and ultimately upon termination of the Swap Agreement.

**“Extraordinary Expenses”** means, as that case may be, all expenses derived from preparation and execution by the amendment of the Deed of Incorporation and the agreements, and by the holding of all additional agreements; the amount of the initial expense of constituting the Fund and issuing Notes exceeding the amount of the principal of the Subordinated Loan 2; the extraordinary expenses of audits and legal advice; the negative interest for the amounts deposited in the Cash Flow Account depending on the performance of the EONIA reference rate; 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.

**“Final Maturity Date”** means the last date of maturity of the Mortgage Loans included in the preliminary portfolio, that is, 1<sup>st</sup> June, 2051, or, if this is not a Business Day, the immediately following Business Day.

**“First Interest Accrual Period”** means the period from the Disbursement Date (included) up to First Payment Date (excluded).

**“First Interest Rate”** means the applicable interest rate for the First Interest Accrual Period.

**“First Payment Date”** means 15<sup>th</sup> September, 2015.

**“Fund”** or **“Issuer”** means FONDO DE TITULIZACIÓN DE ACTIVOS, RMBS PRADO I.

**“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 BP2S, by virtue of which BP2S will provide an agreed variable return for the amounts deposited by the Fund (through its Management Company) in the Cash Flow Account as long as the EONIA is above certain level.

**“Iberclear”** means the Company of the Securities Registration, Compensation and Settlement Systems.

**“Initial Reserve Fund”** means the Reserve Fund constituted on the Disbursement Date, for an amount equal to thirteen million five hundred thousand euros (€13,500,000).

**“Interest Accrual Periods”** means each one of the periods in which the issue of the Notes 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.

“**IRR**” means the Internal Rate of Return for the Noteholders.

“**Issuer**” or the “**Fund**” means FONDO DE TITULIZACIÓN DE ACTIVOS, RMBS PRADO I.

“**Joint Arrangers**” means SGBM and BNP Paribas, London Branch.

“**Joint Lead Managers**” means SGBM and BNP Paribas, London Branch.

“**Joker Instalment**” 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.

“**Law 2/1981**” means Law 2/1981 of March 25, on the Mortgage Market, in the wording given in Law 41/2007.

“**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 41/2007**” means Law 41/2007, of December 7, amending Law 2/1981, of March 25, regulating the Mortgage Market and other mortgage and financial rules, regulation of reverse mortgages and dependence insurance and establishing certain tax considerations.

“**Law 22/2003**” or “**Spanish Insolvency Law**” means Law 22/2003, of July 9, Insolvency.

“**Law 5/2015**” means Law 5/2015, of April 27, on the promoting of business financing.

“**Legal Maturity Date**” means 48 months after the Final Maturity Date, that is, 15<sup>th</sup> June, 2055, or, if this is not a Business Day, the immediately following Business Day.

“**Liquidation Expenses**” means those that are caused by the liquidation of the Fund.

“**Loans in Default**” means, for the purposes of calculating the Party B payment amounts due to the Swap Counterparty under the Swap Agreement, and in each case, as of the date such calculations are to be made by the Management Company and notified to the Calculation Agent thereunder, those Mortgage Loans that (i) have instalments pending payment for a period longer than or equal to ninety (90) days, and which remain unpaid on the date of calculation, or (ii) are Non-Performing Loans.

“**LTV**” means “*Loan to Value*”, that is to say, the relationship between the principal balance and the evaluation of each Mortgage Loan.

“**Management Company**” means Santander de Titulización, S.G.F.T., S.A.

“**Moody’s**” means Moody’s Investors Service.

“**Mortgage Loans**” means mortgage loans guaranteed by first rank real estate mortgages, granted by UCI to individuals (customers or employees) in order to finance operations involving the acquisition or refurbishment of houses in Spain or for subrogations of individuals (customers

or employees) in the financings granted to developers for the construction of houses in Spain for its sale. UCI is not aware if the Mortgage Loans fulfil the requirement set forth in Chapter II of the Royal Decree 716/2009 regarding insurance policies.

**"Mortgage Loans Reference Index (IRPH)" or "IRPH Index"** means a weighted average issued by the Bank of Spain that reflects on a monthly basis all the offers submitted by Spanish financial entities with respect of mortgage loans with a maturity greater than three years.

For the calculation of the Swap Agreement amounts and for that purpose only, if:

- (a) such index ceases to be published by the Bank of Spain (notwithstanding that such index may continue to be published by another entity);
- (b) such index is delayed in its publication for any other reason; or
- (c) the formula or methodology used by the Bank of Spain to calculate such index is changed where the Swap Counterparty is of the commercially reasonable opinion that it will be materially adversely affected by such change,

then, for any Calculation Period in respect of a Payment Date in which any of the events in (a), (b) or (c) occurs and is continuing on the date on which the Calculation Agent under the Swap Agreement must make any calculations or determinations hereunder, the IRPH Index for the relevant Payment Date will be determined by the Calculation Agent under the Swap Agreement (acting in good faith and in a commercially reasonable manner) as if the parties had specified "Average EURIBOR Index plus 1% p.a."

**"Mortgage Transfer Certificates" or "CTH"** means the Mortgage Transfer Certificates to be issued by UCI as regards the Mortgage Loans in accordance with the stipulations in section 3.3.a) 41) of the Additional Building Block.

**"Multiple Title"** means the security title representative of the Mortgage Transfer Certificates issued by UCI on the Mortgage Loans.

**"Nominal Interest Rate"** means the interest rate applicable to the Class A Notes on each interest Payment Date obtained from adding the margin corresponding to the Notes to the Reference Interest Rate.

**"Non-Business day"** means any day of the calendar which is not included in the definition of Business day given above.

**"Non-Performing Assets"** means the Assets that UCI believes it will not recover or those which, at a given date, have been in default and overdue for a period equal to or greater than twelve (12) months for the case of Loans.

**"Non-Performing Loans" or "NPLs"** means those loans that, at any time starting from the Date of Incorporation of the Fund (i) have or have had instalments pending payment for periods equal to or longer than twelve (12) months or (ii) the Servicer, acting in accordance with the servicing procedures, has terminated or accelerated the underlying Mortgage Loans, or has written off or made provision against any definitive losses at any time prior to the expiry of the period referred to in (i) above.

**"Noteholders"** means holders of the Notes.

**"Notes" or "Class A Notes"** means the securitisation Notes issued and charged to the Fund with a total nominal sum of THREE HUNDRED AND FORTY TWO MILLION EUROS (€342,000,000), constituted by three thousand four hundred and twenty (3,420) Notes each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

**"Obligors"** means the natural persons, resident in Spain, to whom UCI has granted the Mortgage Loans from where the Assets which are the subject of securitisation derive.

**“Optional Redemption”** any decision to redeem the Notes in whole (but not in part) at their Outstanding Principal Balance together with all accrued unpaid interest thereon in accordance with the requisites included in Section 4.9.4 of the Securities Note.

**“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 Available 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 Funds for Liquidation.

**“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 Principal Balance of the Class A Notes”** means, on each day, the principal amount of the Notes upon issue less the aggregate amount of all principal payments on the Notes that have been repaid on or prior to that date.

**“Outstanding Principal Balance of the Reference Mortgage Loans”** means, on each day, the principal amount of the Reference Mortgage Loans less the aggregate amount of all principal payments on the Reference Mortgage Loans that have been repaid on or prior to that date.

**“Outstanding Principal Balance of Subordinated Loan 1”** means, on each day, the initial principal amount of Subordinated Loan 1 less the aggregate amount of all principal payments on the Subordinated Loan 1 that have been repaid on or prior to that date.

**“Paying Agent”** means BP2S.

**“Payment Agency Agreement”** means the payment agency agreement to be entered into by the Management Company, for and on behalf of the Fund and the Paying Agent.

**“Payment Dates”** means 15<sup>th</sup> March, June, September and December of each year, or, in the event that any of these dates is not a Business Day, the Business Day immediately following.

**“Pre-payment”** means the amortisation of the Notes on a date previous to the Legal Expiry Date in the cases of early liquidation 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 Date”** means the second Business Day in accordance with the TARGET calendar (*Tran-European Automated Real-time Gross Settlement Express Transfer System*) prior to the commencement of each Interest Accrual Period. For the avoidance of doubts, the Rate Setting Date for the First Interest Accrual Period will be the Date of Incorporation.

**“Rating Agencies”** means S&P and Moody’s.

**“Reference Interest Rate”** means the interest rate used as the base rate for purposes of calculating the Nominal Interest Rate.

**“Reference Mortgage Loan”** means Mortgage Loans which are not Loans in Default.

**“Registration Document”** means the Registration Document, prepared in accordance with Annex VII of Regulation (EC) No. 809/2004 and approved by the CNMV on 26<sup>th</sup> May, 2015.

**“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.

“**Reserve Fund Shortfall**” shall occur if the amount on the Reserve Fund as of any Payment Date, after replenishing in accordance with Priority of Payments, falls short of the Reserve Fund Required Amount

“**Reserve Fund Decease Amount**” means the positive difference (if any) between the credit balance of the Reserve Fund as of the previous Payment Date (after application of the Priority of Payments) and the Reserve Fund Required Amount as at such Payment Date.

“**Royal Decree 716/2009**” means Royal Decree 716/2009, of April 24, which implemented some aspects of Law 2/1981, of March 25, regulating the mortgage market, and other rules of the mortgage and financial systems.

“**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.

“**Santander**” means the Banco Santander, S.A.

“**Securities Note**” means the Securities Note concerning the issue of Notes drawn up in accordance with Annex XIII of Regulation (EC) No. 809/2004, approved by the CNMV on 26<sup>th</sup> May, 2015.

“**Self-Certified Mortgage Loans**” means mortgage loans marketed and underwritten on the premise that the applicants and/or intermediaries representing them were made aware prior to the Assignor's underwriting assessment commencing that income could be self-certified.

“**Servicer**” means UCI, Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito.

“**Standard & Poor's**” or “**S&P**” means Standard & Poor's Credit Market Services Europe Limited.

“**Step-Up Date**” means the Interest Payment Date in which the Class A Margin becomes up to 1,80% per annum. This margin shall be applied from 15<sup>th</sup> June, 2020 until the Final Maturity Date.

“**Subordinated Loan 1**” means the loan executed under the Subordinated Loan 1 Agreement defined below.

“**Subordinated Loan 2**” means the loan executed under the Subordinated Loan 2 Agreement defined below.

“**Subordinated Loan 1 Agreement**” means the Subordinated Loan 1 Agreement in the amount of one hundred and eight million euros (€108,000,000) to be subscribed to by UCI, which will be

allocated to partially financing the acquisition of the Assets, together with the nominal value of the Class A Notes.

**“Subordinated Loan 2 Agreement”** means the Subordinated Loan 2 Agreement in the amount of fourteen million two hundred thousand euros (€14,200,000) to be subscribed to by the Management Company, on behalf and in representation of the Fund, and UCI, which will be allocated to the financing of the Reserve Fund, the expenses of incorporation of the Fund and the issue of the Notes, 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 Notes to be paid on the First Payment Date.

**“Subscription Period”** means 3<sup>rd</sup> June, 2015, from 9:00 hours to 12.00.

**“Swap Agreement”** or **“Swap”** means the financial interest swap agreement according to the ISDA Master Agreement (Multicurrency-Cross Border) of 1992 of the International Swap Dealers Association, to be underwritten between the Management Company, acting on behalf of the Fund and the Swap Counterparty.

**“Swap Counterparty”** means BNP Paribas.

**“Swap Replacement Proceeds”** means any amounts received from a replacement Swap Counterparty in consideration for entering into a replacement Swap Agreement for a terminated Swap Agreement.

**“Swap Termination Payment”** means payment due to the Swap Counterparty by the Fund or to the Fund by the Swap Counterparty, including interest that may accrue thereon, under the Swap Agreement due to a termination of the Swap Agreement due to an "event of default" or "termination event" under the Swap Agreement.

**“Tax Information Agreement”** means any governmental or inter-governmental arrangement, or other arrangement between competent authorities, for the cross-border exchange of Tax information applicable in any jurisdiction (or any treaty, law, regulation, or official guidance enacted, issued or amended in any jurisdiction which facilitates the implementation of such arrangement) including (without limitation) FATCA, any arrangement analogous to FATCA, and any bilateral or multilateral Tax information agreement.

**“UCI”** means Unión de Créditos Inmobiliarios S.A., Establecimiento Financiero de Crédito.

**“V.A.T.”** means Value Added Tax.

**“VPO”** means those dwellings that, designed as permanent usual residences are qualified as officially protected and whose type, size and price are regulated by the authorities, establishing economic and tax conditions in benefit of the buyer, who must meet certain conditions with respect to ownership rights over the property and individual or household income.