

ASSETS SECURITISATION FUND UCI 11

SECURITISATION NOTES
850,000,000 Euros

CLASS A: 821,100,000	Euros	EURIBOR 3M + spread ranging between 0.12% and 0.18%
CLASS B: 6,000,000	Euros	EURIBOR 3M + spread ranging between 0.30% and 0.50%
CLASS C: 22,900,000	Euros	EURIBOR 3M + spread ranging between 0.70% and 1.00%

**SUPPORTED BY CREDIT RIGHTS ASSIGNED BY
UNIÓN DE CRÉDITOS INMOBILIARIOS, ESTABLECIMIENTO FINANCIERO DE CRÉDITO**



CO-MANAGERS



UNDERWRITERS
DOMESTIC TRANCHE

UNDERWRITERS
INTERNATIONAL TRANCHE



PAYING AGENT



Fund promoted and managed by:

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

This Prospectus is a non-official and non-binding translation into English of the original "Folleto Informativo" drafted in Spanish language and registered with the "Comisión Nacional del Mercado de Valores" (the Spanish Securities Market Commission, "CNMV") on November 16, 2004. The "Folleto Informativo" drafted in Spanish language is the only official document.

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This Prospectus is a non-official and non-binding translation into English of the original "*Folleto Informativo*" drafted in Spanish language and registered with the "*Comisión Nacional del Mercado de Valores*" (the Spanish Securities Market Commission, "*CNMV*") on November 16, 2004. The "*Folleto Informativo*" drafted in Spanish language is the only official document.

SUMMARY OF GENERAL CONDITIONS**INCORPORATION OF THE ASSETS SECURITIZATION FUND UCI 11 AND ISSUE OF NOTES OVER ITS ASSETS****1. THE FUND****1.1 Name and Incorporation**

The Fund is called FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11 and will be incorporated by means of a notarial deed, in accordance with Royal Decree 926/1998 of May 14, on Asset Securitization Funds and Managing Companies of Securitization Funds, and subsidiarily in accordance with Law 19/1992 of July 7, on the Regime applicable to Companies and Funds of Real Estate Investment and on Mortgage Securitization Funds and other applicable regulations.

The incorporation of the Fund will take place, after registration of this prospectus (the "Prospectus") with the CNMV, as a closed fund, in accordance with article three of Royal Decree 926/1998 of May 14.

1.2. The Managing Company

Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A., is the promoter of the Fund. The promoter also represents the Fund.

2. ASSETS OF THE FUND**Credit Rights incorporated to the assets of the Fund**

The assets of the Fund comprise 11,719 Credit Rights amounting to 879,727,507.90 euros, divided in 3,264 Credit Rights deriving from Personal Loans, for an amount of 46,707,347.75 euros, 7,823 Mortgage Participations for a total amount of 765,354,569.74 euros, and 632 Mortgage Transfer Certificates for a total amount of 67,665,590.40 euros.

These Credit Rights (as defined below) which make up the assets of the Fund are assigned by Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito (hereinafter, "UCI"), as Assignor, and appear on its balance sheet and derive from financing transactions granted as Mortgage Loans (the Mortgage Loans are of two different types: A and B) and as Personal Loans (hereinafter, the Mortgage Loans A and B and the Personal Loans will be jointly referred to as the "Loans"). The Loans are the following:

- (I) The Mortgage Loans A, the purpose of which is the acquisition and restoration of dwellings, mainly on a variable interest rate, comply with all the requisites under Law 2/1981, of March 25, on the Mortgage Market, and its regulations (the "**Mortgage Loans A**"). The Credit Rights deriving from these transactions are the Credit Rights deriving from the Mortgage Loans A .
- (II) The Mortgage Loans B, the purpose of which is the acquisition and restoration of dwellings, mainly on a variable interest rate, do not comply with all the requisites under Law 2/1981, of March 25, on the Mortgage Market, and its regulations (the "**Mortgage Loans B**"). In particular, the principal balance of these mortgage loans exceeds 80% of the underlying asset's valuation on the date of issue of the Mortgage Transfer Certificates. The principal balance of these Mortgage Loans does not exceed 100% of the underlying asset's valuation. The Credit Rights deriving from these transactions are the Credit Rights deriving from the Mortgage Loans B .
- (II) The Personal Loans, the purpose of which is the financing of the part exceeding 80% of the asset's valuation referred to in paragraph (I) above, qualifying as complementary thus being executed simultaneously to the execution of the relevant Mortgage Loan A (hereinafter, the "**Personal Loans**"). The Credit Rights deriving from these transactions are the Credit Rights deriving from the Personal Loans.

Detailed information regarding such Credit Rights included within the Fund is set forth in Chapter IV of the Prospectus.

3. LIABILITIES OF THE FUND

The liabilities of the Fund consist of the Notes issued by the Fund and a Subordinated Loan, and shall jointly amount to no more than eight hundred sixty three million six hundred twenty five thousand euros (Euro 863,625,000).

SUMMARY OF GENERAL CONDITIONS**3.1. Notes****3.1.1. Characteristics:**

- **Issued Amount and Number of Notes:** 850,000,000 euros, made up of 8,500 Notes divided into three Classes:
 - **Class A:** 821,100,000 euros, made up of 8,211 Notes.
 - **Class B:** 6,000,000 euros, made up of 60 Notes.
 - **Class C:** 22,900,000 euros, made up of 229 Notes.
- **Face Value:** 100,000 euros per Note.
- **Price of issue:** 100,000 euros per Note free of taxes and subscription expenses for the subscriber.
- **Reimbursement price:** 100,000 euros per Note, free of expenses for the Noteholder.
- **Interest rate:** EURIBOR at three months plus a spread ranging between 0.12% and 0.18% for Class A Notes, EURIBOR at three months plus a spread ranging between 0.30% and 0.50% for Class B Notes and EURIBOR at three months plus a spread ranging between 0.70% and 1.00% for Class C Notes, floating quarterly for all Classes in accordance with Section II.10.1 of the Prospectus.

The interest rate of the Notes of all Classes for the First Interest Accrual Period will be determined on the basis of EURIBOR at four (4) months

The final spreads will be determined on the Incorporation Date and notified by means of their inclusion in the advertisement of incorporation of the Fund.
- **Frequency of payment of interest and Principal:** quarterly, on the 15th of March, 15th of June, 15th of September and 15th of December.
- **First Payment of Interest:** March 15, 2005.
- **Final Maturity Date:** the date of ordinary or early repayment of the Notes.
- **Legal Maturity Date:** September 15, 2041 or if this date is not a Business Day, the next Business Day, without prejudice to the possibility of early repayment, in the terms and conditions set forth in section III.8.1 of this Prospectus.
- **Date of subscription:** November 19, 2004.
- **Date of disbursement:** November 22, 2004.

3.1.2. Credit Risk Ratings ("ratings"):

- **Class A:** AAA (S&P España)
- **Class B:** A (S&P España)
- **Class C:** BBB (S&P España)

3.1.3. Organized Official Secondary Market to which listing of the Notes will be applied for: AIAF, Mercado de Renta Fija.**3.1.4. Accounting Record of the Notes:** the entity that will be in charge of the accounting record of the Notes will be the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear), which will clear and settle the transactions conducted over the Notes.**3.1.5. Redemption of the Notes**

Redemption of the Notes will be carried out in accordance with the "pass through" method (the amounts received from the Credit Rights shall be used to repay the principal of the Notes, reducing the outstanding nominal in such amount).

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Redemption of Class A Notes: Redemption of Class A Notes will be carried out pro rata among them by reducing their nominal value, on each Payment Date, until redemption is completed, for an amount equal to the Available Funds for Repayment on each Payment Date.

Redemption of Class B Notes: the first payment for redemption of Class B Notes will take place on the Payment Date on which the Unpaid Balance of Class B Notes is equal to or higher than 1.4% of the Unpaid Principal Balance of the whole issue of Notes (and subject to the rules of redemption of the Class B Notes set forth in section II.11.3.6 of this Prospectus).

Redemption of Class C Notes: the first payment date for redemption of Class C Notes will take place on the Payment Date on which the Unpaid Balance of Class C Notes is equal to or higher than 5.4% of the Unpaid Principal Balance of the three Classes of Notes (and subject to the rules of redemption of the Class C Notes set forth in section II.11.3.6 of this Prospectus).

3.2. Subordinated Loan

The Fund will be financed by credit institutions. To this extent, it is foreseen that the Managing Company, on behalf of the Fund, enters into a Subordinated Loan Agreement with Banco Santander Central Hispano, S.A. and Union de Crédito pour le Batiment, S.A. (the 99.93% of which is owned by BNP Paribas) as lenders on a 50%-50% basis, for a total amount of 13,625,000.00 euro. The Subordinated Loan Agreement will be applied by the Managing Company to (i) pay the incorporation expenses of the Fund and issuance of the Notes, (ii) to partially finance the assignment of the Credit Rights to the Fund, (iii) to cover on the First Interest Accrual Period the difference which will arise between the interest collected from the Credit Rights from the Disbursement Date (November 22, 2004) to the date of maturity of the first four instalments (December to March) of the Loans (May 5, 2005) and the payment of interest on the Notes on the first Payment Date (March 15, 2005) and (iv) to fund the Reserve Fund.

4. OTHER AGREEMENTS ENTERED INTO ON BEHALF OF THE FUND

In addition to the Subordinated Loan Agreement mentioned in 3.2 above, the Managing Company shall execute the following agreements on behalf of the Fund:

4.1. Guaranteed Rate Reinvestment Agreement

Banco Santander Central Hispano, S.A. and the Managing Company, on behalf of the Fund, will enter into a Guaranteed Rate Reinvestment Agreement under which Banco Santander Central Hispano, S.A. will guarantee a return for the amounts deposited by the Fund in the bank account opened by the Managing Company, in the name of the Fund, in Banco Santander Central Hispano, S.A.

4.2. Notes Subscription Agreements

Two Subscription Agreements under which the Underwriters, in their own Tranches (Domestic and International), shall freely allocate the Notes, up to the foreseen amounts and, once the Subscription Period is closed, shall subscribe, on their own account, the non-allocated Notes, if any.

4.3. Interest Swap Agreement

BNP Paribas and the Managing Company, on behalf of the Fund, will enter into an Interest Swap Agreement, for the purposes of reducing the existing interest rate risk due to the Credit Rights (on a fixed interest until 2006 or 2008 which will afterwards become variable) and the Notes being subject to different interest rates.

5. OPERATION OF THE FUND

5.1. Representation and Administration of the Fund

The administration and representation of the Fund is conducted by the Managing Company which, in its capacity as "manager of the business of third parties" (*gestora de negocios ajenos*), is entrusted with the representation and defence of the interests of the holders of the Notes issued over the assets of the Fund and any other creditors of the Fund.

5.2. Non-payment and prepayment of the Credit Rights. Payment Priority Order

The risk of non-payment and prepayment of the Credit Rights shall be borne by the noteholders.

The Payment Priority Order set forth in Section V.5.1.b), 2, shall be the following:

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In the first place, the Managing Company, on behalf of the Fund, shall apply the **Available Funds** to the following payments and withholdings:

1. Payment of ordinary and extraordinary expenses to the Managing Company (including the Management Periodic Fee), payment of the management fee to an entity other than UCI in the event that UCI is replaced as Manager of the Credit Rights and payment to UCI of the expenses paid in advance for the account of the Fund in connection with the administration of the Credit Rights, (enforcement of the mortgage and/or sale of properties) provided that their payment is duly evidenced.
2. Payment to BNP Paribas of Net Amount of the Swap and, in the event of early termination of the Swap Agreement due to a breach by the Fund, payment of the amount on early termination of such agreement.
3. Payment of accrued interest on the Class A Notes.
4. Payment of accrued interest on the Class B Notes.

This payment will be postponed to the 7th place in the event of the following circumstances coincide:

1) The Principal Deficiency on a Payment Date is higher than the Unpaid Principal Balance of the Class B and Class C Notes.

2) In the event that on a Payment Date, the difference between the Unpaid Principal Balance of the Class A Notes and any of the following amounts is higher than zero:

a) The remaining Available Funds subsequent to the deduction of the amounts allocated for payment of the items referred to in points 1 to 4 of this Priority Order.

b) The Principal Balance of the Loans up to date on payments or with less than 18 months in arrears on the previous Calculation Date.

5. Payment of accrued interest on the Class C Notes.

This payment will be postponed to the 8th place in the event of any of the following circumstances coincide:

1) The Principal Deficiency on a Payment Date is higher than the Unpaid Principal Balance of the Class B and Class C Notes.

2) In the event that on a Payment Date, the difference between the Unpaid Principal Balance of the Class A and Class C Notes and any of the following amounts is higher than zero:

a) The remaining Available Funds subsequent to the deduction of the amounts allocated for payment of the items referred to in points 1 to 5 of this Priority Order.

b) The Principal Balance of the Loans up to date on payments or with less than 18 months in arrears on the previous Calculation Date.

6. Withholding of an amount equal to the Principal Due for Repayment.
7. Payment of accrued interest on Class B Notes, in the event that payment is postponed from the 4th place to the 7th place.
8. Payment of accrued interest on Class C Notes, in the event that payment is postponed from the 5th place to the 8th place.
9. Withholding of an amount sufficient to maintain the Reserve Fund at the required amount.
10. Payment of the amount on early termination of the Swap Agreement due to a breach by BNP Paribas.
11. Payment of accrued interest on the Subordinated Loan.
12. Repayment of the principal of the Subordinated Loan in accordance with the expenses derived from the incorporation of the Fund and the issue of the Notes and the difference which will arise between the interest collected on the Credit Rights during the First Interest Accrual Period (from the Disbursement Date (November 22, 2004) to the date of maturity of the first four instalments

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(December to March) of the Credit Rights (March 5, 2004)) and the payment of interest on the Notes on the first Payment Date (March 15, 2005).

13. Repayment of the principal of the Subordinated Loan in proportion to the Reserve Fund.
14. Payment to UCI of the Management Fee of the Credit Rights.
15. Quarterly payment to UCI of a floating amount as consideration or compensation for the intermediation services, except as provided in the exceptional rules of priority for payments .

The **Available Funds for Repayment** subject to the withholding described in point 6 above of the payment priority order, will be applied to such redemption as provided in Section II.11.3.b), 6 of the Prospectus. The first redemption of the Class B Notes will take place on the Payment Date on which the Unpaid Principal Balance of the Class B Notes is equal to or higher than 1.4% of the Unpaid Principal Balance of the three Classes of Notes. The first redemption of the Class C Notes will take place on the Payment Date on which the Unpaid Principal Balance of the Class C Notes is equal to or higher than 5.4% of the Unpaid Principal Balance of the three Classes of Notes.

Exceptional rules of priority for payments made from the Fund

Pursuant to point 1 of the payment priority order, should UCI be replaced as Manager of the Loans by a different entity, such third party, as the new Manager of the Loans, shall be entitled to receive a management fee which shall be brought forward from the 14th place to the 1st place.

In the event that on a given Payment Date (with regard to the period comprised between such Payment Date and the preceding Payment Date) more than 15% of the borrowers exercise their special instalment ("*Cuota Comodín*") right, or more than 7% of the borrowers exercise their right to limit the instalment according to the Consumer Price Index (both rights are described in Section IV.4 of this Prospectus, which describes the portfolio of loans), payment of item 15 of the payment priority order established in Section V.5.1 of this Prospectus will be stopped (quarterly payment to UCI of a floating amount as consideration or compensation for the intermediation services). In such a case, the relevant amount will be deposited in the Cash Account until the Payment Date on which the exercise of the special instalment ("*Cuota Comodín*") right or the right to limit the instalment according to the Consumer Price Index corresponding to the new period do not exceed the said percentages. Payment of such fee will be only resumed prior agreement with the Rating Agency. Calculation of the referred percentages will be carried out on the Calculation Dates.

6. RISKS OF THE FUND, THE NOTES AND THE CREDIT RIGHTS**6.1 Prepayment of the Notes and early liquidation of the Fund**

Without prejudice to the Final Maturity Date of the Notes (September 15, 2041), the Managing Company may proceed to early liquidate the Fund and, consequently, to repay all the Notes on a Payment Date before they are due, if and when the Principal Balance of the Credit Rights is lower than 10% of the initial amount, as provided in Section II.11.3.c) and V.5 of the Prospectus.

6.2 Non-payment of the Credit Rights

The noteholders shall bear the risk of non-payment of the Credit Rights.

The Assignor and the Managing Company do not undertake any liability for the debtors' default in payment, do not undertake any liability to guarantee the success of the transaction, shall not grant any guarantees, and shall not enter into any buy back agreements, except for what is set forth in Section IV.1.d) of the Prospectus.

6.3 Prepayment of the Credit Rights

The Credit Rights may be repaid early if debtors reimburse early the unpaid principal balance. This risk will be transferred, on each Payment Date, to the noteholders by following the rules of repayment provided in Section II.11 of the Prospectus.

6.4 Liquidity

There is no guarantee that the Notes will benefit from a negotiation in the market with a minimum frequency or for a minimum amount. In addition, in no event will the Fund buy back the Notes from the noteholders. The Fund may early repay them as provided in 6.1 above.

SUMMARY OF GENERAL CONDITIONS**6.5 Profitability**

The prepayment rate of the Credit Rights may be influenced by a variety of geographical, economical and social factors such as seasonality, market interest rates, distribution of the portfolio by sectors and, in general, the level of economic activity.

The calculation of the internal rate of return, the average life and the duration of the Notes is subject to hypothetical prepayment rates which may or may not be fulfilled.

7. ACTIONS**7.1. Actions against debtors of the Credit Rights**

- 7.1.1. The Fund, through the Managing Company, will be entitled to take an executive action against the debtors in the event that they breach their payment obligations of the Credit Rights.
- 7.1.2. The Fund will be entitled to take enforcement actions against the Assignor if and when the breach of the Notes' payment obligation is not a consequence of the payment default of the debtors.
- 7.1.3. Neither the Fund nor the noteholders shall be entitled to take any actions against the Assignor or the Managing Company, respectively, save actions taken as a result of the breach of their respective duties, but never as a consequence of payment delinquency or prepayment by the debtors.

7.2. Liability of the Managing Company

If the Managing Company breaches its duties, it shall be liable to the noteholders and to any other creditors of the Fund, for any damages arising from that breach.

7.3. Actions in case of default in payment of the Notes

- 7.3.1. The noteholders shall not be entitled to take direct action against the defaulting debtors of the Credit Right, as only the Managing Company is entitled to take such action, in the name and on behalf of the Fund.
- 7.3.2. The noteholders shall not be entitled to take any action against the Fund or the Managing Company, in case of default in payment of the Notes as a result of a default in payment of a Credit Right by a debtor.
- 7.3.3. The noteholders shall not hold any action against the Managing Company other than that deriving from a breach of its own duties, but never as a consequence of payment delinquency or prepayment of the Credit Right.

CHAPTER I

PERSONS WHO ASSUME THE RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS AND BODIES SUPERVISING THE PROSPECTUS

I.1 Persons who assume the responsibility for the contents of the Prospectus.

I.1.1 Full name, Identity Card Number or document of personal identification and position or powers of attorney of the natural person(s) who assume, on behalf of the Managing Company, the responsibility for the contents of the Prospectus.

MR. IGNACIO ORTEGA GAVARA, with NIF No. 803.030-P, acting on behalf of SANTANDER DE TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A. (hereinafter, the “Managing Company”), promoter of FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11 (hereinafter, the “Fund”), assumes, on behalf of the Managing Company, the responsibility for the contents of the Prospectus.

MR. IGNACIO ORTEGA GAVARA acts as *Director General* of the Managing Company under the powers conferred in his favour by the Board of Directors in the meeting held on July 31, 1998, partially modified by a resolution passed on February 8, 2000, and explicitly empowered for the incorporation of this Fund by virtue of the powers conferred by the Board of Directors in the meeting held on September 10, 2004.

SANTANDER DE TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A., has its registered office in Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660-Boadilla del Monte (Madrid) with CIF No. A-80481419. The Managing Company is registered with the Special Registries of the Comisión Nacional del Mercado de Valores under No. 1.

I.1.2 Statement regarding the fact that the information included in the Prospectus is true and that no facts are omitted which could alter the scope of the Prospectus.

MR. IGNACIO ORTEGA GAVARA confirms the truthfulness of the information contained in this Prospectus and that no significant data or information has been omitted or will prove misleading.

I.2 Supervising bodies.

I.2.1. Note on the registration of the issuance with the Official Registries of the Comisión Nacional del Mercado de Valores.

This complete Prospectus has been fully registered with the Official Registries of the Comisión Nacional del Mercado de Valores (hereinafter the “Comisión Nacional del Mercado de Valores” or “CNMV”), on November 16, 2004.

The registration of the auditors’ reports and the Prospectus with the Official Registries of the Comisión Nacional del Mercado de Valores merely implies the recognition of their completeness in accordance with the applicable laws. Under no circumstances will this registration lead to the responsibility of the Comisión Nacional del Mercado de Valores for any inconsistency in the information contained therein.

The registration of the Prospectus by the Comisión Nacional del Mercado de Valores will not involve a recommendation to subscribe for the Notes referred to in such Prospectus or any representation whatsoever with regard to the solvency of the Assignor or the Fund, or the profitability or quality of the Notes which are offered.

I.3 Reports on the Credit Rights to be securitised in the Fund.

Article 5 of Royal Decree 926/1998 sets out that as a pre-requisite to the incorporation of the Fund and the issuance of the Notes, reports must be drawn up on the Credit Rights to be securitised by the Fund, either by managing companies, auditors or any other independent experts having, in the opinion of the CNMV, sufficient expertise to do so. ANNEX IV of the Prospectus shows the Audit Report on the Credit Rights deriving from Mortgage Loans and the Credit Rights deriving from Personal Loans to be securitised in the Fund. Such Audit Report has been drawn up by Deloitte & Touche España, S.L., registered on the Official Register of Account Auditors (ROAC) under number S0692 and with registered office in Madrid, calle Raimundo Fernández Villaverde, 65.

The audit on the Credit Rights provides information on a series of characteristics, both quantitative and qualitative, in respect of the portfolio of the Credit Rights and, in particular, identification of the borrower, the date of formalisation of the loan, maturity date, initial amount of the loan, current balance of the loan, remaining term, reference interest rate, margin on the interest rate, applied interest rate, purpose of the loan, payment delinquency, security, insurance against lack of payment, identification of the mortgage property, valuation of the mortgaged property, loan to value ratio, and insurance against damages and fire.

The economic-financial characteristics of the Credit Rights and balances, returns, financial flows, collection terms, maturity dates and redemption methods referred to in Article 6.1.a) of Royal Decree 926/1998 are established in Section IV.4 of the Prospectus.

In addition, in accordance with Article 2.2.1 of Royal Decree 926/1998, the assignment of the Credit Rights in favour of the Fund is subject to the Assignor having the financial statements of the last three fiscal years audited, with an unqualified opinion in respect of the most recent fiscal year. ANNEX VII shows the Statement issued by the Assignor on this regard

I.4 Observations made by the Managing Company.

On the date of registration of this Prospectus, the final spreads applicable for determination of the nominal interest rate of each of the three Classes of Asset Securitisation Notes (hereinafter, the "Notes") have not yet been determined. Consequently, the charts and examples included in this Prospectus which refer to (or otherwise use) the nominal interest rate of the three Classes of Notes have been prepared (except otherwise indicated) by using an indicative figure within the range of spreads applicable to each Class of Notes (0.16% for Class A, 0.40% for Class B and 0.90% for Class C Notes).

CHAPTER II

INFORMATION RELATED TO THE SECURITIES WHICH ARE ISSUED BY THE ASSETS SECURITISATION FUND

II.1 Information about the requirements and required prior resolutions.

II.1.1 Resolutions and Legal requirements.

a) Corporate resolutions.

Resolutions on the assignment of the Credit Rights and the issuance of the Mortgage Participations and Mortgage Transfer Certificates by UCI.

The General Shareholders' Meeting of UCI, in its meeting of September 10, 2004, agreed to assign the Credit Rights deriving from the Personal Loans and to issue Mortgage Participations and Mortgage Transfer Certificates, as described in Section IV.1 of the Prospectus, to be subscribed by the FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11, pursuant to the terms and conditions contained in the Certificate shown in ANNEX I of the Prospectus.

Incorporation of the Fund and issuance of the Notes by the Managing Company.

The Board of Directors of the Managing Company, in its meeting of September 10, 2004, agreed to incorporate the FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11, in accordance with the provisions set forth in Royal Decree 926/1998 and Law 19/1992, of July 7, the acquisition by the Fund of Credit Rights deriving from the Personal Loans and the subscription by the Fund of the Mortgage Participations and Mortgage Transfer Certificates issued by UCI, and the issuance of the Notes by the Fund. ANNEX II shows a Certificate of this resolution.

b) Registration by the Comisión Nacional del Mercado de Valores.

The incorporation of the Fund and the issuance of the Notes must be previously registered with the Official Registries of the CNMV, in accordance with the provisions set forth in Article 5.1.e) of Royal Decree 926/1998 and Article 5.3 of Law 19/1992, of July 7, and Article 26 et seq. of the Law 24/1988, on the Securities Market (hereinafter "Law 24/1988"), as modified by Law 37/1998, of November 16 (hereinafter "Law 37/1998") and by Law 44/2002, of November 22 (hereinafter "Law 44/2002"), among others.

The Prospectus of incorporation of the Fund and issuance of the Notes has been registered with the Official Registries of the Comisión Nacional del Mercado de Valores on November 16, 2004.

c) Execution of the public deed of incorporation of the Fund.

Within five (5) Business Days (as described in Section II.10.1.e) of the Prospectus) following the registration of the Prospectus with the CNMV, the Managing Company, together with Banco Santander Central Hispano, S.A. (hereinafter, the "Bank") and UCI, acting in its capacity as assignor to the Fund of the Credit Rights which are described in Section IV.1 of the Prospectus, will execute the public deed of incorporation of the Fund, assignment of the Credit Rights and issuance of the Notes (hereinafter, the "Incorporation Deed") in accordance with Article 6 of Royal Decree 926/1998. Afterwards, and prior to the

commencement of the Subscription Period, the Managing Company will serve a copy of the Incorporation Deed to the CNMV for filing at the public registries. The date of execution of the Incorporation Deed will be November 17, 2004 (hereinafter, the “Incorporation Date”).

In accordance with the provisions set forth in Article 5.9 of the Law 19/1992, the Notes issued by the Fund will be exclusively represented in book entry form, and the Incorporation Deed will have the effects set forth in Article 6 of Law 24/1988, as modified by the Law 37/1998 and Law 44/2002, among others. In accordance with the aforementioned Article and Article 6 of Royal Decree 116/1992, of 14 February, on the representation of securities through book entries and clearing and settlement of stock market transactions (hereinafter, the “Royal Decree 116/1992”), the deed providing for the issuance of the Notes shall also provide for the representation of the Notes in book entry form.

Pursuant to Article 5.4 of Royal Decree 926/1998, neither the Fund nor the Notes issued shall be registered with the Mercantile Registry.

II.1.2 Information on the requirements and prior resolutions necessary for listing on the Stock Exchange or in an organised secondary market.

After the granting of the Incorporation Deed and once the disbursement of the Notes has been completed (as referred to in Section II.18.5), the Managing Company will request the listing of the Notes in the AIAF Fixed Income Securities Market (Mercado AIAF de Renta Fija, hereinafter, “AIAF”), which is an official secondary securities market recognised in the Sixth Temporary Disposition set forth in Law 37/1998. It is expected that actual listing will take place no later than thirty (30) days after the Disbursement Date. In any case, listing will have to be effective before the first payment date of interest on the Notes (March 15, 2004).

In the event that the listing of the Notes in the AIAF is not completed within the above period, the Managing Company will immediately inform the CNMV and the noteholders and will specify the reasons for such failure, by means of an announcement published in a national newspaper, in accordance with the provisions of Sections III.5.3.b), b’’) and c).

Additionally, the Managing Company will request, on behalf of the Fund, the inclusion of the Notes in Iberclear (as described in Section II.5) in order for the clearing and settlement of the Notes to be carried out in accordance with the operating rules of Iberclear (existing as of the date hereof or which may be approved in the future) with respect to securities listed in the AIAF and represented by book entries.

II.2 Administrative authorisations prior to the issue or offer.

No prior administrative authorisation is required for the issuance of Notes save for the prior registration of the Prospectus with the CNMV.

II.3 Evaluation of the risk inherent in the Notes issued by the Fund, carried out by a rating entity recognised by the Comisión Nacional del Mercado de Valores.

Article 2.3. b) of Royal Decree 926/1998 requires that the credit risk of the Notes issued by the Fund should be evaluated by a rating entity recognised by the Comisión Nacional del Mercado de Valores.

The Managing Company has entrusted the evaluation of the credit risk of the Notes to the international rating agency Standard & Poor's España, S.A. ("S&P España") (100% subsidiary of Standard & Poor's Rating Services), being recognised by the CNMV (the "Rating Agency").

Rating granted to the issue of the Notes

Prior to the registration of this Prospectus, S&P España assigned, on a provisional basis, a (P) AAA rating to the Class A Notes, a (P) A rating to the Class B Notes and a (P) BBB rating to the Class C Notes (hereinafter, the "ratings"). It is expected that the above ratings (AAA rating to the Class A Notes, A rating to the Class B Notes and BBB rating to the Class C Notes) will be confirmed as final ratings by such Rating Agency prior to the commencement of the Subscription Period of the Notes (referred to in Section II.18.3 of the Prospectus).

In the event that the Rating Agency, prior to the commencement of the Subscription Period of the Notes, does not confirm the ratings AAA, A and BBB for Class A, B and C Notes, respectively, the Managing Company will immediately communicate this fact to the CNMV and will disclose this fact to the public as provided in Section III.5.3.b), b'').

Failure to confirm the ratings AAA, A, and BBB for Class A, B and C Notes, respectively, prior to the commencement of the Subscription Period, would constitute a termination event in respect of the incorporation of the Fund and the issuance of Notes.

ANNEX III contains a copy of the letter confirming the provisional ratings issued by S&P España.

Considerations on the ratings of S&P España.

S&P Rating Services rating scales, used by S&P España for long-term and short-term debt, are as follows:

<u>Long-term</u>	<u>Short-term</u>
• AAA	• A-1+
• AA	• A-1
• A	• A-2
• BBB	• A-3
• BB	• B
• B	• C
• CCC	• D
• CC	
• C	
• D	

The long-term debt ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within each category.

S&P España grants an AAA rating to debt issues whose obligor's capacity to pay interest and to repay principal is extremely strong. A ratings are granted to debt issues when the obligor's capacity to meet its financial commitment is strong. S&P España grants an BBB rating to debt issues when, although the obligor's capacity to pay interest and to repay principal is strong, the debt is more susceptible to the adverse effects of changes in circumstances and economic conditions than the obligations in higher rated categories.

The rating is an opinion of the rating agency regarding the credit risk and the capacity of the Fund to pay interest on each Payment Date and to repay principal during the term of this transaction and in any event before the maturity date. It does not constitute an evaluation of the probability of variation of the amortisation dates of the loans from those which were originally expected.

The rating does not constitute an invitation to purchase, sell or keep the Notes. The rating shows only an opinion and is not a substitute for the necessary analysis of the Notes that the potential investors must carry out on them.

The ratings may be reviewed, suspended or withdrawn at any time by S&P España by reason of any information which may come to its notice. Such situations, which will not constitute a reason for prepayment of the Fund, will be immediately reported to both the Comisión Nacional del Mercado de Valores and the noteholders, in accordance with the provisions of Section III.5.3.b), b'').

To carry out the process of rating and review, S&P España relies on the accuracy and completeness of the information provided by the Managing Company, auditors, lawyers and other experts.

Obligations of the Managing Company

The Managing Company undertakes, on behalf of the Fund, to provide S&P España with regular information on the Fund and the performance of the Credit Rights. In addition to the regular information that must be provided, it will also provide such information when reasonably required to do so and in any event when there is a change in the conditions either of the Fund or the agreements entered into by the Fund through its Managing Company or the concerned parties.

The Managing Company will use its best efforts to maintain the ratings of the Notes at their initial level and, in the event that the ratings fall, it will use its best efforts to recover them.

II.4 Nature and name of the Notes which are offered with an indication of the issue number or Class.

The total amount of the issuance of Notes amounts to a nominal amount of eight hundred and fifty million (850,000,000) euro and is composed of eight thousand five hundred (8,500) Notes.

This nominal amount is divided into three Classes of Notes:

- (i) **Class A:** composed of eight thousand two hundred and eleven (8,211) Notes for a total nominal value of eight hundred and twenty-one million one hundred thousand (821,100,000) euro.
- (ii) **Class B:** composed of sixty (60) Notes for a total nominal value of six million (6,000,000) euro.
- (iii) **Class C:** composed of two hundred and twenty nine (229) Notes for a total nominal value of twenty two million nine hundred thousand (22,900,000) euro.

The payment of interest and the subsequent redemption of the principal amount of Class B and Class C Notes is subordinated with respect to the Class A Notes, in accordance with the payment priority order contained in Section V.5.1.b), 2, of the Prospectus.

Subscription or possession of the Notes of one Class does not require or entail the subscription or possession of the Notes of the other Classes.

The Notes have the legal status of fixed income securities, are homogeneous, standardised and, consequently, eligible for trading in organised securities markets.

II.4.1 Legal regime governing the Notes, with details of the procedures which guarantee the certainty and enforceability of the rights of the initial and subsequent holders. Implications of the mandatory connection between the timetable for payment of the principal amount and the interest on the Notes, and the flow of revenues and collections resulting from the assets that are securitised through the Fund, for the financial service of each issue of Notes issued by the Fund.

The issued Notes have the legal status of fixed income securities, with explicit yield.

Having the status of fixed income securities, the Notes are subject to the provisions of Law 24/1988, as amended by Law 37/1998 and Law 44/2002, among others. As set forth in Section II.5 below, the Notes will be represented in book entry form and will be transferred by book entry transfer.

Pursuant to Article 11 of Royal Decree 116/1992, the Notes represented in book entry form will be incorporated as such by means of their registration in the relevant book entry record, which will be kept in accordance with the provisions of Section II.5 below, by Iberclear. Once registered, the Notes will be subject to the provisions of Chapter II, Title I of Law 24/1988 and Royal Decree 116/1992.

Ownership Certificates may be issued at the noteholder's request and at his or her expense. This Ownership Certificate shall include the noteholder's identity, the purpose of the Certificate and the period for which it is effective. Provisions of Section 4 of Chapter I of Title I of Royal Decree 116/1992 shall be applied in this matter.

The Notes may be freely transferred by any means permitted by Law. The ownership of each Note will be transferred by a book entry transfer. The registration of the transfer in favour of the purchaser in the book entry register will have the same effect as the delivery of the Notes and from that moment on, the transfer will be effective vis-à-vis third parties. In this sense, a third party acquiring on an *onerous* basis the Notes in book entry form from a person entitled to transfer them in accordance with the book entry register will not be exposed to disputes regarding the ownership of the Notes save in the case of any act of bad faith or gross negligence by that third party at the time of the transfer.

Difference in regularity between the flow of income and payments of the Fund

Article 3.3 of Royal Decree 926/1998 establishes that the managing companies will be entitled to acquire financial assets on a temporary basis, provided that their credit quality is enough as to not deteriorate the credit quality of the liabilities of the Fund, for the purpose of covering temporary delays between the payments of principal and interest on the Credit Rights and on the Notes issued. For these purposes, the Managing Company, acting on behalf of the Fund, will enter, *inter alia*, into a Guaranteed Rate Reinvestment Rate Agreement with the Bank by virtue of which the amounts deposited at the Cash Account opened with the Bank (including the Reserve Fund, in accordance with Section V.3.1 of the Prospectus) shall be reinvested, but only whilst the credit rating of the short-term debt of the Bank does not fall below A-1, (according to the rating scale of S&P Rating Services), as described in Section II.3 of the Prospectus, in accordance with the terms and conditions described in Section V.3.1 of this Prospectus.

II.4.2 Other implications and risks that, due to the legal and economic nature of the assets which are grouped together in the Fund, might affect the financial performance of the Notes issued by the Fund as a result of the securitisation of such assets.

a) Risk of non-payment of the Credit Rights.

The risk of non-payment of the Credit Rights shall be borne by the holders of the Notes.

As a result, UCI only assumes responsibility for the existence and lawfulness of the Credit Rights, as well as with respect to the capacity by virtue of which it assigns the Credit Rights to the Fund, but it will assume no responsibility for any default in payment by the debtors, whether of principal, interest or any other amounts which might be owed by such debtors under the Mortgage Loans or the Personal Loans, as provided by Article 348 of the Code of Commerce. UCI will also assume no responsibility for ensuring, directly or indirectly, the successful completion of the transaction nor will it provide any support or guarantee, or enter into any repurchase agreement in connection with the Credit Rights, save for those which do not comply on the Incorporation Date with the conditions and characteristics contained in Section IV.1.a) of the Prospectus and in accordance with the provisions set forth therein.

b) Risk of prepayment of the Credit Rights.

The Credit Rights contained in the Fund may be repaid early if the Borrowers prepay, according to the terms and conditions set forth in each of the loan agreements giving rise to the Credit Rights, that part of the Credit Rights which is not yet due or subject to amortisation.

Prepayment risk will be transferred on a quarterly basis, on each Payment Date, to the noteholders in accordance with the provisions set forth in Section II.11 of the Prospectus.

c) Other considerations.

II.4.2.c.1 Protection.

An investment in the Notes may be affected by, among other factors, a deterioration in general economic conditions which may have a negative effect on the payment of the Credit Rights securing the issue of the Fund. In the event that a high level of Credit Rights' delinquency is reached, the protection against losses in the portfolio of Credit Rights which the Notes have the benefit of as a result of the credit enhancement described in Section V.3 of the Prospectus, may be reduced or even lost. Notwithstanding the above, the risk borne by the noteholders is mitigated as a result of the payment priority order set forth in Section V.5.1.b), 2 of the Prospectus.

II.4.2.c.2 Responsibility.

The Notes issued by the Fund do not represent a liability of the Managing Company or the Assignor. The amounts used to pay the liabilities arising from the Notes are only insured or guaranteed within the limits and conditions set forth in the Prospectus. Apart from these guarantees, there are no others granted by any public or private entity, including the Assignor, the Managing Company, or any of its affiliates. The Credit

Rights grouped in the Fund and the rights arising from them are the sole source of income of the Fund and, consequently, the sole source for payment to the creditors of the Fund.

II.4.2.c).3 Liquidity.

There is no guarantee of a minimum amount or minimum regularity for the trading of the Notes in the market. In addition, the Fund may not buy back the Notes from the noteholders. It may however carry out an early redemption in full, *inter alia*, in the event of the early liquidation of the Fund, where the Principal Balance of the Credit Rights pending amortisation is less than 10% of the initial amount, as provided in Section III.8.1 of the Prospectus.

II.4.2.c).4 Profitability.

The prepayment rate of the Credit Rights may be influenced by a variety of geographical, economic and social factors such as seasons, market interest rates, distribution of the portfolio by sector and, in general, the level of economic activity.

The calculation of the internal rate of return, the average life and the duration of the Notes is subject to hypothetical early principal repayment rates which may or may not be fulfilled.

II.4.2.c).5 Certain legal aspects.

On the Incorporation Date of the Fund and issuance of the Notes, the Assignor has made, as set forth in Chapter IV of the Prospectus, among others, a number of representations and warranties related to the characteristics of the Credit Rights, which replicate those set forth in the Incorporation Deed, as well as representations regarding the absence of any obstacle preventing the assignment of the Credit Rights deriving from Personal Loans and the issuance of the Mortgage Participations and the Mortgage Transfer Certificates. However, the Assignor does not guarantee the solvency of the debtors of the Credit Rights. In addition, these guarantees do not entitle the noteholders to claim against the Assignor any right held against the Fund. The Managing Company, as provided in Section II.21 below, is the only entity authorised to represent the noteholders in their relations with any third party or in any claim related to the Fund.

The Assignor, as administrator of the Credit Rights pursuant to Article 2.2.b) of Royal Decree 926/1998, undertakes to act with the same due diligence regarding the Credit Rights as if they were any other loan included in its portfolio.

II.5 Form of representation and name and address of the entity in charge of its book entry.

The Notes will be represented by means of book entries in accordance with Article 5.9 of Law 19/1992 and Royal Decree 116/1992, and will be incorporated as such by means of their registration in the relevant book entry record. The Incorporation Deed will have the effects set forth in Article 6 of Law 24/1998, as amended by Law 37/1998, of November 16, and Law 44/2002, of November 22, among others.

The noteholders will be identified as such in accordance with the book entry record held by the entities participating in Iberclear, which will be appointed in the Incorporation Deed as

the entity in charge of the book entry records of the Notes, in such a way that the clearing and settlement of the Notes is carried out pursuant to the current operating rules of Iberclear, and those which may be applicable in the future, with regard to the securities which are listed in the AIAF and represented through book entries.

The following will be held in the Central Registry for each entity participant in Iberclear, (a) an account showing the balance of the Notes owned by the participant entity at any time, and (b) another account showing the total balance of the Notes registered by each participant entity in the name of third parties.

The accounts of each owner of the Notes will be kept in book entry records held by the participant entities, and will express at all times the value of the Notes they own.

The registered office of Iberclear is located in Madrid, Pedro Teixeira 8, "Iberia Mart I" Building, 28020.

II.6 Face value of the Notes issued by the Fund, the number of Notes included and their numbering, broken down into their respective Classes, if applicable.

The total amount of the issuance of Notes amounts to a nominal amount of eight hundred and fifty million (850,000,000) euro and is composed of eight thousand five hundred (8,500) Notes.

This nominal amount is divided into three Classes of Notes:

- (i) **Class A:** composed of eight thousand two hundred and eleven (8,211) Notes for a total nominal value of eight hundred and twenty-one million one hundred thousand (821,100,000) euro.
- (ii) **Class B:** composed of sixty (60) Notes for a total nominal value of six million (6,000,000) euro.
- (iii) **Class C:** composed of two hundred and twenty nine (229) Notes for a total nominal value of twenty two million nine hundred thousand (22,900,000) euro.

The payment of interest and the subsequent redemption of the principal amount of Class B and Class C Notes is subordinated with respect to the Class A Notes, in accordance with the payment priority order contained in Section V.5.1.b), 2, of the Prospectus.

Subscription or possession of the Notes of one Class does not require or entail the subscription or possession of the Notes of the other Classes.

II.7 Face value and effective value of each security.

The issuance price of the Notes for the three Classes will be one hundred thousand (100,000) euro per Note, free of taxes and subscription expenses for the subscriber.

The expenses and taxes inherent in the subscription of Notes will be borne by the Fund.

The redemption amount of the Notes will be one hundred thousand (100,000) euro per Note, which is equivalent to their nominal amount, free of expenses for the noteholder and payable in instalments on each Payment Date.

II.8 Commissions and related expenses of all kinds which must be borne by the investors upon subscription to the Notes issued by the Fund.

The subscription price set forth above will be exclusive of taxes and subscription expenses for the subscriber.

II.9 Reference, if applicable, to the existence, as the case may be, of commissions to be paid by the holders of the Notes issued by the Fund and which must be represented by book entries, for registration and maintenance of balance.

On the one hand, the fees incurred for the inclusion of the Notes in the Central Registry of Iberclear will be borne by the Fund, and will not be charged to the noteholders. Iberclear will receive no maintenance fee.

On the other hand, the entities participant in Iberclear may establish, in accordance with the legislation currently in force, rates for the commissions and expenses to be charged to the noteholders for the management of securities which they may freely determine, and which may have been communicated to the Banco de España, and/or to the CNMV, as their supervising bodies, from time to time.

II.10 Interest rate clause.

II.10.1 Nominal interest rate.

The Notes will bear a variable annual nominal interest rate, which is payable on a quarterly basis and will be calculated following the criteria set out below.

The annual nominal interest rate will be paid on a quarterly basis on each Payment Date, as described below in Section II.10.3, on the Unpaid Principal Balance of each Class, as provided in Section II.11.3.b), 3.

Withholdings, levies, duties and taxes already established or to be established in the future on capital, interest or returns of the Notes will be solely borne by the noteholders, and their amount will be deducted, as the case may be, by the Managing Company, in the name and on behalf of the Fund, in the manner established by law.

a) Accrued interest.

The duration of the issuance will be divided into successive interest accrual periods (the "Interest Accrual Periods") which will include the days elapsed between each Payment Date, including the initial Payment Date in each Interest Accrual Period and excluding the final Payment Date, in accordance with Section II.10.3, being calculated on the basis of a year of 360 days.

b) Nominal interest rate.

The nominal interest rate for each Interest Accrual Period of the Notes will be that resulting from adding (i) the reference three (3) month EURIBOR interest rate (or four (4) month EURIBOR interest rate for the first Interest Accrual Period, hereinafter, the "First Interest Accrual Period") or, if necessary, its substitute, described in paragraph c) below, and (ii) a spread for each Class, as described in paragraph d) below, all rounded to the nearest one thousandth of a percentage point.

c) Calculation of the EURIBOR interest rate.

(i) The reference interest rate for the determination of the applicable interest rate of the Notes will be the three (3) month EURIBOR interest rate ("*Euro InterBank Borrowing Offered Rate*") (or the four (4) month EURIBOR for the First Interest Accrual Period) calculated, supplied and distributed by REUTERS, which is currently published in the EURIBOR01 electronic pages (or in any other page that might replace such page in the future), as

determined at 11 am (CET time, “*Central European Time*”) on the Interest Rate Fixing Date which is described below.

- (ii) In the event of non-publication of this interest rate, the substitute reference interest rate shall be the interest rate resulting from calculating the simple arithmetic mean of the interbanking interest rates offered for operations of deposits in euro (EURIBOR) with three (3) month maturity (or four (4) month maturity for the First Interest Accrual Period), on the Interest Rate Fixing Date, quoted by the entities listed below:

- Banco Santander Central Hispano, S.A., London Branch;
- BNP Paribas, London Branch; and
- J.P. Morgan Chase, London Branch;

all rounded to the nearest one thousandth of a percentage point.

In the event that the above substitute reference interest rate cannot be applied due to a continued failure to supply the quotation statement by any of the above entities, the interest rate to be applied will be that resulting from applying the simple arithmetic mean of the interest rates provided by the other two (2) entities offering interest rates, all rounded to the nearest one thousandth of a percentage point.

If one of the aforementioned two entities fails to provide the quotation statement, the interest rate to be applied will be the last reference interest rate applied to the last Interest Accrual Period, and so on for the subsequent Interest Accrual Periods for as long as this situation continues.

If two of the above entities started quoting statements again, the substitute reference interest rate would once again apply in accordance with the above rules.

The Managing Company will keep the listings with the content of the relevant REUTERS screen or, as the case may be, the quotation statements of the mentioned entities, as documents evidencing the EURIBOR rate applied.

d) Spread to be added to the reference interest rate for each of the Classes of Notes

The spreads to be added to the reference interest rate, which will be determined as described above, so that the nominal interest rate which the Class A, B and C Notes will accrue on each Interest Accrual Period is obtained will range between 0.12% and 0.18%, both inclusive, for the Class A Notes, between 0.30% and 0.50%, both inclusive, for the Class B Notes, and between 0.70% and 1.00%, both inclusive, for the Class C Notes.

The final spreads applicable to Class A, B and C Notes will be determined and notified by the Co-Managers to the Managing Company before 9:00 hours (C.E.T.) of the Incorporation Date (November 17, 2004). Additionally, the Managing Company will notify those final spreads to the CNMV as additional information. If the Co-Managers do not notify the final spreads to the Managing Company, the latter will determine the following final spreads: 0.16% for Class A Notes, 0.40% for Class B Notes and 0,90 for Class C Notes.

e) Interest Rate Fixing Date.

The nominal interest rate applicable to the Class A, B and C Notes for each Interest Accrual Period will be determined by the Managing Company, in the name and on behalf of the Fund, at 11:00 hours (CET) of the second Business Day preceding each Payment Date, as described in Section II.10.3 below (hereinafter "Interest Rate Fixing Date") according to the TARGET calendar (*Trans European Automated Real-Time Gross Settlement Express Transfer System*). This rate will be applicable to the following Interest Accrual Period.

The interest rate of the Notes of the three Classes for the First Interest Accrual Period shall be determined on the basis of the reference interest rate (one (1) month EURIBOR), at 11:00 hours (CET) on the Incorporation Date provided for in Section II.1.1.c) or, if not a Business Day according to TARGET, the previous Business Day, and it will be disclosed to the public in the announcement of incorporation of the Fund and issue of the Notes as provided in Section III.5.3.b), b').

The nominal interest rates determined for each Class of Notes for the subsequent Interest Accrual Periods shall be communicated to the noteholders as provided in Section III.5.3.a), a').

For the purposes of the issue of the Notes, non-Business Days shall mean any day being:

- (i) Saturday;
- (ii) Sunday;
- (iii) only in reference to the calculation of the nominal interest rate applicable to each Interest Accrual Period, those days which are considered as non-business days in accordance with the TARGET calendar, which include in addition to those referred to in (i) and (ii) above, January 1, Good Friday, Easter Monday, May 1, December 25 and December 26; and
- (iv) a day which is a public holiday in Madrid (for the calculation of the nominal interest rate applicable to each Interest Accrual Period and for the rest of the conditions to the issue of Notes).

Business Days shall mean any day other than those referred to in paragraphs (i), (ii), (iii) -with the limitation provided therein- and (iv).

f) Information chart on the evolution of the reference interest rate to be used

The information shown below on the three (3) month EURIBOR interest rates supplied by REUTERS and the rates that would apply to each Class A, B and C Notes is given for information purposes only:

Dates	EURIBOR	Class A Notes	Class B Notes	Class C Notes
13/08/2003	2.129%	2.2890%	2.5290%	3.0290%
11/09/2003	2.135%	2.2950%	2.5350%	3.0350%
13/10/2003	2.152%	2.3120%	2.5520%	3.0520%
13/11/2003	2.171%	2.3310%	2.5710%	3.0710%
11/12/2003	2.150%	2.3100%	2.5500%	3.0500%
13/01/2004	2.092%	2.2520%	2.4920%	2.9920%
12/02/2004	2.067%	2.2270%	2.4670%	2.9670%
11/03/2004	2.058%	2.2180%	2.4580%	2.9580%
13/04/2004	2.038%	2.1980%	2.4380%	2.9380%
13/05/2004	2.093%	2.2530%	2.4930%	2.9930%
11/06/2004	2.112%	2.2720%	2.5120%	3.0120%
13/07/2004	2.115%	2.2750%	2.5150%	3.0150%
12/08/2004	2.114%	2.2740%	2.5140%	3.0140%
13/09/2004	2.116%	2.2760%	2.5160%	3.0160%
13/10/2004	2.148%	2.3080%	2.5480%	3.0480%

II.10.2 Brief reference to the ranking of payments of interest of the Notes issued by the Fund in the Payment Priority Order of the Fund, and an accurate indication of the paragraph of the Prospectus where the rules of the priority order are established for the payments of the Fund, and specifically those which affect the payment of interest of such Notes, are described.

The payment of interest accrued by the Class A Notes shall rank third (3rd), payment of interest accrued by the Class B Notes shall rank fourth (4th), and payment of interest accrued by the Class C Notes shall rank fifth (5th) in the payment priority order established in Section V.5.1.b), 2 of the Prospectus, except as provided in Section V.5.2 (deferring rules of payment).

II.10.3 Dates, place, entities and procedure for payment of interest.

The interest accrued on the Notes of the three Classes will be paid on the 15th day of March, June, September and December of each year, or if this date is not a Business Date, on the next Business Day, until the Notes are fully repaid (each of these dates being a "Payment Date") in accordance with the procedure provided in Section II.12, first paragraph, of the Prospectus.

In the event that any of the dates set forth in the above paragraph are not Business Days pursuant to Section II.10.1.d) above, the Payment Date will be the next Business Day in Madrid, with interest corresponding to the current Interest Accrual Period provided in Section II.10.1.a) accruing up to such Business Day, excluding such day.

The first payment date of interest on the Notes of the three Classes will be March 15, 2005. Consequently, a full quarter from the date of disbursement of the Notes will have elapsed, so interest will be accrued at the relevant nominal interest rate from and including the Disbursement Date, provided in Section II.18.5, up until but not including March 15, 2005.

Interest to be paid on each Payment Date for each Interest Accrual Period will be calculated in accordance with the following formula:

$$I = N \times i \times \frac{d}{360}$$

Where:

I = Interest to be paid on a given Payment Date.

N = Unpaid Principal Balance of the Notes on the Calculation Date corresponding to such Payment Date.

i = Nominal interest rate expressed as an annual percentage.

d = Number of days elapsed during each Interest Accrual Period.

Interest accrued on the Notes, calculated as provided above, and the amount of the accrued but unpaid interest, shall be communicated to the noteholders as described in Section III.5.3 of the Prospectus, at least one (1) calendar day in advance of each Payment Date.

In the event that the Fund fails to provide for payment of interest accrued on the Notes of either Class on a given Payment Date in accordance with the relevant payment priority order set forth in Section V.5.1.b), 2, the amounts which the noteholders have not received shall be paid on the next Payment Date on which the Fund has sufficient Available Funds. Any deferred amounts of interest will accrue, in favour of the noteholders, the same interest as that applied to the principal of the Notes of their respective Class during the Interest Accrual Period/s until the Payment Date on which such deferred amounts of interest are paid, without accruing any interest for delayed payment and not involving any capitalisation of the debt.

The Fund, through the Managing Company, may not defer payment of interest of the Notes of either of the Classes to a date later than September 15, 2041 (the “Final Maturity Date” of the Notes) or, if this is a non-Business Day, the next Business Day.

In order to better explain to the investor the calculation system used to fix the applicable nominal interest rate and the amount of interest which may correspond to each Note on each Payment Date, Sections II.12.a) and b) provide a practical example, as well as the Theoretical Charts in relation to the Early Repayment Sensitivity of the Loan (“*Cuadros Teóricos del Servicio Financiero del Empréstito*”).

II.11 Redemption of the Notes.**II.11.1 Redemption amount.**

The redemption amount of the Notes of the three Classes of Notes, will be one hundred thousand (100,000) euro per Note, which corresponds to their nominal amount, free of expenses for the noteholder, to be paid in instalments on each Payment Date.

II.11.2 Brief reference to the ranking of the payments of principal of the Notes issued by the Fund in the payment priority order of the said Fund, and an accurate indication of the section of the Prospectus where the rules of order of priority established for the payments of the Fund are described, in particular those which affect the payment of the principal of said Notes.

The payment of principal of the Classes of Notes is ranked sixth (6th) in the payment priority order established in Section V.5.1.b), 2 of the Prospectus.

II.11.3 Redemption methods, specifying dates, place, entities, procedure and publicity.

a) Final Redemption.

The Final Maturity Date and date of final redemption for the Notes will be September 15, 2041 or, in the event that such date is not a Business Day, the next Business Day, without prejudice to any early redemption of the Notes that the Managing Company may carry out in the name and on behalf of the Fund, in accordance with paragraph c) below. In the latter case, the last Payment Date when such early redemption takes place shall be the final date of redemption of the Notes.

b) Partial Redemption.

Notwithstanding the aforementioned, the Fund will make, through its Managing Company, partial redemptions of the Notes of the three Classes in the terms described below:

1. Redemption dates.

The redemption dates will coincide with the Payment Dates for interest and accordingly will be the 15th of March, June, September and December of each year or, if applicable, the next Business Day as provided under Section II.10.3, until redemption in full is made.

The first Payment Date of the principal of Class A Notes will be March 15, 2005 in accordance with the rules set forth in the aforementioned Section.

The first redemption of the Unpaid Principal Balance of Class B Notes shall be carried out on the Payment Date on which the Unpaid Balance of the Class B Notes is equal to or higher than 1.4% of the Unpaid Principal Balance of the three Classes of Notes (subject to paragraph 6 below as regards to redemption of the Class B Notes and Section V.5.2).

The first redemption of the Unpaid Principal Balance of Class C Notes shall be carried out on the Payment Date on which the Unpaid Balance of the Class C Notes is equal to or higher than 5.4% of the Unpaid Principal Balance of the three Classes of Notes (subject to paragraph 6 below as regards to redemption of the Class C Notes and Section V.5.2).

2. Calculation Dates and Periods.

“Calculation Dates” are those dates in which the Managing Company, on behalf of the Fund, shall carry out the required calculations to distribute or withhold Available Funds on such dates, in accordance with the payment priority order set forth in Section V.5.1.b), 2 of the Prospectus.

The Calculation Date for each relevant period shall be the fifth (5th) Business Day in Madrid prior to each Payment Date and the periods between two subsequent Calculation Dates shall be called “Calculation Periods”, with the initial Calculation Date being included in each Calculation Period and the final Calculation Date being excluded.

As an exception, the first Calculation Period shall be that between the Disbursement Date referred to in Section II.18.5 and the first Calculation Date.

3. Unpaid Principal Balances of the Class A, Class B and Class C Notes.

Unpaid Principal Balances will be the principal balances of the Notes pending repayment, including the Principal Due for Repayment of the Notes accrued on previous Payment Dates and not paid due to lack of Available Funds, as provided in paragraph 4 below, and in accordance with the Payment Priority Order described in Section V.5.1.b), 2 of the Prospectus.

4. Principal Due for Repayment on each Payment Date.

The Principal Due for Repayment of the Notes of the three Classes of Notes, A, B and C, without distinguishing between them, will be equal to the existing difference, in absolute value, between the sum of the Unpaid Principal Balance of the three Classes of Notes on the Calculation Date prior to each Payment Date and the Principal Balance of the Credit Rights, prior deduction from the Principal Balance of the Credit Rights of a percentage of the principal amount of the Credit Rights with eighteen (18) months or more in arrears.

Regarding the Mortgage Loans, such percentage will depend on the months of delay in payment of the owed amounts (T) and the loan to value (LTV) of the underlying Mortgage Loan (PH), in accordance with the following rules:

MORTGAGE LOANS:

% LTV	T=18 months	T=24 months	T=36 months	T=48 months
>80%	PH x 100%	PH x 100%	PH x 100%	PH x 100%
80%-60%	PH x 50%	PH x 75%	PH x 100%	PH x 100%
60%-40%	PH x 25%	PH x 50%	PH x 75%	PH x 100%
<40%	0%	0%	PH x 25%	PH x 50%

Example:

PH: Euro 60,000. LTV = 65%

$60,000 \times 50\% = \text{Euro } 30,000$ (18 months of delay)

PH: 90,000 LTV = 45%

$90,000 \times 25\% = \text{Euro } 22,500$ (18 months of delay)

Regarding the Personal Loans (PP), the percentage will be determined on the basis of the months of delay in the payment of the amounts due (T).

PERSONAL LOANS:

T= Delay	T=18 months	T=24 months	T=36 months	T=48 months
Unpaid principal balance of the Personal Loans (PP) with GEMI	PP x 25%	PP x 50%	PP x 75%	PP x 100%

The principal balance of the Credit Rights (the “Principal Balance of the Credit Rights”) will include the principal due but not paid and the outstanding principal.

5. Amount for the redemption of principal on each Payment Date, and Principal Deficiency.

The Principal Due for Repayment of the Notes that may be withheld under point 6 of the payment priority order provided in Section V.5.1 of this Prospectus, depending on the existing liquidity, will constitute the Available Funds for Repayment.

The Principal Deficiency, if any, will be the difference between the Principal Due for Repayment of the Notes and the Available Funds for Repayment.

6. Allocation of the Available Funds for Repayment between the Notes of each Class.

Available Funds for Repayment representing the amounts available pursuant to the sixth (6th) item of Section V.5.1.b), 2, of the payment priority order, will be fully allocated for such redemption in accordance with the following rules:

- 1st Up to and excluding the first Payment Date on which the Unpaid Principal Balance of the Class B Notes is equal to or higher than 1.4% of the Unpaid Principal Balance of the of the three Classes of Notes, the Available Funds for Repayment shall be fully allocated to the redemption of the Unpaid Principal Balance of the Class A Notes.
- 2nd From the Payment Date on which the Unpaid Principal Balance of the Class B Notes is equal to or higher than 1.4% of the Unpaid Principal Balance of the whole issue of Notes, the Available Funds for Repayment shall be allocated pro rata to the amortisation of the Unpaid Principal Balance of Class A Notes and Class B Notes, so that the ratio between the Unpaid Principal Balance of the Class B Notes and the Unpaid Principal Balance of the three Classes of Notes is maintained at 1.4%.
- 3rd From the Payment Date on which the Unpaid Principal Balance of the Class C Notes is equal to or higher than 5.4% of the Unpaid Principal Balance of the three Classes of Notes, the Available Funds for Repayment shall be allocated pro rata to the amortisation of the Unpaid Principal Balance of Class A, B and C Notes, so that the ratio between the Unpaid Principal Balance of the Class B Notes and the Unpaid Principal Balance of the three Classes of Notes is maintained at 1.4% and the ratio between the Unpaid Principal Balance of the Class C Notes and the Unpaid Principal Balance of the three Classes of Notes is maintained at 5.4%.

Regarding the redemption of the Class B and Class C Notes, even if all of the above requirements are met, this redemption shall not take place if any one of the circumstances below occur:

- (i) the Principal Balance of the Credit Rights with a default in payment equal or in excess of ninety (90) days on the Calculation Date immediately prior to the current Payment Date is equal to or higher than 2% of the Principal Balance of the Credit Rights on that date.
- (ii) there is a Principal Deficiency higher than 100% of the amount corresponding to the Class C Notes, as described above in paragraph 5.
- (iii) the amount of the Reserve Fund does not reach the minimum required amount (established in Section V.3.3 of this Prospectus).
- (iv) the Principal Balance of the Credit Rights is lower than 10% of their initial amount.

If any one of the above circumstances occur, all the Available Funds for Repayment shall be allocated to the redemption of the Class A Notes. Once all the circumstances referred to in (i), (ii), (iii) and (iv) above have disappeared, redemption of Class B and Class C Notes will be resumed.

Despite the above, any amounts that the noteholders may not receive on a given Payment Date as repayment of the Notes, as a result of the lack of sufficient liquidity in the Fund due to the payment priority order set forth in Section V.5.1.b) of this Prospectus (i.e. if there is a Principal Deficiency), shall be paid on the next Payment Date together with the amount to be paid on such Payment Date as repayment of the Notes, such amounts accruing the interest applicable to each Class of Notes (since they will form part of the unpaid principal balance of the Notes of the three Classes, which is the amount pending repayment on each of the Classes of Notes (“Unpaid Principal Balance of the Notes”)).

The Managing Company will notify to the noteholders as provided in Section III.5.3.a), a’) the repayment amounts to be distributed, the Unpaid Principal Balances of the Notes, the Principal Deficiency, if any, as well as the actual rates of prepayment of the Credit Rights and the estimated remaining term of the Notes.

7. Certificates

Within seven (7) Business Days following each Payment Date, the Managing Company will issue a certificate signed by a duly empowered person, which will provide evidence of: the Unpaid Principal Balances of the Notes, the Principal Deficiency unpaid due to an insufficiency of Available Funds, as provided in this section, and if applicable, the amount of interest accrued and unpaid to the noteholders in accordance with Section II.10.3 of the Prospectus.

Such certification will be submitted to the Comisión Nacional del Mercado de Valores, to the entity in charge of the accounting record and to the governing authority of the AIAF, to make it available to the public.

c) Prepayment.

Without prejudice to the obligation of the Fund to repay the Notes through the Managing Company on the Final Maturity Date and without prejudice to the preceding paragraphs, the Fund will be entitled, subject to Article 5.3 of Law 19/1992, to liquidate the Fund, through the Managing Company and consequently to repay in advance all the Notes on a Payment Date, if the Principal Balance of the Credit Rights is lower than 10% of their initial balance, if and when the result

of selling the unpaid Credit Rights plus the existing balance of the Cash Account allows a total cancellation of all the obligations due to the noteholders after fulfilling the priority payment order as described in Section V.5.

The following requirements must be met in order to proceed with the early liquidation of the Fund:

- (i) all payment obligations may be complied with and fully cancelled; and,
- (ii) the Managing Company notifies the noteholders as provided in Sections III.5.3.b), b”) and c), thirty (30) Business Days before the early liquidation date, which shall necessarily be a Payment Date. Such notice (previously given to the Comisión Nacional del Mercado de Valores) shall contain the liquidation procedure as described below and the means to obtain enough liquidity, in order to pay and cancel all the obligations deriving from the Notes. The prepayment will necessarily be conducted over all of the Notes.

In addition, the liquidation of the Fund and the prepayment of the Notes will take place in the event that the Managing Company is declared to be in liquidation, suspension of payments (“*suspension de pagos*”), bankrupt (“*quiebra*”) or insolvency (“*concurso*”) in accordance with Law 22/2003, of July 9, on Insolvency, or in case its authorisation was revoked and a new managing company was not designated within a term of four months in accordance with Section III.3.2 of the Prospectus.

The prepayment of all the Notes, in the above scenarios, will be conducted over the Unpaid Principal Balance of the Notes up to that date plus the accrued but unpaid interest from the last Payment Date up to the prepayment date, reduced, as the case may be, with the relevant withholding tax and free of expenses for the noteholder. These amounts shall be deemed to be legally due and payable on that date.

In order to allow the Fund, through its Managing Company, to prepay the Notes in the events referred to in this Section and, specifically, in order to raise enough liquidity from the Fund to pay the Unpaid Principal Balance of the Notes, plus the accrued but unpaid interest from the last Payment Date until the date of prepayment, the Managing Company, on behalf of the Fund, or the depository of the Credit Rights, as the case may be, shall be entitled to:

- (i) sell the Credit Rights at a price not lower than the sum of the principal value plus the accrued but unpaid interest of the Credit Rights pending amortisation; and/or,
- (ii) cancel those agreements which are not necessary to carry out the liquidation of the Fund; and/or,
- (iii) sell the assets which belong to the Fund, if the previous actions prove insufficient or if there are assets remaining. The Managing Company will be authorised to accept those offers that, at its opinion, cover the market value of the relevant asset and be paid in cash. To establish the market value, the Managing Company may be entitled to obtain the reports that it may find appropriate.

Section III.8 of this Prospectus describes other events of cancellation of the Fund and its consequent early liquidation.

II.12 Table of the financial service of the loan, including both the payments of interest and the redemption of principal for each of the-classes of Securitisation Notes to be issued by the Fund.

The administration of payments (“*servicio financiero*”) of the Notes shall be provided by the Bank, which will be considered the Paying Agent for these purposes. The payment of interest and redemptions of principal shall be communicated to the holders of the Notes as provided in Section III.5.3.a), a”). The payment of interest and redemptions of principal by the noteholders shall be made by presenting the relevant document evidencing their ownership or through the appropriate Certificate of Ownership issued by the entity in charge of the relevant book entry registry as indicated in Section II.5 of the Prospectus.

a) Practical example of the calculation of the nominal interest rate.

In accordance with Section II.10.3 and in order to make it easier for the subscriber to understand the calculation system used for the nominal interest rate and the amount of interest to be received per Class A Note on each Payment Date, the example given below indicates the method of calculation for this Class:

- 3 month EURIBOR rate: 2.148%
 - Spread (average value of the range established in Section II.10.1.d), which may differ from the final spread): 0.16%
-
- Amount of interest per Note: 2.308%
- Period of interest per Note: 92 days (*)
 - Unpaid Principal Balance of the Note: 100,000 euro
- $$\frac{2.308 \times 92 \times 100,000}{100 \times 360} = 589.822222 \text{ euro}$$
- Rounded up to the nearest cent: 589.82 euro

(*) taking as an example a quarter of such duration, for instance, June, July and August.

Consequently, the amount of interest to be received for each Class A Note would be 589.82 euro on an Unpaid Principal Balance of 100,000 euro. The example would be identical for the Class B Notes, substituting the Class A spread of 0.16%, for the spread corresponding to Class B (0.40%). Accordingly, the nominal interest rate to be applied to Class B Notes would be 2.548% and the amount of interest to be received for each Class B Note would be 651.16 euro. For Class C the spread would be 0.90%, thus the interest rate to be applied to Class C Notes would be 3.048 and the amount of interest to be received for each Class C Note would be 778.93 euro.

b) Table of the Prepayment Sensitivity (“*Cuadros del servicio financiero del empréstito*”) of the loan.

The main characteristic of the Notes is their periodic redemption. As a result, their average life and duration depend fundamentally on the speed at which the debtors repay their Loans.

The advanced repayments that the debtors decide to make, subject to changes and estimated in the Prospectus through the use of the Constant Annual Prepayment Rate (hereinafter “CPR”), will have a direct effect on the speed of repayment of the Credit Rights and the average life and duration of the Notes.

Other variables exist which are also subject to changes, and which affect the average life and duration of the Notes. The variables and their hypothetical values assumed in all the charts provided in this Section are the following:

- that the interest rate of the portfolio of Credit Rights is 4.27% ;
- that the proportion of the portfolio of Credit Rights in arrears is 0.60% annually and 0.05% monthly, with a 12 month recovery period;
- that the proportion of the portfolio of Credit Rights in default is 0%;
- that the CPR stays constant throughout the lifetime of the Notes;
- that the Disbursement Date of the Notes is November 22, 2004;
- that the Principal Deficiency does not exist; and
- that the borrowers do not exercise their special instalment “Cuota Comodín” right nor their right to limit the growth of the instalment on the basis of the Consumer Price Index (as described in Section IV.4 of the Prospectus) in the event that the interest on their Mortgage Loans is increased.

Finally, the actual adjusted duration of the Notes will also depend on their floating interest rates. In all the charts provided in this Section the rate is assumed to be constant at 2.3080% for the Class A Notes, 2.5480% for the Class B Notes, and 3,0480% for the Class C Notes.

Assuming that the Fund exercises the early repayment option set out in the first paragraph of Section II.11.3.c) (where the Principal Balance of the Credit Rights is lower than 10% of its initial amount), the average life and duration of the Notes as well as the Internal Rate of Return (hereinafter, “IRR”) with different CPR set out in the chart below, would be the following:

% CPR	0	4	5	8	10	12	15	20	25
CLASS A									
Average life	16.28	10.93	9.97	7.73	6.63	5.79	4.75	3.71	2.97
IRR	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33	2.33
Duration	13.69	9.00	8.30	6.63	5.78	5.12	4.40	3.40	2.76
Final maturity	27.43	23.68	22.34	18.67	16.42	14.67	12.09	9.67	7.59
CLASS B									
Average life	23.36	17.45	16.10	12.71	11.01	9.61	7.93	6.17	4.92
IRR	2.57	2.57	2.57	2.57	2.57	2.57	2.57	2.57	2.57
Duration	19.04	13.90	13.00	10.63	9.39	8.33	7.24	5.57	4.52
Final maturity	27.43	23.68	22.34	18.67	16.42	14.67	12.09	9.67	7.59
CLASS C									
Average life	23.36	17.28	15.94	12.58	11.02	9.51	7.91	6.11	4.87
IRR	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08
Duration	18.95	13.74	12.84	10.50	9.35	8.22	7.19	5.50	4.46
Final maturity	27.43	23.68	22.34	18.67	16.42	14.67	12.09	9.67	7.59

The above figures were calculated by using the following formulas:

Average life of the Notes:

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

Where:

A = Average life of each Class of issued Notes expressed in years.

B = Principal of each Class of Notes to be repaid on each Payment Date, in accordance with the amount to be repaid corresponding to each Class of Notes, pursuant to Section II.11.3.b), 4.

d = Number of days elapsed between the Disbursement Date and the relevant Payment Date.

C = Total nominal value of each Class A, B and C Notes in euro.

Duration of the Notes (Macaulay adjusted formula):

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

Where:

D = Duration of each Class of Notes expressed in years.

P = Time elapsed (in years) between the Disbursement Date and each Payment Date.

VA = Present value of each amount comprising gross principal and interest, to be paid on each Payment Date with a deduction of the gross effective interest rate (IRR), which is 2.3281% for Class A, 2.5724% for Class B and 3.0830% for Class C.

PE = Price of issue of the Notes (100,000 euro).

I = Gross internal rate of return ("IRR"), which is 2.3281% for Class A, 2.5724% for Class B and 3.0830% for Class C.

Finally, the Fund states that the tables of the financial service of the loan shown herein are merely theoretical and therefore impose no payment obligation whatsoever, bearing in mind that:

- The CPR are assumed to be constant at 15% throughout the life of the loan, although the actual rate of early repayment changes continuously.
- The Unpaid Principal Balance of the Notes on each Payment Date and the interest to be paid on each of such dates will depend on the actual rate of early repayment which may affect the portfolio of Credit Rights.
- The nominal interest rates of the Notes are assumed to be constant at 2.3080% for the Class A Notes, 2.5480 for the Class B Notes and 3.0480% for the Class C Notes, although the interest rate of both Classes is floating.
- The hypothetical values mentioned at the beginning of this Section are assumed in all cases.

- It is assumed that the issuer will exercise the option of early repayment provided in Section II.11.3.c).

CASH FLOWS PER NOTE EXCLUDING WITHHOLDING FROM THE NOTEHOLDERS
(EUROS)
C.P.R. = 15%

DATE	PRINCIPAL PAYMENT ON CLASS A NOTES	GROSS INTEREST CLASS A NOTES	TOTAL CLASS A NOTES	PRINCIPAL PAYMENT ON CLASS B NOTES	GROSS INTEREST CLASS B NOTES	TOTAL CLASS B NOTES	PRINCIPAL PAYMENT ON CLASS C NOTES	GROSS INTEREST CLASS C NOTES	TOTAL CLASS C NOTES
22-nov-04									
15-mar-05	5,946.84	724.46	6,671.29	0.00	799.79	799.79	0.00	956.73	956.73
15-jun-05	4,236.49	554.75	4,791.24	0.00	651.16	651.16	0.00	778.93	778.93
15-sep-05	4,053.75	529.76	4,583.51	0.00	651.16	651.16	0.00	778.93	778.93
15-dic-05	3,929.68	500.35	4,430.03	0.00	644.08	644.08	0.00	770.47	770.47
15-mar-06	3,858.91	472.18	4,331.09	0.00	637.00	637.00	0.00	762.00	762.00
15-jun-06	3,691.67	459.91	4,151.58	0.00	651.16	651.16	0.00	778.93	778.93
15-sep-06	3,531.08	438.14	3,969.21	0.00	651.16	651.16	0.00	778.93	778.93
15-dic-06	3,377.69	412.77	3,790.46	0.00	644.08	644.08	0.00	770.47	770.47
15-mar-07	3,228.21	388.75	3,616.96	0.00	637.00	637.00	0.00	762.00	762.00
15-jun-07	3,087.70	378.35	3,466.04	0.00	651.16	651.16	0.00	778.93	778.93
15-sep-07	2,952.07	360.13	3,312.21	0.00	651.16	651.16	0.00	778.93	778.93
15-dic-07	2,823.28	339.00	3,162.28	0.00	644.08	644.08	0.00	770.47	770.47
15-mar-08	2,699.42	322.52	3,021.95	0.00	644.08	644.08	0.00	770.47	770.47
15-jun-08	2,581.36	310.15	2,891.51	0.00	651.16	651.16	0.00	778.93	778.93
15-sep-08	2,419.93	294.92	2,714.86	1,363.52	651.16	2,014.68	1,359.45	778.93	2,138.39
15-dic-08	2,204.13	277.60	2,481.73	4,513.44	635.30	5,148.74	4,392.30	759.99	5,152.29
15-mar-09	2,102.19	261.83	2,364.02	4,359.08	599.56	4,958.65	4,356.62	718.17	5,074.79
15-jun-09	2,009.54	255.25	2,264.79	4,168.06	584.50	4,752.56	4,173.13	700.20	4,873.33
15-sep-09	1,920.51	243.40	2,163.91	3,983.44	557.36	4,540.81	3,988.75	667.69	4,656.44
15-dic-09	1,835.85	229.55	2,065.40	3,807.83	525.65	4,333.48	3,812.90	629.70	4,442.60
15-mar-10	1,754.28	216.43	1,970.71	3,638.67	495.62	4,134.29	3,643.57	593.73	4,237.29
15-jun-10	1,676.73	210.89	1,887.63	3,477.81	482.94	3,960.75	3,472.46	578.54	4,061.00
15-sep-10	1,602.31	201.00	1,803.32	3,323.46	460.29	3,783.75	3,327.93	551.41	3,879.34
15-dic-10	1,531.27	189.47	1,720.74	3,176.10	433.88	3,609.98	3,180.36	519.78	3,700.14
15-mar-11	1,462.48	178.55	1,641.03	3,033.45	408.88	3,442.34	3,037.60	489.83	3,527.43
15-jun-11	1,397.45	173.89	1,571.34	2,898.54	398.21	3,296.76	2,902.45	477.06	3,379.51
15-sep-11	1,334.78	165.65	1,500.43	2,768.58	379.34	3,147.92	2,772.35	454.45	3,226.80
15-dic-11	1,275.24	156.06	1,431.31	2,645.07	357.39	3,002.46	2,648.65	428.15	3,076.80
15-mar-12	1,217.41	48.62	1,366.03	2,525.15	340.35	2,865.50	2,528.65	407.74	2,936.39
15-jun-12	1,162.94	143.08	1,306.02	2,412.15	327.65	2,739.80	2,415.43	392.53	2,807.96
15-sep-12	1,110.03	136.22	1,246.25	2,302.44	311.94	2,614.38	2,305.64	373.71	2,679.35
15-dic-12	1,060.21	128.26	1,188.47	2,199.07	293.72	2,492.79	2,202.08	351.89	2,553.97
15-mar-13	1,012.03	120.73	1,132.76	2,099.15	276.48	2,375.63	2,102.06	331.24	2,433.30
15-jun-13	966.45	117.45	1,083.90	2,004.60	268.96	2,273.56	2,007.35	322.23	2,329.58
15-sep-13	922.20	111.75	1,033.95	1,912.85	255.91	2,168.75	1,915.53	306.59	2,222.12
15-dic-13	880.53	105.15	985.68	1,826.38	240.80	2,067.19	1,828.91	288.50	2,117.40

DATE	PRINCIPAL PAYMENT ON CLASS A NOTES	GROSS INTEREST CLASS A NOTES	TOTAL CLASS A NOTES	PRINCIPAL PAYMENT ON CLASS B NOTES	GROSS INTEREST CLASS B NOTES	TOTAL CLASS B NOTES	PRINCIPAL PAYMENT ON CLASS C NOTES	GROSS INTEREST CLASS C NOTES	TOTAL CLASS C NOTES
15-mar-14	839.71	98.92	938.63	1,741.77	226.52	1,968.29	1,744.25	271.39	2,015.64
15-jun-14	801.64	96.16	97.80	1,662.76	220.22	1,882.98	1,665.07	263.84	1,928.91
15-sep-14	764.16	91.43	855.59	1,585.05	209.39	1,794.44	1,587.34	250.87	1,838.21
15-dic-14	729.39	85.98	815.37	1,512.91	196.90	1,709.81	1,515.02	235.91	1,750.93
15-mar-15	695.98	80.83	776.81	1,443.62	185.10	1,628.73	1,445.65	221.77	1,667.43
15-jun-15	664.19	78.52	742.71	1,377.67	179.82	1,557.49	1,379.60	215.44	1,595.04
15-sep-15	633.33	74.60	707.93	1,313.67	170.85	1,484.52	1,315.55	204.70	1,520.25
15-dic-15	604.28	70.10	674.38	1,253.41	160.53	1,413.94	1,255.18	192.33	1,447.51
15-mar-16	576.00	66.57	642.57	1,194.77	152.45	1,347.22	1,196.50	182.66	1,379.16
15-jun-16	549.47	63.91	613.38	1,139.73	146.35	1,286.08	1,141.35	175.35	1,316.70
15-sep-16	523.78	60.66	584.45	1,086.46	138.93	1,225.39	1,088.03	166.46	1,254.49
15-dic-16	499.55	56.95	556.50	1,036.20	130.42	1,116.62	1,037.67	156.27	1,193.94
15-mar-17	9,261.84	53.44	9,315.28	19,213.08	122.39	19,335.47	19,244.62	146.64	19,391.26
	100,000.00	11,235.04	2.3281%	100,000.00	20,733.94	2.5724%	100,000.00	24,820.83	3.0830%

II.13 Effective interest estimated for the noteholder, in accordance with the characteristics of the issue, specifying the calculation method used and the anticipated expenses in accordance with their actual nature.

Effective interest for the noteholder.

If the annual nominal interest rates applicable to the three Classes, A, B and C, were kept constant throughout the life of the Notes at the interest rates of 2.3080%, 2.5480% and 3.0480%, such interest rates would be transformed into annual and gross IRR for the noteholder of 2.3281%, 2.5724% and 3.0830%, as shown in the chart included in Section II.12.b). This is due to the effect produced by the quarterly payment of interest, which is calculated as an internal rate of return without taking into consideration the effects of tax, and always incorporating the assumptions contained in the aforementioned Section.

The IRR was calculated using the following formula:

$$100,000 = \sum_{i=1}^N ai(1 + I)^{-[ni/365]}$$

Where:

I = IRR expressed as an annual rate, on a per unit basis.

ai = Total amounts of repayment and interest which will be received by noteholders (and, as regards the cash flows received by the noteholders which are subject to withholding, the recovery of the relevant annual withholding).

(a1 aN)

ni = Number of days elapsed between the Disbursement Date of the issuance and March 15, June 15, September 15 and December 15 of each year (and, as regards the cash flows received by the noteholders which are subject to withholding, the recovery of the relevant annual withholding), not inclusive.

II.14 Effective interest estimated for the Fund at the time of issue of the Notes, taking into account all expenses incurred in design and placement, and specifying the method of calculation.

In the event that the floating nominal interest rate of the Notes remains constant throughout the life of the loan at a rate of 2.3080% for the Class A Notes, 2.5480% for the Class B Notes and 3.0480% for the Class C Notes, such rates would be transformed into an internal rate of return (IRR) for the whole amount of the issue of 2.5515% for a CPR of 15%, calculated in accordance with the assumptions mentioned in Section II.12.b) as the liquid value of the issuance, after deductions for expenses of the issuance, from the values of all the payments for interest, repayments and cancellation expenses updated to the date of issue.

The anticipated expenses are as follows:

a) Incorporation expenses (documentation, publications and fees):

	euro
• CNMV Fees ^(*)	63,767.93
• AIAF and Iberclear Fees (0,059‰ + VAT):.....	50,253.52
• Others:.....	82,338.66
	<hr/>
Subtotal (0.023%):	196,360.11

b) Issue expenses:

	euro
• Managing Company Fee:	100,000.00
• Underwriting Fees:	
* Class A (0.0425%) ¹ :	348,967.50
* Class B (0.1000%):	6,000.00
* Class C (0.1000%):	22,900.00
	<hr/>
Subtotal (0.056%):	477,867.50

GRAND TOTAL (0.079%): **674,227.61**

(*) 0.14‰ of the total of the issue (maximum of 38,267.93) for the registration procedure, and 0.03‰ of the total of the issue for the listing procedure.

The expenses resulting from the liquidation of the Fund will be borne by the Fund.

The expenses incurred in the audit of the portfolio of Credit Rights have been paid by UCI, as Assignor.

II.15 Existence or non-existence of special guarantees of the Credit Rights or the Notes.**Guarantees of UCI:**

UCI, as Assignor, undertakes to repurchase from the Managing Company, on behalf of the Fund, the Credit Rights which do not conform on the Incorporation Date to the statements contained in paragraph IV.1.a) for their unpaid capital balance and the unpaid accrued interest, provided that it is not possible to substitute them in accordance with Section IV.1.d) of the Prospectus.

¹ Underwriting fees are estimated, since the Subscription Agreements provide for a range of underwriting fees (Section II.19.1 of this Prospectus)

Additionally, UCI guarantees, without prejudice to Section IV.1.a), that if any of the debtors has any credit right against UCI and proceeds to exercise it by setting-off this credit against the debt derived from the Mortgage Loan or Personal Loan assigned to the Fund subject to Article 1,198 of the Civil Code, UCI shall pay to the Fund, in the Cash Account described in Section V.3.1 a), an amount equal to the set off amount which would have been due to the Fund. Nevertheless, UCI represents in Section IV.1.a), 28 that, at the time of the assignment, it has no knowledge of any of the debtor or their guarantors being a creditor of the Bank with the capacity to claim for compensation.

All the amounts received by UCI (i) from the debtors as principal, ordinary interest or arrears interest, calculated at the same rate than the ordinary interest applicable to each relevant loan, or (ii) that may be paid to UCI as designated beneficiary of the insurance policy against damages or any other type of insurance policy which have been subscribed by the debtors in connection to the Credit Rights and have been assigned by UCI to the Fund, will be delivered by UCI to the Fund through the Managing Company.

Guarantees of the Bank:

The Bank guarantees that in the event of winding-up, suspension of payments, bankruptcy or insolvency, in accordance with Law 22/2003, of July 9, on Insolvency, of UCI, the Bank shall indemnify the Fund of the damages arising from such situation, including those resulting of the non-fulfilment by UCI of its obligation of management of the Credit Rights assigned and, in particular, the Bank shall directly pay to the Fund the relevant amounts of principal, interest and indemnifications.

The Bank will not receive any fee for the abovementioned undertakings.

None of the above undertakings of the Assignor and the Bank shall be regarded as a payment guarantee in the event of the default of the debtors.

II.16 Law governing the transfer of the Notes, indicating, in particular, if there are any restrictions on their free transferability.

The Notes are not subject to any particular restriction on their free transferability, which will be carried out in accordance with the conditions set forth in Section II.4.1 of the Prospectus.

II.17 Listing of the Notes issued.

In accordance with Article 5.9 of Law 19/1992, the Managing Company shall request, after the execution of the Incorporation Deed and once the disbursement of the Notes (as described in Section II.18.5) has been carried out, the listing of the issuance of Notes in AIAF (an official secondary securities market recognised in the Sixth Temporary Disposition set forth in Law 37/1998, by virtue of which Law 24/1988 is amended). The listing will be completed no later than thirty (30) days after the Disbursement Date and always before the first interest payment date of the Notes (March 15, 2005).

Likewise, once the Notes are subscribed, the Managing Company will request, in the name and on behalf of the Fund, the inclusion of the issuance of Notes in Iberclear, thus ensuring that the clearing and settlement of the Notes is carried out in accordance with the operating rules which Iberclear has established or may establish in the future with regard to securities listed in AIAF and represented through book entries.

The Managing Company expressly acknowledges that it is aware of the requirements and conditions required for the listing, presence and delisting of securities on AIAF in accordance with the legislation currently in force and the requirements of its governing bodies. The Fund in turn agrees, through the Managing Company, to meet and comply with these requirements and conditions.

In the event that the listing of the Notes in AIAF is not completed within the above term, the Managing Company shall immediately inform the CNMV and the noteholders, indicating the reasons and the new anticipated listing date in a national newspaper, in accordance with Sections III.5.3.b), b') and c) of the Prospectus, without prejudice to the potential liability of the issuer of the Notes in the event that the lack of fulfilment was its fault.

II.18 Applications for subscription and acquisition.

II.18.1 Group of potential investors to whom the Notes are offered.

It is intended that the Notes will be sold to institutional or professional investors, either with or without legal status, such as, without limitation, Pension Funds, Collective Investment Institutions or Insurance Entities, Credit Entities, Securities Agency or entities authorised to manage securities' portfolios that regularly and on a professional basis carry out investment on securities.

UCI does not intend, in principle, to subscribe any of the Notes to be issued.

II.18.2 Legal suitability of the Notes.

The following legal considerations are applicable to the Notes to be issued by the Fund, once they have been listed in AIAF, for the purposes of being subscribed by certain investors:

- (i) In accordance with Royal Decree 2345/1996, of November 8, the Notes are appropriate for the investment of the compulsory reserves of Reciprocal Guarantee Entities (*Sociedades de Garantía Recíproca*);
- (ii) The Notes may be acquired by Insurance Entities in order to comply with their obligations under technical provisions, in accordance with Royal Decree 2486/1998, of November 20, as amended by Royal Decree 297/2004, of February 20, among others;
- (iii) The Notes may be acquired by Pension Funds in accordance with Article 34 of Royal Decree 304/2004, of February 20;
- (iv) The Notes may be acquired by Collective Investment Institutions in accordance with the particular rules established for each one by Royal Decree 1393/1990, of November 2, as amended by Royal Decree 91/2001, of February 2, and the Order of May 28, which modifies the Order of June 7, on Cooperation Treaties related to Investment Funds in government debt ("*Fondtesoros*"), provided that they do not oppose Law 35/2003, of November 4, until its subsequent regulations come into force;
- (v) In accordance with the Ministerial Order of December 29, 1992, as amended by the Orders of April 13, 2000 and January 8, 2003, among others, on equity and supervision on a consolidated base of securities companies and agencies and their groups, the Notes will receive the risk weighting corresponding to the asset of highest risk weighting.

II.18.3 Subscription Period.

The subscription period of the Notes (the "Subscription Period") will have a duration of eight (8) hours from 9:00 to 17:00 on the immediately subsequent Business Day on which the announcement of the incorporation of the Fund and issue of the Notes is published, as provided in Sections III.5.3.b), b') and c) of the Prospectus.

The Subscription Period will be November 19, 2004.

II.18.4 Where and by whom may the subscription or acquisition be processed.

The applications for subscription of the Domestic Tranche described in Section II.19 may be carried out by any means permitted by law during the Subscription Period referred to in Section II.18.3, and should be addressed to the Underwriting Entities of the Domestic Tranche: The Bank, Treasury Department, located at Avda. de Cantabria s/n, 28660-Boadilla del Monte (Madrid) and BNP Paribas, Sucursal en España (hereinafter, “BNP Paribas”), located at Ribera de Loira 28042 Madrid, and Confederación Española de Cajas de Ahorro (“CECA”) located in Alcalá 27, Madrid.

The applications for subscription of the International Tranche described in Section II.19 shall be made in accordance with the provisions contained therein, addressed to the Underwriting Entities of the International Tranche: The Bank, Treasury Department previously referred to, BNP Paribas Departamento de Tesorería (Financial Centre) located in London, 10 Harewood Avenue, London NW1 6AA, and Fortis Bank Departamento de Tesorería located in Montagne du Parc 3, 1000 Brussels (Belgium).

Each of the Domestic Tranche Underwriting Entities and International Tranche Underwriting Entities will subscribe the amount of Notes pending subscription at the end of the Subscription Period, by virtue of their undertakings described in Sections II.19.3 and V.4.1 of this Prospectus.

II.18.5 Method and Date of Disbursement.

The investors to whom the Notes have been sold shall pay to the Underwriting Entities of the Domestic and International Tranches, on the Business Day following the closing date of the Subscription Period (the “Disbursement Date”), before 13.00 hours (Madrid time), with same-day value, the price of issue (100% of the nominal amount) which may correspond to each Note assigned to them.

Each Underwriting Entity shall pay the agreed amount corresponding to the Notes underwritten by it, less its Underwriting Fee, to the Bank, which in its capacity as Paying Agent shall pay to the Fund, on the same date, the total amount received from the rest of Underwriting Entities plus the amount of its underwriting commitment, less its Underwriting Fee, before 15.00 hours (Madrid time), with same-day value, in accordance with the provisions of the Subscription Agreements.

The Disbursement Date will be November 22, 2004.

II.18.6 Method and term of delivery of the copies of the subscription bulletins or provisional certificates to the subscribers.

No later than five (5) days after the Disbursement Date, each investor will receive from the Underwriting Entity through which it has subscribed the Notes; a document providing evidence of the ownership of the subscribed Notes. Notwithstanding the above, ownership of the Notes will be proved by means of the relevant registration carried by the entity in charge of the book entry record of the Notes, which are represented in book entry form. This supporting document will not be negotiable and will only reflect the initial subscription of the Notes. It will be valid to prove the subscription of the relevant Notes until their registration in the relevant book entry record.

II.19 Placement and assignment of the Notes.

The placement of the Notes shall be divided in two Tranches:

- (i) **Domestic Tranche:** two hundred and fifty million (250,000,000) euro, that is two thousand and five hundred (2,500) Class A Notes, approximately 30% of the total nominal value of that Class.
- (ii) **International Tranche:** six hundred million (600,000,000) euro, that is six thousand (6,000) Notes, in the following manner:
 - 571,100,000 euro, that is 5,711 Class A Notes, approximately 70 % of the total nominal value of that Class;
 - 6,000,000 euro, that is 60 Class B Notes, which represent 100 % of the total nominal value of that Class; and
 - 22,900,000 euro, that is 229 Class C Notes, which represent 100 % of the total nominal value of that Class,

The placement procedure for the Domestic Tranche and the International Tranche will be the following:

Once the Subscription Period has been opened as provided for in Section II.18.3 below, applications shall be directed to the Bank, BNP Paribas and CECA (in the Domestic Tranche) or to the Bank, BNP Paribas, and Fortis Bank (in the International Tranche), which will be free to accept or reject the applications for subscription received, provided however that there is no discrimination among applications with similar characteristics on time. All Underwriting Entities undertake to subscribe, on their own behalf, upon termination of the Subscription Period, the number of Notes required to fulfil their underwriting obligations, as set out in Section II.19.1.

No redistribution of the initial volume of Notes allocated for placement in each of the Tranches, neither prior to the end of the Subscription Period nor at any other time, is foreseen.

II.19.1 Entities which take part in the placement or marketing indicating their different duties, with a precise description of such duties. Total amount of fees agreed between the different placement entities and the Managing Company.

The placement and underwriting of the Domestic Tranche (as referred to in Section II.18.4) will be carried out by the following Underwriting Entities and for the following amounts:

Underwriting Entity	Euro		
	Class A	Class B	Class C
• Banco Santander Central Hispano.	115,000,000		
• BNP Paribas	115,000,000		
• CECA	20,000,000		
Totals	250,000,000		

The placement and underwriting of the International Tranche will be carried out by the following Underwriting Entities and for the following amounts:

Underwriting Entity	Class A	Euro	
		Class B	Class C
• Banco Santander Central Hispano	275,600,000	3,000,000	11,400,000
• BNP Paribas	275,500,000	3,000,000	11,500,000
• Fortis Bank	20,000,000	---	---
Totals	571,100,000	6,000,000	22,900,000

Each of the Underwriting Entities of the Class A Notes will receive the following underwriting fees:

* Class A: an underwriting fee ranging between 0% and 0.10% of the total nominal amount effectively underwritten by the relevant entity,

* Class B: an underwriting fee ranging between 0% and 0.10% of the total nominal amount effectively underwritten by the relevant entity,

* Class C: an underwriting fee ranging between 0% and 0.10% of the total nominal amount effectively underwritten by the relevant entity,

by virtue of the Subscription Agreements referred to in Section V.4.1 of the Prospectus.

II.19.2 Co-Managers of the Issue.

Additionally, the Bank and BNP Paribas will act as Co-Managers of the Domestic Tranche and the International Tranche of the placement of the issuance of Notes. Below is a copy of the letters issued by the Co-Managers containing the statements signed by the persons duly empowered to make the representations required by Circular 2/1994, of March 16, of the Comisión Nacional del Mercado de Valores, by means of which the prospectus pro-forma for the incorporation of mortgage securitisation funds is approved, and Circular 2/1999, of April 22, of the Comisión Nacional del Mercado de Valores, by means of which certain prospectus pro-formas for the issuance and public offers of securities are approved:

On behalf of the Bank:

“MR. JOSÉ ANTONIO ÁLVAREZ ÁLVAREZ, in the name and on behalf of Banco Santander Central Hispano, S.A., as Co-Manager, with registered office at Santander, Pº de Pereda No. 9 and 12, Santander, and duly authorised for these purposes in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11, for the issuance of an amount of eight hundred fifty million (850,000,000) euro, in compliance with Article 20 of Royal Decree 291/1992, of March 27, on issues and public offers of securities, as amended by Royal Decree 2590/1998, of December 7,

DECLARES

That the required verification has been carried out in order to confirm the truthfulness and completeness of the information contained in the Prospectus.

That as a result of that verification, there is no circumstance which may contradict or alter the information contained in the Prospectus, which does not omit any data or significant facts that could be relevant for the investor.

In witness whereof, I draft this statement in Madrid on November 12, 2004.”

On behalf of BNP Paribas:

“MR. RAMIRO MATO GARCÍA-ANSORENA and MR. CARLOS GARDEAZÁBAL ORTÍZ, in the name and on behalf of BNP Paribas, as Co-Manager, with registered office at Ribera de Loira 28, 4th floor, 28042 Madrid, and duly authorised for these purposes in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11, for the issuance of an amount of eight hundred fifty million (850,000,000) euro, in compliance with Article 20 of Royal Decree 291/1992, of March 27, on issues and public offers of securities, as amended by Royal Decree 2590/1998, of December 7,

DECLARE

That the required verification has been carried out in order to confirm the truthfulness and completeness of the information contained in the Prospectus.

That as a result of that verification, there is no circumstance which may contradict or alter the information contained in the Prospectus, which does not omit any data or significant facts that could be relevant for the investor.

In witness whereof, we draft this statement in Madrid on November 12, 2004.”

The letters of the Co-Managers are attached to this Prospectus as Annex V.

The Bank and BNP Paribas, as Co-Managers of the issuance, will receive no fee.

II.19.3 Underwriting of the issuance.

The Managing Company, acting in the name and on behalf of the Fund, will enter into two Subscription Agreements with the Underwriting Entities (one for the Domestic Tranche and another one for the International Tranche), whereby these entities in their respective Tranches will freely assign the Notes to third parties for the amounts set out in respect of each in Section II.19.1, and once the Subscription Period has closed, they will subscribe on their own behalf any amount of Notes which remain unsubscribed.

As Underwriting Entities, the Bank, BNP Paribas and CECA as regards to the Domestic Tranche, and the Bank, BNP Paribas, and Fortis Bank as regards to the International Tranche, assume the obligations provided in the Subscription Agreements, which are essentially the following: 1) an undertaking to subscribe to the Notes which have not been subscribed at the closing of the Subscription Period, up to the amounts set out for each one (an undertaking which these entities assume on a joint and several basis); 2) payment by BNP Paribas, CECA and Fortis Bank to the Bank, as Paying Agent, of the underwriting commitment of each of them, with same-day value, before 14:00 hours (Madrid time) on the Disbursement Date, after deducting of their respective Underwriting Fee agreed in the relevant Subscription Agreement; and 3) payment to the Fund, by the Bank, in its role as Paying Agent, before 15:00 hours (Madrid time) on the Disbursement Date, of the total amount received from the rest of Underwriting Entities plus the amount of its underwriting commitment, after deducting of its Underwriting Fee

The early termination of the Subscription Agreements may only occur if the Rating Agency S&P España does not confirm, before the commencement of the Subscription Period of the Notes, the AAA rating for the Class A, the A rating for the Class B and the BBB rating for the Class C according to the rating scales of S&P Rating Service.

II.19.4 Pro-rata allocation in the placement.

Not applicable.

II.20 Term and method established for delivery to subscribers of certificates or supporting documentation of subscription.

The Notes represented through book entries will be incorporated as such by virtue of their registration in the relevant book entry record carried out by Iberclear, in accordance with the provisions set forth in Section II.5.

The noteholders may be provided, up on request and at their own cost, Ownership Certificates. These documents will include the identity of the noteholder, the reason for the issuance of the Certificate and its period of validity, in accordance with the fourth Section of Chapter I, Title I of Royal Decree 116/1992.

II.21 Legislation under which the Notes are created and indication of the competent court in the event of litigation. Actions of the noteholders.

The issuance of the Notes is subject to Spanish legislation in accordance with the provisions set forth in Royal Decree 926/1998, of May 14, on Asset Securitization Funds and Managing Companies of Securitization Funds; subsidiarily, Law 19/1992, of July 7, on the Regime applicable to Companies and Real Estate Investment Funds and Mortgage Securitisation Funds; Law 24/1988, amended by Law 37/1998, dated November 16, and Law 44/2002, of November 22, among others; and in accordance with the provisions set forth in Royal Decree 291/1992, dated March 27, on Issues and Public Offerings of Sale of Securities, amended by Royal Decree 2590/1998, dated December 7; as well as the Order of July 12, 1993 which develops Royal Decree 291/1992 of March 27, and the CNMV Circular 2/1994 of March 16, whereby the prospectus pro-forma for the incorporation of mortgage securitisation funds is approved and the CNMV Circular 2/1999 of April 22, whereby certain pro-forma prospectuses to be used in issues or public offerings of securities were approved.

The International Tranche Subscription Agreement is subject to English law.

All matters, discrepancies, disputes and claims which may arise between the Fund as issuer of the Notes and the noteholders, will be submitted to and settled by the Courts and Tribunals of Spain.

Actions available in the case of default in payment of the Notes issued by the Fund

1. The noteholders shall not be entitled to take direct action against the defaulting debtors of the Credit Rights. Only the Managing Company, on behalf of the Fund, is entitled to take such action.
2. In the event of non-payment of the Notes as a result of a defaulting debtor, the noteholders shall not take any action against the Fund or the Managing Company.
3. The noteholders shall not have any right of action against the Managing Company other than that deriving from a breach of its own obligations, but never as a consequence of non-payment or early repayment by the debtors.

The Incorporation Deed will be governed by and construed in accordance with Spanish law.

II.22 Tax consequences of the income derived from the Notes.

The following is a summary of the tax consequences of the investments derived from this offer. This summary is based on the Spanish law in force on the date of the offer and does not address all tax considerations that may be relevant to every category of investor. The investors should also take into account any personal tax circumstances and, in particular,

those related to the territorial limitations of certain tax laws and the applicable tax regime at the time the income is obtained and declared.

This summary does not address all the tax considerations that may be relevant to all categories of potential investors, some of whom (such as financial institutions, collective investment institutions or “look-through” entities) may be subject to different rules.

II.22.1 Spanish Individual Income Tax (IIT)

Interest as well as income arising from the transfer, redemption or repayment of the Notes, which is obtained by noteholders who may be regarded as taxpayers under the Individual Income Tax (“IIT”), will be deemed income from the movable property pursuant to set forth in Royal Legislative Decree 3/2004, of March 5th, on Individual Income Tax.

In this regard, income derived from the coupon payments will be equal to the gross amount of the coupon, including the amount withheld, if any, in accordance with the IIT Regulations.

In the event of transfer, reimbursement or redemption of the Notes, income will be equal to the difference between their transfer, reimbursement or redemption value (deducting the additional expenses incurred in the transfer) and their acquisition or subscription value (adding the additional expenses incurred in the acquisition).

Losses derived from the transfer of the Notes, when the taxpayer had acquired other Notes within the two months prior or subsequent to such transfer, shall be included in its taxable base when the remaining Notes are transferred.

The resulting net taxable income shall be determined by deducting the management and deposit expenses from the gross income, excluding those pertaining to discretionary and individualized portfolio management.

If such income was generated after a two-year holding period, the individual taxpayer will benefit from a 40% reduction on the taxable net income.

According to the IIT Regulations (Royal Decree 1775/2004, of July 30th), a withholding tax will be levied on the aforementioned income derived from the Notes, pursuant to the following:

- Interest derived from the Notes will be subject to an 15% withholding tax.
- However, no withholding tax will be levied on the income derived from the transfer or repayment of the Notes, if the following requirements are fulfilled (as is anticipated in the case of this issue):
 - 1) The Notes are registered in book entry form; and
 - 2) The Notes are listed in a Spanish official secondary market.
- Notwithstanding the above, an 15% withholding tax shall be applied to the part of the transfer price corresponding to the accrued interest when the transfer of the Notes takes place within the 30-day period prior to the distribution of the interest, provided that:
 - 1) The acquiror is a non-resident in Spain for tax purposes or is a Corporate Income Tax taxpayer, and,

- 2) The acquiror is not subject to withholding tax on the interest received from the Notes.

II.22.2 Corporate Income Tax (CIT)

Interest as well as income obtained from the transfer, redemption or repayment of the Notes, obtained by entities regarded as CIT taxpayers, will be included in their CIT taxable base in accordance with chapter IV of Royal Legislative Decree 4/2004, of March 5th, on Corporate Income Tax (“CIT”).

Such income will be subject to a withholding tax forming part of the investor’s final CIT liability, in accordance with Chapter II of Section VII of the Royal Decree 1777/2004, of July 30th, on CIT Regulations. However, Section 59 of Royal Decree 1777/2004 states that no withholding tax will be levied on such income if (as is anticipated in the case of this issue):

- 1) The Notes are registered in book entry form; and
- 2) The Notes are listed in a Spanish official secondary market.

II.22.3 Non-Resident Income Tax (NRIT)

Interest and income obtained upon the transfer, redemption or repayment of the Notes, by individuals and entities not resident in Spain for tax purposes, either through a permanent establishment located in Spain or not, will be considered income obtained in Spain and therefore subject to Spanish taxation under Section 13 of Royal Legislative Decree 5/2004, of March 5th, on Non-Resident Income Tax (“NRIT”).

a) Income obtained through a permanent establishment located in Spain

Income derived from the Notes and obtained through a permanent establishment located in Spain, will be taxed according to the regulations provided in chapter III of said Royal Legislative Decree 5/2004. Such income will not be subject to any tax withholding at source, given that the Notes will be registered in book-entry forms and listed in a Spanish official secondary market.

b) Income obtained without a permanent establishment located in Spain

As a general rule, individuals and entities not resident in Spain for tax purposes and not conducting business in Spain through a permanent establishment within the Spanish territory, will be taxed in Spain at a rate of 15% on interest obtained from the Notes, including income arising from the transfer, redemption or repayment of the Notes, which may be considered interest for the purposes of Law 41/1998. For these purposes, the gross income obtained will be calculated in accordance with the rules set forth in the IIT Law, although no reduction on such income will be applicable without prejudice to any applicable exemption or reduced tax rates as described below.

In the case of transfer, repayment or redemption of the Notes, the expenses related to the acquisition and transfer of the Notes will be taken into account, to the extent they may be evidenced, when calculating the income obtained. Each accrual of income received by the taxpayer will be reported separately, it not being possible to offset positive and negative income.

Individuals and entities who are residents of a State which has entered into a Treaty for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (a “DTC”) with Spain, will be taxed on income obtained from the Notes

at the reduced tax rates provided by the relevant DTC if the taxpayer submits a certificate of residency issued by the relevant Tax authorities of the country in which he is a resident.

However, income derived from the Notes will be exempt from taxation in Spain when obtained by residents in a EU Member State that do not act through a permanent establishment in Spain or by a permanent establishment of the said residents in another EU Member State and subject to the recipient of the income providing a certificate of tax residency duly issued by the relevant authorities of its country of residence.

Additionally, income arising from the transfer of the Notes by individuals or entities, not acting through a permanent establishment in Spain, who are residents of a State which has entered into a DTC with Spain that includes an “exchange of information” clause, will be exempt from taxation provided that such transfer is carried out in a Spanish official secondary market. For this purpose, a certificate of tax residence issued by the tax authorities of the country in which the investor resides (or equivalent document regulated in the Order which further develops the applicable DTC) must be furnished. Such certificate must expressly state that the investor is resident within the meaning of the relevant DTC.

The exemptions referred to in the preceding two paragraphs will be applicable provided that such income is not obtained through a country or territory regarded as a Tax Haven as defined in Royal Decree 1080/1991, of July 5th,

As a general rule, the income referred to will be subject to NRIT withholding tax, except in those cases in which the payment of the tax due is evidenced, or an exemption is applicable. No withholding tax will be applied to income derived from the transfer or repayment of the Notes if they 1) are registered in book entry form, and 2) are listed in a Spanish official secondary market.

If the requirements described above are not fulfilled, the Managing Company, acting on behalf of the Fund, will withhold an amount equal to the general withholding tax rate of 15% upon payment of the interest, transferring the resulting net amount to the entity acting as depositary of the Notes or in charge of the payment of the income derived from the Notes, as established. regarding the interest payments, in the Ministerial Order of April 13th, 2000, when the entity acting as depositary or in charge of paying the relevant income is resident, domiciled or represented in Spain.

Pursuant to the above mentioned Ministerial Order, Non-Spanish resident investors will be entitled to obtain a quick refund of the amount withheld in excess of the DTC-reduced rate, or the amount withheld if an exemption was applicable, provided that a tax certificate of residence stating that he/she is resident of the relevant State within the meaning of the applicable DTC or equivalent document regulated in the Order which further develops the applicable DTC), is provided to the Spanish resident entity acting as depositary of the Notes, before the 10th day following the end of the month in which the interest was distributed. Such certificate of residence is valid for a period of one year.

Once the requirements described above have been duly fulfilled, the Spanish resident entity acting as depositary of the Notes will pay to the non-resident investor, on behalf of the Managing Company, the total amount withheld or the amount withheld in excess of the DTC-reduced rate.

In the event that any exemption is applicable or the withholding tax rate is lower than 15% pursuant to any Treaty, and the investor has suffered a withholding or be subject to tax, he may afterwards obtain a refund of the relevant amount withheld from the Spanish tax authorities, following the standard refund procedure set forth in the Spanish regulations (Ministerial Order of December 23rd, 2003).

II.22.4 Net Wealth Tax

Spanish resident individuals who hold Notes on the last day of any year will be subject to Spanish Net Wealth Tax (“NWT”) for that year, on the average market value of those Notes during the last quarter of such year. Non-residents of Spain who hold Notes on the last day of any year will also be subject to NWT, unless an applicable DTC to which Spain is a party provides otherwise. However, noteholders resident in an EU Member State other than Spain will not be subject to NWT provided that the income derived from the Notes is exempt from NRIT in the terms described above.

II.22.5 Inheritance and Gift Tax (IGT)

Transfers of Notes upon death or by gift are subject to the Inheritance and Gift Tax if the transferee is an individual, unless an applicable CDT states otherwise. If the acquirer of the Notes is a corporation, income obtained by such entity will be subject to CIT or NRIT, when applicable, without prejudice to the provisions of the applicable DTC in this latter case.

II.22.6 Indirect Taxation on the Notes.

The transfer of the Notes will not be subject to Spanish Transfer Tax, Stamp Duty or Value Added Tax.

II.23 Purpose of the transaction.

II.23.1 Allocation of the net amount of the issue.

The net proceeds of the issue of the Notes will be allocated entirely to the payment of the price for the acquisition of the Credit Rights grouped as assets of the Fund.

II.24 Secondary negotiation.

Not applicable.

II.25 Listing of individuals or entities that have taken part to a significant extent in the planning or advice regarding the incorporation of the fund or in any significant information contained in the Prospectus.

II.25.1 Listing.

- a) The financial design of issue of Notes has been carried out by Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A., together with UCI.
- b) The legal design of the issue of Notes has been carried out by Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A., and Uría & Menéndez, as independent legal advisers.
- c) The Bank, BNP Paribas and CECA act as Domestic Tranche Underwriting Entities.

- d) The Bank, BNP Paribas, and Fortis Bank act as International Tranche Underwriting Entities.
- e) The Bank and BNP Paribas act as Co-Managers of the Domestic Tranche and the International Tranche of the issue.
- f) The Bank also acts as Paying Agent.

II.25.2 Statement of the person responsible for the Prospectus on behalf of the Managing Company.

“MR. IGNACIO ORTEGA GAVARA in the name and on behalf of SANTANDER DE TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, (S.G.F.T.), S.A., with registered office at Madrid, Paseo de la Castellana 75, in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11, for an issuance of eight hundred fifty million (850,000,000) euro, in compliance with point II.25.2. of Circular 2/1994, of March 16, of the Comisión Nacional del Mercado de Valores, by means of which the prospectus pro-forma for the incorporation of the mortgage securitisation funds is approved, as well as in compliance with the Order of July 12, 1993, by means of which Royal decree 291/92, of March 27 was developed,

DECLARES

That UCI, S.A. holds 100% of the share capital of UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO, Assignor of the Credit Rights. UCI, S.A. is owned on a 50%-50% basis by Group Santander Central Hispano and Group BNP Paribas.

That there is no other link or economic interest between the Managing Company and/or the Assignor of the Credit Rights (UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO) and the experts, consultants and/or the other entities that have participated in the planning or advice regarding the incorporation of the Fund or in any significant information contained in the Prospectus, including the underwriting of the placement, which are listed in Section II.25.1.”

II.25.3 Statement of the Assignor.

“MR. PHILIPPE JACQUES LAPORTE, in the name and on behalf of UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO (UCI), with registered office at Retama No. 3, Madrid, and duly authorised for these purposes in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11, for the issuance of an amount of eight hundred fifty million (850,000,000) euro, in compliance with Article 20 of Royal Decree 291/1992, of March 27, on issues and public offers of securities, as amended by Royal Decree 2590/1998, of December 7,

DECLARES

1st) That the representations with regard to the Personal Loans, the Mortgage Loans, the Mortgage Participations and the Mortgage Transfer Certificates included in Section IV.1.a) are true.

2nd) That the above referred representations will be guaranteed to the Managing Company, on behalf of the Fund, in the Incorporation Deed.

3rd) That the required verification has been carried out in order to confirm the truthfulness and completeness of the information contained in the Prospectus regarding the portfolio of Mortgage Loans and Personal Loans, most of which will be selected to be assigned to the Fund.

4th) That as a result of that verification, there is no circumstance which may contradict or alter the information contained in the Prospectus, which does not omit any data or significant facts that could be relevant for the investor.

In witness whereof, I draft this statement in Madrid on November 12, 2004.”

A copy of the statement of the Assignor is attached to the Prospectus as ANNEX VI.

CHAPTER III

GENERAL INFORMATION REGARDING THE ASSETS SECURITISATION FUND

III.1 Legal background and purpose of the Fund.

The FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11 is governed by (i) the Incorporation Deed, (ii) Royal Decree 926/1998 and its subsequent developing regulations, (iii) Law 12/1992, of July 7, on the Regime applicable to Companies and Real Estate Investment Funds and on Mortgage Securitisation Funds, applies to any issues not governed by Royal Decree 926/1998 and provided it is deemed to be applicable, (iv) Law 24/1988, of July 28, on the Securities Market, amended by Law 37/1998, of November 16, shall apply in connection with the surveillance, supervision and sanctioning of the Fund, (v) Article 18 of Law 44/2002, of November 22, on Amendment Measures to the Financial Market (hereinafter, "Law 44/2002") approves a new drafting for the Fifth Additional Provision of Law 3/1994, of April 14, by virtue of which the Spanish regulations on credit entities are adapted to the Second Banking Co-ordination Directive and further amendments to the financial system are approved (hereinafter, "Law 3/1994"), as regards the Mortgage Transfer Certificates, to which the legislation applicable to the Mortgage Participations will apply, if applicable and (vi) by any other applicable regulations in force from time to time.

The sole purpose of the Fund will be the conversion of the Credit Rights that the Fund acquires from the Assignor into fixed income securities, homogeneous, standardised and, consequently, eligible for trading in organised securities markets.

The Fund shall constitute a separate and closed asset, without any legal personality. As regards its assets, the Fund will be composed of the Credit Rights arising from the Mortgage Loans assigned by UCI to the Fund through the issue of the Mortgage Participations and the Mortgage Transfer Certificates described in Chapter IV of the Prospectus, and the Reserve Fund (as defined in Section V.3.3 of the Prospectus) and, as regards its liabilities, of the Notes and the Subordinated Loan (described in Section V.3.2 of the Prospectus), in such a way that the net value of the Fund is zero.

In accordance with the Fifth Additional Provision of Law 3/1994, in the event of bankruptcy, suspension of payments or insolvency (according to the provisions set forth in Law 22/2003, of July 9, on Insolvency) of the Assignor, only the fraudulent assignment of credits is capable of being challenged before a Court. The Fund has an absolute right of separation in accordance with Articles 80.2 and 81 of Law 22/2003.

III.2 Complete name of the Fund, incorporation and verification.

The issuer of the Notes will be named FONDO DE TITULIZACIÓN DE ACTIVOS UCI 11.

Prior registration with the Official Registries of the Comisión Nacional del Mercado de Valores is a requirement for the incorporation of the Fund, the assignment of the Credit Rights and the issuance of the Notes, as provided in Article 5 of Royal Decree 926/1998 and Article 26 *et seq.* of Law 14/1988, as amended by Law 37/1998, of November 16, and Law 44/2002, of November 22, among others.

Within five (5) Business Days (as defined in Section II.10.1.d) of the Prospectus) following registration of the Prospectus of incorporation of the Fund, assignment of the Credit Rights and issuance of the Notes with the Comisión Nacional del Mercado de Valores, the Managing Company, together with UCI, as Assignor of the Credit Rights, and the Bank as

guarantor, will execute the Incorporation Deed in accordance with with Article 6 of Royal Decree 926/1998 and Article 5 of Law 19/1992.

The Incorporation Deed, in accordance with Law 19/1992, will have the effect set out in Article 6 of Law 24/1988, modified by Law 37/1998, of November 16, and Law 44, 2002, of November 22, among others, and it will be, therefore, the deed of issuance of the Notes and the deed in which the representation of the Notes by means of book entries is expressly contemplated.

The Incorporation Deed will not be registered with the Mercantile Registry, in accordance with Article 5.4 of Royal Decree 926/1998.

III.3 Management and representation of the Fund and of the noteholders.

III.3.1 Duties and responsibilities assumed by the Managing Company.

The management and legal representation of the Fund shall correspond to Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A., as promoter of the Fund. The Managing Company is authorised to incorporate *Fondos de Titulización de Activos* and, as a consequence thereof, to administer and represent them as provided by Royal Decree 926/1998, by virtue of the authorisation granted by the Minister of Economy and Finance on July 16, 1998, in accordance with the provisions of the Sole Temporary Provision of Royal Decree 926/1998.

The Managing Company, as manager of the business of third parties ("*gestor de negocios ajenos*"), will be in charge of the representation and defence of the interest of the holders of the Notes issued by the Fund.

The noteholders will not take any action against the Managing Company for any reason other than the breach of its duties or for a failure to comply with the provisions of the Incorporation Deed.

Without limitation, the Managing Company, in its management duties of the Fund, will carry out the following activities:

- (i) It shall open a bank account (hereinafter, the "Cash Account") on behalf of the Fund with the Paying Agent, as long as the short-term debt rating of the Bank is not lower than A-1 according to the rating scale of S&P Rating Service, as described in Section II.3 of the Prospectus. The current short-term debt rating of the Bank granted by the Rating Agency is A-1

In the event that the short-term debt of the Bank was downgraded during the life of the Notes issuance, being under A-1 according to the rating scale of S&P Rating Service, the Managing Company, within a period of 30 Business Days following the assignment of this lower rating, shall transfer the Cash Account of the Fund to another credit entity with a short-term debt rating of at least A-1, obtaining the maximum possible profitability for the balance of the Cash Account, which may be different to that agreed with the Bank. Consequently, the Managing Company shall stop reinvesting the amounts deposited in the Cash Account once such funds are transferred to the new credit entity. The Managing Company will be entitled to transfer the Cash Account to the Bank when the Bank's short-term debt, pursuant to the rating scale previously described, achieves a rating of A-1 once again (in accordance with Section V.3.1 of the Prospectus);

- (ii) It shall verify that the amount of income that the Fund effectively receives corresponds to the income that the Fund should have received in accordance with the Agreements from which such income derives. The Managing Company will exercise the enforcement actions, in or out of Court, that are necessary or advisable in order to protect the Fund and the noteholders' rights, if necessary;
- (iii) It shall deposit in the Cash Account the amounts received from UCI in respect of the principal and interest of the Credit Rights;
- (iv) It shall deposit in the Cash Account the amounts that comprise the Reserve Fund from time to time (described in Section V.3.3 of the Prospectus);
- (v) In accordance with Section V.3.1 of the Prospectus, it shall ensure that the amounts deposited in the Cash Account (which shall include the Reserve Fund) earn the profitability set forth in the Guaranteed Rate Reinvestment Agreement as long as the short-term debt rating of the Bank is not lower than A-1 (according to the rating scale of S&P Rating Service);
- (vi) It shall calculate (on each Interest Rate Fixing Date), with regard to the next Interest Accrual Period, the nominal interest rates applicable to the three Classes of Notes resulting from the calculation made in accordance with Section II.10, and shall publish them as provided in Section III.5.3.a), a'););
- (vii) It shall calculate, on each Calculation Date, the principal to be repaid for the three Classes of Notes, and together with the accrued interest in accordance with Section II.11, it shall publish them as provided in Section III.5.3.a), a'););
- (viii) It shall allocate the Available Funds referred to in Section V.5.1.b) 1, as well as any other amount available in the Cash Account on each Payment Date, to the fulfilment of the payment or withholding obligations of the Fund in the terms and in the payment priority order provided for in Section V.5.1.b), 2 of the Prospectus;
- (ix) It shall appoint the auditor of the Fund;
- (x) In accordance with the Incorporation Deed, it shall adopt the appropriate resolutions with regard to the liquidation of the Fund, including the resolution for the early liquidation of the Fund;
- (xi) It shall manage the Fund with the objective of maintaining the net value of the Fund at zero at all times; and
- (xii) It shall comply with its formal duties as well as with those duties relating to the submission of information and documents to the CNMV, Rating Agency, Iberclear, AIAF and any other surveillance authority.

III.3.2 Substitution of the Managing Company.

The Managing Company shall be entitled to voluntarily request the appointment of a substitute managing company when a justified cause exists, by means of a written communication to the Comisión Nacional del Mercado de Valores. A written communication by the new securitisation fund managing company, duly authorized and registered with the Special Registries of the Comisión Nacional del Mercado de Valores, must also be attached. In this communication, the new managing company must declare that it is willing to accept such role. The resignation of the Managing Company and the appointment of a new managing company must be approved by the Comisión Nacional del Mercado de Valores. The Managing Company will not be

entitled to discontinue its duties until all of the requirements and steps for the appointment of the substitute managing company have been completed. All the expenses that may be generated as a consequence of this substitution will be borne by the Managing Company.

If the Managing Company is declared in liquidation, suspension of payments, bankrupt or insolvent (according to the provisions set forth in Law 22/2003, of July 9, on Insolvency), or if its authorisation is revoked, the Managing Company shall appoint a substituting managing company, in accordance with Articles 18 and 19 of the Royal Decree 926/1998.

If after four (4) months (such period established by Article 19.2 of the mentioned Royal Decree 926/1998) after the event giving rise to the replacement occurred a new managing company has not been appointed, an event of early termination of the Fund and repayment of the Notes shall be triggered and the actions set out in Section II.11.3.c) of the Prospectus shall be carried out.

The replacement of the Managing Company and the appointment of a substitute managing company which is carried out in accordance with the preceding paragraphs, once approved by the Comisión Nacional del Mercado de Valores, shall also be communicated to S&P España.

III.3.3 Scheme of the Managing Company's remuneration for performing its duties.

The Incorporation Deed shall provide that the Managing Company will be entitled to collect:

- (i) a Management Fee payable on the Disbursement Date in one lump sum amounting to one hundred thousand (100,000) euro; and
- (ii) a Management Periodic Fee on each Payment Date (15th of March, June, September and December of each year or, as the case may be, the following Business Day, as provided for in Section II.10.3 of the Prospectus), of an annual 0.0260% of the sum of the Principal Balance of the three Classes of Notes on the Calculation Date that corresponds to the current Payment Date.

The calculation of the Management Periodic Fee referred in paragraph (ii) above that shall be paid on a given Payment Date, will be made by means of the following formula:

$$A = B \times 0,026\% \times \frac{d}{365}$$

Being:

A = Fee payable on a given Payment Date.

B = Sum of the Unpaid Principal Balances of the Class A, B and C Notes on the Calculation Date that corresponds to that Payment Date.

d = Number of days elapsed during each Interest Accrual Period.

In any event, the quarterly amount of this Management Periodic Fee will not be lower than twelve thousand one hundred and eighty seven euros and fifty cents (12,187.50) euro per quarter. If, during the life of the Fund, the Consumer Price Index published by the National Institute of Statistics corresponding to each calendar year rises, the annual minimum amount shall be adjusted cumulatively

by the same proportion, starting from the year 2006 (inclusive) and effective from January 1st of each year.

The fee shall be paid as long as the Fund has enough liquidity in accordance with the payment priority order established in Section V.5.1.b), 2 of the Prospectus.

All payments to third parties in respect of ordinary expenses (such as audits, publications and the maintenance of ratings) and extraordinary expenses related to the management of the Fund, will be satisfied directly by the Managing Company, without prejudice to the right of the Managing Company to be reimbursed for those expenses by the Fund whenever the Fund has sufficient liquidity to do so in accordance with the payment priority order established in Section V.5.1.b), 2 of the Prospectus.

III.4 Equity value of the Fund and indication of the assets and liabilities that determine this value. Periodic expenses. Income of the Fund.

In accordance with Article 1.1 of Royal Decree, the Fund shall constitute a separate and closed estate, without a separate and independent legal status. Upon incorporation of the Fund, it will comprise, as regards its assets, the Credit Rights and the Reserve Fund, as such Reserve Fund is described in Section V.3.3 of the Prospectus, and, as regards its liabilities, the Notes and the Subordinated Loan described in Section V.3.2 of the Prospectus, in such a way that the net value of the Fund is zero.

III.4.1 Equity Value of the Fund

Assets.

a) *At origin.*

On the date of execution of the Incorporation Deed, the Fund will have as principal assets:

- (i) the Principal Balance of the Credit Rights assigned to the Fund, described in Chapter IV of the Prospectus;
- (ii) the amounts contributed as Reserve Fund as described in Section V.3.3 of the Prospectus;
- (iii) the incorporation expenses and the issue expenses;
- (iv) in order to cover on the First Interest Accrual Period the difference which will arise between the interest collected from the Credit Rights from the Disbursement Date (November 22, 2004) to the date of maturity of the first four instalments (December to March) of the Credit Rights (May 5, 2005) and the payment of interest on the Notes on the first Payment Date (March 15, 2005);
- (v) the amount to be collected as a result of the disbursement of the underwritten subscription of each Class of Notes.

b) *Consequence of the operation of the Fund.*

After the date of execution of the Incorporation Deed and until the complete repayment of the Notes, the Fund will have as principal assets the following:

- (i) The Principal Balance of the Credit Rights assigned to the Fund.

In the event of early repayment by the debtors, the anticipated repayment fees which could accrue shall correspond to UCI;

- (ii) The ordinary nominal interest calculated by applying the ordinary nominal interest rate to the Credit Rights, accrued from the Disbursement Date;
- (iii) The nominal arrears interest calculated by applying the ordinary interest rate in accordance to the preceding paragraph (ii) and accrued since the Disbursement Date;
- (iv) Any amounts or assets received as a result of the judicial or notarial enforcement of the mortgage guarantees or by reason of the transfer or exploitation of the real estate assigned to the Fund when enforcing the mortgage guarantees, or under management and interim possession of the property (under the enforcement process), acquisition at the price of auction or amount determined by judicial court decision, from the Disbursement Date (described in Section II.18.5 of the Prospectus). Equally, all the possible rights or compensations that may be in favour of UCI, including, not only those deriving from the insurance agreements assigned by UCI to the Fund, but also those deriving from any accessory right to the loan and excluding all the fees set out in the Credit Rights, which will be for the benefit of UCI;
- (v) The amounts which correspond to the Fund which are derived from the insurance agreements assigned by UCI to the Fund by virtue of the Incorporation Deed, since the Disbursement Date;
- (vi) The amount of the Reserve Fund;
- (vii) Incorporation expenses and issue expenses pending amortisation;
- (viii) The amount which correspond to the Fund which are derived from the Agreements entered into by the Managing Company, on behalf of the Fund.

Liabilities.

a) At origin.

On the Incorporation Date, the Fund will have as principal liabilities:

- (i) The amount to be paid for the subscription of the Credit Rights;
- (ii) The Subordinated Loan granted by the Bank and UCB, as described in Section V.3.2 of this Prospectus;
- (iii) The nominal amount of the issuance of Notes.

b) Consequence of the operation of the Fund

After the Incorporation Date, during the life of the Fund and until the complete repayment of the issued Notes, the Fund shall have as principal liabilities the following:

- (i) the Notes of all Classes pending repayment;
- (ii) the Unpaid Principal of the Subordinated Loan granted by the Bank and UCB, as described in Section V.3.2 of the Prospectus;

- (iii) interest, commissions and other expenses to be paid established in the Agreements entered into by the Managing Company, on behalf of the Fund.

III.4.2 Incorporation Expenses.

The estimation of the Fund's incorporation expenses is included in Section II.14 of the Prospectus.

III.4.3 Periodic expenses incurred by the Fund.

The Managing Company shall satisfy, on account of the Fund, all the necessary expenses for its management and representation, which shall be reimbursed to the Managing Company, according to the payment priority order established in Section V.5.1.b), 2 of the Prospectus. Without limitation, the Managing Company shall satisfy the following periodic expenses:

- (i) all the expenses of incorporation and registration of the Fund as well as all expenses related to the issuance and listing of the Notes that are referred to in Section II.14 of the Prospectus;
- (ii) expenses for the annual audit of the Fund's financial statements;
- (iii) expenses derived from the rating agency coverage of all Classes of Notes;
- (iv) expenses for the notifications to be served to the noteholders in accordance with the Prospectus by advertisements in newspapers;
- (v) expenses that may be derived from the sale of the Credit Rights in the event of early repayment of the Notes issued;
- (vi) expenses necessary to carry out the enforcement of the underlying loans of the Credit Rights;
- (vii) expenses derived from the listing of the Notes in AIAF and their recording in book entries; and
- (viii) the Net Amount to be received, as the case may be, in accordance with the Swap Agreement (described in Section V.3.4); and
- (ix) in general, any other expenses borne by the Managing Company as a result of the management and representation of the Fund.

The VAT that the Fund may have paid on the current expenses may be deductible for the purposes of the Corporate Income Tax, as long as it is not deductible for VAT purposes and it is not considered to represent a higher value of the asset.

III.4.4 Income of the Fund as a consequence of its operation.

The Fund will make use of income (hereinafter, the "income") deposited in the Cash Account referred to in Section V.3.1.

The income which can be used in a given Payment Date, for each Calculation Period referred to in Section II.11.3.b), 2 shall be the following:

- a) Amounts collected by reimbursement of the principal of the Credit Rights in the preceding Calculation Period. Such amounts will have been deposited in the Cash Account in accordance with Section V.3.1 of the Prospectus.

- b) Ordinary and arrears interest arising from the Credit Rights in the preceding Calculation Period. Such amounts will have been deposited in the Cash Account in accordance with Section V.3.1 of the Prospectus.
- c) Returns obtained during the preceding Calculation Period by the reinvestment of the Reserve Fund in accordance with Section V.3.4 (ii), as well as the reinvestment of amounts deposited in the Cash Account according to Section V.3.1 of the Prospectus.
- d) Other amounts that the Fund may receive, including those resulting from the transfer of the real estate assigned to the Fund.
- e) The Net Amount to be received, as the case may be, in accordance with the Swap Agreement (described in Section V.3.4).

Likewise, the Fund will make use on each Payment date of the amounts of the Reserve Fund described in Section V.3.3.

III.5 Drawing-up, verification and approval of annual accounts and other accounting documentation of the Fund. Name of the company auditing the Fund.

III.5.1 Obligations and foreseen terms for drawing-up, verification and approval of the annual accounts and management report.

The Managing Company shall submit to the CNMV the annual accounts of the Fund, together with their audit report, within four (4) months following the closing of the financial year of the Fund, that will coincide with the calendar year (that is, before April 30 of each calendar year).

The Board of Directors of the Managing Company at the meeting held on September 10, 2004, by virtue of which the incorporation of the Fund was approved, has agreed to designate the auditing company Deloitte & Touche España, S.L., registered with the Official Register of Account Auditors (ROAC) under number S0692 and with registered office in Madrid, calle Raimundo Fernández Villaverde, 65, to carry out the annual audit of the Fund.

III.5.2 Obligations and foreseen terms for disclosure to the public and submission to the CNMV of the periodic information of the economic-financial situation of the Fund

The Managing Company, as manager and administrator of the Fund, undertakes to submit to the Comisión Nacional del Mercado de Valores, with the best possible diligence, on a quarterly basis and at any other time when so requested, the information indicated below, and any other information which may be required (except the information contained in paragraph e), which will be submitted annually), in relation to both Classes of Notes, the performance of the Credit Rights, anticipated repayments and the economic-financial situation of the Fund, without prejudice to its duty to serve the Ordinary or Extraordinary Periodic Notifications referred to in Section III.5.3 of the Prospectus and to supply all additional information which may be required.

a) *With regard to each of the Class A and Class B Notes.*

1. Unpaid Principal Balances and percentages of the initial nominal amount of each Class of Notes.
2. Accrued and paid interest.

3. Accrued and unpaid interest.
 4. Accrued and paid amortisation.
 5. Amount of the Principal Deficiency, if any.
- b) *With regard to the Credit Rights.***
1. Principal Balance of the Credit Rights.
 2. Accrued and collected interest of the Credit Rights.
 3. Amount of the quotas of delay in payment of the underlying Credit Rights on the date of such report.
- c) *With regard to the economic-financial situation of the Fund.***
- Report on the origin and subsequent application of the Available Funds in accordance with the payment priority order referred to in Section V.5.1.b), 2 of the Prospectus.
- d) *With regard to the early repayment of the Credit Rights.***
- List showing the actual Average Rates of Prepayment of the Credit Rights, as well as the average life of the Notes assuming the maintenance of such Average Rates of Prepayment.
- e) *With regard to the Annual Accounts of the Fund.***
- The Balance Sheet, the Profit & Loss Account, the Management Report and the Audit Report, within four (4) months after the close of each financial year.

III.5.3 Obligation to communicate relevant facts.

The Managing Company undertakes, for the sake of accurate compliance with the conditions of the issue, to serve the notices which are detailed below.

- a) *Regular ordinary notices***
- a´)** In accordance with Section II.10.1.e), within the term comprised between the Interest Rate Fixing Date and the maximum of the next three (3) Business Days following each Payment Date, the Fund, through the Managing Company, shall inform the noteholders of the nominal interest rates which apply for each Class of Notes for the next Interest Accrual Period following the criteria described in the aforementioned Section.
- a´´)** In accordance with Sections II.10.3 and II.11.3.b), the Fund, through the Managing Company, shall inform the noteholders quarterly, at least one (1) calendar day in advance of each Payment Date, of the interest resulting for the Notes of the three Classes, together with their repayment, if applicable, in addition to:
- (i) the actual average rates of early repayment of the Credit Rights on the Calculation Date;
 - (ii) the average remaining term of the Notes of the three Classes estimated on the assumption that such actual rate of early repayment remains constant in accordance with Section II.11.3.c), first paragraph; and
 - (iii) the Unpaid Principal Balances of each Note of each Class (after repayment to be made on each Payment Date) and the percentages

represented by such Unpaid Principal Balances over the initial nominal amount of each Note, that is, one hundred thousand (100,000) euro.

Likewise, if applicable, the noteholders shall be informed of the amounts of interest and/or Principal Deficiency due for repayment which have accrued and remain unpaid due to a lack of Available Funds, in accordance with the payment priority order rules established in Section V.5.1.b), 2 of the Prospectus.

Notices of this paragraph a''), shall be served following the conditions established in paragraph c) below and shall also be sent to Iberclear at a minimum term of three (3) Business Days in advance of each Payment Date.

b) Extraordinary notices.

b') As a result of the incorporation of the Fund and the issuance of the Notes, the Managing Company will notify in the name and on behalf of the Fund (through the procedure established in paragraph c) below), the first day following the Incorporation Date, the incorporation of the Fund and the issuance of the Notes, as well as the annual nominal interest rates, floating on a quarterly basis, of the three Classes of Notes, determined for the First Interest Accrual Period, in accordance with Section II.10 of the Prospectus, any day of the calendar, whether or not it is a Business Day (as defined in the Prospectus), which is suitable for such publication.

b'') **Others.**

The Fund, through its Managing Company, will also inform the noteholders of any relevant fact which might have occurred in connection with the Credit Rights, the Notes, the Fund and the said Managing Company and which might significantly affect the negotiation of the Notes or, in general, of any significant alteration of the assets or liabilities of the Fund. Likewise, the Fund, through its Managing Company, will inform the noteholders of any potential decision of early repayment of the Notes for any of the reasons set out in the Prospectus. In such a case, the Notarial Deed of Liquidation and Procedure referred to in Section III.8.1 will be sent to the CNMV.

c) Procedure.

All notices that in accordance with the above must be given by the Fund to the noteholders, through the Managing Company, will be validly served by:

1. In the case of the regular ordinary notices referred to in paragraph a) above, by means of their publication in the AIAF daily bulletin, or any other that substitutes it in the future, or a publication of similar characteristics, or by means of their publication in a newspaper of wide distribution in Spain; or,
2. In the case of the extraordinary notices referred to in paragraph b) above, by means of their publication in a newspaper of wide distribution in Spain.

Additionally, the preceding notifications may be served by means of their publication in other means of general dissemination.

These notifications shall be considered to be served on the date of their publication, whereby publication may be on any day of the calendar, whether or not it is a Business Day (as defined in the Prospectus, as appropriate).

d) Information to be furnished to the Comisión Nacional del Mercado de Valores.

The Managing Company shall inform the CNMV of any publication, whether of an ordinary or of an extraordinary nature, which are published out as provided in the preceding paragraphs, as well as any information which may be requested by the CNMV, notwithstanding what is said above.

III.6 Tax regime of the Fund.

Royal Legislative Decree 4/2004, of March 5, on Corporate Tax provides that Funds of this nature are subject to the Corporate Tax, at the standard rate of 35%. Their management by the Managing Company is exempt from VAT in accordance with Article 20.One.18th.n) of Law 37/1992.

Interest paid to the Fund under the Credit Rights shall not be subject to withholding on account of the Corporate Tax as established in Article 59 of Royal Decree 1777/2004, of July 30.

Apart from this, the incorporation of the Fund is exempt from the concept of “*corporate transactions*” of the Stamp Duty and Transfer Tax in accordance with Article 5, paragraph 10 of Law 19/1992.

III.7 Amendment events to the Incorporation Deed of the Fund.

The Incorporation Deed may not be altered except in extraordinary circumstances and in accordance with the conditions established by applicable regulations, upon prior notification to the Rating Agency, provided that such amendment does not damage the ratings assigned to the Notes by the Rating Agency nor the interest to be paid to the noteholders, all the above on the basis of the prior authorization granted, as the case may be, by the CNMV or the competent administrative authority. The Incorporation Deed may be also amended at the request of the CNMV. Any amendment of the Incorporation Deed will be formalised into a public deed and notified to the CNMV, either as a relevant fact or through a supplement to the Prospectus, as appropriate.

III.8 Early liquidation of the Fund: events. Cancellation of the Fund.

III.8.1 Early liquidation of the Fund. Events.

The Managing Company is entitled to early liquidate the Fund on a given Payment Date in the terms and conditions set forth in this Section and in Section II.11.3.c) of the Prospectus, if the Principal Balance of the Credit Rights is less than 10% of the initial balance, if and when the selling of the unpaid Credit Rights plus the existing balance in the Cash Account allows a total cancellation of all the obligations due to the noteholders after fulfilling the preceding payments which have a priority payment order to that of the noteholders as described in Section V.5.

Consequently, the Managing Company, upon the occurrence of the preceding early termination event as well as upon the occurrence of any other event of early termination of the issue referred to in Section III.8.2 of the Prospectus, once the Fund has been liquidated and within the maximum term of six (6) months after the distribution of the assets of the Fund as referred to in such Section and following the

payment priority order set forth in Section V.5.1.b), 2 of the Prospectus, will execute a notarial deed which will contain:

- (i) the reasons that gave rise to the extinguishment of the Fund, provided in the Incorporation Deed and in this Prospectus;
- (ii) the procedure used to inform the noteholders and the Comisión Nacional del Mercado de Valores about the early repayment of the issued Notes; and,
- (iii) the distribution of the available funds of the Fund following the payment priority order established in Section V.5.1.b), 2 of this Prospectus.

This notarial deed shall be served by the Managing Company on the Comisión Nacional del Mercado de Valores.

III.8.2 Extinguishment of the Fund.

In accordance with Article 11, e) of Royal Decree 926/1998, the Fund shall be cancelled upon the occurrence of any of the events below. The CNMV shall be informed of the occurrence of any of them and, in the event of insolvency of the Fund, the payment priority order set forth in Section V.5 of the Prospectus shall be applied:

- (i) When the Credit Rights included as an asset of the Fund are fully repaid;
- (ii) When the Notes are fully repaid;
- (iii) When a relevant breach of payment exists or it is foreseen that there will be one, and such breach produces a significant permanent deterioration related to any of the Notes issued or any non-subordinated credit right. In this sense, the Fund, through the Managing Company, may early repay the issue of Notes. In this case, the Managing Company, prior notification to the CNMV, will liquidate the Fund in an orderly manner in accordance with the rules established in the Incorporation Deed and Section II.11.3.c) of this Prospectus. For the avoidance of doubt, a Principal Deficiency will not be considered as causing a deterioration of the financial balance of the Fund, since it arises in the ordinary course of the Fund's business;
- (iv) In the event set forth by Article 19 of Royal Decree 926/1998, by virtue of which, the early termination of the Fund is mandatory if after four (4) months following the occurrence of an event of mandatory replacement of the Managing Company as a result of the Managing Company being declared in suspension of payments or bankruptcy, a new managing company willing to carry out the management of the Fund has not been found.
- (v) When, according to the Managing Company, the concurrence of exceptional circumstances hinder or make the maintenance of the financial balance of the Notes extremely difficult.

If, once the Fund is cancelled and all the payments provided for in Section V.5 of the Prospectus have been made according to the payment priority order established, there are any amounts remaining, or there are pending judicial or notarial resolutions in proceedings initiated as a consequence of the default of the debtor of the Mortgage Loans (in accordance with Section IV.2.b), b') of the Prospectus, both the aforementioned remaining amount and the continuance and/or the result of the court decision of the referred proceedings, shall be in favour of UCI.

For the purpose of the Fund, through the Managing Company, carrying out the early repayment of all the Notes upon the occurrence of any of the preceding events and, in particular, for the purpose of the Fund having enough liquidity, the Managing Company may carry out any of the three options referred to in Section II.11.3.c). Early repayment of all the Notes will comprise the Unpaid Principal Balance on that date plus the accrued and unpaid interest from the last Payment Date until the early repayment date, reduced, as the case may be, by the relevant withholding tax, and free of expenses for the noteholder; all these amounts shall be considered on that date and for all legal effects, as due and payable.

III.8.3 Rights of the Assignor in the event of Liquidation of the Fund.

The Assignor shall have a pre-emptive right to acquire all or part of the Credit Rights that it has assigned and which belong to the Fund, if the Fund is liquidated and any unpaid balance of the Credit Rights remains, all in accordance with the terms established by the Managing Company. The Assignor shall be able to make use of the aforementioned right within five (5) Business days following a notification by the Managing Company to the Assignor of the terms and conditions (price, payment, etc.) upon which the Credit Rights will be sold.

In general, the price to be paid for the Credit Rights will not be lower than the price offered by the interested third party. In the events of liquidation and cancellation of the Fund, the price to be paid for the Credit Rights will not be lower than the sum of the principal amount plus the accrued and uncollected interest of the Credit Rights pending repayment.

This pre-emptive right does not imply, in any event, a repurchasing agreement or statement of the Credit Rights assigned by the Assignor.

CHAPTER IV

INFORMATION REGARDING THE CHARACTERISTICS OF THE ASSETS SECURITISED BY THE FUND

IV.1 Credit Rights included in the Fund.

Credit Rights included in the Fund.

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO, SOCIEDAD UNIPERSONAL (UCI), acts as Assignor (hereinafter, the “Assignor”) of the Credit Rights assigned to the Fund.

The Credit Rights which appear in on the balance sheet of UCI derive financing transactions, the purpose of which is the acquisition and restoration of dwellings (hereinafter, the “Credit Rights”), granted as Mortgage Loans (hereinafter, the “Mortgage Loans”, which are of two different types: A and B) and as Personal Loans (hereinafter, the Mortgage Loans A and B and the Personal Loans will be jointly referred to as the “Loans”) qualifying as complementary to the Mortgage Loans A. The characteristics of the Loans, which UCI intends to write off its balance sheet by means of their assignment to the Fund, are the following:

- (I) The Mortgage Loans A comply with all the requisites under Law 2/1981, of March 25, on the Mortgage Market, and its regulations. This portfolio will amount to 86% of the Loans portfolio on the Incorporation Date. The Credit Rights deriving from these transactions are the Credit Rights deriving from the Mortgage Loans A.
- (II) The Mortgage Loans B do not comply with all the requisites under Law 2/1981, of March 25, on the Mortgage Market, and its regulations. In particular, the principal balance of these loans exceeds 80% of the underlying asset’s valuation. The principal balance of these Mortgage Loans does not exceed 100% of the underlying asset’s valuation. This portfolio will amount to 8% of the Loans portfolio on the Incorporation Date. The Credit Rights deriving from these transactions are the Credit Rights deriving from the Mortgage Loans B.
- (II) The Personal Loans, the purpose of which is the financing of the part exceeding 80% of the asset’s valuation referred to in paragraph (I) above, thus qualifying as complementary to some Mortgage Loans A and being executed simultaneously to the execution of the relevant Mortgage Loan A. This portfolio will amount to 6% of the Loans portfolio on the Incorporation Date. The Credit Rights deriving from these transactions are the Credit Rights deriving from the Personal Loans.

Consequently, the assignment of the Credit Rights which derive from the said financing transactions and make up the assets of the Fund will be carried out as follows:

1. Credit Rights deriving from the Mortgage Loans A through the issue of Mortgage Participations (“**Mortgage Participations**”) to be subscribed by the Fund by means of the Incorporation Deed.

2. Credit Rights deriving from the Mortgage Loans B through the issue of Mortgage Transfer Certificates (“**Mortgage Transfer Certificates**”) to be subscribed by the Fund by means of the Incorporation Deed; and
3. Credit Rights deriving from the Personal Loans pursuant to the terms set forth in the Incorporation Deed, which will qualify as the contractual document evidencing the assignment.

Representations

a) Representations of UCI, as Assignor of the Credit Rights.

UCI, as holder of the Mortgage Loans and the Personal Loans until the assignment of the Credit Rights, represents and warrants to the Managing Company, on behalf of the Fund, that:

- (1) UCI is a duly incorporated entity in accordance with the applicable legislation, registered with the Commercial Registry and authorised to participate in the Mortgage Market;
- (2) Neither on the date of the Prospectus, nor at any time since its incorporation has UCI been in any situation of insolvency, suspension of payments (“*suspensión de pagos*”), bankruptcy (“*quiebra*”) or insolvency (“*concurso*”), in accordance with the provisions set forth in Law 22/2003 of July 9, on Insolvency;
- (3) Mortgage Participations are subject to Law 2/1981, of March 25, Royal Decree 685/1982, of March 17, as amended by Royal Decree 1289/1991, of August 2, among others, and other applicable regulations and shall comply with all the requirements set forth therein. The Mortgage Loans A comply with all the requirements established in Section II of Law 2/1981 and in Chapter II of Royal Decree 685/1982. The Mortgage Loans B do not comply with all the requirements established in Section II of Law 2/1981 and in Chapter II of Royal Decree 685/1982. In particular, the principal balance of these loans exceeds, on the date of the issuance of the Mortgage Transfer Certificates, 80% of the underlying asset’s valuation. The principal balance of these Mortgage Loans does not exceed 100% of the underlying asset’s valuation. The Mortgage Transfer Certificates are issued in accordance with Article 18 of Law 44/2002, which approves a new drafting for the Fifth Additional Provision of Law 3/1994, of April 14, and names mortgage transfer certificates to the mortgage participations corresponding to mortgage loans which do not comply with all the requirements established in Section II of Law 2/1981 and in Chapter II of Royal Decree 685/1982. The Personal Loans are subject to the provisions set forth in Section V of the Commercial Code, Articles 517 and 520 of Law 1/2000, of January 7, on Civil Procedure;
- (4) The corporate bodies of UCI have validly adopted all the necessary resolutions for the assignment of the Credit Rights deriving from the Personal Loans, issuance of the Mortgage Participations and the Mortgage Transfer Certificates and the execution of the agreements to be entered into and undertakings assumed therein;
- (5) The Mortgage Loans are valid and enforceable in accordance with the applicable Law;
- (6) The Personal Loans are valid and enforceable in accordance with the applicable Law and, if applicable, comply with the provisions set forth in Law 7/1995, of March 23, on Consumers Credit;

- (7) UCI is the holder, without any limitation, of all the Mortgage and the Personal Loans to be assigned and their accessory real estate mortgages, without there being any restriction, as regards the Mortgage Loans, on the issuance of the Mortgage Participations and the Mortgage Transfer Certificates;
- (8) Data related to the Mortgage Loans and the Personal Loans included in this Section is complete and provides a fair and accurate representation of such Loans;
- (9) UCI is not aware of any defence which the debtors may raise with regard to the payment of any amount deriving from the Mortgage Loans and the Personal Loans;
- (10) Each and all the Mortgage Loans are secured by a real estate mortgage registered as a first ranking mortgage over the ‘*pleno dominio*’ of all and each of the relevant properties. The property mortgaged is not subject to any transfer limitations, subsequent conditions, or any other restrictions;
- (11) Each and all the Personal Loans are secured by the personal guarantee of the relevant debtor, and most of these loans are secured by guarantors on a joint basis;
- (12) There is not any preferential right over the right of the Fund, as owner of the Credit Rights;
- (13) All the Mortgage Loans are formalised by means of a Public Deed and all mortgages have been correctly constituted and are registered with the relevant Property Registries. The registration of the mortgaged properties is effective, and is not subject to any limitation or priority right according to the applicable law;
- (14) All the Personal Loans are intervened by a Notary or a Business Agent (“*Corredor de Comercio*”) and executed on the same date and prior to the execution of the relevant Mortgage Loan A, being subject to the granting of such Mortgage Loan A. Thus, should the Mortgage Loan A not be executed, UCI will not deliver any amount whatsoever, and the relevant Personal Loan will not be effective, this being an issue expressly accepted by the borrowing party.
- (15) UCI is not aware of any debtor being under an insolvency situation;
- (16) All debtors are individuals resident in Spain;
- (17) Mortgage Loans have been granted for the purpose of financing private individuals in the acquisition or renovation of residential properties located in Spain, with property mortgages as security;
- (18) Personal Loans have been granted for the purpose of financing the part exceeding 80% of the asset’s valuation, when applicable;
- (19) The principal balance of each Mortgage Loan is denominated in Euro on the date of subscription of the Mortgage Participations and the Mortgage Transfer Certificates; the principal balance of each Personal Loan is denominated in Euro on the date of the assignment;
- (20) Mortgages are created over properties owned by the relevant mortgagor in “*pleno dominio*”; the Assignor is unaware of any litigation existing in relation to the ownership of such properties;
- (21) All mortgaged properties have been previously appraised by entities validly registered in the relevant Official Registry of the Bank of Spain, the appraisal having been evidenced by means of the appropriate Appraisal Certification;
- (22) The outstanding Principal Balance of the Mortgage Loans A shall not exceed, on the Incorporation Date, 80% of the appraisal value of the properties mortgaged as

security for the corresponding Mortgage Loans A. The outstanding Principal Balance of the Mortgage Loans B shall not exceed, on the Incorporation Date, 100% of the appraisal value of the properties mortgaged as security for the corresponding Mortgage Loans B;

- (23) UCI is unaware of any reduction of more than 20% in the appraisal value of any mortgaged property;
- (24) Residential properties over which the mortgage has been created, are insured against fire and damage. The sum assured is not lower than the appraisal value of the residential properties contained in the Appraisal Certification. The information included that is related to the fire insurance policy or any other accessory right is complete, fair and accurate;
- (25) Credit Rights are not implemented as securities, whether registered or bearer securities;
- (26) Credit Rights are not subject to the issue of Mortgage Notes ("*Bonos Hipotecarios*"), Mortgage Participations or the Mortgage Transfer Certificates other than those to be issued on the Incorporation Date;
- (27) UCI represents that, on the Incorporation Date, none of the Mortgage Loans or the Personal Loans will have payments pending for a period of more than thirty (30) days;
- (28) UCI is not aware, at the time of the assignment, of any credit right held against UCI by any of the debtors, that confers a right of set-off on the debtor;
- (29) The information contained in this Prospectus of incorporation of the Fund and issuance of Notes on the portfolio of Credit Rights, is complete, fair and accurate;
- (30) The granting of the Mortgage Loans and the Personal Loans and the issuance of the Mortgage Participations and the Mortgage Transfer Certificates, as well as all acts related to them, have been carried out or will be carried out according to market criteria;
- (31) The criteria established by UCI in the Internal Memorandum referred to in Section IV.3.1 of the Prospectus, have been fully complied with in the granting of all of the Mortgage Loans and the Personal Loans;
- (32) All mortgage deeds constituted over the residential properties as security of the Mortgage Loans and the policies for the granting of Personal Loans intervened by either a Notary or a Business Agent ("*Corredor de Comercio*") have been duly filed in the relevant archives, and are at the disposal of the Managing Company, on behalf of the Fund. In UCI's premises there are three copies of a CD-ROM containing electronic versions of such deeds, which are duly filed in the record offices of Centro de Tratamiento de la Documentación, S.A. (CTD), at the disposal of the Managing Company. Additionally, a DVD copy of such documents will be at the disposal of the Managing Company. The mortgages and the personal loans mentioned are subject to identification through UCI's electronic registry;
- (33) On the Incorporation Date, the total outstanding Principal Balance of the Mortgage Loans and the Personal Loans shall at least equal to the value of the issue of Notes;
- (34) Mortgage Loans and Personal Loans have been and are being managed by UCI in accordance with its ordinary procedures;
- (35) UCI is unaware of the existence of any litigation related to the Credit Rights which may affect their validity or which may lead to the application of Article 1,535 of the

Spanish Civil Code (concerning the debtor's right to discharge the litigious credit that is sold). Likewise, UCI is unaware of any litigations or claims initiated by the debtors against the seller of the residential property which may result in the application of Article 15 of Law 7/1995, of March 23, on Consumers Credit, and it is also unaware of any circumstances which may demonstrate the inefficiency of the mortgage deed constituted over the residential property as security of the Mortgage Loans or the policies for the granting of the Personal Loans;

- (36) The premiums accrued up until now for the insurance policies taken out (and referred to in paragraph (24) above) have been entirely paid;
- (37) All the Mortgage Loans and the Personal Loans have a maturity date earlier than or equal to the Final Maturity Date of the Notes;
- (38) On the date of issuance of the Mortgage Participations and the Mortgage Transfer Certificates, none of the Mortgage Loans included in the portfolio referred to in Section IV.4 of the Prospectus which have undergone early repayment, shall be assigned through the issuance of a Mortgage Participation or a Mortgage Transfer Certificate. On the date of assignment, none of the Personal Loans included in the portfolio referred to in Section IV.4 of the Prospectus which have undergone early repayment, shall be assigned;
- (39) UCI is unaware of the existence of any circumstance that prevents or hinders the enforcement of the mortgage guarantee of the Mortgage Loans;
- (40) The Mortgage Loans and the Personal Loans which constitute the Credit Rights to be assigned shall be deducted from the assets of UCI, for the amount participated, in accordance with the provisions of Circular 4/91 of June 16 of the Bank of Spain;
- (41) Upon completion of the issuance of the Mortgage Participations and the Mortgage Transfer Certificates, the volume of mortgage debentures ("cédulas hipotecarias") issued by UCI and pending maturity, shall not exceed 90% of the sum of the non-amortised capital of all mortgage loans in the portfolio, in accordance with the provisions of Articles 59 and 60 of Royal Decree 685/82 amended by Royal Decree 1289/91. On the date of registration of this Prospectus, there was no mortgage debenture issued by UCI;
- (42) UCI undertakes to provide the Managing Company with all periodical information regarding the Mortgage Loans and the Personal Loans, in accordance with the electronic applications of the Managing Company;
- (43) None of the Mortgage Loans have any of the characteristics of the credits excluded or limited by article 32 of Royal Decree 685/1982 (referring to credits which cannot cover the issuance of Mortgage Participations or Mortgage Transfer Certificates);
- (44) The policies for the granting of Personal Loans intervened by either a Notary or a Business Agent ("*Corredor de Comercio*") do not provide for any restriction to the assignment of the Credit Rights or the need to obtain any authorization for such purpose. Likewise, all requirements are met as regards the assignment of Credit Rights deriving from Personal Loans, as these requirements are set out in the Incorporation Deed.
- (45) All the residential properties mortgaged by means of the Mortgage Loans are already constructed.

b) Number and amount of Credit Rights grouped in the Fund.

The number of Credit Rights in the portfolio has not yet been determined. Its capital value will be at least equal to the value of this issuance of Notes.

c) Assignment of Credit Rights.

The assignment of Credit Rights to the Fund by the Assignor shall be carried out taking into account the characteristics of such rights. For these purposes, and in accordance with what was set forth at the beginning of Section IV.1, the Credit Rights portfolio contributed to the Fund by the Assignor is divided in Credit Rights derived from Mortgage Loans A and B and Credit Rights derived from Personal Loans.

1. Assignment of Credit Rights derived from Mortgage Loans A and B. The Mortgage Participations and the Mortgage Transfer Certificates.

With respect to the Credit Rights derived from Mortgage Loans A, UCI will issue Mortgage Participations, and with regard to the Credit Rights derived from Mortgage Loans B, UCI will issue Mortgage Transfer Certificates. Both correspond to the Mortgage Loans and will be subscribed by the Fund through its Managing Company, by virtue of the Incorporation Deed and according to the terms established therein, in accordance with the provisions of the laws on the Mortgage Market (Law 2/1981, of March 25), Royal Decree 685/1982, of March 17, Royal Decree 1289/1991, of August 2 (which amends certain articles of the mentioned Royal Decree 685/1982), Law 3/1994, of April 14, with its new drafting approved by Article 18 of Law 44/2002, by means of which the legislation applicable to Mortgage Participations applies to the Mortgage Transfer Certificates, so that they are subscribed by the Managing Company on behalf of the Fund and grouped in the Fund, and other applicable regulations, and where the foregoing regulations do not set forth any provisions, in accordance with the provisions of Law 19/1992, in such a way that such assignment is not subject to a Marginal Note for each mortgage entry/registration corresponding to each Mortgage Participation or Mortgage Transfer Certificate, in the Property Registry.

UCI allows the Fund to participate in the Mortgage Loans A by assigning to it the Credit Rights derived from such Mortgage Loans A through the issue of Mortgage Participations, and allows the Fund to participate in the Mortgage Loans B by assigning to it the Credit Rights derived from such Mortgage Loans B through the issue of Mortgage Transfer Certificates. The Mortgage Participations, the Mortgage Transfer Certificates and the Credit Rights derived from Personal Loans are grouped in the Fund for a minimum amount equal to the value of the Notes. The foregoing transaction shall be performed in accordance with the provisions of the abovementioned laws and the Royal Decree 926/1998.

The Mortgage Participations and the Mortgage Transfer Certificates shall correspond to a 100% share in the principal amount of the Mortgage Loans granted by UCI, and a 100% share in the ordinary interest, and arrears interest, both types of interest being calculated on the basis of the ordinary interest rate applicable to the relevant mortgage loan.

The participation in the Mortgage Loans through the issue of Mortgage Participations and the Mortgage Transfer Certificates shall take place for the full remaining period up until the final maturity date of such loans, there being no repurchase agreement (without prejudice to the provisions set forth for these purposes in Section II.15 of the Prospectus, and Section III.8.3 with regard to the Pre-emption Right).

The Mortgage Participations and the Mortgage Transfer Certificates issued by virtue of the provisions of the Incorporation Deed, shall be registered by means of two Multiple

Certificates issued by the Assignor, representing each one all the Mortgage Participations and the Mortgage Transfer Certificates issued, respectively, according to the provisions set forth in Section IV.2.a), 6 below (which may be detached in the event of substitution of Mortgage Participations or Mortgage Transfer Certificates or enforcement of the Mortgage Loans). The said Multiple Certificates shall be deposited by the Managing Company in the Bank simultaneously to the incorporation of the Fund.

The Managing Company shall subscribe on behalf of the Fund, in the Incorporation Deed, the Mortgage Participations and the Mortgage Transfer Certificates issued by UCI, in order to incorporate them immediately into the Fund.

According to Royal Decree 685/1982 on Regulation of the Mortgage Market, amended by Royal Decree 1289/1991, the Mortgage Participations and the Mortgage Transfer Certificates may be transferred by means of a written statement appearing in the certificate and, in general, by any of the means permitted by law. The transfer of the participation and the address of the new holder must be notified to UCI by the acquirer.

The transferor shall not be responsible for UCI's solvency, the solvency of the debtor of the underlying loan, or the sufficiency of the mortgage guaranteeing such loan.

Simultaneously to the incorporation of the Fund, UCI shall assign to the Managing Company, on behalf of the Fund, its rights as beneficiary of the said insurance policies against damages and fire. All the amounts which UCI may receive as a result of these insurance policies will be for the benefit of the Managing Company, on behalf of the Fund.

In the event of lack of payment by the debtor of the premium corresponding to the insurance policy against damages and fires in the mortgaged property, UCI, as mortgage creditor, assumes the payment of such premium by means of a Collective Insurance Policy of the properties entered into with an Insurance Company, once the latter has notified to UCI the lack of payment by the debtor.

2. Assignment of Credit Rights derived from Personal Loans.

Pursuant to Article 2.2.c) 1° of Royal Decree 926/1998, UCI shall formalise in the Incorporation Deed, under terms established therein, the assignment to the Fund, through the Managing Company, of the Credit Rights deriving from the Personal Loans to the Fund. The Incorporation Deed shall qualify as the document evidencing the assignment,

In this sense, UCI assigns and transfers to the Fund, by virtue of the Incorporation Deed, its whole participation in the Credit Rights deriving from Personal Loans for an amount of at least, jointly with the Mortgage Participations and the Mortgage Transfer Certificates, the number of the Notes issued.

The assignment is full and unconditional, and the risks of non-payment of the Credit Rights are wholly transferred. The assignment is made for the total remaining period until final maturity of the Credit Rights deriving from Personal Loans, without prejudice to the Pre-emption Right referred to in Section III.8.3 above, and the commitment of repurchase provided in Section II.15 and paragraph d) below.

The assignment shall also include the transfer of any guarantee granted in order to secure the assigned credit as well as any other incidental rights, as provided below.

Rights conferred upon the Fund through the assignment of Credit Rights.

The Fund, as holder of the Mortgage Participations and Mortgage Transfer Certificates shall hold all rights arising from them, and as holder of the Credit Rights deriving from the Personal Loans, shall hold all rights recognised to the Assignor in Articles 1,528 of the Spanish Civil Code and Articles 347 and 348 of the Spanish Commercial Code. In particular, it shall have the right to all payments received from the Disbursement Date by the debtors, and any other payment deriving from the Credit Rights. Ordinary and default interest accrued on the Credit Rights up to the Disbursement Date shall still correspond to the Assignor. In addition to payments made by debtors in the form of principal amount and interest on the Credit Rights, any other payment received by the Assignor for the Credit Rights shall also correspond to the Fund, including payments deriving from any right incidental to the financing operations e.g. insurance pay-outs, payments made by possible guarantors, etc., but not including commission for claiming unpaid bills, commission for subrogation, commission for early repayment/cancellation, or any other commission attributable to the Assignor.

The assignment of the Credit Rights shall be valid and fully enforceable between the parties on the Incorporation Date. This notwithstanding, interest accrued on the Credit Rights shall be in favour of the Fund from the Disbursement Date. The Incorporation Deed of the Fund includes as ANNEX 11 an electronic copy of each and all the assigned Personal Loans and the Mortgage Loans underlying to the Mortgage Participations and Mortgage Transfer Certificates grouped in the Fund.

The rights of the Fund resulting from the assignment of the Credit Rights are linked to the payments of the Credit Rights made by the debtors and consequently, are directly affected by the evolution, delays, advance payments or any other circumstance affecting such payments.

On the Incorporation Date, UCI shall be the beneficiary of the damage and fire insurance policies entered into by the mortgagors regarding the mortgaged residential properties, up to the total amount insured, as well as of the credit insurance policies entered into by UCI up to the total amount insured, UCI shall be in charge of providing any notification required to it according to the terms and conditions of the relevant insurance policies.

Payments made to the Managing Company, on behalf of the Fund, as interest for Credit Rights shall not be subject to withholding tax in accordance with article 57. k) of Royal Decree 1777/2004, of July 30.

d) Rules established for the substitution of the Credit Rights.

In the event of early repayment of the Credit Rights which are initially assigned to the Fund as a result of the early repayment of the relevant underlying loans, the substitution of such rights shall not be carried out.

In the event that while the loan is in force, it is detected that one of the Credit Rights does not conform on the Incorporation Date to the conditions and characteristics described in Section IV.1.a) of the Prospectus, and since the loan underlying such Credit Right does not conform to such conditions either, UCI undertakes to immediately replace that Credit Right, subject to the following rules:

1. Substitution by UCI (which shall be carried out at its capital value plus accrued and unpaid interest) for another Credit Right of a similar nature to the Credit Right to be substituted, with respect to its principal balance, term, interest rate, and credit quality

which, regarding the Mortgage Loans, shall be determined in terms of the relationship between the principal balance of the Mortgage Loan and the appraisal value of the property securing the underlying loan, in such a way that the financial structure of the Fund is not affected by the substitution.

Should there be no loans in UCI's portfolio of a similar nature to the Mortgage Loan or Personal Loan underlying the Credit Right to be replaced, UCI shall repurchase it.

2. Substitution shall be carried out as follows:

2.1. Mortgage Participations and/or Mortgage Transfer Certificate

- a) UCI shall notify the Managing Company, on behalf of the Fund, of the existence of each unsuitable Mortgage Participation or Mortgage Transfer Certificate, and shall immediately cancel such Mortgage Participation or Mortgage Transfer Certificate by stamping the relevant title, and shall issue another Mortgage Participation or Mortgage Transfer Certificate with similar characteristics with respect to the remaining term, interest rate, principal balance and credit quality in terms of the relationship between the principal balance of the Mortgage Loan and the appraisal value of the property securing the underlying loan. Prior to the substitution, a verification of the suitability of the loan substituting the former must be carried out by an external audit firm, in accordance with the provisions of Section I.3 of the Prospectus, in such a way that the financial structure of the Fund is not affected by the substitution.
- b) Such issue of a Mortgage Participation or a Mortgage Transfer Certificate by UCI and subsequent substitution by the Managing Company on behalf of the Fund, shall be performed by means of the execution of a Notarial Deed including the particulars and details related to the Mortgage Participation or Mortgage Transfer Certificate to be replaced and the underlying mortgage loan, and the particulars and details related to the new Mortgage Participation or Mortgage Transfer Certificate issued and the new mortgage loan. It shall also include the reasons for the substitution and the details of the homogeneous nature of the two Mortgage Participations or Mortgage Transfer Certificates, according to the criteria described above. A copy of such deed shall be filed with the CNMV, the Entity in charge of the Account Registry, and with the AIAF, and shall also be communicated to the Rating Agency.

2.2. Personal Loans

- a) UCI shall notify the Managing Company, on behalf of the Fund, of the existence of the non-eligible Personal Loan, and shall offer a new Personal Loan with similar characteristics with respect to the Personal Loan to be substituted in accordance with the provisions of Section IV.1.d) above. Once the new Personal Loan has been offered, a verification of its suitability must be carried out by an external audit firm, in accordance with the provisions of Section I.3 of the Prospectus, in such a way that the financial structure of the Fund is not affected by the substitution.
- b) UCI and the Managing Company, on behalf of the Fund, shall grant a notarial deed of termination of the assignment of the non-eligible Personal Loan and assignment of a new Personal Loan, by virtue of which , (i) the Managing Company, on behalf of the Fund. shall return to UCI the non-eligible Personal Loan and pay the outstanding principal of the new Personal Loan plus interest accrued and not paid; and (ii) UCI shall

transfer in the terms and conditions mentioned in paragraph IV.1.c) , 2 above, the new Personal Loan and return to the Managing Company, on behalf of the Fund, the outstanding principal of the non-eligible Personal Loan plus interest accrued and not paid. Nevertheless, the outstanding principal and interest of the non-eligible Personal Loan and the new Personal Loan shall be settled in such a way that the party obliged to pay the greater amount, shall only pay to the other party the resulting balance. A copy of such deed shall be filed with the CNMV, the Entity in charge of the Account Registry, and with the AIAF, and shall also be communicated to the Rating Agency.

IV.2 Management and custody of the Credit Rights

a) Concise and summarised description of the ordinary administrative and management procedures of the loans, and the special procedures applied in the event of default in payment or early repayment.

1. Management.

UCI, as Assignor of the Credit Rights, in accordance with Article 2.2.b) of Royal Decree 926/1998, shall be responsible for the custody and management of the Mortgage Loans and the Personal Loans corresponding to the Credit Rights and shall receive, as manager of their collection, on behalf of the Fund, all amounts paid by the debtors in relation to the Credit Rights. The amounts corresponding to the Fund shall be deposited immediately, in accordance with the provisions of Section IV.1.c) and paragraph 9 below, in the Cash Account opened in the name of the Fund by the Managing Company, as described in Section V.3.1 of the Prospectus.

UCI shall carry out the management of the Credit Rights exercising the same standard of care as it would in relation to its own loans.

According to the provisions of the Incorporation Deed, UCI shall assume, *inter alia*, the following obligations: (i) it shall assign to the Managing Company on behalf of the Fund, the rights corresponding to it as beneficiary of the damage and fire insurance policies subscribed by the mortgagors in relation to the mortgaged properties and of the credit insurance policies subscribed by UCI, for the amount covered by the insurance policies; (ii) it shall guarantee to the Fund, through its Managing Company, certain conditions of the Credit Rights which are included in the Incorporation Deed and which are detailed in this Section of the Prospectus, and shall undertake to substitute those Credit Rights which do not conform to such conditions, and in the event that there was no Credit Right in its portfolio similar to the Credit Right to be replaced, it undertakes to repurchase it for its capital value plus accrued and unpaid interest; and (iii) it shall be accountable to the Fund, through its Managing Company, for any damage, loss or expense incurred as a result of the non-compliance of UCI with its obligations of custody and management of the Credit Rights.

Should UCI be replaced as Manager of the Credit Rights by another entity, the replacing entity shall be entitled to receive a management fee which shall rank 1st in the payment priority order established in Section V.5.2.1.2 of this Prospectus.

2. Duration.

The services referred to in the paragraph above (hereinafter, the "**Services**") shall be provided by UCI until, upon amortisation of all the Credit Rights, all the obligations assumed by UCI are extinguished.

3. Responsibility of UCI for custody and management

UCI undertakes to act with due diligence in the custody and management of the Credit Rights and shall be accountable to the Fund, through its Managing Company, for any damage which may derive from its negligence.

4. Responsibility of UCI in the collections.

UCI undertakes to exercise due care in the collection of the Credit Rights and shall be accountable to the Fund, through its Managing Company, for any damage which may derive from its negligence.

5. Guarantee of UCI.

UCI shall indemnify the Fund, through its Managing Company, for any damage, loss or expense incurred by reason of the breach of its obligations of custody, management and/or collection of the Credit Rights.

UCI does not assume any responsibility either directly or indirectly for the success of the transaction, and does not provide any guarantee or bank guarantee, nor shall it enter into any repurchase agreements in relation to the Credit Rights, except for those which do not conform with the conditions and characteristics set forth in Section IV.1.a) of the Prospectus and in accordance with the provisions of such Section.

6. Hand over and deposit of the Mortgage Participations and the Mortgage Transfer Certificates.

UCI shall hand over the Mortgage Participations and the Mortgage Transfer Certificates issued and registered by means of two multiple certificates, and subscribed for by the Managing Company on behalf of the Fund, to the Managing Company which shall, in turn, deposit them in the Bank, which shall receive the Mortgage Participations and the Mortgage Transfer Certificates and accept them. This deposit, which shall be free of charge and for the benefit of the Fund, shall be such that the Bank will hold the Mortgage Participations and the Mortgage Transfer Certificates in accordance with the instructions given by the Managing Company.

7. Deposit of other documents.

UCI shall act as depositary of the deeds formalising the Mortgage Loans and the Personal Loans and all other relevant documents, and shall provide the Managing Company with a copy of the deeds formalising the Personal Loans.

8. Access to the referred documents.

The Managing Company, on behalf of the Fund, may examine and UCI shall provide the originals of the Mortgage Participations and Mortgage Transfer Certificates in the Bank in the name of the Fund and the deeds of formalisation of the Mortgage Loans and the Personal Loans deposited in UCI, whenever the Managing Company deems it appropriate, and may request that a copy of any of the documents mentioned above be provided free of charge within a period of forty eight (48) hours.

Should UCI be replaced as Manager of the Credit Rights by a different entity, UCI shall provide the latter with all documents, files and/or systems necessary for the management of the Credit Rights.

9. Collections.

UCI, as collector, shall receive in the name of the Managing Company, on behalf of the Fund, all amounts paid by the debtors deriving from the Credit Rights, in the form of both principal amount and interest, or any other concept including insurance agreements assigned to the Managing Company, on behalf of the Fund, owed by virtue of the relevant loans. UCI shall immediately deposit the amounts corresponding to the Fund according to the provisions of Section IV.1.c), in the Cash Account described in Section V.3.1 of the Prospectus. This deposit must always be carried out within a period of forty eight (48) hours.

Likewise, UCI shall deposit in such account and within the above mentioned term all amounts received from the debtors in early repayment of the Credit Rights and which correspond to the Fund according to the provisions of this Section.

In the event of winding-up, suspension of payments, bankruptcy or insolvency (according to the provisions set forth in Law 22/2003 of July 9, on Insolvency) of UCI, as provided in Section II.15.(iii), the Bank shall indemnify the Fund of the damages arising of the non-fulfilment by UCI of its obligation of management of the assigned Credit Rights and, in particular, the Bank shall directly pay to the Fund the relevant amounts of principal and interest on the Credit Rights making up the assets of the Fund.

In such a case, UCI will provide the Bank with all the necessary support and, in particular, with computing support, in such a manner that the Bank may identify the loans underlying to the Credit Rights and carry out the payment of such principal and interest amounts to the Fund.

10. Calculation of the interest rate of the Credit Rights subject to a floating interest rate.

UCI shall calculate the variable interest rate of the Credit Rights subject to a floating interest rate, in accordance with the provisions of the loan deeds or policies, and shall inform the debtors, within the terms set forth in such agreements, of the nominal interest rate applicable for the next period.

In addition, UCI shall provide the Managing Company and the debtor, if so requested, with information about the resulting interest rate.

11. Advance of funds.

UCI shall not advance, under any circumstances, any amount not previously received from the debtors as principal amount, interest, prepayment or any other amount derived from the Credit Rights.

12. Forbidden transactions; mortgage extension cases.

UCI shall not cancel voluntarily the guarantees with respect to the mortgages for any reason other than the repayment of the secured Mortgage or Personal Loan. UCI shall not waive or enter into any settlement of such guarantees, or remit the Mortgage Loans or the Personal Loans, in whole or in part. Nor shall it, in general, perform any act which decreases the rank, the legal enforceability or the economic value of the guarantees or the Mortgage Loans and the Personal Loans.

Notwithstanding the above, in exceptional circumstances and in order to avoid the costs and uncertainties inherent in all mortgage enforcement processes and to maintain the financial balance of the Fund, and always having regard to the interests of the noteholders, the Managing Company, as manager of third parties' business, may give instructions to UCI, or give it prior authorisation to enter into an agreement with the debtor on the terms and conditions it deems appropriate, having regard to Law 2/1994 on Subrogation and Revision of Mortgage Loans.

UCI shall not permit any other renegotiation of the financial terms of the Mortgage Loans and the Personal Loans with the debtors, except for that referred to in above and those expressly mentioned in Section IV.4 below ("Cuota Comodín" right and right to limit the instalment according to the Consumer Price Index), in paragraph 6.1 above.

If, due to market factors or any other circumstances, the value of the mortgaged property decreases in relation to the initial appraisal by a percentage greater than that permitted by law, UCI shall request the debtor, by means of certifying the appraisal made at his request, to extend the mortgage to other goods in order to maintain the existing mandatory relationship between the value of the goods and the credit secured by such goods.

If the debtor, after the extension has been requested, repays all or that part of the Mortgage Loan that exceeds the amount resulting from applying to the updated appraisal value the percentage used to initially determine its level, UCI shall be under an obligation to deposit, in accordance with Section IV.1.c) and in the name and on behalf of the Fund, the amounts it receives from the debtor in favour of the Managing Company in this regard. The deposit should be made in the Cash Account opened by the Managing Company on behalf of the Fund described in Section V.3.1 of the Prospectus.

If, within two (2) months of the extension request being made, the debtor has not carried out the extension or returned the part of the corresponding Mortgage Loan referred to in the previous paragraph, it will be understood that he has opted for the full repayment of the loan, which will be immediately demanded by UCI. Once the amount corresponding to the complete Mortgage Loan has been received, UCI, in the terms set forth in Section IV.1.c), shall immediately deposit, in the name and on behalf of the Fund, the relevant amount in favour of the Managing Company in accordance with the above paragraph.

13. Remuneration of UCI.

UCI, as remuneration for the management of the Credit Rights (or the entity replacing UCI in its management functions, in the event of a substitution due to circumstances of UCI which may prevent or hinder a satisfactory management of the Fund) shall be entitled to receive, on each Payment Date and until the Payment Date on which the total amortisation of the Notes takes place, a fixed Management Fee of six thousand (6,000) euro, VAT included.

If the Fund, through its Managing Company, and due to lack of liquidity, does not pay on any Payment Date the total amount of the fee due, all unpaid amounts shall be added without any penalty to the fee to be paid on the next Payment Date, which will be handed over on such Payment Date.

Likewise UCI, as compensation or remuneration for the process of financial intermediation performed, shall be entitled to receive in addition, on each Payment Date, a subordinated and floating amount equal to the existing difference between the

accounting income and expenses of the Fund, in a way that extracts the financial margin obtained. The amount does not comprise a payment for the handing over of any goods or the rendering of any service to the Fund, but consists of remuneration for the financial intermediation process performed by UCI.

In the event that on a given Payment Date (with regard to the period comprised between such Payment Date and the preceding Payment Date) more than 15% of the borrowers exercise their special instalment (“*Cuota Comodín*”) right, or more than 7% of the borrowers exercise their right to limit the instalment according to the Consumer Price Index, payment of item 15 of the payment priority order established in Section V.5.1 of this Prospectus will be stopped (quarterly payment to UCI of a floating amount as consideration or compensation for the intermediation services). In such an event, the relevant amount will be kept in the Cash Account until the Payment Date on which the exercise of the special instalment (“*Cuota Comodín*”) right or the right to limit the instalment according to the Consumer Price Index corresponding to the new period do not exceed the said percentages. Payment of such fee will be only restored prior agreement with the Rating Agency. Calculation of the referred percentages will be carried out on the Calculation Dates.

Both the fixed Fee for the administration of the Credit Rights to be paid to UCI, and the amount to be paid to UCI as payment for its financial intermediation services, shall be paid provided that the Fund has sufficient liquidity and in accordance with the provisions of Section V.5.1.b), 2, of the Prospectus.

In addition, UCI, on each Payment Date, shall be entitled to reimbursement for all expenses incurred that are of an exceptional nature (such as those resulting from the enforcement, sale of properties, etc.), upon providing justification of such expenses in connection with the management of the Mortgage Loans. Such expenses shall be paid provided that the Fund has sufficient liquidity, and in accordance with the provisions of Section V.5.1.b), 2, a), 1 of the Prospectus regarding the Payment Priority Order.

b) Abilities of the holder of the Credit Rights in the event of a breach by the debtor of his obligations.

b') Enforcement action against debtors.

UCI shall employ the same diligence and reclamation procedures for sums due and unpaid in relation to the Credit Rights assigned to the Fund as it does for the rest of its loans and, in particular, it shall bring the appropriate enforcement action if, once the internal limitation periods for a judicial action aimed at obtaining satisfaction of the interest of the Fund have elapsed, it has not achieved the desired effect. In any event, it will seek the mentioned enforcement if, after analysis of the specific circumstances, the Managing Company, with the approval of UCI, considers it appropriate.

Additionally, UCI undertakes to inform the Managing Company, on behalf of the Fund, on a daily basis, about bad debts, early repayments or revisions of interest rates, and to punctually provide information regarding payment requirements, certified notifications provided to the debtor, judicial actions, or any other circumstances affecting the Mortgage Loans and/or the Personal Loans. Likewise, UCI shall provide the Managing Company with all documentation that it may require in connection with such Loans and, in particular, with all documentation required for the filing of judicial actions by the Managing Company, as the case may be.

1. In the event of non-payment by any debtor of the Mortgage Loans, the Fund, through its Managing Company, shall have the following powers in accordance

with the provisions of article 66 of Royal Decree 685/1982 of March 17, as amended by Royal Decree 1289/91, of August 2:

- (i) to compel UCI to seek the enforcement of the mortgage;
- (ii) to take part equally in the rights exercised by UCI including any enforcement proceedings brought against the debtor, and to appear in any such enforcement proceedings, and to have a stake in the product of the auction, in proportion to its percentage in the loan being enforced;
- (iii) if UCI does not begin the procedure within sixty (60) calendar days following the notarial notice of requesting the payment of the debt corresponding to the mortgage loans, the Managing Company, in the name and on behalf of the Fund, shall be entitled on a subordinated basis to bring an action for the enforcement of the participated mortgage loan for the amount corresponding to the percentage of its participation, both for principal and interest; and
- (iv) in the event that UCI brings an end to the procedure, the Fund, duly represented by the Managing Company, may be subrogated to the position of UCI and continue the enforcement procedure without the need for the above-mentioned term to have expired.

In the cases set out in paragraphs (iii) and (iv), the Managing Company, in the name and on behalf of the Fund, may request from the relevant judge the opening of proceedings or the continuation of the relevant mortgage enforcement procedure, attaching to such formal request the original title of the Mortgage Participation or Mortgage Transfer Certificate, detaching the duly attested summons mentioned in paragraph (iii) above. In addition the certificate of registration and subsistence of the mortgage will be required in the event of Mortgage Participations or Mortgage Transfer Certificates, along with the document evidencing the balance claimed.

In the event that the law so requires, and in accordance with Article 681 et seq. of Law 1/2000, of January 7, on Civil Procedure, UCI shall grant in the Incorporation Deed an irrevocable power, as broad and sufficient as required by law in favour of the Managing Company, so that it, acting in name and on behalf of UCI, may summon the debtor of any of the Mortgage Loans and demand payment of his debt.

The Managing Company may also take part in the enforcement procedure with rights equal to those of UCI and in this regard may demand, in connection with the Mortgage Loans and in accordance with Law 1/2000, of January 7, on Civil Procedure, the vesting of the real estate property mortgaged as payment of its credit. The Managing Company shall sell the real estate properties assigned as soon as it is possible under market conditions.

2. In the event of non-payment by any debtor of the Personal Loans, and pursuant to Articles 517 and 520 of Law 1/2000, of January 7, on Civil Procedure, the Fund, through its Managing Company, shall have enforcement action against such debtors provided that the Personal Loans have been formalised by means of a public deed or policy intervened by a Notary or Business Agent (“*Corredor de Comercio*”).

b'')Enforcement action against UCI.

The Managing Company, on behalf of the Fund, shall be entitled to an enforcement action against UCI if the breach of the obligation of payment of these amounts is not attributable to non payment by the debtors.

Upon extinction of the Credit Rights, the Fund, through its managing Company, shall maintain the right of action against UCI until it has complied in full with its obligations.

c) Liability assumed by the Assignor.

The risk of unpaid Credit Rights shall be borne by the Noteholders. Therefore, the Bank does not assume any liability for the non-payment of the debtors of the Credit Rights, either of the principal amount, or of the interest or any other amount due by virtue of the Credit Rights.

IV.3 Policy of UCI regarding the granting of Mortgage Loans and Personal Loans.

UCI warrants to the Managing Company that the data contained in this Section is true, accurate and valid, and that the following criteria have been taken into account in the granting of each one of the Mortgage Loans and Personal Loans.

IV.3.1 Description of the procedures set forth by the assigning entity for the analysis of risk and the granting of mortgage loans. ("Internal Memorandum").

Introduction.

The basic documentation which is generally used to analyse the transaction is the following:

1. *Application form.*
2. *About the residential property to be acquired:* documentation provided by the applicant on the residential property to be financed or on any other residential property considered in the transaction as an additional guarantee.
3. *About the income of the applicant.*
 - Salaried workers: the last three payrolls and Income Tax Returns of the previous year.
 - Professionals and autonomous workers: Income Tax Return of the previous year.

Faculties.

The commercial offices do not enjoy any decision making power, the risk analysts of the National Office of Authorizations (C.A.N.) being responsible for verifying all the documentation, recalculating the incomes, consulting the risk files and, according to the powers granted, either deciding directly, or presenting the operations to the C.A.N. Committee or the Risks Committee, as the case may be.

Evaluation.

In the use of its faculties, the operation's decision maker (analyst, C.A.N. Committee or Risks Committee) evaluates the loan and submits a first provisional authorization. This provisional authorization will be conditional upon the firm appraisal on the goods to be mortgaged to be carried out by the Appraisal Company Valtecnica and upon verification of the registration data by the administrative agents collaborating with UCI.

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

- *Destination*: acquisition or renovation of residential property.
- *Title owners*: Individual persons of legal age, Spanish residents that become residential property owners, and which comply with the following conditions:
 - The professional stability of the applicant is analyzed, considering both the way of contracting, as its professional dynamic, enhancing the transactions with insufficient stability by means of personal guarantees or additional securities.
 - The maximum percentage of financing depends on the type of employment contract. Generally, and save exceptions, the maximum financing will be 70% for liberal professions and 60% for autonomous workers, those percentages being exceeded in case of salaried workers. In the case of civil servants title owners, the percentage of financing can reach up to 105% (distributed in a mortgage loan up to 80% and the remainder as associated personal loan).
 - The selection process is supported by a statistical score, based on the probability of non-payment in function of the client profile and an expert system that validates that the transaction complies with all UCI's acceptance policy rules.
 - In all transactions the presence of the title holders and guarantors is systematically verified, if this is the case, in the ASNEF's Risks files (National Association of Financing Companies). If proved necessary, resort to CIRBE (Central of Risks Information of the Bank of Spain) is also foreseen.

Disbursement of the loan.

Once the final procedures of evaluation and authorization have been completed, the deed of granting of the loan is executed before a Notary Public, in which moment UCI disburses the funds. If the financing percentage which was granted with respect to the appraisal value of the guarantees exceeds 80%, delivery of the funds would be normally done in two tranches:

- 1st tranche: up to the 80%, as a Mortgage Loan.
- 2nd tranche: the amount exceeding 80%, as a Mortgage Loan in which the mortgage guarantee ranks second or a Personal Loan, as the case may be.

In these two cases (1st and 2nd tranche) the Loans are secured by means of a mortgage credit insurance policy with permanent coverage, equal to the financing exceeding 78% of the original appraised value up to 97% of the same. This credit insurance policy is entered into with General Electric Mortgage Insurance Limited, part of Genworth Financial ("GEMI").

In case of liens existing prior to the loan, the representative appointed by UCI will be responsible for their cancellation, retaining for such purposes the necessary funds, and will ensure that registration takes place, in such a way that UCI's mortgage is registered first rank.

IV.3.2 Statistical information on the evolution of the number of transactions pending maturity, net investment, average APR and NPL's investments of the Mortgage Loans and the Personal Loans portfolio.

The chart below illustrates the evolution over the last three years of the managed net investment in millions of euro, the average profitability (annualised percentage or APR), together with the investment in NPL's (Non performing loans) of the portfolio of UCI corresponding to Mortgage Loans and Personal Loans granted to private individuals for the acquisition or rehabilitation of residential properties in Spain:

Date	Number of transactions pending maturity		Net Investment (M euro)		% average A.P.R	Total Non performing loans (Euro M)	% NPL's
	Mortgage	Personal	Mortgage	Personal			
31/12/01	49,835	12,519	2,765.12	135.59	5.99	13.78	0.50%
30/06/02	51,147	15,770	3,025.16	157.62	5.48	16.23	0.51%
31/12/02	55,261	17,297	3,475.04	189.02	5.24	20.32	0.55%
30/06/03	58,313	18,638	3,878.14	215.09	4.80	24.41	0.59%
31/12/03	59,169	18,901	4,152.26	227.94	4.24	28.13	0.64%
30/06/04	60,337	19,089	4,497.64	246.23	4.03	31.48	0.66%
30/09/04	61,643	19,535	4,761.50	260.58	4.06	36.15	0.71%

(1) Bank of Spain criteria

With regard to the experience of early repayment or prepayments in the mortgage loans granted by UCI for the acquisition or rehabilitation of residential properties, at a floating rate, the Annual Constant Prepayment Rate ("*Tasa Anual Constante de Prepagó*" or CPR) since their origination is around 15% per annum, such data however does not represents an estimate of the actual future amortisation.

IV.4 Description of the portfolio of Mortgage Loans and Personal Loans mobilised through the assignment of the Credit Rights included in the Fund.

UCI warrants to the Managing Company that all data contained in this Section, are true, accurate, and complete, and it assumes all liabilities for such data not being true, accurate or complete.

Homogeneity of the Mortgage Loans and Personal Loans

The Mortgage Loans and the Personal Loans underlying to the Credit Rights grouped in the Fund have been granted to individuals with the sole purpose of financing the acquisition and renovation of residential properties, according to the analysis and granting standard market criteria. As regards the Mortgage Loans the only difference refers to the percentage financed in connection with the underlying asset's valuation. As a consequence of the foregoing, all the Mortgage Loans and the Personal Loans grouped in the Fund can be considered homogeneous.

Loans Portfolio

The Mortgage Loans and the Personal Loans underlying to the Credit Rights derive from financing transactions regarding the acquisition or rehabilitation of residential properties located in Spain and granted by UCI to individuals.

If the percentage of financing granted by UCI in respect of the appraised value of the mortgage warrantee exceeds 80 %, the operation could be implemented in two different ways:

- a) Financing through a Mortgage Loan with a percentage of the appraised value of the mortgage warranty over 80 % and always less than 100 % of the appraised value.
- b) Financing through a Mortgage Loan and an associated Personal Loan. In this case, the total amount of the financing of the operation will be broken down in the following manner;
 - Mortgage Loan: up to 80 % over the appraised value of the mortgage warranties.
 - Personal Loan: any excess over 80 % and up to 100 % of financing. The two loans are complementary and will be formalised at the same time by a commissioner for oaths.

All the Personal Loans of the Fund portfolio will be transferred with their respective associated Mortgages Loans A. These operations (Mortgage plus Personal) present an additional warranty given that they are secured operations with a mortgage credit insurance of GEMI, entered into by UCI.

The object of this coverage, during the complete transaction period and for a constant amount, is to insure against the risk of loss which may occur following the execution of a loan which has not been repaid by the debtor. These operations are insured up to a financing percentage (mortgage plus personal) at the time the transaction is drawn up of between 80% and 97%. The maximum amount of coverage will be the difference between the initial amount of the loan (mortgage plus personal) and 78% of the appraised value of the mortgage warranty itself.

The amount of loss is defined as the difference between:

- the sum of the clients' debt (the unpaid pending amount of the loan (mortgage plus personal) the ordinary interest accrued and unpaid over a period of 48 monthly unpaid instalments), and
- the value of a judicial award to a third party of the property which is the object of the loan warranty or the sale of the property subsequent to judicial enforcement.

For example:

Initial amount of the loan (mortgaged plus personal):	92,000 Euros
Appraised value:	100,000 Euros (LTV operation = 92 %)
Maximum coverage:	14,000 Euros = 92.000-(100.000*78 %)
Debt claimed from the client:	87,000 Euros
Value of the judicial award:	85,000 Euros
Theoretical loss:	87,000 - 85,000 = 2,000 Euros

Given that the loss (2,000 Euros) is less than the maximum amount of coverage (14,000), the actual loss for UCI in this operation would be null, due to the fact that the same amount will be covered by the Insurance Company.

The premium is a one-off payment which will be paid to the Insurance Company at the time the operation is executed. The maximum amount of coverage covers the operation (mortgage plus personal) during the term of the insurance and if a cancellation of the personal loan occurs, the protection over the mortgage loan will remain. The insurance covers the financed percentage exceeding 78% of the appraised value up to the global financed sum, in each case, in favour of the customer.

The percentage of loans (Mortgage plus Personal) insured by General Electric amount to 41% of the whole loan balance portfolio held by the Fund.

Mortgage Loans Portfolio

The Mortgage Loans portfolio which will be used as the basis for the issuance of the Mortgage Participations and Mortgage Transfer Certificates is comprised, on October 14, 2004, of 8,445 mortgage loans, divided in 7,823 Mortgage Loans A (underlying the Mortgage Participations) for a total amount of 765,354,569.74 euros, and 632 Mortgage Loans B (underlying the Mortgage Transfer Certificates) for a total amount of 67,665,590.40 euros. The total sum amounted on the aforementioned date to 833,020,160.14 euro (representing 94% of the issuance of Notes).

The characteristics of the portfolio as of October 14, 2004 are described below:

63% of the Mortgage Loans has a floating interest rate and 37% have a fixed interest rate during the first three (3) years and a floating interest rate during the remaining term, and they are loans which commence on average in July 2003, the maximum maturity date of the fixed interest rate period being 2006. The current average rate of this portfolio is 4.5% and the average margin until August 2006 is 2.30%.

The floating interest rate Mortgage Loans' main reference is the twelve (12) month EURIBOR or MIBOR, published by the Bank of Spain (54% of the Mortgage Loans portfolio) plus an average margin of 1.06%. The remainder of the Mortgage Loans are indexed to the Mortgage Loans Reference Rate ("IRPH") of the Financial Companies (45% of the portfolio), and 1% of the portfolio, to 6 month or 3 month EURIBOR or MIBOR, 6 month LIBOR and to Government Debt.

The equivalent joint spread of the Mortgage Loans portfolio of the Fund is 1.71% until 2006; since then it will be 1.38% and the current average rate is 4.01%.

As enhancements of the Mortgage Loans' risks, 29% of the portfolio has more than one first rank mortgage guarantee, that is to say, that it has a first rank mortgage guarantee over another real state property, 12% of debtors contribute guarantors to the operation and 90% of the borrowers maintains their payroll domiciled in the Bank.

7% of the Mortgage Loans have a special instalment "Cuota Comodín". This is an option which corresponds to the borrower one (1) time a year during the first thirty six (36) months of life of the loan, to substitute the payment obligation of just one (1) of its monthly instalments by its capitalization together with the remainder of the pending capital. This right to substitute the payment of the instalments cannot be exercised in connection with two consecutive instalments (even if they correspond to different years) and is not allowed to clients in non-payment situation. The unpaid instalment is accumulated to the principal

pending repayment and the impact of this capitalisation is regularised at the time of the calculation of the new instalment according to the revision of the interest rate established in the deed of granting of the loan. Due to the age of the dates of granting of the Mortgage Loans which include this right, 2% of the loans have exhausted the possibility to exercise the option, 3% still have one (1) year and 2% of borrowers with this option can use it during the next two (2) years. Out of the portfolio of Mortgage Loans: 1.20 % has exercised the “Cuota Comodín” right at least one time since the granting of the loan (50 % of them, which amount to 0.6% of the final portfolio, has exercised this right during the last 12 months and are pending calculation of the new instalment for repayment of this amount).

Without “Cuota Comodín”	93%
“Cuota Comodín” exhausted	2%
“Cuota Comodín” 1 year remaining	3%
“Cuota Comodín” 2 years remaining	2%
Currently using the “Cuota Comodín”	0.6%

Besides, the Mortgage Loans have the option, to the benefit of the client and under his initiative, to limit the annual growth of the instalments in the face of a rise in their interest rates, up to a maximum value equal to 200%, 100% or 50% of the IPC (Consumer Price Index) for the twelve (12) previous months, published in the Official Gazette of the National Institute of Statistics, one (1) month prior to revision) depending on the frequency of revision of the interest rate (12 months, 6 months or 3 months, respectively). This option is a right granted to the borrower which can be exercised at the moment of revision of interest rate. If by reason of the agreed limitation, the totality of the debt had not been fully paid once the original maturity date of the loan has arrived, the borrower will continue paying monthly instalments up to the complete payment of the debt. This extra time shall not exceed the maximum time limit of seven (7) years from the said original maturity.

Out of all clients within UCI’s Mortgage Loans portfolio, 62% does not have the possibility to exercise this option, and the remainder (38% of the Mortgage Loans), 0.5% has this option during all the life of the Mortgage Loan and the rest may exercise it during the first three years, (2% have only one (1) year left and 35.5% of the borrowers have this option during the next two (2) years). The maximum maturity date of the portfolio with the right to limit the instalment during all the life of the loan is December 5, 2028. If we add the seven (7) years of extra time to this maximum maturity date, the legal maturity date of the Fund (September 15, 2041) is not exceeded. For these purposes, a year comprises the twelve (12) months between each revision of the instalment.

Without right to limit the instalment	59%
Right to limit the instalment exhausted	3%
Right to limit the instalment 1 year remaining	2%
Right to limit the instalment 2 years remaining	35.5%
Right to limit the instalment during all the life of the loan	0.5%

At present, none of the borrowers of the portfolio of Mortgage Loans which will be mostly assigned to the Fund are limiting the instalment.

Distribution of the Mortgage Loans portfolio by type of product:

TYPE OF PRODUCT	%	AVERAGE ORIGINATION DATE	AVERAGE MATURITY DATE
“Cuota Fácil”	21%	29/07/2003	05/04/2032
“Cambio de Casa”	16%	12/09/2002	30/08/2031
“Tipo Fijo 3 años”	35%	09/08/2003	06/10/2032
“Cambio de Casa Tipo Fijo 3 años”	2%	11/08/2003	25/03/2032
“Internet”	2%	28/10/2003	10/10/2028
“Resto de productos”	24%	29/11/2002	27/11/2029

- 21% of the Mortgage Loans have the thirty-six (36) first instalments pre-determined and progressive (“Cuota Fácil”) (the first year instalment shall be at least the value of the instalment without any principal repayment, the remainder of the instalments being progressive until reaching in the fourth year the value of the normal financial instalment). The accrued but unpaid interest would accumulate to the principal pending repayment. From the fourth year onwards, the calculation of the new instalment would absorb the impact of the possible absence of principal repayment of the three first years.
- 16% of the Mortgage Loans are “Cambio de Casa” mortgage loans, which were granted for the purchase of a new residential property when the borrower has not yet sold his previous residential property. For such purposes, both residential properties are mortgaged and the borrower is granted a time limit of two (2) years in order to sell the previous property, with an obligation to refund the value of the loan depending on the mortgage responsibility indicated for the said residential property. Currently, 45% of this portfolio has not yet sold their previous property.
- 35% of the Mortgage Loans has a fixed interest rate during the first three (3) years (“Tipo Fijo 3 años”). These loans were granted during 2003, the maximum maturity date of the fixed interest rate period being August 2006. Of this loans portfolio, 72% have a fixed interest rate during the first three (3) years and the rest (28%) have a fixed interest rate during the first six (6) years, although in both cases the interest becomes variable from the third year onwards. 2% of the Mortgage Loans are “Cambio de Casa Tipo Fijo 3 años” mortgage loans, as those described in above but with a fixed interest rate during the first three years. Currently, 58% of these borrowers have not yet sold their previous property.
- 2% of the portfolio are loans originated by UCI through its Internet web site or the “Superlínea Telefónica”. The average margin of these loans is 0.49% over the Euribor, their average LTV is 60%
- The remainder of the Mortgage Loans portfolio (24%) is formed by floating rate loans, with annual, semi-annual or quarterly revision, and bear no differences except for the special instalment “Cuota Comodín” right and the instalment limitation option according to the Consumer Price Index described above.

The charts below illustrate the distribution of the loans selected according to their initial amount, current balance, date of formalisation, date of maturity, current interest rate, reference rate, geographical location of the outstanding balance of the mortgage loans, relation between its initial amount and current balance and the appraisal value, and delay in payment of the portfolio. The following charts have been prepared using information as of October 14, 2004.

CHARTS OF MORTGAGE LOANS

INITIAL PRINCIPAL BALANCE OF THE MORTGAGE LOANS					
Range (euro)	Amount		Loans		
	(thousands of euro)	%	n°	%	
9,000.00 - 29,999.99	3,263.07	0.34	141	1.66	
30,000.00 - 59,999.99	60,898.81	6.51	1,290	15.25	
60,000.00 - 89,999.99	184,458.09	19.73	2,472	29.23	
90,000.00 - 119,999.99	186,569.12	19.96	1,806	21.36	
120,000.00 - 149,999.99	148,261.97	15.86	1,126	13.31	
150,000.00 - 179,999.99	99,050.27	10.59	611	7.22	
180,000.00 - 209,999.99	64,189.43	6.86	334	3.95	
210,000.00 - 239,999.99	50,453.78	5.39	228	2.69	
240,000.00 - 646,000.00	137,486.54	14.71	447	5.28	
Total:	934,631,120.64	100.00	8,455	100.00	

Maximum Initial Principal Balance: 646,000.00 euros
Minimum Initial Principal Balance: 9,000.00 Euros
Average Initial Principal Balance: 110,541.82 Euros

OUTSTANDING PRINCIPAL BALANCE OF THE MORTGAGE LOANS					
Range (euro)	Amount		Loans		
	(thousands of euro)	%	n°	%	
2,014.08 - 29,999.99	6,355.96	0.76	332	3.92	
30,000.00 - 59,999.99	68,041.51	8.16	1,408	16.65	
60,000.00 - 89,999.99	196,448.41	23.58	2,611	30.88	
90,000.00 - 119,999.99	196,451.38	23.58	1,883	22.27	
120,000.00 - 149,999.99	147,311.79	17.68	1,107	13.09	
150,000.00 - 179,999.99	89,794.12	10.77	550	6.50	
180,000.00 - 209,999.99	46,426.88	5.57	239	2.82	
210,000.00 - 239,999.99	33,629.86	4.03	151	1.78	
240,000.00 - 380,026.85	48,560.20	5.82	174	2.05	
Total:	833,020,160.14	100.00	8,455	100.00	

Maximum Outstanding Principal Balance: 380,026.85 euros
Minimum Outstanding Principal Balance: 2,014.08 euros
Average Outstanding Principal Balance: 98,523.96 euros

ORIGINATION DATE OF THE MORTGAGE LOANS					
Range	Amount		Loans		
	(thousands of euro)	%	n°	%	
1/02/1991 - 31/12/1999	7,782.38	0.93	258	3.05	
1/01/2000 - 30/06/2000	2,245.20	0.26	35	0.41	
1/07/2000 - 31/12/2000	1,660.04	0.19	29	0.34	
1/01/2001 - 30/06/2001	4,800.48	0.57	72	0.85	
1/07/2001 - 31/12/2001	9,626.15	1.15	128	1.51	
1/01/2002 - 30/06/2002	10,240.16	1.22	113	1.33	
1/07/2002 - 31/12/2002	46,076.76	5.53	518	6.12	
1/01/2003 - 30/06/2003	186,975.86	22.44	2,060	24.36	
1/07/2003 - 31/12/2003	404,608.66	48.57	3,802	44.96	
1/01/2004 - 27/02/2004	159,004.42	19.08	1,440	17.03	
Totals:	833,020,160.14	100.00	8,455	100.00	

Maximum Origination Date: 27/02/2004
Minimum Origination Date: 1/02/1991
Average Origination Date: 18/07/2003

MATURITY DATE OF THE MORTGAGE LOANS				
Range	Amount		Loans	
	(thousands of euro)	%	n°	%
5/10/2005 - 31/12/2005	11.31	0.00	1	0.01
1/01/2006 - 30/06/2006	29.68	0.00	5	0.05
1/07/2006 - 31/12/2006	262.62	0.03	36	0.42
1/01/2007 - 30/06/2007	143.11	0.01	14	0.16
1/07/2007 - 31/12/2007	91.18	0.01	6	0.07
1/01/2008 - 30/06/2008	107.06	0.01	7	0.08
1/07/2008 - 31/12/2008	118.61	0.01	4	0.04
1/01/2009 - 30/06/2009	184.90	0.02	9	0.10
1/07/2009 - 31/12/2009	191.23	0.02	9	0.10
1/01/2010 - 30/06/2010	86.44	0.01	5	0.05
1/07/2010 - 31/12/2010	423.59	0.05	9	0.10
1/01/2011 - 30/06/2011	268.86	0.03	11	0.13
1/07/2011 - 31/12/2011	622.72	0.07	25	0.29
1/01/2012 - 30/06/2012	659.66	0.07	24	0.28
1/07/2012 - 31/12/2012	483.87	0.05	9	0.10
1/01/2013 - 30/06/2013	691.94	0.08	14	0.16
1/07/2013 - 31/12/2013	1,151.18	0.13	24	0.28
1/01/2014 - 30/06/2014	1,500.76	0.18	26	0.30
1/07/2014 - 31/12/2014	244.47	0.02	6	0.07
1/01/2015 - 30/06/2015	821.28	0.09	13	0.15
1/07/2015 - 31/12/2015	1,000.97	0.12	18	0.21
1/01/2016 - 30/06/2016	729.67	0.08	18	0.21
1/07/2016 - 31/12/2016	1,244.14	0.14	31	0.36
1/01/2017 - 30/06/2017	1,163.95	0.13	26	0.30
1/07/2017 - 31/12/2017	978.12	0.11	12	0.14
1/01/2018 - 30/06/2018	2,612.59	0.31	32	0.37
1/07/2018 - 31/12/2018	6,273.96	0.75	91	1.07
1/01/2019 - 30/06/2019	4,496.71	0.53	50	0.59
1/07/2019 - 31/12/2019	259.09	0.03	4	0.04
1/01/2020 - 30/06/2020	548.02	0.06	9	0.10
1/07/2020 - 31/12/2020	441.09	0.05	8	0.09
1/01/2021 - 30/06/2021	1,404.24	0.16	18	0.21
1/07/2021 - 31/12/2021	2,863.53	0.34	37	0.43
1/01/2022 - 30/06/2022	2,441.29	0.29	31	0.36
1/07/2022 - 31/12/2022	3,248.06	0.38	33	0.39
1/01/2023 - 30/06/2023	6,174.53	0.74	71	0.83
1/07/2023 - 31/12/2023	24,000.35	2.88	246	2.90
1/01/2024 - 30/06/2024	12,367.94	1.48	117	1.38
1/07/2024 - 31/12/2024	295.20	0.03	4	0.04
1/01/2025 - 30/06/2025	331.86	0.03	6	0.07
1/07/2025 - 31/12/2025	1,455.05	0.17	14	0.16
1/01/2026 - 30/06/2026	1,362.54	0.16	17	0.20
1/07/2026 - 31/12/2026	2,657.49	0.31	24	0.28
1/01/2027 - 30/06/2027	1,937.88	0.23	23	0.27
1/07/2027 - 31/12/2027	3,773.04	0.45	40	0.47
1/01/2028 - 30/06/2028	9,645.12	1.15	109	1.28
1/07/2028 - 31/12/2028	30,285.53	3.63	283	3.34
1/01/2029 - 30/06/2029	14,228.75	1.70	136	1.60
1/07/2029 - 31/12/2029	1,047.78	0.12	13	0.15
1/01/2030 - 30/06/2030	1,825.97	0.21	23	0.27
1/07/2030 - 31/12/2030	1,319.03	0.15	16	0.18
1/01/2031 - 30/06/2031	2,639.54	0.31	36	0.42
1/07/2031 - 31/12/2031	5,623.28	0.67	66	0.78
1/01/2032 - 30/06/2032	5,552.17	0.66	56	0.66
1/07/2032 - 31/12/2032	27,693.60	3.32	311	3.67
1/01/2033 - 30/06/2033	164,913.34	19.79	1,827	21.60
1/07/2033 - 31/12/2033	324,821.41	38.99	3,001	35.49
1/01/2034 - 30/06/2034	141,856.14	17.02	1,259	14.89
1/07/2034 - 31/12/2034	0.00	0.00	0	0.00
1/01/2035 - 5/03/2039	9,412.42	1.12	82	0.96
Totals:	833,020,160.14	100.00	8,455	100.00

Maximum Maturity Date: 5/03/2039
Minimum Maturity Date: 5/10/2005
Average Maturity Date: 28/04/2032

CURRENT INTEREST RATES OF THE MORTGAGE LOANS					
Range (%)	Amount		Loans		
	(thousand of euro)	%	n°	%	
2.41 - 3.99	318,342.27	38.21	3,257	38.52	
4.00 - 4.49	218,264.63	26.20	2,171	25.67	
4.50 - 4.99	234,059.82	28.09	2,369	28.01	
5.00 - 5.49	40,257.85	4.83	435	5.14	
5.50 - 5.99	20,700.16	2.48	208	2.46	
6.00 - 6.49	1,196.13	0.14	10	0.11	
6.50 - 6.99	114.77	0.01	2	0.02	
7.00 - 7.49	25.65	0.00	1	0.01	
7.50 - 7.99	0.00	0.00	0	0.00	
8.00 - 8.49	0.00	0.00	0	0.00	
8.50 - 8.99	0.00	0.00	0	0.00	
9.00 - 9.25	58.84	0.00	2	0.02	
Totals:	833,020,160.14	100.00	8,455	100.00	

Weighted Average Interest Rate: 4.13%
Maximum Interest Rate: 9.25%
Minimum Interest Rate: 2.41%

REFERENCE INTEREST RATES OF THE MORTGAGE LOANS					
Range (Codes)	Amount		Loans		
	(thousands of euro)	%	n°	%	
00	170,916.74	20.51	1,605	18.98	
01	443,385.10	53.22	4,404	52.08	
02	161.58	0.01	1	0.01	
03	1,440.01	0.17	15	0.17	
04	210,341.29	25.25	2,204	26.06	
05	205.62	0.02	5	0.05	
06	6,051.23	0.72	199	2.35	
08	11.40	0.00	1	0.01	
11	507.14	0.06	21	0.24	
Totals:	833,020,160.14	100.00	8,455	100.00	

00 Government Debt (Bank of Spain)
 01 1 year Euribor (Bank of Spain)
 03 6 month Euribor
 02 3 month Euribor
 04 Overall Reference Interest Rate of the Mortgage Loans / IRPH (Bank of Spain)
 05 6 month Libor
 06 1 year Mibor-index of the month (Bank of Spain)
 08 1 year Mibor-first business day
 11 6 month Mibor

GEOGRAPHICAL LOCATION OF THE OUTSTANDING BALANCE OF MORTGAGE LOANS				
Province	Outstanding Balance		Loans	
	(thousand of euro)	%	n°	%
01 ALAVA	802.28	0.09	7	0.08
02 ALBACETE	4,670.36	0.56	56	0.66
03 ALICANTE	21,741.16	2.60	271	3.20
04 ALMERIA	12,087.91	1.45	128	1.51
05 AVILA	1,081.58	0.12	15	0.17
06 BADAJOZ	7,172.30	0.86	98	1.15
07 BALEARES	39,134.10	4.69	327	3.86
08 BARCELONA	110,640.82	13.28	917	10.84
09 BURGOS	1,556.65	0.18	18	0.21
10 CACERES	2,335.23	0.28	38	0.44
11 CADIZ	34,049.83	4.08	458	5.41
12 CASTELLON	13,938.24	1.67	156	1.84
13 CIUDAD REAL	4,350.55	0.52	57	0.67
14 CORDOBA	11,133.34	1.33	144	1.70
15 LA CORUÑA	16,797.43	2.01	192	2.27
16 CUENCA	398.08	0.04	6	0.07
17 GERONA	18,399.14	2.20	186	2.19
18 GRANADA	8,564.21	1.02	111	1.31
19 GUADALAJARA	8,044.81	0.96	59	0.69
20 GUIPUZCOA	2,174.54	0.26	19	0.22
21 HUELVA	11,676.06	1.40	154	1.82
22 HUESCA	744.37	0.08	6	0.07
23 JAEN	3,816.23	0.45	64	0.75
24 LEON	3,160.83	0.37	37	0.43
25 LERIDA	4,399.36	0.52	56	0.66
26 LA RIOJA	3,203.47	0.38	33	0.39
27 LUGO	1,509.03	0.18	23	0.27
28 MADRID	143,957.26	17.28	1,142	13.50
29 MALAGA	80,250.75	9.63	750	8.87
30 MURCIA	5,582.94	0.67	67	0.79
31 NAVARRA	5,403.63	0.64	40	0.47
32 ORENSE	1,719.74	0.20	21	0.24
33 ASTURIAS	24,648.76	2.95	293	3.46
34 PALENCIA	709.61	0.08	9	0.10
35 LAS PALMAS	48,771.10	5.85	538	6.36
36 PONTEVEDRA	15,998.16	1.92	158	1.86
37 SALAMANCA	811.05	0.09	10	0.11
38 TENERIFE	28,655.32	3.43	307	3.63
39 CANTABRIA	5,938.08	0.71	63	0.74
40 SEGOVIA	1,878.56	0.22	18	0.21
41 SEVILLA	39,695.83	4.76	491	5.80
43 TARRAGONA	13,011.79	1.56	129	1.52
44 TERUEL	40.35	0.00	1	0.01
45 TOLEDO	18,402.99	2.20	186	2.19
46 VALENCIA	24,314.06	2.91	322	3.80
47 VALLADOLID	7,151.39	0.85	93	1.09
48 VIZCAYA	10,436.04	1.25	95	1.12
49 ZAMORA	654.27	0.07	8	0.09
50 ZARAGOZA	7,406.35	0.88	78	0.92
Total:	833,020,160.14	100.00	8,455	100.00

INITIAL PRINCIPAL BALANCE / APPRAISAL VALUE RATIO				
Range (%)	Amounts		Loans	
	(thousands of euro)	%	Nr.	%
7.03 - 9.99	91.11	0.00	5	0.05
10.00 - 19.99	1,899.95	0.20	45	0.53
20.00 - 29.99	6,696.62	0.71	102	1.20
30.00 - 39.99	21,461.78	2.29	245	2.89
40.00 - 49.99	55,094.42	5.89	501	5.92
50.00 - 59.99	104,359.68	11.16	791	9.35
60.00 - 69.99	140,662.63	15.05	993	11.74
70.00 - 79.99	390,566.22	41.78	3,544	41.91
80.00 - 89.99	177,496.70	18.99	1,890	22.35
90.00 - 99.99	31,431.50	3.36	282	3.33
100.00 - 155.35	4,870.46	0.52	57	0.67
Totals:	934,631,120.64	100.00	8,455	100.00

Maximum Amount:	646,000 Euros	Maximum Appraisal Value:	155.35%
Minimum Amount:	9,000 Euros	Minimum Appraisal Value:	7.03%
Average Amount:	110,541 Euros	Average Appraisal Value:	70.93%

UNPAID PRINCIPAL BALANCE / APPRAISAL VALUE RATIO				
Mortgage Loans A				
Range (%)	Amounts		Loans	
	(thousands of euro)	%	Nr.	%
3.33 - 10.00	345.36	0.04	34	0.40
10.01 - 20.00	3,775.52	0.45	115	1.36
20.01 - 30.00	11,348.75	1.36	198	2.34
30.01 - 40.00	32,086.06	3.85	393	4.64
40.01 - 50.00	62,462.33	7.49	627	7.41
50.01 - 60.00	90,999.88	10.92	795	9.40
60.01 - 70.00	119,292.08	14.32	1,001	11.83
70.01 - 80.00	445,044.53	53.42	4,660	55.11
Subtotal	765,354,569.74	91.85	7,823	92.49
UNPAID PRINCIPAL BALANCE / APPRAISAL VALUE RATIO				
Mortgage Loans B				
Range (%)	Amounts		Loans	
	(thousands of euro)	%	Nr.	%
80.01 - 90.00	43,173.14	5.18	399	4.71
90.01 - 99.82	24,492.44	2.94	233	2.75
Subtotal	67,665,590.40	8.12	632	7.46
TOTAL Loans, A and B	833,020,160.14	100.00	8,455	100.00

Maximum Unpaid Principal Balance:	380,026 Euros	Maximum Appraisal Value:	99.82%
Minimum Unpaid Principal Balance:	2,014 Euros	Minimum Appraisal Value:	3.33%
Average Unpaid Principal Balance:	98,523 Euros	Average Appraisal Value:	69.04%

DELINQUENCY STATUS				
Range (days)	Amount		Loans	
	(thousands of euro)	%	Nr.	%
0 – 29	789,961.55	94.83	8,025	94.91
30 – 59	38,693.09	4.64	386	4.56
60 – 70	4,365.51	0.52	44	0.52
Totals:	833,020,160.14	100.00	8,455	100.00

UCI warrants that on the Incorporation Date, no Mortgage Loan with a delay payment of more than the aforementioned thirty (30) days shall exist, as set forth in Section IV.1.a), 27 of this Prospectus.

Personal Loans Portfolio

The Personal Loans portfolio is composed of 3,264 Personal Loans, the capital balance of which, on October 14, 2004, amounted to 46,707,347.74 euro, representing 6% of the assets of the Fund.

All the Personal Loans correspond to some kind of Mortgage Loan A granted by the Assignor. All the Personal Loans will be transferred to the Fund with its associated Mortgage Loan A. All the Mortgage Loans of the Fund Portfolio have an insured associated Personal Loan (both mortgage and personal) with a GEMI insurance.

In no case will the total amount of financing of the Loans be assigned (both the Mortgage and corresponding Personal Loans) over the 100% appraised value of the warranties contributed.

9% of the Personal Loans are under a variable interest rate. The remaining 91% are under a fixed interest rate for the first five years, the remainder of which are subject to a variable interest rate. They are loans which commence on average in July 2003 and whose maximum expiry date being, on average, July 2008, for those under a fixed interest rate. The current average rate of this portfolio (91%) is 7.05%, with the average margin being 4.85% up to July 2008.

The total value of these Personal Loans are subject to a variable interest rate, with reference to the EURIBOR or MIBOR at twelve months (12) published by the Bank of Spain (90% of the portfolio), together with an average margin of 2.25%. The remaining loans (10% of the portfolio) refer to the IRPH with an average margin of 1.27%. Currently, the average annual interest rate of the portfolio is 6.89%. The average margin of the Personal Loans portfolio is 4.60%, up until July 2008, after which point it becomes 2.28 %.

None of the Personal Loans of the Fund portfolio present the option of the “Comodin Quote”, previously mentioned with regards to Mortgage Loans, and only 1% of the portfolio can limit the share within the next two years.

The charts below illustrate the distribution of the Personal Loans selected according to their initial amount, current balance, date of formalisation, date of maturity, current interest rate, reference rate and delay in payment of the portfolio.

CHARTS OF THE PERSONAL LOANS

INITIAL PRINCIPAL BALANCE OF THE PERSONAL LOANS

Rate (euro)	Amount		Loans	
	(thousands of euro)	%	Nr,	%
800.00 - 29,999.99	43,747.35	92.06	3,157	96.72
30,000.00 - 50,216.42	3,768.98	7.93	107	3.27
Totals:	47,516,343.88	100.00	3,264	100.00

Maximum Initial Principal Balance:	50,216.42 euros
Minimum Initial Principal Balance:	800.00 euros
Average Initial Principal Balance:	14,557.70 euros

OUTSTANDING PRINCIPAL BALANCE OF THE PERSONAL LOANS

Rate (euro)	Amount		Loans	
	(thousands of euro)	%	Nr,	%
789.15 - 29,999.99	43,366.39	92.84	3,169	97.08
30,000.00 - 49,433.31	3,340.94	7.15	95	2.91
Totals:	46,707,347.75	100.00	3,264	100.00

Maximum Outstanding Principal Balance:	49,433.31 Euros
Minimum Outstanding Principal Balance:	789.15 Euros
Average Outstanding Principal Balance:	14,309.84 Euros

ORIGINATION DATE OF THE PERSONAL LOANS

Rate	Amount		Loans	
	(thousands of euro)	%	Nr,	%
10/09/2002 - 31/12/2002	4,299.86	9.20	284	8.70
1/01/2003 - 30/06/2003	20,293.94	43.44	1,456	44.60
1/07/2003 - 31/12/2003	17,084.46	36.57	1,182	36.21
1/01/2004 - 27/02/2004	5,029.06	10.76	342	10.47
Totals:	46,707,347.75	100.00	3,264	100.00

Maximum Origination Date:	27/02/2004
Minimum Origination Date:	10/09/2002
Average Origination Date:	14/09/2003

MATURITY DATE OF THE PERSONAL LOANS				
Range	Amount		Loans	
	(thousands of euro)	%	n°	%
5/02/2008 - 30/06/2008	1.62	0.00	1	0.03
1/07/2008 - 31/12/2008	0.00	0.00	0	0.00
1/01/2009 - 30/06/2009	0.00	0.00	0	0.00
1/07/2009 - 31/12/2009	14.68	0.03	1	0.03
1/01/2010 - 30/06/2010	0.00	0.00	0	0.00
1/07/2010 - 31/12/2010	6.84	0.01	1	0.03
1/01/2011 - 30/06/2011	0.00	0.00	0	0.00
1/07/2011 - 31/12/2011	1.18	0.00	1	0.03
1/01/2012 - 30/06/2012	0.00	0.00	0	0.00
1/07/2012 - 31/12/2012	10.23	0.02	1	0.03
1/01/2013 - 30/06/2013	10.75	0.02	1	0.03
1/07/2013 - 31/12/2013	24.79	0.05	3	0.09
1/01/2014 - 30/06/2014	0.00	0.00	0	0.00
1/07/2014 - 31/12/2014	0.00	0.00	0	0.00
1/01/2015 - 30/06/2015	1.66	0.00	1	0.03
1/07/2015 - 31/12/2015	15.97	0.03	1	0.03
1/01/2016 - 30/06/2016	0.00	0.00	0	0.00
1/07/2016 - 31/12/2016	0.00	0.00	0	0.00
1/01/2017 - 30/06/2017	27.96	0.05	2	0.06
1/07/2017 - 31/12/2017	8.97	0.01	1	0.03
1/01/2018 - 30/06/2018	80.35	0.17	10	0.30
1/07/2018 - 31/12/2018	88.18	0.18	9	0.27
1/01/2019 - 30/06/2019	51.44	0.11	4	0.12
1/07/2019 - 31/12/2019	10.22	0.02	1	0.03
1/01/2020 - 30/06/2020	16.01	0.03	1	0.03
1/07/2020 - 31/12/2020	0.00	0.00	0	0.00
1/01/2021 - 30/06/2021	0.00	0.00	0	0.00
1/07/2021 - 31/12/2021	0.00	0.00	0	0.00
1/01/2022 - 30/06/2022	31.82	0.06	3	0.09
1/07/2022 - 31/12/2022	23.47	0.05	3	0.09
1/01/2023 - 30/06/2023	381.98	0.81	31	0.94
1/07/2023 - 31/12/2023	371.99	0.79	33	1.01
1/01/2024 - 30/06/2024	82.55	0.17	7	0.21
1/07/2024 - 31/12/2024	0.00	0.00	0	0.00
1/01/2025 - 30/06/2025	0.00	0.00	0	0.00
1/07/2025 - 31/12/2025	64.25	0.13	3	0.09
1/01/2026 - 30/06/2026	0.00	0.00	0	0.00
1/07/2026 - 31/12/2026	0.00	0.00	0	0.00
1/01/2027 - 30/06/2027	23.22	0.04	1	0.03
1/07/2027 - 31/12/2027	69.45	0.14	6	0.18
1/01/2028 - 30/06/2028	708.39	1.51	60	1.83
1/07/2028 - 31/12/2028	718.85	1.53	54	1.65
1/01/2029 - 30/06/2029	131.87	0.28	12	0.36
1/07/2029 - 31/12/2029	68.04	0.14	4	0.12
1/01/2030 - 30/06/2030	12.96	0.02	1	0.03
1/07/2030 - 31/12/2030	15.44	0.03	1	0.03
1/01/2031 - 30/06/2031	3.20	0.00	1	0.03
1/07/2031 - 31/12/2031	74.69	0.15	5	0.15
1/01/2032 - 30/06/2032	33.53	0.07	1	0.03
1/07/2032 - 31/12/2032	2,671.41	5.71	169	5.17
1/01/2033 - 30/06/2033	19,269.66	41.25	1,354	41.48
1/07/2033 - 31/12/2033	16,125.51	34.52	1,110	34.00
1/01/2034 - 30/06/2034	4,787.05	10.24	331	10.14
1/07/2034 - 31/12/2034	0.00	0.00	0	0.00
1/01/2035 - 5/03/2039	666.97	1.42	35	1.07
Totals:	46,707,347.75	100.00	3,264	100.00

Maximum Maturity Date: 5/03/2039
Minimum Maturity Date: 5/02/2008
Average Maturity Date: 28/04/2033

CURRENT INTEREST RATES OF THE PERSONAL LOANS					
Range	Amount		Loans		
	(%)	(thousand of euro)	%	n°	%
3.46 - 3.99		25.05	0.05	2	0.06
4.00 - 4.49		1,102.48	2.36	59	1.80
4.50 - 4.99		1,349.84	2.89	84	2.57
5.00 - 5.49		381.61	0.81	25	0.76
5.50 - 5.99		728.81	1.56	37	1.13
6.00 - 6.49		5,048.48	10.80	315	9.65
6.50 - 6.99		10,154.30	21.74	644	19.73
7.00 - 7.49		15,290.08	32.73	1,079	33.05
7.50 - 7.99		7,756.77	16.60	587	17.98
8.00 - 8.49		3,893.36	8.33	329	10.07
8.50 - 8.99		659.09	1.41	67	2.05
9.00 - 9.49		268.00	0.57	31	0.94
9.50 - 9.99		0.00	0.00	0	0.00
10.00 - 10.49		5.16	0.01	1	0.03
10.50 - 10.99		0.00	0.00	0	0.00
11.00 - 11.00		44.25	0.09	4	0.12
Totals:		46,707,347.75	100.00	3,264	100.00

Weighted Average Interest Rate:	6.88%
Maximum Average Interest Rate:	11.00%
Minimum Interest Rate:	3.46%

REFERENCE INTEREST RATES OF THE PERSONAL LOANS					
Range	Amount		Loans		
	(Codes)	(thousand of euro)	%	n°	%
00	2,783.22	5.95	182	5.57	
01	41,787.20	89.46	2,920	89.46	
04	2,136.91	4.57	162	4.96	
Totals:	46,707,347.75	100.00	3,264	100.00	

00	Government Debt (Bank of Spain)
01	1 year Euribor (Bank of Spain)
04	Overall Reference Interest Rate of the Mortgage Loans / IRPH (Bank of Spain)

DELINQUENCY STATUS					
Range	Amount		Loans		
	(days)	(thousands of euro)	%	Nr.	%
0 - 29	45,322.01	97.03	3,170	97.12	
30 - 59	1,161.17	2.48	82	2.51	
60 - 89	186.78	0.39	10	0.30	
90 - 132	37.37	0.08	2	0.06	
Totals:	46,707,347.75	100.00	3,264	100.00	

UCI warrants that on the Incorporation Date, no Personal Loan with a delay payment of more than the aforementioned thirty (30) days shall exist, as set forth in Section IV.1.a), 27 of this Prospectus.

CHAPTER V
INFORMATION ON THE ECONOMIC-FINANCIAL OPERATION OF THE ASSETS
SECURITISATION FUND

V.1 Economic and financial structure of the Fund and descriptive table of the different hypotheses and most probable predicted performance of the economic and financial flows of the Fund. Balance Sheet.

Below is the Balance Sheet of the Fund according to the hypotheses assumed in this Chapter.

BALANCE SHEET			
ASSETS		LIABILITIES	
Credit Rights (*)	850,000,000.00 €	Class A Notes	821,100,000.00 €
Cash Account	12,950,772.39 €	Class B Notes	6,000,000.00 €
Issuance and incorporation expenses	674,227.61 €	Class C Notes	22,900,000.00 €
		Subordinated Loan	13,625,000.00 €
Total Activo	863,625,000.00 €	Total Liabilities	863,625,000.00 €

(*) On the Incorporation Date it may be slightly higher.

V.1.1 Assumed hypotheses in connection with the central or most probable indexes of the parameters of early repayment, delays in the payment of defaults and bad debt regarding the Credit Rights that are grouped in the Fund.

The tables shown below refer to one of the possible scenarios regarding income and payments related to the Fund that may arise during the life of the Fund and the issuance of the Notes.

For the preparation of the mentioned charts of the financial service of the Notes and of the cash flow of the Fund, the following hypotheses have been used:

a) Credit Rights.

- (i) Volume of the portfolio of Credit Rights: 879,727,507.88 euro on October 14, 2004. On the Disbursement Date the amount to be securitised will approximately be 850,000,000 euro, as shown in the Balance Sheet above.
- (ii) Interest rate: the average interest rate of the Credit Rights is EURIBOR + 1.17%; consequently, calculation of the income flows of the Fund has been made considering 4.27% on an annual basis (0.36% of a monthly basis).
- (iii) CPR: 15% annually; 1.25% monthly.
- (iv) Percentage of Delay in payment: 0.60% annually, 0.05% monthly.
- (v) Bad debt: 0%.

b) Notes.

- (i) Volume: 850,000,000 euro, approximately 40% of which will correspond to the National Tranche and 70% of which will correspond to the International Tranche..
- (ii) Interest rate: weighted floating interest rate of the three Classes of Notes, A, B and C, assuming that the interest rate of each class remains constant at 2.3080%, 2.5480% and 3.0480%, respectively.
- (iii) Exercise by the Fund of the option of early repayment of the Notes of all Classes when the Principal Balance of the Credit Rights is lower than 10% of their initial amount.

c) Additional Agreements.

- (i) **Cash Account:** it is assumed that short-term rating of the Bank will not downgrade at any moment below A-1 according to S&P España scale and, therefore, the Cash Account will be held with the Bank (nevertheless, the Managing Company has committed to transfer the Cash Account to a different entity in the event of a downgrading of the above rating, as described in Section V.3.1), which will be reinvested pursuant to the Guaranteed Rate Reinvestment Agreement to be subscribed for by the Bank.

- (ii) **Subordinated Loan**

- Amount: 13,625,000.00 euro that will be dedicated to finance the expenses of incorporation of the Fund and issuance of the Notes (approximately, 674,227.61 euro), to partially finance the subscription of the Credit Rights (approximately, 772.39 euro), to cover an amount equal to the difference which will arise during the First Interest Accrual Period between the interest collected on the Credit Rights from the Disbursement Date (November 22, 2004) to the date of maturity of the first four instalments (December to March) of the Credit Rights (March 5, 2005) and the payment of interest on the Notes on the first Payment Date (March 15, 2005) (200,000 euro) and to constitute the Reserve Fund (12,750,000 euro).
- Interest rate: 2.748%
- Repayment: the amount of the Subordinated Loan which is used to finance the expenses of incorporation of the Fund and issuance of the Notes and to cover an amount equal to the difference which will arise during the First Interest Accrual Period between the interest collected on the Credit Rights from the Disbursement Date (November 22, 2004) to the date of maturity of the first four instalments (December to March) and the payment of interest on the Notes on the first Payment Date (March 15, 2005), will be repaid quarterly, simultaneously with the amortisation of those expenses during the first three (3) years from the date of incorporation of the Fund and issuance of the Notes. The amount of the Subordinated Loan designed to partially finance the subscription of the Credit Rights shall be repaid on the Payment Date following the Final Maturity Date of the Credit Rights (March 15, 2039) or, as the case may be, on the date of their early repayment. The rest of the principal of the Subordinated Loan shall be repaid on each of the Payment Dates for an amount equal to the difference between

the required amounts of the Reserve Fund on the prior Calculation Date and the current Calculation Date.

(iii) *Guaranteed Rate Reinvestment Agreement.*

Guaranteed profitability: 2.148% for the amounts deposited in the Cash Account (including the Reserve Fund). It is assumed that the EURIBOR interest rate applicable on each Payment Date will be of 2.148% throughout the life of the issuance.

(iv) *Interest Swap Agreement.*

- Interest rate to be paid to BNP Paribas: 2.20%.
- Floating interest rate to be received by the Fund: interest rate applicable to the Notes, as described in Section II.10.1 c) (“Calculation of the EURIBOR interest rate”).

(v) *Reserve Fund.*

The initial amount of the Reserve Fund will be 12,750,000 euro, equivalent to 1.50% of the initial amount of the Notes (850,000,000 euro), and shall be maintained at such level during the first three years. Once it reaches 3% of the Principal Balance of the Credit Rights, it may decline quarterly on each Payment Date, and will be maintained in such percentage until the Reserve Fund reaches a minimum of 0.40% of the initial balance of the Credit Rights, provided that the Principal Balance of the Credit Rights with ninety (90) days or more in arrears is lower than 0.75%.

When the Principal Balance of the Credit Rights with ninety (90) days or more in arrears is equal or higher than 0.75%, the Reserve Fund shall be maintained at a minimum of 0.70% of the initial balance of the Credit Rights. Since that moment, it will be kept constant in such percentage while this situation remains.

In the event that on any Payment Date during the life of the Fund, the Principal Balance of the Credit Rights with ninety (90) days or more in arrears is equal or higher than 1.25% of the Principal Balance of the Credit Rights, the Reserve Fund will be kept constant, as long as such circumstance exists, in the level reached in such Payment Date until the final maturity date of the Fund, on which it will be applied to the fulfilment of the payment obligations of the Fund.

The Reserve Fund may decrease to the required level once such circumstance does not longer exist.

d) Fees.

- (i) Fixed Fee of UCI: 6,000 euro quarterly, VAT included, on each Payment Date.

- (ii) Variable Fee of UCI: a variable amount that shall accrue on a quarterly basis, on each Payment Date, equivalent to the difference between the flow of income and the expenses of the Fund for said Calculation Period.

e) Current Expenses, including:

- (i) Managing Company fee: annual 0.0260% on the sum of the Unpaid Balances of the three Classes of Notes, A, B and C.
- (ii) Expenses for annual audits of the Fund, announcements and rating agencies fees.

V.1.2 Analysis and commentary on the impact that the possible variations in the hypotheses described in the previous section would have on the financial balance of the Fund.

The quality of the Credit Rights and the mechanisms that guarantee the continued financial balance of the Fund are such that it would be unreasonable to consider percentages of advanced amortization, or percentages of delay in payment and bad debt so extreme that, as a consequence of the mandatory transfer both of the early repayment and default risk in the underlying loans, the financial structure of the Fund was imbalanced.

V.1.3 Numerical scheme of the flow of income and expenditure of the Fund.

The following numeric scheme makes reference to the collections and payments resulting from the application of a “cash basis” methodology, for the greater clarity of the investor, although, and in accordance with Section V.2 of the Prospectus, the Fund shall make a temporary allocation of income and expenses applying an “accrual basis” methodology.

This scheme is based not only on the hypothesis mentioned in the previous Section V.1.1, but also on the constant maintenance of these hypotheses during the life of the Fund. However, in general the affected variables, in particular the interest rates of the Notes of all Classes, as well as the actual Rates of Early Repayment of the Mortgage Loans and the Personal Loans underlying to the Credit Rights, are subject to continuing changes.

Therefore, this numerical scheme serves only as a mere reference.

**FUND'S CASH FLOW
(THOUSANDS OF EURO)**

COLLECTION

22-nov-04 **850,000.00** Issue of Securitisation Notes
13,625.00 Subordinated Loan

PAYMENT

22-nov-04 **850,000.00** Acquisition of Credit Rights (CRs)
0.67 Incorporation and issue expenses

RESERVE FUND BALANCE	OUTSTANDING PRINCIPAL BALANCE CREDIT RIGHTS (CRs)	DATE	PRINCIPAL	INTEREST	CASH ACCOUNT RETURN	TOTAL	CURRENT EXPENSES	3 YEAR FIXED SWAP	INTEREST CLASS A	INTEREST CLASS B	INTEREST CLASS C	PRINCIPAL CLASS A	PRINCIPAL CLASS B	PRINCIPAL CLASS C	INTEREST SUBORDINATED LOAN	REPAYMENT SUBORDINATED LOAN	FIXED FEE UCI	FLOATING FEE UCI	TOTAL
12.750.00	801.170.40	15-mar-05	48.879.50	9.896.22	728.70	59.044.42	24.43	55.40	5.948.50	47.99	178.09	48.879.50	0.00	0.00	115.91	56.19	6.00	3.691.31	59.044.42
12.750.00	766.284.65	15-jun-05	34.785.86	8.496.78	148.08	43.430.71	58.51	45.18	4.553.02	39.07	178.38	34.785.86	0.00	0.00	93.98	56.19	6.00	3.612.52	43.430.71
12.750.00	733.099.27	15-sep-05	33.285.38	8.126.50	145.33	41.557.21	56.23	45.18	4.349.85	39.07	178.38	33.285.38	0.00	0.00	93.59	56.19	6.00	3.447.34	41.557.21
12.750.00	700.833.67	15-dic-05	32.266.60	7.690.26	139.72	40.096.58	53.53	44.69	4.108.38	38.64	176.44	32.266.60	0.00	0.00	92.19	56.19	6.00	3.253.92	40.096.58
12.750.00	669.147.13	15-mar-06	31.685.54	7.270.33	135.25	39.091.12	50.94	39.65	3.877.05	38.22	174.50	31.685.54	0.00	0.00	90.80	56.19	6.00	3.072.24	39.091.12
12.750.00	638.834.84	15-jun-06	30.312.29	7.092.04	137.37	37.541.70	49.86	35.25	3.776.32	39.07	178.38	30.312.29	0.00	0.00	92.43	56.19	6.00	3.005.92	37.541.70
12.750.00	609.841.15	15-sep-06	28.993.69	6.769.43	134.95	35.898.07	47.86	15.95	3.597.53	39.07	178.38	28.993.69	0.00	0.00	92.04	56.19	6.00	2.871.36	35.898.07
12.750.00	582.106.94	15-dic-06	27.734.21	6.392.82	130.97	34.257.00	45.54	15.77	3.380.88	38.64	176.44	27.734.21	0.00	0.00	90.65	56.19	6.00	2.704.28	34.257.00
12.750.00	555.600.10	15-mar-07	26.508.04	6.038.04	124.13	32.669.01	43.33	9.20	3.192.00	38.22	174.50	26.508.04	0.00	0.00	89.28	56.19	6.00	2.547.45	32.669.01
12.750.00	530.242.00	15-jun-07	25.353.09	5.827.93	126.13	31.367.12	42.42	5.32	3.106.59	39.07	178.38	25.353.09	0.00	0.00	90.87	56.19	6.00	2.489.23	31.367.12
12.750.00	506.007.54	15-sep-07	24.239.46	5.618.13	124.09	29.981.69	40.76	3.99	2.957.06	39.07	178.38	24.239.46	0.00	0.00	90.48	56.19	6.00	2.370.31	29.981.69
12.750.00	482.825.57	15-dic-07	23.181.97	5.303.75	119.79	28.605.51	38.81	3.94	2.783.50	38.64	176.44	23.181.97	0.00	0.00	89.11	56.19	6.00	2.230.91	28.605.51
12.750.00	460.660.61	15-mar-08	22.164.96	5.062.34	116.64	27.343.94	37.31	2.63	2.648.25	38.64	176.44	22.164.96	0.00	0.00	88.73	0.00	6.00	2.180.99	27.343.94
12.750.00	439.465.03	15-jun-08	21.195.59	4.881.18	116.71	26.193.48	36.20		2.546.62	39.07	178.38	21.195.59	0.00	0.00	89.70	0.00	6.00	2.101.92	26.193.48
12.576.05	419.201.83	15-sep-08	20.262.20	4.655.63	118.01	25.033.84	34.81		2.421.60	39.07	178.38	19.870.08	81.81	311.31	89.70	0.00	6.00	2.001.08	25.033.84
11.994.81	399.872.09	15-dic-08	19.374.73	4.393.28	110.35	23.878.36	33.18		2.279.36	38.12	174.04	18.063.89	70.81	1.005.84	87.54	0.00	6.00	1.885.39	23.878.36
11.439.20	381.306.78	15-mar-09	18.520.31	4.146.22	102.98	22.769.51	31.64		2.149.88	35.97	164.46	17.261.10	261.54	997.67	82.64	0.00	6.00	1.778.60	22.769.51
10.908.02	363.600.68	15-jun-09	17.706.10	4.039.75	101.71	21.847.56	31.00		2.095.85	35.07	160.34	16.500.37	250.08	955.65	80.62	0.00	6.00	1.732.57	21.847.56
10.400.37	346.678.95	15-sep-09	16.921.73	3.851.36	97.39	20.870.48	29.84		1.998.53	33.44	152.90	15.769.30	239.01	913.42	76.94	0.00	6.00	1.651.10	20.870.48
9.915.10	330.503.17	15-dic-09	16.175.78	3.632.68	91.54	19.899.99	28.48		1.884.80	31.54	144.20	15.074.16	228.47	873.15	72.63	0.00	6.00	1.586.56	19.899.99
9.451.38	315.046.05	15-mar-10	15.476.12	3.426.82	85.38	18.960.32	27.70		1.777.11	29.74	135.96	14.404.47	218.32	834.38	68.54	0.00	6.00	1.467.64	18.960.32
9.008.17	300.272.23	15-jun-10	14.773.82	3.237.23	84.30	18.195.34	26.66		1.731.64	28.98	132.49	13.767.66	208.67	797.48	66.86	0.00	6.00	1.428.91	18.195.34
8.574.62	286.154.12	15-sep-10	14.118.11	3.180.04	80.69	17.378.84	25.69		1.650.44	27.62	126.27	13.156.61	199.41	762.09	62.79	0.00	6.00	1.360.57	17.378.84
8.179.86	272.662.00	15-dic-10	13.492.12	2.997.96	75.81	16.565.89	24.56		1.555.74	26.03	119.03	12.573.25	190.57	728.30	60.19	0.00	6.00	1.282.22	16.565.89
7.793.28	259.775.96	15-mar-11	12.886.04	2.826.63	70.67	15.783.34	23.49		1.466.10	24.53	112.17	12.008.42	182.01	695.61	56.79	0.00	6.00	1.208.22	15.783.34
7.422.89	247.462.94	15-jun-11	12.314.02	2.751.28	69.75	15.134.06	23.03		1.427.85	23.89	109.25	11.424.45	173.91	664.66	55.37	0.00	6.00	1.175.64	15.134.06
7.071.06	235.702.06	15-sep-11	11.760.88	2.620.30	66.74	14.447.91	22.23		1.360.17	22.76	104.07	10.959.90	166.11	634.87	52.81	0.00	6.00	1.118.99	14.447.91
6.733.97	224.465.80	15-dic-11	11.236.26	2.468.95	62.67	13.767.87	21.29		1.281.45	21.44	98.05	10.471.01	158.70	606.54	49.82	0.00	6.00	1.053.57	13.767.87
6.412.17	213.739.08	15-mar-12	10.726.72	2.325.00	59.30	13.138.02	20.56		1.220.36	20.42	93.37	9.996.15	151.51	579.06	47.51	0.00	6.00	1.003.08	13.138.02
6.104.77	203.492.31	15-jun-12	10.246.77	2.263.28	57.60	12.567.66	20.02		1.171.81	19.66	89.89	9.548.91	144.73	553.13	45.80	0.00	6.00	964.71	12.567.66
5.811.35	193.721.68	15-sep-12	9.780.62	2.154.30	55.08	11.990.01	19.35		1.118.40	18.77	85.58	9.114.49	138.15	527.99	43.68	0.00	6.00	917.58	11.990.01
5.531.10	184.370.06	15-dic-12	9.341.62	2.028.72	51.70	11.422.03	18.57		1.053.15	17.62	80.58	8.705.40	131.94	504.28	41.19	0.00	6.00	863.30	11.422.03
5.263.59	175.453.00	15-mar-13	8.917.06	1.910.62	48.14	10.875.82	17.83		991.35	16.59	75.85	8.309.74	125.95	481.37	38.84	0.00	6.00	812.30	10.875.82
5.008.13	166.937.54	15-jun-13	8.515.46	1.847.49	47.47	10.420.43	17.51		964.37	16.14	73.79	7.935.50	120.28	459.68	37.85	0.00	6.00	789.32	10.420.43
4.764.36	158.811.93	15-sep-13	8.125.61	1.766.93	45.37	9.937.92	16.95		917.56	15.35	70.21	7.572.19	114.77	438.66	36.08	0.00	6.00	750.15	9.937.92
4.541.61	151.054.33	15-dic-13	7.753.40	1.664.86	43.26	9.463.41	16.30		863.41	14.45	66.07	7.130.00	109.58	418.83	34.09	0.00	6.00	703.17	9.463.41
4.309.64	143.054.70	15-mar-14	7.398.83	1.565.04	39.60	9.003.47	15.69		812.21	13.59	62.15	6.894.89	104.51	399.43	32.07	0.00	6.00	662.94	9.003.47
4.097.74	136.591.37	15-jun-14	7.063.33	1.520.52	39.04	8.622.89	15.42		789.59	13.21	60.42	6.582.27	99.77	381.30	31.24	0.00	6.00	643.67	8.622.89
3.895.75	129.858.28	15-sep-14	6.733.08	1.445.43	37.28	8.215.79	14.96		750.77	12.56	57.45	6.274.48	95.10	363.50	29.77	0.00	6.00	611.20	8.215.79
3.702.95	123.431.54	15-dic-14	6.426.75	1.359.40	34.95	7.821.10	14.43		706.00	11.81	54.02	5.989.03	90.77	346.94	28.07	0.00	6.00	574.02	7.821.10
3.518.97	117.799.14	15-mar-15	6.132.40	1.278.56	32.51	7.443.47	13.92		663.68	11.11	50.79	5.714.23	86.62	331.05	26.45	0.00	6.00	539.12	7.443.47
3.400.00	111.446.88	15-jun-15	5.852.25	1.241.25	32.03	7.125.53	13.70		644.73	10.79	49.34	5.453.67	82.66	315.93	25.76	0.00	6.00	522.07	7.125.53
3.400.00	105.866.57	15-sep-15	5.580.32	1.179.03	30.89	6.790.23	13.11		612.36	10.25	46.88	5.200.23	78.82	301.26	24.94	0.00	6.00	495.97	6.790.23
3.400.00	100.542.19	15-dic-15	5.323.37	1.107.94	29.85	6.462.16	12.87		575.56	9.63	44.04	4.961.73	75.20	287.44	24.67	0.00	6.00	465.01	6.462.16
3.400.00	95.466.99	15-mar-16	5.075.20	1.052.55	29.10	6.156.85	12.53		546.61	9.15	41.83	4.729.52	71.69	274.00	24.67	0.00	6.00	440.86	6.156.85
3.400.00	90.625.33	15-jun-16	4.841.46	1.009.94	29.17	5.880.52	12.27		524.73	8.78	40.16	4.511.21	68.38	261.37	24.94	0.00			

Explanation of the numerical scheme.**a) Collections.**

- (0) Balance of the Reserve Fund.
- (1) Principal Balance of the Credit Rights on the Calculation Date corresponding to each Payment Date, once collection of the Credit Rights has taken place.
- (2) Payment Dates of principal and interest of the Notes until their maturity.
- (3) Amount of repaid principal of the Credit Rights from the immediately prior Payment Date to the indicated Payment Date.
- (4) Interest collected by the Fund from the Payment Date immediately prior to the indicated Payment Date, for the Credit Rights.
- (5) Proceeds obtained from the Cash Account of the Fund, by virtue of the Guaranteed Reinvestment Rate Agreement, as well as the profitability obtained from the reinvestment of the Reserve Fund.
- (6) Total income on each Payment Date, corresponding to the sum of (3), (4) and (5) above

b) Payments.

- (7) Amount of current expenses of the Fund (Management Periodic Fee, audit, rating, announcement, publications, etc.).
- (8) Payment of the Net Amount of the Swap.
- (9) Amount of interest to be paid to the holders of the Class A Notes.
- (10) Amount of interest to be paid to the holders of the Class B Notes.
- (11) Amount of interest to be paid to the holders of the Class C Notes.
- (12) Principal amount to be paid to the holders of the Class A Notes.
- (13) Principal amount to be paid to the holders of the Class B Notes.
- (14) Principal amount to be paid to the holders of the Class C Notes.
- (15) Payments of interest of the Subordinated Loan dedicated to the financing of the incorporation expenses of the Fund and the issuance of the Notes, to the partial financing of the subscription of the Credit Rights, to constitute the Reserve Fund and to cover the difference which will arise during the First Interest Accrual Period.
- (16) Periodic repayment of the portion of the Subordinated Loan dedicated to the financing of the incorporation expenses of the Fund and the issuance of the Notes and to cover the difference which will arise during the First Interest Accrual Period. The charts do not consider the repayment of the portion of the Subordinated Loan which depends on the reduction of the amount of the Reserve Fund, as such reduction is not considered as a collection, nor the repayment of the amount allocated to partially finance the subscription of the Credit Rights.
- (17) Administration Fee payable to UCI for the administration of the Credit Rights.
- (18) Amount payable to UCI for the financial services related to the issuance of Credit Rights.
- (19) Total payments on each Payment Date, corresponding to the sum of (7), (8), (9), (10), (11), (12), (13), (14), (15), (16), (17) and (18) above.

V.2 Accounting principles used by the Fund.

The income and expenses will be recognized by the Fund in an accrual basis.

V.3 Description of the purpose or target of the financial operations and credit upgrade.

For the purpose of consolidating its financial structure and procuring the widest possible coverage against the inherent risks of the issue, the Managing Company, in the name and on behalf of the Fund, shall enter into the agreements set out below, on the same date on which the Incorporation Deed is granted:

V.3.1 Guaranteed Rate Reinvestment Agreement and Cash Account.

The Bank and the Managing Company, on behalf of the Fund, shall enter into a Guaranteed Rate Reinvestment Agreement under which the Bank shall guarantee a return for the amounts deposited by the Fund, in the finance account opened by the Managing Company in the name of the Fund, in the Bank. In particular, the Guaranteed Rate Reinvestment Agreement will determine that the following amounts received by the Fund:

- (i) principal and interest of the Credit Rights;
 - (ii) other amounts, assets or rights, received as payment of principal or interest (ordinary or arrears) of the Credit Rights, or due to the transfer or exploitation of the assets assigned when enforcing the mortgage guarantees or as a consequence of the mentioned enforcement, in management and interim possession of the properties in enforcement procedures, as well as all the possible rights or compensation that could exist in favour of UCI, not only including those deriving from the damage insurance policies assigned by UCI to the Fund, but also those deriving from any right attached to the Mortgage Loan, excluding any fees on the Credit Rights which shall be for the benefit of UCI;
 - (iii) amount of the principal of the executed Loans, from the date of transfer of the property, acquisition at the auction price or amount determined by judicial decision or notarial procedure;
 - (iv) the amounts accumulated in the Reserve Fund (described in Section V.3.3);
 - (v) Net Amount of the Swap; and
 - (vi) the accumulated amount of the proceedings obtained from the reinvestment of (i), (ii), (iii), (iv) and (v) above;
- shall be deposited in the Cash Account.

The Bank guarantees to the Fund, through its Managing Company, an annual profitability for the amounts deposited in the Cash Account, equal to the interbanking interest rate offered for operations of deposits in euro (EURIBOR - Euro Interbank Borrowing Offered Rate-) with three (3) month maturity or four (4) month maturity for the First Interest Accrual Period (as defined in Chapter II of this Prospectus regarding the Notes), during the quarter immediately prior to each Payment Date.

The profitability obtained from the amounts deposited daily in the Cash Account shall be calculated taking into account the number of days elapsed and a 365-day year. Settlement of interest shall be carried out on a monthly basis, five (5) Business Days in advance to the 15th of each month.

In the event that the credit rating of the short-term debt of the Bank falls during the life of the issuance below A-1 according to the rating scale of S&P Rating

Service, the Managing Company, on behalf of the Fund, shall transfer the Cash Account to another entity whose credit rating of the short-term debt is a minimum of A-1 (according to the rating scale of S&P Rating Service), so that the Bank will then stop reinvesting the available funds in the Cash Account, and the Managing Company shall agree the maximum possible profitability for its balance, which may be different to that agreed with the Bank, within thirty (30) Business Days from the moment of such event. However, the Managing Company may transfer the Cash Account back to the Bank if and when it reaches the minimum credit rating A-1 according to the scale previously referred to.

Currently, the proceedings of the Credit Rights that generate income to the Fund are not subject to withholding tax as provided by Article 57. K) of Chapter II, Title IV, of the CIT Regulations, approved by means of the Royal Decree 1777/2004, of July 30, as amended by Royal Decree 2717/1998, of December 18.

The Guaranteed Reinvestment Agreement reduces the risk of a temporary imbalance between the income of the Fund generated by principal and interest of the Credit Rights on a daily basis, and the repayment of principal and payment of interest of the Notes on a quarterly basis.

V.3.2 Subordinated Loan Agreement for an amount of thirteen million, six hundred twenty five thousand euros (13,625,000.00)

The Managing Company shall enter, on behalf of the Fund, into a Subordinated Loan Agreement with the Bank and Union de Crédit pour le Batiment, S.A. ("UCB") (99.93% subsidiary of BNP Paribas), as lenders on a 50%-50% basis, for thirteen million, six hundred twenty five thousand euros (13,625,000.00) which shall be dedicated to the financing of the expenses of incorporation of the Fund and issuance of the Notes, to the partial financing of the subscription of the Credit Rights, to cover an amount equal to the difference which will arise during the First Interest Accrual Period between the interest collected from the Credit Rights from the Disbursement Date (November 22, 2004) to the date of maturity of the first four instalments (December to March) of the Credit Rights (March 5, 2005) and the payment of interest on the Notes on the first Payment Date (March 15, 2005) and to constitute the Reserve Fund, which will be allocated on each Payment Date, together with the rest of Available Funds, as described in Section V.5.1.b), 1 of the Prospectus, to comply with the payment or withholding obligations of the Fund, as set forth in the payment priority order of Section V.5.1.b), 2 of the Prospectus.

Such Reserve Fund are described in Section V.3.3 of the Prospectus.

The Subordinated Loan shall accrue a nominal annual interest equal to the interest rate resulting from increasing by 0.60% the interbanking interest rate offered for operations of deposits in euro (EURIBOR -Euro Interbank Borrowing Offered Rate-) with three (3) month maturity or four (4) month maturity for the First Interest Accrual Period (as defined in Chapter II of this Prospectus), during the quarter immediately prior to each Payment Date, and will only be paid if the Fund has enough liquidity in accordance with the payment priority order set forth in Section V.5.1.b), 2. The accrued interest payable on a given Payment Date will be calculated on the basis of: (i) the days elapsed within each Interest Accrual Period as described in Section II.10.1.a) and (ii) a 360-day year.

Interest accrued but unpaid on a Payment Date, shall accumulate and accrue delay interest at the same rate as the Subordinated Loan, and shall be paid if the Fund

has enough liquidity in accordance with the payment priority order set forth in Section V.5.1.b), 2.

The part of Subordinated Loan allocated to financing the expenses of incorporation of the Fund and issuance of the Notes (as these expenses are described in Sections II.14.a) and II.14.b) of this Prospectus, respectively) and to cover an amount equal to the difference which will arise during the First Interest Accrual Period between the interest collected from the Credit Rights from the Disbursement Date (November 22, 2004) to the date of maturity of the first four instalments (December to March) of the Credit Rights (March 5, 2005) and the payment of interest on the Notes on the first Payment Date (March 15, 2005) shall be repaid quarterly, simultaneous to the amortisation of those expenses during the first three (3) years from the date of incorporation of the Fund and issuance of the Notes. The part of the Subordinated Loan allocated to cover an amount equal to the difference which will arise during the First Interest Accrual Period between the interest collected from the Credit Rights from the Disbursement Date (November 22, 2004) to the date of maturity of the first four instalments (December to March) of the Credit Rights (March 5, 2005) and the payment of interest on the Notes on the first Payment Date (March 15, 2005). It may be early repaid, provided that the Fund has enough liquidity in accordance with the payment priority order as set forth in Section V.5.1.b), 2 and that the Managing Company and UCI so agree. The part of Subordinated Loan allocated to partially financing the subscription of the Credit Rights shall be repaid on the Payment Date following the Final Maturity Date of the Credit Rights (March 15, 2039) or, as the case may be, on the date of their early repayment. The rest of the principal of the Subordinated Loan shall be repaid on each of the Payment Dates for an amount equal to the difference between the sum of the required amounts of the Reserve Fund (described in Section V.3.3 of the Prospectus) on the prior Calculation Date and the current Calculation Date (as these dates are described in Section II.11.3 of this Prospectus). The aforementioned shall take place, if and when the Fund has enough liquidity in accordance with the payment priority order set forth in Section V.5.1.b), 2.

Due to its subordinated nature, the Subordinated Loan will be deferred with respect to some of the other creditors of the Fund in the terms and conditions provided by Section V.5.1.b), 2 of the Prospectus, including, *inter alia*, the holders of the Notes.

V.3.3 The Reserve Fund.

The Managing Company, on behalf of the Fund, shall constitute a Reserve Fund, by application of the Subordinated Loan as described in Section V.3.2, with the following characteristics:

(i) **Amount**

The Reserve Fund shall have an initial amount of twelve million, seven hundred and fifty thousand (12,750,000) euro, equivalent to 1.50% of the initial amount of the Notes and such amount will remain invariable during the first three years. Once it reaches 3% of the Principal Balance of the Credit Rights, it may decline quarterly on each Payment Date. Since that moment, the Reserve Fund will be kept constant at the higher of the following amounts:

- 1.- 3% of the Principal Balance of the Credit Rights, or

2.- depending on the delinquency status of the Credit Rights:

- A minimum amount of 0.40% of the initial balance of the Credit Rights upon the Principal Balance of the Credit Rights with ninety (90) days or more in arrears being lower than 0.75% of the Principal Balance of the Credit Rights. Since that moment, it will be maintained in such percentage, while this situation remains; or
- A minimum amount of 0.70% of the initial balance of the Credit Rights upon the Principal Balance of the Credit Rights with ninety (90) days or more in arrears ranging between 0.75% and 1.25% (both included) of the Principal Balance of the Credit Rights. Since that moment, it will be maintained in such percentage, while this situation remains.

This notwithstanding, in the event that on any Payment Date during the life of the Fund, the Principal Balance of the Credit Rights with ninety (90) days or more in arrears is higher than 1.25% of the Principal Balance of the Credit Rights, the Reserve Fund will be kept constant, as long as this circumstance exists, at the amount reached on such Payment Date until the Final Maturity Date of the Fund, on which it will be applied to the fulfilment of the payment obligations of the Fund.

The Reserve Fund may decrease to the required level once such circumstance does not longer exist.

Notwithstanding the above, the Reserve Fund will only be reduced on a given Payment Date provided that none of the following events occur:

- a) That a Principal Deficiency takes place.
- b) That the Principal Balance of the Credit Rights is lower than 10% of their initial amount.
- c) That the weighted average interest rate of the Credit Rights is lower than the weighted average interest rate of the three Classes of Notes plus a spread of 0.40%.

(ii) Profitability

The amount of the Reserve Fund will be credited to the Cash Account, and together with principal and interest of the Credit Rights shall be reinvested in accordance with the Guaranteed Rate Reinvestment Agreement (described in Section V.3.1 of the Prospectus).

(iii) Use

The Reserve Fund shall be applied, on each Payment Date, to the fulfilment of the payment obligations of the Fund in accordance with the payment priority order contained in Section V.5.1.b), 2 of the Prospectus.

V.3.4 Interest Swap Agreement

As described in Section IV.4, part of the portfolio of Loans to be securitised is made up of Mortgage Loans subject to a fixed interest rate during the first three years, and Personal Loans subject to a fixed interest rate during the first five years, and the Fund will issue Notes subject to a floating interest rate. Accordingly, the Managing Company, on behalf of the Fund, will enter into with BNP Paribas (its short term debt having a rating of A1+ and its long term debt

having a rating of AA, according to the rating scales of S&P Ratings Service), an interest swap agreement (the "Interest Swap Agreement") in accordance with the ISDA Framework Agreement (1992 Definitions), the main characteristics of which are described below.

The Interest Swap Agreement is intended to reduce the risk of interest rate due to the Credit Rights and the Notes being subject to different interest rates. This difference is due to:

a) the fact that a percentage of the Mortgage Loans (37%) (which represents 35% of the Credit Rights portfolio) has a fixed interest rate during the first three years (since the underlying Mortgage Loans executed during 2003 have a mixed interest rate, that is, a fixed interest rate during the first three years and a floating interest rate during the remaining term of the Mortgage Loan). The average current interest rate of this portfolio is 4.50% and the spread until August 2006 is 2.30% (the deadline in this portfolio for changing to floating interest rate will be August 2006) (the maximum date for change to a variable rate of this portfolio will be August 2006).

b) the fact that a percentage of the Personal Loans (91%) (which represents 5% of the Credit Rights portfolio) has a fixed interest rate during the first five years (since the underlying Personal Loans executed during 2003 have a mixed interest rate, that is, a fixed interest rate during the first five years and a floating interest rate during the remaining term of the Personal Loan). The average current interest rate of this portfolio is 7.05% and the spread until July 2008 is 4.85% (the deadline in this portfolio for changing to floating interest rate will be August 2006) (the maximum date for change to a variable rate of this portfolio will be July 2008).

By virtue of the said Interest Swap Agreement, the Managing Company, on behalf of the Fund, will pay the "Fixed Amounts" to BNP Paribas and, in consideration, will receive the "Floating Amounts" from BNP Paribas, all the above as described below.

1. Fixed Interest Rate.

The fixed interest rate will be 2.20% quarterly Act/360 (2.2182% annually Act/360) during the life of the Interest Swap Agreement

2. Floating Interest Rate.

The floating interest rate will be the nominal interest rate applicable to the Notes from time to time, as described in Section II.10.1.c) ("Calculation of the EURIBOR interest rate").

3. Notional of the Swap.

The notional of the swap will be three hundred forty million (340,000,000) euros and shall decrease in accordance with the following table until its termination on March 15, 2008:

Payment Date	Notional of the Swap
December 15, 2005	340,000,000 euro
March 15, 2006	305,000,000 euro
June 15, 2006	190,000,000 euro
September 15, 2006	120,000,000 euro
March 15, 2007	40,000,000 euro
September 15, 2007	30,000,000 euro
March 15, 2008	20,000,000 euro

4. Fixed Amounts.

The Fixed Amounts will result from applying the fixed interest rate (as described in point 1) to the notional of the swap (as described in point 3).

5. Floating Amounts.

The Floating Amounts will result from applying the floating interest rate (as described in point 2) to the notional of the swap (as described in point 3).

6. Net Amount.

The payments (or collections) to be made under the Interest Swap Agreement will be carried out on each Payment Date for their net amount, that is, the positive (or negative) difference between the Fixed Amounts and the Floating Amounts (hereinafter, the "Net Amount").

7. Term.

Since the above referred interest rate risk will be concentrated from the Incorporation Date of the Fund to 2008 (maximum maturity date of the fixed interest rate period), the Interest Swap Agreement will terminate on March 15, 2008, as indicated in the table described in paragraph 3 above.

Regarding the Interest Swap Agreement, BNP Paribas undertakes with respect to the Managing Company, on behalf of the Fund, that in the event that BNP Paribas' credit rating at any time during the life of the Interest Swap Agreement is downgraded below A-1+ (according to the short term rating of S&P Rating Service) and within a maximum term of thirty (30) Business Days following the date on which such downgrade was notified, BNP would choose between the following three alternatives: (i) a third party would guarantee BNP Paribas' contractual obligations, or (ii) a third party would guarantee its contractual position, and would replace BNP Paribas in the Agreement, in both cases provided that such entity has, at least, a rating of A-1+ (according to the above mentioned credit rating), all the above subject to the terms and conditions that the Rating Agency and the Managing Company may deem appropriate, for the purposes of maintaining the ratings granted to all Classes of Notes or (iii) to establish a deposit in the bank account designated by the Managing Company in favour of the Fund, for the sum agreed at that time with the Rating Agency. All the costs, charges and taxes that may arise as a result of complying with the aforementioned obligations shall be borne by BNP Paribas.

In the event that on a given Payment Date, the Fund should not have enough liquidity to pay the total Net Amount to BNP Paribas (in the event that the Fixed Amounts to be paid to BNP Paribas are greater than the Floating Amounts to be received by the Fund), or in the event that BNP Paribas does not pay the total Net Amount to the Fund (in the event that the Floating Amounts to be received by the Fund are greater than the Fixed Amounts to be paid to BNP Paribas), the Swap Agreement will be early terminated, and the amount to be paid on termination of the Swap Agreement will be calculated in accordance with the terms provided therein. In the event that the amount to be paid on termination of the Swap Agreement is in favour of the Fund, BNP Paribas shall pay this amount. On the contrary, in the event that the amount to be paid on termination of the Swap Agreement is in favour of BNP Paribas, the Fund shall pay this amount in accordance with the payment priority order set forth in Section V.5.1.b).2.2.

Notwithstanding the above, except in the event of permanent alteration of the financial balance of the Fund described above, the Managing Company undertakes, during the term of the Swap Agreement, to always try to be a party of a swap agreement in force.

V.4 Other Agreements.

V.4.1 Subscription Agreements.

The Managing Company, in the name and on behalf of the Fund, shall execute two (2) Subscription Agreements for the issuance of the Notes with the Underwriting Entities, whereby the aforementioned entities in their respective Tranches, Domestic and International, shall carry out the free assignment of the Notes for the amounts set out for each one in Section II.19.1 and, once the Subscription Period has expired, each Underwriting Entity shall subscribe on its own behalf the amount of Notes pending subscription. The Bank also acts as Paying Agent, as provided in the Domestic Tranche Subscription Agreement.

The Bank, BNP Paribas and CECA in the Domestic Tranche, and the Bank, BNP Paribas, and Fortis Bank in the International Tranche, act as Underwriting Entities of the placement of the issuance of Notes and assume the obligations contained in the Subscription Agreements, which, are basically the following: 1) an undertaking to subscribe the Notes that have not been subscribed once the Subscription Period has closed, up to the amounts established for each of them (an undertaking which these entities assume on a joint and several basis); 2) payment by BNP Paribas, CECA and Fortis Bank to the Bank, as Paying Agent, before 14.00 hours on the following Business Day to the date of closing of the Subscription Period, the value on that date of the underwritten amount of each Underwriting Entity discounting the agreed Underwriting Fee, in accordance with the Subscription Agreements; and 3) payment to the Fund, by the Bank, in its role as Paying Agent, before 15.00 hours on the above mentioned date, of the total amounts received from the rest of Underwriting Entities plus the amount guaranteed less its underwriting fee.

The only termination event of the Subscription Agreements shall be the absence of confirmation by the Rating Agency (S&P España) before the beginning of the Subscription Period, of the AAA, A and BBB ratings, to the Class A, Class B and Class C Notes, respectively.

V.5 Payment priority rules of the Fund.

V.5.1 Ordinary payment priority rules of the Fund.

Source and application of the funds.

a) On the Incorporation Date of the Fund and issue of the Notes.

The source and application of the amounts made available to the Fund on the Incorporation Date and during the life of the issuance, shall be the following:

1. *Source:* the Fund shall be provided with funds for the following items:

- a) Issuance of the Notes.
- b) Subordinated Loan.

2. *Application:* the Fund, in turn, on the issuance date, shall apply the funds mentioned above to the following expenses:

- a) Acquisition of the Credit Rights.
- b) Payment of the expenses of incorporation of the Fund and issuance of the Notes.
- c) Incorporation of the Reserve Fund.

b) From the date of incorporation of the Fund until the complete repayment of the Notes.

1. *Origin:* the Available Funds on each Payment date shall be the following:

- a) The amounts received for principal of the Credit Rights during each of the preceding Calculation Period. Such amounts shall be deposited in the Cash Account in accordance with Section V.3.1 of the Prospectus.
- b) The nominal interest collected (including arrears interest) from the Credit Rights during each preceding Calculation Period. Such amounts shall be deposited in the Cash Account in accordance with Section V.3.1 of the Prospectus.
- c) The profitability obtained during each preceding Calculation Period due to the reinvestment of the Reserve Fund as provided for in Section V.3.3, and the profitability obtained due to the amounts deposited in the Cash Account. Such amounts shall be deposited in the Cash Account in accordance with Section V.3.1 of the Prospectus.
- d) The Reserve Fund described in Section V.3.3 of the Prospectus.
- e) Any other amounts that the Fund may receive, including those resulting from the selling or exploitation of real estate acquired by the Fund.
- f) The Net Amount received by virtue of the Interest Swap Agreement, in accordance with Section V.3.4 of the Prospectus.

Available Funds for Repayment:

The amount which will be allocated to repayment of the Notes (Available Funds for Repayment) will be the lower of the following amounts:

- a) the Principal Due for Repayment of Class A, Class B and Class C Notes, that is, the difference, in absolute value, between the Unpaid

Principal Balance of the three Classes of Notes, A, B and C on the Calculation Date preceding each Payment Date and the Principal Balance of the Credit Rights, prior deduction from the Principal Balance of the Credit Rights of a percentage of the principal amount of the Credit Rights with eighteen (18) months or more in arrears. This percentage will depend on the months of delay in payment of the owed amounts (T) and the loan to value ratio (LTV) of the underlying Mortgage Loan (PH), in accordance with the following rules:

% LTV	T=18 months	T=24 months	T=36 months	T=48 months
>80%	PH x 100%	PH x 100%	PH x 100%	PH x 100%
80%-60%	PH x 50%	PH x 75%	PH x 100%	PH x 100%
60%-40%	PH x 25%	PH x 50%	PH x 75%	PH x 100%
<40%	0%	0%	PH x 25%	PH x 50%

Example:

PH: Euro 60,000. LTV = 65%

$60,000 \times 50\% = \text{Euro } 30,000$ (18 months of delay)

PH: 90,000 LTV = 45%

$90,000 \times 25\% = \text{Euro } 22,500$ (18 months of delay)

Regarding the Personal Loans (PP), the percentage will be determined on the basis of the months of delay in the payment of the amounts due (T).

PERSONAL LOANS:

T= Delay	T=18 months	T=24 months	T=36 months	T=48 months
Unpaid principal balance of the Personal Loans (PP) with GEMI	PP x 25%	PP x 50%	PP x 75%	PP x 100%

- b) Depending on the existing liquidity on such Payment Date, the remaining amount of the Available Funds after the application of items 1, 2, 3, 4 and 5 of the payment priority order.
2. *Application:* the Available Funds on each Payment Date (despite the accrual moment) shall be applied to comply with the payment or withholding obligations as follows:

In the first place, the Managing Company, on behalf of the Fund, shall apply the **Available Funds** to the following payments and withholdings, as provided in the payment priority order set out below:

1. Payment of ordinary and extraordinary expenses to the Managing Company (including the Management Periodic Fee), payment of the management fee to an entity other than UCI in the event that UCI is replaced as Manager of the Credit Rights (according to the provisions set forth in Section V.5.2) and payment to UCI of the expenses paid in

advance for the account of the Fund in connection with the administration of the Credit Rights, (enforcement of the mortgage and/or sale of properties) provided that their payment is duly evidenced.

2. Payment to BNP Paribas of Net Amount of the Swap in accordance with the provisions set forth in Section V.3.4 and, in the event of early termination of the Swap Agreement due to a breach by the Fund, payment of the amount on early termination of such agreement.
3. Payment of accrued interest on the Class A Notes.
4. Payment of accrued interest on the Class B Notes.

This payment will be postponed to the 7th place in the event of the following circumstances coincide:

1) The Principal Deficiency on a Payment Date is higher than the Unpaid Principal Balance of the Class B and Class C Notes.

2) In the event that on a Payment Date, the difference between the Unpaid Principal Balance of the Class A Notes and any of the following amounts is higher than zero:

a) The remaining Available Funds subsequent to the deduction of the amounts allocated for payment of the items referred to in points 1 to 4 of this Priority Order.

b) The Principal Balance of the Loans up to date on payments or with less than 18 months in arrears on the previous Calculation Date.

5. Payment of accrued interest on the Class C Notes.

This payment will be postponed to the 8th place in the event of any of the following circumstances coincide:

1) The Principal Deficiency on a Payment Date is higher than the Unpaid Principal Balance of the Class B and Class C Notes.

2) In the event that on a Payment Date, the difference between the Unpaid Principal Balance of the Class A and Class C Notes and any of the following amounts is higher than zero:

a) The remaining Available Funds subsequent to the deduction of the amounts allocated for payment of the items referred to in points 1 to 5 of this Priority Order.

b) The Principal Balance of the Loans up to date on payments or with less than 18 months in arrears on the previous Calculation Date.

6. Withholding of an amount equal to the Principal Due for Repayment.
7. Payment of accrued interest on Class B Notes, in the event that payment is postponed from the 4th place to the 7th place.
8. Payment of accrued interest on Class C Notes, in the event that payment is postponed from the 5th place to the 8th place.
9. Withholding of an amount sufficient to maintain the Reserve Fund at the required amount.

10. Payment of the amount on early termination of the Swap Agreement due to a breach by BNP Paribas.
11. Payment of accrued interest on the Subordinated Loan.
12. Repayment of the principal of the Subordinated Loan in accordance with the expenses derived from the incorporation of the Fund and the issue of the Notes and the difference which will arise between the interest collected on the Credit Rights during the First Interest Accrual Period (from the Disbursement Date (November 5, 2004) to the date of maturity of the first four instalments (December to March) of the Credit Rights (March 5, 2004)) and the payment of interest on the Notes on the first Payment Date (March 15, 2005).
13. Repayment of the principal of the Subordinated Loan in an amount equal to the difference between the required amount of the Reserve Fund on the prior Calculation Date and on the current Calculation Date.
14. Payment to UCI, on each Payment Date, of the fee for the administration of the Credit Rights, equal to six thousand (6,000) euro, VAT included, until the Payment Date on which the issuance has been fully repaid, that is September 15, 2041, inclusive (or the Payment Date on which early repayment takes place).
15. Quarterly payment to UCI of a floating amount equal to the difference between the accounting flows of income and expenses for the Fund on the given Payment Date, as consideration or compensation for the intermediation services, except as provided in Section V.5.2.

The *Available Funds for Repayment* arising from the withholding described in point 6 above of the payment priority order, will be applied to such repayment as provided in Section II.11.3, b), 6 of this Prospectus. The first repayment of Class B Notes will take place on the Payment Date on which the Unpaid Principal Balance of Class B Notes is equal or higher than 1.4% of the Unpaid Principal Balance of the three Classes of Notes. The first repayment of Class C Notes will take place on the Payment Date on which the Unpaid Principal Balance of Class C Notes is equal or higher than 5.4% of the Unpaid Principal Balance of the three Classes of Notes.

V.5.2 Exceptional rules of payment priority of the Fund.

Pursuant to point 1 of the payment priority order, should UCI be replaced as Manager of the Loans by a different entity, such third party, as the new Manager of the Loans, shall be entitled to receive a management fee which shall be brought forward from the 14th place to the 1st place.

In the event that on a given Payment Date (with regard to the period comprised between such Payment Date and the preceding Payment Date) more than 15% of the borrowers exercise their (“*Cuota Comodín*”) right, or more than 7% of the borrowers exercise their right to limit the instalment according to the Consumer Price Index, payment of item 15 of the payment priority order established in Section V.5.1 of this Prospectus will be stopped (quarterly payment to UCI of a floating amount as consideration or compensation for the intermediation services). In such a case, the relevant amount will be deposited in the Cash Account until the Payment Date on which the exercise of the special instalment (“*Cuota Comodín*”) right or the right to limit the instalment according to the Consumer Price Index corresponding to the new period do not exceed the said

percentages. Payment of such fee will be only resumed prior agreement with the Rating Agency. Calculation of the referred percentages will be carried out on the Calculation Dates.

Repayment of Class B and Class C Notes shall not take place if any of the circumstances described in Section II.11.3.6 of this Prospectus concur.

CHAPTER VI

GENERAL INFORMATION ON THE MANAGING COMPANY

VI.1 About the Managing Company (except for its capital).

VI.1.1 Corporate name and registered office.

- **Corporate name:** Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A.
- **Registered office:** Paseo de la Castellana, 75, 28046-Madrid.
- **Tax Identification Number:-:** A-80481419.
- **C.N.A.E.:** 81 99.

VI.1.2 Incorporation and registration with the Commercial Registry, administrative authorisations and registration with the CNMV.

The Managing Company was incorporated by means of a public deed executed on December 21, 1992, before Mr. Francisco Mata Pallarés, Notary Public of Madrid, under number 1,310 of his public records, by virtue of a prior authorisation of the Ministry of Economy and Finance granted on December 10, 1992, following the report of the *Comisión Nacional del Mercado de Valores* (CNMV). It was registered with the Commercial Registry of Madrid on January 28, 1993, Volume 4789, Page M-78658, Sheet 75, entry 1 in the Companies Book and in the Special Registry of the CNMV on February 10, 1993 under number 1.

Additionally, the Managing Company has amended its By-laws through a resolution of its Board of Directors, adopted on June 15, 1998 and notarised by means of a public deed executed before Mr. Roberto Parejo Gamir, Notary Public of Madrid, on July 20, 1998 under number 3,070 of his public records, for the purposes of complying with the requirements set forth in the Royal Decree 926/1998 of May 14, for Managing Companies of Asset Securitisation Funds. This amendment was authorised by the Ministry of Economy and Finance on July 16, 1998, in accordance with the requirements of the Provisional Order ("*Disposición Transitoria Única*") of the mentioned Royal Decree.

The corporate name was changed to the current one by means of a public deed executed before the mentioned Notary Public on March 8, 2004, under number 622 of his public records. This public deed was registered with the Commercial Registry of Madrid, Volume 4,789, Sheet 93, Section 8, Page M78658, entry number 30.

The Managing Company has been registered for an indefinite period, save for the occurrence of any of the circumstances which constitute a legal cause for its dissolution.

VI.1.3 Corporate purpose

In accordance with the legal requirements, Article 2 of the By-laws of the Managing Company provides that: "*the Managing company will have the exclusive purpose of incorporating, managing and representing the Mortgage Securitisation Funds in accordance with Article 6 of Law 19/1992, of July 7, on the regulation of Real Estate Investment Companies and Funds, Mortgage Securitisation Funds and Asset Securitisation Funds, in accordance with Article*

12 Paragraph 1 of Royal Decree 926/1998, of May 14, regulating Asset Securitisation Funds and the Managing Companies of Securitisation Funds. It shall be responsible, as legal and administrative manager of such fund(s), for representing and defending the interests of the holders of any securities which may be issued by the fund(s) and those of the rest of the ordinary creditors of such fund(s). Likewise, it shall be in charge of performing all other functions of Managing Companies of Securitisation Funds required by law.”

VI.1.4 Place where the documents referred to in the Prospectus or whose existence derives from its content may be consulted.

The Managing Company's By-laws, balance sheets and economic and financial statements, as well as any other document referred to in the Prospectus or whose existence derives from its content, may be consulted at the headquarters of the Managing Company, located at Ciudad Grupo Santander, Avda. de Cantabria s/n, Boadilla del Monte, 28660-Madrid.

The Prospectus has been registered with the Official Registries of the CNMV on November 6, 2004. It is publicly available, free of charge, at the Managing Company's headquarters and from the Underwriting Entities. Likewise, it may be also consulted at the CNMV located in Madrid, Paseo de la Castellana, 15 and at the offices of the governing authority of the AIAF, Fixed Income Securities Market, located at Torre Picasso Building, 43th floor, Pablo Ruiz Picasso Place, s/n.

Upon execution of the Incorporation Deed and prior to the beginning of the Subscription Period of the Notes, the Managing Company shall file with the CNMV authorised copies of the Incorporation Deed. Additionally, the Managing Company, Iberclear or the participant entity to which Iberclear delegates its functions, and AIAF shall at all times keep copies of the Incorporation Deed available for consultation by the noteholders or any interested members of the public.

VI.2 About the share capital.

VI.2.1 Subscribed and disbursed nominal amount.

The fully paid-up and disbursed capital stock of Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A. amounts to nine hundred and one thousand six hundred and fifty (901,650) euro represented by fifteen thousand (15,000) registered shares, each having a face value of sixty euro and eleven cents (60.11), numbered sequentially from one (1) to fifteen thousand (15,000), inclusive.

VI.2.2 Types of shares.

All shares are of the same type and carry identical voting and economic rights.

VI.2.3 Evolution of the share capital during the last three years.

Since the incorporation of the Managing Company on December 21, 1992 with a share capital amounting to one hundred million (100,000,000) Pesetas, its share capital has experienced two variations. The first time, it was increased by fifty million (50,000,000) Pesetas reaching a total of one hundred and fifty million (150,000,000) Pesetas. This capital increase was accomplished by means of a public deed of capital increase and other agreements executed on July 20, 1998

before Mr. Roberto Parejo Gamir, Notary Public of Madrid, under number 3,070 of his public records, and registered with the Commercial Registry of Madrid, Volume 4,789, Sheet 89, Section 8, Page M-78658, Entry number 13. The second change occurred as a consequence of the redenomination into euro of the share capital and the shares' face value, which lead to a capital increase of one hundred and thirty one euro and eighty four cents (131.84) for adjustment of the shares' face value. Consequently, the share capital increased from one hundred and fifty million (150,000,000) Pesetas (901,518.16 euro) to its current value of nine hundred and one thousand six hundred and fifty (901,650) euro, by means of a public deed of redenomination of the share capital and the shares' face value into euro and the subsequent capital increase for adjustment of the shares' face value, which was executed on December 13, 2001 before Mr Roberto Parejo Gamir, Notary Public of Madrid, under number 4,426 of his public records, and registered with the Commercial Registry of Madrid Volume 4.789, Sheet 94, Section 8, Page M-78658, Entry number 26.

VI.3 Information about the company's shareholdings.

VI.3.1 Existence or non-existence of holdings in other companies.

The Managing Company holds no shares in any other company.

VI.3.2 Group of companies to which the Managing Company belongs.

For the purposes of Article 42 of the Spanish Commercial Code, Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A., belongs to Grupo Santander.

VI.3.3 Holders of significant shareholding.

On the date of preparation of the Prospectus, the following shareholders had a direct shareholding equal to or higher than 5% of the share capital of the Managing Company:

<i>Shareholders</i>	<i>Percentage</i>
• Santander Central Hispano Investment, S.A.	19%
• Banco Santander Central Hispano, S.A.	81%

VI.4 Corporate bodies.

VI.4.1 The Board of Directors.

The Board of Directors is composed of the following individuals:

<i>Chairman:</i>	Mr. José Antonio Álvarez Álvarez
<i>Directors:</i>	Mr. Ignacio Ortega Gavara
	Mr. Santos González Sánchez
	Mr. Emilio Osuna Heredia
	Mrs. Ana Bolado Valle
	Mr. Francisco Pérez-Mansilla Flores
	Mr. Fermín Colomé Graell
	Mr. Eduardo García Arroyo
	Mr. Marcelo Alejandro Castro
<i>Secretary non member:</i>	Mrs. M ^a José Olmedilla González

VI.4.2 General Director.

The General Director of the Managing Company is Mr. Ignacio Ortega Gavara.

VI.5 Interests in the Managing Company of the persons listed in Section VI.4.

The persons listed in paragraph VI.4.1 above are neither holders nor representatives, either directly or indirectly, of any share or convertible bond in the Managing Company.

VI.6 Lenders of the Managing Company of a percentage above 10%.

The Managing Company has not received any loan or credit from any person or company.

VI.7 Reference to whether the Managing Company is in any situation of insolvency, as well as the existence of any significant lawsuits or contentious actions which might affect its future capacity to perform the duties of management of the Fund provided in the Prospectus.

No such circumstances exist.

CHAPTER VII

RECENT EVOLUTION AND PERSPECTIVES OF THE ASSETS SECURITISATION FUND

VII.1 Most recent significant trends in the market in general.

The European economy has maintained a low and steady growth during 2004. The tendency of interest rates decreasing continues, although slight increases have occurred in the Euribor, which, as of last June, amounted to 2.404%, its third consecutive increase. Its main purpose is to contribute to an increase in the purchase capacity of the consumer.

The banking sector has taken advantage of this increase in private expenditure in order to recover their market share in Spain albeit through very aggressive commercial strategies, which have led to a more active role of banks in the mortgage sector. According to the Spanish Banking Association, at the end of the first quarter of 2004, the mortgage credit portfolio has increased by 28.8% during January, 2004, as opposed to the 11.20% growth rate recorded at the end of 2003. This is the highest level it has reached since the 1996 real estate boom alongside the simultaneous increase of the mortgage industry regards financial entities.

In view of such increase and the increasing debt level of Spanish families (approximately 20% of their income on average), the Bank of Spain maintains the risk control model that permits the foreseeability of problems relating to excessive delay and appeals to caution, requesting those credit entities ("*entidades de crédito*") not to relax the criteria on the provision of loans. Notwithstanding, the information available to the Bank of Spain shows an improvement on payment arrears made in May as a result of the historic decrease to 0.7521% of the value of loans of undefined repayment.

Likewise, the Bank of Spain, in the new accounting circular which amends circular 4/91 and which will adapt the Spanish regulations to the international accounting rules (NIC), entering into force on January 1, 2005, has opted to allow credit entities to reduce the annual contribution amount, but will bring forward the schedule that enforces the credit entities to carry out specific precautionary measures ("*provisiones*") as time goes by with the customer failing to reimburse the repayment quotas. Moreover, the new accounting circular introduces the "pulling effect" ("*efecto arrastre*"), which means that upon the first failure of payment, the credit entity shall describe the credit as being in arrears, as opposed to the current progressive contribution.

A slight deceleration in the real estate market is expected to occur due to several reasons: on one hand, the change of administration and the creation of a Department of Housing ("*Ministerio de la Vivienda*") which has caused a partial slowing down within the sector due to the decrease of the number of houses that are sold, down by 5% and, on the other hand, the expected interest rate increase in the first quarter of the year 2005.

VII.2 Implications that could derive from the trends referred to in Section VII.1 above.

The portfolio of Mortgage Loans and Personal Loans underlying the Credit Rights to be owned by the Fondo de Titulización de Activos UCI 11 is fully made up of Mortgage Loans and Personal Loans with a mainly floating interest rate. That means that a later decrease in the interest rates will not affect the loans with a floating interest rate, since the interest rates will be periodically adjusted to the variations of the market interest rates. On the other hand, in the event of a high increase in the interest rates, the loans may be affected by high early repayment rates.

Anyway, the Prospectus considers a CPR within the range between 0% and 25%. This range comprises the more likely maximum and minimum early repayments, so that the financial structure of the Fund is not imbalanced, as provided in Royal Decree 926/1998.

Regarding the credit solvency of the debtors, almost all the Mortgage Loans and Personal Loans to be assigned to the Fund are up to date on the payment of the due amounts, except for the small delinquency referred to in the Prospectus.

As a result, the quality of the Mortgage Loans and Personal Loans and the mechanisms to warrant the financial balance of the Fund may rule out considering that the prepayment, delinquency and bad debt rates are not so extreme that as a consequence of the transfer to the Fund of the potential risk of prepayment or lack of payment of the loans which may occur, the financial structure of the Fund may be imbalanced.

Signed by: IGNACIO ORTEGA GAVARA
- General Manager -
SANTANDER DE TITULIZACIÓN,
S.G.F.T., S.A.