FONDO DE TITULIZACIÓN HIPOTECARIA UCI 12

MORTGAGE SECURITIZATION BONDS EUR 900,000,000

CLASS A:	EUR 867,200,000	EURIBOR 3M + **spread between 0.08% and 0.18%**
CLASS B:	EUR 9,000,000	EURIBOR 3M + **spread between 0.20% and 0.35%**
CLASS C:	EUR 23,800,000	EURIBOR 3M + **spread between 0.40 % and 0.60%**

BACKED BY MORTGAGE PARTICIPATIONS ISSUED BY

UNIÓN DE CRÉDITOS INMOBILIARIOS, ESTABLECIMIENTO FINANCIERO DE CRÉDITO

Financiamos Tu Casa

LEAD MANAGERS

Santander Central Hispano

BNP PARIBAS

UNDERWRITERS DOMESTIC TRANCHE

Santander Central Hispano

BNP PARIBAS

BancoSabadell

UNDERWRITERS INTERNATIONAL TRANCHE

Santander Central Hispano

BNP PARIBAS

DEXIA Capital Markets

Agent Bank

Santander Central Hispano

Promoted and Serviced 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 May 26, 2005. The *"Folleto Informativo"* drafted in Spanish language is the only official document.

INDEX

SUMMARY

SUMMARY OF GENERAL CONDITIONS

ESTABLISHMENT OF FONDO DE TITULIZACIÓN HIPOTECARIA UCI 12 AND ISSUANCE OF SECURITIES AS A CHARGE AGAINST ITS ASSETS

1. THE FUND

1.1 Name and Incorporation

The Fund is named FONDO DE TITULIZACIÓN HIPOTECARIA UCI 12 and will be formally incorporated as such by virtue of a public deed, in accordance with Law 19/1992, of July 7, in respect of the regime of real estate investment funds and companies and mortgage securitization funds as well as other applicable regulations (hereinafter, "**Law 19/1992**")

The incorporation of the Fund shall take place, subject to registration of this prospectus (hereinafter, the "**Prospectus**") by the Spanish Securities Market Commission (indistinctly, "**Comisión Nacional del Mercado de Valores**" or "**CNMV**") as a closed fund, in accordance with the scheme provided by article 5 of Law 19/1992.

1.2. The Manager

Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A. is the promoter of the Fund and is also entrusted with its representation.

2. ASSETS OF THE FUND

2.1 Mortgage Participations pooled into the Fund's Assets

The Fund's assets shall be formed by mortgage loans granted to individuals by Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito, Sociedad Unipersonal, (UCI) as assignor (hereinafter, indistinctly, the "**Assignor**" or "**UCI**"), which appear on the balance sheet of the latter and come from financing transactions for residential housing acquisition or rehabilitation in Spain, instrumented as mortgage loans that comply with all requisites required by Law 2/81 of March 25, in respect of the Mortgage Market (hereinafter, "Law 2/1981") and provisions implementing same (hereinafter, the "Mortgage Loans").

The Mortgage Loans forming the assets shall be assigned by UCI through the issuance and subsequent subscription of the pertinent mortgage participations (hereinafter, the "**Mortgage Participations**").

The portfolio of Mortgage Loans to serve as a basis for the issuance of the Mortgage Participations is formed by 9,044 Mortgage Participations for an amount of EUR 1,049,012,750.75. Detailed information on the Mortgage Loans and the aforementioned Mortgage Participations pooled into the Fund is furnished in Chapter IV of this Prospectus.

3. LIABILITIES OF THE FUND

The liabilities of the Fund shall be formed by the negotiable securities issued by the Fund, and by a Subordinated Loan.

3.1. Securities

3.1.1. Characteristics:

- ***Issue Amount and Number of Bonds***: Euros nine hundred million (EUR 900,000,000), formed by 9,000 mortgage securitization Bonds divided into three Classes.
  - ***Class A:*** EUR 867,200,000, formed by 8,672 Bonds.
  - ***Class B:*** EUR 9,000,000, formed by 90 Bonds.
  - ***Class C:*** EUR 23,800,000, formed by 238 Bonds.
- ***Face Value:*** EUR 100,000 per Bond.
- ***Issue Price:*** EUR 100,000 per Bond, free of taxes and subscription expenses for the subscriber.
- ***Redemption Price:*** EUR 100,000 per Bond, free of expenses for the bondholder.
- ***Interest Rate:*** 3-month EURIBOR + a spread ranging between 0.08% and 0.18% for the Class A Bonds, 3-month EURIBOR + a spread ranging between 0.20% and 0.35% for the Class B Bonds, and 3-month EURIBOR + a spread ranging between 0.40% and 0.60% for the Class C Bonds, variable quarterly for all Classes, in accordance with the provisions of Section II.10.1 of this Prospectus.

  The interest rate on the three Classes Bonds for the First Interest Accrual Period shall be determined on the basis of the four (4) month EURIBOR rate.

  The definitive spread shall be fixed prior to the start of the Subscription Period. Specifically, they shall be set on the Date of Incorporation and shall be notified by means of its inclusion within the announcement of incorporation of the Fund.
- ***Frequency of payment of interest and principal:*** quarterly, on March 15, June 15, September 15 and December 15.
- ***First Interest Payment***: September 15, 2005
- ***Final Maturity Date:*** December 15, 2039 or, as the case may be, the date of early redemption of the Bonds.
- ***Legal Maturity Date**:* Thirty months (30) following the maturity of the last Mortgage Loan (December 5, 2039), coinciding with the subsequent Payment Date, that is, June 15, 2042.
- ***Date of Incorporation:*** May 30, 2005 (for best understanding of the dates detailed below, it shall be considered as "day D").
- ***Announcement Date:*** May 31, 2005 (day D+1 business day).
- ***Subscription Date*:** June 1, 2005 (day D+2 business days).
- ***Pay-out Date*:** June 2, 2005 (day D+3 business days).

3.1.2. Credit Risk Ratings:

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

3.1.3. Official organized secondary market where admission to trading will be applied for: AIAF, Mercado de Renta Fija (AIAF Fixed Income Securities Market).

3.1.4. Accounting Records of the Bonds: The entity entrusted with the accounting records of the Bonds shall be Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear), who shall clear and settle transactions carried out on the Bonds.

3.1.5. Redemption of the Bonds

The Bonds shall be redeemed through the pass-through method (the amount received from the Mortgage Participations is aimed at redeeming principal on the Bonds, reducing the face value thereof by such same amount).

Redemption of Class A Bonds: The redemption of the Class A Bonds shall be carried out on a prorated basis among the Bonds of this Class by reduction of the face amount, on each Payment Date, until completing the same, by a sum equal to the amount of the Funds Available for Redemption existing on the said Payment Date.

Redemption of Class B Bonds: The first redemption payment on the Class B Bonds shall take place on the Payment Date on which the Balance Pending Payment on the Class B Bonds is greater than or equal to 2% of the Outstanding Balance on all Bond Classes (and subject to the provisions for redemption of Class B Bonds contained in Section II.11.3.b).6 of this Prospectus).

Redemption of Class C Bonds: The first redemption payment on the Class C Bonds shall take place on the Payment Date on which the Balance Pending Payment on the Class C Bonds is greater than or equal to 5.3% of the Outstanding Balance of the Bonds of the three Classes (and subject to the provisions for redemption of Class C Bonds contained in Section II.11.3.b).6 of this Prospectus).

3.2. Subordinated Loan

The Manager, for the account of the Fund, shall execute a Subordinated Loan agreement with Banco Santander Central Hispano, S.A and *Union de Crédit pour le Batiment, SA* (99.93% owned by BNP Paribas), on a 50%/50% basis in their position as creditor, for a total amount of EUR 11,225,000. The Subordinated Loan Agreement shall be earmarked by the Manager towards (i) meeting the expenses relating to incorporation of the Fund and issuance of the Bonds, (ii) towards partially financing the subscription of the Mortgage Participations by the Fund, (iii) to cover the temporary shortfall in the First Interest Accrual Period for an amount equal to the difference to be generated between the interest on the Mortgage Participations to be collected from the Pay-out Date (June 2, 2005) through the maturity date of the first four payments (June through September) of the Mortgage Participations (September 5, 2005) and the interest on the Bonds to be paid on the first Payment Date (September 15, 2005) and (iv) funding the Reserve Fund.

4. OTHER CONTRACTS TO BE ARRANGED FOR THE ACCOUNT OF THE FUND

In addition to the Subordinated Loan Agreement referred to under Section 3.2, *supra*, the Manager, for the account of the Fund, shall enter into the following contracts:

4.1. Guaranteed Interest Rate Reinvestment Agreement

Entered into with Banco Santander Central Hispano, S.A., whereby Banco Santander Central Hispano, S.A. will guarantee a return on the sums deposited by the Fund, into the financial account opened initially by the Manager in the name of the Fund, at Banco Santander Central Hispano, S.A., in the terms described in Section V.3.1 of this Prospectus.

4.2. Issue Lead Manager, Placement and Underwriting Agreements

Two Issue Lead Manager, Underwriting and Placement Agreements, whereby the Underwriters, in their respective tranches (Domestic and International), shall proceed with the free allocation of the Bonds, for the amounts provided and, once the Subscription Period has closed, will subscribe for their own account, those Bonds which have not been allocated.

5. OPERATION OF THE FUND

5.1. Representation and Servicing of the Fund

The servicing and representation of the Fund shall be vested in the Manager who, in its capacity as a manager of third-party business, shall hold the representation and defense of the interests of the holders of the Bonds issued against the assets of the Fund and of the remaining creditors of the Fund.

5.2. Default-Prepayment of Mortgage Participations. Order of Priority of Payments.

The risk of default and non-payment, as well as of prepayment of the Mortgage Participations, shall be for the account of the bondholders.

The order of priority of payments contained in Section V.5.1,b),2) is as follows:

In the first place, the Manager, on behalf of the Fund, shall proceed to apply the amount of the ***Available Funds*** to the following payments and withholdings, pursuant to the order of priority described below:

1. Payment to the Manager of ordinary and extraordinary expenses of the Fund, including the periodic administration fee in favor thereof, payment of the administration fee in favor of a third party entity not UCI in the event that UCI should be replaced as Servicer of the Mortgage Loans (in the terms of Section V.5.2) and payment to UCI of expenses it has advanced or incurred for the account of the Fund on an exceptional basis in relation to the servicing of the Mortgage Loans (for foreclosure of guarantee and/or sale of real properties), all of which duly justified.
2. Payment of interest on the Class A Bonds.
3. Payment of interest on the Class B Bonds.

   Notwithstanding the occurrence of the two circumstances below, Payment of Interest on the Class B shall be made, provided that the Fund had a remainder deriving from the charging of interest on the Mortgage Participations and the yield obtained by the Cash Account and Surplus Funds Account, if any.

This payment will be postponed to 6th place, if the following circumstances should occur:

1) That on a Payment Date, full redemption of the Class A Bonds would have not occurred, and
2) That on a Payment Date the amount resulting from deducting from the Outstanding Principal on the Class A Bonds any of the following amounts is greater than zero:

a)The remainder of Available Funds after deducting the amounts applied to the payment obligations in items 1 through 3, inclusive, of this order of priority of payments.

b)The Outstanding Balance of the Mortgage Loans paid current or subject to less than 18 months late payments on the previous Determination Date..

4. Payment of interest on the Class C Bonds.

Notwithstanding the occurrence of the two circumstances below, Payment of Interest on the Class C shall be made, provided that the Fund had a remainder deriving from the charging of interest on the Mortgage Participations and the yield obtained by the Cash Account and Surplus Funds Account, if any

This payment will be postponed to 7th place, if the two following circumstances should occur:

1) That on a Payment Date full redemption of the Classes A and B Bonds would have not occurred, and

2) That on a Payment Date the amount resulting from deducting from the Outstanding Principal on the Classes A and B Bonds any of the following amounts is greater than zero:

a)The remainder of Available Funds after deducting the amounts applied to the payment obligations in items 1 through 4, inclusive, of this order of priority of payments.

b)The Outstanding Balance of the Mortgage Loans paid current or subject to less than 18 months late payments on the previous Determination Date..

5. Withholding of a sum equal to the Accrued Redemption Amount.
6. Payment of Interest on Class B Bonds when this payment is postponed from 3rd in the order of priority.
7. Payment of Interest on the Class C Bonds, when this payment is postponed from 4th in the order of priority.
8. Withholding of a sufficient amount to maintain the Reserve Fund at its required level from time to time, in accordance with the provisions of Section V.3.3.
9. Payment of interest accrued on the Subordinated Loan.
10. Amortization of principal of the Subordinated Loan in an amount equal to the depreciation of expenses relating to incorporation of the Fund and the Bond issue.
11. Amortization of principal on the Subordinated Loan in an amount equal to the difference existing between the amount of the required balance of the Reserve Fund as at the Determination Date in progress.
12. Payment to UCI, on each Payment Date, of the fee for servicing the Mortgage Loans, equal to Euros six thousand (EUR 6,000), VAT included, and through the Payment Date on which the total redemption of the issue takes place, i.e.,

December 15, 2039, inclusive (or through the Payment Date on which the early redemption thereof shall take place).

13. Quarterly payment to UCI of a variable sum as remuneration or compensation for financial intermediation process carried out, equal to the difference between the accounting income and expenses for the Fund, on the pertinent Payment Date, except as provided by Section V.5.2.

The ***Funds Available for Redemption***, coming from the withholding to be carried out in accordance with point 4 of the order of priority of payments, shall be earmarked towards the aforesaid redemption, in accordance with the rules contemplated by Section II.11.3.b)6 of this Prospectus. The first redemption payment on the Class B Bonds shall take place on the Payment Date on which the Balance Pending Payment on the Class B Bonds is greater than or equal to 2% of the Balance Pending Payment on the Bonds of the three Classes and Class C shall start to redeem at the time in which the Balance Pending Payment thereon is greater than or equal to 5.3% of the Balance Pending Payment on the Bonds of the three Classes.

Exceptional Rules of Priority of Payments for which the Fund is Responsible

As established in item 1 of the order of priority of payments, if the substitution of UCI as Servicer of the Mortgage Loans should take place in favor of another entity, a fee will accrue in favor of the third party, the new Servicer, which will go from occupying item 12 up to item 1 in the above-mentioned order of priority.

In the event that on one and the same Payment Date (with respect to the period running between such Payment Date and the previous one) more than 7% of the borrowers have exercised the right to limitation of payment amount as per the CPI, the payment of item 13 of the order of priority of payments described in Section V.5.1 of this Prospectus referring to the quarterly payment to UCI of a variable amount as remuneration or compensation for the financial mediation process shall be suspended. In such case, the said amount would be deposited into the Cash Account until the Payment Date on which the exercise of the limitation of payment amount as per CPI pertaining to the new period does not exceed the above-mentioned percentages. The payment of the said fee may only be made in restitution subject to agreement with the Rating Agency. The calculation of the said percentages shall be made on the Determination Dates.

With respect to the Redemption of the Classes B and C Bonds, it will not take place if any of the circumstances contemplated in Section II.11.3.b).6 of this Prospectus should occur.

6. RISKS OF THE FUND, THE BONDS, AND THE MORTGAGE PARTICIPATIONS

6.1 Early Redemption of the Bonds and Early Liquidation of the Fund

Notwithstanding the Final Maturity Date of the Bonds (December 15, 2039), the Manager may proceed with the early liquidation of the Fund and, consequently, the early redemption on a Payment Date of all of the Bonds, when the Outstanding Balance of the Mortgage Participations is less than 10% of the initial balance, in following the provisions of Section II.11.3,c) and Section V.5 of this Prospectus.

6.2 Non-payment of the Mortgage Participations

The Bondholders shall be responsible for the risk of non-payment of the Mortgage Participations.

The Assignor and the Manager do not assume any liability for non-payment of the debtors nor do they assume liability in guaranteeing the success of the operation nor will they grant any security-interests or bank guarantees, or incur repurchase agreements.

6.3 Prepayment of the Mortgage Participations

The Mortgage Participations are susceptible to being prepaid if the debtors prepay the portion of principal pending amortization. This risk will be transferred, on every Payment Date, to the Bondholders in following the rules of amortization of Section II.11 of this Prospectus.

6.4 Liquidity

There is no guarantee that trading pursuant to a certain frequency or minimum volume will take place on the market for the Bonds. Furthermore, in no case may the Fund repurchase the Bonds from their holders, although they may, indeed, be redeemed early as determined under Section 6.1, *supra*.

6.5 Yield

The prepayment rate of the Mortgage Loans may be influenced by various geographic, economic and social factors such as seasonal trends, market interest rates, the sectorial distribution of the portfolio and, in general, the level of economic activity.

The calculation of the internal rate of return, the average life and term of the Bonds is subject to hypotheses on prepayment rates which may not materialize.

7. ACTIONS

7.1. Actions against Debtors holding obligations to pay the Mortgage Participations

7.1.1. The Fund, through the Manager, shall be entitled to bring a foreclosure suit against the debtors who breach their payment obligations on the Mortgage Loans and, therefore, on the Mortgage Participations.

7.1.2. The Fund shall be entitled to an executory attachment suit against the Assignor provided that the breach of the obligation is not a consequence of non-payment by the debtor.

7.1.3. Neither the Fund nor the bondholders shall be entitled to further action against the Assignor or against the Manager, respective, other than as arising out of the breaches of their respective duties, and never as a consequence of the existence of defaults or prepayments.

7.2. Liability of the Manager

If the Manager does not comply with its obligations, it shall be liable to the Bondholders and to the remaining creditors of the Fund, for all damages arising out of such breach.

7.3. Actions in case of non-payment of the Bonds issued against the Fund

7.3.1 The Bondholders shall not be entitled to any direct action against the debtors of the Mortgage Loans who have breached their payment obligations. It shall be the Manager who is entitled to bring such action.

7.3.2. The Bondholders shall not be entitled to any action against the Fund or against the Manager, in case of non-payment of the Bonds as a consequence of the non-payment of a Mortgage Loan on the part of the debtor.

7.3.3. The Bondholders shall not be entitled to any action against the Manager other than as arising out of the breach of its own obligations, and never as a consequence of the existence of default or prepayments of the Mortgage Loans.

CHAPTER I

PERSONS ASSUMING RESPONSIBILITY FOR CONTENTS AND SUPERVISORY BODIES OF THE PROSPECTUS

I.1 Persons assuming responsibility for the contents of the Prospectus.

I.1.1. Name, surnames, National Identity Card or personal identification document, title or powers of attorney of the natural person or persons who, on behalf of the Manager, assume responsibility for the contents of the Prospectus.

Mr. IGNACIO ORTEGA GAVARA, holder of National Identity Card number 803.030-P, acting for and on behalf of SANTANDER DE TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A. (hereinafter, the "Manager"), promoter of FONDO DE TITULIZACIÓN HIPOTECARIA, UCI 12 (hereinafter, the "**Fund**"), assumes, on behalf of the Manager, responsibility for the contents of the Prospectus.

Mr. IGNACIO ORTEGA GAVARA acts in his capacity as General Manager of the Manager, and by virtue of the powers conferred upon him by the Board of Directors at its meeting on July 31, 1998, as partially amended by resolution dated February 8, 2000 and expressly for the incorporation of this Fund, by virtue of the powers granted by the Board of Directors at its meeting on March 29, 2005.

SANTANDER DE TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A., having its registered offices at Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660 Boadilla del Monte (Madrid), holder of Tax Identification Number A-80481419, as registered in the Special Registry of Securitization Fund Managers of the Spanish Securities Market Commission ("Comisión Nacional del Mercado de Valores") under number 1.

I.1.2 Mention that, in the judgement of such person or persons, the data contained in the Prospectus present a true image and no material data are omitted which could induce error.

Mr. IGNACIO ORTEGA GAVARA hereby confirms that the data and information contained in the Prospectus are true and no material data are omitted which could induce error.

I.2 Supervisory Bodies.

I.2.1. Mention of registration of the issue in the Official Registries of the Spanish Securities Market Commission ("Comisión Nacional del Mercado de Valores").

This complete Prospectus was registered in the Official Registries of the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on May 26, 2005.

The inclusion in the Registries of the Spanish Securities Market Commission of the auditors' reports and the Prospectus only implies the acknowledgement that they contain all information required by the rules establishing their content, and shall in no case determine the liability of the Spanish Securities Market Commission for the lack of veracity of the information contained therein.

The registration of this Prospectus by the Spanish Securities Market Commission does not imply a recommendation to subscribe the securities to which it refers, or a pronouncement one way or the other concerning the solvency of the Assignor, the solvency of the Fund or the yield on or quality of the securities issued or offered.

I.3 Reports on Mortgage Loans forming the assets of the Fund.

A Report on the portfolio of the Mortgage Loans to form the assets of the Fund has been prepared by the firm Deloitte & Touche España, S.L., which is registered in the Official Registry of Certified Public Accountants ("Registro Oficial de Auditores de Cuentas"; "ROAC") under number S0692, having its registered offices in Madrid, at calle Raimundo Fernández Villaverde, 65, attached hereto as SCHEDULE IV.

The audit of the Mortgage Loans addresses a Class of quantitative and qualitative attributes with regard to the said portfolio, specifically: identification of borrower, address of mortgaged property, registered property number, formalization date, maturity date, initial amount, current balances, residual life, reference interest rate, interest rate spread, interest rate applied, purpose of loan, , appraised value, present loan to value ratio, and damage and fire insurance, late payments and collateral.

I.4 Observations made by the Manager.

As at the date of registration of this Prospectus with the CNMV, the applicable spread for determining the nominal interest rate on the three Classes of Securitization Bonds (hereinafter, the "Bonds") has not yet been set. Consequently, the tables and charts contained in this Prospectus which refer to or otherwise employ the nominal interest rate on the various Classes of Bonds, have been prepared using an indicative figure within the range of spreads applicable to each Class of Bonds (between 0.08% and 0.18% for Class A, between 0.20% and 0.35% for Class B and between 0.40% and 0.60% for Class C).

CHAPTER II

INFORMATION RELATING TO SECURITIES ISSUED AGAINST THE MORTGAGE SECURITIZATION FUND

II.1 Information concerning necessary prerequisites and resolutions.

II.1.1 Legal resolutions and requisites.

a) Corporate Resolutions.

Resolution in respect of issuance of Mortgage Participations by UCI:

At its meeting held on March 15, 2005, the General Meeting of UCI resolved making an issue of Mortgage Participations, as described in Section IV.1 of this Prospectus, for subscription by FONDO DE TITULIZACIÓN HIPOTECARIA UCI 12, in the terms reflected in the Certificate attached as **Schedule I** hereto.

Resolution in respect of incorporation of the Fund and Bond issue by the Manager:

At its meeting on March 29, 2005, the Board of Directors of the Manager resolved the incorporation of FONDO DE TITULIZACIÓN HIPOTECARIA, UCI 12 in accordance with the legal scheme contemplated by Law 19/1992, of July 7, the subscription by the Fund of the Mortgage Participations issued by UCI and the issuance against the Fund of the Bonds. Attached to this Prospectus as SCHEDULE II is a Certificate of the aforesaid resolution.

b) Registration by Spanish Securities Market Commission ("Comisión Nacional del Mercado de Valores"; "CNMV").

The incorporation of the Fund and the Bond issue have as a prerequisite their registration in the Official Registries of the Spanish Securities Market Commission, in accordance with the provisions of article five, 3 of Law 19/1992, of July 7 and article 26 et seq. of Law 24/1988, of July 28 (the Spanish Securities Market Act, hereinafter "**Law 24/1988"**, as amended by Law 37/1998, of November 16 (hereinafter, "**Law 37/1998**") and Law 44/2002, of November 22, on Measures for Reform of the Financial System (hereinafter, "**Law 44/2002**") (together with all amendments, "Law 24/1988" or the "Spanish Securities Market Act", *inter alia*)).

This Prospectus in respect of the incorporation of the Fund and the Bond issue was registered in the Official Registers of the Spanish Securities Market Commission on May 26, 2005.

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

Once this Prospectus regarding incorporation of the Fund and the Bond issue has been registered by the Spanish Securities Market Commission and prior to the following five (5) Business Days, the Manager, together with Banco Santander Central Hispano, S.A. (hereinafter, the "**Bank**") and UCI, as issuer of the Mortgage Participations, shall proceed to execute the public deed of incorporation of the Fund, issuance and subscription of the Mortgage Participations and the Bond issue (hereinafter, the "**Deed of Incorporation**") in the terms provided by article 5 of Law 19/1992. Subsequently, and prior to the start of the Subscription Period, the Manager shall send an authorized copy of the Deed of Incorporation to the CNMV, for inclusion in its public registries. The Deed of Incorporation shall be executed on May 30, 2005 (hereinafter, the "**Date of Incorporation**").

In accordance with article 5.3 of Law 19/1992, the Deed of Incorporation shall not be filed with the Mercantile Registry.

The Manager, on behalf of the Fund, guarantees that the content of the Deed of Incorporation agrees with this Prospectus and with the draft of Deed of Incorporation forwarded to the CNMV.

In accordance with the provisions of article five, item nine of Law 19/1992, the Bonds issued against the Fund shall be represented exclusively by book-entries and the Fund's Deed of Incorporation shall take the effects contemplated by article 6 of the Spanish Securities Market Act . In this regard, and in accordance with the above-mentioned article and article 6 of Royal Decree 116/1992, of February 14, on representation of securities through book-entries and clearing and settlement of securities transactions (hereinafter, "**Royal Decree 116/1992**").

II.1.2 Information on prerequisites and resolutions for admission to trading on a Stock Exchange or organized secondary market.

Once the Bonds have been paid-in (as described in Section II.18.5), the Manager, promoter of the Fund, shall apply for inclusion of this Bond issue on the AIAF, Mercado de Renta Fija (AIAF Fixed Income Securities Market; hereinafter, "**AIAF**"), which has been attributed the status as an official, organized secondary securities market, by Transitional Provision Six of Law 37/1998, which application shall take place within a period not to exceed thirty (30) days from the Pay-Out Date.

In the event that the admission to trading of the Bonds on AIAF does not take place within the time period mentioned above, the Manager shall immediately notify the CNMV and the bondholders of such fact as well as of the causes for such breach, by publication in a nationally-circulated newspaper, all of which in accordance with the provisions of Section III.5.3.b), b") and c).

Furthermore, the Manager shall apply, for the account of the Fund, for inclusion of the issue in Iberclear (as defined under Section II.5, *infra*), so as to carry out the clearing and settlement of the Bonds in accordance with the rules of operation which, with respect to securities admitted to trading on AIAF and represented by book-entries, are established or may be approved in the future Iberclear.

II.2 Prior Administrative Authorization for Issue.

No prior administrative authorization is applicable other than the previous registration of this Prospectus.

II.3 Evaluation of the risk inherent to the securities issued against the Fund, by a rating agency recognized by the Spanish Securities Market Commission.

The Manager has entrusted an evaluation of the credit risk attached to the Bonds to the international rating agency Standard & Poor's España, S.A. (hereinafter, indistinctly, "S&P España" or the "Rating Agency"), the Spanish company wholly-owned by Standard & Poor's Rating Services, a rating agency recognized by the Spanish Securities Market Commission.

Rating assigned to the Bond issue.

Prior to the registration of this Prospectus, S&P España has assigned to the Bonds provisional ratings of (P) AAA for the Class A Bonds, (P) A for the Class B Bonds and (P) BBB for the Class C Bonds (hereinafter, the "**ratings**") and expects to assign to the Class A Bonds a final AAA rating, to the Class B Bonds a final A rating and to the Class C Bonds a final BBB rating prior to the start of the Bond Subscription Period (as described in Section II.18.3 of this Prospectus).

If the Rating Agency does not confirm the AAA, A and BBB ratings of the Class A, B and C Bonds, respectively, prior to the start of the Subscription Period, this circumstance shall be immediately reported to the Spanish Securities Market Commission and shall be made public in the manner contemplated under Section III.5.3, b), b").

The non-confirmation of the AAA, A and BBB ratings of the Class A, B and C Bonds, respectively, prior to the start of the Subscription Period, would constitute the sole circumstance for termination of the incorporation of the Fund and the Bond issue.

Schedule III to this Prospectus contains a copy of the letter of notification of the provisional rating on the part of S&P España.

Considerations concerning S&P España's rating.

The rating scales of S&P Rating Services, used by S&P España for medium and long-term debt issues on the one hand, and short-term issues on the other, are as follows::

Medium and Long-term	***Short-term***
• AAA	• A-1+
• AA	• A-1
• A	• A-2
• BBB	• A-3
• BB	• B
• B	• C
• CCC	• D
• CC	
• C	
• D	

The scales AA through CCC for medium and long-term debt may be modified with a + or – sign which indicates the relative position within each category.

S&P España assigns a rating of AAA to debt issues whose capacity to pay interest and to redeem principal is extremely strong. An A rating is awarded to debt issues with a strong capacity to pay interest and redeem principal. A BBB rating is awarded to debt issues with an adequate capacity to pay interest and redeem principal, but is more susceptible to being affected by adverse economic conditions and, consequently, to having its capacity to perform its economic obligations more debilitated than debts ranked higher.

The rating given by Standard & Poor's concerning credit risk is an opinion as to the capacity of the Fund to meet periodic interest and principal payments throughout the life of the operation and, in any case, prior to the Legal Maturity Date of the said Bonds.

The rating does not constitute a recommendation to buy, sell or hold securities. It is an opinion not intended to cause potential investors to avoid the need to perform their own analyses of the Bonds.

Ratings may be revised, suspended or withdrawn at any time by S&P España, depending upon any information of which it becomes aware. Such situations, which would not constitute events of early redemption of the Fund, shall be immediately reported to both the Spanish Securities Market Commission as well as the bondholders, as provided by Section III.5.3, b), b”).

In order to carry out the rating and monitoring process, S&P España confides in the accuracy and completeness of the information furnished to it by the Manager, auditors, legal counsel and other experts.

Obligations of the Manager

The Manager, on behalf of the Fund, agrees to furnish S&P España with periodic information on the situation of the Fund and the performance of the Mortgage Participations and, outside of the periodic frequency, whenever it is reasonably requested to do so and, in any case, when there is a change in the conditions of the Fund, the contracts entered into thereby through its Manager, or the interested parties.

In any case, the Manager shall use its best efforts to maintain the rating of the Bonds at its initial level and, in case such rating should fall, to recover the said initial rating.

II.4 Nature and denomination of securities offered, indicating the number of the issue or Class.

The issue amount shall be Euros nine hundred million (EUR 900,000,000), and shall be formed by nine thousand (9,000) Bonds.

The said face amount is broken down into three Bond Classes:

(i) ***Class A:*** formed by eight thousand six hundred seventy-two (8,672) Bonds and a total face amount of Euros eight hundred sixty-seven million two hundred thousand (EUR 867,200,000).

(ii) ***Class B:*** formed by ninety (90) Bonds and a total face amount of Euros nine million (EUR 9,000,000).

(iii) ***Class C:*** formed by two hundred thirty-eight (238) Bonds and a total face amount of Euros twenty-three million eight hundred thousand (EUR 23,800,000).

Classes B and C are placed behind (first in the payment of interest and after, in the payment of principal) Class A and also between them, in accordance with the provisions of the order of priority of payments, as contained in Section V.5.1, b), 2, of this Prospectus.

The subscription or holding of Bonds of one Class does not imply the subscription or holding of the Bonds of the other Class.

The said Bonds enjoy the legal status of homogeneous, standardized, fixed income securities and, consequently, eligible for trading on organized securities markets.

II.4.1 Legal scheme of securities, specifying the procedures which guarantee the certainty and effectiveness of the rights of their first and subsequent holders. Implications on the financial servicing of each one of the Class of securities issued against the Fund caused by the required link between the payment schedule for principal and interest of the said securities and the flows of revenues and collections coming from the assets subject to securitization through the Fund.

The Bonds to be issued enjoy the legal status of specified-yield, simple fixed income negotiable securities.

As simple fixed income negotiable securities, the Bonds are subject to the legal scheme provided in respect thereof by the Spanish Securities Market Act. As detailed under Section II.5, *infra*, the Bonds shall be represented by book-entries, and their transfer shall be carried out through accounting transfer.

As established by article 11 of Royal Decree 116/1992, the Bonds represented by book-entries shall be established as such by virtue of their registration in the pertinent accounting record, to be carried in the manner established under Section II.5, *infra*, by Iberclear. Once the said registration has been carried out, the Bonds shall be subject to the rules provided by Title I, Chapter II, of Law 24/1988 and Royal Decree 116/1992.

Certificates of legitimacy of ownership may be issued at the request and exclusive expense of a Bondholder, and shall include, apart from the identity of the holder, the purpose for which they are issued and the effective period thereof. The provisions of Title I, Chapter I, Section Four of Royal Decree 116/1992 shall be applicable for this purpose.

The Bonds may be freely transferred by any means admitted by Law. The title to each Bond shall be transferred by accounting transfer. The registration of the transfer in favor of the transferee in the accounting record shall produce the same effects as the tradition of certificates and from such time, the transfer shall be effective and eligible for challenge vis-à-vis third parties. In this regard, a third party who acquires for consideration the Bonds represented by book-entries from a person who, as per the entries of the accounting record, appears to have standing to transfer them, shall not be subject to challenge, unless at the time of the acquisition, there has been bad faith or gross negligence.

Different frequency between the Fund's income and payment flow

Article 5.7 of Law 19/1992 establishes that managers may temporarily acquire financial assets of a sufficient quality which do not deteriorate the creditworthiness of the Fund's liabilities, in order to cover any temporary shortfalls between the principal and interest flow schedule on the Mortgage Participations and that of the Bonds issued. In this regard, the Manager, on behalf of the Fund, will enter into, *inter alia*, a Guaranteed Rate Reinvestment Agreement to be executed with the Bank, by virtue of which the Bank shall guarantee a variable rentability to the amounts deposited by the Fund through its Manager in the Cash Account, in the terms and conditions described under Section V.3.1 of this Prospectus.

II.4.2 Other implications and risks which, due to the legal and economic nature of the assets pooled into the Fund, could affect the financial servicing of the securities issued against the Fund as a consequence of the securitization process in respect of the said assets.

a) Risk of non-payment of the Mortgage Participations.

The holders of the Bonds issued against the Fund shall be responsible for the risk of non-payment of the Mortgage Participations pooled therein.

Consequently, the UCI as Assignor, in accordance with the criteria established by article 348 of the Spanish Commercial Code, is liable to the Fund exclusively for the existence and legitimacy of the Mortgage Loans, as well as for the legal status and standing with which the assignment is made; however, it assumes no liability for the non-payment of the debtors, whether principal, interest, or any other amount they may owe in accordance with the Mortgage Loans.

Nor shall it assume in any other manner, any liability in directly or indirectly guaranteeing the successful conclusion of the operation, or grant security-interests or bank guarantees, or incur any repurchase agreements.

b) Risk of prepayment of the Mortgage Participations.

The Mortgage Partic ipations pooled into the Fund are susceptible to being prepaid when the debtors of the Mortgage Loans prepay the portion of the principal pending amortization to UCI.

The risk such prepayment will represent shall be transferred quarterly, on each Payment Date, to the Bondholders in accordance with the amortization rules described under Section II.11 of this Prospectus.

c) Other considerations.

II.(14.2.c).1 Protection

An investment in Bonds may be affected, *inter alia*, by a deterioration in general economic conditions which has an adverse effect on the payments of the Mortgage Participations baking the Fund's issue. In the event that non-payment should reach a high level, they could reduce, or even eliminate, the protection against losses in the Mortgage Loans portfolio enjoyed by the Bonds as a result of the existence of the credit enhancements described under Section V.3 of this Prospectus. Notwithstanding the foregoing considerations, the Bondholders have their risk mitigated by the order of priority of payments described under Section V.5.1.b)2 of this Prospectus.

II.4.2.c).2 Liability

The Bonds issued by the Fund do not represent an obligation of the Manager or the Assignor. The flow of funds used to meet the obligations triggered by the Bonds is insured or guaranteed only in the specific circumstances and up to the limits cited in this Prospectus. With the exception of these guarantees, no others granted by any public or private entity, including the Manager, the Assignor and any affiliate or investee company thereof, exist. The Mortgage Participations pooled into the Fund and the rights the latter carry with them, constitute the principal source of income of the Fund and, therefore, of payments to the holders of its liabilities.

II.4.2.c).3 Liquidity.

No guarantee exists that trading in the Bonds on the market will come to take place with a minimum frequency or volume. In addition, in no case may the Fund repurchase the Bonds from their holders, although they may indeed be redeemed in full early, among other circumstances, in case of early liquidation of the Fund when the Outstanding Balance of the Mortgage Participations pending amortization is less than 10% of the initial balance, in the terms established under Section III.8.1 of this Prospectus.

II.4.2.c).4 Yield.

The prepayment rate of the Mortgage Participations may be influenced by various geographic, economic and social factors such as seasonal trends, market interest rates, the sectorial distribution of the portfolio and, in general, the level of economic activity.

The calculation of the internal rate of return, the average life and the term of the Bonds is subject to hypotheses of prepayment rates which may not materialize.

II.4.2.c).5 Several Legal Aspects

On the Date of Incorporation, the Assignor has made a series of representations and warranties, as stated in Chapter IV of this Prospectus. They relate, *inter alia*, to the characteristics of the Mortgage Loans which will coincide with what is to be established in the Deed of Incorporation, as well as the absence of any obstacle against the issuance of the. In any case, the Assignor does not guarantee the solvency of the debtors of the Mortgage Loans. Furthermore, these warranties do not allow the Bondholders to exercise against the Assignor any right they may have against the Fund. The Manager, in the terms established under Section II.21, *infra*, is the only entity authorized to represent the Bondholders in relations with third parties or in any legal proceeding related to the Fund.

The Assignor, as administrator of the Mortgage Loans, agrees to act with the same diligence as if dealing with any other asset existing in its portfolio.

II.5 Form of representation, denomination and address of entity entrusted with the accounting record.

The Bonds shall be represented by means of book-entries, in accordance with the provisions of article five, item 9 of Law 19/1992 and Royal Decree 116/1992. They will be established as such by virtue of their registration in the pertinent accounting record. In this respect, it is hereby stated for the record that the Deed of Incorporation shall take the effects provided by article 6 of the Spanish Securities Market Act, so that the deed including the representation of the Bonds by means of book-entries shall be the issuance deed.

The Bondholders shall be identified as such as per the accounting record carried by Sociedad de Gestión de los Sistemas de Registro Compensación y Liquidación de Valores S.A. (hereinafter, "**Iberclear**"), who shall be appointed as the entity entrusted with the said accounting record in the Deed of Incorporation, in such a manner that the clearing and settlement of the Bonds may be carried out in accordance with the rules of operation Iberclear has established or may approve in the future with respect to securities represented by book-entries which are admitted to trading on the AIAF market.

The following shall be carried in the Central Record for which Iberclear is responsible with respect to each participating entity: a) an account which reflects the balance of Bonds held from time to time by each participating entity, and b) another account which reflects the aggregate balance of Bonds which each participating entity has registered in its accounts in the name of third parties.

The accounts pertaining to each Bondholder shall be carried in the accounting records for which the participating entities are responsible, and shall at all times express the balance of those Bonds held by the latter.

The offices of Iberclear are located in Madrid, at calle Pedro Texeira, 8, Edificio "Iberia Mart I", 28020.

II.6 Face amount of the aggregate securities issued against the Fund, number of securities included and numbering thereof, as the case may be, broken down by the various Classes of the issue.

The total issue amount shall be Euros nine hundred million (EUR 900,000,000), to be formed by nine thousand (9,000) Bonds.

The said face amount is broken down into three Bond Classes:

(i) ***Class A:*** formed by Euros eight thousand six hundred seventy-two (EUR 8,672) Bonds and a total face amount of Euros eight hundred sixty-seven million two hundred thousand (EUR 867,200,000).

(ii) ***Class B:*** formed by ninety (90) Bonds and a total face amount of Euros nine million (EUR 9,000,000).

(iii) ***Class C:*** formed by two hundred thirty-eight (238) Bonds and a total face amount of Euros twenty-three million eight hundred thousand (EUR 23,800,000).

Classes B and C are placed behind (first in the payment of interest and after, in the payment of principal) Class A and also between them, in accordance with the provisions of the order of priority of payments, as contained in Section V.5.1, b), 2, of this Prospectus.

The subscription or holding of Bonds of one Class does not imply the subscription or holding of the Bonds of the other Classes.

II.7 Face amount and cash amount of each security.

The issue price of the Bonds forming all Classes shall be Euros one hundred thousand (EUR 100,000) per Bond, free of taxes and subscription expenses for the subscriber.

The expenses and, as the case may be, taxes inherent to the subscription shall be for the account of the Fund.

The redemption price for the Bonds shall be Euros one hundred thousand (EUR 100,000) per Bond, equivalent to the face value thereof, free of expenses for the bondholder, payable progressively on each Payment Date.

II.8 Fees and related expenses of any type which must obligatory be paid by investors upon subscribing the securities issued against the Fund.

The issue price indicated above shall be free of taxes and subscription expenses for the subscriber.

II.9 Mention, if applicable, of the existence, as the case may be, of fees for the account of holders of the securities issued against the Fund, obligatorily represented through book-entries, for registration and maintenance of balance.

The fee accrued for inclusion of the Bonds in Iberclear's Central Registry, shall be for the account of the Fund. It is not applicable to collect same. Furthermore, no fee exists for maintenance of balance.

For their part, the entities participating in Iberclear may establish, in accordance with current law in force, such fees and expenses to be collected from the Bondholder, for administration of securities, as they may freely determine and which, at the appropriate time, have been reported to the Bank of Spain and/or the CNMV as the regulatory authority in respect thereof.

II.10 Interest rate clause.

II.10.1 Nominal interest rate.

All of the Bonds shall accrue an annual variable nominal interest, to be paid quarterly, which shall result from applying the criteria contained below.

Such resulting interest rate shall be paid quarterly on each Payment Date, as described under Section II.10.3, *infra*, in respect of the Balance Pending Payment on the Bonds of each Class (as described under Section II.11.3, b), 3).

Any withholdings, contributions and taxes established or to be established in the future on the principal, interest or returns on the Bonds, shall be at the bondholders' exclusive expense, and the amount thereof shall be deducted, as the case may be, by the Manager, acting on behalf of the Fund, in the manner established by law.

a) Accrual.

The term of this issue shall therefore be divided into successive interest accrual periods (hereinafter, the "**Interest Accrual Periods**"), comprising the actual days existing between each Payment Date described under Section II.10.3 of this Prospectus, including in each Interest Accrual Period the initial Payment Date, and excluding the Final Payment Date, calculated on the basis of a three hundred sixty (360) day year.

b) Nominal interest rate.

The nominal interest rate for each Interest Accrual Period accrued by the Bonds shall be the result of adding together: (i) the reference interest rate of three (3) month EURIBOR or four (4) month EURIBOR, the latter for the first interest accrual period (hereinafter, the "**First Interest Accrual Period**") or, if necessary, its substitute, as described under section c), *infra*, and (ii) the spread applicable to each Class of Bonds, as indicated below under section d), all of which rounded out to the closest thousandth of one percent.

c) Determination of EURIBOR (Reference Interest Rate).

(i) The said rate known as EURIBOR, (*Euro Interbank Borrowing Offered Rate*), is the reference rate of the Euro money market, in deposit transactions at three (3) months or four (4) months, the latter for the First Interest Accrual Period. The EURIBOR to be used shall be calculated, distributed and published by REUTERS, on page EURIBOR01 (or such other page as may come to replace it in this service), at 11:00 a.m. (Brussels time, C.E.T., Central European Time) of the Rate Fixing Time described herebelow.

(ii) In the event of absence of rates as provided by section (i), *supra*, the interest rate resulting from taking the simple arithmetic mean of the interbank offered rates for deposit transactions in Euros (EURIBOR), at three (3) months or four (4) months, the latter for the First Interest Accrual Period, at the Rate Fixing Time provided. by the banks listed below at about 11:00 a.m, shall apply as Reference Rate:

- Banco Santander Central Hispano, S.A., sucursal Londres (London Branch),
- BNP Paribas, sucursal Londres (London Branch),
- J.P. Morgan Chase, sucursal Londres (London Branch).

all of which rounded out to the closest one thousandth of one percent.

In the event it is impossible to apply the above reference interest rate, because one of the aforesaid Banks does not provide, in a continuous fashion, a declaration of quotations, the interest rate resulting from applying the simple arithmetic mean of the interest rates declared by the remaining two banks shall apply, all of which rounded out to the closest one thousandth of one percent.

If one of the two banks mentioned above ceases to provide in a continuous fashion a declaration of quotations, the last nominal interest rate applicable to the last Interest Accrual Period shall apply throughout successive Interest Accrual Periods as long as such impossibility is maintained.

If two of the Banks listed above should resume quoting, the substitute reference rate shall again be applied as per the foregoing rules.

The Manager shall keep on file the REUTERS screen or, as the case may be, the declarations of quotations of the banks mentioned in this section, as documents accrediting the EURIBOR rate so determined.

d) Spread to be applied to the reference rate for each one of the Bond Classes:

The spread to be applied to the reference rate, determined as specified above, in order to calculate the interest rate which the Classes A, B, and C Bonds will accrue in each Interest Accrual Period, respectively, shall range between 0.08% and 0.18%, both inclusive, for the case of the Class A Bonds, between 0.20% and 0.35%, both inclusive, for the case of the Class B Bonds, and between 0.40% and 0.60%, both inclusive, for the case of the Class C Bonds.

The definitive spreads applicable to Classes A, B and C respectively, shall be set prior to the start of the Subscription Period. Specifically, they shall be set and notified to the Manager, on the Date of Incorporation (May 30, 2005) by the Lead Managers. Furthermore, the Manager shall also notify the CNMV as additional information. In the absence of the notice to be made by the Lead Managers, the Manager shall set the Class A spread at 0.013%, the Class B spread at 0.25% and the Class C spread at 0.50%.

e) Rate Setting Time.

The nominal interest rate applicable to all Bond Classes for each Interest Accrual Period shall be determined by the Manager, on behalf of the Fund, on the second Business Day as per the calendar of TARGET (*Trans European Automated Real-Time Gross Settlement Express Transfer System*) preceding each Payment Date, as described under Section II.10.3, *infra*, at 11:00 a.m. (C.E.T.) that day (hereinafter, the "**Rate Setting Time**"), and shall be applicable for the following Interest Accrual Period.

The interest rate on all Bond Classes for the first Interest Accrual Period shall be determined on the basis of the reference interest rate (EURIBOR at four (4) months) at 11:00 a.m. (C.E.T.) on the Date of Incorporation, or if this should be a holiday on the TARGET calendar, on the immediately preceding Business Day. It shall be disclosed to the general public in the legal notice of incorporation of the Fund and Bond issue, as contemplated by Section III.5.3, b), b') of this Prospectus.

The nominal interest rates resulting for all Bond Classes for successive Interest Accrual Periods shall be notified to the bondholders within the deadline and in the manner contemplated in the aforesaid Section III.5.3.a).a) '.

For purposes of this issue, Non-Business Days shall be taken to mean all days which are:

(i) Saturday,
(ii) Sunday,
(iii) TARGET calendar holidays (for the sole purpose of determining the nominal interest rate applicable for each Interest Accrual Period), includes, apart from the days recognized under (i) and (ii), *supra*, January 1, Good Friday, Easter Monday, May 1, December 25 and December 26, and

(iv) holidays in Madrid (for the purpose of determining the nominal interest rate applicable for each Interest Accrual Period and for the remaining conditions of the issue).

f) Informational table of evolution of reference interest rate to be used.

Purely as a matter of illustration, the following presents the data relating to EURIBOR rates at three (3) months, furnished by REUTERS, on the dates indicated, as well as the rates which would be applicable to the three Classes of Bonds (A, B, C):

Dates dd/mm/yyyyy	EURIBOR	Class A Bonds	Class B Bonds	Class C Bonds
13/01/2004	2.222%	2.172%	2.342%	2.592%
12/02/2004	2.197%	2.147%	2.317%	2.567%
11/03/2004	2.188%	2.138%	2.308%	2.558%
13/04/2004	2.168%	2.118%	2.288%	2.538%
13/05/2004	2.223%	2.173%	2.343%	2.593%
11/06/2004	2.242%	2.192%	2.362%	2.612%
13/07/2004	2.245%	2.195%	2.365%	2.615%
12/08/2004	2.244%	2.194%	2.364%	2.614%
13/09/2004	2.246%	2.196%	2.366%	2.616%
13/10/2004	2.278%	2.228%	2.398%	2.648%
11/11/2004	2.302%	2.252%	2.422%	2.672%
13/12/2004	2.304%	2.254%	2.424%	2.674%
12/01/2005	2.274%	2.224%	2.394%	2.644%
11/02/2005	2.270%	2.220%	2.390%	2.640%
11/03/2005	2.263%	2.213%	2.383%	2.633%
18/04/2005	2.264%	2.214%	2.384%	2.634%
09/05/2005	2.128%	2.2580%	2.3780%	2.6280%

II.10.2 Simple mention of numerical place in the Fund's ranking of priority of payments occupied by the interest payments on the securities issued thereagainst, and specific indication of the section of this Prospectus where the rules of priority in the Fund's payments are established and, specifically, those which affect the interest payments on the said securities.

The payment of interest accrued on the Class A Bonds ranks second (2^{nd}) place, the payment of interest on the Class B Bonds ranks third (3^{rd}) place, and the payment of interest on the Class C Bonds ranks fourth (4^{th}) place in the order of priority of payments established under Section V.5.1, b), 2, of this Prospectus, unless the deferral rules established in the said Section are met.

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

Interest on all Bond Classes shall be paid on March 15, June 15, September 15, and December 15 of each year, or the immediately following Business Day (hereinafter, collectively the "**Payment Dates**" and each one, the "**Payment Date**") until amortization in full (all of which through the procedure indicated under Section II.12, paragraph one, of this Prospectus).

In the event that one of the 15th days of the months mentioned above is not a Business Day (as described under Section II.10.1, d), *supra*) the interest payment shall be made on the immediately following Madrid Business Day, with interest pertaining to the Interest Accrual Period described under Section II.10.1, a), of this Prospectus accruing up to the said first Business Day, non-inclusive.

The first interest payment on the three Classes Bonds shall take place on September 15, 2005, with more than a complete quarter having transpired from the pay-out of the Bonds. In this case, the interest will accrue at the pertinent nominal interest rate from the Date of Pay-out by the subscribers contemplated under Section II.18.5, inclusive, through September 15, 2005, non-inclusive.

The calculation of interest to be paid on each Payment Date for each Interest Accrual Period shall be made pursuant to the following formula:

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

Where:

***I* =** Interest payable on a specified Payment Date.

***N* =** Balance Pending Payment on the Bonds, on the Determination Date pertaining to each Payment Date.

***i*=** Interest rate expressed as a percentage per annum.

***d* =** Number of days transpiring during each Interest Accrual Period.

Both interest resulting to the credit of the Bondholders, calculated as provided above, as well as the amount of interest accrued and not paid, shall be reported to the Bondholders, in the manner described under Section III.5.3, at least one (1) calendar day in advance of each Payment Date.

In the event that on a Payment Date, the Fund cannot make payment on the interest accrued by the Bonds pursuant to the order of priority of payments established under Section V.5.1, b), 2, the amounts which the bondholders have ceased to receive shall be paid on the next Payment Date on which Available Funds exist susceptible to being applied for such purpose. Such deferred sums of interest shall accrue to the credit of the Bondholders interest equal to that applied to each Class Bonds during the Interest Accrual Period(s) through the Payment Date on which payment thereof takes place and without this implying a capitalization of the debt.

The Fund, through its Manager, may not defer the payment of interest on the three Classes beyond December 15, 2039 (hereinafter, the "**Final Maturity Date**" of the Bonds), or the following Business Day.

In order to facilitate the subscriber's comprehension of the system for setting the applicable nominal interest rate, and the amount of interest to be received on each Bond on each Payment Date, a practical case is included herein, as well as the Theoretical Tables for Financial Servicing of Indebtedness, both in Section II.12, a) and b) of this Prospectus.

II.11 Redemption of the Bonds.

II.11.1 Redemption price.

The redemption price for the three Bond Classes shall be Euros one hundred thousand (EUR 100,000) per Bond, equivalent to the face value thereof, free of expenses for the bondholder, payable progressively on each Payment Date.

II.11.2 Simple mention of numerical place in the Fund's ranking of priority of payments occupied by the securities issued thereagainst, and precise indication of the section of this Prospectus where the rules of priority established for the Fund's payments and, specifically, those affecting principal payments on the said securities, are described.

The payment of principal on the three Classes Bonds occupies fifth (5^{th}) place in the order of priority of payments established under Section V.5.1, b), 2.

II.11.3 Forms of amortization, specifying the dates, place, entities, procedure and public notice thereof.

a) Final Redemption.

The Final Maturity Date, and consequent definitive redemption of all Bond Classes is December 15, 2039, or the following Business Day, without prejudice to the Manager, on behalf of the Fund, and in accordance with the provisions of section c), *infra*, proceeding to redeem this issue early, in which case, the Payment Date on which redemption shall take place shall be the definitive Redemption Date of the Bonds.

b) Partial Redemption.

Notwithstanding the above, the Fund, through its Manager, shall proceed to carry out partial redemptions of the three Classes Bonds, in the terms described below:

1. Redemption Payment Dates.

These shall be the same as the interest Payment Dates, i.e. March 15, June 15, September 15 and December 15 of each year (or the next Business Day, as described in Section II.10.3 of the Prospectus) until redeemed in full.

The first redemption payment on the Class A Bonds shall be September 15, 2005, in accordance with the rules contained in this Section.

The first redemption payment on the Class B Bonds shall take place on the Payment Date on which the Balance Pending Payment on the Class B Bonds is greater than or equal to 2% of the Balance Pending Payment on all Bonds of the Three Classes (and subject to the provisions for the redemption of the Class B Bonds, in section 6, *infra*, and Section V.5.2 of this Prospectus).

The first redemption payment on the Class C Bonds shall take place on the Payment Date on which the Balance Pending Payment on the Class C Bonds is greater than or equal to 5.3% of the Balance Pending Payment on all Bonds of the Three Classes (and subject to the provisions for the redemption of the Class C Bonds, in section 6, *infra*, and Section V.5.2 of this Prospectus).

2. Determination Dates; Determination Periods.

These shall be the dates on which the Manager, on behalf of the Fund, shall perform the necessary calculations in order to distribute or withhold the Available

Funds existing through such dates, in accordance with the order of priority of payments described in Section V.5.1, b), 2 of this Prospectus.

The said "Determination Date" shall be that which corresponds with the fifth (5th) Madrid Business Day preceding each Payment Date and shall delineate the periods included successively between the said Determination Dates, which shall be referred to as "Determination Periods", including in each Period the initial Determination Date, and excluding the final one.

By way of exception, the first Determination Period shall be the one between the Pay-out Date described in Section II.18.5, and the first Determination Date.

3. ***Balances Pending Payment on Classes A, B and C Bonds.***

These shall be taken to mean the outstanding balance of the Bonds of each Class, such balances including the Redemption Amounts Accrued, as described, *infra*, in point 4, on previous Payment Dates, and not paid due to insufficient Available Funds, as per the order of priority of payments contained in Section V.5.1, b), 2 of the Prospectus.

4. ***Redemption Amount Accrued on each Payment Date.***

The Redemption Amounts Accrued on the Classes A, B, and C Bonds, without distinction between them, shall be equal to the difference existing, in absolute terms, between the Balance Pending Payment on the three Bond Classes on the Determination Date prior to each Payment Date, and the Outstanding Balance of the Mortgage Participations, having first subtracted from the latter a percentage of the principal amount of the Mortgage Loans which have experienced lateness in the payment of amounts owed for a period greater than or equal to 18 months.

This percentage shall be determined in function of the time, specified by months of delay, in the payment of the amounts owed (T) and of the Loan to Value (LTV) ratio in respect of the Mortgage Loan (ML) underlying each Mortgage Participation, in accordance with the following rules:

MORTGAGE LOANS				
% LTV	**T= 18 MONTHS**	**T= 24 MONTHS**	**T= 36 MONTHS**	**T= 48 MONTHS**
80% - 60%	ML x 50%	ML x 75%	ML x 100%	ML x 100%
60% - 40%	ML x 25%	ML x 50%	ML x 75%	ML x 100%
< 40%	0%	0%	Ml x 25%	ML x 50%

Example:

ML: EUR 60,000. LTV: 65%

60,000* 50%: EUR 30,000 at 18 months.

60,000* 25%: EUR 15,000 at 24 months.

60,000* 25%: EUR 15,000 at 36 months.

The outstanding balance of the Mortgage Participations (hereinafter, the "**Outstanding Balance of the Mortgage Participations**"), shall be composed of both the Principal Amounts Accrued and not collected, as well as the Amounts of Principal not yet Accrued and pending maturity.

5. ***Liquid amount to be paid as redemption on each Payment Date and Redemption Shortfall.***

The Redemption Amount Accrued which may be withheld in fifth (5^{th}) place in the order of priority of payments, depending upon the existing liquidity of the Available Funds (as described in Section V.5.1 herein) of this Prospectus, shall constitute the Available Funds for Redemption.

On the other hand, the Redemption Shortfall (if any) shall be the difference between the Redemption Amount Accrued and the Available Funds for Redemption.

6. ***Distribution of Available Funds for Redemption among the Bonds of each Class.***

The Funds Available for Redemption, coming from the withholding to be carried out as per point 5 of the order of priority of payments, shall be earmarked towards said redemption, in accordance with the following rules:

1. Through the first Payment Date (exclusive) on which the Balance Pending Payment on the Class B Bonds is greater than or equal to 2% of the Balance Pending Payment on all Bonds of the three Classes, the Available Funds for Redemption shall be used in their entirety for redemption of the Class A Bonds.
2. On the Payment Date on which the above ratio is greater than or equal to 2%, the Available Funds for Redemption shall be applied towards redemption of both Classes A and B, proportionally between them, in such a manner that the said ratio between the Balance Pending Payment on the Class B Bonds and the Balance Pending Payment on all Bonds of the three Classes shall be maintained at 2%.
3. On the Payment Date on which the Balance Pending Payment on the Class C Bonds is greater than or equal to 5.3% of the Balance Pending Payment on all Bonds of the three Classes, the Funds Available for Redemption shall be applied towards redemption of the three Classes A, B and C, in such a manner that the ratio between the Balance Pending Payment on the Class B Bonds and the Balance Pending Payment on all Bonds of the three Classes shall be maintained at 2% and the ratio between the Balance Pending Payment on the Class C Bonds and the Balance Pending Payment on all Bonds of the three Classes shall be maintained at 5.3%.

In relation to the Redemption of the Classes B and C Bonds, and even if all of the circumstances contemplated in the above rules are fulfilled, it shall not take place if any of the following circumstances should occur:

(i) that the Outstanding Balance of the Mortgage Participations subject to lateness greater than or equal to ninety (90) days on the Determination Date immediately preceding the Payment Date in progress is greater than or equal to 2% of the Outstanding Balance of the Mortgage Participations.

(ii) that a Redemption Deficit exists greater than 100% of the amount of the Class C Bonds, as described above under section 5.

(iii) that the available amount of the Reserve Fund is less than the minimum amount required (as determined in Section V.3.3 of this Prospectus.

(iv) that the Outstanding Balance of the Mortgage Participations pending redemption is less than 10% of the initial outstanding balance.

In any of the above cases (i), (ii), (iii) and (iv) all of the Funds Available for Redemption shall be earmarked towards redemption of the Class A Bonds. At the time in which none of such circumstances occurs, the redemption of Classes B and C shall be re-established.

Notwithstanding the above, and in the event that on a Payment Date, and as a consequence of the order of priority of payments contemplated under Section V.5.1, b), 2 of this Prospectus, the Fund does not have sufficient liquidity to carry out the said Bond redemption, that is, a Redemption Deficit materializes, it shall be added to the amounts which must be paid on the following Payment Date for principal redemption, accruing the interest pertaining to each Class of Bonds, given that in any case, it shall form part of the balance pending payment on the three Classes Bonds, which is the amount pending principal redemption on each one of the Bond Classes (hereinafter, the "**Balance Pending Payment on the Bonds**").

The Manager shall proceed to notify the Bondholders in the manner contemplated under Section III.5.3,a),a") of the principal redemption amount resulting in their favor, the Balances Pending Payment on the Bonds, the Redemption Deficit, if any, not paid due to insufficient Available Funds, as well as the true prepayment rates in respect of the Mortgage Loans and the average residual life of the Bonds.

c) Early Redemption.

Notwithstanding the obligation of the Fund, through its Manager, to redeem the Bonds on their Final Maturity Date and notwithstanding the provisions of the foregoing paragraphs, the Fund, through its Manager, may proceed with the early liquidation of the Fund and, consequently, the early redemption on a Payment Date of all of the Bonds, in the following cases:

(i) When the Outstanding Balance of the Mortgage Participations is less than 10% of the initial balance, provided that the sale of the Mortgage Participations pending amortization, together with the balance existing at that time in the Cash Account and in the Surplus Funds Account (as described in Section V.3.1 hereof), if any, allows for cancellation in full of all outstanding obligations to the Bondholders and respecting the previous payments to the latter, the order of priority of which ranks as a preference as described under Section V.5.1.b).2 of this Prospectus.

(ii) When the provisional rating of the Bonds is not confirmed as definitive prior to the start of the Subscription Period

(iii) When due to a change in current regulations in force or the occurrence of exceptional circumstances, in the judgement of the Manager, a substantial alteration or permanent impairment of the financial equilibrium of the Fund takes place.

(iv) Under the circumstance contemplated by article 19 of Royal Decree 926/1998, establishing the obligation to liquidate the Fund early in the event that four (4) months have transpired from when an event determining the compulsory substitution of the Manager takes place, because the latter is declared in temporary receivership or bankrupt (currently, *concurso* in Spanish), without a new manager being found that is willing to take charge of the Fund's Management; or

(v) When a non-payment indicative of a serious and permanent imbalance takes place or is foreseen to take place in relation to any of the Bonds.

Section III.8 of this Prospectus describes in more detail the circumstances which carry with them the early liquidation and termination of the Fund.

II.12 Table of financial servicing of indebtedness, including both interest payments as well as principal redemption, for each Class of Mortgage Securitization Bonds to be issued as a charge against the Fund.

The financial servicing of the Bond issue will be handled through the Bank, which shall be deemed, for this purpose, to be the agent bank (hereinafter, the "**Agent Bank**"). The payment of both interest and principal shall be reported to the Bondholders in the cases and as many days in advance as contemplated under Section III.5.3,a),a") of the Prospectus. The said payment of interest and redemptions shall be made against presentation by the legitimate Bondholders of the pertinent document accrediting title thereto, or against the pertinent certificate issued by the entity entrusted with the Accounting Records, as identified under Section II.5 of the Prospectus.

a) Practical case illustrating fixing of nominal interest rate.

In compliance with the provisions of Section II.10.3 and in order to facilitate the subscriber's comprehension of the system for fixing the nominal interest rate and the amount of interest to be received on each Class A Bond on each Payment Date, the following reflects the form of calculation of said Bonds under the following circumstance:

- EURIBOR RATE at three (3) months: 2.128%
- Spread (average value of the interval established in Section II.10.1.d), which may differ from the definitive spread). 0.13%

2.258%

- Amount of interest per Bond:
  - Interest period per Bond: 92 days (*)
  - Balance Pending Payment on Bond: EUR 100,000

$$\frac{100{,}000 \ \text{x}\ 2{,}258 \ \text{x}\ 92}{100 \ \text{x}\ 360} = \text{EUR } 577.0444$$

  - Rounded out to the closest whole number: EUR 577.04

(*) taking as an example a quarter of such duration, for example, one formed by the months of June, July and August.

Consequently, the amount of interest to be received per Class A Bond would be EUR 577.04 on a Balance Pending Payment on the Bond of EUR 100,000. The example would be identical for the Class B Bonds, other than substituting the spread of 0.13% of Class A for 0.25% of Class B, in such a manner that the interest rate to be applied to Class B, would be 2.378% and the interest to be received for each Class B Bond would be EUR 607.71 and for

Class C the spread to be applied would be 0.50%, whereby the interest rate would be 2.628% and the interest to be received for each Class C Bond would be EUR 671.60.

b) Tables of financial servicing of indebtedness.

The principal characteristic of the Bonds lies in the fact that their periodic redemption, and, therefore, their average life and term, fundamentally depends on the speed with which the debtors decide to pay off the underlying loans.

In this regard, any prepayments the debtors decide to make, subject to continuous changes, and estimated in this Prospectus by using the future Constant Annual Prepayment Rate (hereinafter, "CAPR"), will have a direct impact on the speed in which the Mortgage Loans are paid off and, therefore, on the average life and term of the Bonds.

Furthermore, other variables exist, also subject to continuous changes, which affect such average life and term of the Bonds. These variables and their hypothetical values assumed in all of the tables appearing in this Section are as follows:

- interest rate of the Mortgage Participations: 3.98%;
- default rate on the Mortgage Participations portfolio: 0,60% per annum, 0,05% per month, with a 12-month recovery period;
- charge-offs from the Mortgage Participations portfolio: 0%;
- that the CAPR holds constant throughout the life of the Bonds;
- that the Pay-Out Date for the Bonds is June 2, 2005;
- that no Redemption Shortfall exists; and
- that the borrowers do not exercise either the Cuota Comodín missed payment feature or the option they have to limit growth of the mortgage payment in function of CPI (as described in Section IV.4 of this Prospectus) in light of interest increases on their loans.

Finally, the actual adjusted term of the Bonds will also depend on their variable interest rate, and in all of the tables appearing in this Section, this is assumed to hold constant at 2.258% for Class A, 2.378% for Class B, and 2.628% for Class C.

Assuming that the issuer will exercise the early redemption option contemplated in paragraph one, section c), Section II.11.3 of this Prospectus (i.e. when the Outstanding Balance of the Mortgage Participations is less than 10% of its initial amount), the average life and term of the Bonds together with the Internal Rate of Return (hereinafter, "IRR"), at different CAPR's, would be as follows:

% CAPR	**0**	**5**	**10**	**15**	**20**	**25**
CLASS A						
Average Life	16.73	10.08	6.65	4.80	3.70	2.98
IRR	2.28	2.28	2.28	2.28	2.28	2.28
Duration	11.72	7.15	4.74	3.46	2.68	2.19
Final Life	28.52	23.02	16.51	12.26	9.51	7.75
CLASS B						
Average Life	24.21	16.42	11.08	8.04	6.19	4.99
IRR	2.40	2.40	2.40	2.40	2.40	2.40
Duration	15.28	10.66	7.26	5.33	4.12	3.36
Final Life	28.52	23.02	16.51	12.26	9.51	7.75
CLASS C						

Average Life	24.21	16.42	11.08	8.04	6.19	4.99
IRR	2.65	2.65	2.65	2.65	2.65	2.65
Duration	15.23	10.63	7.24	5.32	4.12	3.36
Final Life	28.52	23.02	16.51	12.26	9.51	7.75

The said figures have been calculated by using the following formulas:

Average life of Bonds: $$A = \frac{\sum(B \times d)}{C} \times \frac{1}{365}$$

Where:

A = Average life of the issued Bonds of each Class expressed in years.
B = Each Bond Class principal to be redeemed on each Payment Date.
d = Number of days transpiring from the Pay-out Date through the Payment Date in question, in accordance with the amount to be redeemed pertaining to each Bond Class, as described in Section II.11.3,b),4, of this Prospectus.
C = Total volume in Euros of each Bond Class, A, B and C.

***Term of the Bonds** (Macaulay formula, as adjusted):* $$D = \frac{\sum(P \times VA)}{PE} \times \frac{1}{(1+I)}$$

Where:

D = Term of each Bond Class expressed in years.
P = Time transpiring (in years) between the Pay-out Date through each one of the Payment Dates in question.
VA= Present value of each one of the amounts comprising gross principal and interest, to be paid on each one of the Payment Dates, discounted at the effective gross interest rate (IRR) of 2.2833% for Class A, 2.4054% for Class B and 2.6601% for Class C.
PE= Issue price of the Bonds, i.e. EUR 100,000.
I = Effective gross interest rate (IRR) of 2.2772% for Class A, 2.3993% for Class B and 2.6540% for Class C.

Finally, the issuer expressly declares that the tables of financial servicing of indebtedness described below are purely theoretical and, for illustrative purposes, do not represent any payment obligation, subject to a reminder that:

- CAPR is assumed to be constant at 15% throughout the life of the indebtedness and as commented above, the actual prepayment changes continuously.
- The Balance Pending Payment on the Bonds on each Payment Date and, therefore, the interest to be paid on each one, shall depend on the actual prepayment rate existing in the Mortgage Loans portfolio.
- The nominal interest rates on the Bonds are assumed to be constant at 2.2580% for Class A, 2.3780% for Class B and 2.6280% for Class C and, as is known, the interest rate on each Class is variable.
- The hypothetical values mentioned at the beginning of this Section are assumed in every case.
- It is assumed that the issuer will exercise the early redemption option contemplated under paragraph one, Section II.11.3,c) of this Prospectus.

FLOWS FOR EACH BOND WITHOUT WITHHOLDING FOR THE BONDHOLDER
(IN EUROS)

C.P.R.=15%

DATE	PRINCIPAL PAYMENT CLASS A	GROSS INTEREST CLASS A	TOTAL CLASS A	PRINCIPAL PAYMENT CLASS B	GROSS INTEREST CLASS B	TOTAL CLASS B	PRINCIPAL PAYMENT CLASS C	GROSS INTEREST CLASS C	TOTAL CLASS C
02-Jun-05									
15-Sep-05	4.506,87	658,58	5.165,45	0,00	693,58	693,58	0,00	766,50	766,50
15-Dec-05	4.312,30	545,05	4.857,35	0,00	601,11	601,11	0,00	664,30	664,30
15-Mar-06	4.125,94	514,72	4.640,66	0,00	594,50	594,50	0,00	657,00	657,00
15-Jun-06	3.947,45	502,35	4.449,79	0,00	607,71	607,71	0,00	671,60	671,60
15-Sep-06	3.927,36	479,57	4.406,92	0,00	607,71	607,71	0,00	671,60	671,60
15-Dec-06	3.756,85	451,94	4.208,78	0,00	601,11	601,11	0,00	664,30	664,30
15-Mar-07	3.593,44	425,76	4.019,20	0,00	594,50	594,50	0,00	657,00	657,00
15-Jun-07	3.437,07	414,49	3.851,56	0,00	607,71	607,71	0,00	671,60	671,60
15-Sep-07	3.286,77	394,66	3.681,43	0,00	607,71	607,71	0,00	671,60	671,60
15-Dec-07	3.143,42	371,61	3.515,03	0,00	601,11	601,11	0,00	664,30	664,30
15-Mar-08	3.005,85	353,66	3.359,51	0,00	601,11	601,11	0,00	664,30	664,30
15-Jun-08	2.874,43	340,21	3.214,64	0,00	607,71	607,71	0,00	671,60	671,60
15-Sep-08	2.748,49	323,62	3.072,11	0,00	607,71	607,71	0,00	671,60	671,60
15-Dec-08	2.628,03	304,41	2.932,44	0,00	601,11	601,11	0,00	664,30	664,30
15-Mar-09	2.512,40	286,23	2.798,63	0,00	594,50	594,50	0,00	657,00	657,00
15-Jun-09	2.240,14	278,10	2.518,24	4.378,54	607,71	4.986,25	4.241,76	671,60	4.913,36
15-Sep-09	2.128,65	265,17	2.393,82	4.423,21	581,10	5.004,31	4.414,94	643,11	5.058,06
15-Dec-09	2.034,32	250,14	2.284,46	4.233,00	548,20	4.781,20	4.238,53	606,79	4.845,32
15-Mar-10	1.944,23	235,91	2.180,13	4.045,70	517,01	4.562,70	4.051,82	572,28	4.624,10
15-Jun-10	1.858,34	229,93	2.088,27	3.866,97	503,91	4.370,88	3.872,86	557,78	4.430,65
15-Sep-10	1.775,99	219,21	1.995,20	3.695,63	480,41	4.176,04	3.701,27	531,77	4.233,05
15-Dec-10	1.697,31	206,69	1.904,00	3.531,91	452,97	3.984,88	3.537,30	501,41	4.038,71
15-Mar-11	1.621,74	194,83	1.816,57	3.374,67	427,00	3.801,67	3.379,85	472,66	3.852,51
15-Jun-11	1.549,69	189,81	1.739,49	3.224,73	415,98	3.640,71	3.229,67	460,46	3.690,13
15-Sep-11	1.480,23	180,86	1.661,09	3.080,22	396,38	3.476,61	3.084,99	438,77	3.523,75
15-Dec-11	1.414,27	170,45	1.584,72	2.942,95	373,56	3.316,51	2.947,48	413,51	3.360,99
15-Mar-12	1.350,04	162,38	1.512,41	2.809,35	355,87	3.165,22	2.813,75	393,93	3.207,67
15-Jun-12	1.289,72	156,37	1.446,09	2.683,77	342,71	3.026,48	2.687,92	379,36	3.067,28
15-Sep-12	1.231,19	148,93	1.380,12	2.562,03	326,40	2.888,42	2.566,04	361,31	2.927,34
15-Dec-12	1.176,01	140,28	1.316,29	2.447,18	307,45	2.754,63	2.450,97	340,33	2.791,30
15-Mar-13	1.122,50	132,10	1.254,60	2.335,86	289,52	2.625,38	2.339,53	320,49	2.660,02
15-Jun-13	1.072,04	128,56	1.200,60	2.230,83	281,76	2.512,59	2.234,29	311,90	2.546,19
15-Sep-13	1.023,08	122,37	1.145,45	2.128,97	268,20	2.397,18	2.132,33	296,89	2.429,22
15-Dec-13	976,94	115,20	1.092,14	2.032,94	252,49	2.285,43	2.036,11	279,50	2.315,61
15-Mar-14	932,32	108,42	1.040,74	1.940,11	237,63	2.177,74	1.943,17	263,05	2.206,22
15-Jun-14	890,13	105,45	995,58	1.852,30	231,12	2.083,42	1.855,20	255,85	2.111,05
15-Sep-14	848,33	100,32	948,65	1.765,40	219,86	1.985,26	1.768,26	243,39	2.011,65
15-Dec-14	809,84	94,38	904,22	1.685,22	206,86	1.892,09	1.687,87	229,00	1.916,87
15-Mar-15	770,33	88,77	859,11	1.603,15	194,57	1.797,72	1.605,85	215,39	1.821,24
15-Jun-15	735,30	86,30	821,61	1.530,13	189,15	1.719,28	1.532,55	209,39	1.741,94
15-Sep-15	701,63	82,06	783,69	1.460,06	179,85	1.639,92	1.462,37	199,10	1.661,47
15-Dec-15	669,60	77,16	746,76	1.393,40	169,12	1.562,52	1.395,60	187,22	1.582,82
15-Mar-16	638,72	73,34	712,06	1.329,16	160,75	1.489,90	1.331,27	177,95	1.509,23
15-Jun-16	609,44	70,46	679,91	1.268,23	154,44	1.422,67	1.270,24	170,97	1.441,21
15-Sep-16	580,85	66,94	647,79	1.208,75	146,73	1.355,48	1.210,71	162,43	1.373,14
15-Dec-16	554,12	62,90	617,03	1.153,12	137,87	1.290,98	1.154,95	152,63	1.307,58
15-Mar-17	527,96	59,08	587,04	1.098,70	129,50	1.228,19	1.100,49	143,36	1.243,85
15-Jun-17	503,57	57,35	560,92	1.047,93	125,70	1.173,63	1.049,60	139,16	1.188,76
15-Sep-17	9.434,78	54,44	9.489,22	19.635,89	119,33	19.755,22	19.670,44	132,11	19.802,55
	100.000,00	11.081,53	2,2772%	100.000,00	19.460,00	2,3993%	100.000,00	21.523,44	2,6540%

FLOWS FOR THE ISSUER

C.P.R. =15%

DATE	OUTSTANDING BALANCE CLASS A	PRINCIPAL PAYMENT CLASS A	INTEREST CLASS A	OUTSTANDING BALANCE CLASS B	PRINCIPAL PAYMENT CLASS B	INTEREST CLASS B	OUTSTANDING BALANCE CLASS C	PRINCIPAL PAYMENT CLASS C	INTEREST CLASS C	TOTAL
										-899.325.542
15-Sep-05	867.200.000	39.083.540	5.711.235	9.000.000	0	62.423	23.800.000	0	182.427	45.039.624
15-Dec-05	828.116.460	37.396.293	4.895.344	9.000.000	0	53.505	23.800.000	0	156.366	42.501.508
15-Mar-06	790.720.168	35.780.188	4.674.717	9.000.000	0	53.505	23.800.000	0	156.366	40.664.776
15-Jun-06	754.939.980	34.232.272	4.463.615	9.000.000	0	53.505	23.800.000	0	156.366	38.905.759
15-Sep-06	720.707.708	34.058.041	4.261.636	9.000.000	0	53.505	23.800.000	0	156.366	38.529.548
15-Dec-06	686.649.667	32.579.367	4.068.395	9.000.000	0	53.505	23.800.000	0	156.366	36.857.633
15-Mar-07	654.070.300	31.162.276	3.876.137	9.000.000	0	53.505	23.800.000	0	156.366	35.248.284
15-Jun-07	622.908.024	29.806.230	3.692.227	9.000.000	0	53.505	23.800.000	0	156.366	33.708.327
15-Sep-07	593.101.794	28.502.885	3.516.316	9.000.000	0	53.505	23.800.000	0	156.366	32.229.072
15-Dec-07	564.598.909	27.259.728	3.348.060	9.000.000	0	53.505	23.800.000	0	156.366	30.817.659
15-Mar-08	537.339.181	26.066.716	3.187.161	9.000.000	0	53.505	23.800.000	0	156.366	29.463.748
15-Jun-08	511.272.465	24.927.082	3.033.280	9.000.000	0	53.505	23.800.000	0	156.366	28.170.233
15-Sep-08	486.345.383	23.834.934	2.886.133	9.000.000	0	53.505	23.800.000	0	156.366	26.930.938
15-Dec-08	462.510.449	22.790.255	2.745.420	9.000.000	0	53.505	23.800.000	0	156.366	25.745.546
15-Mar-09	439.720.194	21.787.531	2.610.871	9.000.000	0	53.505	23.800.000	0	156.366	24.608.274
15-Jun-09	417.932.663	19.426.536	2.482.220	9.000.000	394.068	53.505	23.800.000	1.009.540	156.366	23.522.236
15-Sep-09	398.506.127	18.459.624	2.359.230	8.605.932	398.089	53.505	22.790.460	1.050.757	156.366	22.477.570
15-Dec-09	380.046.503	17.641.660	2.249.567	8.207.843	380.970	51.162	21.739.703	1.008.770	149.733	21.481.863
15-Mar-10	362.404.843	16.860.327	2.145.363	7.826.872	364.113	48.796	20.730.933	964.334	142.830	20.525.762
15-Jun-10	345.544.516	16.115.524	2.045.775	7.462.760	348.028	46.531	19.766.599	921.741	136.202	19.613.801
15-Sep-10	329.428.993	15.401.382	1.950.599	7.114.732	332.606	44.366	18.844.857	880.903	129.867	18.739.723
15-Dec-10	314.027.610	14.719.091	1.859.627	6.782.126	317.872	42.297	17.963.954	841.878	123.811	17.904.576
15-Mar-11	299.308.519	14.063.738	1.772.686	6.464.254	303.720	40.320	17.122.076	804.405	118.023	17.102.892
15-Jun-11	285.244.781	13.438.894	1.689.597	6.160.534	290.226	38.430	16.317.671	768.662	112.492	16.338.300
15-Sep-11	271.805.886	12.836.552	1.610.207	5.870.309	277.220	36.624	15.549.009	734.227	107.207	15.602.037
15-Dec-11	258.969.335	12.264.565	1.534.344	5.593.089	264.866	34.899	14.814.782	701.500	102.157	14.902.331
15-Mar-12	246.704.770	11.707.526	1.461.882	5.328.223	252.841	33.251	14.113.282	669.672	97.333	14.222.505
15-Jun-12	234.997.243	11.184.416	1.392.648	5.075.382	241.540	31.676	13.443.610	639.724	92.724	13.582.729
15-Sep-12	223.812.827	10.676.864	1.326.559	4.833.842	230.582	30.173	12.803.886	610.717	88.325	12.963.221
15-Dec-12	213.135.963	10.198.382	1.263.423	4.603.259	220.246	28.737	12.193.169	583.330	84.122	12.378.239
15-Mar-13	202.937.582	9.734.320	1.203.153	4.383.014	210.227	27.366	11.609.839	556.808	80.109	11.811.983
15-Jun-13	193.203.261	9.296.735	1.145.583	4.172.786	200.774	26.057	11.053.031	531.762	76.277	11.277.188
15-Sep-13	183.906.526	8.872.113	1.090.632	3.972.012	191.608	24.807	10.521.270	507.494	72.618	10.759.274
15-Dec-13	175.034.413	8.472.017	1.038.152	3.780.404	182.964	23.614	10.013.775	484.593	69.125	10.270.465
15-Mar-14	166.562.396	8.085.058	988.069	3.597.440	174.610	22.475	9.529.182	462.474	65.791	9.798.477
15-Jun-14	158.477.337	7.719.213	940.245	3.422.830	166.707	21.387	9.066.708	441.537	62.607	9.351.696
15-Sep-14	150.758.124	7.356.742	894.605	3.256.122	158.886	20.349	8.625.170	420.846	59.568	8.910.995
15-Dec-14	143.401.382	7.022.906	851.030	3.097.237	151.670	19.358	8.204.325	401.713	56.667	8.503.344
15-Mar-15	136.378.476	6.680.315	809.501	2.945.566	144.284	18.413	7.802.611	382.192	53.902	8.088.606
15-Jun-15	129.698.161	6.376.557	769.856	2.801.283	137.712	17.511	7.420.420	364.746	51.263	7.717.646
15-Sep-15	123.321.605	6.084.527	732.146	2.663.571	131.406	16.654	7.055.674	348.045	48.752	7.361.529
15-Dec-15	117.237.078	5.806.734	696.150	2.532.166	125.406	15.835	6.707.629	332.152	46.356	7.022.633
15-Mar-16	111.430.344	5.538.960	661.803	2.406.760	119.624	15.054	6.375.477	316.843	44.069	6.696.354
15-Jun-16	105.891.384	5.285.103	629.024	2.287.136	114.141	14.308	6.058.634	302.317	41.887	6.386.781
15-Sep-16	100.606.281	5.037.089	597.757	2.172.995	108.788	13.597	5.756.316	288.149	39.805	6.085.185
15-Dec-16	95.569.192	4.805.361	567.922	2.064.207	103.781	12.918	5.468.167	274.879	37.819	5.802.681
15-Mar-17	90.763.831	4.578.442	539.488	1.960.427	98.883	12.272	5.193.288	261.917	35.926	5.526.927
15-Jun-17	86.185.388	4.366.990	512.362	1.861.544	94.314	11.655	4.931.372	249.806	34.120	5.269.246
15-Sep-17	81.818.399	81.818.399	486.517	1.767.230	1.767.230	11.067	4.681.566	4.681.566	32.399	88.797.177
		867.200.000	99.268.270		9.000.000	1.770.461		23.800.000	5.178.169	2,4385%

II.13 Actual interest contemplated for bondholder, specifying the calculation method adopted and the expenses foreseen for concepts appropriate to the true nature thereof.

Actual gross interest for bondholder.

In the event that the annual nominal interest rates applicable to the three Classes A, B and C, variable quarterly, are held constant throughout the entire life of the indebtedness, at rates of 2.2580%, 2.3780% and 2.6280%, such rates would translate into IRRs for the bondholder of 2.2772%, 2.3993% and 2.6540% per annum gross, as illustrated by the table contained in Section II.12,b) of the Prospectus, given the effect implied by the quarterly payment of interest, calculated as an internal rate of return without considering the tax impact, and assuming in any case the values and hypotheses which appear in the aforementioned Section.

The calculation of the IRR has been made by using the following formula:

Where:

***I* =** IRR expressed as an annual rate, as a whole number.

***ai* =** Total amounts of principal and interest to be received by investors (and, in case of flows with withholding for the bondholder, the recovery of the relevant annual withholding).

(a1 .... aN)

***ni* =** Number of days included between the issue Pay-out Date and March 15, June 15, September 15 and December 15 of each year (and, in case of flows with withholding for the bondholder, the recovery of the relevant annual withholding), non-inclusive.

II.14 Actual interest contemplated by the Fund at the time of the securities issue, considering all expenses relating to the design and placement incurred at its expense, specifying the calculation method.

In the event that the variable nominal interest rate on the Bonds holds constant throughout the entire life of the indebtedness at a rate of 2.2580% for Class A, 2.3780% for Class B and 2.6280% for Class C, this rate would translate into an actual rate (IRR) for the entire issue of 2.4385% for the CAPR of 15%, calculated and assuming the hypotheses mentioned under Section II.12, b) as the liquid amount of the issue, after deducting the issue expenses from the updated values as at the issue date of all payments for interest, principal and cancellation expenses.

The expenses foreseen are as follows:

a) Incorporation Expenses *(Expenses for documentation, publicity and official charges):*

	EUR
• CNMV Official Charges (*):…………………….........................……..	66,033.29
• AIAF and Iberclear Official Charges (0.059‰ + VAT): …….……..	53,940.00
• Others: ………………………………….........................………	72,693.11
Subtotal (0.021%): ……………………….....................………	192,666.40

b) Issue Expenses:

	EUR
• Management Fee to Manager: …………………………………………	100,000
• Underwriting and Placement Fees:	
▪ Class A (0.041%):…………………………………………	355,552
▪ Class B (0.08%): …………………………………………	7,200
▪ Class C (0.08%): …………………………………………	19,040
Subtotal (0.054%): …………………………………………	481,792
GRAND TOTAL (0.075%): …………………………………………	**674,458.40**

(*) 0.14% of the total issue subject to a ceiling of EUR 39,033.29 for the registration process and 0.03% of the total issue for the listing process

The expenses incurred on the occasion of the liquidation of the Fund shall be for the account of the latter.

Expenses relating to the audit of the portfolio of Mortgage Loans have been paid by UCI in its capacity as Assignor.

II.15 Existence or non-existence of special warranties on the Mortgage Participations or the Bonds.

UCI's Warranties:

UCI, in its capacity as Assignor and issuer of the Mortgage Participations, shall repurchase from the Manager, on behalf of the Fund, for their principal value plus interest accrued and not paid, any Mortgage Participations which do not conform on the Date of Incorporation to all of the representations contained in Section IV.1 a) of this Prospectus, when it is not possible to substitute them, in accordance with the provisions of Section IV.1, d) of this Prospectus.

Furthermore, and notwithstanding the representations made in Section IV.1,a), UCI warrants that if any of the debtors should come to hold against UCI any credit right, and proceeds to exercise same through legitimate set-off of both debts in accordance with article 1198 of the Spanish Civil Code, that of UCI and its own deriving from the Loan which has been assigned to the Fund, UCI shall deposit into the Cash Account described in Section V.3.1 of this Prospectus, an amount equal to the amount so set-off, to which the Fund would have been entitled. Notwithstanding the above, UCI represents in Section IV.1.a) that it has no knowledge that, at the time of the assignment, any debtor is the holder of any credit right for which set-off could be exercised.

All amounts UCI receives from (i) the debtors of the Mortgage Loans subject of the Mortgage Participations, as principal, ordinary interest or default interest applicable to the loan in question and (ii) all amounts to which UCI is entitled as beneficiary of the damage insurance contracts and contracts of any other type which have been subscribed by the debtors in relation to the Mortgage Loans assigned by UCI to the Fund, shall be handed over by UCI to the Fund, through its Manager;

Bank's Warranties:

The Bank shall warrant that, in the event that UCI is declared in liquidation, temporary receivership, bankruptcy or creditors' proceedings in accordance with the provisions of Law 22/2003, of July 9, on Insolvency Proceedings (hereinafter, the "**Law 22/2003**") it shall hold the

Fund harmless against any damages which may be derived therefore, as the case may be, for such declaration, including specifically those which may result from the breach by UCI of its obligation in respect of servicing and administration of the Mortgage Loans assigned and, specifically, it shall proceed to directly pay the Fund the amounts pertaining thereto for principal, interest and indemnification.

The Bank shall not receive any fee for providing these warranties.

None of the foregoing warranties both those of the Assignor as well as those of the Bank, shall be construed as a guarantee of payment upon default of the debtors.

II.16 Circulation of the Bonds, pointing out especially whether there are restrictions against the free transferability thereof.

The Bonds forming this issue are not subject to any restriction against their free transferability, which transferability shall be carried out in accordance with the provisions of Section II.4.1 of this Prospectus.

II.17 Admission to trading of the securities issued.

The Manager, promoter of the Fund, shall upon execution of the Deed of Incorporation and once the pay-out of the Bonds (as described under Section II.18.5) has been made, immediately apply for inclusion of this Bond issue on AIAF (in accordance with article 5, item nine, of Law 19/1992, recognized as an official organized secondary securities market by Transitional Provision Six of Law 37/1998, in reform of Law 24/1988. The said admission to trading on the aforesaid market shall take place within a deadline not to exceed thirty (30) days from the Pay-out Date. Notwithstanding the above, it must be made in any case prior to the date of the first interest payment on the Bonds (September 15, 2005).

In the event that the admission to trading of the Bonds on AIAF does not take place within the above-mentioned deadline, the Manager shall immediately report this fact to the CNMV and the bondholders, as well as the causes of such breach and the new date scheduled for admission to trading, through publication in a nationally-circulated newspaper, all of which in accordance with the provisions of Section III.5.3,b),b”) and c), and without prejudice to the possible liability of the Fund as issuer of the Bonds, in the event that the breach is for causes attributable thereto.

The Manager expressly states for the record that it is familiar with the requisites and conditions required for the admission, maintenance and exclusion of the securities to, on and from this secondary market, as per current law in force and the requirements of its governing body. The Fund, through its Manager, accepts that it will abide by the same.

Furthermore, the Manager shall apply, on behalf of the Fund, once the issued Bonds have been subscribed, for inclusion of the issue in Iberclear, in order that the clearing and settlement of the Bonds may be carried out in accordance with the rules of operation Iberclear has established or may approve in the future with respect to securities represented through book-entries and admitted to trading on AIAF.

II.18 Subscription and acquisition applications.

II.18.1 Collective of potential investors to whom the securities are being offered.

The placement of this Securitization Bond issue is aimed at institutional investors, whether legal entities or asset pools without separate legal status, such as, as a matter of illustration and without limitation, Pension Funds, Undertakings for Collective Investment or Insurance Companies, Credit Institutions, Securities Broker/Dealers or Entities authorized to manage securities portfolios that professionally and customarily make investments in marketable securities.

UCI has no intention of initially subscribing any of the Bonds to be issued.

II.18.2 Legal aptitude of the Bonds to be issued.

The Securitization Bonds to be issued by the Fund, once admitted to trading, have the following legal consideration, for the purpose of being subscribed by certain investors:

(i) in accordance with Royal Decree 2345/1996, of November 8, the Bonds are suitable for materialization of the obligatory reserves of Reciprocal Guarantee Companies;

(ii) in accordance with Royal Decree 2486/1998, of November 20, as amended by Royal Decree 297/2004, of February 20, *inter alia*, the Bonds to be issued by the Fund may be acquired by insurance companies in compliance with their technical provision obligations;

(iii) in accordance with Royal Decree 304/2004, of February 20, the Bonds are suitable for being acquired by Pension Funds;

(iv) in accordance with Royal Decree 1393/1990, of November 2, as amended by Royal Decree 91/2001, of February 2, inasmuch as it is not contrary to Law 35/2003, of November 4 and up until the entry into force of the regulatory rules to be enacted by virtue of the authorizations contained herein, the Bonds may be acquired by Undertakings for Collective Investment with the limitations established by the specific regulations for each fund type. In this regard, the Order of May 28, 1999, partially amending the Order of June 7, 1990 in respect of Collaboration Agreements relating to Mutual Funds investing in Government Debt (*Fondtesoros*) shall apply;

(v) in accordance with the Order of December 29, 1992, as amended by the Order of April 13, 2000 and by the Order of January 8, 2003, *inter alia*, in respect of equity and supervision on a consolidated basis of securities brokers/dealers and their groups, the Bonds shall have the weighting which pertains to the assets having the greatest weighting which may form part of the Fund;

(vi) In accordance with the Order of December 29, 1992, as amended by the Order of April 13, 2000 and by the Order of January 8, 2003, *inter alia*, in respect of equity and supervision on a consolidated basis of securities brokers/dealers and their groups, the Bonds shall have the 50% weighting rate with regards to the solvency coefficient that said entities must maintain provided that its credit quality is, at least, equal to the one of the underlying Mortgage Loans.

II.18.3 Subscription Period.

The Subscription Period (hereinafter, the "**Subscription Period**") for the Bonds shall last eight (8) hours, between 9:00 a.m. and 5:00 p.m. of the Business Day following the date of publication of the legal notice of the incorporation of the Fund and the Bond issue, in the manner provided by Section III.5.3, b), b') and c) of this Prospectus.

The Subscription Period shall take place on May 25, 2005.

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

Applications for subscription of the Domestic Tranche described in Section II.19, in order to be considered, must be made through any means admitted by Law, during the Subscription Period established under Section II.18.3, *supra*, and addressed to the Domestic Tranche Underwriters, which are the Bank, att: Treasury Department, located at Avda. de Cantabria s/n, 28660-Boadilla del Monte (Madrid), BNP Paribas, Sucursal en España (hereinafter, "**BNP Paribas**"), located at Ribera del Loira, 28042, Madrid and Banco Sabadell S.A. (hereinafter, "**Banco Sabadell**") located at Plaza Catalunya, 1, Sabadell (Barcelona). Hereinafter, the Bank, BNP Paribas and Banco Sabadell shall be referred to as "**Domestic Tranche Underwriters**".

Applications for subscription of the International Tranche also described under Section II.19, *infra*, shall be made in accordance with the provisions of the said Section, addressed to the International Tranche Underwriters, which are the Bank, att: Treasury Department, as above, BNP Paribas, located at 10 Harewood Avenue, London NW1 6AA and Dexia Banque Belgique, S.A.(hereinafter, "**Dexia**") located at Boulevard Pacheco, 44, 1000 Bruxelles. Hereinafter, the Bank, BNP Paribas and Dexia shall be referred to as "**International Tranche Underwriters**" and collectively with the Domestic Tranche Underwriters, the "**Underwriters**".

Each one of the Underwriters, in its relevant tranche, shall subscribe the amount of Bonds which remains pending upon completion of the Subscription Period, by virtue of its commitment described under Sections II.19.3 and V.4.1 of the Prospectus.

II.18.5 Form and Date of Pay-Out.

Investors to whom Bonds have been allocated must pay to the Domestic Tranche and International Tranche placement Underwriters, on the Business Day following the closing date of the Subscription Period (hereinafter, the "Pay-out Date"), prior to 1:00 p.m. (Madrid time), for value that same day, the issue price (100% of the face value thereof) applicable for each Bond so allocated.

Each Underwriter shall pay its respective underwritten amount to the Bank, less the applicable underwriting fee. The Bank, in its capacity as Agent Bank, shall pay to the Fund, on the same day, the amounts received from the other Underwriters plus the amount of its own underwriting commitment, prior to 3:00 p.m. (Madrid time), for value that same day, after deducting the applicable underwriting fee, in accordance with the provisions of the Issue Underwriting, Lead Manager and Placement Agreements (as defined herein below).

The Pay-out Date shall be June 2, 2005.

II.18.6 Form and deadline for delivery to subscribers of copies of the subscription receipts or provisional receipts.

Each Underwriter through which subscribers have subscribed Bonds of the applicable tranche, shall deliver thereto, within a period not to exceed five (5) days from the Pay-out Date, a document accrediting the title to the Bonds so subscribed (without prejudice to the title to the Bonds being accredited through the pertinent entry with the entity entrusted with carrying the Accounting Records of the Bonds, represented through the book-entry system). The said accreditation document is not eligible for trading, shall reflect only the initial subscription of Bonds and its maximum period of validity is the record date of the Bonds so subscribed with the entity entrusted with the Accounting Records of the Bonds.

II.19 Placement and allocation of the securities.

The placement of the Bond issue will be divided into two Tranches:

(i) ***Domestic Tranche:*** to place Euros three hundred million (EUR 300,000,000), equivalent to three thousand (2,700) Class A Bonds, representing, approximately 34.59% of the total face value thereof.

(ii) International Tranche: to place Euros six hundred million (EUR 600,000,000), equivalent to six thousand (6,000) Bonds, formed by:

- Euros five hundred sixty-seven million two hundred thousand (EUR 567,200,000), equivalent to five thousand six hundred seventy-two (5,672) Class A Bonds (representing, approximately 65.41% of the total face value thereof);
- Euros nine million (EUR 9,000,0000), equivalent to nine thousand (9,000) Class B Bonds (representing 100% of the total face value thereof);
- Euros twenty-three million eight hundred thousand (EUR 23,800,000), equivalent to two hundred thirty-eight (238) Class C Bonds (representing 100% of the total face value thereof).

The placement procedure, for both the Domestic Tranche and the International Tranche, shall be the following:

Once the Subscription Period has been opened, in the manner provided by Section II.18.3 of the Prospectus, requests shall be addressed to the Bank, BNP Paribas and Banco Sabadell (in the case of the Domestic Tranche) or to the Bank, to BNP Paribas and to Dexia (for the International Tranche), who shall proceed with the free allocation of the Bonds, procuring in any case that no discriminatory treatment takes place between requests having similar characteristics in time, and undertaking to subscribe the amount of Bonds necessary in order to complete the figures which their respective underwriting commitments entail, as described under Section II.19.1, *infra*.

No redistribution of the initial Bond volume assigned for placement in each one of the tranches is contemplated, either before the end of the Subscription Period or at any other time.

II.19.1 Entities intervening in the placement or marketing, mentioning their different tasks, with a specific description thereof. Aggregate amount of fees agreed to between the various placement entities and the Manager.

The placement of the Domestic Tranche, as described under Section II.18.4 of the Prospectus, shall be carried out by the following Underwriting Entities, and for the amounts stated herebelow:

	EUR		
Underwriter	**Class A**	**Class B**	**Class C**
• Banco Santander Central Hispano	140,000,000		
• BNP Paribas	140,000,000		
• Banco Sabadell	20,000,000		
Totals	**300,000,000**		

The Placement of the International Tranche shall be carried out by the following Underwriting Entities and in the following amounts:

	EUR		
Underwriter	**Class A**	**Class B**	**Class C**
• Banco Santander Central Hispano	273,600,000	4,500,000	11,900,000
• BNP Paribas	273,600,000	4,500,000	11,900,000
• Dexia Bank	20,000,000		
Totals	**567,200,000**	**9,000,000**	**23,800,000**

The Underwriting Entities shall receive as underwriting fee 0.041% of the face amount underwritten thereby for the Class A Bonds and 0.08% of the face amount underwriten thereby for the Class B and Class C Bonds, as specified in the Issue Lead Manager, Underwriting and Placement Agreements described in Sections II.19.3 and V.4.1 of this Prospectus.

II.19.2 Issue Lead Managers.

The Bank and BNP Paribas shall also intervene in the issue as Lead Managers, and will not receive any fee for this concept. Reproduced herebelow are declarations signed by persons holding sufficient representation, containing the following representations:

"I, [?], for and on behalf of Banco Santander Central Hispano, S.A., as Lead Manager of the issue, having its registered offices in Santander, at Paseo de Pereda, no. 9 and 12, duly empowered for such purpose, and in relation to the establishment of FONDO DE TITULIZACIÓN HIPOTECARIA, UCI 12, for an amount of Euros nine hundred million (EUR 900,000,000), in compliance with article 20 of Royal Decree 291/1992, of march 27, on issues and public offerings of securities, as amended by Royal Decree 2590/1998, of December 7, hereby

DECLARE

That the necessary verifications for contrasting the veracity and completeness of the information in the Prospectus have been carried out.

That, as a consequence of such verifications, no circumstances are observed which contradict or alter the information stated in the Prospectus, nor does the latter omit any significant facts or data which may be material to the investor.

And for the record and the appropriate purposes, I hereby issue this document in Madrid, this 24th day of May, 2005."

"We, Ramiro Mato Ansorena and Carlos Gardeazábal Ortiz, for and on behalf of BNP Paribas, S.A., as Lead Manager of the issue, having its registered offices in [?], duly empowered for such purpose, and in relation to the establishment of FONDO DE TITULIZACIÓN HIPOTECARIA, UCI 12, for an amount of Euros nine hundred million (EUR 900,000,000), in compliance with article 20 of Royal Decree 291/1992, of march 27, on issues and public offerings of securities, as amended by Royal Decree 2590/1998, of December 7, hereby

DECLARE

That the necessary verifications for contrasting the veracity and completeness of the information in the Prospectus have been carried out.

That, as a consequence of such verifications, no circumstances are observed which contradict or alter the information stated in the Prospectus, nor does the latter omit any significant facts or data which may be material to the investor.

And for the record and the appropriate purposes, I hereby issue this document in Madrid, this 24th day of May, 2005."

The letters from the Lead Managers are attached to this Prospectus as Schedule V.

II.19.3 Underwriting of Issue.

The Manager shall enter into, for the account of the Fund, a Lead Manager, Placement and Underwriting Agreement in respect of the Domestic Tranche with the Domestic Tranche Underwriters (hereinafter, the "**Domestic Tranche Lead Manager, Underwriting and Placement Agreement**") and an Underwriting and Placement Agreement in respect of the International Tranche with the Underwriters of the International Tranche (hereinafter, the "**International Tranche Underwriting and Placement Agreement**" and, together with the Domestic Tranche Lead Manager, Underwriting and Placement Agreement, the "**Issue Lead Manager, Underwriting and Placement Agreement**") whereby the said entities, and within their respective tranches, shall proceed with the free allocation of the Bonds, in the amounts contemplated for each one in Section II.19.1 of this Prospectus, and once the Subscription Period has closed, to subscribe those Bonds which have not been so subscribed.

The Underwriters assume the obligations contained in the Issue Lead Manager, Underwriting and Placement Agreements, and which shall basically be the following: 1) joint subscription commitment in respect of Bonds which have not been subscribed, once the Subscription Period has closed, up to the amounts so established; 2) payment, by the Underwriters to the Bank in its capacity as Agent Bank, prior to 2:00 p.m. on the Business Day following the closing date of the Subscription period, for value that same day, of the face amount underwritten by them, less the portion of the underwriting fee accrued in favor of each one, by virtue of the Issue Lead Manager, Underwriting and Placement Agreements to be executed between them; and 3) thereafter, the said Agent Bank to proceed to pay to the Fund, prior to 3:00 p.m. on the above-mentioned day, the amounts received from the other Underwriters plus the amount of their underwriting commitment, less their underwriting fee.

The sole cause for termination of the Issue Lead Manager, Underwriting and Placement Agreements is the event that the Rating Agency S&P España does not confirm, prior to the start of the Bond Subscription Period, the AAA rating on the Class A Bonds, the A rating on the Class B Bonds and the BBB rating on the Class C Bonds, as the rating scales of S&P Rating Service.

II.19.4 Placement Prorating.

Not applicable.

II.20 Deadline and manner provided for delivery to subscribers of the Bonds or definitive Certificates of the Bonds.

The Bonds, securities represented through the book-entry system, shall be established as such by virtue of their registration in the accounting records of Iberclear, in the terms established under Section II.5, *supra*.

Certificates of legitimacy of ownership may be issued at the request and exclusive expense of a Bondholder, and shall include, apart from the identity of the holder, the purpose and the effective period thereof. The provisions of Title I, Chapter I, Section Four of Royal Decree 116/1992 shall be applicable for this purpose.

II.21 National legislation under which the securities are created and indication of the Competent Courts in case of litigation.

This issue is backed by Spanish law in accordance with the provisions of (i) Law 19/1992, (ii) Spanish Securities Market Act, (iii) Royal Decree 291/1992, of March 27, in respect of Issues and Public Offerings of Securities, as amended by Royal Decree 2590/1998, of December, and the Order of July 12, 1993 implementing same, (iv) Circular 2/1994, and (v) Circular 2/1999.

The International Tranche Underwriting and Placement Agreement shall be subject to English law.

All matters and disputes which may arise between the Fund, in its capacity as issuer of the Bonds and the Bondholders, shall be resolved by Spanish Courts.

Actions in case of non-payment of the Bonds issued against the Fund:

1. The Bondholders shall not be entitled to a direct action against the debtors of the Mortgage Loans who have breached their payment obligations. The Manager, as representative of the Fund, shall be entitled to such action.
2. The Bondholders shall not be entitled to an action against the Fund or against the Manager, in case of non-payment of the Bonds which is a consequence of the non-payment of a Mortgage Loan on the part of the applicable assigned debtor.
3. The Bondholders shall not be entitled to any action against the Manager other than as arising out of the breach of its own obligations and, therefore, never as a consequence of the existence of default or prepayments of the Mortgage Participations.

The Deed of Incorporation shall be governed and construed in accordance with Spanish law.

II.22 Personal taxation of income deriving from the Bonds.

The following represents a brief excerpt of the tax scheme applicable to the investments arising out of this offering. For this purpose, only State law currently in force and the general aspects which may affect the investors are taken into consideration. Investors must consider both their possible special tax circumstances, as well as the rules of limited territorial application and those of current law in force at the time the pertinent income is obtained and declared.

Furthermore, it is hereby stated for the record that, notwithstanding the fact that this Bond issue, as stated under Section II.18.1 of this Prospectus, is aimed at institutional investors, this section covers not only the tax scheme applicable to such investors, but also that which would apply to natural persons who could eventually become Bondholders.

The tax treatment described herein is of a general nature. Therefore, taxation applicable to income obtained through entities under the scheme of attribution of income has not been included, nor has the scheme applicable to all categories of investors, some of whom may be subject to special rules.

II.22.1 Natural persons or legal entities resident in Spain.

a) Individual Income Tax ("Impuesto sobre la Renta de las Personas Físicas"; "IRPF").

Income obtained by Bondholders holding the status of taxpayers required to pay Individual Income Tax ("Impuesto sobre la renta de las personas físicas"; "IRPF"), both for the concept of interest, as well as on the occasion of the transfer, redemption or amortization thereof, shall be deemed to be passive income obtained on the assignment to third parties of owned funds in the terms of article 23.2 of Royal Legislative Decree 3/2004, of March 5, approving the Individual Income Tax Act, as amended (hereinafter, "**Royal Legislative Decree 3/2004**").

In this regard, in the case of income deriving from the receipt of coupons on the Bonds, the full return shall be determined by the gross amount of interest received, including interim IRPF withholding which, as the case may be, has been performed.

In the case of transfer, redemption or amortization of the Bonds, the following shall be computed as passive income: the difference between the transfer, redemption or amortization value (less any expenses ancillary to the disposal, provided that they are duly justified) and the acquisition or subscription value thereof (plus any expenses ancillary to the acquisition, provided that they are duly justified).

Notwithstnading, any losses arising out of the transfer of the Bonds, which the taxpayer has acquired other equivalent financial assets within two months preceding or subsequent to such transfers, shall form part of the taxable basis of the tax to the extent to which the financial assets which remain in the financial estate of the taxpayer are transferred.

The net passive income shall be determined by deducting from the total income any expenses for administration and custody of the Bonds, provided that such expenses do not represent consideration for discretionary, individualized management of the investment portfolio.

Net income deriving from the transfer, redemption or amortization of Bonds which have remained in the investor's financial estate for a period exceeding two years shall be reduced by 40%.

Passive income arising out of the assignment to third parties of owned funds is subject, in general, to withholding at the rate of 15%. Notwithstanding the above, in accordance with the provisions of article 73.3 f) of Royal Decree 1775/2004, of July 30, approving the Individual Income Tax Regulations (hereinafter, "**Royal Decree 1775/2004**"), no obligation to withhold exists in respect of income arising out of the transfer or redemption of specified-yield financial assets which meet the following requisites (as is foreseen for this issue):

1. That they shall be represented by the book-entry system.
2. That they shall be traded on a Spanish official secondary securities market.

Notwithstanding the above, the following shall be subject to withholding (at a rate of 15%): the portion of the price pertaining to interest accrued when the transfer of the Bonds takes place during the thirty days immediately preceding the payment of the said coupon, and provided that:

1. The transferee is a person or entity not resident in Spanish territory or is a taxpayer obligee with regard to Corporate Income Tax.

2. The transferee is not subject to withholding for the explicit returns on the Bonds transferred.

b) Corporate Income Tax ("Impuesto sobre Sociedades"; "IS").

Income on the Bonds obtained by entities considered to be taxpayer obligees with regard to Corporate Income Tax ("Impuesto sobre Sociedades"; "IS"), both for the concept of interest as well as on the occasion of the transfer, redemption or amortization thereof, shall form part of the taxable basis of Corporate Income Tax in the manner contemplated by Title IV of Royal Legislative Decree 4/2004, of March 5, approving the Corporate Income Tax Act, as amended (hereinafter, "**Royal Legislative Decree 4/2004**").

Generally speaking, such income is subject to withholding for the account of the Corporate Income Tax of its recipient. Notwithstanding the above, in accordance with the provisions of article 59 q) of Royal Decree 1777/2004, of July 30, approving the Corporate Income Tax Regulations (hereinafter, "**Royal Decree 1777/2004**"), no obligation exists to perform withholding on income obtained by taxpayers of such tax on financial assets, provided that the following requisites are met (as is foreseen for this issue):

1. That they shall be represented by the book-entry system.
2. That they shall be traded on a Spanish official secondary securities market.

In this respect, in accordance with the Order of December 22, 1999, the procedure for making effective the exclusion from withholding or interim deposit contemplated in article 59.q) of the Royal Decree 1777/2004, with respect to interest paid to taxpayer obligees of the aforesaid tax, shall be subject to the following requisites:

1. The Manager, for and on behalf of the Fund, as issuer, shall pay to the custodian entities, through the Agent Bank, the net amount resulting from the application of the general withholding rate in force on the said date, to the total interest.
2. Prior to the 10th day of the month following the month of maturity of each coupon, the custodian entities shall present to the Manager or the Agent Bank a detailed list of the holders who are taxpayer obligees of the Tax together with their identification data, ISIN code of the securities, the number of securities of which they are holders as at the maturity date of each coupon, the applicable gross returns and the amount withheld.
3. The Bondholders shall accredit their status as taxpayer obliges of the Corporate Income Tax to the custodian entities prior to the tenth day of the month following the month of maturity of the coupon, in order that the custodian entities may prepare the list indicated in the preceding section.
4. The Manager, as soon as it receives the said list, shall immediately pay, through the Agent Bank, to the custodian banks the amount withheld in excess to the said taxpayer obligees of Corporate Income Tax.
5. The custodian entities shall immediately pay the amount withheld to the holders who are taxpayer obligees of Corporate Income Tax that have accredited such status.

II.22.2 Natural persons or legal entities not resident in Spain.

Income obtained by Bondholders holding the status of taxpayers obligated to pay Non-Resident Income Tax ("Impuesto sobre la Renta de no Residentes") both for the concept of interest, as well as on the occasion of the transfer, redemption or amortization thereof, shall be deemed to be income obtained in Spain, with or without a permanent establishment, in the terms of article 13 of Royal Legislative Decree 5/2004, approving the Non Resident Income Tax Act, as amended (hereinafter, "**Royal Legislative Decree 5/2004**").

a) Income obtained through a permanent establishment.

Income on the Bonds obtained by means of a permanent establishment in Spain shall be taxed pursuant to the rules of Chapter III of the aforementioned Royal Legislative Decree 5/2004, without prejudice to the provisions of any Conventions executed by Spain for the purposes of avoiding double taxation, which may determine the non-payment of the relevant taxes. The said income shall be exempt from withholding for the account of Non-Resident Income Tax in the terms indicated above for taxpayer obligees of Corporate Income Tax.

Consequently, there is no obligation to withhold on income deriving from financial assets they obtain, provided that, as is contemplated in this issue, the financial assets are represented through book-entries and traded on a Spanish secondary official securities market.

The procedure for applying the exclusion from withholding on interest from this type of financial asset is established in the Order dated December 22, 1999 of the Ministry of Economy and Finance.

b) Income obtained without mediation of permanent establishment.

Income on the Bonds obtained by persons or entities not resident in Spain that act, for this purpose, without a permanent establishment in Spanish territory, shall be taxed in accordance with the rules of Chapter IV of the above-mentioned Royal Legislative Decree 5/2004. The following aspects of such scheme are worthy of emphasis, notwithstanding the provisions of Treaties for the Avoidance of Double Taxation signed by Spain being able to determine the non-taxation of the pertinent income or, as the case may be, the application of reduced tax rates:

- The taxable basis shall be quantified at the total amount of the income obtained, calculated in accordance with the rules of Royal Legislative Decree 3/2004, without the reductions of the said Royal Decree being applicable for such purpose.
- In case of transfer, redemption or amortization of the Bonds, the following shall be taken into consideration for calculating the income: expenses ancillary to the acquisition and disposal, inasmuch as they are adequately justified. Taxation shall be performed separately for each total or partial accrual of income subject to taxation, without it being possible to perform any netting between the same.
- Income obtained on both the payment of the coupon as well as on the transfer, amortization or redemption of the Bonds by persons or entities not resident in Spain that act, for this purpose, without a permanent establishment in Spanish territory shall be exempt when the recipient is a resident of another European Union member State, that is, a permanent establishment of such residents located in another European Union member State, provided that the pertinent certificate of residency issued by the tax authorities of the investor's country of residence is submitted.

- Likewise, income deriving from the transfer of securities carried out on any of the Spanish official secondary securities markets (as is foreseen for this issue), obtained by natural persons or non-resident entities, without the mediation of a permanent establishment in Spanish territory, who are residents in a State which has signed with Spain a Treaty for the Avoidance of Double Taxation containing an exchange of information clause, shall be exempt. For such purpose, the pertinent certificate of tax residency or equivalent document established by the applicable Treaty or rule of implementation, issued by the tax authorities of the country in which the investor maintains tax residency, shall be submitted.

- In no case shall the exemptions described in the two (2) foregoing paragraphs apply when the income is obtained through countries or territories classified by regulation as tax havens.

- The tax shall be calculated by applying to the taxable basis calculated pursuant to the rules above the rate of 15%, unless a lower rate or an exemption is applicable by virtue of the provisions of an internal rule or Treaty for the Avoidance of Double Taxation signed by Spain. When by virtue of the residency of the investor an internal exemption or a Treaty for the Avoidance of Double Taxation signed by Spain applies, the exemption or, as the case may be, the reduced tax rate provided by the above-mentioned Treaty for this type of income shall be applied, provided that a certificate of tax residency (which shall expressly establish that the investor is a resident, for tax purposes, in the relevent country, as defined in the Convention for avoiding the Double Taxation, as applicable) or equivalent document established by the applicable Treaty or rule of implementation is submitted, in the terms indicated above.

  The above-mentioned certificate shall be issued by the tax authorities of the country of residence of the investor, pursuant to Spanish laws, and its term of validity shall be one (1) year from the date of issuance thereof,

Non-resident Bondholders may have income obtained subject to withholding for the account of Non-Resident Income Tax, in accordance with the following rules:

- The payment of interest on the Bonds shall be subject to withholding for the account of Non-Resident Income Tax, except in the cases in which the payment of the Tax or eligibility for the exemption is accredited.

- The amount of the withholding shall be, generally speaking, that equivalent to the tax payable pursuant to the above criteria, the general withholding rate being 15%.

- Nevertheless, pursuant to the provisions of article 10.3.b) of the Royal Decree 1776/2004, of July 30, whereby the Non-Residents Income Tax Regulations are approved, and the provisions of article 73.3.f) of the Royal Decree 1775/2004, no obligation to withhold exists in respect of income arising out of the transfer or redemption of the Bonds, since they are represented by the book-entry system and are traded on a Spanish official secondary securities market, except for the part of the price equivalent to the coupon accrued on transfers made within the thirty days immediately preceding the maturity of the coupon when (i) the transferee is a person or entity not resident in Spanish territory, or a taxpayer obligee of Corporate Income Tax, and (ii) this income is excepted from the obligation to withhold for the transferee. The above is notwithstanding the joint and several liability which the custodian or manager may incur and the obligations regarding declaring and paying the possible Tax of the non-resident Bondholder.

- In cases of the intervention in the procedure for paying interest on the Bonds of financial institutions domiciled, resident or represented in Spain that are custodians or manage the collection of income on the said securities, the procedure for making the carrying out of withholding effective at the rate applicable in each case, or the exclusion from withholding, shall be carried out as to the interest pursuant to the procedure established by the Ministry of Economy and Finance in its Order dated April 13, 2000, which is described herebelow:

    1. The Manager, for and on behalf of the Fund, shall transfer, either directly or through the Agent Bank, on each interest maturity date, to the custodian entities, the net amount which results from application of the general withholding rate in effect on the said date, to the total interest.

    2. The custodians shall present to the Agent Bank or the Manager, prior to the tenth day of the month following the month of maturity of the coupon, a detailed list of the Bondholders not resident in Spanish territory, without mediation of permanent establishment, together with, *inter alia*, the data relating to the Class and maturity date, the ISIN code of the securities, the identification of the Bondholders and residency thereof, the Number of securities of which it is holder as at the coupon maturity date, the relevant gross income and the withholding to be carried out.

    3. The non-resident Bondholders shall, in turn, accredit to the custodians their tax residency through presentation of a certificate of residency issued by the tax authorities of the country of residence, having to expressly state, when the exclusion from withholding or the withholding is carried out at a reduced rate by application of a Treaty, that the investor is a resident in the sense defined by the said Treaty, and bearing in mind, furthermore, that the said certificate is valid for one (1) year from issuance. Notwithstanding the above, when withholding is carried out by applying a taxation limit Established in a Treaty implemented through an Order establishing the use of a specific form, this status shall be justified with such form in lieu of the certificate.

    4. The Manager, for and on behalf of the Fund, as soon as it receives the list referred to in the preceding paragraph, shall immediately transfer, either directly or through the Agent Bank, to the custodian entities, the amount withheld from investors entitled to apply the exclusion from withholding, or the amount withheld in excess of the taxation limits established in the Treaty which is applicable with respect to investors entitled to benefit therefrom.

    5. The custodians, in turn, shall immediately pay, for the account of the Manager, for and on behalf of the Fund, the amount withheld or, as the case may be, the excess withholding, to the non-resident investors.

In the event of not being able to accredit, for this purpose, a tax residency, the income obtained on the Bonds for interest as well as on the occasion of the transfer, repayment or redemption thereof, by non-resident Bondholders shall be subject to taxation at the general rate indicated above, although they may request a refund of any excess withholding Or taxation through the procedure and the tax return contemplated in the Ministerial Order of December 23, 2003.

II.22.3 Wealth Tax ("Impuesto sobre el Patrimonio"; "IP").

Natural persons subject to this tax by personal obligation who are required to file a return for this tax and are holders of Bonds as at December 31 of each year, must include them in the Wealth Tax, for which they will be taxed in accordance with general rules. For this purpose, the Bonds shall be computed by their average trading value of the fourth quarter of each year which is published annually for such purpose by the Ministry of Finance.

Non-resident natural persons who are Bondholders as at December 31 on each year shall be taxpayer obligees of the Wealth Tax by obligation *in-rem* shall also be subject thereto, notwithstanding the provisions of Treaties for the Avoidance of Double Taxation signed by Spain. Notwithstanding the above, residents of other European Union countries shall be exempt with regard to Bonds whose income is exempt from Non-Resident Income Tax, in the terms set forth above.

II.22.4 Inheritance/Gift Tax ("Impuesto sobre Sucesiones y Donaciones"; "ISD").

The *mortis causa* transfer of Bonds or gift in favor of natural persons is subject to the general rules of Inheritance/Gift Tax, without prejudice to the provisions of Treaties for the Avoidance of Double Taxation signed by Spain. For cases in which the beneficiary is a legal entity, the income obtained by the said beneficiary shall be taxed in accordance with the rules of Corporate Income Tax or Non-Resident Income Tax, as the case may be, without prejudice in this last circumstance to the provisions of applicable Treaties for the Avoidance of Double Taxation.

II.22.5 Indirect taxation on the Bonds.

The issuance, subscription, acquisition and transfer of the Bonds shall be exempt from Transfer Tax/Stamp Duty (article 45.I.B. number 15 of the Royal Decree 1/1993, of September 24, whereby the amended text of the Transfer Tax/Stamp Duty, hereinafter, the "Royal Decree 1/1993", is approved) and from Value Added Tax (article 20.One.18 of the 37/1992 Act, of December 28, on Value Added Tax, hereinafter, the "37/1992 Act".

II.23 Purpose of operation.

II.23.1 Assigned use of net Issue proceeds.

The net proceeds from the Bond issue are assigned in full to the payment of the price for the acquisition of the Mortgage Participations pooled into the Fund's asset base.

II.24 Secondary trading.

Not applicable.

II.25 Natural persons or legal entities that have materially participated in the design or advice on the establishment of the Fund, or in any of the significant information contained in the Prospectus.

II.25.1 Enumeration.

a) The financial design of the issue has been carried out by Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A., in collaboration with UCI.

b) The legal design of the issue has been carried out by Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A. and by Squire, Sanders & Dempsey as independent legal counsel.

c) The Bank, BNP Paribas and Banco Sabadell are intervening as Underwriters of the placement of the Bonds in the Domestic Tranche.

d) The Bank , BNP Paribas and Dexia are intervening as Underwriters of the placement of the Bonds in the International Tranche.

e) The Bank and BNP Paribas are also acting as Lead Managers of the issue.

f) The Bank is also acting as Agent Bank.

II.25.2 Declaration of party responsible for the Prospectus on behalf of the Manager.

"I, IGNACIO ORTEGA GAVARA, for and on behalf of SANTANDER DE TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (S.G.F.T.), S.A., having its registered offices at Ciudad Grupo Santander, Avda. de Cantabria, s/n, Boadilla del Monte (Madrid), in relation to the establishment of FONDO DE TITULIZACIÓN HIPOTECARIA, UCI 12, in the amount of Euros nine hundred million (EUR 900,000,000) and in compliance with the provisions of section II.25.2 of CNMV Circular 2/94 approving the standard form Prospectus for the establishment of Mortgage Securitization Funds (in implementation of the Order of July 12, 1993, implementing, in turn, Royal Decree 291/92, of March 27), hereby

DECLARE

That 100% of the share capital of UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO, originator of the Mortgage Loans underlying the Mortgage Participations, belongs to UCI, S.A., which company, in turn, is 50% owned by the Santander Group and 50% owned by the BNP Paribas Group.

And that no other type of relationship or economic interests of the experts as cited in Section II.25.1 who have participated in the design or advice on the establishment of the Fund, or in any significant information contained in the Prospectus, including the underwriting of the placement, , either with the Manager itself or with the issuer of the Mortgage Participations, UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO, exists."

II.25.3 Declaration of the Assignor

"I, PHILIPPE JACQUES LAPORTE, for and on behalf of UNIÓN DE CREDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO, SOCIEDAD UNIPERSONAL (UCI), having its registered offices in Madrid, at calle Retama, 3, having sufficient powers and, in relation to the establishment of FONDO DE TITULIZACIÓN HIPOTECARIA, UCI 12, in the amount of Euros nine hundred million (EUR 900,000,000), in compliance with article 20 of Royal Decree 291/1992, of March 27, on issues and public offerings for the sale of securities, as amended by Royal Decree 2590/1998, of December 7.

DECLARE

1) That the representations with respect to the Mortgage Loans and Mortgage Participations stated under Section 1a) of this Prospectus, are true.

2) That the above representations shall be guaranteed to the Manager, on behalf of the Fund, in the Deed of Incorporation of the Fund.

3) That the necessary verifications for contrasting the veracity and completeness of the information contained in the Prospectus with regard to the selected Mortgage Loans portfolio to be assigned in the majority to the Fund have been carried out.

4) That as a consequence of such verifications, no circumstances are observed which contradict or alter the information stated in the Prospectus, nor does the latter omit any significant facts or data which may be material to the investor.

And for the record and the appropriate purposes, the above declaration is made in Madrid, this 24th] day of May, 2005."

The Assignor's letter, together with the above-mentioned representations, is attached to this Prospectus as SCHEDULE VI**.**

CHAPTER III

GENERAL INFORMATION CONCERNING THE MORTGAGE SECURITIZATION FUND

III.1 Legal antecedents and purpose of the Fund.

FONDO DE TITULIZACIÓN HIPOTECARIA UCI 12 is regulated by (i) the Deed of Incorporation of the Fund, (ii) Law 19/1992 (iii) the Spanish Securities Market Act, as applicable; (iv) this Prospectus and (v) other legal and regulatory provisions in force from time to time as applicable thereto.

The Fund shall have separate assets and liabilities, lacking separate legal status. It shall be closed.

The Fund will be established for the purpose of serving as a vehicle for pooling the Mortgage Loans and issuing the three Classes Bonds as a charge against it through a process of financial transformation and credit enhancement arising out of the various asset, liability and hedging transactions arranged for the account of the Fund.

In case of insolvency proceedings of the Assignor, the provisions of Law 22/2003, of July 9, in respect of Insolvency Proceedings (hereinafter, "**Law 22/2003**") shall apply, all in accordance with the provisions of Additional Provision Five of Law 3/1994, of April 14, adapting Spanish legislation on credit institutions to the Second Banking Directive and introducing other amendments relating to the financial system, as per its wording given by Law 44/2002.

III.2 Full name of Fund.

The issuer of the Bonds shall be named FONDO DE TITULIZACIÓN HIPOTECARIA UCI 12.

III.3 Servicing and representation of the Fund and the holders of securities issued thereagainst.

III.3.1 Duties and liabilities assumed by the Manager.

The administration and legal representation of the Fund shall be vested in Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A., the Fund's promoter. The Manager is authorized to establish Mortgage Securitization Funds and, consequently, to carry the administration and representation thereof in accordance with the provisions of Article 6 of Law 19/1992, by virtue of an authorization of the Ministry of Economy and Finance dated December 10, 1992, and it is registered in the special registry of Mortgage Securitization Fund Managers open for such purpose by the CNMV under number 1.

The Manager warrants that the contents of this Prospectus will not contradict the Deed of Incorporation and that the latter shall coincide with the draft deed which has been submitted to the CNMV.

The Manager, in its capacity as a manager of third-party business, shall be responsible for the representation and defense of the interests of the holders of Bonds issued against the Fund's assets

The Bondholders shall not be entitled to any action against the Manager except for breach of its duties or non-observance of the provisions of the Fund's Deed of Incorporation.

The Manager, in its tasks regarding administration of the Fund, shall carry out, as a matter of illustration, the following actions:

(i) it shall open in the Fund's name a financial account (hereinafter, the "Cash Account"), initially with the Bank, as long as the Bank's short-term rating does not fall from A-1 (as per the scale of S&P Rating Service detailed in Section II.3 of this Prospectus). The short-term rating which the Rating Agency has assigned to the Bank at the present time is A-1.

In the event that the Bank's short-term debt should undergo, during the life of the issue, a decline in its rating, ranking below A-1 (as per the rating scale of S&P Rating Service), the Manager shall transfer the Fund's Cash account to a bank whose short-term debt possesses a minimum rating of A-1, and shall contract the highest yield possible for the balance thereof, which may be different from the one contracted with the Bank, within a maximum period of thirty (30) Business Days from the time such situation takes place. Consequently, the Bank will cease to carry out the reinvestment at the time in which the funds of the Cash Account are transferred to the new bank. Such account may subsequently be transferred back to the Bank when its short-term debt once again achieves a rating of A-1, as per the scale mentioned above (all of which in accordance with the provisions of Section V.3.1 of this Prospectus).

In the event that the sum accumulated in the Cash Account exceeds 20% of the Balance Pending Payment on the Bonds, the Manager, on behalf of the Fund, shall open a new account at a bank having a rating of A-1+ (the "Surplus Funds Account", as described under Section V.3.1 of this Prospectus) into which all such amounts which exceed the above-mentioned 20% shall be deposited. In the event that the new bank should lose the A-1+ rating, the Manager shall have 30 days to find a new bank with the adequate rating. The Manager shall notify S&P España as far in advance as possible of the probability of this event occurring;;

(ii) it shall verify that the amount of income which the Fund actually receives corresponds to the income the Fund should have received in accordance with the provisions of the various Contracts from which such income derives, and of this Prospectus and the Deed of Incorporation. If necessary, it shall bring such judicial or non-judicial actions as are necessary or appropriate for protection of the rights of the Fund and the Bondholders;

(iii) it shall deposit the amounts it receives from UCI as principal and interest on the Mortgage Participations into the Cash Account;

(iv) it shall deposit into the Cash Account the amount which forms the Reserve Fund (as described in Section V.3.3 of the Prospectus) from time to time;

(v) it shall procure that the amounts deposited into the Cash Account (which shall include the Reserve Fund), provided that the Bank's short-term debt maintains at least the rating of A-1 (as per the rating scale of S&P Rating Service), produce the yield established in the Guaranteed Rate Reinvestment Agreement, all in accordance with Section V.3.1 of this Prospectus;

(vi) it shall calculate at each Rate Fixing Time, and with respect to the following Interest Accrual Period, the nominal interest rates to be applied to the three Classes Bonds, resulting from the determination made in accordance with the provisions of Section II.10, and shall publish it in the manner contemplated in Section III.5.3, a), a´);

(vii) it shall calculate on each Determination Date, the principal to be redeemed on the three Classes Bonds and, together with the interest accrued in accordance with the provisions of Section II.11, shall publish it in the manner provided by Section III.5.3,a),a”);

(viii) it shall assign the Available Funds described under Section V.5.1, b), 1, as well as any other amount available in the Cash Account and in the Surplus Funds Account, if any, on each Payment Date, to meeting the Fund’s payment or withholding obligations, in the terms and in the order of priority provided by Section V.5.1,b), 2, of this Prospectus;

(ix) it shall appoint the auditors of the Fund;

(x) it shall adopt the appropriate decisions in relation to the liquidation of the Fund, including the decision to wind-up the Fund early, in accordance with the provisions of this Prospectus and the Deed of Incorporation;

(xi) it shall manage the Fund in order that its net asset value shall be zero at all times;

(xii) it shall comply with its formal, documentary and reporting obligations vis-à-vis the CNMV, the Rating Agency, Iberclear, AIAF and any other supervisory authority;

III.3.2 Substitution of Manager.

The Manager may voluntarily request its substitution, provided that just cause exists, by means of a letter presented to the Spanish Securities Market Commission. Such letter shall be accompanied by that from the new, substitute securitization fund manager, duly authorized and registered as such in the special registries of the Spanish Securities Market Commission. In such letter, the substitute shall declare it is willing to accept such post. The resignation of the Manager and appointment of a new substitute manager shall be authorized by the Spanish Securities Market Commission. In no case may the Manager resign from performing its duties as long as all requisites and formalities for the appointment of its replacement have not been fulfilled. All expenses generated as a consequence of such substitution shall be paid by the Manager itself.

In the event that the Manager is declared in liquidation, temporary receivership, bankruptcy, or subject to insolvency proceedings according to the provisions of Law 22/2003, or when its authorization is revoked, the Manager shall appoint a manager to replace it, complying with the provisions of articles 18 and 19 of Royal Decree 926/1998, of May 14, regulating Asset Securitization Funds and Securitization Fund Managers (hereinafter, “**Royal Decree 926/1998**”), on substitution of the Manager.

If the deadline legally established by article 19.2) of the said Royal Decree 926/1998, of four (4) months from when the circumstance giving way to the substitution took place transpires and a substitute Manager has not been found, an event of early termination of the Fund and redemption of the Bonds shall take place, for which the actions contemplated by Section II.11.3.c) of the Prospectus shall be carried out.

The substitution of the Manager and appointment of a new one, both authorized by the Spanish Securities Market Commission, in accordance with the provisions of the foregoing paragraphs, shall also be reported to S&P España.

III.3.3 Scheme of remuneration to the Manager for performing its duties.

The Deed of Incorporation shall determine that the Manager shall be entitled to the following:

(i) a one-off, lump-sum management fee payable on the Pay-out Date equal to Euros one hundred thousand (EUR100,000); and

(ii) on each Payment Date for the Bonds (March 15, June 5, September 15 and December 15 of each year, or next Business Day, as per the provisions of Section II.10.3 of this Prospectus), a periodic management fee equal to 0.0225% per annum on the sum of all Balances Pending Payment on the three Classes Bonds, on the Determination Date pertaining to the Payment Date in progress.

The calculation of the periodic management fee stated in section (ii), *supra*, payable on a given Payment Date, shall be performed in accordance with the following formula:

$$A = B \times 0.026\% \times \frac{d}{365}$$

Where:

A = Fee payable on a given Payment Date.

B = Sum of all Balances Pending Payment on Class A, B and C Bonds, on the Determination Date pertaining to such Payment Date.

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

In any case, the quarterly amount of this periodic administration fee may not be less than Euros eight thousand five hundred (EUR 8,000) per quarter. In the event that during the effective period of the Fund, the Consumer Price Index published by the National Statistics Institute for each calendar year should undergo a positive variation, the minimum annual amount shall be adjusted on a cumulative basis in the same proportion, as from the year 2007, inclusive, and effective from January 1 of each year.

The fee shall be paid provided that the Fund has sufficient liquidity and in accordance with the order of priority of payments contemplated under Section V.5.1,b),2 of the Prospectus.

All payments to third parties for ordinary expenses (such as auditing, legal notices and maintenance of credit rating) as well as for extraordinary expenses related to the management of the Fund, shall be made directly by the Manager, notwithstanding the latter's right to be reimbursed by the Fund provided that the Fund has sufficient liquidity and in accordance with the order of priority of payments contemplated under Section V.5.1, b), 2, of the Prospectus.

III.4 Net asset value of the Fund; succinct indication of assets and liabilities yielding such value. Income of the Fund.

The Fund, in accordance with article five, item 1 of Law 19/1992, shall establish separate and closed assets and liabilities, devoid of separate legal status, formed at the time of incorporation as regards its assets, by the Mortgage Participations and the Reserve Fund described under Section V.3.3 of the Prospectus and, with regard to its liabilities, by the Bonds and the Subordinated Loan described under Section V.3.2 of the Prospectus, in such a manner that the Fund's net asset value shall be zero.

III.4.1 Net asset value of the Fund.

Assets.

a) At source.

On the Date of Incorporation, the Fund shall have the following as its principal assets:

(i) The Outstanding Balance of the Mortgage Participations pooled into the Fund, as detailed under Chapter IV of this Prospectus.

(ii) The amount contributed as Reserve Fund as described in Section V.3.3 of this Prospectus

(iii) Incorporation and issue expenses of the Fund.

(iv) The amount receivable for the pay-out of the underwritten subscription of each Class Bonds.

b) As a consequence of the operation of the Fund.

From the Date of Incorporation through the total redemption of the Bonds, the Fund shall have as its principal assets:

(i) The Outstanding Balance of the Mortgage Participations pooled into the Fund.

(ii) Ordinary interest, calculated at the interest rate applicable to the Mortgage Loans, accrued from the Pay-out Date.

(iii) Default interest, calculated at the ordinary interest rate applicable pursuant to paragraph (ii), *supra*, accrued from the Pay-out Date.

(iv) Any amounts or assets received through judicial or notarial foreclosure of the mortgage collateral or through disposal or exploitation of the real properties awarded to the Fund in foreclosure of the mortgage collateral, or in administration and interim possession of the property (under foreclosure), acquisition at the winning bid price or amount determined by judicial resolution, as from the Pay-out Date (as described in Section II.18.5 of the Prospectus). Likewise, all possible rights or indemnities which may result in favor of UCI, including not only those deriving from the insurance contracts assigned by UCI to the Fund, but also those deriving from any right accessory to the Mortgage Loan, and excluding all fees contemplated in the Mortgage Loans which shall be for the benefit of UCI.

(v) The amounts pertaining to the Fund as deriving from the insurance contracts assigned by UCI to the Fund by virtue of the Deed of Incorporation, as from the said Pay-out Date.

(vi) The amount forming the Reserve Fund.

(vii) Undepreciated incorporation and issue expenses.

(viii) Any amounts corresponding to the Fund, arising out of ancillary contracts executed by the Manager, on behalf of the Fund.

(ix) The remaining balance existing in the Cash Account and in the Surplus Funds Account, if any, as described in Section V.3.1 hereof; plus any relevant interest accrued.

Liabilities.

a) At source.

On the Date of Incorporation, the Fund shall have the following as its principal liabilities:

(i) The amount to be paid for subscription of the Mortgage Participations;

(ii) The Subordinated Loan.

(iii) The face amount of the Bond issue.

b) As a consequence of the operation of the Fund.

From the Date of Incorporation and throughout its life up until the total redemption of the Bonds issued, the Fund shall have the following as its principal liabilities:

(i) The three Classes Bonds issued and pending redemption;

(ii) The Outstanding Balance of the Subordinated Loan;

(iii) The interest, fees, and other expenses to be paid, as established in the contracts executed by the Manager, as well as any other which the Fund may incur.

III.4.2 Incorporation and issue expenses.

The estimate of all of the Fund's incorporation and Bond issue expenses is provided for in Section II.14.

III.4.3 Periodic expenses for which the Fund is responsible.

The Manager shall pay as a charge against the Fund, but subject to reimbursement as per the order of priority of payments contemplated under Section V.5.1, b), 2 of the Prospectus, all expenses arising out of the management and representation thereof. Purely is a matter of illustration, the Manager shall pay the following expenses:

(i) all those arising out of the incorporation and registration of the Fund and the issue, and admission to trading of the Bonds, as detailed under Section II.14 of this Prospectus;

(ii) those deriving from the annual audits of the Fund's accounts;

(iii) those deriving from maintenance of the credit rating of the three Classes Bonds;

(iv) those related to any notices which, as established in this Prospectus, must be given to holders of outstanding Bonds by means of legal notices inserted in the print media;

(v) those arising out of the sale of the Mortgage Participations, in the case of early redemption of the outstanding Bonds;

(vi) expenses necessary for carrying out foreclosure of the Mortgage Loans;

(vii) those which may be owed as a consequence of the admission to trading of the Bonds on AIAF or the representation thereof through the book-entry system;

(viii) in general, any others paid by the Manager and arising out of its acts of representation and management of the Fund.

VAT paid by the Fund on current expenses may constitute a deductible expense for Corporate Tax purposes, to the extent to which it is not deductible for VAT purposes and must not be considered as a greater value of the asset in question.

III.4.4 Income deriving from the Fund's operation.

The Fund shall have available to it the income deposited into the Cash Account and in the Surplus Funds Account, if any (as described in Section V.3.1).

Income eligible to be applied on a specific Payment Date shall be as follows (pertaining to each Determination Period described under Section II.11.3, b), 2):

a) Amounts received for principal on the Mortgage Participations in the preceding Determination Period. The said sums shall be deposited into the Cash Account and, if applicable, in the Surplus Funds Account.

b) Ordinary and default interest deriving from the Mortgage Participations in the preceding Determination Period. Said amounts shall be deposited into the Cash Account and, if applicable, in the Surplus Funds Account.

c) The return obtained in the preceding Determination Period on reinvestment of the amounts deposited into the Cash Account and, if applicable, in the Surplus Funds Account.

d) Any other amounts which the Fund may receive, including those which may result from the disposal of properties awarded to the Fund.

Furthermore, the Fund shall have available on each Payment Date, the sum making up the Reserve Fund described under Section V.3.3.

III.5 Preparation, audit and approval of annual accounts and other accounting documentation of the Fund. Name of auditors appointed to perform the audit on the Fund.

III.5.1 Obligations and deadlines established for preparation, audit and approval of annual accounts and management report.

The Manager shall present to the Spanish Securities Market Commission the Fund's annual accounts, together with the auditors' report in respect thereof, within four (4) months following the close of the Fund's fiscal year, which shall be the same as the calendar year (i.e. prior to April 30 of each year).

The Manager's Board of Directors, at its meeting held on March 29, 2005, at which it resolved the incorporation of this Fund, resolved to appoint the accounting firm of

Deloitte & Touche España, S.L., which is registered in the Official Registry of Certified Public Accountants ("Registro Oficial de Auditores de Cuentas"; "ROAC") under number S0692, having offices in Madrid, calle Raimundo Fernández Villaverde, 65, to perform the annual audits of the Fund.

III.5.2 Obligations and deadlines established for making available to the public and forwarding to the Spanish Securities Market Commission of periodic information on the economic-financial situation of the Fund.

The Manager, in performing its duties of management and administration of the Fund, agrees to forward to the Spanish Securities Market Commission, using the utmost diligence possible, either quarterly or at any other time requested thereof, the information described below or any other type of information requested of it (with the exception of that contained under section e), which shall be submitted annually), in relation to the three Classes Bonds, the performance of the Mortgage Participations, prepayments, and the economic-financial situation of the Fund, apart from also reporting thereto all ordinary and extraordinary periodic notices contained under Section III.5.3 of this Prospectus, and such additional information as may be requested of it.

a) In relation to each Class of Bonds.

1. Balances Pending Payment and percentages which each of them represent with respect to the initial face amount of each Class.
2. Interest accrued and paid.
3. Interest accrued and not paid.
4. Principal accrued and paid.
5. Principal shortfall, if any.

b) In relation to the Mortgage Participations.

1. Outstanding balance thereof.
2. Interest accrued and paid thereon.
3. Amount of mortgage payments in default on the underlying Mortgage Loans as at the date of the said report.

c) In relation to the Fund's economic-financial situation.

Report on the origin and subsequent application of the Available Funds in accordance with the order of priority of payments contained in Section V.5.1, b), 2, of this Prospectus.

d) In relation to Prepayments.

Demonstrative list of average actual prepayment rates of the Mortgage Loans underlying the Mortgage Participations as well as the average life of the Bonds under the maintenance of such average prepayment rates.

e) And, in relation to the Fund's Annual Accounts.

Balance Sheet, Income Statement, Annual Report, Management Report and Auditors' Report within four (4) months following the close of each fiscal year.

III.5.3 Obligations regarding disclosure of material facts.

The Manager, for the exact compliance with the issue conditions, agrees to give the following notices:

a) Ordinary periodic notices.

a´) Within a period between the Rate Fixing Time and three (3) Business Days following each Payment Date, at the latest, it shall notify the Bondholders of the nominal interest rates resulting for all Classes Bonds for the following Interest Accrual Period.

a") At least one (1) calendar day in advance of each Payment Date, it shall notify the Bondholders of the following:

i. The resulting interest on the Bonds together with the redemption thereof;

ii. The Average Prepayment Rates of the Mortgage Loans underlying the Mortgage Participations, as at the Determination Date;

iii. The average residual life of the Bonds calculated pursuant to the hypothesis of maintaining the said actual prepayment rate;

iv. The Balance Pending Payment (after the redemption to be paid on each Payment Date) on each Bond, and the percentage which such Balance Pending Payment represents with respect to the initial face amount of each Bond, i.e. Euros one hundred thousand (EUR 100,000).

Furthermore, and if applicable, the Bondholders shall be notified of the interest amounts and/or Redemption Shortfall accrued thereon and not paid, due to insufficient Available Funds, in accordance with the rules of priority of payments provided in Section V.5.1, b), 2 of this Prospectus.

The notices outlined in these sections a') and a") shall be given as per the provisions of section c), *infra*, and shall also be reported to Iberclear and AIAF within a maximum period of three (3) Business Days prior to each Payment Date.

b) Extraordinary notices.

b´) On the occasion of the Fund's incorporation and the Bond issue, the day after the Date of Incorporation, the Manager, on behalf of the Fund, shall proceed to give notice (through the procedure indicated under section c), *infra*) of the incorporation of the Fund and the Bond issue, together with the nominal interest rates per annum, variable quarterly, on the three Class Bonds, resulting for the First Interest Accrual Period, which shall run from the Pay-out Date (June 2, 2005) through September 15, 2005, all in accordance with the contents of Section II.10 of the Prospectus. Any day of the calendar, whether a Business Day or Non-Business Day (for purposes of this Prospectus) would be suitable for making such publication.

b") ***Others.***

The Fund, through its Manager, shall also report to the Bondholders, any material fact which may take place in relation to the Mortgage Participations, the Bonds, the Fund, and the Manager itself, which may significantly influence the trading of the Bonds and, in general, any material change to the Fund's assets or liabilities, as well as any eventual decision in respect of early redemption of the Bonds for any of the causes contemplated in the Prospectus, in which case the official notarized document of liquidation and the proceeding referred to under Section III.8.3 of this Prospectus, shall be forwarded to the CNMV.

c) Procedure.

Notices to the bondholders which, as provided above, must be made by the Fund, through its Manager, shall be made as follows:

1. Ordinary periodic notices referred to under section a), *supra*, by publication either in AIAF's daily bulletin, or such other as may come to replace it in the future or another having similar characteristics, or by publication in a widely-circulated newspaper in Spain.
2. Extraordinary notices referred to under section b), *supra*, by publication in a widely-circulated newspaper in Spain.

In addition, the above notices may be given by publication in other media enjoying general dissemination.

These notices shall be deemed to be made on their date of publication. Any day of the calendar, whether a Business Day or Non-Business Day (for purposes of this Prospectus) shall be suitable for giving such notices.

d) Reporting to Spanish Securities Market Commission.

The Manager shall report to the CNMV any publications that, on an ordinary periodic basis or extraordinarily, are given pursuant to the provisions of the foregoing sections, as well as any information requested of it apart from the above.

III.6 Tax scheme of the Fund.

In accordance with Law 19/1992, Royal Legislative Decree 4/2004, Royal Decree 1777/2004, Law 37/1992 and the Royal Decree 1/1993, the characteristics attributed to the tax scheme of the Fund are as follows:

(i) The incorporation of the Fund is exempt from the concept of "corporate transactions" of Transfer Tax/Stamp Duty in accordance with the provisions of paragraph 10 of article five of Law 19/1992.

(ii) The transfer or assignment to the Fund of the Mortgage Participations is exempt from Value Added Tax (article 20. One 18.1 of Law 37/1992, on VAT).

(iii) The Fund is subject to Corporate Income Tax's general regime, the general rate of which is currently 35%.

(iv) Returns on the Mortgage Participations, loans and other credit rights constituting the Fund's income are not subject to withholding or interim tax payment (article 59, section k) of Royal Decree 1777/2004).

(v) Management and custodial services rendered by the Manager to the Fund are exempt from Value Added Tax.

(vi) The Bond issue, suscription, transfer, redemption and return is exempt from Transfer Tax/Stamp Duty (article 45.I.B, number 15 of the Royal Decree 1/1993).

III.7 Amendment of the Fund's Deed of Incorporation.

The Deed of Incorporation may not undergo any alteration except in exceptional circumstances, in accordance with the conditions established by current regulations in effect, and provided that the amendment does not impair the rating awarded to the Bonds by the Rating Agency or entail any prejudice to the Bondholders. The Rating Agency and the CNMV must first be notified of the contents of such amendment. CNMV authorization shall be obtained, if necessary.

III.8 Early liquidation of the Fund: cases. termination of the Fund.

III.8.1 Early liquidation of the Fund. Circumstances.

The Manager is authorized to proceed with the early liquidation of the Fund, and thus, with the early redemption on a Payment Date of the whole Bond issue, in the terms established in this paragraph and in Section II.11.3.c) of this Prospectus, in the following cases:

(i) When the Outstanding Balance of the Mortgage Participations is less than 10% of the initial balance, provided that the sale of the Mortgage Participations pending amortization, together with the balance existing at that time in the Cash Account and in the Surplus Funds Account (as described in Section IV.2.a) hereof), if any, allows for cancellation in full of all outstanding obligations to the Bondholders and respecting the previous payments to the latter, the order of priority of which ranks with a preference as described under Section V.5 1.b).2 of this Prospectus.

(ii) When the provisional rating of the Bonds is not confirmed as definitive prior to the start of the Subscription Period**;**

(iii) When due to a change in current regulations in force or the occurrence of exceptional circumstances, in the judgement of the Manager, a substantial alteration or permanent impairment of the financial equilibrium of the Fund takes place.

(iv) Under the circumstance contemplated by article 19 of Royal Decree 926/1998, establishing the obligation to liquidate the Fund early in the event that four (4) months have transpired from when an event determining the compulsory substitution of the Manager takes place, because the latter is declared in temporary receivership or bankrupt (currently, *concurso* in Spanish), without a new manager being found that is willing to take charge of the Fund's Management; or

(v) When a non-payment indicative of a serious and permanent imbalance takes place or is foreseen to take place in relation to any of the Bonds.

The winding-up of the Fund must first be reported to the CNMV and, thereafter, to the Bondholders, in the manner contemplated under Section III.5.3.b)b") and c) of this Prospectus, at least thirty (30) Business Days in advance of the day on which the early redemption is to take place, which must necessarily take place on a Payment Date.

III.8.2 Termination of the Fund

The termination of the Fund shall take place (i) as a consequence of the amortization in full of the Mortgage Participations comprised therein and the Bonds, (ii) as a consequence of the early liquidation proceeding contemplated in the above section and in Clause 5 of the Deed of Incorporation; and (iii) upon the Legal Maturity Date.

In the event that any of the situations described in the foregoing sections takes place, the Manager shall inform the CNMV and shall start the pertinent formalities for termination of the Fund.

III.8.3 Actions for liquidation of the Fund. Rights of the Assignor in the Fund's liquidation.

In order that the Fund, through its Manager, may carry out the liquidation and termination of the Fund and, as the case may be, the early liquidation of the Fund and early redemption of the Bond issue in those cases determined under Section III.8.1, *supra*, and specifically, in order that the Fund shall have sufficient liquidity to meet its payment obligations, the Manager, on behalf of the Fund, shall carry out any or all of the following actions:

(i) sell the Mortgage Participations for a price which may not be less than the sum of the principal plus interest accrued and not paid on the Mortgage Participations pending amortization. For this purpose, the Manager shall request an offer, from, at least, five (5) entities of the most active in the sale and purchase of similar assets, without being able to sell them at a price less than the best offer received. The Assignor shall have a right of first refusal to acquire the Mortgage Participations, under the conditions established by the Manager at the time of the liquidation, so that the Assignor will have a preferential right towards third parties to acquire the Mortgage Participations. In order to exercise the right of first refusal, the Assignor shall be given a period of five (5) Business Days from the date on which the Manager notifies it of the conditions (price, form of payment, etc.) pursuant to which the disposal of the Mortgage Participations will proceed. The Assignor's offer shall be, at least, equivalent to the best of the third parties' offers.

In the event that no offer would cover the aggregate of the principal plus the interest accrued and unpaid for the Mortgage Participations pending redemption, the Manager shall gather from among the five (5) entities aforementioned, three (3) entities that, in the Manager's opinion, can give a market value. The Manager is required to accept the best offer received for the Mortgage Participations which, in the Manager's opinion, covers the market value thereof. In order to fix the market value, the Manager may request as many valuation reports as it deems necessary. In this case, the Assignor shall also have the pre-emption right described above, provided that the Assignor's offer is, at least, equivalent to the best of the third parties' offers.

This right of first refusal in no case implies a covenant or declaration regarding the repurchase of the Mortgage Participations on the part of the Assignor.

(ii) cancel those contracts which are not necessary for the liquidation process of the Fund.; and/or

(iii) in the event that the actions above were not sufficient or there were any remaining assets, proceed to sell the remaining assets still within the Fund's assets. The Manager shall be entitled to accept such offers that, in the Manager's opinion, cover the market value of the relevant asset and pay cash. In order to fix the market value, the Manager may request as many valuation reports as it deems necessary.

The Manager shall immediately apply all sums it has obtained on the disposal of the Mortgage Participations towards payment of the various concepts, in the form, amount and order of priority as applicable, as determined under Section V.5.1.b).2 of this Prospectus. The early redemption of all of the Bonds in any of the cases contemplated under Section II.11.3.c), *supra*, shall be carried out for the Balance Pending Payment of the Bonds up to that date plus interest accrued and not paid since the last Payment Date through the early redemption date, which shall necessarily coincide with a Payment Date, after deducting, as the case may be, any tax withholding, and shall be free of expenses for the holder, which amounts, for all legal purposes, shall be deemed to be due and payable on this latter date.

In the event that, once the Fund has been wound-up and all payments made pursuant to the order of priority of payments established under Section V.5.1.b).2 of this Prospectus, any remainder exists or any judicial or notary public proceedings brought as a consequence of the non-payment, by the borrowers of the Mortgage Loans, should remain pending (all in accordance with the provisions of Section IV.2, b), b') of this Prospectus), both the said remainder as well as the continuation and/or proceeds from the resolution of the proceedings cited above shall stand to the credit of the Bank.

In any case, the Manager, acting for and on behalf of the Fund, will not proceed with the termination of the Fund until the liquidation of the Fund's remaining assets and the distribution of the Fund's available funds have not been carried out, in following the order of priority of payments contemplated under Section V.5.1.b).2.

Once a maximum deadline of six (6) months has elapsed from the liquidation of the Fund's remaining assets and the distribution of the available funds, the Manager shall execute a notarized document declaring (i) the Fund terminated, as well as the causes contemplated in the Deed of Incorporation and this Prospectus which motivated the termination of the Fund, (ii) the procedure for notifying Bondholders and the CNMV carried out, and (iii) the distribution of the Fund's available amounts in following the order of priority of payments stated under Section V.5.1.b).2 of this Prospectus, and will comply with such further administrative formalities as deemed appropriate. The said notarized document shall be forwarded by the Manager to the CNMV.

In the event that there are grounds for liquidation, as provided for under section III.8.1.(ii) above, the incorporation of the Fund, the issue of the Bonds and the agreements entered into by the Manager, acting on behalf of the Fund, excluding the Subordinated Loan Agreement, pursuant to which the incorporation and issuance expenses incurred by the Fund shall be paid, shall be terminated. Such termination shall be promptly notified to the CNMV and, following one (1) month from occurrence of the grounds for termination of the incorporation of the Fund, the Manager shall execute a notarial deed stating the termination of the Fund and the reasons thereto, to be provided to the CNMV, Iberclear and the Rating Agency.

CHAPTER IV

INFORMATION ON CHARACTERISTICS OF THE ASSETS SECURITIZED THROUGH THE FUND

IV.1 Description of Mortgage Participations pooled into the Fund.

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., SOCIEDAD UNIPERSONAL, ESTABLECIMIENTO FINANCIERO DE CRÉDITO, (UCI) is the holder of mortgage loans to individuals which appear on its balance sheet, coming from residential acquisition or rehabilitation financing transactions in Spain, at a fixed/variable interest rate, which meet all of the requisites required by Law 2/81 of March 25, on the Mortgage Market, and implementing provisions (the "Mortgage Loans"), and which are described in greater detail under this Section.

UCI, in its capacity as Assignor, causes the Fund to participate in the Mortgage Loans by assigning them through the issuance of Mortgage Participations for a minimum amount equal to the figure of this Bond issue, referring to a share of 100% in the principal and a share of 100% in the interest, both ordinary, applicable to each Mortgage Loan In question, as well as default interest, calculated at the same interest rate as the ordinary interest. The Mortgage Participations shall be issued by UCI and subscribed by the Fund, through its Manager, by virtue of the Deed of Incorporation, subject to the provisions of Law 19/1992 and legislation on the Mortgage Market (Law 2/1981, of March 25, Royal Decree 685/1982, of March 17, Royal Decree 1289/1991, of August 2 (amending certain articles of the aforementioned Royal Decree 685/1982) and other applicable provisions, in such a manner that the said execution shall not be subject to a marginal entry in each mortgage recording pertaining to each Mortgage Participation, at the Property Registry.

Declarations

a) Declarations of UCI in its capacity as Assignor of the Mortgage Loans and issuer of the Mortgage Participations.

UCI, as holder of the Mortgage Loans until their assignment to the Fund, through the issuance of Mortgage Participations, hereby warrants to the Manager, on behalf of the Fund, that:

(1) UCI is a company duly incorporated in accordance with current law in force, is registered with the Mercantile Registry, and is authorized to participate in the Mortgage Market.

(2) Neither as at the date of this Prospectus, or at any time since its incorporation, has UCI been in a situation of insolvency, temporary receivership, bankruptcy, or creditors' proceedings (in accordance with the provisions of Law 22/2003).

(3) The Mortgage Participations are regulated by Law 2/1981, of March 25, Royal Decree 685/1982, of March 17, as amended, *inter alia*, by Royal Decree 1289/1991, of August 2, and other applicable regulations, and fulfill all requisites established therein.

(4) UCI's management bodies have validly adopted all necessary resolutions for issuance of the Mortgage Participations and to validly enter into the contracts and commitments assumed.

(5) The Mortgage Loans are valid and enforceable in accordance with applicable law.

(6) UCI is the holder, without limitation, of all of the Mortgage Loans to be assigned and of the underlying property mortgages. No impediment exists against the issuance of the Mortgage Participations.

(7) The data relating to the Mortgage Loans included in this Section are complete. They faithfully and accurately reflect the reality of the said Mortgage Loans.

(8) UCI has no knowledge of any debtor being able to object thereagainst any exception to the payment of any amount referring to the Mortgage Loans.

(9) Each one of the Mortgage Loans will be secured by a property mortgage established as a first mortgage on the fee simple title to the property in question. The mortgaged properties are not subject to any prohibitions against disposal, conditions subsequent or any other restriction affecting the title thereto.

(10) No person holds any preferred right to the Fund as a holder of the Mortgage Participations.

(11) All of the Mortgage Loans are formally instrumented in a Public Deed. All mortgages are duly established and recorded with the pertinent Property Registries. The recording of the mortgaged properties is in force, without contradiction, and is not subject to any preferred limitation to the mortgage, in accordance with applicable regulations.

(12) UCI has no knowledge of any debtor being subject to insolvency proceedings.

(13) The Mortgage Loans have been granted in order to finance, as secured by real property mortgage, the acquisition or rehabilitation of homes located in Spain.

(14) The outstanding balance of each Mortgage Loan is, as at the subscription date of the Mortgage Participations, denominated in Euros.

(15) The mortgages are established on properties which belong to the mortgagor in fee simple and full title. The Assignor has no knowledge of any litigation affecting such title.

(16) All of the mortgaged homes have been previously appraised by appraisers who are duly registered with the pertinent Official Registry of the Bank of Spain. The said appraisal is evidenced by the pertinent Certificate of Appraisal.

(17) On the Date of Incorporation, the outstanding balance of the Mortgage Loans will not exceed 80% of the appraised value of the properties mortgaged as security for the pertinent Mortgage Loans.

(18) UCI has no knowledge of the appraisal of any mortgaged property having diminished by more than 20%.

(19) The homes on which the mortgage guarantee has been established have damage and fire insurance in effect, in which insurance the insured amount coincides at least with the appraised value of the homes as contained in the Certificate of Appraisal. The information included in relation to fire insurance and any other ancillary right is complete and faithfully adjusts to the reality of the situation.

(20) The Mortgage Loans are not instrumented in registered, endorsable or bearer securities.

(21) The Mortgage Loans are not subject to any Mortgage Bonds or Mortgage Participations other than those pertaining to the issue to be carried out by the Fund on the Date of Incorporation.

(22) UCI declares that on the Date of Incorporation, none of the Mortgage Loans shall have outstanding payments for a period exceeding thirty (30) days.

(23) At the time of the assignment, UCI has no knowledge of any of the mortgage debtors being the holder of any credit right against UCI through which set-off could be exercised.

(24) The information contained in this Prospectus in respect of the incorporation of the Fund and the Bond issue concerning the Mortgage Participations portfolio is complete and faithfully adjusts to the reality of the situation.

(25) Both the granting of the Mortgage Loans and the issuance of the Mortgage Participations, as well as all acts related thereto, have been carried out or shall be carried out pursuant to arm's length market criteria.

(26) UCI has faithfully followed the criteria contained in the Internal Memorandum appearing in Section IV.3.1 of the Prospectus in the concession of each and every one of the Mortgage Loans.

(27) All original deeds of the mortgages established on the homes as security for the Mortgage Loans, are duly deposited, in files suitable for such purpose, at the disposal of the Manager, on behalf of the Fund. At UCI a CD-ROM file exists in triplicate in respect of the said deeds, which are duly deposited in the files of the company Centro de Tratamiento de la Documentación, S.A. (CTD), at the disposal of the Manager. The above-mentioned mortgages may be identified through the automated records carried by UCI.

(28) On the Date of Incorporation, the total outstanding balance of the Mortgage Loans shall be equal to the figure of the sum of the face values of all Mortgage Participations and which, in turn, shall be at least equal to the figure of this Bond issue.

(29) The Mortgage Loans have been and are being serviced by UCI pursuant to its customary procedures.

(30) UCI has no knowledge of the existence of litigation of any type in relation to the Mortgage Loans which may impair their validity or may lead to the application of article 1535 of the Spanish Civil Code (referring to the right of termination by the debtor of a litigious debt which is sold). Likewise, UCI is not aware of the existence of any litigation or claim by the borrowers against the supplier of the homes which could lead to the application of article 15 of Law 7/1995, of March 23, on Consumer Credit, nor do circumstances exist which could lead to the ineffectiveness of the deed of establishment of mortgage on the residence mortgaged as security for the Mortgage Loans.

(31) The premiums accrued through the date hereof on the insurance referred to under item (20), *supra*, have been paid in full.

(32) All Mortgage Loans have a maturity date less than or equal to the Final Maturity Date of the Bonds, i.e. December 15, 2039.

(33) On the Date of Incorporation, no mortgage loan of those contained in the portfolio described in Section IV.4 of the Prospectus which has been prepaid, shall be assigned through the issuance of a Mortgage Participation.

(34) UCI has no knowledge of the existence of any circumstance impeding or hampering the enforcement of the mortgage guarantee.

(35) All properties mortgaged under the Mortgage Loans are completed homes.

(36) UCI agrees to furnish to the Manager all periodic information referring to the Mortgage Loans in accordance with the software programs of the Manager.

(37) None of the Mortgage Loans meets any characteristic of debts excluded or restricted by article 32 of Royal Decree 685/1982, to serve as coverage for the Mortgage Participation issue.

(38) The Mortgage Participations to be issued shall not have an interest rate exceeding that of the Mortgage Loans.

(39) The Fund is entitled to receive all payments made by the debtors, as well as any other payment derived from the Mortgage Loans, with no withholding on the part of the Assignor.

b) Number and amount of Mortgage Participations pooled into the Fund.

The portfolio of Mortgage Participations at the time of the issue shall be composed of a yet-to-be-determined number the principal value of which shall be at least equal to the figure of this Bond issue.

c) Description of rights which are conferred upon their holder by the said participations on the mortgage loans which back them.

The Mortgage Participations relate to a share in the Mortgage Loans granted by UCI of a hundred per cent (100%) in principal, and share of a hundred per cent (100%) in ordinary and delay interest, both calculated on the basis of the ordinary interest rate applicable to each Mortgage Loan in question (fixed or variable).

UCI, in accordance with article five, item 8 of Law 19/1992, does not run the risk of non-payment of the Mortgage Participations and, therefore, does not assume any liability for the non-payment by the mortgage debtors, whether in respect of principal, interest, or any other amount which they may owe under the Mortgage Loans. Nor shall it otherwise assume any liability in directly or indirectly guaranteeing the successful conclusion of the transaction, or grant security-interests or bank guarantees, or incur repurchase agreements in respect of the Mortgage Participations, with the exception of those which do not meet, on the Date of Incorporation, the conditions and characteristics contained in Section IV.1,a) of this Prospectus.

Except as provided with respect to the accrual of interest on the Mortgage Participations as from the Pay-out Date, the share in the Mortgage Loans through the Mortgage Participation issue shall be made for the entire term remaining through the final maturity of the said Mortgage Loans.

The Mortgage Participations issued by virtue of the provisions of the Deed of Incorporation shall be represented by one Multiple Certificate issued by the Assignor, representing all of the Mortgage Participations so issued, as established under section IV.2,a), 6, *infra* (eligible for breakdown in the event of substitution of Mortgage Participations or foreclosure of the Mortgage Loans). The said Multiple Certificate shall be deposited by the Manager, in the same act as the incorporation of the Fund, with the Bank.

The Manager shall proceed, on behalf of the Fund, in the Deed of Incorporation, to subscribe the Mortgage Participations issued by UCI, for immediate incorporation into the Fund.

In following the provisions of Royal Decree 685/82, on Regulation of the Mortgage Market, as amended by Royal Decree 1289/91, the Mortgage Participations shall be transferable by means of a written declaration in the same certificate and, in general, by any means admitted by Law. The transfer of a Mortgage Participation and the address of the new holder shall be notified by the transferee to UCI.

The transferor shall not be liable for the solvency of UCI or of any debtor of the underlying Mortgage Loan, nor shall it be liable for the sufficiency of the mortgage securing it.

On the Incorporation Date, UCI is the beneficiary of the damage insurance agreements executed by the mortgage debtors in connection with the mortgaged estates, up to the amount of that insured, and UCI is responsible for issuing any notice it may be required to under the terms of the executed insurance premiums.

In case of non-payment by the debtor of the premium on the damage and fire insurance on the mortgage guarantees, UCI, as mortgage creditor, assumes that payment of such premium by insuring the properties through a Group Insurance Policy with an Insurance Company, once it has been made aware of such non-payment by the said Insurance Company. UCI shall pay on his behalf and shall debit the account of the said debtor, for the amount of the above-mentioned premium, in such a manner that they will always be paid.

In the same act as the incorporation of the Fund, UCI shall assign to the Manager, on behalf of the Fund, the rights vested in it as beneficiary of the said damage insurance contracts. Therefore, the Manager, on behalf of the Fund, shall be entitled to all amounts UCI would have been entitled to receive for this concept.

The assignment shall comprise both the transfer of any guarantees that may have been established as a guarantee for the granted loan and other additional rights, as explained below.

<u>Rights conferred upon Fund as a consequence of subscription of the Mortgage Participations</u>.

The Fund, as holder of the Mortgage Participations, shall hold the rights they incorporate. Specifically, it shall be entitled to receive all payments which, as from the Pay-Out Date, are made by debtors as well as any other payment arising out of the Mortgage Loans. in addition to the payments made by the debtors for principal and interest on the Mortgage Loans, the Fund shall be entitled to any other payment the Assignor receives for the Mortgage Loans, including those arising out of any ancillary right to the financing transactions, such as indemnities from insurance policies, payments made by possible guarantors, etc., with the exception of commissions for claiming unpaid payment orders, subrogation fees, prepayment/cancellation fees, as well as any other fee Or outlay to which the Assignor is entitled.

The subscription of the Mortgage Participations shall take full effect between the parties as from the Date of Incorporation. Nevertheless, the accrual of interest in favor of the Fund shall take place as from the Pay-Out Date. The deed of incorporation of the Fund includes as SCHEDULE X a copy, on machine-readable media, of each and every one of the Mortgage Loans underlying the Mortgage Participations pooled into the Fund.

The rights of the Fund resulting from the subscription of the Mortgage Participations are linked to the payments made by the debtors of the Mortgage Loans and, therefore, are directly affected by the evolution, delays, advances or any other incident in respect thereof.

Payments made to the Manager, on behalf of the Fund, as interest on the Mortgage Loans shall not be subject to withholding as established by article 59.k) of the Royal Decree 1777/2004.

d) Rules contemplated for substitution of Mortgage Participations.

In case of prepayment of the Mortgage Participations initially pooled, as a consequence of the prepayment of the relevant underlying Mortgage Loans, no substitution of Participations will take place.

In the event it should be detected, at a time subsequent to the Date of Incorporation, that a Mortgage Participation does not meet, on the Date of Incorporation, the conditions and characteristics contained in Section IV.1, a) of the Prospectus, because the underlying Mortgage Loan does not meet them, UCI agrees to immediately proceed with the substitution of the Mortgage Participation in such situation, subject to the following rules:

1. The substitution by UCI (which in any case shall be made for principal plus interest accrued and not paid) shall be made through the issuance of Mortgage Participation(s) on mortgage loan(s) of its portfolio having characteristics homogeneous to the Mortgage Loan underlying the Mortgage Participation subject to substitution in function of outstanding principal, term, interest rate, characteristics of debtor or characteristics of mortgaged property, as well as creditworthiness in terms of the existing ratio between outstanding balance of the Mortgage Participation and the Appraisal value of the property serving as security for the underlying Mortgage Loan, in such a manner that the financial equilibrium of the Fund shall not be affected by the substitution.

   In the event that no Mortgage Loans exist in UCI's portfolio, having characteristics homogeneous to the Mortgage Loan underlying the Mortgage Participation subject to substitution, UCI shall proceed to the repurchase thereof.

2. The substitution shall be carried out in the following manner:

   2.1. UCI shall inform the Manager, on behalf of the Fund, of the existence of each non-suitable Mortgage Participation, proceeding to immediately cancel the said Mortgage Participation through the pertinent stamping of the certificate duly broken down for such purpose, and to issue another Mortgage Participation having similar characteristics of residual term, interest rate, outstanding principal and creditworthiness in terms of the ratio between the said outstanding balance of the participation, and the appraised value of the property securing the underlying Mortgage Loan, once a verification, prior to the substitution, of the suitability of the substitute mortgage loan has been carried out by an outside auditor, in accordance with the provisions of Section I.3 of this Prospectus, in such a manner that the financial structure of the Fund shall not be affected by the substitution.

   2.2. The said issuance of Mortgage Participation by UCI and substitution by the Manager, on behalf of the Fund, shall be made through the execution of the pertinent notarial record which shall reflect the data relating to both the Mortgage Participation to be substituted and the Mortgage Loan underlying the same, as well as the new Mortgage Participation issued, with the data of the Mortgage Loan, as well as the reason for the substitution and the indices which determine the homogeneous nature of both Mortgage Participations, as described above, a copy of which shall be submitted to the Spanish Securities Market Commission

("Comisión Nacional del Mercado de Valores"), to the Entity entrusted with the Accounting Ledger, to AIAF, and it shall be reported to the Rating Agency.

IV.2 Servicing and custody of Mortgage Participations.

a) Succinct description of the procedures for ordinary servicing of the loans and specific actions in case of non-payment of principal or interest, as well as In case of prepayment.

1. Servicing.

UCI, the issuer of the Mortgage Participations to be subscribed by the Fund, in accordance with the provisions of the Deed of Incorporation and in accordance with Royal Decree 685/1982, of March 17, on regulation of certain aspects of the Mortgage Market, as amended by Royal Decree 1289/1991, of August 2, shall preserve the custody and servicing of the Mortgage Loans which are the object of the Mortgage Participations and shall receive, under collection management, on behalf of the Fund, such amounts as are paid by the mortgage debtors under the Mortgage Loans which are the object of the Mortgage Participations, and shall proceed to immediately deposit the amounts pertaining to the Fund, as established under Section IV.1, c), and under section 9, *infra*, into the Cash Account, initially opened at the Bank in the Fund's name by the Manager, as described under Section V.3.1 of this Prospectus.

UCI shall service the Mortgage Loans which are the object of the Mortgage Participations with the same diligence as if dealing with its own loans.

In accordance with the terms of the Deed of Incorporation, UCI shall assume, *inter alia*, the following obligations: (i) it shall assign by virtue of the said Deed of Incorporation, to the Manager, on behalf of the Fund, the rights to which it is entitled as beneficiary of the damage insurance contracts subscribed by the mortgage debtors in relation to the mortgaged properties, up to the insured amount; (ii) it shall guarantee to the Fund, through the Manager, certain conditions of the Mortgage Loans which are stated in the Deed of Incorporation and which are detailed in this Section of the Prospectus, and it shall agree to substitute any Mortgage Participation(s) which do not meet such conditions on the Date of Incorporation and, in the event its portfolio does not contain a loan homogeneous with the Mortgage Loan underlying the Mortgage Participation to be substituted, it shall repurchase them for their principal plus interest accrued and not paid; and (iii) it shall agree to indemnify the Fund, through its Manager, for any damage, loss or expense Incurred by the latter as a consequence of the breach by UCI of its custody and servicing obligations with respect to the Mortgage Loans.

In the event of default by UCI of any of its obligations as Assignor, due to the occurrence of events that, in the Manager's opinion, imply any damages or risk for the balance of the Fund's financial structure or the rights and interest of the Bondholders, the Manager may directly appoint a new servicer of the Mortgage Loans or, if appropriate, request UCI to delegate the fulfillment of such obligations to any other bank UCI may deem appropriate for the purposes. Such appointment shall be notified to the CNMV.

Should this be the case, UCI shall provide relevant notice to the debtors of the Mortgage Loans of its replacement as servicer and collection manager by the new bank.

Additionally, in this case, a change in the order of priority of payments will occur with regard to the collection of the Administration Fee in favor of the new third party Servicer, which will move from position 12 to position 1, under the terms of Section V.5.2 of this Prospectus.

2. Duration.

The services referred to in the above section (hereinafter, the "Services") shall be rendered by UCI until, once all of the Mortgage Loans have been paid off, all obligations assumed by UCI are extinguished.

3. Responsibility of UCI in custody and servicing.

UCI agrees to act in the custody and servicing of the Mortgage Loans with every due diligence, and shall be liable to the Fund, through its Manager, for any damage which may derive from its negligence.

4. Responsibility of UCI in collection management.

UCI agrees to act in the pertinent collection management of the Mortgage Loans, with every due diligence, and shall also be liable to the Fund, through its Manager, for any damage which may derive from its negligence.

5. Guarantees by UCI.

UCI shall indemnify the Fund, through its Manager, for any damage, loss or expense it incurs as a consequence of the breach of its custody and servicing obligations with respect to the Mortgage Loans.

UCI does not howsoever assume liability in directly or indirectly guaranteeing the successful conclusion of the transaction and shall not grant any security-interests or guarantees, nor shall it incur repurchase agreements in respect of the Mortgage Participations with the exception of those which do not meet, on the Date of Incorporation, the conditions and characteristics contained in Section IV.1, a) of this Prospectus, and in accordance with the contents thereof.

6. Delivery and deposit of Mortgage Participations.

UCI shall deliver the Mortgage Participations issued and represented by means of one multiple certificate, and subscribed by the Manager on behalf of the Fund, to the Manager who, in turn, shall deposit them with the Bank, which entity shall receive the Mortgage Participations and shall accept the deposit thereof. The above-mentioned deposit, which shall be free of charge, shall be established for the benefit of the Fund in such a manner that the Bank shall keep custody of the Mortgage Participations deposited, in following the instructions of the Manager.

7. Deposit of other documents.

UCI shall act as custodian of the deeds of formal instrumentation of the Mortgage Loans and of such other documents as may be relevant.

8. Availability of above-mentioned documents.

The Manager, on behalf of the Fund, may examine, and UCI shall submit, the original of the Mortgage Participations deposited at the Bank in the name of the Fund and the deeds of formal instrumentation of the Mortgage Loans deposited at UCI when it deems appropriate, and may request that a copy of any of said documents be submitted to it, free of expenses, and within a period not to exceed forty-eight (48) hours.

If the substitution for another entity of UCI should take place in its post as Servicer of the said Mortgage Loans, UCI shall make available to the substitute entity the documents, files and/or systems which may be necessary for the successful implementation of the servicing of the Mortgage Loans.

9. Collection Management.

UCI, as collection manager, shall receive in the name of the Manager, on behalf of the Fund, such amounts as are paid by the debtors as arising out of the Mortgage Loans, for both principal or interest as well as any other concept, including the insurance contracts assigned to the Manager, on behalf of the Fund, due under the relevant Mortgage Loans and shall proceed to deposit the said amounts which pertain to the Fund immediately and, in any case, within a period not to exceed forty-eight (48) hours, into the Cash Account described under Section V.3.1 of this Prospectus.

Furthermore, UCI shall pay into the said account and within the same time period the amounts it receives, as the case may be, from debtors for prepayment of the Mortgage Loans and which pertain to the Fund in the terms contemplated in this Section.

In the event that UCI is declared in liquidation, temporary receivership, bankruptcy or creditors' proceedings (in accordance with the provisions of Law 22/2003), in accordance with the provisions of Section II.15, the Bank shall hold the Fund harmless against any damages which may result for the latter from the breach by UCI of its obligation in respect of management and servicing of the Mortgage Participations and, specifically, it shall proceed to directly pay to the Fund, the amounts pertaining thereto for principal and interest on the Mortgage Participations forming its assets.

10. Calculation of interest rate on the Mortgage Loans subject to a variable interest rate.

UCI shall calculate the variable interest rate of the Mortgage Loans subject to a variable interest rate, in accordance with the provisions of the loan agreements, and shall notify the mortgage debtors, within the time periods contemplated in the said agreements, the nominal interest rate applicable during the following period.

Furthermore, UCI shall send to any debtors who so request and to the Manager, information on the resulting interest rate.

11.Advance of funds.

UCI shall in no case advance any sum it has not first received from the mortgage debtors for principal, interest, prepayment or other concepts, as arising out of the Mortgage Loans.

12. Prohibited transactions; cases of extension of mortgage.

UCI may not voluntarily cancel the guarantees for a cause other than payment of the secured Mortgage Loan, waive or make a settlement in respect thereof, forbear in whole or in part any Mortgage Loans, or in general carry out any act which diminishes the ranking, legal effectiveness or economic value of the guarantees or of the Mortgage Loans.

Notwithstanding the above, the Manager may, in exceptional circumstances, in order to avoid the costs and uncertainties which any mortgage foreclosure Process carries with it and maintain the financial equilibrium of the Fund and, in any case, in acting for the benefit of the interests of the Bondholders, in its capacity as manager of third-party businesses, give instructions to UCI, or to previously authorize the latter, to agree to with the debtor the terms and conditions it deems appropriate, in consideration of Law 2/1994 on subrogation and modification of mortgage loans.

UCI will not permit with the mortgage debtors any other renegotiation on the financial conditions of the Mortgage Loans, except as mentioned above and as expressly mentioned below under Section IV.4 (*Cuota Comodín* missed payment feature and limitation of payment amount as per CPI).

If for market reasons, or any other circumstance, the value of the mortgaged asset decreases from the initial appraise by more than the percentages legally permitted, UCI shall demand from the mortgagor debtor, through accreditation by means of an appraisal performed at its request, the extension of the mortgage to other sufficient assets in order to cover the ration between the value of the asset and the amount of the loan secured by such asset.

If the debtor, after being requested to carry out the extension, chooses to repay all or part of the Mortgage Loan which exceeds the amount resulting from applying to the updated appraisal the percentage used for initially determining the loan amount, UCI shall be required to deposit, in the terms contemplated in Section IV.1, c), the amounts it receives from the debtor for such concepts in favor of the Manager, on behalf of the Fund, into the Cash Account opened by the Manager in the name of the Fund, as described in Section V.3.1 of this Prospectus.

If, within a period of two (2) months from being requested to arrange the extension, the mortgage debtor has not arranged it or repaid the part of the Mortgage Loan referred to in the above paragraph, he shall be deemed to have chosen repayment of the entire Loan, which shall be immediately demanded therefrom by UCI. Once the amount pertaining to the entire Mortgage Loan has been received, UCI, in the terms contemplated in Section IV.1, c), shall immediately deposit in favor of the Manager, on behalf of the Fund, the portion to which it is entitled in accordance with the provisions of the above paragraph.

13. Remuneration to UCI

UCI, as consideration for the servicing of the Mortgage Loans (or the entity which substitutes it in such servicing task, if possible due to circumstances which may occur at UCI, and which may impede or make difficult the proper implementation of said servicing), shall be entitled to receive on each Payment Date, and through the Payment Date on which the total redemption of the Bonds takes place, a fixed Servicing Fee of Euros six thousand (EUR 6,000) (VAT included).

If the Fund, through its Manager, because it lacks sufficient liquidity, does not pay on a Payment Date the entire fee owed, the amounts not paid shall accumulate without penalty to the fee to be paid on the following Payment Date, with payment thereof being made at that same time.

Furthermore, UCI, as remuneration or compensation for the financial mediation process carried out, shall be entitled to receive, on each Payment Date, a subordinated, variable amount equal to the difference between the accounting income and expenses for the Fund on each Determination Date, in such a manner that the financial margin obtained is removed. This amount shall not be deemed to be consideration due for the delivery of a good or provision of a service to the Fund, but rather will be deemed to be remuneration for the financial mediation process carried out by UCI.

In the event that on one and the same Payment Date (with respect to the period running between such Payment Date and the previous one) more than 7% of the borrowers have exercised the right to limitation of payment amount as per the CPI, the payment of item 13 of the order of priority of payments described in Section V.5.1 of this Prospectus referring to the quarterly payment to UCI of a variable amount as remuneration or compensation for the financial mediation process shall be suspended. In such case, the said amount would be deposited into the Cash Account until the Payment Date on which the exercise of the the limitation of payment amount as per CPI pertaining to the new period do not exceed the above-mentioned percentage. The payment of the said fee may only be made in restitution subject to agreement with the Rating Agency. The calculation of the said percentage shall be made on the Determination Dates.

Both the fixed fee for Servicing the Mortgage Loans, to be paid to UCI, as well as the amount to be paid thereto as consideration for its financial mediation work, shall be paid, respectively, provided that the Fund has sufficient liquidity and in accordance with the provisions of Section V.5.1, b), 2, of the Prospectus.

Furthermore, UCI, on each Payment Date, shall be entitled to reimbursement of exceptional expenses it has incurred on the occasion of mortgage foreclosure and/or sale of properties, and subject to justification thereof in relation to the management of the Mortgage Loans. The said 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 in relation to the order of priority of payments.

b) Powers of holder of Mortgage Participations in case of breach of obligations by the mortgage debtor.

b') Foreclosure against mortgage debtors.

UCI shall apply the same diligence and procedures to claim amounts due and not paid on the Mortgage Loans as if dealing with the remainder of the loans in its portfolio. Especially, it shall bring the pertinent foreclosure suit if, having exhausted the internal time periods for actions aimed at obtaining payment satisfactory to the interests of the Fund, they have not yielded the effect pursued. In any case, it shall bring the said foreclosure if the Manager, on behalf of the Fund, and after analyzing the specific circumstances of the case, deems, in accordance with UCI, appropriate.

In addition, UCI is required to report daily to the Manager, on behalf of the Fund, any non-payments, prepayments and interest rate changes; and promptly any payment demands, attestable notices to debtors, judicial suits, and any other circumstance affecting the Mortgage Loans. Furthermore, UCI shall furnish the Manager with all documentation the latter may request of it in relation to the said Mortgage Loans and, especially, the necessary documentation in order that the Manager, as the case may be, may bring judicial suits.

In the event of non-payment by a mortgage debtor, the Fund, through its Manager, 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 bring mortgage foreclosure.

(ii) To participate, pursuant to equal rights with UCI, in the foreclosure brought by the latter against the debtor, appearing for such purpose in any foreclosure proceeding brought by the former, and sharing in the proceeds of the award on a prorated basis pursuant to its percentage in the foreclosed loan.

(iii) If UCI does not bring the proceeding within sixty (60) calendar days from the notarial demand for payment of the debt, for the case of the Mortgage Loans, the Manager, on behalf of the Fund, shall have standing on a subsidiary basis to bring a foreclosure suit in respect of the investee loan in the amount pertaining to the percentage of its share, for both principal and interest.

(iv) In case the proceeding brought by UCI is halted, the Fund, duly represented by the Manager, may subrogate in the position of the former and continue the foreclosure proceeding with no need for the above-mentioned time period to lapse.

In the cases contemplated under paragraphs (iii) and (iv), the Manager, on behalf of the Fund, may request that the competent Judge bring or continue with the pertinent mortgage foreclosure proceeding, attaching to its complaint the original certificate of the pertinent Mortgage Participation, properly broken down, the notarial formal demand contemplated under section (iii), *supra* and the Registration Certification of recording and survival of the mortgage, as well as a document accrediting the balance claimed.

If legally necessary, and for the purpose of article 681 et seq. of Law 1/2000, of January 7, Spanish Civil Procedure Act, UCI shall grant in the Deed of Incorporation an irrevocable power of attorney, as ample and sufficient as is required by Law, in order that the Manager, acting for and on behalf of UCI, may make a notarial formal demand to the mortgage debtor of any of the Mortgage Loans for payment of his debt.

The Manager may also participate, with rights equal to those of UCI, in the foreclosure proceeding and, in this regard, it may, with respect to the Mortgage Loans, in the terms contemplated by Law 1/2000, of January 7, Spanish Civil Procedure Act, petition to be awarded the mortgaged property in payment of its debt. The Manager shall proceed with the sale of any properties so awarded in the shortest timeframe possible pursuant to arm's length market conditions.

b")Attachment suit against UCI.

The Manager, on behalf of the Fund, shall be entitled to bring an attachment suit against UCI, when the breach of the payment obligation is not a consequence of the non-payment by debtors of the Mortgage Loans.

Once the Mortgage Loans have been cancelled, the Fund, through its Manager, shall preserve suit against UCI until the full performance of its obligations.

c) Liability assumed by the Assignor.

The risk of non-payment of the Mortgage Participations shall be the responsibility of the Bondholders. Therefore, UCI shall not assume any liability for non-payment by the mortgage debtors, whether for principal, interest or any other amount they may owe under the Mortgage Loans underlying the Mortgage Participations.

IV.3 UCI's policy for granting mortgage loans.

UCI warrants to the Manager that the data contained in this Section are valid and faithfully conform to reality, the criteria contained below having been followed in the granting of each and every one of the Mortgage Loans.

IV.3.1 Description of the procedures established by the assignor for risk analysis and granting of mortgage loans ("Internal Memorandum").

Introduction.

The basic documentation, generally used studying the transaction, is as follows:

1. *Application form.*
2. *Regarding the home to be acquired:* documentation submitted by applicant regarding the residence to be financed or regarding any other residence submitted as additional security for the transaction.
3. *Regarding applicant's income:*
   - Salaried employees: last three payroll stubs and last year's Income Tax Return.
   - Professionals/independent contractors: last year's Income Tax Return.

Authorities.

The commercial agencies have no decision-making power. Therefore, the risk analysts of the National Authorization Center (N.A.C.) are the ones who verify all of the documentation, recalculating income, consulting the risk databases and, depending upon powers of attorney, either deciding directly or presenting the transaction to the N.A.C. Committee or the Risk Committee, as appropriate.

Evaluation.

In making use of his/its authorities, the one deciding on the transaction (analyst, N.A.C. Committee or Risk Committee) evaluates that loan and issues a preliminary provisional authorization conditioned upon the firm appraisal to be performed on the assets to be mortgaged by Valtecnic Appraisal Company and on the verification of the registration data by the administrative processors who collaborate with UCI.

The following basic criteria are taken into consideration in making the decision:

- *Purpose of loan:* acquisition or rehabilitation of residence.
- *Borrowers:* Natural persons, of legal age, residents of Spain who are purchasing their home and who meet the following conditions:
  - The professional stability of the applicant is analyzed, considering both the form of hiring, as well as professional dynamics. Transactions with insufficient stability are reinforced through bank guarantees or additional security.
  - The maximum financing percentage depends on the type of employment contract. Generally speaking, the maximum is 70% for professionals and 60% for independent contractors. These percentages may be exceeded in the case of salaried employees. In the case of civil servants, the financing percentage may reach 105% (distributed 80% in a mortgage loan and the remainder in an associated personal loan).
  - The selection process is supported by a statistical score based on the probability of non-payment in function of the customer's profile and an expert system which validates that the transaction meets all of the rules of UCI's acceptance policy.

- In all transactions, the presence of the borrowers and guarantors, if any, in the risk databases of ASNEF (Asociación Nacional de Entidades de Financiación – *National Association of Financing Entities*) is systematically checked. If necessary, the CIRBE (Central de Información de Riesgos del Banco de España – *Bank of Spain Central Risk Information Database*) is also consulted.

Loan funding.

Once the definitive evaluation and authorization formalities have been completed, the signature of the loan deed takes place before a Notary Public, at which time UCI funds the loan. If the financing percentage awarded with respect to the appraised value of the collateral exceeds 80%, the delivery of funds would normally be made in two tranches:

- 1st tranche: up to 80%, under the form of a Mortgage Loan.
- 2nd tranche: the excess over 80%, under the form of a second Mortgage Loan or Personal Loan, as the case may be. These transactions, if they meet the requirements established by the insurance company, shall be backed by credit insurance which covers the percentage between 80% and 97%. This credit insurance is formally instrumented with General Electric Mortgage Insurance.

If there are any liens prior to the loan, the representative appointed by UCI takes care of canceling them, withholding for this purpose the necessary funds, and ensures the entire recording process, until UCI's mortgage is recorded as a first mortgage.

IV.3.2 Statistical information on number of outstanding transactions, net lending, average APR and non-performing loans of the portfolio of Mortgage Loans.

The following table shows the evolution in the last three years of the net lending in millions of Euros, average return (APR), together with non-performing loans of UCI's portfolio (as per Bank of Spain criteria) pertaining to mortgage loans granted to individuals for the acquisition of residences in Spain:

DATE DD-MM-YY	NO. OUTSTANDING TRANSACTIONS	NET LENDING	AVERAGE APR %	AGGREGATE NPL'S (M EUR)	NPL'S AS %
30-06-01	45,685	2,446.70	6.35%	11.25	0.50%
31-12-01	48,710	2,765.00	5.99%	13.78	0.50%
30-06-02	51,244	3,015.28	5.41%	13.93	0.46%
31-12-02	55,366	3,454.54	5.03%	17.77	0.51%
30-06-03	58,385	3,895.10	4.84%	22.98	0.59%
31-12-03	58,978	4,152.33	4.34%	25.09	0.60%
30-06-04	60,257	4,494.56	3.87%	27.41	0.61%
31-12-04	63,940	5,276.56	3.86%	31.60	0.60%
31-03-04	66,678	5,581.20	3.86%	33.69	0.60%

In relation to the experience in prepayments existing in residential mortgage loans granted by UCI at a variable rate, the Annual Constant Prepayment Rate

(ACPR) existing since origination is around 15% per annum. These data may not be established as an estimate of true future prepayments.

IV.4 Description of portfolio of Mortgage Loans mobilized through the Mortgage Participations pooled into the Fund.

UCI warrants to the Manager that the data contained in this Section are accurate and faithfully conform to reality, and assumes all liability for the inaccuracy thereof.

Homogeneity of Mortgage Loans

The Mortgage Loans which back the Mortgage Participations pooled into the Fund have been granted to individuals for the sole purpose of financing the acquisition or rehabilitation of residences in Spain, as per the market's standard criteria for analysis and granting, whereby they may be considered homogeneous.

Portfolio of Mortgage Loans

The portfolio of Mortgage Loans which shall serve as a basis for the issuance of Mortgage Participations is formed by 9,044 mortgage Loans, the principal value of which, as at April 22, 2005, amounted to EUR 1,049,012,750.75.

The characteristics of the portfolio as at April 22, 2005 are detailed below:

Eighty-eight percent of the Mortgage Loans are subject to a variable interest rate, 12% have a fixed interest rate the first three years and the rest at a variable rate, and they are loans whose average date of formalization is March 2004 and whose maximum maturity date for the fixed interest period is December 2007. The present average rate on this portfolio is 4.47%.

The principal reference of the variable interest rate Mortgage Loans is the aggregate IRPC for Savings Banks (savings bank mortgage benchmark) (72% of the portfolio) and the aggregate IRPH for Financial Institutions (2% of the portfolio). The remainder of the Mortgage Loans are referenced to EURIBOR or MIBOR at twelve (12) months (25% of the portfolio), and 1% of the portfolio, to EURIBOR or MIBOR at six or three months, and to Public Debt.

The aggregate equivalent margin on the Fund's Mortgage Loans is 1.47%, and the present average interest rate is 3.98%.

As enhancements to the risk of the Mortgage Loans, 21% of the portfolio has more than one first mortgage guarantee, that is a first mortgage has been established on another property, 18% of the debtors submitted guarantors to the transaction, and 90% of borrowers keep their paychecks automatically deposited at the Bank.

Seven percent of the Mortgage Loans have the "Cuota Comodín" (*missed payment*) feature. This is an option to which the borrower is entitled once per year during the first three years in the life of the loan, to substitute the obligation to pay one (1) of his monthly payments for capitalization together with the remainder of outstanding principal. The substitution of payment of a monthly payment may not be exercised in two consecutive payments, even if pertaining to different years, and is not permitted to customers in a situation of non-payment. The principal portion of the payment not made by the customer is added to the outstanding principal and the impact of this capitalization is regularized at the time of calculating the new monthly payment in function of the interest rate adjustment established in the loan deed. Due to the age of the formalization dates of the Mortgage Loans subject to this option, 2% of the Mortgage Loans have exhausted the possibility of exercising this option, 1% have one (1) year remaining, and 4% of borrowers who have this option may use it during the next two (2) years. Presently, less than 1% of the Loan portfolio have used the missed payment feature in the last year.

Not subject to *Cuota Comodín* missed payment feature	93%
Option exhausted	2%
(1) one year remaining	1%
(2) two years remaining	4%

The Mortgage Loans also present the option, in favor and at the initiative of the customer, to limit the annual growth of payments in light of possible increases in their interest rates, to a maximum amount equal to 200%, 100% or 50% of the CPI (Consumer Price Index) for the last twelve (12) months, as published in the Bulletin of the National Statistics Institute, one (1) Month prior to proceeding with the adjustment) in function of the interest rate adjustment periods (12 months, 6 months, or 3 months, respectively). This option is a right of the borrower which he may exercise at the time of the interest rate adjustment. If due to the limitation agreed, the entire debt would not be paid at the end of the original maturity of the Mortgage Loan, the borrower shall continue making monthly payments until the full payment of the debt, without this extension being able to exceed the maximum period of seven (7) years from the said original maturity date. Of UCI's total Mortgage Loan customer portfolio, 35.8% do not have the possibility of exercising this option, and of the remainder, 0.2% have this option during the entire life of the Mortgage Loan and due to the age of the formalization dates, 1% only have one (1) year remaining, and 63% of borrowers hold this option during the next two (2) years. The maximum maturity date of the portfolio which has this option to limit the growth of the mortgage payment throughout the entire life of the loan is September 5, 2027, whereby, adding the seven (7) years of extension, the Fund's Legal Maturity Date (June 15, 2042) is not exceeded. A year is taken to mean the twelve (12) months included between each mortgage payment adjustment.

Not subject to payment Limitation	33%
Option exhausted	2.8%
One (1) year remaining	1%
Two (2) years remaining	63%
Entire loan life	0.2%

At the present time, none of the borrowers of the portfolio of Mortgage Loans which shall be assigned, in their majority, to the Fund, are limiting the mortgage payment.

Breakdown of Mortgage Loan portfolio by type of product:

TYPE OF PRODUCT	**%**	**AVERAGE FORMALIZATION DATE dd/mm/yyyy**	**AVERAGE MATURITY DATE dd/mm/yyyy**
"Cuota Fácil" (Easy Payment)	19%	11/06/2004	30/04/2032
"Cambio de Casa" (Change House)	26%	07/04/2004	30/07/2032
"Tipo Fijo 3 años" (3-year Fixed)	12%	29/03/2004	15/06/2032

"Internet"	2%	01/08/2004	01/07/2031
"Rest of products"	41%	17/05/2004	10/08/2031

Nineteen percent of the Mortgage loans have the first thirty-six (36) payments predetermined and progressive ("Cuota Fácil" – Easy Payment) (the first year's payment will have at least the amount of the payment with no principal, the remaining payments are progressive until reaching the amount of the normal financial payment the fourth year). Interest accrued and not paid will be added to principal pending amortization. As from the fourth year, the calculation of the new payment would absorb the impact of the possible principal grace period of the first three years. Twenty-six percent of the Mortgage Loans are "Cambio de Casa" (Change House) mortgage loans granted for the purchase of one residence when the borrower has not yet sold his previous property. In this case both residences are mortgaged and the borrower is granted a period of two years to sell the previous property, with the obligation to repay the loan amount in function of the mortgage liability indicated for this residence. At the present time, 82% of this portfolio has not yet sold its previous property. Twelve percent of the Mortgage loans are subject to a fixed interest rate during the first three years ("Tipo Fijo 3 años" – 3-year Fixed). These Mortgage Loans have an average formalization date of March 2004 and have a maximum maturity date of the fixed rate period of December 2007. Of this loan portfolio, 70% is subject to a fixed payment the first three years and the remainder (30%) has a fixed payment the first six years, although the interest rate becomes variable in both cases as from the third year. As from that time, all loans come to have their adjustable payment referenced to the 12-month Euribor interest rate, as published by the Bank of Spain (36%) or the IRPH Aggregate Institutions, or IRPC aggregate Savings Bank rates, as published by the Bank of Spain (64%). The present average fixed rate on these loans is 4.47%.

Two percent of the portfolio are loans originated by UCI through its Internet portal or the Superlínea telephone service. They are loans with an average spread of 0.45% over Euribor and an average LTV of 59%. The remainder of the portfolio of Mortgage Loans (41%) is composed of variable interest loans, adjustable annually, half-yearly, or quarterly, and with no particularity other than the "Cuota Comodín" missed payment feature and the option to limit the mortgage payment in function of CPI, as described above.

The following tables show the breakdown of the loans selected according to initial amount, outstanding balance, formalization date, maturity date, present interest rate, reference rate, outstanding balance broken down by provinces, ratio between initial amount and present amount against appraised value, as well as the portfolio default rate. The said tables have been prepared with information as at April 22, 2005.

INITIAL LOAN AMOUNTS

Interval (EUR)	Amounts (thousands of EUR)	Amounts %	Loans No.	Loans %
7,512.65 - 49,999.99	38,356.73	3.31	1,137	12.57
50,000.00 - 99,999.99	216,267.25	18.66	2,840	31.40
100,000.00 - 149,999.99	277,894.33	23.99	2,272	25.12
150,000.00 - 199,999.99	221,889.47	19.15	1,293	14.29
200,000.00 - 249,999.99	157,614.63	13.60	710	7.85
250,000.00 - 299,999.99	105,617.75	9.11	388	4.29

300,000.00 - 349,999.99	83,796.47	7.23	259	2.86
350,000.00 - 399,999.99	39,295.60	3.39	108	1.19
400,000.00 - 449,999.99	9,308.54	0.80	22	0.24
450,000.00 - 499,999.99	1,863.00	0.16	4	0.04
500,000.00 - 549,999.99	2,583.52	0.22	5	0.05
550,000.00 - 599,999.99	1,130.00	0.09	2	0.02
600,000.00 - 649,999.99	618.00	0.05	1	0.01
650,000.00 - 699,999.99	689.00	0.05	1	0.01
700,000.00 - 727,000.00	1.447.00	0.12	2	0.02
Totals:	**1,158,371,336.85**	**100.00**	**9,044**	**100.00**

Maximum initial amount: EUR 727,000.00
Minimum initial amount: EUR 7,512.65
Average initial amount: EUR 128,081.74

OUTSTANDING LOAN BALANCES

Interval (EUR)	Outstanding Balances (thousands of EUR)	%	Loans No.	%
9.03 – 49,999.99	40,951.60	3.90	1,289	14.25
50,000.00 – 99,999.99	234,356.09	22.34	3,064	33.87
100,000.00 – 149,999.99	300,372.66	28.63	2,441	26.99
150,000.00 – 199,999.99	214,656.75	20.46	1,248	13.79
200,000.00 – 249,999.99	118,966.03	11.34	537	5.93
250,000.00 – 299,999.99	68,851.01	6.56	253	2.79
300,000.00 – 349,999.99	50,615.97	4.82	156	1.72
350,000.00 – 379,129.99	20,242.60	1.92	56	0.61
Totals:	**1,049,012,750.75**	**100.00**	**9,044**	**100.00**

Maximum outstanding balance: EUR 379,129.99
Minimum outstanding balance: EUR 9.03
Average outstanding balance: EUR 115,989.91

LOAN FORMALIZATION DATE

Interval (dd/mm/yyyy)	Outstanding Balances (thousands of EUR)	%	Loans No.	%
30/04/1991 - 31/12/1999	5,475.17	0.52	191	2.11
1/01/2000 - 30/06/2000	1,908.46	0.18	53	0.58
1/07/2000 - 31/12/2000	2,462.94	0.23	56	0.61
1/01/2001 - 30/06/2001	4,042.34	0.38	83	0.91
1/07/2001 - 31/12/2001	5,070.32	0.48	105	1.16
1/01/2002 - 30/06/2002	7,261.09	0.69	125	1.38
1/07/2002 - 31/12/2002	6,654.35	0.63	115	1.27
1/01/2003 - 30/06/2003	17,470.66	1.66	222	2.45
1/07/2003 - 31/12/2003	49,769.91	4.74	495	5.47
1/01/2004 - 30/06/2004	376,872.34	35.92	3,157	34.90
1/07/2004 - 30/11/2004	572,025.12	54.52	4,442	49.11
Totals:	**1,049,012,750.75**	**100.00**	**9,044**	**100.00**

Maximum formalization date: 30/11/2004
Minimum formalization date: 30/04/1991
Average formalization date: 01/06/2004

CHAPTER IV: INFORMATION ON CHARACTERISTICS OF ASSETS SECURITIZED THROUGH THE FUND

LOAN MATURITY DATES

Interval (dd/mm/yyyy)	Outstanding Balances (thousands of EUR)	%	Loans No.	%
5/06/2006 - 30/06/2006	12.06	0.00	1	0.01
1/07/2006 - 31/12/2006	9.89	0.00	3	0.03
1/01/2007 - 30/06/2007	66.02	0.00	12	0.13
1/07/2007 - 31/12/2007	48.01	0.00	8	0.08
1/01/2008 - 30/06/2008	22.63	0.00	3	0.03
1/07/2008 - 31/12/2008	73.46	0.00	7	0.07
1/01/2009 - 30/06/2009	181.37	0.01	12	0.13
1/07/2009 - 31/12/2009	129.10	0.01	10	0.11
1/01/2010 - 30/06/2010	66.46	0.00	4	0.04
1/07/2010 - 31/12/2010	148.50	0.01	9	0.09
1/01/2011 - 30/06/2011	324.87	0.03	17	0.18
1/07/2011 - 31/12/2011	841.06	0.08	22	0.24
1/01/2012 - 30/06/2012	700.89	0.06	20	0.22
1/07/2012 - 31/12/2012	720.68	0.06	23	0.25
1/01/2013 - 30/06/2013	788.77	0.07	23	0.25
1/07/2013 - 31/12/2013	633.34	0.06	25	0.27
1/01/2014 - 30/06/2014	2.146.39	0.20	35	0.38
1/07/2014 - 31/12/2014	4.519.25	0.43	69	0.76
1/01/2015 - 30/06/2015	318.92	0.03	16	0.17
1/07/2015 - 31/12/2015	528.64	0.05	16	0.17
1/01/2016 - 30/06/2016	1.467.52	0.13	25	0.27
1/07/2016 - 31/12/2016	1.672.97	0.15	31	0.34
1/01/2017 - 30/06/2017	1.259.70	0.12	30	0.33
1/07/2017 - 31/12/2017	1.337.44	0.12	29	0.32
1/01/2018 - 30/06/2018	1.786.26	0.17	40	0.44
1/07/2018 - 31/12/2018	2.253.55	0.21	46	0.50
1/01/2019 - 30/06/2019	6.064.48	0.57	98	1.08
1/07/2019 - 31/12/2019	13.138.45	1.25	148	1.63
1/01/2020 - 30/06/2020	818.52	0.07	13	0.14
1/07/2020 - 31/12/2020	826.53	0.07	16	0.17
1/01/2021 - 30/06/2021	654.72	0.06	9	0.09
1/07/2021 - 31/12/2021	1.806.83	0.17	26	0.28
1/01/2022 - 30/06/2022	1.566.83	0.14	25	0.27
1/07/2022 - 31/12/2022	2.475.99	0.23	36	0.39
1/01/2023 - 30/06/2023	1.779.76	0.16	29	0.32
1/07/2023 - 31/12/2023	4.394.33	0.41	51	0.56
1/01/2024 - 30/06/2024	18.062.03	1.72	188	2.07
1/07/2024 - 31/12/2024	36.970.97	3.52	322	3.56
1/01/2025 - 30/06/2025	514.47	0.04	8	0.08
1/07/2025 - 31/12/2025	1.765.02	0.16	20	0.22
1/01/2026 - 30/06/2026	920.95	0.08	14	0.15
1/07/2026 - 31/12/2026	2.552.32	0.24	26	0.28
1/01/2027 - 30/06/2027	2.483.57	0.23	30	0.33
1/07/2027 - 31/12/2027	3.191.92	0.30	36	0.39
1/01/2028 - 30/06/2028	2.573.01	0.24	25	0.27
1/07/2028 - 31/12/2028	5.301.33	0.50	54	0.59
1/01/2029 - 30/06/2029	31.118.72	2.96	286	3.16
1/07/2029 - 31/12/2029	47.576.19	4.53	401	4.43
1/01/2030 - 30/06/2030	1.703.24	0.16	31	0.34
1/07/2030 - 31/12/2030	2.363.36	0.22	31	0.34
1/01/2031 - 30/06/2031	3.351.89	0.31	48	0.53
1/07/2031 - 31/12/2031	5.288.66	0.50	74	0.81
1/01/2032 - 30/06/2032	4.011.48	0.38	52	0.57
1/07/2032 - 31/12/2032	5.697.80	0.54	63	0.69
1/01/2033 - 30/06/2033	11.679.07	1.11	120	1.32
1/07/2033 - 31/12/2033	40.040.77	3.81	364	4.02
1/01/2034 - 30/06/2034	182.295.13	17.37	1,482	16.38
1/07/2034 - 31/12/2034	328.154.21	31.28	2,427	26.83
1/01/2035 - 30/06/2035	2.051.41	0.19	13	0.14
1/07/2035 - 31/12/2035	2.034.94	0.19	18	0.19
1/01/2036 - 30/06/2036	2.162.72	0.20	18	0.19
1/07/2036 - 31/12/2036	4.207.28	0.40	35	0.38
1/01/2037 - 30/06/2037	2.521.72	0.24	23	0.25
1/07/2037 - 31/12/2037	5.466.07	0.52	44	0.48
1/01/2038 - 30/06/2038	2.457.64	0.23	20	0.22
1/07/2038 - 31/12/2038	6.334.02	0.60	53	0.58
1/01/2039 - 30/06/2039	68.561.75	6.53	528	5.83
1/07/2039 - 5/12/2039	160.014.53	15.25	1,203	13.30
Totals:	**1,049,012,750.75**	**100.00**	**9,044**	**100.00**

Maximum maturity date:	5/12/2039
Minimum maturity date:	5/06/2006
Average maturity date:	6/12/2033

CURRENT LOAN INTEREST RATES				
Interval	**Outstanding Balances**		**Loans**	
(%)	**(thousands of EUR)**	**%**	**No.**	**%**
2.25 - 3.99	577,580.36	55.05	4,928	54.48
4.00 - 4.49	211,311.44	20.14	1,783	19.71
4.50 - 4.99	213,874.84	20.38	1,924	21.27
5.00 - 5.49	24,761.89	2.36	214	2.36
5.50 - 5.99	19,773.41	1.88	184	2.03
6.00 - 6.49	1,239.25	0.11	6	0.06
6.50 - 6.99	312.38	0.02	2	0.02
7.00 - 7.49	0.00	0.00	0	0.00
7.50 - 7.99	102.70	0.00	1	0.01
8.00 - 9.99	37.68	0.00	1	0.01
10.00 - 12.00	213,874.84	20.38	1,924	21.27
Totals:	**1,049,012,750.75**	**100.00**	**9,044**	**100.00**

Maximum interest rate: 12.00%
Minimum interest rate: 2.25%
Weighted interest rate: 3.98%

LOAN REFERENCE INTEREST RATES				
Interval	**Outstanding Balances**		**Loans**	
(Codes)	**(thousands of EUR)**	**%**	**No.**	**%**
00	759,287.55	72.37	6,164	68.15
01	260,763.58	24.85	2,377	26.28
02	141.02	0.01	1	0.01
03	2,474.45	0.23	26	0.28
04	22,019.73	2.09	311	3.43
06	3,823.32	0.36	145	1.60
09	43.09	0.00	1	0.01
11	459.97	0.04	19	0.21
Totals:	1,049,012,750.75	**100.00**	9,044	**100.00**

00	IRPC (aggregate Savings Banks)
01	Euribor 1 year (Bank of Spain)
02	Euribor 3 months
03	Euribor 6 months
04	IRPH Aggregate institutions (Bank of Spain)
06	Mibor 1 year index of the month (Bank of Spain)
09	Mibor 3 months
11	Mibor 6 months

Province	Outstanding Balances		Loans	
	(thousands of EUR)	%	No.	%
01 ALAVA	575.00	0.05	4	0.04
02 ALBACETE	4,095.10	0.39	42	0.46
03 ALICANTE	29,907.09	2.85	311	3.43
04 ALMERIA	11,658.21	1.11	108	1.19
05 AVILA	2,174.44	0.20	17	0.18
06 BADAJOZ	7,500.66	0.71	114	1.26
07 BALEARIC ISLANDS	47,854.52	4.56	338	3.73
08 BARCELONA	114,446.08	10.90	800	8.84
09 BURGOS	1,849.37	0.17	16	0.17
10 CACERES	2,309.71	0.22	34	0.37
11 CADIZ	42,015.14	4.00	451	4.98
12 CASTELLON	14,094.74	1.34	114	1.26
13 CIUDAD REAL	6,120.47	0.58	70	0.77
14 CORDOBA	13,935.05	1.32	147	1.62
15 LA CORUÑA	15,310.71	1.45	192	2.12
16 CUENCA	405.16	0.03	7	0,07
17 GERONA	24,457.28	2.33	184	2.03
18 GRANADA	12,525.92	1.19	127	1.40
19 GUADALAJARA	11,391.59	1.08	62	0.68
20 GUIPUZCOA	2,881.19	0.27	25	0.27
21 HUELVA	18,055.43	1.72	194	2.14
22 HUESCA	1,277.76	0.12	12	0.13
23 JAEN	5,522.27	0.52	73	0.80
24 LEON	3,112.26	0.29	46	0.50
25 LERIDA	4,907.23	0.46	56	0.61
26 LA RIOJA	3,154.80	0.30	27	0.29
27 LUGO	1,624.06	0.15	30	0.33
28 MADRID	213,664.75	20.36	1,461	16.15
29 MALAGA	85,611.91	8.16	648	7.16
30 MURCIA	8,752.20	0.83	90	0.99
31 NAVARRE	4,285.13	0.40	34	0.37
32 ORENSE	4,018.43	0.38	43	0.47
33 ASTURIAS	32,485.22	3.09	384	4.24
34 PALENCIA	1,170.65	0.11	15	0.16
35 LAS PALMAS	52,564.96	5.01	504	5.57
36 PONTEVEDRA	18,823.15	1.79	168	1.85
37 SALAMANCA	2,363.64	0.22	22	0.24
38 TENERIFE	27,128.96	2.58	275	3.04
39 CANTABRIA	11,697.00	1.11	102	1.12
40 SEGOVIA	1,073.44	0.10	10	0.11
41 SEVILLE	60,514.63	5.76	646	7.14
43 TARRAGONA	21,427.36	2.04	165	1.82
44 TERUEL	160.43	0.01	3	0.03
45 TOLEDO	33,467.21	3.19	263	2.90
46 VALENCIA	31,511.25	3.00	309	3.41
47 VALLADOLID	7,660.22	0.73	78	0.86
48 VIZCAYA	16,262.70	1.55	121	1.33
49 ZAMORA	643.84	0.06	7	0.07
50 ZARAGOZA	10,564.18	1.00	95	1.05
TOTALS:	**1,049,012,750.75**	**100.00**	**9,044**	**100.00**

LOAN TO VALUE RATIO				
Interval	**Amounts**		**Loans**	
(%)	**(thousands of EUR)**	**%**	**No.**	**%**
4.57 – 39.99	65,601.57	5.66	1,062	11.74
40.00 – 44.99	46,514.54	4.01	475	5.25
45.00 – 49.99	57,075.71	4.92	460	5.08
50.00 – 54.99	85,442.89	7.37	609	6.73
55.00 – 59.99	100,404.30	8.66	652	7.20
60.00 – 64.99	114,919.21	9.92	764	8.44
65.00 – 69.99	120,481.11	10.40	741	8.19
70.00 – 74.99	143,705.93	12.40	919	10.16
75.00 – 79.99	340,051.38	29.35	2,543	28.11
80.00 – 84.99	82,794.03	7.14	809	8.94
85.00 – 89.99	577.34	0.04	5	0.05
90.00 – 94.99	0.00	0.00	0	0.00
95.00 – 99.99	156.26	0.01	1	0.01
100.00 - 136.05	647.02	0.05	4	0.04
Totals:	**1,158,371,336.85**	**100.00**	**9,044**	**100.00**

Maximum amount: EUR 727,000.00

Minimum amount: EUR 7,512.65

Average amount: EUR 128,081.74

Average appraised value: 65.62%

OUTSTANDING BALANCE TO VALUE RATIO				
Interval	**Outstanding Balances**		**Loans**	
(%)	**(thousands of EUR)**	**%**	**No.**	**%**
0.01 - 39.99	86,646.45	8.25	1,433	15.84
40.00 - 44.99	49,158.92	4.68	467	5.16
45.00 - 49.99	59,936.97	5.71	511	5.65
50.00 - 54.99	78,488.79	7.48	586	6.47
55.00 - 59.99	93,212.12	8.88	680	7.51
60.00 - 64.99	91,723.77	8.74	663	7.33
65.00 - 69.99	114,016.61	10.86	803	8.87
70.00 - 74.99	113,773.39	10.84	899	9.94
75.00 - 79.99	344,876.08	32.87	2,844	31.44
80.00 - 80.00	17,179.60	1.63	158	1.74
Totals:	**1,049,012,750.75**	**100.00**	**9,044**	**100.00**

Maximum outstanding balance: EUR 379,129.99

Minimum outstanding balance: EUR 9.03

Average outstanding balance: EUR 115,989.91

Average appraised value: 64.00%

LATE MORTGAGE PAYMENTS				
Interval	**Outstanding Balances**		**Loans**	
(days)	**(thousands of EUR)**	**%**	**No.**	**%**
0 – 29	1,004,269.38	95.73	8,615	95.25
30 – 59	34,126.46	3.25	322	3.56
60 - 89	10,029.57	0.95	101	1.11
90 - 110	587.33	0.05	6	0.06
Totals:	**1,049,012,750.75**	**100.00**	**9,044**	**100.00**

On the Date of Incorporation, UCI warrants that no Mortgage Loan will exist, payments on which are more than thirty (30) days late, as established in Section IV.1, a), 22 of this Prospectus.

CHAPTER V

INFORMATION ON ECONOMIC-FINANCIAL OPERATIONS OF THE MORTGAGE SECURITIZATION FUND

V.1 Economic-financial structure of the Fund and synoptic chart describing the various hypotheses and most likely estimated performance of the Fund's economic-financial flows. Balance Sheet.

The following shows a Balance Sheet for the Fund bearing in mind the various hypotheses assumed in this chapter.

BALANCE SHEET			
ASSETS		**LIABILITIES**	
Mortgage Participations	€900,000,000	Class A Bonds	€867,200,000
Cash Account	€10,550,541.60	Class B Bonds	€9,000,000
Incorporation and Issue Expenses	€674,458.40	Class C Bonds	€23,800,000
		Subordinated Loan	€11,225,000
Total Assets	**€911,225,000**	**Total Liabilities**	**€911,225,000**

V.1.1 Hypotheses assumed in relation to the central or most probable indices of prepayment parameters, late payments, non-payments or charge-offs, with respect to the Mortgage Participations pooled into the Fund.

The tables which appear below refer to one of the possible scenarios which, with respect to income and payments made by the Fund, could materialize throughout the life of the Fund and of this Bond issue.

The following hypotheses have been used in order to prepare this financial servicing table for the Fund:

a) Mortgage Loans.

(i) Volume of portfolio of Mortgage Participations: EUR 1,049,012,750.75 as at April 22, 2005. As at the Pay-out Date, the amount to be securitized shall be EUR 900,000,000, approximately, as appears on the above Balance Sheet.

(ii) Interest rate: the average interest rate of the Mortgage Loans is EURIBOR + 1.47% and consequently, the rate of 3.98% per annum (0.33% per month) has been used to calculate the Fund's income flows.

(iii) CAPR: 15% per annum; 1.25% per month.

(iv) Default percentage: 0.60% per annum, 0.05% per month.

(v) Charge-offs: 0%.

b) Bonds.

(i) Volume: EUR 900,000,000 of which approximately 30% will be assigned to the Domestic Tranche and 70% to the International Tranche.

(ii) Interest rate: weighted variable interest rate assuming that Classes A, B and C Bonds interest rates remain constant at 2.264%, 2.384% and 2.634% respectively.

(iii) Exercise by the issuer of the clean-up call on the three Classes Bonds when the Outstanding Balance of the Mortgage Participations is less than 10% of the initial amount thereof.

c) Supplementary Contracts.

(i) Cash Account: it is assumed that the rating of the Bank's short-term debt will at no time fall from A-1 as per the scale of S&P España, and that, therefore, the Cash Account will remain at the Bank (although a commitment by the Bank vis-à-vis the Manager exists to transfer this Account to another bank, in the event of a decline in the rating indicated above, as described under Section V.3.1 of this Prospectus), and will be subject to reinvestment by virtue of the Guaranteed Rate Reinvestment Agreement, to be entered into with the Bank.

(ii) Subordinated Loan

- Volume: EUR 11,225,000 to be earmarked towards financing the incorporation of the Fund and the Bond issue (approximately EUR 674,458.40), to partially finance the subscription of the Mortgage Participations (approximately EUR 541.60), to cover the temporary shortfall in the First Interest Accrual Period for an amount equal to the difference to be generated between the interest on the Mortgage Participations to be collected from the Pay-out Date (June 2, 2005) through the maturity date of the first four payments (June through September) on the Mortgage Participations (September 5, 2005) and the interest on the Bonds to be paid on the first Payment Date (September 15, 2005) (EUR 200,000) and to fund the Reserve Fund (EUR 10,350,000).
- Interest rate: interest rate of 2.684%
- Repayment: the portion of the Subordinated Loan earmarked towards financing the expenses relating to incorporation of the Fund and the Bond issue and covering the temporary shortfall in the First Interest Accrual Period Mortgage Participations, will be amortized quarterly, to the extent that such expenses are depreciated during the first three (3) years from incorporation of the Fund and the Bond issue. The portion of the Subordinated Loan earmarked towards partially financing the subscription of the Mortgage Participations will be amortized on the Payment Date subsequent to the Final Maturity Date of the said Mortgage Participations (December 15, 2039) or, as the case may be, on the date of prepayment thereof. The remainder of principal on the Subordinated Loan shall be amortized on each one of the Payment Date in an amount equal to the difference existing between the amounts of the balances required of the Reserve Fund as at the previous Determination Date and the Determination Date in progress.

(iii) Guaranteed Rate Reinvestment Agreement

Guaranteed yield: 2.133% for amounts deposited into the Cash Account (including the Reserve Fund). It is assumed that the EURIBOR interest rate applicable on each Payment Date will be maintained at 2.133% during the entire life of the issue.

(iv) Reserve Fund

The Reserve Fund shall be funded with an initial amount of EUR 10,350,000 equivalent to 1.15% of the initial amount of the Bonds (EUR 900,000,000), and shall remain fixed at this amount during the first three years. The levels required from the amount of the Reserve Fund shall be established based on the late payment rates of the Mortgage Participations, as follows.

Where the Reserve Fund reaches 2.3% of the Outstanding Balance of the Mortgage Participations, it may be decreased quarterly on each Payment Date, holding at such percentage until the Reserve Fund reaches a minimum level equal to 0.40% of the initial amount of the Bonds.

This is the general rule, provided that the Outstanding Balance of the Mortgage Participations with late payments greater than or equal to ninety (90) days is less than 0.75%. Should there be any variations in the late payment rate of the Mortgage Participations, the Reserve Fund shall be subject to the terms below:

- When, on a Payment Date, the Outstanding Balance of the Mortgage Participations subject to late payments greater than or equal to ninety (90) days i between 0.75% and 1.25% of the Outstanding Balance of the Mortgage Participations, and the Reserve Fund reaches 2.3% of the Outstanding Balance of the Mortgage Participations, the Reserve Fund may decrease down to a minimum 0.70% of the initial amount of the Bonds. The required level for the Reserve Fund shall remain constant, provided that such late payment rates are maintained.
- Where, on a Payment Date, the Outstanding Balance of the Mortgage Participations subject to late payments greater than or equal to ninety (90) days is greater than 1.25% of the Outstanding Balance of the Mortgage Participations, the amount of the Reserve Fund shall be equal to the maximum amount between 0.80% of the Bond Initial Balance and 2.3% of the Outstanding Balance of the Mortgage Participations. The required level for the Reserve Fund shall remain constant at the level it had reached on the said Payment Date until the Final Maturity Date of the Fund, in which it will be used for the performance of the Fund's payment obligations.

  At the time when such circumstance does not occur, it may be decreased until reaching the required level.

d) Fees

(i) UCI fixed fee: EUR 6,000 per quarter, VAT included, on each Payment Date.

(ii) UCI variable Fee: a variable amount to accrue quarterly, on each Payment Date, equal to the difference between the income and expenses of the Fund for the said Determination Period.

e) Current Expenses, including:

(i) Manager Fee: 0.0225% per annum of the aggregate Balances Pending Payment on the Classes A, B and C Bonds.

(ii) Expenses for annual audits of the Fund, publication of legal notices and maintenance of the credit rating of the Bonds.

V.1.2 Analysis and comment on the impact the possible variations in the hypotheses described in the above section would have on the financial equilibrium of the Fund.

The quality of the Mortgage Participations and the mechanisms for guaranteeing the reiterated financial equilibrium of the Fund are such that it is not reasonable to consider such extreme prepayment percentages, default rates and charge-offs which, as a consequence of the required transfer of both the risk of prepayment as well as of non-payment occurring in the underlying Loans, could cause the financial structure of the Fund to become imbalanced.

V.1.3 Numeric outline of flows of income and expenses of the Fund.

IMPORTANT NOTE FOR THE INVESTOR

The information contained in the table below is for illustrative purposes only, and the amounts therein do not represent a particular payment obligation by the Fund to third parties, on or during the corresponding dates or periods referred thereto. The data included therein has been prepared under circumstances subject to continuous change.

The numeric outline transcribed below refers to collections and payments deriving from the application of the cash principle, for greater clarity of the investor, although, and in accordance with the provisions of Section V.2 of this Prospectus, the Fund will impute income and expenses as per time, in following an accrual method.

The said outline is based not only on the hypotheses mentioned under Section V.1.1, *supra*, but also on the constant maintenance during the life of the Fund of the said hypotheses and, as is well known, the affected variables, in particular the interest rates on the three Classes Bonds, as well as the actual prepayment rates of the Mortgage Loans underlying the Mortgage Participations, are subject to continuous changes.

CHAPTER V: INFORMATION ON ECONOMIC-FINANCIAL OPERATIONS OF THE MORTGAGE SECURITIZATION FUND

FUND CASH FLOWS
(IN THOUSANDS OF EUROS)

COLLECTIONS

2-Jun-05 900.000,00 ISSUANCE OF SECURITIZATION BONDS
11.225,00 SUBORDINATED LOAN

PAYMENTS

2-Jun-05 900.000,00 ACQUISITION OF MORTGAGE PARTICIPATIONS
0,67 INCORPORATION AND ISSUE EXPENSES

(0) OUTSTANDING BALANCE OF RESERVE FUND	(1) OUTSTANDING BALANCE OF MORTGAGE PARTICIPATIONS	(2) DATE	(3) PRINCIPAL	(4) INTEREST OF MORTGAGE PARTICIPATIONS	(5) INTEREST REINVESTED	(6) TOTAL
10.350,00	860.916,46	15-Sep-05	39.083,54	9.189,61	145,94	49.419,08
10.350,00	823.520,17	15-Dec-05	37.396,29	8.417,74	136,87	45.950,91
10.350,00	787.739,98	15-Mar-06	35.780,19	7.967,50	129,60	43.877,29
10.350,00	753.507,71	15-Jun-06	34.232,27	7.786,85	131,52	42.150,64
10.350,00	719.449,67	15-Sep-06	34.058,04	7.442,78	131,25	41.632,07
10.350,00	686.870,30	15-Dec-06	32.579,37	7.030,09	126,80	39.736,26
10.350,00	655.708,02	15-Mar-07	31.162,28	6.641,21	119,38	37.922,86
10.350,00	625.901,79	15-Jun-07	29.806,23	6.477,27	121,17	36.404,67
10.350,00	597.399,81	15-Sep-07	28.501,98	6.181,61	118,84	34.803,34
10.350,00	570.139,18	15-Dec-07	27.259,73	5.836,77	114,16	33.210,66
10.350,00	544.072,47	15-Mar-08	26.066,72	5.572,17	110,53	31.749,42
10.350,00	519.145,38	15-Jun-08	24.927,08	5.373,84	110,36	30.411,28
10.350,00	495.310,45	15-Sep-08	23.834,93	5.126,59	108,41	29.069,93
10.350,00	472.520,19	15-Dec-08	22.790,26	4.839,70	104,39	27.733,35
10.350,00	450.732,66	15-Mar-09	21.787,53	4.567,57	99,70	26.454,81
9.997,76	429.902,52	15-Jun-09	20.830,14	4.451,30	101,30	25.382,74
9.429,66	409.994,05	15-Sep-09	19.908,47	4.244,72	97,17	24.250,35
8.992,14	390.962,65	15-Dec-09	19.031,40	4.004,60	91,29	23.127,30
8.573,90	372.773,87	15-Mar-10	18.188,77	3.778,69	95,02	22.062,49
8.173,94	355.388,58	15-Jun-10	17.385,29	3.680,87	84,14	21.150,30
7.791,79	338.773,69	15-Sep-10	16.614,89	3.508,45	80,61	20.203,96
7.426,58	322.894,85	15-Dec-10	15.878,84	3.308,51	75,71	19.263,06
7.077,63	307.722,99	15-Mar-11	15.171,86	3.120,32	70,49	18.362,67
6.744,19	293.225,20	15-Jun-11	14.497,79	3.038,04	69,72	17.605,54
6.425,66	279.377,21	15-Sep-11	13.848,00	2.894,29	66,77	16.809,05
6.121,36	266.146,27	15-Dec-11	13.230,93	2.727,98	62,68	16.021,59
5.830,87	253.516,24	15-Mar-12	12.630,04	2.590,62	68,26	15.288,93
5.553,36	241.450,56	15-Jun-12	12.065,68	2.502,46	57,66	14.625,80
5.288,45	229.932,39	15-Sep-12	11.518,16	2.382,85	55,19	13.956,20
5.035,40	218.930,43	15-Dec-12	11.001,96	2.244,80	51,78	13.298,54
4.793,67	208.429,08	15-Mar-13	10.501,35	2.114,97	48,15	12.664,47
4.563,20	198.399,81	15-Jun-13	10.029,27	2.057,04	47,60	12.133,91
4.343,06	188.828,59	15-Sep-13	9.571,22	1.957,62	45,55	11.574,38
4.132,95	179.689,02	15-Dec-13	9.139,57	1.843,16	42,72	11.025,45
3.932,24	170.966,87	15-Mar-14	8.722,14	1.735,54	39,70	10.497,39
3.740,71	162.639,42	15-Jun-14	8.327,45	1.686,97	39,23	10.053,66
3.600,00	154.702,94	15-Sep-14	7.936,47	1.604,46	37,50	9.578,44
3.600,00	147.126,65	15-Dec-14	7.576,29	1.509,75	35,39	9.121,43
3.600,00	139.919,86	15-Mar-15	7.206,79	1.420,83	33,75	8.661,37
3.600,00	133.040,85	15-Jun-15	6.879,01	1.380,41	34,27	8.293,69
3.600,00	126.476,87	15-Sep-15	6.563,98	1.312,22	33,71	7.909,91
3.600,00	120.212,58	15-Dec-15	6.264,29	1.234,06	32,54	7.530,89
3.600,00	114.237,15	15-Mar-16	5.975,43	1.173,30	31,68	7.180,41
3.600,00	108.535,59	15-Jun-16	5.701,56	1.126,74	31,69	6.859,99
3.600,00	103.101,67	15-Sep-16	5.434,03	1.070,24	31,21	6.535,48
3.600,00	97.917,65	15-Dec-16	5.184,02	1.005,72	30,20	6.219,95
3.600,00	92.978,30	15-Mar-17	4.939,24	946,15	28,04	5.913,43
3.600,00	88.267,19	15-Jun-17	4.711,11	916,82	29,52	5.657,45
3.600,00	0,00	15-Sep-17	88.267,19	870,14	29,12	89.166,46
			900.000,00	173.902,99	3.599,30	1.077.502,30

DATE	(7) CURRENT EXPENSES	(8) INTEREST CLASS A	(9) INTEREST CLASS B	(10) INTEREST CLASS C	(11) PRINCIPAL CLASS A	(12) PRINCIPAL CLASS B	(13) PRINCIPAL CLASS C	(14) INTEREST SUBORDINATED LOAN	(15) REPAYMENT SUBORDINATED LOAN	(16) UCI FIXED FEE	(17) UCI VARIABLE FEE	(18) TOTAL
15-Sep-05	62,72	5.711,23	62,42	182,43	39.083,54	0,00	0,00	87,14	56,20	6,00	3.167,39	49.419,08
15-Dec-05	54,30	4.726,66	54,10	158,10	37.396,29	0,00	0,00	74,67	56,20	6,00	3.424,67	45.950,91
15-Mar-06	51,70	4.463,62	53,51	156,37	35.780,19	0,00	0,00	73,30	56,20	6,00	3.236,33	43.877,29
15-Jun-06	50,68	4.366,34	54,69	159,84	34.232,27	0,00	0,00	74,63	56,20	6,00	3.169,97	42.150,64
15-Sep-06	48,74	4.158,80	54,69	159,84	34.058,04	0,00	0,00	74,25	56,20	6,00	3.015,49	41.632,07
15-Dec-06	46,37	3.919,21	54,10	158,10	32.579,37	0,00	0,00	73,07	56,20	6,00	2.842,93	39.736,26
15-Mar-07	44,12	3.682,23	53,51	156,37	31.162,28	0,00	0,00	71,90	56,20	6,00	2.680,27	37.922,86
15-Jun-07	43,20	3.594,46	54,69	159,84	29.806,23	0,00	0,00	73,11	56,20	6,00	2.610,93	36.404,67
15-Sep-07	41,61	3.422,46	54,69	159,84	28.501,98	0,00	0,00	72,73	56,20	6,00	2.497,01	34.803,34
15-Dec-07	39,52	3.222,57	54,10	158,10	27.259,73	0,00	0,00	71,57	56,20	6,00	2.342,96	33.210,66
15-Mar-08	37,99	3.066,96	54,10	158,10	26.066,72	0,00	0,00	71,19	56,20	6,00	2.232,13	31.749,42
15-Jun-08	36,87	2.960,27	54,69	159,84	24.927,08	0,00	0,00	71,60	56,20	6,00	2.148,73	30.411,28
15-Sep-08	35,45	2.806,43	54,69	159,84	23.834,93	0,00	0,00	71,22	56,20	6,00	2.045,16	29.069,93
15-Dec-08	33,90	2.639,89	54,10	158,10	22.790,26	0,00	0,00	70,07	56,20	6,00	1.924,94	27.733,35
15-Mar-09	32,23	2.482,22	53,51	156,37	21.787,53	0,00	0,00	68,93	56,20	6,00	1.811,83	26.454,81
15-Jun-09	31,67	2.411,66	54,69	159,84	19.426,54	394,07	1.009,64	70,09	56,20	6,00	1.762,66	25.382,74
15-Sep-09	30,39	2.299,56	52,30	153,06	18.459,62	398,09	1.050,76	66,66	56,20	6,00	1.677,79	24.250,35
15-Dec-09	29,01	2.169,20	49,34	144,42	17.641,66	380,97	1.008,77	63,42	56,20	6,00	1.579,30	23.127,30
15-Mar-10	27,79	2.045,79	46,63	136,20	16.860,33	364,11	964,33	59,49	56,20	6,00	1.496,92	22.062,49
15-Jun-10	27,15	1.963,95	45,35	132,75	16.115,52	348,03	921,74	56,57	56,20	6,00	1.447,03	21.150,30
15-Sep-10	26,17	1.900,96	43,24	126,66	15.401,38	332,61	880,90	53,49	56,20	6,00	1.376,46	20.203,96
15-Dec-10	25,01	1.792,38	40,77	119,33	14.719,09	317,87	841,88	49,98	56,20	6,00	1.294,53	19.263,06
15-Mar-11	23,93	1.699,60	38,43	112,49	14.063,74	303,72	804,40	46,65	56,20	6,00	1.217,60	18.362,67
15-Jun-11	23,46	1.645,99	37,44	109,59	13.438,99	290,23	768,66	44,95	56,20	6,00	1.164,12	17.605,54
15-Sep-11	22,64	1.568,44	35,67	104,43	12.836,55	277,22	734,23	42,32	56,20	6,00	1.125,34	16.809,05
15-Dec-11	21,68	1.478,13	33,62	98,41	12.264,57	264,87	701,50	39,36	56,20	6,00	1.057,25	16.021,59
15-Mar-12	20,94	1.408,12	32,03	93,76	11.707,53	252,84	669,67	36,96	56,20	6,00	1.004,88	15.288,93
15-Jun-12	20,39	1.356,04	30,04	90,29	11.104,42	241,64	639,72	35,02	56,20	6,00	965,34	14.625,80
15-Sep-12	19,79	1.291,50	29,39	85,89	10.676,86	230,69	610,72	32,77	56,20	6,00	916,60	13.956,20
15-Dec-12	18,91	1.218,52	27,67	81,00	10.198,38	220,26	583,33	30,27	56,20	6,00	860,01	13.298,54
15-Mar-13	18,16	1.145,56	26,06	76,28	9.734,32	210,23	556,81	27,89	56,20	6,00	806,95	12.664,47
15-Jun-13	17,83	1.114,87	25,36	74,23	9.296,74	200,77	531,76	26,60	56,20	6,00	793,64	12.133,91
15-Sep-13	17,26	1.061,22	24,14	70,66	8.872,11	191,61	507,49	24,67	56,20	6,00	743,11	11.574,38
15-Dec-13	16,60	999,06	22,72	66,52	8.472,02	182,96	484,59	22,46	56,20	6,00	696,32	11.025,45
15-Mar-14	15,98	940,24	21,39	62,61	8.086,06	174,61	462,47	20,46	56,20	6,00	662,37	10.497,39
15-Jun-14	15,71	914,48	20,80	60,89	7.719,21	166,71	441,54	19,17	56,20	6,00	632,94	10.053,66
15-Sep-14	15,23	869,94	19,79	57,93	7.366,74	158,89	420,85	17,60	56,20	6,00	599,37	9.578,44
15-Dec-14	14,69	818,50	18,63	54,50	7.022,91	151,67	401,71	15,99	56,20	6,00	560,64	9.121,43
15-Mar-15	14,17	769,66	17,61	51,26	6.690,31	144,28	382,19	15,46	56,20	6,00	524,13	8.661,37
15-Jun-15	13,96	748,42	17,02	49,84	6.376,56	137,71	364,75	15,41	56,20	6,00	507,84	8.293,69
15-Sep-15	13,56	711,62	16,19	47,39	6.084,53	131,41	348,04	15,03	56,20	6,00	479,95	7.909,91
15-Dec-15	13,10	669,16	15,22	44,66	5.806,73	125,41	332,15	14,49	56,20	6,00	447,86	7.530,89
15-Mar-16	12,75	636,01	14,47	42,35	5.530,96	119,62	316,04	14,12	56,20	6,00	423,00	7.180,41
15-Jun-16	12,49	611,04	13,90	40,69	5.295,10	114,14	302,32	13,89	56,20	6,00	404,21	6.859,99
15-Sep-16	12,17	580,54	13,21	38,66	5.037,09	108,79	288,16	13,61	56,20	6,00	381,16	6.535,48
15-Dec-16	11,79	545,48	12,41	36,33	4.806,36	103,78	274,88	12,99	56,20	6,00	354,72	6.219,95
15-Mar-17	11,44	512,36	11,65	34,12	4.578,44	98,88	261,92	12,48	56,20	6,00	329,92	5.913,43
15-Jun-17	11,28	497,33	11,31	33,12	4.366,99	94,31	249,01	12,30	56,20	6,00	318,72	5.657,45
15-Sep-17	11,02	472,13	10,74	31,44	81.819,40	1.767,23	4.681,67	12,00	56,20	6,00	299,74	89.166,46
	1.297,02	96.098,99	1.751,40	5.122,58	867.200,00	9.000,00	23.600,00	2.151,54	2.754,04	294,00	68.032,72	1.077.502,30

Explanations to numeric outline

a) Collections.

(0) Balance of Reserve Fund.

(1) Outstanding Balance of the Mortgage Participations on the Determination Date pertaining to each Payment Date, after collection of the said Mortgage Participations has been made.

(2) Payment Dates for principal and interest on the Bonds until the final maturity thereof.

(3) Amount of principal amortized on the Mortgage Participations from the immediately preceding Payment Date through the Payment Date indicated.

(4) Interest collected by the Fund from the immediately preceding Payment Date through the Payment Date indicated for the Mortgage Participations.

(5) Return on the Fund's Cash Account, by virtue of the Guaranteed Rate Reinvestment Agreement, as well as the return obtained on reinvestment of the Reserve Fund.

(6) Total income on each Payment Date, pertaining to the sum of the amounts (3), (4) y (5).

b) Payments.

(7) Amounts pertaining to current expenses of the Fund (periodic administration fee, audit, rating, legal notices, publications, etc.).

(8) Amount of interest to be paid to the Class A Bondholders.

(9) Amount of interest to be paid to the Class B Bondholders.

(10) Amount of interest to be paid to the Class C Bondholders.

(11) Amount of principal to be paid to the Class A Bondholders.

(12) Amount of principal to be paid to the Class B Bondholders.

(13) Amount of principal to be paid to the Class C Bondholders.

(14) Amounts pertaining to payment of interest on the Subordinated Loan aimed at financing the Fund's incorporation expenses and the Bond issue, at partially financing the subscription of the Mortgage Participations and establishing the Reserve Fund.

(15) Periodic amortization of the part of the Subordinated Loan earmarked towards financing the expenses relating to incorporation of the Fund and the Bond issue. The charts do not consider amortization of the Subordinated Loan in function of the reduction of the Reserve Fund because we are not including such reduction as an origin, nor are we including the portion aimed at partially financing the subscription of the Mortgage Participations.

(16) Fee payable to UCI for administration of the Mortgage Loans.

(17) Amount to be paid to UCI for its financial intermediation efforts in relation to the Mortgage Participations issue.

(18) Total payments on each Payment Date, pertaining to the sum of the amounts (7), (8), (9), (10), (11), (12), (13) , (14), (15), (16) and (17).

V.2 Accounting criteria used by the Fund.

The Fund will make a time-based imputation of income and expenses by following the accrual method.

V.3 Description of the purpose or object of the financial transactions and credit enhancements.

In order to consolidate its financial structure and procure the greatest hedging possible for risks inherent to the issue, the Manager, on behalf of the Fund, shall proceed on the same date on which the Deed of Incorporation is executed, to execute the following contracts:

V.3.1 Guaranteed Rate Reinvestment Agreement and Cash Account.

The Bank and the Manager, on behalf of the Fund, shall enter into a Guaranteed Rate Reinvestment Agreement whereby the Bank shall guarantee a yield on the sums deposited by the Fund, through its Manger, into the financial account initially opened by the Manager in the Fund's name, at the Bank. Specifically, the Guaranteed Rate Reinvestment Agreement shall determine that the amounts the Fund receives for:

(i) principal and interest on the Mortgage Participations;

(ii) any other amounts, assets or rights, which are received in payment of principal or ordinary and default interest on the Mortgage Loans, or for disposal or exploitation of the properties awarded in foreclosure of the mortgage collateral, or as a consequence of the said foreclosures, in administration and interim possession of the properties in the process of being foreclosed, as well as all possible rights or indemnities which may result in favor of UCI, including not only those arising out of the insurance contracts assigned by UCI to the Fund, but also those arising out of any right accessory to the Mortgage Loans, and excluding all fees contemplated in the Mortgage Loans which shall be for the benefit of UCI.

(iii) amount of principal of the foreclosed Mortgage Loans, from the date of disposal of the property, acquisition at the awarded price or amount determined by judicial resolution or notarial proceeding;

(iv) the amount which is contained in the Reserve Fund (as described in Section V.3.3) from time to time;

(v) the amount representing the return obtained on the reinvestments made with the amounts (i), (ii), (iii) and (iv), *supra*;

shall be deposited into the Cash Account.

The Bank guarantees to the Fund, through its Manager, an annual yield on the amounts deposited into the Cash Account, equal to the EURIBOR at three (3) months or four (4) months for the First Interest Accrual Period (as defined in Chapter II of this Prospectus for the Bonds) during the quarter immediately preceding each Payment Date.

The calculation of the yield obtained on the investments made daily shall be performed by taking the actual days and, as a base, a year composed of three hundred sixty-five (365) days. Settlement of interest shall be monthly, five (5) business days prior to the 15th of each month.

In no event shall the Bank be entitled to dispose of any amount deposited under this Agreement, as an off-setting of any debts the Fund may have to the Bank.

In the event that the Bank's short-term debt should undergo, during the life of the issue, a decline in its rating below A-1 (as per the rating scale of S&P Rating Services), the Manager, on behalf of the Fund, shall transfer the Fund's Cash Account to a bank whose short-term debt possesses a minimum rating of A-1, and shall contract the maximum yield possible for its balance, which may be different from the one contracted with the Bank, within a maximum period of thirty (30) Business Days from the time in which such situation takes place, and the Bank shall, subsequently, cease carrying out the investment upon the funds available in the Cash Account being transferred to the new bank, and may later trasfer it to the Bank when its short-term debt once again achieves a rating of A-1, as per the scale mentioned above.

The counterparty of the Fund in the Reinvestment Agreement at a Guaranteed Interest Rate and Cash Account shall always remain with a minimum A-1 rating (as per the rating scale of S&P Rating Services).

In the event that the sum accumulated in the Cash Account exceeds 20% of the Balance Pending Payment on the Bonds, the Manager, on behalf of the Fund, shall open a new account at a bank having a rating of A-1+ (the "Surplus Funds Account") into which all such amounts which exceed the above-mentioned 20% shall be deposited. In the event that the new bank should lose the A-1+ rating, the Manager shall have 30 days to find a new bank with the adequate rating. The Manager shall notify S&P España as far in advance as possible of the probability of this event occurring

In the event that the Manager, at contracting the maximum yield for the balance of the Surplus Funds Account, opted for investing in securities, such securities would need to have a minimum rating of A-1+ (as per the rating scale of S&P Rating Services) with maturity prior to the following interest Payment Date.

At the present time, the returns on the Mortgage Participations which constitute income for the Fund are not subject to withholding, as established in article 59.K), Chapter II, Title IV, of the Corporate Income Tax Regulations, approved by Royal Decree 1777/2004.

The Guaranteed Rate Reinvestment Agreement seeks to contribute towards mitigating the risk of a time-based shortfall between the Fund's income for principal and interest on the Mortgage Participations, on a daily basis, and the redemption and interest payments on the Bonds, on a quarterly basis.

V.3.2 Subordinated Loan Agreement in the amount of Euros eleven million two hundred and twenty five thousand (EUR 11,225,000).

The Manager, on behalf of the Fund and *Union de Crédit pour le Batiment S.A.* ("UCB") (a company 99.93% owned by BNP Paribas) shall enter into with the Bank a Subordinated Loan Agreement (on a 50%/50% basis as per their creditor position) in the amount of Euros eleven million two hundred and twenty five thousand (EUR 11,225,000), which shall be earmarked towards financing the incorporation expenses of the Fund and the Bond issue, and towards partially financing the acquisition of the Mortgage Participations, to cover the temporary shortfall in the First Interest Accrual Period for an amount equal to the difference to be generated between the interest on the Mortgage Participations to be collected from the Pay-out Date (June 2, 2005) through the maturity date of the first four payments (June through September) of the Mortgage Participations (September 5, 2005) and the interest on the Bonds to be paid on the first Payment Date (September 15, 2005) and to fund a Reserve Fund to be applied on each Payment Date, together with the remainder of Available Funds, as described in Section V.5.1,b), 1, of the Prospectus, to the performance of all payment obligations or withholding of the Fund, in the order of priority contemplated in Section V.5.1, b), 2 of the Prospectus. The said Reserve Fund is described in Section V.3.3 of this Prospectus.

The Subordinated Loan shall accrue nominal interest per annum which results from adding 0.55% to the EURIBOR at three (3) months or at four (4) months for the First Interest Accrual Period (as defined in Chapter II of this Prospectus) during the quarter immediately preceding each Payment Date, and which shall be paid only if the Fund has sufficient liquidity in accordance with the order of priority of payments established under Section V.5.1,b),2 of this Prospectus. Interest accrued which must be paid on a given Payment Date shall be calculated by taking the following as a base: (*i*) the actual days existing in each Interest Accrual Period described under Section II.10.1,a) of the Prospectus, and (*ii*) three hundred sixty (360) days.

Interest accrued and not paid on a Payment Date, shall be accumulated, accruing default interest at the same rate as that of the Subordinated Loan and shall be paid, provided that the Fund has sufficient liquidity, and in accordance with the order of priority of payments contemplated under Section V.5.1,b), 2 of the Prospectus.

The portion of the Subordinated Loan assigned to financing the expenses relating to incorporation of the Fund (as described in Section II.14, a) of this Prospectus), and that assigned to financing the expenses relating to the Bond issue (as per Section II.14, b)), as well as the part assigned to covering the temporary imbalance during the First Period of the Interest Accrual shall be amortized quarterly to the extent such expenses are depreciated during the first three (3) years from the incorporation of the Fund and the Bond issue. Notwithstanding the above, the said portion of the Subordinated Loan may be prepaid, provided that the Fund has sufficient liquidity, in accordance with the order of priority of payments contemplated in Section V.5.1, b), 2), and it is so agreed between the Manager and UCI.

The portion of the Subordinated Loan earmarked towards partially financing the subscription of the Mortgage Participations shall be amortized on the Payment Date subsequent to the Final Maturity Date of the said Mortgage Participations (December 15, 2039) or, as the case may be, on the date of prepayment thereof. The remaining principal on the Subordinated Loan shall be amortized on each one of the Payment Dates in an amount equal to the difference existing between the amounts of the balances required of the Reserve Fund (as described in Section V.3.3 of the Prospectus) on the previous Determination Date and Determination Date in progress (as described in Section II.11.3 of the Prospectus), all of which provided that the Fund has sufficient liquidity in accordance with the priority of payments contained in Section V.5.1, b), 2).

This loan, because it is subordinated, shall be deferred in ranking with respect to several of the Fund's other creditors in the terms provided by Section V.5.1.,b),2) of this Prospectus, including, but not only, the Bondholders.

V.3.3 Reserve Fund.

The Manager, on behalf of the Fund, shall fund a Reserve Fund against the Subordinated Loan described in Section V.3.2, with the following characteristics:

(i) Amount

It shall have an initial amount equal to Euros ten million three hundred and fifty thousand (EUR 10,350,000), equivalent to 1.15% of the initial amount of the Bonds and shall remain fixed at the said amount during the first three years. Once it reaches 2.3% of the Outstanding Balance of the Mortgage Participations, the Reserve Fund may decrease quarterly on each Payment Date. As from this time, the Reserve Fund shall reach the greater of the following amounts and shall remain constant, depending on the late payment rate of the Mortgage Participations, in the following amounts:

- A minimum amount of 0.40% of the initial amount of the Bonds when, on a Payment Date, the Outstanding Balance of the Mortgage Participations subject to late payments greater than or equal to ninety (90) days is less than 0.75% of the Outstanding Balance of the Mortgage Participations, after which time it shall remain constant at the said level as long as such situation persists; or

- A minimum amount of 0.70% of the initial amount of the Bonds when, on a Payment Date, the Outstanding Balance of the Mortgage Participations subject to late payments greater than or equal to ninety (90) days is between 0.75% and 1.25% of the Outstanding Balance of the Mortgage Participations, and the Reserve Fund reaches 2.3% of the Outstanding Balance of the Mortgage Participations, the Reserve Fund shall reach a minimum amount of 0.70% of the initial amount of the Bonds. The required level for the Reserve Fund shall remain constant, provided that such late payment rates are maintained; or

- An amount equivalent, on a Payment Date, to the maximum between 0.80% of the Initial Balance of the Bonds and 2.3% of the Outstanding Balance of the Mortgage Participations, where the Outstanding Balance of the Mortgage Participations subject to late payments greater than or equal to ninety (90) days is greater than 1.25% of the Outstanding Balance of the Mortgage Participations. The Reserve Fund shall remain constant at the level it would have reached on the said Payment Date, through the Final Maturity Date of the Fund, on which it shall be used for performance of the Fund's payment obligations.

At the time in which such circumstance does not occur, it may decrease until reaching the required level.

Notwithstanding the above, in order that the Reserve Fund may decrease on a Payment Date, it is a necessary condition that none of the following circumstances shall occur:

a) That a Redemption Deficit exists.

b) That the Outstanding Balance of the Mortgage Participations is less than 10% of the Initial Balance.

c) That the average weighted interest rate on the Mortgage Participations is less than the average weighted interest rate on the Bonds of the three Classes plus a spread of 0.40%.

(ii) Yield

The amount of the said Fund shall be paid into the Cash Account, and, together with the principal and interest on the Mortgage Participations, shall be reinvested by virtue of the Guaranteed Rate Reinvestment Agreement (as described in Section V.3.1 of this Prospectus).

(iii) Purpose

The Reserve Fund shall be applied, on each Payment Date, towards performance of the payment obligations contained in the order of priority of payments contained in Section V.5.1, b), 2) of this Prospectus.

V.4 Other Contracts.

V.4.1 Issue Underwriting and Placement Agreements.

The Manager, on behalf of the Fund, shall enter into one Domestic Tranche Lead Manager, Underwriting and Placement Agreement with the Bank, BNP Paribas y Banco Sabadell and another International Tranche Underwriting and Placement Agreement with the Bank, BNP Paribas and Dexia, by virtue of which, the Underwriters and, in their respective Domestic and International Tranches, shall proceed with the free allocation of the Bonds, for the amounts provided for each one in Section II.19.1 of this Prospectus and, once the Subscription Period has ended, shall subscribe those Bonds which have not been subscribed. The Bank is also acting as Agent Bank as per the Domestic Tranche Lead Manager, Underwriting and Placement Agreement.

The Underwriters, assume the obligations contained in the Issue Lead Manager, Underwriting and Placement Agreements, and which shall basically be as follows: 1) commitment for joint subscription of Bonds which have not been subscribed, once the Subscription Period has ended, up to the established amounts; 2) payment by the Underwriters to the Bank in its capacity as Agent Bank, prior to 2:00 p.m. on the Business Day following the closing date of the Subscription Period, for value that same day, of the face amount underwritten by each one, after deducting the portion of the underwriting fee accrued in their favor, by virtue of the Issue Lead Manager, Underwriting and Placement Agreements to be executed between them, and 3) thereafter, the said Agent Bank shall proceed to pay to the Fund, prior to 3:00 p.m. on the above-mentioned day, the amounts received from the other Underwriters plus the amount underwritten thereby less its underwriting fee.

The sole cause for termination of the Issue Lead Manager, Underwriting and Placement Agreements is in the event that the Rating Agency (S&P España) does not confirm, prior to the start of the Bond Subscription Period, the AAA, A and BBB ratings on the Classes A, B and C Bonds, respectively.

V.5 Rules of priority established in the Fund's Payments.

V.5.1 Ordinary rules of priority in the payments for which the Fund is responsible.

Source and application of Funds.

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

The source and application of the amounts available by the Fund on the Date of Incorporation and afterwards, throughout the life of the Bond issue, shall be as follows:

1. *Source:* the Fund shall have funds available as a consequence of the following concepts:

   a) Bond Issue.

   b) Subordinated Loan.

2. *Application:* in turn, on the issue date, the Fund shall apply the funds described above, *inter alia*, to the following payments:

   a) Subscription of the Mortgage Participations.

   b) Payment of expenses relating to the incorporation of the Fund and the Bond issue.

   c) Funding of the Reserve Fund.

b) After the date of incorporation of the Fund through the total redemption of the Bonds

1. *Source:* the ***Available Funds*** on each specific Payment Date shall be the as follows:

   a) The nominal interest collected on the Mortgage Participations (including default interest) during each preceding Determination Period. The said amounts shall have been deposited into the Cash Account, in accordance with the provisions of Section V.3.1 of this Prospectus.

   b) The yield obtained during each preceding Determination Period for reinvestment of the Reserve Fund, as provided in Section V.3.3, as well as on the amounts deposited in the Cash Account and, if applicable, in the Surplus Funds Account, in accordance with the provisions of Section V.3.1 of this Prospectus.

   c) The amounts received for principal on the Mortgage Participations during each preceeding Determination Period. Such amounts would have been deposited in the Cash Account, pursuant to the provisions of Section V.3.1 of this Prospectus.

   d) The Reserve Fund, described in Section V.3.3 of this Prospectus.

   e) Any other amounts which the Fund may receive including those which may result from the disposal of real properties awarded thereto, or exploitation thereof.

   The Available Funds shall be assigned to meet the order of priority of payments, as established.

Available Funds for Redemption:

The amount to be earmarked towards redemption of the Bonds (Available Funds for Redemption) shall be the lower of the following amounts:

a) ***The Accrued Redemption Amount*** of the Classes A, B and C Bonds, without distinction among the latter, shall be equal to the difference existing, in absolute values, between the Balances Pending Payment on the Classes A, B and C Bonds on the Determination Date prior to each Payment Date and the Outstanding Balance of the Mortgage Participations, having first subtracted from the latter a percentage of the principal amount of the Mortgage Loans subject to a lateness in payment of the amounts owed by a period greater than or equal to 18 months. This percentage shall be determined in function of the time, specified in months of delay, in the payment of the amounts owed (T) and the ratio between the balance pending payment and the appraised value ("Loan to Value" / (LTV)) of the Mortgage Loan (ML) underlying each Mortgage Participation, in accordance with the following rules:

% LTV	T= 18 MONTHS	T= 24 MONTHS	T= 36 MONTHS	T= 48 MONTHS
80% - 60%	ML x 50%	ML x 75%	ML x 100%	MLx 100%
60% - 40%	ML x 25%	ML x 50%	ML x 75%	ML x 100%
< 40%	0%	0%	ML x 25%	ML x 50%

Example:

ML: EUR 60,000. LTV: 65%

EUR 60,000* 50%: EUR 30,000 at 18 months.

ML:EUR 90,000 LTV: 45%

EUR 90,000 * 25% : EUR 22,500 at 18 months.

b) Depending upon the liquidity existing on that Payment Date, the remainder of Available Funds, after deducting the amounts applied to concepts 1, 2, 3 and 4 of the order of priority of payments.

2. *Application:* the Available Funds on each Payment Date (irrespective of the time of accrual) shall be applied towards performance of payment or withholding obligations, as follows:

In the first place, the Manager, on behalf of the Fund, shall proceed to apply the amount of the ***Available Funds*** to the following payments and withholdings, in accordance with the order of priority described below:

1. Payment to the Manager for ordinary and extraordinary expenses of the Fund, including the periodic administration fee in favor thereof, payment of the administration fee in favor of a third entity not UCI in the event that UCI should be replaced as Servicer of the Mortgage Loans (in the terms of Section V.5.2) and payment to UCI of the expenses it has advanced or Incurred for the account of the Fund on an exceptional basis in relation to the servicing of the Mortgage Loans (for foreclosure of collateral and/or sale of real properties), all of which duly justified.

2. Payment of interest on the Class A Bonds.

3. Payment of interest on the Class B Bonds.

   Notwithstanding the occurrence of the two circumstances below, Payment of Interest on the Class B shall be made, provided that the Fund had a remainder deriving from the charging of interest on the Mortgage Participations and the yield obtained by the Cash Account and Surplus Funds Account, if any.

   This payment will be postponed to 6th place, if the following circumstances should occur:

   1) That, on a Payment Date, full redemption of the Class A Bonds would have not occurred, and

   2) That on a Payment Date the amount resulting from deducting from the Outstanding Principal on the Class A Bonds any of the following amounts is greater than zero:

      - The remainder of Available Funds after deducting the amounts applied to the payment obligations in items 1 through 3, inclusive, of this order of priority of payments.

      - The Outstanding Balance of the Mortgage Loans paid current or subject to less than 18 months late payments on the previous Determination Date.

4. Payment of interest on the Class C Bonds.

   Notwithstanding the occurrence of the two circumstances below, Payment of Interest on the Class C shall be made, provided that the Fund had a remainder deriving from the charging of interest on the Mortgage Participations and the yield obtained by the Cash Account and Surplus Funds Account, if any.

   This payment will be postponed to 7th place, if the two following circumstances should occur:

   1) That, on a Payment Date, full redemption of the Classes A and B Bonds would have not occurred, and.

   2) That, on a Payment Date, the amount resulting from deducting from the Outstanding Principal on the Classes A and B Bonds any of the following amounts is greater than zero:

      - The remainder of Available Funds after deducting the amounts applied to the payment obligations in items 1 through 4, inclusive, of this order of priority of payments.

      - The Outstanding Balance of the Mortgage Loans paid current or subject to less than 18 months late payments on the previous Determination Date.

5. Withholding of an amount equal to the Accrued Redemption Amount.

6. Payment of interest on the Class B Bonds when payment is postponed from 3rd place in the order of priority.

7. Payment of interest on the Class C Bonds when payment is postponed from 4th place in the order of priority.

8. Withholding of a sufficient amount to maintain the Reserve Fund at its required level from time to time, in accordance with the provisions of Section V.3.3.

9. Payment of interest accrued on the Subordinated Loan.

10. Repayment of principal on the Subordinated Loan in an amount equal to the depreciation of the expenses relating to incorporation of the Fund and the Bond issue.

11. Amortization of principal on the Subordinated Loan in an amount equal to the difference existing between the amount of the required balance of the Reserve Fund as at the Determination Date in progress.

12. Payment to UCI, on each Payment Date, of the fee for servicing the Mortgage Loans, equal to Euros six thousand (EUR 6,000), VAT included, and through the Final Maturity Date on which the total redemption of the issue takes place, i.e. December 15, 2039, inclusive (or through the Payment Date On which the early redemption thereof shall take place).

13. Quarterly payment to UCI of a variable sum as remuneration or compensation for the financial intermediation process carried out, equal to the difference between the accounting income and expenses for the Fund, on the pertinent Payment Date, except as provided by Section V.5.2.

The **Funds Available for Redemption**, coming from the withholding to be carried out in accordance with point 4 of the order of priority of payments, shall be earmarked towards the aforesaid redemption, in accordance with the rules contemplated in Section II.11.3,b), 6 of this Prospectus. The first redemption payment on the Class B Bonds shall take place on the Payment Date On which the Balance Pending Payment on the Class B Bonds is greater than or equal to 2% of the Balance Pending Payment on the Bonds of the three Classes and Class C shall start to redeem at the time in which the Balance Pending Payment thereon is greater than or equal to 5.3% of the Balance Pending Payment on the Bonds of the three Classes.

V.5.2 Exceptional Rules of Priority of Payments for which the Fund is Responsible.

As established in item 1 of the order of priority of payments, if the substitution of UCI as Servicer of the Mortgage Loans should take place in favor of another entity, a fee will accrue in favor of the third party, the new Servicer, which will go from occupying item 12 up to item 1 in the above-mentioned order of priority.

In the event that on one and the same Payment Date (with respect to the period running between such Payment Date and the previous one) more than 7% of the borrowers have exercised the right to limitation of payment amount as per the CPI, the payment of item 13 of the order of priority of payments described in Section V.5.1 of this Prospectus referring to the quarterly payment to UCI of a variable amount as remuneration or compensation for the financial mediation process shall be suspended. In such case, the said amount would be deposited into the Cash Account until the Payment Date on which the exercise of the the limitation of payment amount as per CPI pertaining to the new period does not exceed the above-mentioned percentage. The payment of the said fee may only be made in restitution subject to agreement with the Rating Agency. The calculation of the said percentage shall be made on the Determination Dates.

With respect to the Redemption of the Classes B and C Bonds, it will not take place if any of the circumstances contemplated in Section II.11.3.b).6 of this Prospectus should occur.

CHAPTER VI

GENERAL INFORMATION ON THE MANAGER

VI.1 In relation to the Manager, except as regards its capital.

VI.1.1 Corporate name and registered offices.

- ***Corporate name*:** Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A.
- ***Registered offices*:** Ciudad Grupo Santander, Avenida de Cantabria, s/n, Boadilla del Monte (28660 Madrid).
- ***Tax Identification Number*:** A-80481419
- ***Business Standardized Classification (C.N.A.E.)*:** 81 99

VI.1.2 Incorporation and registration with the Mercantile Registry, as well as information relating to administrative authorizations and registration with the Spanish Securities Market Commission ("Comisión Nacional del Mercado de Valores"; "CNMV").

The Manager was incorporated by public deed granted, on December 21, 1992 before Madrid Notary Public Francisco Mata Pallares, under number 1,310 of his official record, by virtue of the authorization of the Ministry of Economy and Finance granted on December 10, 1992, subject to a report by the Spanish Securities Market Commission. It was registered with the Mercantile Registry of Madrid on January 28, 1993 under Volume 4789, Page M-78658, 1st registration entry in the Book of Companies and in the Special Registry of the Spanish Securities Market Commission, on February 10, 1993, under number 1.

In addition, the Manager amended its by-laws by a resolution of its Board of Directors, passed on June 15, 1998 and processed as a public deed granted by Madrid Notary Public Roberto Parejo Gamir on July 20, 1998 under number 3,070 of his official record, in order to conform to the requisites established for Asset Securitization Fund Management Companies by Royal Decree 926/1998, of May 14. Said amendment was authorized by the Minister of Economy and Finance on July 16, 1998 pursuant to the requirements of the Single Transitional Provision of said Royal Decree.

The Manager's duration is unlimited notwithstanding the occurrence of any of the causes for dissolution established by law.

VI.1.3 Corporate Purpose

According to article two of the Bylaws, the sole purpose of the Manager is: *"the incorporation, management and legal representation of Mortgage Securitization funds under the terms of article six of Law 19/1992, of July 7, on the scheme of Real Estate Investment Funds and Companies and on Mortgage Securitization Funds and Asset Securitization Funds, pursuant to the provisions of article 12, item 1, of Royal Decree 926/1998, of May 14, regulating Asset Securitization Funds and Securitization Fund*

Management Companies. In its capacity as manager of third-party businesses, it shall be vested with the representation and defense of the interests of the holders of the securities issued against the Funds it manages and of the remaining unsecured creditors thereof, as well as with the implementation of such other duties as are attributed by current law in force to Securitization Fund Management Companies."

VI.1.4 Place where the documents cited in the Prospectus, or whose existence is inferred from the contents thereof, may be consulted.

The Bylaws of the Manager, accounting and financial statements of the Manager, as well as any other document cited in this Prospectus, or whose existence is inferred from the contents thereof, may be consulted at the Manager's registered offices: Ciudad Grupo Santander, Avenida de Cantabria, s/n, Boadilla del Monte (28660-Madrid).

This Prospectus was registered with the Official Registries of the Spanish Securities Market Commission on May 26, 2005. It is available to the public free of charge, at the registered offices of the Manager and of the placement Underwriters. Furthermore, it may be consulted at the Spanish Securities Market Commission in Madrid, at Paseo de la Castellana, 15, and at AIAF Mercado de Renta Fija, Edificio Torre Picasso, planta 43 (43rd floor) Plaza Pablo Ruiz Picasso, s/n.

Once the Deed of Incorporation has been granted and before the start of the Bond Subscription Period, the Manager shall submit to the Spanish Securities Market Commission an authorized copy of the Deed of Incorporation. In addition, the Manager itself, the clearinghouse or the participating entity to which it delegates its duties, and AIAF shall have available at all times to the Bondholders and the general public copies of the Deed of Incorporation for consultation purposes.

VI.2 Relating to Share Capital

VI.2.1 Par value subscribed and paid-in.

Santander de Titulización, Sociedad Gestora de Fondos de Titulización, S.A.'s share capital amounts to Euros nine hundred one thousand six hundred fifty (EUR 901,650), represented by fifteen thousand (15,000) registered shares each having a par value of Euros sixty and eleven cents (EUR 60.11), consecutively numbered from one (1) through fifteen thousand (15,000), both inclusive.

VI.2.2 Classes of shares.

All shares belong to the same Class and grant the same political and economic rights.

VI.2.3 Capital evolution for the last three years.

Since the Manager's incorporation on December 21, 1992 with one hundred million (100,000,000) pesetas, the share capital has undergone a variation twice. The first one, when it was increased in the amount of fifty million (50,000,000) pesetas to a total of one hundred fifty million (150,000,000) pesetas by capital increase deed and other resolutions, executed on July 20, 1998 before Madrid Notary Public Roberto Parejo Gamir, under number 3,070 of his official record, as registered with the Mercantile Registry of Madrid under Volume 4,789, Folio 89, Section 8, Page M-78658, 13th registration entry. And the second one, as a result of the redenomination of the share capital and par value of the shares into Euros, thereby carrying with it a capital increase caused by the adjustment of the par value of the shares of Euros one hundred thirty-one and eighty-four cents (EUR 131.84), the share capital therefore changing from Pesetas one hundred fifty million (ESP

150,000,000) (EUR 901,518.16) to the present amount of Euros nine hundred one thousand six hundred fifty (EUR 901,650), by deed of redenomination of capital by adjustment of share value, executed on December 13, 2001 before Madrid Notary Public Roberto Parejo Gamir, under number 4,426 of his official record, as registered with the Mercantile Registry of Madrid under Volume 4,789, Folio 94, Section 8, Page M-78658, 26th registration entry.

VI.3 Information regarding shareholdings.

VI.3.1 Existence or non-existence of stakes in other companies.

No stakes in any company exist.

VI.3.2 Company group of which the Manager forms part.

For the purposes of section 42 of the Spanish Commercial Code, Santander de Titulización, Sociedad Gestora de Fondos de Titulización, SA forms part of the Santander Group.

VI.3.3 Holders of significant stakes.

The following shareholders owned a direct stake, greater than or equal to 5% in the share capital of the Manager, on the Date of preparation of this Prospectus:

Shareholder	*%*
Santander Central Hispano Investment, S.A.	19%
Banco Santander Central Hispano, S.A.	81%

VI.4 Corporate Bodies.

VI.4.1 Board of Directors.

The Board of Directors is formed by the following persons:

***Chairman*:**	Mr. José Antonio Alvarez Alvarez
***Directors*:**	Mr. Ignacio Ortega Gavara
	Mr. Santos González Sánchez
	Mr. Emilio Osuna Heredia
	Ms. Ana Bolado Valle
	Mr. Francisco Pérez -Mansilla Flores
	Mr. Fermín Colomés Graell
	Mr. Eduardo García Arroyo
	Mr. Marcelo Alejandro Castro
	Mr. José Antonio Soler Ramos
***Secretary non-director*:**	Ms. María José Olmedilla González

VI.4.2 General Management.

The Manager's General Manager is Mr. Ignacio Ortega Gavara.

VI.5 Aggregate interests in the Manager of the persons cited under section VI.4.

The persons cited in Section VI.4.1 are not direct or indirect holders or representatives of any share or convertible bond.

VI.6 Manager's Lenders for over 10%.

The Manager has received no loan from any individual or entity.

VI.7 Mention of whether the Manager is under any receivership situation and the existence of significant litigation and disputes that may affect, in the future, its capacity to carry out the Fund's management and administration duties as provided by this Prospectus.

Not applicable.

CHAPTER VII

RECENT PROGRESS AND PROSPECTS OF THE MORTGAGE SECURITIZATION FUND

VII.1 More recent and significant trends of the Market, generally.

In April, the Euribor, which is the reference index used for most of the Mortgage Loans granted in Spain, continuously and gradually decreased, it being 2.335%, at the beginning of the month, and 2.205%, at the end of the month. Despite of such decrease, April's index was higher than the 2.163% index of April last year, where it reached its lowest rate ever.

The gradual reduction of the Euribor proves that European economy has not completed its growth, as estimated at the beginning of the year. Consequently, in order to enable the recovery of the economy and the consumer's purchasing power, in absence of inflation tensions in the Euro zone, the Central European Bank has maintained the official interest rate at 2%.

Most likely, the Euribor will maintain the above-mentioned rates, with slight variations, either upwards or downwards, at least, until the second half of this year, where further variation of European official rates is expected.

Additionally, the family support's option to external funding is increasingly growing, particularly affecting the mortgage loan sector, with its peak in September 2004, reaching 23.8%. According to the Bank of Spain, in February 2005, not only the high level of progress of the last few months was kept, increasing by 24%, but it also speed up 0,4 points compared with the January increase. At the end of February 2005, the banks had granted mortgage loans to families for approximately Euros 7,000 million more than in January and Euros 75,000 million more than in February 2004.

The debt increase with regard to purchase of homes derives from the gradual increase of the price of housing, giving rise to the families being forced to request loans for higher amounts in order to afford the payment of the increasing price of housing.

In the light of the aforementioned increase of loans granted by banks, the Bank of Spain is maintaining the risk control policy that allows anticipating to the problems of excessive late payment, considering the current level of allowance for doubtful accounts as appropriate and maintaining the "statistics fund", so that the allowance level almost trebles the amount of doubtful payment loans. Nevertheless, the Bank of Spain remains cautious, specially at comparing the Spanish debt increase to the 5% increase in the rest of Europe.

VII.2 Implications that may derive from the trends under VII.1 above

The Mortgage Loans portfolio underlying the Mortgage Participations, which owner shall be the Fondo de Titulización Hipotecaria UCI 12, is almost entirely comprised of Mortgage Loans under a variable interest rate. This means that a further decrease of the interest rates shall not affect loans under a variable rate since such rates shall be periodically adjusting to the market interest rate variations. Otherwise, should there be a substantial rate increase, the loans shall be affected by a high early payment rate.

Fdo: IGNACIO ORTEGA GAVARA

- Director General -

SANTANDER DE TITULIZACIÓN,

S.G.F.T., S.A.