

ASSETS SECURITISATION FUND

UCI 9

SECURITISATION NOTES

1,250,000,000 Euros

CLASS A:	1,198,100,000 Euros	EURIBOR 3M + 0.245%
CLASS B:	42,500,000 Euros	EURIBOR 3M + 0.550%
CLASS C:	9,400,000 Euros	EURIBOR 3M + 1.050%

SUPPORTED BY MORTGAGE PARTICIPATIONS AND CTH ISSUED BY
UNIÓN DE CRÉDITOS INMOBILIARIOS, ESTABLECIMIENTO FINANCIERO DE CRÉDITO



Co-MANAGERS



UNDERWRITER
DOMESTIC TRANCHE



UNDERWRITERS
INTERNATIONAL TRANCHE



Paying AGENT



Fund promoted and managed by:



TITULIZACIÓN, S.G.F.T., S.A.

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This Prospectus is a 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 June [], 2003. The "*Folleto Informativo*" drafted in Spanish language is the only official document.

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SUMMARY OF GENERAL CONDITIONS**INCORPORATION OF THE ASSET SECURITIZATION FUND UCI 9 AND ISSUE OF NOTES OVER ITS ASSETS****1. THE FUND****1.1 Name and Incorporation**

The Fund is called FONDO DE TITULIZACIÓN DE ACTIVOS UCI 9 and will be incorporated by means of a notarial deed, in accordance with Royal Decree 926/1998 of May 14, on Asset Securitization Funds and Managing Companies of Securitization Funds, and subsidiarily in accordance with Law 19/1992 of July 7, on the Regime applicable to Companies and Funds of Real Estate Investment and on Funds of Mortgage Securitization and other applicable regulations.

The incorporation of the Fund will take place, after verification and registration of the Prospectus of incorporation of the Fund (the "Prospectus") with the CNMV, as a closed fund, in accordance with Article 3 of Royal Decree 926/1998 of May 14.

1.2. The Managing Company

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

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

The assets of the Fund are composed of [] Credit Rights, for a total amount of [] euros, divided in [] Mortgage Participations for an amount of [] euro and [] Mortgage Transfer Certificates for an amount of [] euro.

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

- (I) The Mortgage Loans A (the "**Mortgage Loans A**"), the purpose of which is the acquisition and restoration of dwellings and comply with all the requisites under Law 2/1981, of March 25, on the Mortgage Market, and its regulations. The Credit Rights which derive from these transactions are the Credit Rights derived from Mortgage Loans which are assigned through the issue of Mortgage Participations.
- (II) The Mortgage Loans B (the "**Mortgage Loans B**"), the purpose of which is the acquisition and restoration of dwellings, include the following two classes and do not comply with all the requisites under Law 2/1981, of March 25, on the Mortgage Market, and its regulations. These Mortgage Loans B amount to 10% of the portfolio of Mortgage Loans.
 - a) Mortgage Loans the principal balance of which exceeds 80% of the underlying asset's valuation on the date of issue of the Mortgage Transfer Certificates (the "**Mortgage Loans Ba**"). The principal balance of these Mortgage Loans does not exceed 100% of the underlying asset's valuation.
 - b) Mortgage Loans which have a mortgage security that ranks second, provided that the mortgage security which ranks first is in favour of UCI, in the event of amounts exceeding 80% of the underlying asset's valuation (the "**Mortgage Loans Bb**").
- (III) The Mortgage Loans C (the "**Mortgage Loans C**") which belonged to the Mortgage Securitisation Fund UCI 1 and comply with all the requisites under Section 2 of Law 2/1981, of March 25, on the Mortgage Market. Prior repurchase by UCI, the Mortgage Loans C will form part the assets of this Fund.

The assignment of the Mortgage Loans A and the Mortgage Loans C will be made through the issue by UCI of Mortgage Participations to be subscribed by the Fund by means of the Incorporation Deed. The assignment of

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the Mortgage Loans B will be made through the issue by UCI of Mortgage Transfer Certificates to be subscribed by the Fund by means of the Incorporation Deed.

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

3. LIABILITIES OF THE FUND

The liabilities of the Fund consist of the Notes issued by the Fund and a Subordinated Loan.

3.1. Notes

3.1.1. Characteristics:

- **Issued Amount and Number of Notes:** one billion, two hundred and fifty million (1,250,000,000) euro, made up of twelve thousand five hundred (12,500) Notes divided into three Classes:
 - **Class A:** made up of eleven thousand nine hundred and eighty one (11,981) Notes and with a total nominal amount of one billion, one hundred and ninety eight million and one hundred thousand (1,198,100,000) euro.
 - **Class B:** made up of four hundred and twenty five (425) Notes and with a total nominal amount of forty two million five hundred thousand (42,500,000) euro.
 - **Class C:** made up of ninety four (94) Notes and with a total nominal amount of nine million four hundred thousand (9,400,000) euro.
- **Face Value:** one hundred thousand (100,000) euro per Note.
- **Price of issue:** one hundred thousand (100,000) euro per Note free of taxes and subscription expenses for the subscriber.
- **Reimbursement price:** one hundred thousand (100,000) euro per Note, free of expenses for the Noteholder.
- **Interest rate:** EURIBOR at three months plus a spread of + 0.245% for Class A Notes, EURIBOR at three months plus a spread of + 0.55% for Class B Notes and EURIBOR at three months plus a spread of + 1.05% for Class C Notes, floating quarterly for both Classes in accordance with Section II.10.1 of the Prospectus.
- **Frequency of payment of interest and Principal:** quarterly, on the 19th of March, June, September and December.
- **First Payment of Interest:** September 19, 2003.
- **Date of issue of the Notes and incorporation of the Fund:** June 16, 2003.
- **Date of subscription:** June 18, 2003.
- **Date of disbursement:** June 19, 2003.
- **Final Maturity Date:** June 19, 2035.

3.1.2. Credit Risk Rating ("ratings"):

- **Class A:** AAA (S&P España) / Aaa (Moody's España)
- **Class B:** A+ (S&P España) / A2 (Moody's España)
- **Class C:** BBB+ (S&P España) / Baa2 (Moody's España)

3.1.3. Organized Official Secondary Market to which listing of the Notes will be applied for: AIAF, Mercado de Renta Fija.

3.1.4. Accounting Record of the Notes: the entity that will be in charge of the accounting record of the Notes will be the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Sociedad de Sistemas), which will clear and settle the transactions conducted over the Notes.

SUMMARY OF GENERAL CONDITIONS**3.1.5. Redemption of the Notes**

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

Redemption of Class B Notes: the first payment for redemption of Class B Notes will take place on the Payment Date on which the Unpaid Balance of Class B Notes is equal to or higher than 6.8% of the Unpaid Balance of the whole issue of Notes (and subject to the rules of redemption of the Class B Notes).

Redemption of Class C Notes: the first payment date for redemption of Class C Notes will take place on the Payment Date on which the Unpaid Balance of Class C Notes is equal to or higher than 1.5% of the Unpaid Balance of the whole issue of Notes (and subject to the rules of redemption of the Class C Notes).

3.2. Subordinated Loan

The Fund will be financed by credit institutions. To this extent, it is foreseen that the Managing Company, on behalf of the Fund, enters into a Subordinated Loan Agreement with Santander Consumer Finance, S.A. (the 100% of which is owned by Grupo Santander Central Hispano) and Union de Cr dit pour le Batiment, S.A. (the 99.93% of which is owned by BNP Paribas) as lenders on a 50%-50% basis, for a total amount of 19,463,000.00 euro. The Subordinated Loan Agreement will be applied by the Managing Company to pay the incorporation expenses of the Fund and issuance of the Notes, to partially finance the assignment of the Credit Rights to the Fund, to cover any temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes and to fund the Reserve Fund.

The net value of the Fund shall be ZERO at all times.

4. OTHER AGREEMENTS ENTERED INTO ON BEHALF OF THE FUND

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

4.1. Guaranteed Reinvestment Agreement

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

4.2. Notes Subscription Agreements

Two subscription agreements under which the Underwriters, in their own Tranches (Domestic and International), shall proceed to freely allocate the Notes, up to the foreseen amounts and, once the Subscription Period is closed, to subscribe the unsubscribed Notes.

5. OPERATION OF THE FUND**5.1. Representation and Administration of the Fund**

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

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

The risk of non-payment and prepayment of the Credit Rights shall be borne by the Noteholders. The Payment Priority Order set forth in Section V.5.1.b), 2, shall be the following:

- a) In the first place, the Managing Company, on behalf of the Fund, shall apply the **Main Available Funds** to the following payments and withholdings, as provided in the payment priority order set out below:
 1. Payment of ordinary and extraordinary expenses to the Managing Company, and payment to UCI of the expenses paid in advance for the account of the Fund in connection with the administration of the Credit Rights, provided that their payment is duly evidenced.

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2. Payment of accrued interest on the Class A Notes, by maturity dates.
3. Payment of accrued interest on the Class B Notes, by maturity dates.
(This payment will be postponed to the 7th place in the event that on the preceding Calculation Date the Principal Balance of the Credit Rights with more than ninety (90) days in arrears is higher than 9% of the Principal Balance of the Credit Rights and the complete redemption of the Class A Notes had not take place yet and will not take place on the current Payment Date.)
4. Payment of accrued interest on the Class C Notes, by maturity dates.
(This payment will be postponed to the 8th place in the event that on the preceding Calculation Date the Principal Balance of the Credit Rights with more than ninety (90) days in arrears is higher than 6% of the Principal Balance of the Credit Rights and the complete redemption of the Class A Notes had not take place yet and will not take place on the current Payment Date.)
5. Withholding of an amount sufficient to maintain the Reserve Fund at the required amount.
6. Withholding of the Principal Due for Repayment.
7. Payment of accrued interest on Class B Notes, in the event that payment is postponed from the 3rd place to the 7th place.
8. Payment of accrued interest on Class C Notes, in the event that payment is postponed from the 4th place to the 8th place.
9. Payment of accrued interest on the Subordinated Loan.
10. Repayment of the principal of the Subordinated Loan in accordance with the expenses derived from the incorporation of the Fund and the issue of the Notes and the temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes.
11. Repayment of the principal of the Subordinated Loan in connection with the Reserve Fund.
12. Payment to UCI of the fee for administration of the loans.
14. Quarterly payment to UCI of a floating amount as consideration or compensation for the brokerage services.

The *Available Funds for Repayment* arising from the withholding described in point 6 above of the payment priority order, will be applied to such redemption as provided in Section II.11.3.b), 6 of the Prospectus. The first redemption of the Class B Notes will take place on the Payment Date on which the Unpaid Principal Balance of the Class B Notes is equal to or higher than 6.8% of the Unpaid Principal Balance of the whole amount of the issue of Notes. The first redemption of the Class C Notes will take place on the Payment Date on which the Unpaid Principal Balance of the Class C Notes is equal to or higher than 1.5% of the Unpaid Principal Balance of the whole amount of the issue of Notes

Exceptional rules of priority for payments made from the Fund

In the event that on a given Payment Date more than 15% of the borrowers exercise their special instalment "*cuota comodín*" right, or more than 7% of the borrowers exercise their right to limit the instalment according to the Consumer Price Index, as described in Section IV.4 of this Prospectus, payment to UCI of the variable fee established in Section IV.2.a).13 of this Prospectus will be stopped and the relevant amount will be deposited in the Cash Account until this situation ends. Payment of such fee will be only restored prior agreement with the Rating Agencies. Calculation of the referred percentages will be carried out on the Calculation Dates.

6. RISKS OF THE FUND, OF THE NOTES AND OF THE CREDIT RIGHTS

6.1 Prepayment of the Notes and early settlement of the Fund

Without prejudice to the Final Maturity Date of the Notes (June 19, 2035), the Managing Company may proceed to liquidate the Fund early and, consequently, to repay all the Notes on a Payment Date before they are due, if and when the Unpaid Principal Balance of the Credit Rights is lower than 10% of the initial amount, as provided in Section II.11.3.c) and V.5 of the Prospectus.

SUMMARY OF GENERAL CONDITIONS**6.2 Non-payment of the Credit Rights**

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

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

6.3 Prepayment of the Credit Rights

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

6.4 Liquidity

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

6.5 Profitability

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

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

7. ACTIONS**7.1. Actions against mortgagors**

7.1.1. The Fund, through the Managing Company, will be entitled to take an executive action against the debtors in the event that they breach their payment obligations of the Credit Rights.

7.1.2. The Fund will be entitled to take enforcement actions against the Originator if and when the breach of the Notes' payment obligation is not a consequence of the payment default of the debtors.

7.1.3. Neither the Fund nor the Noteholders shall be entitled to take any actions against the Originator or the Managing Company, respectively, save actions taken as a result of the breach of their respective duties, but never as a consequence of payment delinquency or prepayment of the mortgage by the debtors.

7.2. Liability of the Managing Company

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

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

7.3.1 The Noteholders shall not be entitled to take direct action against the defaulting debtors of the Credit Rights, as the Managing Company is entitled to take such action, in the name and on behalf of the Fund.

7.3.2. The Noteholders shall not be entitled to take any action against the Fund or the Managing Company, in case of default in payment of the Notes as a result of a default in payment of a Credit Right by a debtor.

7.3.3. The Noteholders shall not hold any action against the Managing Company other than that deriving from a breach of its own duties, but never as a consequence of payment delinquency or prepayment of the Credit Rights.

CHAPTER I

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

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

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

MR. IGNACIO ORTEGA GAVARA, with NIF No. 803.030-P, acting on behalf of SANTANDER CENTRAL HISPANO TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A. (hereinafter, the “Managing Company”), promoter of FONDO DE TITULIZACIÓN DE ACTIVOS, UCI 9 (hereinafter, the “Fund”), assumes, on behalf of the Managing Company, the responsibility for the content of the Prospectus.

MR. IGNACIO ORTEGA GAVARA acts as *Director General* of the Managing Company under the powers conferred in his favour by the Board of Directors in the meeting held on July 31, 1998, partially modified by a resolution passed on February 8, 2000, and explicitly empowered for the incorporation of this Fund by virtue of the powers conferred by the Board of Directors in the meeting held on [], 2003.

SANTANDER CENTRAL HISPANO TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A., has its registered office in Madrid, Paseo de la Castellana, 75, 28046, with CIF No. A-80481419.

The Managing Company is authorised to incorporate *Fondos de Titulización de Activos* and, as a consequence thereof, to administer and represent them as provided by Royal Decree 926/1998 of May 14, on Assets Securitization Funds and Managing Companies of Securitization Funds (hereinafter, the “Royal Decree 926/1998”), by virtue of the authorisation granted by the Minister of Economy and Finance on July 16, 1998, in accordance with the provisions of the Sole Temporary Provision of the Royal Decree.

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

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

I.2 Supervising bodies.

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

This complete Prospectus has been fully verified and registered with the Official Registries of the Comisión Nacional del Mercado de Valores (hereinafter the “Comisión Nacional del Mercado de Valores” or “CNMV”), on [], 2003.

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

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

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

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

The Audit Report provides information on a series of characteristics, both quantitative and qualitative, in respect of the portfolio of the Mortgage Loans and, in particular, identification of the loan, postal code of the location of the mortgaged property, the date of formalisation of the loan, maturity date, initial amount of the loan, current balance of the loan, reference interest rate, applied interest rate, the purpose of the loan, valuation of the mortgaged property, loan to value ratio, payment delinquency detailing those exceeding 30, 60 and 90 days, insurance against damages and fire, and the existence of a first rank mortgage guarantee.

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

In addition, in accordance with Article 2.2.1 of Royal Decree 926/1998, the Originator has had the financial statements of the last three fiscal years audited (1999, 2000 and 2001), with an unqualified opinion in respect of the most recent fiscal year (2001).

CHAPTER II

INFORMATION RELATED TO THE NOTES WHICH ARE ISSUED BY THE SECURITISATION FUND

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

II.1.1 Resolutions and Legal requirements.

a) Corporate resolutions.

Assignment of the Credit Rights through the issue of the Mortgage Participations and Mortgage Transfer Certificates by UCI.

The Extraordinary Universal General Shareholders' Meeting of UCI, in its meeting of [], 2003, agreed to the assignment of the Credit Rights through the issue of Mortgage Participations and Mortgage Transfer Certificates, both described in Section IV.1 of the Prospectus, pursuant to the terms and conditions contained in the Certificate shown in ANNEX I of the Prospectus.

Incorporation of the Fund and issue of the Notes by the Managing Company

The Board of Directors of the Managing Company, in its meeting of [], 2003, agreed to incorporate the FONDO DE TITULIZACIÓN DE ACTIVOS, UCI 9, in accordance with the provisions set forth in Royal Decree 926/1998 and Law 19/1992, of July 7, the subscription by the Fund of the Mortgage Participations and the Mortgage Transfer Certificates issued by UCI, and the issue of the Notes by the Fund. ANNEX II shows a Certificate of this resolution.

b) Verification and registration by the Comisión Nacional del Mercado de Valores.

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

The Prospectus of incorporation of the Fund and issue of the Notes has been verified and registered with the Official Registries of the Comisión Nacional del Mercado de Valores on [], 2003.

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

Within fifteen (15) working days following the verification and registration of the Prospectus with the CNMV, and before the Subscription Period of the Notes commences (as described in Section II.10.1.d) of the Prospectus), the Managing Company, together with Banco Santander Central Hispano, S.A. (the "Bank") and UCI, acting in its capacity as assignor to the Fund of the Credit Rights which are described in Section IV.1 of the Prospectus, will execute the public deed of incorporation of the Fund, assignment of the Credit Rights and issue of the Notes (hereinafter, the "Incorporation Deed") in accordance with Article 6 of Royal Decree 926/1998 and Article 5 of the Law 19/1992. The Managing Company will

serve a copy of the Incorporation Deed to the CNMV for filing at the public registries prior to the commencement of the Subscription Period of the Notes.

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

Pursuant Royal Decree 926/1998, Article 5.4, neither the Fund nor the Notes issued by the Fund will be registered with the Commercial Registry.

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

In accordance with Article 2.3 of Royal Decree 926/1998, immediately after the granting of the Incorporation Deed and once the disbursement of the Notes has been completed (as referred to in Section II.18.5), the Managing Company will request the listing of the Notes in the AIAF Fixed Income Securities Market (Mercado AIAF de Renta Fija, hereinafter, "AIAF"), which is an official secondary securities market recognised in the Sixth Temporary Disposition set forth in Law 37/1998. It is expected that actual listing will take place no later than forty (40) days after the Disbursement Date. In any case, listing will have to be effective before the first payment date of interest on the Notes (September 19, 2003).

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

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

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

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

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

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

The Managing Company has entrusted the evaluation of the credit risk of the Notes to Moody's Investors Service España, S.A. (hereinafter "Moody's España"), the Spanish entity

which is 100% owned by Moody’s Investors Service Limited and Standard & Poor’s España, S.A. (“S&P España”), the Spanish entity which is 100% owned by Standard & Poor’s Rating Services, both Spanish rating entities being recognised by the CNMV for this purpose.

Rating granted to the issue of the Notes

On [], 2003, Moody’s España assigned a provisional (P) Aaa rating to the Class A Notes, an A2 rating to the Class B Notes and a Baa2 rating to the Class C Notes (hereinafter, the “ratings”). It is expected that the above ratings (Aaa rating to the Class A Notes, A2 rating to the Class B Notes and Baa2 rating to the Class C Notes) will be confirmed as final ratings by such Rating Agency prior to the commencement of the Subscription Period of the Notes (referred to in Section II.18.3 of the Prospectus).

On [], 2003, S&P España assigned a provisional (P) AAA rating to the Class A Notes, an A+ rating to the Class B Notes and a BBB+ rating to the Class C Notes (hereinafter, the “ratings”). It is expected that the above ratings (AAA rating to the Class A Notes, A+ rating to the Class B Notes and BBB+ rating to the Class C Notes) will be confirmed as final ratings by such Rating Agency prior to the commencement of the Subscription Period of the Notes (referred to in Section II.18.3 of the Prospectus).

In the event that any of the Rating Agencies, prior to the commencement of the Subscription Period of the Notes, does not confirm the ratings Aaa/AAA, A2/A+ and Baa2/BBB+ for Class A Notes, Class B Notes and Class C Notes, respectively, the Managing Company will immediately communicate this fact to the CNMV and will disclose this fact to the public as provided in Section III.5.3.b), b’’).

Failure to confirm the ratings Aaa/AAA, A2/A+ and Baa2/BBB+ for Class A Notes, Class B Notes and Class C Notes, respectively, prior to the commencement of the Subscription Period, would constitute a termination event in respect of the incorporation of the Fund and the issue of Notes.

ANNEX III contains a copy of the letters confirming the provisional ratings issued by Moody’s España and S&P España.

Considerations on the ratings of Moody’s España.

Moody’s Investors Service Limited rating scales, used by Moody’s España for long-term and short-term debt, are as follows:

<u>Long-term</u>	<u>Short-term</u>
<ul style="list-style-type: none"> • Aaa • Aa • A • Baa • Ba • B • Caa • Ca • C 	<ul style="list-style-type: none"> • Prime-1 • Prime-2 • Prime-3

Moody’s España applies numerical modifiers 1, 2, and 3 in each generic rating classification from Aa to Caa. Modifier 1 indicates that the obligation ranks at the higher end of its generic rating category; modifier 2 indicates a mid-range ranking; and modifier 3 indicates a ranking at the lower end of that generic rating category.

The rating Aaa of Moody's España indicates a credit of the highest quality. A significant security margin is required of the issuer in order to cover any default of payment in the worst possible economic conditions.

The rating A of Moody's España indicates that there are many favourable investment attributes and that the factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Notes which are rated Baa are considered as medium-grade obligations. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

The rating is an opinion of the Rating Agency regarding the credit risk and the capacity of an obligor to pay interest promptly on each Payment Date and to repay the principal amount of the issue during the life of the Fund and, in any case, before the Final Maturity Date.

The rating of Moody's España takes into account the structure of the Notes issued, the legal aspects of their issue and those of the Fund, the characteristics of the mortgage loans and the regularity and continuity of the cash flows of the structure.

The rating of Moody's España does not constitute an evaluation of the probability of the mortgagors making prepayments of the principal amount, or to what extent such prepayment may differ from what was originally expected. The ratings do not consist, by any means, of a rating of the level of actual returns.

The assigned provisional ratings, as well as any review or suspension of them:

- are issued by Moody's España on the basis that due to the large amount of information it receives, the accuracy or completeness of which Moody's España is unable to guarantee, Moody's España can not be considered in any way responsible for it; and,
- do not constitute and may under no circumstances be interpreted as an invitation, recommendation or incitement addressed to the Noteholders for them to carry out any type of transaction in relation to the Notes and particularly, to purchase, keep, encumber or sell such Notes.

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

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

Considerations on the ratings of S&P España.

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

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

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

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

The rating is an opinion of the Rating Agency regarding the credit risk and the capacity of an obligor to repay the principal amount of the issue and the interest under the established terms. It does not constitute an evaluation of the probability of variation of the amortisation dates of the mortgage loans from those which were originally expected.

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

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

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

Obligations of the Managing Company

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

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

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

The total amount of the issue of Notes amounts to a nominal amount of one billion, two hundred and fifty million (1,250,000,000) euro and is composed of twelve thousand five hundred (12,500) Notes.

This nominal amount is divided into three Classes of Notes:

- (i) **Class A:** composed of eleven thousand nine hundred and eighty one (11,981) Notes for a total nominal value of one billion, one hundred and ninety eight million and one hundred thousand (1,198,100,000) euro.
- (ii) **Class B:** composed of four hundred and twenty five (425) Notes for a total nominal value of forty two million five hundred thousand (42,500,000) euro.
- (iii) **Class C:** composed of ninety four (94) Notes for a total nominal value of nine million four hundred thousand (9,400,000) euro.

The payment of interest and the subsequent redemption of the principal amount of Class B Notes and Class C Notes is subordinated with respect to the Class A Notes, as well among them (except for the pro rata redemption of the principal amount of the three Classes in accordance with Section II.11.3.b).6), in accordance with the Payment Priority Order contained in Section V.5.1.b), 2, of the Prospectus.

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

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

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

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

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

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

Ownership Certificates may be issued at the Noteholder's request and at his or her expense. This Ownership Certificate shall include the Noteholder's identity, the

purpose of the Certificate and the period for which it is effective. Provisions of Chapter I of Title I of Royal Decree 116/1992 shall be applied in this matter.

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

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

Article 3.3 of Royal Decree 926/1998 establishes that the managing companies will be entitled to acquire financial assets on a temporary basis, provided that the credit quality of the liabilities of the Fund is not downgraded as a result of such acquisition, for the purpose of covering temporary delays between the payments of principal and interest on the Credit Rights and on the Notes issued. For these purposes, the Managing Company, acting on behalf of the Fund, will enter into a Guaranteed Reinvestment Agreement with the Bank by virtue of which the Cash Account opened with the Bank (including the Reserve Fund, in accordance with Section V.3.1 of the Prospectus) shall accrue interest at a guaranteed rate, but only whilst the credit rating of the short-term debt of the Bank does not fall below P-1 or A-1, according to the rating scales of Moody's Investors Service Limited and S&P Ratings Services, respectively, as described in Section II.3 of the Prospectus. In the event that any of the above referred credit ratings fall, the Managing Company will transfer the Cash Account to another entity whose credit rating of its short-term debt is a minimum of P-1 or A-1, and the Bank will then stop investing the available funds of the Cash Account. However, the Managing Company may transfer the Cash Account back to the Bank if and when it reaches the above-mentioned minimum credit ratings.

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

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

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

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

b) Risk of prepayment of the Credit Rights.

The Credit Rights contained in the Fund may be repaid early if the borrowers prepay that part of the Mortgage Loan which is not yet due or subject to amortisation.

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

c) Other considerations.

II.4.2.c.1 Protection.

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

II.4.2.c.2 Responsibility.

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

II.4.2.c.3 Liquidity.

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

II.4.2.c.4 Profitability.

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

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

II.4.2.c.5 Certain legal aspects.

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

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

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

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

The Noteholders will be identified as such in accordance with the book entry record held by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (hereinafter “Sociedad de Sistemas”), which will be appointed in the Incorporation Deed as the entity in charge of the book entry records of the Notes, in such a way that the clearing and settlement of the Notes is carried out pursuant to the operating rules of the Sociedad de Sistemas with regard to the securities which are listed in the AIAF and represented through book entries.

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

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

The registered office of the Sociedad de Sistemas is located in Madrid, Pedro Teixeira 8, 28020.

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

The total value of the issue of Notes equals to one billion, two hundred and fifty million (1,250,000,000) euro, made up of twelve thousand five hundred (12,500) Notes divided into three Classes:

- (i) **Class A:** made up of eleven thousand nine hundred and eighty one (11,981) Notes with a total nominal value of one billion, one hundred and ninety eight million and one hundred thousand (1,198,100,000) euro.

- (ii) **Class B:** made up of four hundred and twenty five (425) Notes with a total nominal value of forty two million five hundred thousand (42,500,000) euro.
- (ii) **Class C:** made up of ninety four (94) Notes with a total nominal value of nine million four hundred thousand (9,400,000) euro.

The payment of interest, first, and the redemption of the principal amount, second, of the Class B Notes and the Class C Notes are subordinated with regard to the Class A Notes, as well as among them (except for the pro rata redemption of the three Classes of Notes in accordance with paragraph II.11.3.b).6), in accordance with the Payment Priority Order contained in Section V.5.1.b), 2 of the Prospectus.

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

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

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

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

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

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

The subscription price set forth in Section II.7 above will be exclusive of taxes and subscription expenses for the subscriber.

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

The expenses incurred for the registration of the Notes in the Central Registry of the Sociedad de Sistemas will be borne by the Fund, and will not be charged to the Noteholders. The Sociedad de Sistemas will receive no maintenance fee.

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

II.10 Interest rate clause.

II.10.1 Nominal interest rate.

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

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

Withholdings, levies, duties and taxes already established or to be established in the future on capital, interest or returns of the Notes will be solely borne by the Noteholders, and their amount will be deducted, as the case may be, by the

Managing Company, in the name and on behalf of the Fund, in the manner established by law.

a) Accrued interest.

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

b) Nominal interest rate.

The nominal interest rate for each Interest Accrual Period of the Notes will be that resulting from adding (i) the reference three (3) month EURIBOR interest rate or, if necessary, its substitute, described in paragraph c) below, and (ii) a spread for each Class, as described in paragraph d) below, all rounded to three decimal places.

c) Calculation of the EURIBOR interest rate.

- (i) The reference interest rate for the determination of the applicable interest rate of the Notes will be the three (3) month EURIBOR interest rate ("*Euro InterBank Borrowing Offered Rate*") calculated, supplied and distributed by REUTERS, which is currently published in the EURIBOR01 electronic pages (or in any other page that might replace such page in the future), as determined at 11 am (CET time, "*Central European Time*") on the Interest Rate Fixing Date which is described below.
- (ii) In the event of non-publication of this interest rate, the substitute reference interest rate shall be the interest rate resulting from calculating the simple arithmetic mean of the interbanking interest rates offered for operations of deposits in euro (EURIBOR) with three (3) month maturity, on the Interest Rate Fixing Date, quoted by the entities listed below:

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

all rounded to three decimal places.

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

If one of the aforementioned two entities fails to provide the interest rates determined in paragraphs (i) and (ii) above, the interest rate to be applied will be the last reference interest rate applied to the last Interest Accrual Period, and so on for the subsequent Interest Accrual Periods for as long as this situation continues.

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

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

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

The spreads to be added to the reference interest rate, which will be determined as described above, so that the nominal interest rate which the Class A Notes, the Class B Notes and the Class C Notes will accrue on each Interest Accrual Period is obtained will range between 0.24% and 0.25%, both inclusive, for the Class A Notes, between 0.50% and 0.60%, both inclusive, for the Class B Notes, and between 1.00% and 1.10%, both inclusive, for the Class C Notes.

The final spreads applicable to Class A Notes, Class B Notes and Class C Notes will be notified by the Managers to the Managing Company on the date of execution of the Incorporation Deed (June 16, 2003). Additionally, the Managing Company will notify those final spreads to the CNMV through the announcement of incorporation of the Fund (on June 17, 2003). If the Managers do not notify the final spreads to the Managing Company, the latter will determine the following final spreads: 0.245% for Class A Notes, 0.55% for Class B Notes and 1.05% for Class C Notes.

e) Interest Rate Fixing Date.

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

The interest rate of the Notes of the three Classes for the first Interest Accrual Period shall be determined on the basis of the reference interest rate (three (3) month EURIBOR), at 11:00 hours (CET) on the date of granting of the Incorporation Deed provided for in Section II.1.1.c) or, if not a Business Day according to TARGET, the previous Business Day, and it will be disclosed to the public in the announcement of incorporation of the Fund and issue of the Notes as provided in Section III.5.3.b), b').

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

For the purposes of the issue of the Notes, Business Days shall mean any day other than:

- (i) Saturday;
- (ii) Sunday;

- (iii) only in reference to the calculation of the nominal interest rate applicable to each Interest Accrual Period, in accordance with the TARGET calendar will not be those Business Days referred to in (i) and (ii) above and January 1, Good Friday, Easter Monday, May 1, December 25 and December 26; and
- (iv) a day which is a public holiday in Madrid (for the rest of the conditions to the issue of Notes).

Business Days shall mean any day other than those referred to in paragraphs (i), (ii) and (iii) above and not being public holiday in Madrid.

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

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

Dates	EURIBOR	Class A Notes	Class B Notes	Class C Notes
July 17, 2002	3.407%	3.652%	3.957%	4.457%
August 16, 2002	3.351%	3.596%	3.901%	4.401%
September 17, 2002	3.314%	3.559%	3.864%	4.364%
October 17, 2002	3.313%	3.558%	3.863%	4.363%
November 15, 2002	3.124%	3.369%	3.674%	4.174%
December 17, 2002	2.941%	3.186%	3.491%	3.991%
January 17, 2003	2.830%	3.075%	3.380%	3.880%
February 17, 2003	2.693%	2.938%	3.243%	3.743%
March 17, 2003	2.561%	2.806%	3.111%	3.611%
April 16, 2003	2.561%	2.806%	3.111%	3.611%
May 14, 2003	2.430%	2.675%	2.980%	3.480%

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

The payment of interest accrued by the Class A Notes shall rank second (2nd) in the Payment Priority Order established in Section V.5.1.b), 2 of the Prospectus.

The payment of interest accrued by the Class B Notes shall rank third (3rd) in the Payment Priority Order established in Section V.5.1.b), 2 of the Prospectus. This payment will be postponed to the 7th place in the Payment Priority Order in the event that on the preceding Calculation Date the Principal Balance of the Credit Rights with more than ninety (90) days in arrears is higher than 9% of the Principal Balance of the Credit Rights and the complete redemption of the Class A Notes had not take place yet and will not take place on the current Payment Date.

The payment of interest accrued by the Class C Notes shall rank fourth (4th) in the Payment Priority Order established in Section V.5.1.b), 2 of the Prospectus. This payment will be postponed to the 8th place in the event that on the preceding Calculation Date the Principal Balance of the Credit Rights with more than ninety

(90) days in arrears is higher than 6% of the Principal Balance of the Credit Rights and the complete redemption of the Class A Notes had not take place yet and will not take place on the current Payment Date.

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

The interest accrued on the Notes of the three Classes will be paid on the 19th day of March, June, September and December of each year, or if this date is not a Business Date, on the next Business Day, until the Notes are fully repaid (each of these dates being a “Payment Date”) in accordance with the procedure provided in Section II.12, first paragraph, of the Prospectus.

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

The first payment date of interest on the Notes of the three Classes will be September 19, 2003. Consequently, a full quarter from the Disbursement Date will have elapsed, so interest will be accrued at the relevant nominal interest rate from and including the Disbursement Date, provided in Section II.18.5, up until but not including September 19, 2003.

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

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

Where:

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

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

C = Nominal interest rate expressed as an annual percentage.

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

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

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

The Fund, through the Managing Company, may not defer payment of interest of the Notes of either of the Classes to a date later than June 19, 2035 (hereinafter, the

“Final Maturity Date” of the Notes) or, if this is a non-Business Day, the next Business Day.

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

II.11 Redemption amount of the Notes.

II.11.1 Redemption amount.

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

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

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

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

a) Final Redemption.

The Final Maturity Date and date of final redemption for the Notes will be June 19, 2035 or, in the event that such date is not a Business Day, the next Business Day, without prejudice to any early redemption of the Notes that the Managing Company may carry out in the name and on behalf of the Fund, in accordance with paragraph c) below. In the latter case, the last Payment Date when such early redemption takes place shall be the final date of redemption of the Notes.

b) Partial Redemption.

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

1. Redemption dates.

The redemption dates will coincide with the Payment Dates for interest and accordingly will be the 19th of March, June, September and December of each year or, if applicable, the next Business Day as provided under Section II.10.3, until redemption in full is made.

The first Payment Date of the Class A Notes shall be September 19, 2003 in accordance with the rules set forth in the aforementioned Section.

The first redemption of the Unpaid Principal Balance of Class B Notes shall be carried out on the Payment Date on which the Unpaid Balance of the Class B Notes is equal to or higher than 6.8% of the Unpaid Principal

Balance of the whole issue of Notes (subject to paragraph 6 below as regards to redemption of the Class B Notes).

The first redemption of the Unpaid Principal Balance of Class C Notes shall be carried out on the Payment Date on which the Unpaid Balance of the Class C Notes is equal to or higher than 1.5% of the Unpaid Principal Balance of the whole issue of Notes (subject to paragraph 6 below as regards to redemption of the Class C Notes).

2. *Calculation Dates and Periods.*

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

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

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

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

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

4. *Principal Due for Repayment on each Payment Date.*

The Principal Due for Repayment of the Notes of the three Classes of Notes, A, B and C, without distinguishing between them, will be equal to the difference between the sum of the Unpaid Principal Balance of the three Classes of Notes, A, B and C, on the Calculation Date prior to each Payment Date and the principal balance of the Credit Rights (as referred to in the following paragraph). The Principal Due for Repayment shall have a minimum of zero.

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

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

Depending on the existing liquidity, the Principal Due for Repayment of the Notes that may be available in view of the payment ranking provided in Section V.5.1, 2 (6th), will constitute the Available Funds for Repayment.

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

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

Available Funds for Repayment representing the amounts available pursuant to the sixth (6th) item of Section V.5.1.b), 5, 2, of the Payment Priority Order, will be fully allocated for such redemption in accordance with the following rules:

- 1st Up to and excluding the first Payment Date on which the Unpaid Principal Balance of the Class B Notes is equal to or higher than 6.8% of the Unpaid Principal Balance of the whole issue of Notes, the Available Funds for Repayment shall be fully allocated to the redemption of the Unpaid Principal Balance of the Class A Notes.
- 2nd From the Payment Date on which the Unpaid Principal Balance of the Class B Notes is equal to or higher than 6.8% of the Unpaid Principal Balance of the whole issue of Notes, the Available Funds for Repayment shall be allocated pro rata to the amortisation of the Unpaid Principal Balance of Class A Notes and Class B Notes, so that the Unpaid Principal Balance of the Class B Notes is maintained at 6.8% of the Unpaid Principal Balance of the whole issue of Notes.
- 3rd From the Payment Date on which the Unpaid Principal Balance of the Class C Notes is equal to or higher than 1.5% of the Unpaid Principal Balance of the whole issue of Notes, the Available Funds for Repayment shall be allocated pro rata to the amortisation of the Unpaid Principal Balance of the three Classes of Notes, A, B and C, so that the Unpaid Principal Balance of the Class B Notes is maintained at 6.8% of the Unpaid Principal Balance of the whole issue of Notes and the Unpaid Principal Balance of the Class C Notes is maintained at 1.5% of the Unpaid Principal Balance of the whole issue of Notes.

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

- (i) the amount of the Credit Rights with a default in payment equal or over ninety (90) days on the Calculation Date prior to the current Payment Date is equal to or higher than 2.25% of the Principal Balance of the Credit Rights on that date.
- (ii) there is a Principal Deficiency.
- (iii) the amount of the Reserve Fund does not reach the required amount.
- (iv) the Principal Balance of the Credit Rights is lower than 10% of their initial amount.

In (i), (ii), (iii) and (iv) above, all the Available Funds for Repayment shall be allocated to the redemption of the Class A Notes.

In the event that on a given Payment Date more than 15% of the borrowers exercise their special instalment “*cuota comodín*” right, or more than 7% of the borrowers exercise their right to limit the instalment according to the Consumer Price Index, as described in Section IV.4 of this Prospectus, payment to UCI of the variable fee established in Section IV.2.a).13 of this Prospectus will be stopped and the relevant amount will be deposited in the Cash Account until this situation ends. Payment of such fee will be only

restored prior agreement with the Rating Agencies. Calculation of the referred percentages will be carried out on the Calculation Dates.

Despite the above, any amounts that the Noteholders may not receive on a given Payment Date, as a result of the lack of sufficient liquidity in the Fund due to the Payment Priority Order set forth in Section V.5.1.b) of this Prospectus, shall be paid on the next Payment Date (again, subject to the existence of Available Funds for Repayment), such amounts creating no right to any additional or delayed payment interest whatsoever, other than the interest applicable to each Class of Notes (since they will form part of the unpaid principal balance of the Notes of all Classes, which is the amount pending repayment on each of the Classes of Notes (“Unpaid Principal Balance of the Notes”)).

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

7. Certificates

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

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

c) Prepayment.

Without prejudice to the obligation of the Fund to repay the Notes through the Managing Company on the Final Maturity Date and without prejudice to the preceding paragraphs, the Fund will be empowered, subject to Article 5.3 of Law 19/1992, to liquidate the Fund, through the Managing Company and consequently to repay in advance all the Notes on a Payment Date, if the Principal Balance of the Credit Rights is lower than 10% of their initial balance, if and when the result of selling the unpaid Credit Rights plus the existing balance of the Cash Account allows a total cancellation of all the obligations due to the Noteholders after fulfilling the priority payment order as described in Section V.5.

In addition, the liquidation of the Fund and the prepayment of the Notes will take place in the event that the Managing Company is declared to be in liquidation, suspension of payments (“*suspension de pagos*”), bankrupt (“*quiebra*”) or in case its authorisation was revoked and a new Managing Company was not designated in accordance with Section III.3.2 of the Prospectus.

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

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

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

For the purpose of the Fund, through its Managing Company, conducting the prepayment of the Notes and, specifically, in order to raise enough liquidity from the Fund to pay the Unpaid Principal Balance of the Notes, plus the accrued but unpaid interest from the last Payment Date until the date of prepayment, the Managing Company, on behalf of the Fund, shall be entitled to:

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

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

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

The administration of payments (“*servicio financiero*”) of the Notes shall be provided by the Bank, which will be considered the Financial Agent for these purposes. The payment of interest and redemptions of principal shall be communicated to the holders of the Notes as provided in Section III.5.3.a, a”). The payment of interest and redemptions of principal by the Noteholders shall be made by presenting the relevant document evidencing their

ownership or through the appropriate Certificate of Ownership issued by the entity in charge of the relevant book entry registry as indicated in Section II.5 of the Prospectus.

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

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

- 3 month EURIBOR rate: 2.430%
 - Spread: 0.245%
-
- Amount of interest per Note: 2.675%
- Period of interest per Note: 92 days (*)
 - Unpaid Principal Balance of the Note: 100,000 euro
- $$\frac{2.675 \times 92 \times 100,000}{100 \times 360} = 683.611111 \text{ euro}$$
- Rounded up to the nearest cent: 683.61 euro

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

Consequently, the amount of interest to be received for each Class A Note would be 683.61 euro on an Unpaid Principal Balance of 100,000 euro. The example would be identical for the Class B Notes or the Class C Notes, substituting the Class A spread of 0.245%, for the spread corresponding to Class B or Class C.

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

The main characteristic of the Notes is their periodic redemption. As a result, their average term and duration depends fundamentally on the speed at which the mortgagors repay their loans.

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

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

- that the interest rate of the Credit Rights is 4.61%;
- that the proportion of the portfolio of Credit Rights in arrears is 0.54% annually and 0.05% monthly, with a 12 month recovery period;
- that the proportion of the portfolio of Credit Rights in default is 0%;

- that the CPR stays constant throughout the lifetime of the Notes;
- that the Disbursement Date of the Notes is June 19, 2003; and
- that the Principal Deficiency does not exist.
- that the borrowers do not exercise their special instalment “cuota comodín” right nor their right to limit the instalment according to the Consumer Price Index (as described in Section IV.4 of the Prospectus) in the event that the interest on their loans is increased.

Finally, the real adjusted duration of the Notes will also depend on their floating interest rates. In all the charts provided in this Section the rate is assumed to be constant at 2.675% for the Class A Notes, 2.980% for the Class B Notes and 3.480% for the Class C Notes.

Assuming that the Fund exercises the early repayment option set out in the first paragraph of Section II.11.3.b), 3, c) (where the Principal Balance of the Credit Rights is lower than 10% of its initial amount), the average term and duration of the Notes with different CPR set out in the chart below, would be the following:

%CPR	0	4	8	10	12	16	20
CLASS A							
Average life	15.92	10.76	7.66	6.59	5.75	4.52	3.69
IRR	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Duration	12.14	8.63	6.43	5.63	4.99	4.02	3.34
Final maturity	26.69	23.02	18.43	16.26	14.51	11.51	9.51
CLASS B							
Average life	22.32	14.64	12.17	10.52	9.21	7.23	5.91
IRR	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%
Duration	16.30	12.90	9.95	8.79	7.83	6.32	5.26
Final maturity	26.69	23.02	18.43	16.26	14.51	11.51	9.51
CLASS C							
Average	22.29	16.60	12.14	10.49	9.18	7.21	5.89
IRR	3.53%	3.53%	3.53%	3.53%	3.53%	3.53%	3.53%
Duration	16.20	12.82	9.88	8.72	7.77	6.28	5.22
Final maturity	26.69	23.02	18.43	16.26	14.51	11.51	9.51

The above figures were calculated by using the following formulas:

Average term of the Notes:

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

Where:

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

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

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

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

Duration of the Notes (Macaulay adjusted formula):

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

Where:

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

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

VA = Present value of each amount comprising gross principal and interest, to be paid on each Payment Date with a deduction of the gross effective interest rate (IRR), which is 2.702% for Class A, 3.014% for Class B and 3.526% for Class C.

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

I = Gross internal rate of return (“IRR”), which is 2.702% for Class A, 3.014% for Class B and 3.526% for Class C.

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

- The CPR are assumed to be constant at 12% throughout the life of the loan, although the real rate of early repayment changes continuously.
- The Unpaid Principal Balance of the Notes on each Payment Date and the interest to be paid on each of such dates will depend on the real rate of early repayment which may affect the portfolio of Credit Rights.
- The interest rates of the Notes are assumed to be constant at 2.675% for the Class A Notes, 2.980% for the Class B Notes and 3.480% for the Class C Notes, although the interest rate of all Classes is floating.
- The hypothetical values mentioned at the beginning of this Section are assumed in all cases.
- It is assumed that the Managing Company, on behalf of the Fund, will exercise the option of early repayment provided in Section II.11.3.c).

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

Effective interest for the Noteholder.

If the annual nominal interest rates applicable to the three Classes, A, B and C, were kept constant throughout the life of the Notes at the interest rates of 2.675% for Class A, 2.980%

for Class B and 3.480% for Class C, such interest rates would be transformed into annual and gross Internal Rates of Return (“IRR”) for the Noteholder of 2.702% for Class A Notes, 3.014% for Class B Notes and 3.526% for Class C Notes as shown in the chart included in Section II.12.b). This is due to the effect produced by the quarterly payment of interest, which is calculated as an internal rate of return without taking into consideration the effects of tax (given that the issue will be subscribed by institutional or professional investors and, consequently, withholding tax has not been considered), and always incorporating the assumptions contained in the aforementioned Section.

The IRR was calculated using the following formula:

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

Where:

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

ai = Total amounts of repayment and interest which will be received by Noteholders.

(a1 aN)

ni = Number of days elapsed between the Disbursement Date of the issue and March 19, June 19, September 19 and December 19 of each year, not inclusive.

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

In the event that the floating nominal interest rate of the Notes remains constant throughout the life of the loan at a rate of 2.675% for the Class A Notes, 2.980% for the Class B Notes and 3.480% for the Class C Notes, such rates would be transformed into internal rates of return (IRR) for the whole issue of []% for a CPR of 12%, calculated in accordance with the assumptions mentioned in Section II.12.b) as the liquid value of the issue, after deductions for expenses of the issue, from the values of all the payments for interest, repayments and cancellation expenses updated to the date of issue.

The anticipated expenses are as follows:

a) Incorporation expenses ¹(documentation, publications and fees):

	euro
• CNMV Fees ² :	71,044.00
• AIAF and Sociedad de Sistemas Fees (0,059‰ + IVA):.....	73,453.52
• Others:.....	306,354.50

Subtotal (0.036%):	450,852.02

¹ The expenses incurred in the audit of the mortgage loans portfolio have been paid by UCI, as Originator of the Credit Rights.

² 0.14‰ of approximately 20% of the Class A Notes of the Domestic Tranche, and 0.03⁰/₁₀₀₀ of the total of the issue for the process of admission to quotation.

b) Issue expenses:

	euro
• Managing Company Fee:	125,000.00
• Underwriting Fees:	
* Class A (0.05%):	599,050.00
* Class B (0.10%):	42,500.00
* Class C (0.20%):	18,800.00

Subtotal (0.063%):	785,350.00

GRAND TOTAL (0.099%): **1,236,202.02**

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

II.15 Existence or non-existence of special guarantees of the Credit Rights.

Guarantees of the Originator:

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

Additionally, UCI guarantees, without prejudice to Section IV.1.a), that if any of the debtors has any credit right against UCI and proceeds to exercise it by setting-off this credit against the debt derived from the Mortgage Loan assigned to the Fund subject to Article 1,198 of the Civil Code, UCI shall pay to the Fund, in the Cash Account described in Section V.3.1 a), an amount equal to the set off amount which would have been due to the Fund. Nevertheless, UCI represents in Section IV.1.a), 24 that it has no knowledge of any of the debtor or their guarantors being a creditor of the Bank with the capacity to claim for compensation.

Guarantees of the Bank:

The Bank guarantees unconditionally, irrevocably and jointly and severally, with an express waiver of the right to force the creditor to make use of legal remedies against the debtor before having recourse against this guarantee, as well as of the legal benefits of “priority” and “division”, the fulfilment of the following obligations:

- (i) that the Originator shall replace each and every Credit Right which does not conform to the statements contained in paragraph IV.1.a), with other Credit Rights with similar characteristics of maturity, interest rate, unpaid capital balance and credit quality, in accordance with Section IV.1.d). If this is not possible, the Originator shall repay the affected Credit Right, reimbursing in cash the unpaid capital balance and the unpaid accrued interest;
- (ii) that all amounts received by UCI (i) from the mortgagors as principal, ordinary interest or arrears interest, applicable to each relevant loan, or (ii) that may be paid to UCI as designated beneficiary of the insurance policies which have been subscribed

by the mortgagors of the Credit Rights assigned by UCI to the Fund, will be delivered by UCI to the Fund through the Managing Company;

- (iii) that in the event of winding-up, suspension of payments or bankruptcy of UCI, the Bank shall indemnify the Fund of the damages arising from such situation, including those resulting of the non-fulfilment by UCI of its obligation of management of the assigned Credit Rights and, in particular, the Bank shall directly pay to the Fund the relevant amounts of principal, interest and indemnifications.

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

Regarding paragraph (ii) above, in the event that UCI does not deliver to the Fund the amounts indicated therein, the Managing Company, on behalf of the Fund, will request their payment to UCI. If UCI does not pay such amounts within 48 hours from the payment request, the Bank shall directly pay those amounts through the Managing Company.

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

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

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

II.17 Listing of the Notes issued.

In accordance with Article 2.3 of Royal Decree 926/1998, the Managing Company shall request, immediately after the execution of the Incorporation Deed and once the disbursement of the Notes (as described in Section II.18.5) has been carried out, the listing of the issue of the Notes in AIAF (an official secondary securities market recognised in the Sixth Temporary Disposition set forth in Law 37/1998, by virtue of which Law 24/1988 is amended). It is expected that the listing will be completed no later than forty (40) days after the Disbursement Date and always before the first interest payment date of the Notes (September 19, 2003).

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

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

In the event that the listing of the Notes in AIAF is not completed within the above term, the Managing Company shall immediately inform the Noteholders, indicating the reasons and the new anticipated listing date in a national newspaper, in accordance with Sections III.5.3.b), b”) and III.5.3.c) of the Prospectus.

II.18 Applications for subscription and acquisition.

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

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

UCI does not previously intend to initially subscribe any of the Notes to be issued.

II.18.2 Legal suitability of the Notes.

The following legal considerations are applicable to the Notes, for the purposes of being subscribed by certain investors:

- (i) In accordance with Royal Decree 2345/1996, of November 8, the Notes are appropriate for the investment of the compulsory reserves of Reciprocal Guarantee Entities (*Sociedades de Garantía Recíproca*);
- (ii) The Notes may be acquired by Insurance Entities in order to comply with their obligations under technical provisions, in accordance with Royal Decree 2486/1998, of November 20;
- (iii) The Notes may be acquired by Pension Funds in accordance with Article 34 of Royal Decree 1307/1988, of September 30;
- (iv) The Notes may be acquired by Collective Investment Institutions in accordance with the particular rules established for each one by Royal Decree 1393/1990, of November 2, as amended by Royal Decree 91/2001, of February 2, and the Order of May 28, which modifies the Order of June 7, on Cooperation Treaties related to Investment Funds in government stock ("*Fondtesoros*");
- (v) In accordance with the Ministerial Order of December 29, 1992, as amended by the Orders of April 13, 2000 and January 8, 2003, among others, on equity and supervision on a consolidated base of securities companies and agencies and their groups, the Notes will have the weighting corresponding to the asset with the highest weighting that is included in the fund.

II.18.3 Subscription Period.

The subscription period of the Notes (the "Subscription Period") will have a duration of eight (8) hours from 9:00 to 17:00 on the immediately subsequent Business Day on which the announcement of the incorporation of the Fund and issue of the Notes is published (that is, June 18, 2003), as provided in Sections III.5.3.b), b') and III.5.3.c) of the Prospectus.

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

The applications for subscription of the Domestic Tranche described in Section II.19 may be carried out by any means permitted by law during the Subscription Period referred to in Section II.18.3, and should be addressed to the underwriting entities: The Bank, Treasury Department, located at Paseo de la Castellana 75, 2º 28046 Madrid and [].

The applications for subscription of the International Tranche described in Section II.19 shall be made in accordance with the provisions contained therein.

Each of the Domestic Tranche and International Tranche Underwriting Entities, the Bank and [] as regards to the Domestic Tranche and the Bank, [BNP Paribas] and [

] as regards to the International Tranche, will subscribe the amount of Notes pending subscription at the end of the Subscription Period, by virtue of their undertakings described in Sections II.19.3 and V.4.1 of this Prospectus.

II.18.5 Method and Date of Disbursement.

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

Each Underwriting Entity shall pay the agreed amount corresponding to the Notes assigned to them, less their Underwriting Fee, to the Bank, which in its capacity as Financial Agent shall pay to the Fund, on the same date, the total amount of the issue less the Underwriting Fee, before 15.00 hours (Madrid time), with same-day value, in accordance with the provisions of the Domestic and International Tranches Subscription Agreements.

The Disbursement Date shall be June 19, 2003.

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

No later than fifteen (15) days after the Disbursement Date, each investor will receive from the Underwriting Entity through which it has subscribed the Notes, a document providing evidence of the subscription of the Notes and the amount effectively disbursed through this subscription. Notwithstanding the above, ownership of the Notes will be proved by means of the relevant registration carried by the entity in charge of the book entry record of the Notes, which are represented in book entry form. This supporting document will not be negotiable and will only reflect the initial subscription of the Notes. It will be valid to prove the subscription of the relevant Notes until their registration in the relevant book entry record.

II.19 Placement and assignment of the Notes.

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

- (i) **Domestic Tranche:** two hundred and thirty nine million, six hundred thousand (239,600,000) euro will be placed, that is two thousand, three hundred and ninety six (2,396) Class A Notes, approximately 20% of the total nominal value of that Class.
- (ii) **International Tranche:** one billion, ten million and four hundred thousand (1,010,400,000) euro will be placed in the following manner:
 - Nine hundred and fifty eight million five hundred thousand (958,500,000) euro, that is nine thousand five hundred and eighty five (9,585) Class A Notes, approximately 80% of the total nominal value of that Class.
 - Forty two million five hundred thousand (42,500,000) euro, that is four hundred and twenty five (425) Class B Notes, which represent 100% of the total nominal value of that Class.
 - Nine million four hundred thousand (9,400,000) euro, that is ninety four (94) Class C Notes, which represent 100% of the total nominal value of that Class.

The placement procedure will be the following:

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

It is not foreseen the redistribution of the initial amount of Notes assigned to each Tranche prior to the closing of the Subscription Period nor at any other moment.

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

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

Underwriting Entity	euro million		
	Class A	Class B	Class C
• Banco Santander Central Hispano	[]	-	-
[]	[]	-	-
Totals	239.60	-	-

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

Underwriting Entity	euro million		
	Class A	Class B	Class C
• Banco Santander Central Hispano	[]	[]	[]
• BNP Paribas	[]	[]	[]
[]	[]	[]	[]
Totals	958.50	42.50	9.40

Each of the Underwriting Entities of the Class A Notes will receive an underwriting fee of 0.050% of the total nominal amount of Class A Notes effectively underwritten by the relevant entity by virtue of the Subscription Agreements referred to in Section V.4.1 of the Prospectus.

Each of the Underwriting Entities of the Class B Notes will receive an underwriting fee of 0.100% of the total nominal amount of Class B Notes.

Each of the Underwriting Entities of the Class C Notes will receive an underwriting fee of 0.200% of the total nominal amount of Class C Notes.

II.19.2 Managers of the Issue.

The Bank and [BNP Paribas] will act as Managers of the issue, and will receive no fee. Below is a copy of the letters issued by the Managers containing the statements signed by the persons duly empowered to make the representations required by Circular 2/1994, of March 16, of the Comisión Nacional del Mercado de Valores, by means of which the prospectus pro-forma for the incorporation of mortgage securitisation funds is approved, and Circular 2/1999, of April 22, of the Comisión Nacional del Mercado de Valores, by means of which certain prospectus pro-formas for the issuance and public offers of securities are approved:

On behalf of the Bank:

“MR. JAVIER PAZOS ACEVES in the name and on behalf of Banco Santander Central Hispano, S.A., with registered office at Santander, Pº de Pereda No. 9 and 12, Santander, and duly authorised for these purposes in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS UCI 9, for the issue of an amount of one billion, two hundred and fifty million (1,250,000,000) euro, in compliance with Article 20 of Royal Decree 291/1992, of March 27, on issues and public offers of securities, as amended by Royal Decree 2590/1998, of December 7,

DECLARES

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

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

In witness whereof, I draft this statement in Madrid on [], 2003.”

On behalf of [BNP Paribas]:

“MR. RAMIRO MATO GARCÍA-ANSORENA and MR. CARLOS GARDEAZÁBAL ORTÍZ, in the name and on behalf of BNP Paribas, with registered office at Hermanos Bécquer 2, 28006 Madrid, and duly authorised for these purposes in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS UCI 9, for the issue of an amount of one billion, two hundred and fifty million (1,250,000,000) euro, in compliance with Article 20 of Royal Decree 291/1992, of March 27, on issues and public offers of securities, as amended by Royal Decree 2590/1998, of December 7,

DECLARE

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

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

In witness whereof, we draft this statement in Madrid on [], 2003.”

The Bank and [BNP Paribas], as Managers of the issue, will receive no fee.

II.19.3 Underwriting of the issue.

The Managing Company, acting in the name and on behalf of the Fund, will enter into two Subscription Agreements with the Underwriting Entities (one for the Domestic Tranche and another one for the International Tranche), whereby these entities in their respective Tranches will freely assign the Notes to third parties for

the amounts set out in respect of each in Section II.19.1, and once the Subscription Period has closed, they will subscribe on their own behalf any amount of Notes which remain unsubscribed.

As Underwriting Entities, the Bank and [] as regards to the Domestic Tranche, and the Bank, [BNP Paribas] and [] as regards to the International Tranche, assume the obligations provided in the Domestic and International Tranche Subscription Agreements, which are essentially the following: 1) an undertaking to subscribe to the Notes which have not been subscribed at the closing of the Subscription Period, up to the amounts set out for each one; 2) payment by [BNP Paribas] and [] to the Bank, as Financial Agent, of the underwriting commitment of each of them, with same-day value, before 14:00 hours (Madrid time) on the Disbursement Date, after deducting of the underwriting fee agreed in the relevant Subscription Agreement; 3) payment to the Fund, by the Bank, in its role as Financial Agent, before 15:00 hours (Madrid time) on the Disbursement Date, of the total amount of the issue, after deducting of the underwriting fee that corresponds to the Bank as Underwriting Entity; 4) payment of any interest (at EURIBOR rate for 1 day deposit transactions plus 70 basic points, capitalised weekly) accrued daily for delayed payment, as agreed in the Subscription Agreement in the case of delay in payment of the owed amounts.

The early termination of the Subscription Agreements may only occur if the Rating Agencies (S&P España and Moody's España) do not confirm, before the commencement of the Subscription Period of the Notes, the AAA/Aaa ratings for the Class A, the A+/A2 ratings for the Class B and the BBB+/Baa2 ratings for the Class C, according to the rating scales of S&P España and Moody's España, respectively.

II.19.4 Pro-rata allocation in the placement.

Not applicable.

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

The Notes represented through book entries will be incorporated as such by virtue of their registration in the relevant book entry record carried out by the Sociedad de Sistemas, in accordance with the provisions set forth in Section II.5, and there will be no physical delivery of the Notes.

The Noteholders may be provided, up on request and at their own cost, Ownership Certificates for the assigned Notes and the corresponding amounts disbursed. These documents will also include the identity of the Noteholder, the reason for the issue of the Certificate and its period of validity, in accordance with the fourth Section of Chapter I, Title I of Royal Decree 116/1992.

II.21 Spanish legislation under which the Notes are created and indication of the competent court in the event of litigation. Actions of the Noteholders.

The incorporation of the Fund and the issue of the Notes are subject to Spanish legislation in accordance with the provisions set forth in Royal Decree 926/1998 of May 14, on Asset Securitization Funds and Managing Companies of Securitization Funds, subsidiarily by Law 19/1992, of July 7, on the Regime applicable to Companies and Real Estate Investment Funds and Mortgage Securitisation Funds; Law 24/1988, dated July 28 on the Securities Market, amended by Law 37/1998, dated November 16, and Law 44/2002, of November 22, among others; and in accordance with the provisions set forth in Royal Decree 291/1992, dated March 27, on Issues and Public Offerings of Sale of Securities, amended by Royal

Decree 2590/1998, dated December 7, on amendment of the legal regime of the securities markets; as well as the Order of July 12, 1993 on Information Prospectuses and other developments of Royal Decree 291/1992 of March 27, and the CNMV Circular 2/1994 of March 16 and the CNMV Circular 2/1999 of April 22, whereby certain pro-forma prospectuses to be used in issues or public offerings of securities were approved.

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

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

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

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

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

The following is a summary of the tax consequences of the investments derived from this offer. This summary is based on the Spanish law in force on the date of the offer and does not address all tax considerations that may be relevant to every category of investor. The investors should also take into account any personal tax circumstances and, in particular, those related to the territorial limitations of certain tax laws and the applicable tax regime at the time the income is obtained and declared.

II.22.1 Spanish Individual Income Tax (IIT)

Interest as well as income obtained on the transfer, redemption or repayment of the Notes, which is obtained by individuals that are resident in Spain for tax purposes, will be deemed income from the movable property pursuant to Section 23.2 of Law 40/1998, of December 9th, on Individual Income Tax (“IIT”).

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

According to the IIT Regulations (Royal Decree 214/1999, of February 5th), a withholding tax will be levied on the aforementioned income derived from the Notes, pursuant to the following:

- Interest derived from the Notes will be subject to an 15% withholding tax.
- However, no withholding tax will be levied on the income derived from the transfer or repayment of the Notes, if the following requirements are fulfilled (as is anticipated in the case of this issue):
 - 1) The Notes are registered in book entry form; and
 - 2) The Notes are listed in a Spanish official secondary market.
- Notwithstanding the above, an 15% withholding tax shall be applied to the part of the transfer price corresponding to the accrued interest when the transfer of the

Notes takes place within the 30-day period prior to the distribution of the interest, provided that:

- 1) The acquiror is a non-resident in Spain for tax purposes or is a Corporate Income Tax taxpayer, and,
- 2) The acquiror is not subject to withholding tax on the interest received from the Notes.

II.22.2 Corporate Income Tax (CIT)

Interest as well as income obtained from the transfer, redemption or repayment of the Notes, obtained by entities regarded as CIT taxpayers, will be included in their CIT taxable base in accordance with chapter IV of Law 43/1995, of December 27th, on Corporate Income Tax (“CIT”).

Such income will be subject to a withholding tax forming part of the investor’s final CIT liability, in accordance with Chapter II of Section IV of the Royal Decree 537/1997 of April 14th, on CIT Regulations. However, Section 57), q) of Royal Decree 537/1997 states that no withholding tax will be levied on such income if (as is anticipated in the case of this issue):

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

II.22.3 Non-Resident Income Tax (NRIT)

Interest and income obtained upon the transfer, redemption or repayment of the Notes, by individuals and entities not resident in Spain for tax purposes, either through a permanent establishment located in Spain or not, will be considered income obtained in Spain and therefore subject to Spanish taxation under Section 12 of Law 41/1998, of December 9th, on Non-Resident Income Tax (“NRIT”).

a) Income obtained through a permanent establishment located in Spain

Income derived from the Notes and obtained through a permanent establishment located in Spain, will be taxed according to the regulations provided in chapter III of said Law 41/1998. Such income will not be subject to any tax withholding at source, given that the Notes will be registered in book-entry forms and listed in a Spanish official secondary market.

b) Income obtained without a permanent establishment located in Spain

As a general rule, individuals and entities not resident in Spain for tax purposes and not conducting business in Spain through a permanent establishment within the Spanish territory, will be taxed in Spain at a rate of 15% on interest obtained from the Notes, including income arising from the transfer, redemption or repayment of the Notes, which may be considered interest for the purposes of Law 41/1998. For these purposes, the gross income obtained will be calculated in accordance with the rules set forth in the IIT Law, although no reduction on such income will be applicable.

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

Individuals and entities who are residents of a State which has entered into a Treaty for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (a “DTC”) with Spain, will be taxed on income obtained from the Notes at the reduced tax rates provided by the relevant DTC if the taxpayer submits a certificate of residency issued by the relevant Tax authorities of the country in which he is a resident.

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

Additionally, income arising from the transfer of the Notes by individuals or entities, not acting through a permanent establishment in Spain, who are residents of a State which has entered into a DTC with Spain that includes an “exchange of information” clause, will be exempt from taxation provided that such transfer is carried out in a Spanish official secondary market. Also in this case, the individual or entity will have to evidence its tax residency by means of a certificate issued by the relevant authorities.

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

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

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

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

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

In the event that any exemption is applicable or the withholding tax rate is lower than 15% pursuant to any Treaty, should the mentioned certificate of residence be not provided within the abovementioned term, the investor may afterwards obtain a refund of the relevant amount withheld from the Spanish tax authorities,

following the standard refund procedure set forth in the Spanish regulations (Ministerial Order of December 22nd, 1999).

II.22.4 Net Wealth Tax

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

II.22.5 Inheritance and Gift Tax (IGT)

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

II.22.6 Indirect Taxation on the Notes.

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

II.23 Purpose of the transaction.

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

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

II.24 Secondary negotiation.

Not applicable.

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

II.25.1 Listing.

- a) The financial design of issue of Notes has been carried out by Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A., together with UCI.
- b) The legal design of the issue of Notes has been carried out by Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A., and Uría & Menéndez, as independent legal advisers.
- c) The Bank and [] act as Domestic Tranche Underwriting Entities.
- d) The Bank, [BNP Paribas] and [] act as International Tranche Underwriting Entities.
- e) The Bank and [BNP Paribas] act as Managers of the Domestic Tranche and the International Tranche of the issue.
- f) The Bank also acts as Financial Agent.

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

“MR. IGNACIO ORTEGA GAVARA in the name and on behalf of SANTANDER CENTRAL HISPANO TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, (S.G.F.T.), S.A., with registered office at Madrid, Paseo de la Castellana 75, in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS UCI 9, for an issue of one billion, two hundred and fifty million (1,250,000,000) euro, in compliance with point II.25.2. of Circular 2/1994, of March 16, of the Comisión Nacional del Mercado de Valores, by means of which the prospectus pro-forma for the incorporation of the mortgage securitisation funds is approved, as well as in compliance with the Order of July 12, 1993, by means of which Royal decree 291/92, of March 27 was developed,

DECLARES

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

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

II.25.3 Statement of the Originator.

“MR. PHILIPPE JACQUES LAPORTE, in the name and on behalf of UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO (UCI), with registered office at Retama No. 3, Madrid, and duly authorised for these purposes in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS UCI 9, for an issue of one billion and two hundred and fifty million (1,250,000,000) euro,

DECLARES

FIRST.- That UCI's By-laws are fully in force.

SECOND.- That UCI is not involved in pending litigation or cases led by its lawyers, nor in any other contingency from which material losses that may affect its solvency could arise.

THIRD.- That with regard to the Credit Rights portfolio to be assigned by UCI to the Fund:

- 1. The information contained in the Prospectus is true, accurate and complete,*
- 2. The Credit Rights exist, are valid and duly documented,*
- 3. UCI is the owner of all the Credit Rights, which are free of encumbrances, claims or litigation,*
- 4. There is no impediment to the issue of Mortgage Participations and Mortgage Transfer Certificates,*

5. *There are no delays in payment for more than thirty (30) days on the Disbursement Date,*

6. *All the Credit Rights have a maturity date earlier than or equal to the Final Maturity Date of the Notes (June 19, 2035), and*

7. *The Mortgage Loans have mortgage securities duly formalised by means of a Notarial Deed and registered with the relevant Properties' Registry.*

In witness whereof, I draft this statement in Madrid on [], 2003.”

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

CHAPTER III

GENERAL INFORMATION REGARDING THE FUND

III.1 Legal background and purpose of the Fund.

The FONDO DE TITULIZACIÓN DE ACTIVOS UCI 9 is governed by (i) the Incorporation Deed, (ii) Royal Decree 926/1998 and its subsequent developing regulations, (iii) Law 12/1992, of July 7, on the Regime applicable to Companies and Real Estate Investment Funds and on Mortgage Securitisation Funds, applies to any issues not governed by Royal Decree 926/1998 and provided it is deemed to be applicable, (iv) Law 24/1988, of July 25, on the Securities Market, amended by Law 37/1998, of November 16, shall apply in connection with the surveillance, supervision and sanctioning of the Fund, (v) Article 18 of Law 44/2002, of November 22, on Amendment Measures to the Financial Market (the “Law 44/2002”) approves a new drafting for the Fifth Additional Provision of Law 3/1994, of April 14, by virtue of which the Spanish regulations on credit entities are adapted to the Second Banking Co-ordination Directive and further amendments to the financial system are approved (the “Law 3/1994”), as regards the Mortgage Transfer Certificates, to which the legislation applicable to the Mortgage Participations will apply, if applicable and (vi) by any other applicable regulations in force from time to time.

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

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

In accordance with the Fifth Additional Provision of Law 3/1994, of April 14, by virtue of which the Spanish regulations on credit entities are adapted to the Second Banking Co-ordination Directive and further amendments to the financial system are approved, in the event of bankruptcy (“*quiebra*”) or insolvency (“*suspensión de pagos*”) of the Originator of the Credit Rights contained in the Fund, only the fraudulent assignment of credits is capable of being challenged before a Court. The Fund has an absolute right of separation in accordance with Articles 908 and 909 of the Spanish Commercial Code.

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

The issuer of the Notes will be named FONDO DE TITULIZACIÓN DE ACTIVOS, UCI 9.

Prior verification and registration with the Official Registries of the Comisión Nacional del Mercado de Valores, in accordance with Section II.1.1.b) of the Prospectus, is a requirement for the incorporation of the Fund and the issue of the Notes.

Within fifteen (15) Business Days (as defined in Section II.10.1.d) of the Prospectus) following verification and registration of the Prospectus of incorporation of the Fund and issue of the Notes with the Comisión Nacional del Mercado de Valores and before the Subscription Period has commenced, the Managing Company, together with the Bank and UCI, as Originator of the Credit Rights, will execute the Incorporation Deed in accordance with Article 6 of Royal Decree 926/1998 and Article 5 of Law 19/1992.

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

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

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

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

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

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

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

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

- (i) It shall open a bank account (hereinafter, the “Cash Account”) on behalf of the Fund with the Financial Agent, as long as the short-term debt rating of the Bank is not lower than A-1 (according to the rating scale of S&P Ratings Group) or P-1 (according to the rating scale of Moody’s Investors Service Limited), as described in Section II.3 of the Prospectus.

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

- (ii) It shall verify that the amount of income that the Fund effectively receives corresponds to the income that the Fund should have received in accordance with the Agreements from which such income derives. The Managing

Company, will exercise the enforcement actions, in or out of Court, that are necessary or advisable in order to protect the Fund and the Noteholders' rights, if necessary;

- (iii) It shall deposit in the Cash Account the amounts received from UCI in respect of the principal and interest of the Credit Rights;
- (iv) It shall deposit in the Cash Account the amounts that make up the Reserve Fund from time to time (described in Section V.3.3 of the Prospectus);
- (v) In accordance with Section V.3.1 of the Prospectus, it shall ensure that the amounts deposited in the Cash Account (which shall include the Reserve Fund) earn the profitability set forth in the Guaranteed Reinvestment Agreement as long as the short-term debt rating of the Bank is not lower than A-1 (according to the rating scale of S&P Ratings Group) or P-1 (according to the rating scale of Moody's Investors Service Limited);
- (vi) It shall calculate (on each Interest Rate Fixing Date), with regard to the next Interest Accrual Period, the nominal interest rates applicable to the three Classes of Notes resulting from the calculation made in accordance with Section II.10, and shall publish them as provided in Section III.5.3.a, a');
- (vii) It shall calculate, on each Calculation Date, the principal to be repaid for the three Classes of Notes, and together with the accrued interest in accordance with Section II.11, it shall publish them as provided in Section III.5.3.a, a');
- (viii) It shall allocate the Available Funds referred to in Section V.5.1.b), as well as any other amount available in the Cash Account on each Payment Date, to the fulfilment of the payment or withholding obligations of the Fund in the terms and in the Payment Priority Order provided for in Section V.5.1.b), 2 of the Prospectus;
- (ix) It shall appoint the auditor of the Fund;
- (x) In accordance with the Incorporation Deed, it shall adopt the appropriate resolutions with regard to the liquidation of the Fund, including the resolution for the early liquidation of the Fund;
- (xi) It shall manage the Fund with the objective of maintaining the net value of the Fund at zero at all times; and
- (xii) It shall comply with its formal duties as well as with those duties relating to the submission of information and documents to the CNMV, Rating Agencies, the Sociedad de Sistemas, the AIAF and any other surveillance authority.

III.3.2 Substitution of the Managing Company.

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

appointment of the substitute managing company have been completed. All the expenses that may be generated as a consequence of this substitution will be borne by the Managing Company.

If the Managing Company is declared in liquidation, suspension of payments, or bankrupt, or if its authorisation is revoked, the Managing Company shall appoint a substituting managing company, in accordance with Articles 18 and 19 of the Royal Decree 926/1998.

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

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

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

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

- (i) a Management Fee payable on the Disbursement Date in one lump sum amounting to one hundred and twenty five thousand (125,000) euro; and
- (ii) a Management Periodic Fee on each Payment Date (19th of March, June, September and December of each year or, as the case may be, the following Business Day, as provided for in Section II.10.3 of the Prospectus), of an annual 0.015% of the sum of the Principal Balance of the three Classes of Notes on the Calculation Date that corresponds to the current Payment Date.

The calculation of the Management Periodic Fee that shall be paid on a given Payment Date, will be made by means of the following formula:

$$A = B \times 0,015\% \times \frac{d}{365}$$

Being:

A = Fee payable on a given Payment Date.

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

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

In any event, the annual amount of this periodic fee will not be lower than forty seven thousand and five hundred (47,500) euro and shall be governed by a side letter. If, during the life of the Fund, the Consumer Price Index published by the National Institute of Statistics corresponding to each calendar year rises, the annual minimum amount shall be adjusted cumulatively by the same proportion, starting from the year 2004 (inclusive) and effective from January 1st of each year.

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

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

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

In accordance with Article 1.1 of Royal Decree 926/1998 and Article 5.1 of Law 19/1992, the Fund shall constitute a separate and closed estate, without a separate and independent legal status. As regards its assets, the Fund will be composed of the Credit Rights and the Reserve Fund, as such Reserve Fund is described in Section V.3.3 of the Prospectus, and, as regards its liabilities, by the Notes and the Subordinated Loan described in Section V.3.2 of the Prospectus, in such a way that the net value of the Fund is zero.

III.4.1 Equity Value of the Fund

Assets.

a) *At origin.*

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

- (i) the Principal Balance of the Credit Rights assigned to the Fund, described in Chapter IV of the Prospectus;
- (ii) the amounts contributed as Reserve Fund as described in Section V.3.3 of the Prospectus;
- (iii) the incorporation expenses and the issue expenses;
- (iv) the amount that corresponds to the temporary delay between the collection of the interest of the Credit Rights and the payment of the interest of the Notes;

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

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

- (i) The Principal Balance of the Credit Rights assigned to the Fund.
In the event of early repayment by the debtors, the anticipated repayment fees which could accrue shall correspond to UCI;
- (ii) The ordinary nominal interest calculated by applying the ordinary nominal interest rate to the Credit Rights, accrued from the Disbursement Date;
- (iii) The nominal arrears interest calculated by applying the ordinary interest rate in accordance to the preceding paragraph (ii);

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

Liabilities.

- a) At origin.

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

- (i) The amount to be paid for the purchase of the Credit Rights;
- (ii) The Subordinated Loan granted by Santander Consumer Finance, S.A. and UCB, as described in Section V.3.2 of this Prospectus;

- b) Consequence of the operation of the Fund

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

- (i) the Unpaid Principal Balance of the three Classes of Notes;
- (ii) the Subordinated Loan granted by Santander Consumer Finance, S.A. and UCB, as described in Section V.3.2 of the Prospectus;
- (iii) interest, commissions and other expenses established in the Agreements entered into by the Managing Company, on behalf of the Fund.

III.4.2 Incorporation Expenses.

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

III.4.3 Periodic expenses incurred by the Fund.

The Managing Company shall satisfy, on account of the Fund, all the necessary expenses for its management and representation, which shall be reimbursed to the

Managing Company, according to the Payment Priority Order established in Section V.5.1.b), 2 of the Prospectus. Without limitation, the Managing Company shall satisfy the following periodic expenses:

- (i) all the expenses of incorporation, verification and registration of the Fund as well as all expenses related to the issue and listing of the Notes that are referred to in Section II.14 of the Prospectus;
- (ii) expenses for the annual audit of the Fund's financial statements;
- (iii) expenses derived from the rating agency coverage of the Class A, Class B and Class C Notes;
- (iv) expenses for the notifications to be served to the Noteholders in accordance with the Prospectus by advertisements in newspapers;
- (v) expenses that may be derived from the sale of the Credit Rights and/or the obtaining of a credit facility in the event of early repayment of the Notes issued;
- (vi) expenses necessary to carry out the enforcement of the underlying loans of the Credit Rights;
- (vii) expenses derived from the listing of the Notes in the AIAF and their recording in book entries; and
- (viii) in general, any other expenses borne by the Managing Company as a result of the management and representation of the Fund.

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

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

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

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

- a) Amounts collected by reimbursement of the principal of the Credit Rights in the preceding Calculation Period. Such amounts will have been deposited in the Cash Account in accordance with Section V.3.1 of the Prospectus.
- b) Ordinary and arrears interest arising from the Credit Rights in the preceding Calculation Period. Such amounts will have been deposited in the Cash Account in accordance with Section V.3.1 of the Prospectus.
- c) Returns obtained during the preceding Calculation Period by the reinvestment of the Reserve Fund in accordance with Section V.3.3 (ii), as well as the reinvestment of amounts deposited in the Cash Account according to Section V.3.1 of the Prospectus.
- d) Other amounts that the Fund may receive, including those resulting from the transfer of the real estate assigned to the Fund.

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

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

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

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

Mr. Ignacio Ortega Gavara, *Director General* of the Managing Company, has been empowered by the Board of Directors of the Managing Company at the meeting held on [], 2003, by virtue of which the incorporation of the Fund was approved (as described in Section II.1.1.a) of the Prospectus), to designate the auditing company that will carry out the annual audit of the Fund and to report such appointment to the Comisión Nacional del Mercado de Valores.

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

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

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

1. Unpaid Principal Balances and percentages of the initial nominal amount of each Class of Notes.
2. Accrued and paid interest.
3. Accrued and unpaid interest.
4. Accrued and paid amortisation.
5. Amount of the Principal Deficiency, if any.

b) *With regard to the Credit Rights.*

1. Principal Balance of the Credit Rights.
2. Accrued and collected interest of the Credit Rights.
3. Amount of the quotas of delay in payment of the Credit Rights on the date of such report.

c) *With regard to the economic-financial situation of the Fund.*

Report on the origin and subsequent application of the Available Funds in accordance with the Payment Priority Order referred to in Section V.5.1.b), 2 of the Prospectus.

d) *With regard to the early repayment of the Credit Rights.*

List showing the actual Average Rates of Prepayment of the Credit Rights, as well as the average term of the Notes assuming the maintenance of such Average Rates of Prepayment.

e) *With regard to the Annual Accounts of the Fund.*

The Balance Sheet, the Profit & Loss Account, the Management Report and the Audit Report, within four (4) months after the close of each financial year.

III.5.3 Obligation to communicate relevant facts.

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

a) *Regular ordinary notices*

a´) In accordance with Section II.10.1.d), within the term comprised between the Interest Rate Fixing Date and the maximum of the next three (3) Business Days following each Payment Date, the Fund, through the Managing Company, shall inform the Noteholders of the nominal interest rates which apply for each Class of Notes for the next Interest Accrual Period following the criteria described in the aforementioned Section.

a´´) In accordance with Sections II.10.3 and II.11.3.b), the Fund, through the Managing Company, shall inform the Noteholders quarterly, at least one (1) calendar day in advance of each Payment Date, of the interest rates which apply for the Notes of the three Classes, together with their repayment, if applicable, in addition to:

- (i) the actual average rates of early repayment of the Credit Rights on the Calculation Date;
- (ii) the average remaining term of the Notes of the three Classes estimated on the assumption that such actual rate of early repayment remains constant in accordance with Section II.11.3.c), first paragraph; and
- (iii) the Unpaid Principal Balances of each Note of each Class (after repayment to be made on each Payment Date) and the percentages represented by such Unpaid Principal Balances over the initial nominal amount of each Note, that is, one hundred thousand (100,000) euro.

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

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

b) *Extraordinary notices.*

b´) As a result of the incorporation of the Fund and the issue of the Notes, the Managing Company will notify in the name and on behalf of the Fund

(through the procedure established in paragraph c) below), the day after the granting of the Incorporation Deed, the incorporation of the Fund and the issue of the Notes, as well as the final annual nominal interest rates (including the spreads referred to in Section II.10.1.d) of this Prospectus) floating quarterly of the three Classes of Notes, determined for the First Interest Accrual period which will run between the Disbursement Date (June 19, 2003) and September 19, 2003, in accordance with Section II.10 of the Prospectus, any day of the calendar, whether or not it is a Business Day (as defined in the Prospectus), which is suitable for such publication.

b'') Others.

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

c) Procedure.

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

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

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

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

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

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

III.6 Tax regime of the Fund.

Law 43/1995, of December 27, on Corporate Tax provides that Funds of this nature are subject to the Corporate Tax, at the standard rate. Their management by the Managing Company is exempt from VAT in accordance with Article 20.One.18th.n) of Law 37/1992.

The returns to the Fund of interest on the Credit Rights shall not be subject to withholding of the Corporate Tax as established in Article 57. k) of Royal Decree 537/1997, of April 14.

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

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

The Incorporation Deed may not be altered except in extraordinary circumstances and in accordance with the conditions established by applicable regulations, provided that such amendment does not damage the ratings assigned to the Notes by the Rating Agencies, and that such amendment has been previously notified by the Managing Company to the Rating Agencies and the CNMV or any other relevant authority. Any amendment of the Incorporation Deed will be notified to the CNMV, either as a relevant fact or through the verification and registration of a supplement to the Prospectus, as appropriate. The Incorporation Deed may be also amended at the request of the CNMV.

III.8 Early liquidation of the Fund: events. Extinguishment of the Fund. Rights of the Originator.

III.8.1 Early liquidation of the Fund: events.

According to Article 5.3 of Law 19/1992, the Managing Company is empowered to early liquidate the Fund on a given Payment Date in the terms and conditions set forth in this Section and in Section II.11.3.c) of the Prospectus, if the Principal Balance of the Credit Rights is less than 10% of the initial balance, if and when the selling of the unpaid Credit Rights plus the existing balance in the Cash Account allows a total cancellation of all the obligations due to the Noteholders after fulfilling the preceding payments which have a priority payment order to that of the Noteholders as described in Section V.5.

Consequently, the Managing Company, upon the occurrence of the preceding early termination event as well as upon the occurrence of any other event of early termination of the issue referred to in Section III.8.2 of the Prospectus, once the Fund has been liquidated and within the maximum term of six (6) months after the distribution of the assets of the Fund as referred to in such Section and following the Payment Priority Order set forth in Section V.5.1.b), 2 of the Prospectus, will execute a notarial deed which will contain:

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

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

III.8.2 Extinguishment of the Fund.

In accordance with Article 11, e) of Royal Decree 926/1998, the Fund shall be extinguished as a result of the early termination events which are explicitly set forth in the Incorporation Deed and upon the occurrence of any of the events below. The CNMV shall be informed of the occurrence of any of them and, in the event of

insolvency of the Fund, the Payment Priority Order set forth in Section V.5 of the Prospectus shall be applied:

- (i) When the Credit Rights that make up the asset of the Fund are fully repaid;
- (ii) When the Notes issued are fully repaid;
- (iii) When in the Managing Company's opinion, exceptional circumstances occur that render the maintenance of the financial balance of the Fund extremely difficult or impossible. The event provided in the Guaranteed Reinvestment Agreement (described in Section V.3.1 of this Prospectus) of new regulations or any new interpretation of the regulations in force on withholding of the returns of the Mortgage Participations, loans or other Credit Rights, as a result of which, the financial balance, as requested by Royal Decree 926/1998, for the Fund and the issue of the Notes, is substantially affected by potential withholdings at source of the proceedings obtained from the Credit Rights deposited in the Cash Account, is an event included in this paragraph. In this case, the Managing Company, prior notification to the CNMV, will liquidate the Fund in an orderly manner in accordance with the rules established in the Incorporation Deed and Section V.5 of this Prospectus;
- (iv) In the event set forth by Article 19 of Royal Decree 926/1998, by virtue of which, the early termination of the Fund is mandatory if after four (4) months following the occurrence of an event of mandatory replacement of the Managing Company as a result of the Managing Company being declared in suspension of payments or bankruptcy, a new managing company willing to carry out the management of the Fund has not been found; or,
- (v) When a relevant breach of payment exists or it is foreseen that there will be one, and such breach produces a significant permanent deterioration related to any of the Notes issued.

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

Early repayment of all the Notes upon the occurrence of any of the preceding events will comprise the Unpaid Principal Balance on that date plus the accrued and unpaid interest from the last Payment Date until the early repayment date, reduced, as the case may be, by the relevant withholding tax, and free of expenses for the Noteholder; all these amounts shall be considered on that date and for all legal effects, as due and payable.

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

The Originator shall have a pre-emptive right to acquire all or part of the Credit Rights that it may have assigned and which belong to the Fund, as unpaid Credit Rights, if the Fund is liquidated and any unpaid balance of the Credit Rights remains. The Originator shall be able to make use of the aforementioned right within five (5) Business days following a notification by the Managing Company to the

Originator of the terms and conditions (price, payment, etc.) upon which the Credit Rights will be sold.

In general, the price to be paid for the Credit Rights will not be lower than the price offered by the interested third party. In exceptional circumstances, the price to be paid for the Credit Rights will not be lower than the sum of the principal amount plus the accrued and uncollected interest of the Credit Rights pending repayment in the event of early liquidation of the Fund as provided for in Clause 10.12 of the Incorporation Deed.

Any exercise of this pre-emptive right on different terms shall be previously submitted to the CNMV. This pre-emptive right does not imply, in any event, a repurchasing agreement or statement of the Credit Rights assigned by the Originator.

CHAPTER IV

INFORMATION REGARDING THE CHARACTERISTICS OF THE ASSETS SECURITISED BY THE FUND

IV.1 Credit Rights included in the Fund.

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

The Credit Rights which appear in on the balance sheet of UCI derive financing transactions, the purpose of which is the acquisition and restoration of dwellings, granted as Mortgage Loans (hereinafter, the “Mortgage Loans”). The characteristics of the Mortgage Loans, which UCI intends to write off its balance sheet by means of their assignment to the Fund, are the following:

- The Mortgage Loans A (the “**Mortgage Loans A**”), the purpose of which is the acquisition and restoration of dwellings and comply with all the requisites under Law 2/1981, of March 25, on the Mortgage Market, and its regulations. This portfolio will amount to 92.5% of the Mortgage Loans portfolio on the Incorporation Date.
- The Mortgage Loans B (the “**Mortgage Loans B**”), the purpose of which is the acquisition and restoration of dwellings, include the following two classes and do not comply with all the requisites under Law 2/1981, of March 25, on the Mortgage Market, and its regulations. This portfolio will amount to 7% of the Mortgage Loans portfolio on the Incorporation Date.
 - a) Mortgage Loans the principal balance of which exceeds 80% of the underlying asset’s valuation on the date of issue of the Mortgage Transfer Certificates (the “**Mortgage Loans Ba**”). The principal balance of these Mortgage Loans does not exceed 100% of the underlying asset’s valuation. This portfolio will amount to 5% of the Mortgage Loans portfolio on the Incorporation Date.
 - b) Mortgage Loans which have a mortgage security that ranks second, provided that the mortgage security which ranks first is in favour of UCI, in the event of amounts exceeding 80% of the underlying asset’s valuation (the “**Mortgage Loans Bb**”). This portfolio will amount to 2% of the Mortgage Loans portfolio on the Incorporation Date.
- The Mortgage Loans C (the “**Mortgage Loans C**”) which belonged to the Mortgage Securitisation Fund UCI 1 and comply with all the requisites under Section 2 of Law 2/1981, of March 25, on the Mortgage Market. Prior repurchase by UCI, the Mortgage Loans C will form part the assets of this Fund. This portfolio will amount to 0.5% of the Mortgage Loans portfolio on the Incorporation Date.

On the verification date of this Prospectus, the Mortgage Loans C still belong to the Fondo de Titulización Hipotecaria UCI 1. As provided in the early repayment rules of UCI 1’s prospectus, UCI will repurchase the Mortgage Loans C on the next Payment Date (that is, June 16, 2003), which coincides with the Incorporation Date of the Fund.

Consequently, the assignment of the Credit Rights which derive from the said financing transactions and make up the assets of the Fund will be carried out in two manners (which are described in paragraph c) below):

1. Credit Rights deriving from the Mortgage Loans A and the Mortgage Loans C: through the issue of Mortgage Participations (“**Mortgage Participations**”) to be subscribed by the Fund by means of the Incorporation Deed.
2. Credit Rights deriving from the Mortgage Loans B: through the issue of Mortgage Transfer Certificates (“**Mortgage Transfer Certificates**”) to be subscribed by the Fund by means of the Incorporation Deed.

a) Representations of UCI, as Originator, regarding the Credit Rights.

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

- (1) UCI is a duly incorporated entity in accordance with the applicable legislation, registered with the Commercial Registry and authorised to participate in the Mortgage Market;
- (2) Neither on the date of the Prospectus, nor at any time since its incorporation has UCI been in any situation of insolvency, suspension of payments (“*suspensión de pagos*”), or bankruptcy (“*quiebra*”);
- (3) Mortgage Participations are subject to Law 2/1981, of March 25, Royal Decree 685/1982, of March 17, as amended by Royal Decree 1289/1991, of August 2, among others, and other applicable regulations and shall comply with all the requirements set forth therein. The Mortgage Loans A and C comply with all the requirements established in Section II of Law 2/1981 and in Chapter II of Royal Decree 685/1982. The Mortgage Transfer Certificates are issued in accordance with Article 18 of Law 44/2002, which approves a new drafting for the Fifth Additional Provision of Law 3/1994, of April 14, and names mortgage transfer certificates to the mortgage participations corresponding to mortgage loans which do not comply with all the requirements established in Section II of Law 2/1981 and in Chapter II of Royal Decree 685/1982;
- (4) The corporate bodies of UCI have validly adopted all the necessary resolutions for the issue of the Mortgage Participations and the Mortgage Transfer Certificates and the execution of the agreements to be entered into and undertakings assumed therein;
- (5) The Mortgage Loans are valid and enforceable in accordance with the applicable Law;
- (6) UCI is the holder, without any limitation, of all the Mortgage Loans underlying to the Credit Rights to be assigned and their subsequent real estate mortgages, in the first case, without there being any restriction on the issue of the Mortgage Participations and the Mortgage Transfer Certificates;
- (7) Data related to the Mortgage Loans included in this Section is complete and provides a true, accurate and exact representation of such Mortgage Loans;
- (8) UCI is not aware of any defence which the debtors may raise with regard to the payment of any amount deriving from the Mortgage Loans;
- (9) Each and all the Mortgage Loans are secured by a real estate mortgage registered as a first ranking mortgage and free of any claims or prior rights, except for the

Mortgage Loans Bb, the mortgage security of which ranks second, although in this case the mortgage security which ranks first is in favour of UCI, over the fee simple of each and every one of the relevant properties. The property mortgaged is not subject to any transfer limitations, subsequent conditions, or any other restrictions;

- (10) There is not any preferential right over the right of the Fund, as owner of the Credit Rights;
- (11) All the Mortgage Loans are formalised by means of a Public Deed and all mortgages have been correctly constituted and are registered with the relevant Property Registries. The registration of the mortgaged properties is effective, and is not subject to any limitation or priority right according to the applicable law;
- (12) UCI is not aware of any debtor being under an insolvency situation;
- (13) All mortgagors are individuals resident in Spain;
- (14) Mortgage Loans have been granted for the purpose of financing private individuals in the acquisition or renovation of residential properties located in Spain, with property mortgages as security;
- (15) The Principal Balance of each Mortgage Loan is denominated in Euro on the date of its assignment;
- (16) Mortgages are created over properties owned by the relevant mortgagor in fee simple; the Originator is unaware of any litigation existing in relation to the ownership of such properties;
- (17) All mortgaged properties have been previously appraised by entities validly registered in the relevant Official Registry of the Bank of Spain, the appraisal having been evidenced by means of the appropriate Appraisal Certification;
- (18) The outstanding Principal Balance of the Mortgage Loans A and C shall not exceed, on the date of execution of the Incorporation Deed, 80% of the appraisal value of the properties mortgaged as security for the corresponding loans. The outstanding Principal Balance of the Mortgage Loans B shall not exceed, on the date of execution of the Incorporation Deed, 100% of the appraisal value of the properties mortgaged as security for the corresponding loans;
- (19) UCI is unaware of any reduction of more than 20% in the appraisal value of any mortgaged property;
- (20) Residential properties over which the mortgage has been created, are insured against fire and damage. The sum assured is not lower than the value of the insurance of the residential properties contained in the Appraisal Certification. The information included that is related to the fire insurance policy or any other accessory right is true, complete and accurate;
- (21) Mortgage Loans are not implemented as securities, whether registered or bearer securities;
- (22) Mortgage Loans are not subject to the issue of Mortgage Debentures, Mortgage Notes, Mortgage Participations or Mortgage Transfer Certificates other than those to be issued on the date of execution of the Incorporation Deed;
- (23) UCI represents and warrants that, on the Incorporation Date, none of the loans shall have payments pending for a period of more than thirty (30) days;
- (24) UCI does not know of any credit right held against UCI by any of the mortgagors, that confers a right of set-off on the debtor;

- (25) The information contained in this Prospectus of incorporation of the Fund and issue of Notes on the portfolio of Mortgage Participations, the Mortgage Transfer Certificates and the Mortgage Loans, is complete, true and accurate;
- (26) The granting of the Mortgage Loans, the issue of the Mortgage Participations and the Mortgage Transfer Certificates, as well as all acts related to them, have been carried out or will be carried out according to the market criteria;
- (27) The criteria established by UCI in the Internal Memorandum on Section IV.3.1 of the Prospectus, have been fully complied with in the granting of all of the Mortgage Loans;
- (28) All mortgage deeds constituted over the residential properties and referring to the Mortgage Loans have been duly filed in the relevant archives, and are at the disposal of the Managing Company, on behalf of the Fund. There are three copies of a CD-ROM containing electronic versions of such deeds at the disposal of UCI. Additionally, a DVD copy of the referred documents will be at the disposal of the Managing Company. The mortgages mentioned are subject to identification through UCI's electronic registry;
- (29) On the issue date, the total outstanding Principal Balance of the Mortgage Loans shall be equal to the sum of the Principal Balances of all the Mortgage Participations and the Mortgage Transfer Certificates, which shall in turn be at least equal to the value of the issue of Notes;
- (30) Mortgage Loans have been and are being managed by UCI in accordance with its ordinary procedures;
- (31) UCI is unaware of the existence of any litigation related to the Mortgage Loans which may affect their validity or which may lead to the application of Article 1,535 of the Spanish Civil Code (concerning the debtor's right to discharge the litigious credit that is sold). Likewise, UCI is unaware of any litigations or claims initiated by the debtors against the seller of the residential property which may result in the application of Article 15 of Law 7/1995, of March 23, on Consumers Credit, and it is also unaware of any circumstances which may demonstrate the inefficiency of the agreement for the acquisition of residential properties;
- (32) The premiums accrued up until now for the insurance policies taken out (and referred to in paragraph (20) above) have been entirely paid;
- (33) All the Mortgage Loans have a final maturity date earlier than or equal to the Final Maturity Date of the Credit Rights (December 5, 2032). Consequently, in the event that any amendment is made to the maturity date of any Mortgage Loan as a consequence of a renegotiation accepted by the Managing Company, the new maturity date shall not be later than the Final Maturity Date of the Credit Rights;
- (34) On the date of issue of the Mortgage Participations and the Mortgage Transfer Certificates, none of the loans included in the portfolio referred to in Section IV.4 of the Prospectus which have undergone early repayment, shall be included as a Mortgage Participation or a Mortgage Transfer Certificate;
- (35) UCI is unaware of the existence of any circumstance that prevents or hinders the enforcement of the mortgage guarantee;
- (36) The Mortgage Loans underlying to the Credit Rights shall be deducted from the assets of UCI, for the amount participated, in accordance with the provisions of Circular 4/91 of June 16 of the Bank of Spain;

- (37) Upon completion of the issue of the Mortgage Participations and Mortgage Transfer Certificates, the volume of mortgage debentures issued by UCI and pending maturity, shall not exceed 90% of the sum of the non-amortised capital of all mortgage credits in the portfolio, in accordance with the provisions of Articles 59 and 60 of Royal Decree 685/82 amended by Royal Decree 1289/91. On the verification date of this Prospectus, there was no mortgage debenture issued by UCI;
- (38) UCI undertakes to provide the Managing Company with all periodical information regarding the Credit Rights, in accordance with the electronic applications of the Managing Company;
- (39) None of the Mortgage Loans have any of the characteristics of the properties excluded or limited by article 32 of Royal Decree 685/1982 (referring to credits which cannot cover the issue of Mortgage Participations or Mortgage Transfer Certificates);
- (40) The issued Mortgage Participations and Mortgage Transfer Certificates shall not have an interest rate higher than that of the Mortgage Loans; and
- (41) All the residential properties mortgaged by means of the Mortgage Loans are already constructed;
- (42) The Mortgage Loans C will form part of the assets of the Fund on June 16, 2003, which is the date of early liquidation of the Fondo de Titulización Hipotecaria UCI 1 and their repurchase. The said date coincides with the date of execution of the Incorporation Deed, in such a way that the Mortgage Loans C will form part of the assets of the Fund.

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

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

c) Assignment of Credit Rights.

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

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

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

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

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

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

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

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

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

In the event of lack of payment by the debtor of the premium corresponding to the insurance policy against damages or fires in the mortgaged property, UCI assumes the payment of such premium by means of a Collective Insurance Policy of the properties to be entered with an Insurance Company.

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

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

The Fund, as holder of the Credit Rights, shall hold all rights granted to the assignee in Article 1,528 of the Spanish Civil Code and Articles 347 and 348 of the Commercial

Code. In particular, it shall have the right to all payments received from the Disbursement Date by the debtors, and any other payment deriving from the Credit Rights. Interest accrued on the Credit Rights up until the Disbursement Date shall still correspond to the Originator. In addition to payments made by debtors in the form of principal amount and interest on the Credit Rights, any other payment received by the Originator for the Credit Rights shall also correspond to the Fund, including payments deriving from any right incidental to the financing operations e.g. insurance pay-outs, payments made by possible guarantors, etc., but not including commission for claiming unpaid bills, commission for subrogation, commission for early repayment/cancellation, or any other commission attributable to the Originator.

The assignment of the Credit Rights shall be valid and fully enforceable between the parties on the Disbursement Date. The Incorporation Deed of the Fund includes as Annex 11 an electronic copy of each and all the Mortgage Loans underlying to the Mortgage Participations and Mortgage Transfer Certificates grouped in the Fund.

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

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

Payments made to the Managing Company, on behalf of the Fund, as interest for Credit Rights shall not be subject to withholding tax in accordance with article 57. k) of Royal Decree 537/1997, of April 14, approving the Corporate Tax Regulation, as amended by Royal Decree 2717/1998, of December 18.

d) Rules established for the substitution of Credit Rights.

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

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

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

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

2. Substitution shall be carried out as follows:

- a) UCI shall notify the Managing Company, on behalf of the Fund, of the existence of each unsuitable Mortgage Participation or Mortgage Transfer Certificate, and shall immediately cancel such Mortgage Participation or Mortgage Transfer

Certificate by stamping the relevant title, and shall issue another Mortgage Participation or Mortgage Transfer Certificate with similar characteristics with respect to the remaining term, interest rate, principal balance and credit quality in terms of the relationship between the principal balance of the participation and the appraisal value of the property securing the underlying loan. Prior to the substitution, a verification of the suitability of the loan substituting the former must be carried out by an external audit firm, in accordance with the provisions of Section I.3 of the Prospectus, in such a way that the financial structure of the Fund is not affected by the substitution.

- b) Such issue of a Mortgage Participation or a Mortgage Transfer Certificate by UCI and subsequent substitution by the Managing Company on behalf of the Fund, shall be performed by means of the execution of a Notarial Deed including the particulars and details related to the Mortgage Participation or Mortgage Transfer Certificate to be replaced and the underlying mortgage loan, and the particulars and details related to the new Mortgage Participation or Mortgage Transfer Certificate issued and the new mortgage loan. It shall also include the reasons for the substitution and the details of the homogeneous nature of the two Mortgage Participations or Mortgage Transfer Certificates, according to the criteria described above. A copy of such deed shall be filed with the CNMV, the Entity in charge of the Account Registry, and with the AIAF, and shall also be communicated to Moody's España and S&P España.

IV.2 Management of the Participated Mortgage Loans.

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

1. Management.

UCI, as Originator of the Credit Rights, in accordance with Article 2.2.b) of Royal Decree 92/1998, shall be responsible for the custody and management of the Mortgage Loans corresponding to the Credit Rights and shall receive, as manager of their collection, on behalf of the Fund, all amounts paid by the debtors in relation to the Credit Rights. The amounts corresponding to the Fund shall be deposited immediately, in accordance with the provisions of Section IV.1.c) and paragraph 9 below, in the Cash Account opened in the name of the Fund by the Managing Company, as described in Section V.3.1 of the Prospectus.

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

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

Company, for any damage, loss or expense incurred as a result of the non-compliance of UCI with its obligations of custody and management of the Credit Rights.

2. *Duration.*

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

3. *Responsibility of UCI for custody and management*

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

4. *Responsibility of UCI in the collections.*

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

5. *Guarantee of UCI.*

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

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

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

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

7. *Deposit of other documents.*

UCI shall act as depository of the deeds formalising the Credit Rights and all other relevant documents.

8. *Access to the referred documents.*

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

9. Collections.

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

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

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

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

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

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

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

11. Advance of funds.

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

12. Forbidden transactions; mortgage extension cases.

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

Notwithstanding the above, in exceptional circumstances, the Managing Company may give instructions to UCI, or give it prior authorisation to enter into an agreement with the debtor on the terms and conditions it deems appropriate for an amendment the relevant Credit Right.

In the event of a renegotiation previously agreed by the Managing Company, on behalf of the Fund, regarding the Credit Rights, their maturity or their interest rates, the amendment of the conditions shall affect the Fund in accordance with Rule fifteen,

paragraph 2, d) of Circular 4/1991, of June 16, of the Bank of Spain to credit entities on accounting rules and pro-formas of financial statements, which establishes that the assignment agreements shall indicate that, in the event of renegotiation of the assigned asset or its maturity, the modified terms shall affect the assignee of the asset.

In the event that a modification of the interest rate of any Credit Right is agreed, all ordinary and arrears interest accrued on the Credit Right will still correspond to the Fund.

Additionally, in such an event, UCI undertakes to pay to the Fund, with regard to each Credit Right whose interest rate of which has been modified whilst this modification remains and on every Payment Date, the difference (in the case of it being negative) between (a) the interest accrued on the Credit Right since the last Payment Date and (b) the interest that the Credit Right would have accrued on the same period, applying to its principal the interest rate resulting from adding (i) the interest rate for Class B and C Notes (established in Section II.10 above) and (ii) a spread of 0.25 points over the spread of the subordinated tranche (%).

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

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

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

13. Remuneration of UCI.

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

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

Likewise the Bank, as compensation or remuneration for the process of financial intermediation performed, shall be entitled to receive in addition, on each Payment Date, a subordinated and floating amount equal to the existing difference between the accounting income and expenses of the Fund, in a way that extracts the financial margin obtained. The amount does not comprise a payment for the handing over of any goods or the rendering of any service to the Fund, but consists of remuneration for the financial intermediation process performed by UCI.

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

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

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

b') Enforcement action against debtors.

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

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

In the event of non-payment by any debtor, the Fund, through its Managing Company, shall have the following powers in accordance with the provisions of article 66 of Royal Decree 685/1982 of March 17, as amended by Royal Decree 1289/91, of August 2:

- (i) to compel UCI to seek the enforcement of the mortgage;
- (ii) to take part equally in the rights exercised by UCI including any enforcement proceedings brought against the debtor, and to appear in any such enforcement proceedings, and to have a stake in the product of the auction, in proportion to its percentage in the loan being enforced;

- (iii) if UCI does not begin the procedure within sixty (60) calendar days following the notarial notice of requesting the payment of the debt corresponding to the mortgage loans, the Managing Company, in the name and on behalf of the Fund, shall be entitled on a subordinated basis to bring an action for the enforcement of the participated mortgage loan for the amount corresponding to the percentage of its participation, both for principal and interest; and
- (iv) in the event that UCI brings an end to the procedure, the Fund, duly represented by the Managing Company, may be subrogated to the position of UCI and continue the enforcement procedure without the need for the above-mentioned term to have expired.

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

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

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

b'')Enforcement action against UCI.

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

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

c) Liability assumed by the Originator.

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

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

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

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

Introduction.

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

1. Application form.

2. About the residential property to be acquired: documentation provided by the applicant on the residential property to be financed or on any other residential property considered in the transaction as an additional guarantee.

3. About the income of the applicant.

- Salaried workers: the last three payrolls and Income Tax Returns of the previous year.
- Professionals and autonomous workers: Income Tax Return of the previous year.

Faculties.

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

Evaluation.

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

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

- *Destination:* acquisition or rehabilitation of residential property.
- *Title owners:* Individual persons of legal age, Spanish residents that become residential property owners, and which comply with the following conditions:
 - The professional stability of the applicant is analyzed, considering both the way of contracting, as its professional dynamic, enhancing the transactions with insufficient stability by means of personal guarantees or additional securities.
 - The maximum percentage of financing depends on the type of employment contract. Generally, and save exceptions, the maximum financing will be 70% for liberal professions and 60% for autonomous workers, those

percentages being exceeded in case of salaried workers. In the case of civil servants title owners, the percentage of financing can reach up to 105% (distributed in a mortgage loan up to 80% and the remainder as associated personal loan).

- The selection process is supported by a statistical score, based on the probability of non-payment in function of the client profile and an expert system that validates that the transaction complies with all UCI's acceptance policy rules.
- In all transactions the presence of the title holders and guarantors is systematically verified, if this is the case, in the ASNEF's Risks files (National Association of Financing Companies). If proved necessary, resort to CIRBE (Central of Risks Information of the Bank of Spain) is also foreseen.

Disbursement of the loan.

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

- 1st tranche: up to the 80%, as a Mortgage Loan.
- 2nd tranche: the amount exceeding 80%, as a Mortgage Loan in which the mortgage guarantees ranks second.

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

IV.3.2 Statistical information on the evolution of the number of transactions pending maturity, net investment, average APR and delay payment investments of the Mortgage Loans portfolio.

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

Date	Number of transactions pending maturity	Net Investment (M euro)	% average A.P.R.	Total NPL's (M euro)⁽¹⁾	% NPL's⁽¹⁾
30-06-00	40,130	2,013.52	5.10%	7.85	0.39%
31-12-00	42,963	2,201.80	6.05%	8.86	0.40%
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%
31-03-03	57,973	3,725.94	4.85%	20.21	0.54%

⁽¹⁾ According to the Bank of Spain's criterion.

With regard to the experience of early repayment or prepayments in the portfolio of Mortgage Loans granted by UCI for the acquisition of residential properties, at a floating rate, the Annual Constant Prepayment Rate ("*Tasa Anual Constante de Prepagó*" or CPR) of the last year is around 12% per annum, such data however does not represent an estimate of the actual future amortisation.

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

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

Homogeneity of the Mortgage Loans

The Mortgage loans underlying to the Credit Rights grouped in the Fund have been granted with the sole purpose of financing the acquisition, construction and rehabilitation of residential properties, according to the analysis and granting standard market criteria. Therefore, the only differing element of the said loans is the financed percentage on the appraisal value and the guarantee rank (in case of loans in which the guarantee ranks second, the guarantee which ranks first is always in favour of UCI). As a consequence of the foregoing, all loans grouped in the Fund can be considered homogeneous.

Mortgage Loans Portfolio

The Mortgage Loans portfolio used as the basis for the issue of the Mortgage Participations and the Mortgage Transfer Certificates is comprised of 17,407 Mortgage Loans, the capital value of which, on May 20, 2003, amounted to 1,347,555,531.57 euro, representing 92% of the assets of UCI 9.

99.9% of the Mortgage Loans has a floating interest rate and 0.1% has a fixed interest rate during the life of the Mortgage Loan. The floating interest rate Mortgage Loans' main reference is the twelve (12) month EURIBOR or MIBOR, published by the Bank of Spain (79% of the Mortgage Loans portfolio) plus an average margin of 1.10%. Out of them, 85% of the loans indexed to 12 month EURIBOR or MIBOR, have its interest type revision in January, April, July and October, based on 12 month EURIBOR or MIBOR which is published by the Bank of Spain in the previous month or second previous month.

The remainder of the Mortgage Loans (19.5% of the portfolio) are indexed to the Mortgage Loans Reference Rate of the Financial Companies, and 1.5% of the portfolio, to 6 month or 3 month EURIBOR or MIBOR and to Government Debt.

The equivalent joint spread of the Mortgage Loans portfolio of the Fund is 1.38% and its average interest rate, 4.61%.

As enhancements of the Mortgage Loans' risks, 42% of the portfolio has more than one first rank mortgage guarantee, that is to say, that it has a first rank mortgage guarantee on another

real state property, 30% of debtors contribute guarantors to the operation and 90% of the borrowers maintains their payroll domiciled in the Bank.

All Mortgage Loans have a special instalment “Cuota Comodín”. This is an option which corresponds to the borrower one (1) time a year during the three (3) first years, to substitute the payment obligation of just one (1) of its monthly instalments by its capitalization together with the remainder of the pending capital. The instalments whose maturity is eliminated for each period of twelve (12) instalments, cannot be consecutive and are not allowed to clients in non-payment situation. In the past, less than the 7% of the mortgage debtors have exercised this option. Due to the age of the dates of granting of the Mortgage Loans, 20% of the loans have exhausted the possibility to exercise the option, 5% still have one (1) year and 75% of borrowers with this option can use it during the next two (2) years.

Besides, the Mortgage Loans have the option, to the benefit of the client and under his initiative, to limit the annual growth of the instalments in the face of a rise in their interest rates, up to an maximum value equal to 200%, 100% or 50% of the IPC (Consumer Price Index) for the twelve (12) previous months, published in the Official Gazette of the National Institute of Statistics, one (1) month prior to revision) depending on the frequency of revision of the interest rate (12 months, 6 months or 3 months, respectively). This option is a right granted to the borrower which can be exercised at the moment of revision of interest rate. If by reason of the agreed limitation, the totality of the debt had not been fully paid once the original maturity date of the loan has arrived, the borrower will continue paying monthly instalments up to the complete payment of the debt. This extra time shall not exceed the maximum time limit of seven (7) years from the said original maturity. In the past, less than 2% of all UCI borrowers have exercised this option. Out of all clients within UCI’s Mortgage Loans portfolio, 47% does not have the possibility to exercise this option, and the remainder (53% of the Mortgage Loans), 2% has this option during all the life of the loan and due to the age of the date of granting, 8% of the loans have exhausted the option, 4% have only one (1) year left and 47% of the borrowers have this option during the next two (2) years.

At present none of the borrowers of UCI’s Mortgage Loans portfolio are limiting the instalment.

0.50% of the Mortgage Loans portfolio is formed by Mortgage Loans C (as defined in Section IV.1 of this Prospectus) which belonged to the Fondo de Titulización Hipotecaria UCI 1, incorporated on November 30, 1994, and which comply with all the requirements established in the Section 2 of Law 2/1981, of March 25, of Mortgage Market Regulation. The Mortgage Loans C have been repurchased by UCI in order to incorporate them to the Fund.

Distribution of the Mortgage Loans portfolio by type of product:

- 39% of the Mortgage Loans have the thirty-six (36) first instalments pre-determined and progressive (“Cuota Fácil”) (the first year instalment shall be at least the value of the instalment without any principal repayment, the remainder of the instalments being progressive until reaching in the fourth year the value of the normal financial instalment). The accrued but unpaid interest would accumulate to the principal pending repayment. From the fourth year onwards, the calculation of the new instalment would absorb the impact of the possible absence of principal repayment of the three first years. This type of loan has been granted in the last sixteen previous months to this Prospectus.

- 22% of the Mortgage Loans are mortgage loans “bridge”, which were granted for the purchase of a new residential property when the borrower has not yet sold his previous residential property. For such purposes, both residential properties are mortgaged and the borrower is granted a time limit of two (2) years in order to sell the previous property, with an obligation to refund the value of the loan depending on the mortgage responsibility indicated for the said residential property. Currently, 52% of this portfolio has not yet sold their previous property.
- 3% of the Mortgage Loans has all thirty-six (36) first instalments fixed. The accrued but unpaid interest will accumulate to the principal pending repayment. Due to the age of the dates of granting of the Mortgage Loans, 36% of the portfolio has exceeded the 36 instalments term.
- The remainder of the Mortgage Loans portfolio (36%) is formed by floating rate loans, with annual, semi-annual or quarterly revision, and bear no differences except for the special instalment “Cuota Comodín” right and the instalment limitation option described above.

The charts below illustrate the distribution of the loans selected according to their initial amount, current balance, date of formalisation, date of maturity, current interest rate, reference rate, geographical location of the guarantee, relation between its initial amount and current balance and the appraisal value, and delay in payment of the portfolio. No distinction is made in the charts between the Mortgage Loans which exceed and those which do not exceed 80% of the appraisal value, nor among the mortgage guarantee rank (first or second). The following charts have been prepared using information as of May 20, 2003.

UCI warrants that on the Disbursement Date, no Mortgage Loan with a delay payment of more than the aforementioned thirty (30) days shall exist, as set forth in Section IV.1.a), 23.

CHARTS OF MORTGAGE LOANS

INITIAL PRINCIPAL BALANCE OF THE MORTGAGE LOANS

Range (euro)	Amount		Loans	
	(thousands of euro)	%	nr.	%
4.447,49 - 5.999,99	30,96	0,00	6	0,03
6.000,00 - 11.999,99	361,31	0,02	39	0,22
12.000,00 - 17.999,99	2.906,28	0,18	194	1,11
18.000,00 - 23.999,99	8.333,58	0,53	405	2,32
24.000,00 - 29.999,99	16.398,77	1,04	618	3,55
30.000,00 - 35.999,99	23.086,21	1,47	711	4,08
36.000,00 - 41.999,99	32.585,55	2,08	849	4,87
42.000,00 - 47.999,99	39.634,91	2,53	891	5,11
48.000,00 - 53.999,99	50.931,97	3,25	1.012	5,81
54.000,00 - 59.999,99	54.013,20	3,45	957	5,49
60.000,00 - 65.999,99	69.002,46	4,41	1.107	6,35
66.000,00 - 71.999,99	71.452,50	4,57	1.044	5,99
72.000,00 - 77.999,99	77.461,83	4,95	1.043	5,99
78.000,00 - 83.999,99	78.245,41	5,00	975	5,60
84.000,00 - 89.999,99	73.276,75	4,68	849	4,87
90.000,00 - 95.999,99	70.775,65	4,52	767	4,40
96.000,00 - 101.999,99	64.659,04	4,13	658	3,78
102.000,00 - 107.999,99	56.680,61	3,62	544	3,12
108.000,00 - 113.999,99	55.917,46	3,57	507	2,91
114.000,00 - 119.999,99	51.194,16	3,27	440	2,52
120.000,00 - 125.999,99	51.718,30	3,30	424	2,43
126.000,00 - 131.999,99	42.461,87	2,71	331	1,90
132.000,00 - 137.999,99	39.653,01	2,53	296	1,70
138.000,00 - 143.999,99	35.990,07	2,30	257	1,47
144.000,00 - 149.999,99	34.555,80	2,21	237	1,36
150.000,00 - 155.999,99	34.467,49	2,20	227	1,30
156.000,00 - 161.999,99	33.197,57	2,12	210	1,20
162.000,00 - 167.999,99	22.450,42	1,43	137	0,78
168.000,00 - 173.999,99	25.861,29	1,65	152	0,87
174.000,00 - 179.999,99	20.812,83	1,33	118	0,67
180.000,00 - 185.999,99	29.426,04	1,88	162	0,93
186.000,00 - 191.999,99	15.441,73	0,98	82	0,47
192.000,00 - 197.999,99	22.111,70	1,41	114	0,65
198.000,00 - 203.999,99	21.574,75	1,38	108	0,62
204.000,00 - 209.999,99	16.703,23	1,06	81	0,46
210.000,00 - 215.999,99	21.814,72	1,39	103	0,59
216.000,00 - 221.999,99	15.253,30	0,97	70	0,40
222.000,00 - 227.999,99	15.900,24	1,01	71	0,40
228.000,00 - 233.999,99	13.557,53	0,86	59	0,33
234.000,00 - 239.999,99	14.657,19	0,93	62	0,35
240.000,00 - 570.961,50	138.299,59	8,84	490	2,81
Total:	1.562.857.486,48	100,00	17.407	100,00

Maximum Initial Principal Balance: 570.961,50 euros
Minimum Initial Principal Balance: 4.447,49 euros
Average Initial Principal Balance: 89.783,27 euros

OUTSTANDING PRINCIPAL BALANCE OF THE MORTGAGE LOANS

Range (euro)	Amount		Loans	
	(thousands of euro)	%	nr.	%
0,01 - 5.999,99	460,93	0,03	113	0,64
6.000,00 - 11.999,99	2.525,18	0,18	275	1,57
12.000,00 - 17.999,99	6.130,63	0,45	401	2,30
18.000,00 - 23.999,99	11.467,43	0,85	541	3,10
24.000,00 - 29.999,99	18.158,76	1,34	668	3,83
30.000,00 - 35.999,99	25.916,63	1,92	781	4,48
36.000,00 - 41.999,99	33.936,16	2,51	866	4,97
42.000,00 - 47.999,99	44.580,11	3,30	986	5,66
48.000,00 - 53.999,99	51.219,00	3,80	1.002	5,75
54.000,00 - 59.999,99	64.795,05	4,80	1.132	6,50
60.000,00 - 65.999,99	70.094,09	5,20	1.111	6,38
66.000,00 - 71.999,99	80.027,30	5,93	1.159	6,65
72.000,00 - 77.999,99	81.824,47	6,07	1.091	6,26
78.000,00 - 83.999,99	78.821,38	5,84	973	5,58
84.000,00 - 89.999,99	76.697,17	5,69	881	5,06
90.000,00 - 95.999,99	74.421,05	5,52	799	4,59
96.000,00 - 101.999,99	59.999,98	4,45	606	3,48
102.000,00 - 107.999,99	59.782,44	4,43	569	3,26
108.000,00 - 113.999,99	55.817,50	4,14	503	2,88
114.000,00 - 119.999,99	51.184,42	3,79	437	2,51
120.000,00 - 125.999,99	44.204,57	3,28	360	2,06
126.000,00 - 131.999,99	40.638,64	3,01	315	1,80
132.000,00 - 137.999,99	36.954,61	2,74	274	1,57
138.000,00 - 143.999,99	32.468,82	2,40	230	1,32
144.000,00 - 149.999,99	29.405,68	2,18	200	1,14
150.000,00 - 155.999,99	26.275,81	1,94	172	0,98
156.000,00 - 161.999,99	18.761,87	1,39	118	0,67
162.000,00 - 167.999,99	17.142,30	1,27	104	0,59
168.000,00 - 173.999,99	16.427,86	1,21	96	0,55
174.000,00 - 179.999,99	17.735,47	1,31	100	0,57
180.000,00 - 185.999,99	11.332,81	0,84	62	0,35
186.000,00 - 191.999,99	8.707,83	0,64	46	0,26
192.000,00 - 197.999,99	12.669,70	0,94	65	0,37
198.000,00 - 203.999,99	8.238,77	0,61	41	0,23
204.000,00 - 209.999,99	10.345,21	0,76	50	0,28
210.000,00 - 215.999,99	7.661,06	0,56	36	0,20
216.000,00 - 221.999,99	6.580,68	0,48	30	0,17
222.000,00 - 227.999,99	5.163,78	0,38	23	0,13
228.000,00 - 233.999,99	6.910,10	0,51	30	0,17
234.000,00 - 239.999,99	4.972,71	0,36	21	0,12
240.000,00 - 300.642,66	37.097,37	2,75	140	0,80
Total:	1.347.555.531,57	100,00	17.407	100,00

Maximum Outstanding Principal Balance: 300.642,66 euros
Minimum Outstanding Principal Balance: 0,01 euros
Average Outstanding Principal Balance: 77.414,57 euros

ORIGINATION DATE OF THE MORTGAGE LOANS

Range	Outstanding Balance		Loans	
	(thousands of euro)	%	nr.	%
25/10/1989 - 31/12/1989	124,35	0,00	9	0,05
1/01/1990 - 30/06/1990	446,25	0,03	51	0,29
1/07/1990 - 31/12/1990	624,86	0,04	58	0,33
1/01/1991 - 30/06/1991	1.391,81	0,10	113	0,64
1/07/1991 - 31/12/1991	1.601,71	0,11	100	0,57
1/01/1992 - 30/06/1992	1.542,21	0,11	90	0,51
1/07/1992 - 31/12/1992	49,11	0,00	4	0,02
1/01/1993 - 30/06/1993	0,00	0,00	0	0,00
1/07/1993 - 31/12/1993	0,00	0,00	0	0,00
1/01/1994 - 30/06/1994	708,14	0,05	22	0,12
1/07/1994 - 31/12/1994	1.939,07	0,14	63	0,36
1/01/1995 - 30/06/1995	1.184,07	0,08	38	0,21
1/07/1995 - 31/12/1995	1.369,91	0,10	38	0,21
1/01/1996 - 30/06/1996	2.358,32	0,17	53	0,30
1/07/1996 - 31/12/1996	3.753,92	0,27	76	0,43
1/01/1997 - 30/06/1997	5.746,03	0,42	123	0,70
1/07/1997 - 31/12/1997	6.811,41	0,50	171	0,98
1/01/1998 - 30/06/1998	7.676,70	0,56	173	0,99
1/07/1998 - 31/12/1998	9.523,01	0,70	277	1,59
1/01/1999 - 30/06/1999	21.474,56	1,59	460	2,64
1/07/1999 - 31/12/1999	30.796,36	2,28	617	3,54
1/01/2000 - 30/06/2000	33.892,95	2,51	576	3,30
1/07/2000 - 31/12/2000	34.978,10	2,59	531	3,05
1/01/2001 - 30/06/2001	58.088,12	4,31	824	4,73
1/07/2001 - 31/12/2001	322.547,39	23,93	4.051	23,27
1/01/2002 - 30/06/2002	368.540,31	27,34	4.276	24,56
1/07/2002 - 29/11/2002	430.386,74	31,93	4.613	26,50
Total:	1.347.555.531,57	100,00	17.407	100,00

Maximum Origination Date: 29/11/2002
Minimum Origination Date: 25/10/1989
Average Origination Date: 11/08/2001

MATURITY DATE OF THE MORTGAGE LOANS				
Range	Outstanding Balance		Loans	
	(thousands of euro)	%	nr.	%
5/10/2004 - 31/12/2004	49,29	0,00	10	0,05
1/01/2005 - 30/06/2005	192,66	0,01	35	0,20
1/07/2005 - 31/12/2005	315,71	0,02	37	0,21
1/01/2006 - 30/06/2006	855,91	0,06	85	0,48
1/07/2006 - 31/12/2006	654,40	0,04	58	0,33
1/01/2007 - 30/06/2007	705,91	0,05	57	0,32
1/07/2007 - 31/12/2007	357,68	0,02	26	0,14
1/01/2008 - 30/06/2008	498,08	0,03	22	0,12
1/07/2008 - 31/12/2008	571,76	0,04	23	0,13
1/01/2009 - 30/06/2009	822,89	0,06	36	0,20
1/07/2009 - 31/12/2009	1.659,94	0,12	61	0,35
1/01/2010 - 30/06/2010	771,24	0,05	35	0,20
1/07/2010 - 31/12/2010	705,51	0,05	30	0,17
1/01/2011 - 30/06/2011	1.367,01	0,10	55	0,31
1/07/2011 - 31/12/2011	2.333,51	0,17	79	0,45
1/01/2012 - 30/06/2012	2.555,46	0,18	92	0,52
1/07/2012 - 31/12/2012	2.589,02	0,19	68	0,39
1/01/2013 - 30/06/2013	1.462,14	0,10	29	0,16
1/07/2013 - 31/12/2013	1.491,87	0,11	42	0,24
1/01/2014 - 30/06/2014	1.841,92	0,13	51	0,29
1/07/2014 - 31/12/2014	2.059,56	0,15	56	0,32
1/01/2015 - 30/06/2015	1.433,09	0,10	38	0,21
1/07/2015 - 31/12/2015	1.913,84	0,14	44	0,25
1/01/2016 - 30/06/2016	2.850,77	0,21	65	0,37
1/07/2016 - 31/12/2016	8.222,53	0,61	179	1,02
1/01/2017 - 30/06/2017	10.328,52	0,76	195	1,12
1/07/2017 - 31/12/2017	10.479,93	0,77	184	1,05
1/01/2018 - 30/06/2018	1.749,94	0,12	37	0,21
1/07/2018 - 31/12/2018	1.898,54	0,14	49	0,28
1/01/2019 - 30/06/2019	2.245,15	0,16	48	0,27
1/07/2019 - 31/12/2019	3.746,31	0,27	79	0,45
1/01/2020 - 30/06/2020	3.094,86	0,22	59	0,33
1/07/2020 - 31/12/2020	4.217,67	0,31	67	0,38
1/01/2021 - 30/06/2021	4.381,58	0,32	71	0,40
1/07/2021 - 31/12/2021	24.123,29	1,79	375	2,15
1/01/2022 - 30/06/2022	26.589,87	1,97	363	2,08
1/07/2022 - 31/12/2022	27.963,28	2,07	364	2,09
1/01/2023 - 30/06/2023	2.365,89	0,17	40	0,22
1/07/2023 - 31/12/2023	3.237,88	0,24	70	0,40
1/01/2024 - 30/06/2024	3.962,24	0,29	76	0,43
1/07/2024 - 31/12/2024	6.620,79	0,49	127	0,72
1/01/2025 - 30/06/2025	5.609,79	0,41	106	0,60
1/07/2025 - 31/12/2025	6.676,36	0,49	117	0,67
1/01/2026 - 30/06/2026	8.434,53	0,62	132	0,75
1/07/2026 - 31/12/2026	35.064,51	2,60	466	2,67
1/01/2027 - 30/06/2027	41.458,23	3,07	527	3,02
1/07/2027 - 31/12/2027	47.343,39	3,51	560	3,21
1/01/2028 - 30/06/2028	3.336,53	0,24	76	0,43
1/07/2028 - 31/12/2028	5.696,82	0,42	142	0,81
1/01/2029 - 30/06/2029	14.233,04	1,05	286	1,64
1/07/2029 - 31/12/2029	22.500,67	1,66	434	2,49
1/01/2030 - 30/06/2030	24.585,75	1,82	376	2,16
1/07/2030 - 31/12/2030	24.294,81	1,80	354	2,03
1/01/2031 - 30/06/2031	44.756,81	3,32	611	3,51
1/07/2031 - 31/12/2031	230.429,00	17,09	2.713	15,58
1/01/2032 - 30/06/2032	281.718,50	20,90	3.115	17,89
1/07/2032 - 5/12/2032	376.129,08	27,91	3.875	22,26
Total:	1.347.555.531,57	100,00	17.407	100,00

Maximum Maturity Date: 5/12/2032
Minimum Maturity Date: 5/10/2004
Average Maturity Date: 22/02/2030

CURRENT INTEREST RATES OF THE MORTGAGE LOANS					
Range (%)	Outstanding Balance		Loans		
	(thousands of euro)	%	nr.	%	
3,00 - 3,49	27.848,91	2,05	273	1,56	
3,50 - 3,99	204.192,18	15,15	2.358	13,54	
4,00 - 4,49	270.626,56	20,08	3.541	20,34	
4,50 - 4,99	338.413,08	25,11	4.414	25,35	
5,00 - 5,49	361.680,08	26,83	4.634	26,62	
5,50 - 5,99	126.751,47	9,40	1.844	10,59	
6,00 - 6,49	13.939,58	1,03	267	1,53	
6,50 - 6,99	2.141,87	0,15	26	0,14	
7,00 - 7,49	1.158,46	0,08	24	0,13	
7,50 - 7,99	456,40	0,03	11	0,06	
8,00 - 8,49	84,58	0,00	5	0,02	
8,50 - 8,99	94,84	0,00	4	0,02	
9,00 - 9,49	104,21	0,00	2	0,01	
9,50 - 9,99	0,00	0,00	0	0,00	
10,00 - 10,49	0,00	0,00	0	0,00	
10,50 - 10,99	47,36	0,00	3	0,01	
11,00 - 11,50	15,88	0,00	1	0,00	
Total:	1.347.555.531,57	100,00	17.407	100,00	

Weighted Average Interest Rate: 4,61%
Maximum Interest Rate: 11,50%
Minimum Interest Rate: 3,00%

REFERENCE INTEREST RATES OF THE MORTGAGE LOANS					
Range (Codes)	Outstanding Balance		Loans		
	(thousands of euro)	%	nr.	%	
01	994.654,44	73,81	11.953	68,66	
02	218,38	0,01	3	0,01	
03	6.717,53	0,49	95	0,54	
04	263.987,76	19,54	3.169	18,21	
06	74.778,92	5,55	1.972	11,33	
08	402,31	0,02	13	0,07	
09	381,07	0,03	8	0,05	
11	6.415,06	0,47	194	1,11	
Total:	1.347.555.531,57	100,00	17.407	100,00	

01 1 year Euribor (Bank of Spain)
03 6 month Euribor
02 3 month Euribor
04 Reference Interest Rate of the Mortgage Loans/IRPH (Bank of Spain)
06 1 year Mibor-index of the month
08 1 year Mibor-first business day (Bank of Spain)
09 3 month Mibor
11 6 month Mibor

GEOGRAPHICAL LOCATION OF THE OUTSTANDING BALANCE OF MORTGAGE LOANS				
Autonomous Communities	Outstanding		Loans	
	(thousand of Euro)	%	nr.	%
01 ALAVA	2.730,49	0,20	23	0,13
02 ALBACETE	3.561,51	0,26	59	0,33
03 ALICANTE	21.692,32	1,60	335	1,92
04 ALMERIA	12.589,84	0,93	179	1,02
05 AVILA	2.929,19	0,21	46	0,26
06 BADAJOZ	11.920,23	0,88	205	1,17
07 BALEARES	37.124,31	2,75	410	2,35
08 BARCELONA	203.706,73	15,11	2.243	12,88
09 BURGOS	3.829,67	0,28	37	0,21
10 CACERES	4.298,13	0,31	82	0,47
11 CADIZ	47.995,55	3,56	854	4,90
12 CASTELLON	6.111,97	0,45	82	0,47
13 CIUDAD REAL	5.055,56	0,37	82	0,47
14 CORDOBA	24.968,93	1,85	400	2,29
15 LA CORUÑA	34.089,97	2,52	482	2,76
16 CUENCA	292,60	0,02	3	0,01
17 GERONA	18.083,85	1,34	239	1,37
18 GRANADA	21.201,65	1,57	309	1,77
19 GUADALAJARA	10.089,61	0,74	104	0,59
20 GUIPUZCOA	6.782,93	0,50	62	0,35
21 HUELVA	18.708,52	1,38	305	1,75
22 HUESCA	516,79	0,03	11	0,06
23 JAEN	13.339,18	0,98	240	1,37
24 LEON	5.204,68	0,38	75	0,43
25 LERIDA	4.103,37	0,30	52	0,29
26 LA RIOJA	4.199,98	0,31	44	0,25
27 LUGO	1.300,17	0,09	20	0,11
28 MADRID	303.302,81	22,50	3.330	19,13
29 MALAGA	68.900,22	5,11	1.013	5,81
30 MURCIA	9.287,43	0,68	152	0,87
31 NAVARRA	4.957,17	0,36	51	0,29
32 ORENSE	882,70	0,06	12	0,06
33 ASTURIAS	41.442,06	3,07	602	3,45
34 PALENCIA	1.362,34	0,10	20	0,11
35 LAS PALMAS	99.730,79	7,40	1.185	6,80
36 PONTEVEDRA	17.056,82	1,26	242	1,39
37 SALAMANCA	2.761,82	0,20	47	0,27
38 TENERIFE	42.940,42	3,18	558	3,20
39 CANTABRIA	12.930,90	0,95	168	0,96
40 SEGOVIA	2.824,27	0,20	38	0,21
41 SEVILLA	86.438,08	6,41	1.343	7,71
43 TARRAGONA	18.634,90	1,38	219	1,25
45 TOLEDO	20.126,05	1,49	251	1,44
46 VALENCIA	35.752,35	2,65	568	3,26
47 VALLADOLID	10.911,20	0,80	169	0,97
48 VIZCAYA	22.294,45	1,65	220	1,26
49 ZAMORA	530,82	0,03	6	0,03
50 ZARAGOZA	18.059,94	1,34	230	1,32
Total:	1.347.555.531,57	100,00	17.407	100,00

INITIAL PRINCIPAL BALANCE / APPRAISAL VALUE RATIO

Range (%)	Amount		Loans	
	(thousand of euro)	%	nr.	%
3,99 - 9,99	338,54	0,02	27	0,15
10,00 - 19,99	4.017,23	0,25	167	0,95
20,00 - 29,99	18.159,63	1,16	496	2,84
30,00 - 39,99	53.288,91	3,40	988	5,67
40,00 - 49,99	122.484,35	7,83	1.650	9,47
50,00 - 59,99	215.254,92	13,77	2.207	12,67
60,00 - 69,99	271.860,12	17,39	2.530	14,53
70,00 - 79,99	745.449,28	47,69	7.837	45,02
80,00 - 89,99	92.305,17	5,90	1.070	6,14
90,00 - 99,99	29.948,83	1,91	323	1,85
100,00 - 175,55	9.750,43	0,62	112	0,64
Total:	1.562.857.486,48	100,00	17.407	100,00

Maximum Amount:	570.961,50	euros
Minimum Amount:	4.447,49	euros
Average Amount:	89.783,27	euros
Average Appraisal Value:	68,06%	

OUTSTANDING PRINCIPAL BALANCE / APPRAISAL VALUE RATIO

Range (%)	Amounts		Loans	
	(thousand of euros)	%	nr.	%
0,00 - 9,99	1.338,93	0,09	132	0,75
10,00 - 19,99	10.100,49	0,74	461	2,64
20,00 - 29,99	35.887,95	2,66	991	5,69
30,00 - 39,99	81.309,64	6,03	1.431	8,22
40,00 - 49,99	149.212,11	11,07	2.029	11,65
50,00 - 59,99	185.341,14	13,75	2.106	12,09
60,00 - 69,99	191.058,96	14,17	2.094	12,02
70,00 - 79,99	623.624,26	46,27	7.418	42,61
80,00 - 89,99	42.154,99	3,12	447	2,56
90,00 - 99,99	27.397,69	2,03	297	1,70
100,00 - 100,09	129,33	0,00	1	0,00
Total:	1.347.555.531,57	100,00	17.407	100,00

Maximum Amount:	300.642,66	euros
Minimum Amount:	0,01	euros
Average Amount:	77.414,57	euros
Average Appraisal Value:	64,80%	

DELINQUENCY STATUS

Range (days)	Amount		Loans	
	(thousand of euro)	%	nr.	%
0 – 29	1.312.513,67	97,39	16.993	97,62
30 – 46	35.041,85	2,60	414	2,37
Total:	1.347.555.531,57	100,00	17.407	100,00

UCI warrants that on the Disbursement Date, no Mortgage Loan with a delay payment of more than the aforementioned thirty (30) days shall exist, as set forth in Section IV.1.a), 23.

No Mortgage Loan of the Preliminary Portfolio is considered Bad Debt.

CHAPTER V

INFORMATION ON THE ECONOMIC-FINANCIAL OPERATION OF THE FUND

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

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

BALANCE SHEET			
ASSETS		LIABILITIES	
Credit Rights (*)	1,250,000,000.00 €	Class A Notes	1,198,100,000.00 €
Cash Account	18,226,797.98 €	Class B Notes	42,500,000.00 €
Issue and incorporation expenses	1,236,202.02 €	Class C Notes	9,400,000.00 €
		Subordinated Loan	19,463,000.00 €
Total Assets	1,269,463,000.00 €	Total Liabilities	1,269,463,000.00 €

(*) it may be slightly higher on the Incorporation Date

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

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

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

a) Credit Rights.

- (i) The volume of the portfolio of Credit Rights to be securitised: [1,347,555,531.57] euro on [May 20, 2003]. On the Disbursement Date the amount to be securitised will approximately be 1,250,000,000 euro, as shown in the Balance Sheet above.
- (ii) Interest rate: the average interest rate of the Credit Rights is 4.61% on an annual basis.
- (iii) CPR: 12% annually; 1.06% monthly.
- (iv) Percentage of Delay in payment: 0.54% annually, 0.05% monthly.
- (v) Bad debt: 0%.

b) Notes¹.

- (i) Volume: 1,250,000,000 euro for Class A Notes, Class B Notes and Class C Notes.

¹ the applied formula is $1-(1-CPR)^{(1/12)}$

- (ii) Interest rate: weighted floating interest rate of the three Classes of Notes, A, B and C, assuming that the interest rate of each class remains constant at 2.675%, 2.980% and 3.480%, respectively.
- (iii) Exercise by the Fund of the option of Early Repayment of the Notes of each class when the Principal Balance of the Credit Rights is lower than 10% of their initial amount.

c) Additional Agreements.

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

(ii) **Subordinated Loan**

- Amount: 19,463,000 euro that will be dedicated to finance the expenses of incorporation of the Fund and issue of the Notes (approximately, 1,236,202.02 euro), to partially finance the subscription of the Credit Rights (approximately, 1,797.98 euro), to cover any temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes (725,000 euro) and to constitute the Reserve Fund (17,500,000 euro).
- Interest rate: 3.81%
- Repayment: the amount of the Subordinated Loan which is used to finance the expenses of incorporation of the Fund and issue of the Notes and to cover any temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes, will be repaid quarterly, simultaneously with the amortisation of those expenses during the first three (3) years from the date of incorporation of the Fund and issue of the Notes. The amount of the Subordinated Loan designed to partially finance the subscription of the Credit Rights shall be repaid on the Payment Date following the Final Maturity Date of the Credit Rights (December 5, 2032) or, as the case may be, on the date of their early repayment. The rest of the principal of the Subordinated Loan shall be repaid on each of the Payment Dates for an amount equal to the difference between the required amounts of the Reserve Fund on the prior Calculation Date and the current Calculation Date.

(iii) **Guaranteed Reinvestment Agreement.**

Guaranteed profitability: 2.430% for the amounts deposited in the Cash Account. It is assumed that the EURIBOR interest rate applicable on each Payment Date will be of 2.430% throughout the life of the issue.

(iv) **Reserve Fund.**

The initial amount of the Reserve Fund will be 17,500,000 euro, equivalent to 1.40% of the initial amount of the Credit Rights (approximately 1,250,000,000 euro), and may decline quarterly on each Payment Date once it reaches 2.80% of the Principal Balance of the Credit Rights until the Reserve Fund reaches 0.75% of the initial amount of the Credit Rights. Since that moment, it will be maintained in such amount until the Final Maturity Date, on which it will be applied to the fulfilment of the payment obligations of the Fund.

d) Fees.

- (i) Fixed Fee of UCI: 6,000 euro quarterly, VAT included, on each Payment Date.
- (ii) Variable Fee of UCI: a variable amount that shall accrue on a quarterly basis, on each Payment Date, equivalent to the difference between the flow of income and the expenses of the Fund for said Calculation Period.

e) Current Expenses, including:

- (i) Managing Company periodic administration fee: annual 0.015% on the sum of the Unpaid Balances of the three Classes of Notes, which shall never be lower than 11,875.00 euro per quarter.
- (ii) Expenses for annual audits of the Fund, announcements and rating agencies fees.

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

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

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

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

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

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

This Prospectus is a 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 June [], 2003. The “*Folleto Informativo*” drafted in Spanish language is the only official document.

Explanation of the numerical scheme.

a) Collections.

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

b) Payments.

- (7) Amount of current expenses of the Fund.
- (8) Amount of interest to be paid to the holders of the Class A, Class B and Class C Notes.
- (9) Principal amount of the Class A, Class B and Class C Notes.
- (10) Payments of interest of the Subordinated Loan dedicated to the financing of the incorporation expenses of the Fund and the issue of the Notes, to the partial financing of the subscription of the Credit Rights, to constitute the Reserve Fund and to finance the temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes.
- (11) Periodic repayment of the portion of the Subordinated Loan dedicated to the financing of the incorporation expenses of the Fund and the issue of the Notes and temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes. The charts do not consider the repayment of the portion of the Subordinated Loan which depends on the reduction of the amount of the Reserve Fund, as such reduction is not considered as a collection, nor the repayment of the amount allocated to partially finance the subscription of the Credit Rights.
- (12) Administration Fee payable to UCI for the administration of the Credit Rights.
- (13) Amount payable to UCI for the financial services related to the Credit Rights.
- (14) Total payments on each Payment Date, corresponding to the sum of (7), (8), (9), (10), (11), (12) and (13) above.

V.2 Accounting principles used by the Fund.

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

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

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

V.3.1 Guaranteed Reinvestment Agreement and Cash Account.

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

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

shall be deposited in the Cash Account.

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

The profitability obtained from the amounts deposited daily in the Cash Account shall be calculated taking into account the number of days elapsed and a 365-day year. Settlement of interest shall be carried out on a monthly basis, five (5) Business Days in advance to the 19th of each month.

In the event that the credit rating of the short-term debt of the Bank falls below A-1 or P-1, according to the rating scales of S&P Ratings Services and Moody's Investors Service Limited, respectively, the Managing Company, on behalf of the Fund, shall transfer the Cash Account to another entity whose credit rating of the short-term debt is a minimum of A-1 or P-1, so that the Bank will then stop investing the Funds, and the Managing Company shall agree the maximum possible profitability for its balance, which may be different to that agreed with the Bank, within 30 Business Days from the moment of such event. However, the

Managing Company may transfer the Cash Account back to the Bank if and when it reaches the minimum credit ratings.

Currently, the proceedings of the Credit Rights that generate income to the Fund are not subject to withholding tax as provided by Article 57. K) of Chapter II, Title IV, of the CIT Regulations, approved by means of the Royal Decree 537/1997, of April 14, as amended by Royal Decree 2717/1998, of December 18.

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

V.3.2 Subordinated Loan Agreement for an amount of nineteen million, four hundred and sixty three thousand (19,463,000) euro

The Managing Company shall enter, on behalf of the Fund, into a Subordinated Loan Agreement with Santander Consumer Finance, S.A. (the 100% of which is owned by Grupo Santander Central Hispano) and Union de Crédit pour le Batiment, S.A. (“UCB”) (the 99.93% of which is owned by Group BNP Paribas), as lenders on a 50%-50% basis, for nineteen million, four hundred and sixty three thousand (19,463,000) euro, which shall be dedicated to the financing of the expenses of incorporation of the Fund and issue of the Notes, to the partial financing of the subscription of the Credit Rights, to cover any temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes and to constitute the Reserve Fund, which will be allocated on each Payment Date, together with the rest of Available Funds, as described in Section V.5.1.b), 1 of the Prospectus, to comply with the payment or withholding obligations of the Fund, as set forth in the Payment Priority Order of Section V.5.1.b), 2 of the Prospectus.

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

The Subordinated Loan shall accrue a nominal annual interest equal to the interest rate resulting from reducing by 0.80% the weighted average interest rate applicable to the Credit Rights portfolio during the quarter immediately prior to each Payment Date, and will only be paid if the Fund has enough liquidity in accordance with the Payment Priority Order set forth in Section V.5.1.b), 2. The accrued interest payable on a given Payment Date will be calculated on the basis of: (i) the days elapsed within each Interest Accrual Period as described in Section II.10.1.a) and (ii) a 365-day year.

Interest accrued but unpaid on a Payment Date, shall accumulate and accrue delay interest at the same rate as the Subordinated Loan, and shall be paid if the Fund has enough liquidity in accordance with the Payment Priority Order set forth in Section V.5.1.b), 2.

The part of Subordinated Loan allocated to financing the expenses of incorporation of the Fund and issue of the Notes (as these expenses are described in Sections II.14.a) and II.14.b) of this Prospectus, respectively) and to cover any temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes shall be repaid quarterly, simultaneous to the amortisation of those expenses during the first three (3) years from the date of incorporation of the Fund and issue of the Notes. The part of the Subordinated Loan allocated to cover any temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes may be early repaid, provided that the Fund has enough liquidity in accordance with the

Payment Priority Order as set forth in Section V.5.1.b), 2 and that the Managing Company and UCI so agree. The part of Subordinated Loan allocated to partially financing the subscription of the Credit Rights shall be repaid on the Payment Date following the Final Maturity Date of the Credit Rights (December 5, 2032) or, as the case may be, on the date of their early repayment. The rest of the principal of the Subordinated Loan shall be repaid on each of the Payment Dates for an amount equal to the difference between the sum of the required amounts of the Reserve Fund (described in Section V.3.3 of the Prospectus) on the prior Calculation Date and the current Calculation Date (as these dates are described in Section II.11.3 of this Prospectus). The aforementioned shall take place, if and when the Fund has enough liquidity in accordance with the Payment Priority Order set forth in Section V.5.1.b), 2.

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

V.3.3 The Reserve Fund.

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

(i) Amount

The Reserve Fund shall have an initial amount of seventeen million, five hundred thousand (17,500,000) euro, equivalent to 1.40% of the initial Principal Balance of the Credit Rights, and may decline quarterly on each Payment Date once it reaches 2.80% of the Principal Balance of the Credit Rights until the Reserve Fund reaches 0.75% of the initial amount of the Credit Rights. Since that moment, it will be maintained in such amount, provided that the Principal Balance of the Credit Rights with ninety (90) days or more in arrears is lower than 0.75% of the Principal Balance of the Credit Rights. In the event that the Principal Balance of the Credit Rights with ninety (90) days or more in arrears ranges between 0.75% and 1.25% of the Principal Balance of the Credit Rights, the Reserve Fund will be maintained in a 1% of the initial Principal Balance of the Credit Rights, and will be maintained in such amount since that moment.

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

- a) That a Principal Deficiency takes place.
- b) That the Principal Balance of Credit Rights with ninety (90) days or more in arrears is equal to or higher than 1.25% of the Principal Balance of the Credit Rights.
- c) That the Principal Balance of the Credit Rights is lower than 10% of their initial amount.
- d) That the weighted average interest rate of the Credit Rights is lower than the weighted average interest rate of the Class A Notes, the Class B Notes and the Class C Notes plus a spread of 0.50%.

e) If, in the opinion of Moody's España and S&P España, the amortisation of the Reserve Fund may adversely affect the ratings assigned to the Notes.

(ii) Profitability

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

(iii) Use

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

V.4 Other Agreements.

V.4.1 Underwriting Agreements.

The Managing Company, in the name and on behalf of the Fund, shall execute two (3) Underwriting Agreements for the issue of the Notes with the Underwriting Entities, whereby the aforementioned entities in their respective Tranches shall carry out the free assignment of the Notes for the amounts set out for each one in Section II.19.1 and, once the Subscription Period has expired, each Underwriting Entity shall subscribe on its own behalf the amount of Notes pending subscription. The Bank also acts as Financial Agent, as provided in the Domestic Tranche Subscription Agreement.

The Bank and [] in the Domestic Tranche, and the Bank, [BNP Paribas] and [] as Underwriting Entities of the placement in the International Tranche, assume the obligations contained in the Underwriting Agreements, which, are basically the following: 1) an undertaking to subscribe the Notes that have not been subscribed once the Subscription Period has closed, up to the amounts established for each of them; 2) payment by [BNP Paribas] and [] to the Bank, as Financial Agent, before 14.00 hours (Madrid time) on the closest Business Day to the date of closing of the Subscription Period, the value on that date of the underwritten amount of each Underwriting Entity discounting the agreed underwriting fee, in accordance with the Underwriting Agreements; 3) payment to the Fund, by the Bank, in its role as Financial Agent, before 15.00 hours (Madrid time) on the above mentioned date, of the total amounts of the issue, after deduction of the Underwriting Fee (to which, in its position as Underwriter, the Bank is entitled); and 4) an undertaking of payment of the accrued unpaid interest agreed of the payment due at the EURIBOR interest rate for one day deposit transactions plus 70 basis points, which may be capitalised weekly.

The only termination event of the Underwriting Agreements shall be the absence of confirmation by the Rating Agencies (S&P España and Moody's España) before the beginning of the Subscription Period, of the AAA, A+ and BBB+ ratings, to the Class A, B and C Notes, respectively (S&P España), and Aaa, A2 and Baa2 to the Class A, B and C Notes, respectively (Moody's España).

V.5 Payment priority rules of the Fund.

V.5.1 Ordinary payment priority rules of the Fund.

Source and application of the funds.

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

The source and application of the amounts made available to the Fund on the date of its incorporation and during the life of the issue, shall be the following:

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

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

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

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

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

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

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

Available Funds for Repayment:

Depending on the existing liquidity after the application of the Available Funds described in below points 1, 2, 3, 4 and 5, in paragraph 2 below, the Principal Due for Repayment, that is, the difference between the Unpaid Principal Balance of the three Classes of Notes, A, B and C, and the Principal Balance of the Credit Rights, on the Calculation Date preceding the current Payment Date, which may be withheld, shall constitute the Available Funds for Repayment.

2. *Application:* the Available Funds on each Payment Date (despite the accrual moment) shall be applied to comply with the payment or withholding obligations as follows:

In the first place, the Managing Company, on behalf of the Fund, shall apply the **Available Funds** to the following payments and withholdings, as provided in the Payment Priority Order set out below:

1. Payment of ordinary and extraordinary expenses to the Managing Company, duly justified, including the administration fee, and payment to UCI of the expenses paid in advance for the account of the Fund in connection with the administration of the Credit Rights, duly justified.
2. Payment of accrued interest on the Class A Notes.
3. Payment of accrued interest on the Class B Notes.

This payment will be postponed to the 7th place in the Payment Priority Order in the event that on the preceding Calculation Date the Principal Balance of the Credit Rights with more than ninety (90) days in arrears is higher than 9% of the Principal Balance of the Credit Rights and the complete redemption of the Class A Notes had not take place yet and will not take place on the current Payment Date.

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

This payment will be postponed to the 8th place in the Payment Priority Order in the event that on the preceding Calculation Date the Principal Balance of the Credit Rights with more than ninety (90) days in arrears is higher than 6% of the Principal Balance of the Credit Rights and the complete redemption of the Class A Notes had not take place yet and will not take place on the current Payment Date.

5. Withholding of an amount sufficient to maintain the Reserve Fund at its required amount from time to time pursuant to Section V.3.3.
6. Withholding of an amount equal to the Principal Due for Repayment, as defined in this Section.
7. Payment of the accrued interest on the Class B Notes, in the event that payment is postponed from the 3rd place to the 7th place.
8. Payment of the accrued interest on the Class C Notes, in the event that payment is postponed from the 4th place to the 8th place.
9. Payment of interest accrued on the Subordinated Loan.
10. Repayment of the principal of the Subordinated Loan in an amount equal to the expenses derived from the incorporation of the Fund and the issue of the Notes and the temporary imbalance between the collection of interest from the Credit Rights and the payment of interest on the Notes, in a given period.
11. Repayment of the principal of the Subordinated Loan in an amount equal to the difference between the required amounts of the

Reserve Fund on the prior Calculation Date and on the current Calculation Date.

12. Payment to UCI, on each Payment Date, of the fixed fee for the administration of the Credit Rights, equal to six thousand (6,000) euro, VAT included, until the Payment Date on which the issue has been fully repaid, that is June 19, 2035, inclusive (or the Payment Date on which early repayment takes place).
13. Quarterly payment to UCI of a floating amount equal to the difference between the accounting flows of income and expenses for the Fund on the given Payment Date, as consideration or compensation for the brokerage services.

The Available Funds for Repayment arising from the withholding described in point 6 above of the Payment Priority Order, will be applied to such repayment as provided in Section II.11.3.b), 6 of the Prospectus, which are the following:

- 1st Up to and excluding the first Payment Date on which the Unpaid Principal Balance of the Class B Notes is equal to or higher than 6.8% of the Unpaid Principal Balance of the whole issue of Notes, the Available Funds for Repayment shall be fully allocated to the redemption of the Unpaid Principal Balance of the Class A Notes.
- 2nd From the Payment Date on which the Unpaid Principal Balance of the Class B Notes is equal to or higher than 6.8% of the Unpaid Principal Balance of the whole issue of Notes, the Available Funds for Repayment shall be allocated pro rata to the amortisation of the Unpaid Principal Balance of Class A Notes and Class B Notes, so that the Unpaid Principal Balance of the Class B Notes is maintained at 6.8% of the Unpaid Principal Balance of the whole issue of Notes.
- 3rd From the Payment Date on which the Unpaid Principal Balance of the Class C Notes is equal to or higher than 1.5% of the Unpaid Principal Balance of the whole issue of Notes, the Available Funds for Repayment shall be allocated pro rata to the amortisation of the Unpaid Principal Balance of the three Classes of Notes, A, B and C, so that the Unpaid Principal Balance of the Class B Notes is maintained at 6.8% of the Unpaid Principal Balance of the whole issue of Notes and the Unpaid Principal Balance of the Class C Notes is maintained at 1.5% of the Unpaid Principal Balance of the whole issue of Notes.

V.5.2 Exceptional rules of payment priority of the Fund.

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

- (i) the amount of the Credit Rights with a default in payment equal or over ninety (90) days on the Calculation Date prior to the current Payment Date is equal to or higher than 2.25% of the Principal Balance of the Credit Rights on that date.
- (ii) there is a Principal Deficiency.
- (iii) the amount of the Reserve Fund does not reach the required amount.

(iv) the Principal Balance of the Credit Rights is lower than 10% of their initial amount.

In the event that on a given Payment Date more than 15% of the borrowers exercise their “*cuota comodín*” right, or more than 7% of the borrowers exercise their right to limit the instalment according to the Consumer Price Index, as described in Section IV.4 of this Prospectus, payment to UCI of the variable fee established in Section IV.2.a).13 of this Prospectus will be stopped and the relevant amount will be deposited in the Cash Account until this situation ends. Payment of such fee will be only restored prior agreement with the Rating Agencies. Calculation of the referred percentages will be carried out on the Calculation Dates.

CHAPTER VI

GENERAL INFORMATION ON THE MANAGING COMPANY

VI.1 About the Managing Company (except for its capital).

VI.1.1 Corporate name and registered office.

- **Corporate name:** “Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A.” (formerly “BSCH de Titulización, Sociedad Gestora de Fondos de Titulización, S.A.”).
- **Registered office:** Paseo de la Castellana, 75, 28046-Madrid.
- **Tax Identification Number.:** A-80481419.
- **C.N.A.E.:** 81 99.

VI.1.2 Incorporation and registration with the Commercial Registry, administrative authorisations and registration with the CNMV.

The Managing Company was incorporated by means of a public deed executed on December 21, 1992, before Mr. Francisco Mata Pallarés, Notary Public of Madrid, under number 1,310 of his public records, by virtue of a prior authorisation of the Ministry of Economy and Finance granted on December 10, 1992, following the report of the *Comisión Nacional del Mercado de Valores* (CNMV). It was registered with the Commercial Registry of Madrid on January 28, 1993, Volume 4789, Page M-78658, Sheet 75, entry 1 in the Companies Book and in the Special Registry of the CNMV on February 10, 1993 under number 1.

Additionally, the Managing Company has amended its By-laws through a resolution of its Board of Directors, adopted on June 15, 1998 and notarised by means of a public deed executed before Mr. Roberto Parejo Gamir, Notary Public of Madrid, on July 20, 1998 under number 3,070 of his public records, for the purposes of complying with the requirements set forth in the Royal Decree 926/1998 of May 14, for Managing Companies of Asset Securitisation Funds. This amendment was authorised by the Ministry of Economy and Finance on July 16, 1998, in accordance with the requirements of the Provisional Order (“*Disposición Transitoria Única*”) of the mentioned Royal Decree.

The corporate name was changed to the current one by means of a public deed executed before the mentioned Notary Public on October 8, 2001, under number 3,337 of his public records. This public deed was registered with the Commercial Registry of Madrid, Volume 4,789, Sheet 93, Section 8, Page M-78658, entry number 25.

The Managing Company has been registered for an indefinite period, save for the occurrence of any of the circumstances which constitute a legal cause for its dissolution.

VI.1.3 Corporate purpose

In accordance with the legal requirements, Article 2 of the By-laws of the Managing Company provides that: “*the Managing company will have the exclusive purpose of incorporating, managing and representing the Mortgage Securitisation Funds in accordance with Article 6 of Law 19/1992, of July 7, on the regulation of Real Estate Investment Companies and Funds, Mortgage*”

Securitisation Funds and Asset Securitisation Funds, in accordance with Article 12 Paragraph 1 of Royal Decree 926/1998, of May 14, regulating Asset Securitisation Funds and the Managing Companies of Securitisation Funds. It shall be responsible, as legal and administrative manager of such fund(s), for representing and defending the interests of the holders of any securities which may be issued by the fund(s) and those of the rest of the ordinary creditors of such fund(s). Likewise, it shall be in charge of performing all other functions of Managing Companies of Securitisation Funds required by law.”

VI.1.4 Place where the documents referred to in the Prospectus or whose existence derives from its content may be consulted.

The Managing Company’s By-laws, balance sheets and economic and financial statements, as well as any other document referred to in the Prospectus or whose existence derives from its content, may be consulted at the headquarters of the Managing Company, located at Paseo de la Castellana, 75, 28046-Madrid.

The Prospectus has been verified and registered with the Official Registries of the CNMV on [], 2003. It is publicly available, free of charge, at the Managing Company’s headquarters and from the underwriting entities. Likewise, it may be also consulted at the CNMV located in Madrid, Paseo de la Castellana, 15 and at the offices of the governing authority of the AIAF, Fixed Income Securities Market, located at Torre Picasso Building, 43th floor, Pablo Ruiz Picasso Place, s/n.

Upon execution of the Incorporation Deed and prior to the beginning of the Subscription Period of the Notes, the Managing Company shall file with the CNMV authorised copies of the Incorporation Deed. Additionally, the Managing Company, the Sociedad de Sistemas or the participant entity to which the Sociedad de Sistemas delegates its functions, and the AIAF shall at all times keep copies of the Incorporation Deed available for consultation by the Noteholders or any interested members of the public.

VI.2 About the share capital.

VI.2.1 Subscribed and disbursed nominal amount.

The fully paid-up and disbursed capital stock of Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A. amounts to nine hundred and one thousand six hundred and fifty (901,650) euro represented by fifteen thousand registered shares, each having a face value of sixty euro and eleven cents (60.11), numbered sequentially from one (1) to fifteen thousand (15,000), inclusive.

VI.2.2 Types of shares.

All shares are of the same type and carry identical voting and economic rights.

VI.2.3 Evolution of the share capital during the last three years.

Since the incorporation of the Managing Company on December 21, 1992 with a share capital amounting to one hundred million (100,000,000) Pesetas, its share capital has experienced two variations. The first time, it was increased by fifty million (50,000,000) Pesetas reaching a total of one hundred and fifty million (150,000,000) Pesetas. This capital increase was accomplished by means of a public deed of capital increase and other agreements executed on July 20, 1998

before Mr. Roberto Parejo Gamir, Notary Public of Madrid, under number 3,070 of his public records, and registered with the Commercial Registry of Madrid, Volume 4,789, Sheet 89, Section 8, Page M-78658, Entry number 13. The second change occurred as a consequence of the redenomination into euro of the share capital and the shares' face value, which lead to a capital increase of one hundred and thirty one euro and eighty four cents (131.84) for adjustment of the shares' face value. Consequently, the share capital increased from one hundred and fifty million (150,000,000) Pesetas (901,518.16 euro) to its current value of nine hundred and one thousand six hundred and fifty (901,650) euro, by means of a public deed of redenomination of the share capital and the shares' face value into euro and the subsequent capital increase for adjustment of the shares' face value, which was executed on December 13, 2001 before Mr Roberto Parejo Gamir, Notary Public of Madrid, under number 4,426 of his public records, and registered with the Commercial Registry of Madrid Volume 4.789, Sheet 94, Section 8, Page M-78658, Entry number 26.

VI.3 Information about the company's shareholdings.

VI.3.1 Existence or non-existence of holdings in other companies.

The Managing Company holds no shares in any other company.

VI.3.2 Group of companies to which the Managing Company belongs.

For the purposes of Article 42 of the Spanish Commercial Code, Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A., belongs to Grupo Santander Central Hispano.

VI.3.3 Holders of significant shareholding.

On the date of preparation of the Prospectus, the following shareholders had a direct shareholding equal to or higher than 5% of the share capital of the Managing Company:

<i>Shareholders</i>	<i>Percentage</i>
• Santander Central Hispano Investment, S.A.	19%
• Banco Santander Central Hispano, S.A.	81%

VI.4 Corporate bodies.

VI.4.1 The Board of Directors.

The Board of Directors is composed of the following individuals:

Chairman:	Mr. José Antonio Álvarez Álvarez
Directors:	Mr. Javier Pazos Aceves
	Mr. Ignacio Ortega Gavara
	Mr. Santos González Sánchez
	Mr. Emilio Osuna Heredia
	Mrs. Ana Bolado Valle
	Mr. Francisco Pérez-Mansilla Flores
	Mr. Fermín Colomé Graell
	Mr. Eduardo García Arroyo
Secretary non member:	Mrs. M ^a José Olmedilla González

The current composition of the Board of Directors results from the resolution of the General Shareholders' Meeting and the subsequent resolution of the Board of Directors of the Managing Company both passed on December 10, 2002, notarised on January 21, 2003 before the Notary of Madrid Mr. Roberto Parejo Gamir, under number 181 of his files, and which has been duly notified to the CNMV.

VI.4.2 General Director.

The General Director of the Managing Company is Mr. Ignacio Ortega Gavara.

VI.5 Interests in the Managing Company of the persons listed in Section VI.4.

The persons listed in paragraph VI.4.1 above are neither holders nor representatives, either directly or indirectly, of any share or convertible bond in the Managing Company.

VI.6 Lenders of the Managing Company of a percentage above 10%.

The Managing Company has not received any loan or credit from any person or company.

VI.7 Reference to whether the Managing Company is in any situation of insolvency, as well as the existence of any significant lawsuits or contentious actions which might affect its future capacity to perform the duties of management of the Fund provided in the Prospectus.

No such circumstances exist.

CHAPTER VII
RECENT EVOLUTION AND PERSPECTIVES OF THE ASSETS SECURITISATION
FUND

VII.1 Most recent significant trends in the market in general.

[COMPLETE]

VII.2 Implications that could derive from the trends referred to in Section VII.1 above.

[COMPLETE]

Signed by: IGNACIO ORTEGA GAVARA
- General Manager -
SANTANDER CENTRAL HISPANO
TITULIZACIÓN,
S.G.F.T., S.A.