RMBS/Spain
Presale Report

Fondo de Titulización de Activos, UCI 15

Expected Ratings*

Class	Amount (EURm)	Final Maturity	Rating	CE (%)
A	1,340.60	Dec 2048	AAA	7.75
B	32.90	Dec 2048	A+	5.45
C	56.50	Dec 2048	BBB+	1.50
D	21.60	Dec 2048	NR	-

Analysts
Pablo Perez
+44 20 7417 4263
pablo.perez@fitchratings.com

Gustavo Celi
+44 20 7862 4075
gustavo.celi@fitchratings.com

Natalia Bourin
+ 33 1 44 29 91 76
natalia.bourin@fitchratings,com

Performance Analytics
Charlotte Eady
+44 20 7417 3523
sf_surveillance@fitchratings.com

* Expected ratings do not reflect final ratings and are based on information provided by the originator as of 9 January 2006 and are subject to final documentation.

Summary

This transaction is a securitisation of a pool of first-ranking residential mortgage loans originated in and secured on property located in Spain, and unsecured personal loans associated with some of the mortgage loans included in the pool (the "personal loans"). Fitch Ratings has assigned expected ratings to the class A, B and C notes to be issued by Fondo de Titulización de Activos, UCI 15 ("UCI 15" or "the fund") as indicated at left.

At closing, UCI 15 will issue the notes backed by a EUR1.430 billion portfolio of residential mortgage loans and personal loans (together "the collateral") originated by Union de Creditos Inmobiliarios E.F.C. S.A. ("UCI" or "the seller"). UCI 15 will be regulated by Spanish Securitisation Law 19/1992 and Royal Decree 926/1998. Its sole purpose is to convert UCI's mortgage participations, mortgage transfer certificates (*Participaciones Hipotecarias* or "PHs" and *Certificados de Transmisión de Hipoteca* or "CTHs") and personal loans into fixed-income securities. The certificates will be subscribed and the personal loans acquired on behalf of UCI 15 by Santander de Titulización S.A. S.G.F.T. ("the *Sociedad Gestora*"), whose activities are limited to the management of mortgage and asset-backed securities.

The originator of the assets, UCI, is an established mortgage lending company with operations in Spain and a presence in Portugal and Greece. UCI is equally owned by Banco Santander Central Hispano ("SAN", rated 'AA-'/'F1+') and BNP Paribas (rated 'AA'/'F1+'). This is UCI's 14th securitisation and the second rated by Fitch.

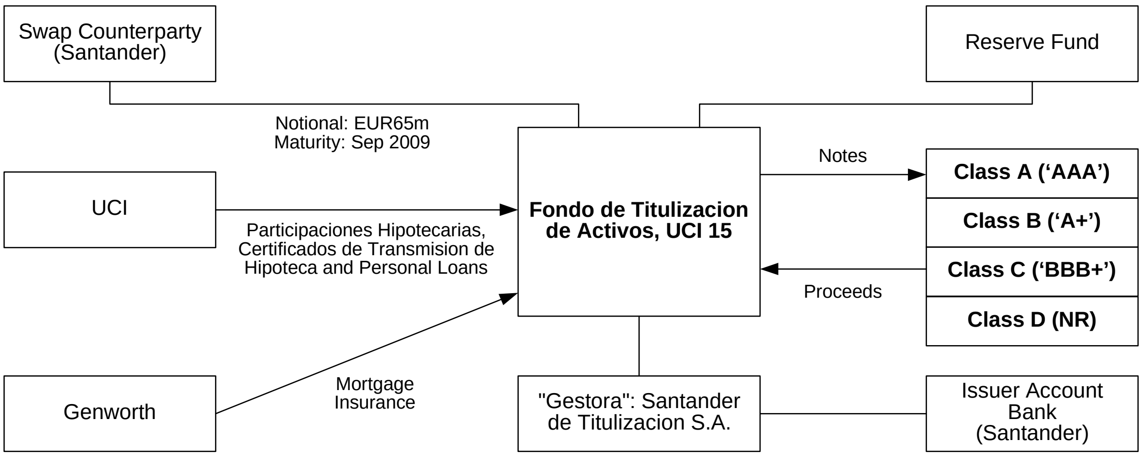
The expected ratings are based on the quality of the collateral, the underwriting and servicing of the mortgage loans, available credit enhancement ("CE") and the sound legal and financial structure of the transaction. Initial CE, provided by the subordinated tranches and a reserve fund, will total 7.75% for the class A notes, 5.45 % for class B and 1.50% for class C. The initial balance of the reserve fund will equate to 1.50% of the balance of the class A, B and C notes; and will be funded with the proceeds of the uncollateralised class D notes.

To size CE for each class of notes, Fitch analysed the collateral using a loan-by-loan mortgage default model specific to Spain. The agency also modelled the cash flow contribution from excess interest using the stress scenarios determined by its default model. The cash flow test showed that each class of rated notes, taking available CE into account, could withstand loan losses at a level corresponding to the related stress scenario without incurring any principal loss or interest shortfall.

Credit Committee Highlights

- UCI is an established mortgage loan underwriter and servicer, and this is its 14th securitisation.

Structure Diagram



Source: Transaction documents

- As of the pool’s cut off date (9 January 2006), the provisional pool consisted of 15,218 loans, 11,053 of which are first-ranking mortgage loans (94.1% by value). The remaining 4,165 comprise unsecured loans (5.4% by value) and second-lien mortgage loans (0.5% by value). These second-lien and unsecured loans finance the proportion of the property loan-to-value (“LTV”) over an 80% threshold. All of the first-lien counterparts to the unsecured and second-lien mortgage loans are included in the collateral of the transaction.

- Collateral Highlights (please also see *Credit Analysis* below):

  – 25% of the borrowers in the pool by loan value benefit from mortgage insurance (“the MIG”) provided by Genworth Financial Mortgage Insurance Limited, rated ‘AA’ (as opposed to 41% in the previous transaction). All such obligors contracted both a mortgage and a personal loan with UCI. Fitch gave partial credit for the MIG in its recovery rate calculation in all rating scenarios.

  – 12% of the borrowers by loan value have contracted both a mortgage and a personal loan, but did not take out mortgage insurance. This is an increase from 6% from the previous deal.

  – 23% of the mortgage loan pool by value corresponds to *Cambio de Casa* (as opposed to 18% in the previous transaction) or bridging loans granted to borrowers purchasing a new home but who have not yet sold their current residence. As of the date of loan origination, all such loans benefit from a first-ranking mortgage over both the borrower’s current and new property. Once a borrower sells their current property it is expected that they would pay down the original loan allocated to the mortgage using the proceeds from the property sale. In some cases, these loans may have both partial interest and principal grace periods during the first two years. As of the closing date, around 65% of the *Cambio de Casa* borrowers will have completed the sale of the prior property and amortised the original loan part.

  – 24% of the mortgage pool by value takes the form of “Easy Instalment” loans (*Cuota Fácil*), as opposed to 30% in the previous transaction. These allow a borrower to define their repayment schedule during the first three years of the loan, including a portion of accrued interest and principal amounts. As a result, interest on such loans may be capitalised during this period. An extended amortisation profile and interest capitalisation was assumed for these loans within the *Cash Flow Analysis*.

  – 38% of the portfolio relates to the *Préstamo Jóven* loan. This mortgage product is designed for first-time buyers and entitles the borrower to an initial interest-only period of up to five years, depending on the age of the applicant.

  – 9% of the portfolio incorporates a “joker option” whereby the borrower, once a year during the first three years of the life of the loan, can elect to take a payment holiday.

Key Information

Provisional Portfolio Characteristics

Total Amount: EUR1,638m as of 9 January 2006 (of which EUR1,430m will be selected at closing)

WA Original LTV per Borrower: 75.9%

WA Current LTV per Borrower: 75.3%

WA Indexed Current LTV: 74.7%

WA Remaining Maturity: 367 Months

WA Seasoning: 10 Months

Structure

Originator and Seller: Unión de Créditos Inmobiliarios S.A. E.F.C. ("UCI", 'NR')

Servicer: UCI

Fund: Fondo de Titulización de Activos, UCI 15 ("UCI 15")

Sociedad Gestora: Santander de Titulización S.A., S.G.F.T.

Swap Counterparty: Banco Santander Central Hispano ("SAN", rated 'AA-'/'F1+')

Mortgage Insurance Provider: Genworth Financial Mortgage Insurance Limited (rated 'AA')

Final Legal Maturity: 18 December 2048

Amounts not paid on such payment dates are capitalised. All such options expire three years after the loan closing date (most will expire two years after the closing date of this transaction). Historically, less than 10% of the "joker options" have been exercised up to expiry.

– 74% of the portfolio benefits from an inflation-linking option whereby borrowers, depending on the terms and conditions of the loan agreement, may limit the increase in their instalments to the national inflation rate or double the figure, as published by the National Statistics Institute for annual, semi-annual or quarterly periods (according to the corresponding loan coupon-setting period). 68% of the pool by value incorporated this feature in UCI 14. These options expire up to three years after the origination date of the loan. In its analysis of this transaction, Fitch has assumed that most of these inflation-linked options will be exercised within high interest rate scenarios of the investment-grade upper end, and will therefore pose restraints to the cash flow generated from the collateral. Furthermore, to account for this potential liquidity shortfall, the transaction structure incorporates a cash trapping mechanism in the treasury account if more than 7% of the borrowers exercise their option. These features have been accounted for in the agency's cash flow model analysis. The ratings assigned to this transaction reflect this inherent liquidity risk.

– Around 5.3% of the pool by value currently accrues a fixed interest rate, which reverts to floating three to five years from origination according to an established schedule. The interest rate hedging mechanisms in place during the first three/five years of the transaction will mitigate the risk associated with the mismatch between the fixed-rate portion of the pool and three-month EURIBOR (Euro Interbank Offered Rate), the benchmark on the bonds. Fitch has incorporated this feature into its cash flow model analysis.

– Some 14% of the loans by value are backed by *Viviendas de Protección Oficial* ("VPO") and are subsidised by the Spanish local governments. Fitch did not give credit for this price indexation in its recovery rate calculations.

- The issuer will not enter into a basis swap agreement; therefore, basis risk between the note index and the collateral index will be passed on to investors. Around 87% of the pool is indexed to the IRPH index (*Índice de referencia de préstamos hipotecarios conjunto de entidades and cajas)*, and the remainder to the 12-month EURIBOR (all three indices are published by the Bank of Spain). To mitigate this risk, Fitch applied specific time-dependant discounts to the interest earned on the collateral, on top of stressed coupon compression assumptions (please see *Interest Rate Risk* below).

- UCI, besides having diverse clients, will also target young households with a fairly short employment history and other clients usually not well served by the traditional banks. Typically, it will charge a higher interest rate than that offered by the average Spanish bank. As a result, UCI's portfolios exhibit higher prepayment rates than its competitors'. Fitch has therefore used 'AAA' prepayment rate stresses to model the cash flows in all its rating scenarios.

- According to Fitch's criteria, commingling risk exists as UCI is an unrated entity. This risk is mitigated by a guarantee provided by SAN.

Under the terms of the guarantee, in the event that UCI is declared insolvent, SAN will cover losses that may result from UCI's default as part of its obligation to service the loans. More than 90% of the borrowers receive their wages in current accounts held with Santander. All instalments are processed through direct debit and credited to UCI's collection account in Santander. Within a 24-hour period, the collections are swept to the issuer's account, which is held in the same bank.

- The calculated debt-to-income ("DTI") ratio is 39.1% for the provisional pool.

- As of the closing date, the average seasoning of the provisional pool will be 10 months, while the weighted average original LTV ratio per borrower ("WAOLTV") is 75.9% and the weighted average current LTV per borrower ("WACLTV") is 75.3%. As of the pool cut-off date, the pool weighted average coupon was 3.9%.

Financial Structure

Collections from the mortgages will be transferred from UCI's collection accounts into the fund's treasury account (held by SAN) on a daily basis.

Amounts standing to the credit of the treasury account will receive a guaranteed interest rate equal to the three-month EURIBOR. In the event that SAN is downgraded below 'F1', within 30 working days, the *Sociedad Gestora* will transfer the reinvestment account to a counterparty rated at least 'F1'.

All the notes will pay interest quarterly in arrears based on the three-month EURIBOR plus a margin.

Servicing of the Securitised Portfolio

The mortgages and the associated loans will continue to be serviced by UCI in its role as servicer.

RD 685/82, which governs the issuance of the PHs and CTHs that will be subscribed by UCI 15, indicates that the issuer of the mortgage participations and mortgage transfer certificates must service the mortgage loans (which, in turn, back the notes), and does not envisage the possibility of replacing the PH and CTH issuer as servicer of these loans.

However, the transaction has certain mechanisms in place whereby the *Sociedad Gestora* may be able to replace the servicer upon any breach of the terms of the servicing contract regulated by the fund's deed of incorporation, if current legislation allows.

Priority of Payments ("Waterfall")

Prior to enforcement, portfolio income will be allocated on each payment date according to the following payment priorities:

1. senior fees and expenses;
2. payments due under the interest rate swap agreements (see *Swap Agreement*);
3. interest due on the class A notes;
4. interest due on the class B notes, unless deferred;
5. interest due on the class C notes, unless deferred;
6. note redemption (see *Principal Redemption)*;
7. replenishment of the reserve fund (see *Reserve Fund*);
8. interest and principal due on the unrated class D notes; and
9. interest and principal due on the subordinated loan extended to the fund by SAN and Union de Crédit pour le Batiment, SA ("UCB", a subsidiary of BNP Paribas and shareholder of UCI).

On each payment date, available funds to be applied to the waterfall include:

i. principal collected on the collateral;
ii. interest collected on the collateral (including penalty interest);
iii. interest accrued in the reinvestment account;
iv. the reserve fund;
v. recoveries of defaulted loans; and
vi. net amounts paid by the swap counterparty (if any).

Interest due on the class B notes will be partially deferred if the notes' principal deficiency ledger reaches 100% of its current outstanding balance. Similarly, interest due on the class C notes will be partially deferred if the class B and C principal deficiency ledgers reach 100% of the current class B and C note balance, respectively.

According to the interest deferral mechanisms, the interest component of the collateral, defined as interest collected on the collateral and interest accrued on the reinvestment account, will always be paid senior to principal redemption, unless the cumulative default ratio reaches 9.6%.

The cumulative default ratio is defined as the balance of loans more than 18 months in arrears gross of recovery proceeds over the initial outstanding balance of the collateral.

Principal Redemption

Funds available for amortisation will initially be allocated to the redemption of the class A notes until fully amortised, and will subsequently be allocated to the class B notes. Once the B notes are fully amortised, the class C notes will begin to amortise.

The class B and C notes will be redeemed sequentially only after full repayment of the class A notes. Redemption of the C notes will commence only when the B notes are fully amortised. The legal final maturity date for the notes will be December 2048, 36 months after the final scheduled maturity date for all the loans in the collateral pool. This timing is deemed adequate to ensure that collections on the mortgages will be sufficient to meet the fund's obligations in respect of any defaulted loans.

Other Redemption Rules

The following redemption rules also apply:

- the class B and C notes will be redeemed *pro rata* with the series A notes if:
  a. CE for the class A notes has doubled since closing;
  b. the outstanding balance of mortgages more than 90 days in arrears does not exceed 1.5% of the then outstanding collateral balance; and
  c. the reserve fund is at its required level;
- all the notes are subject to a clean-up call when less than 10% of the initial collateral remains outstanding.

Provisioning for Defaults

Loans in arrears will be progressively written off using available excess spread depending on the CLTV and according to the months in arrears as summarised below:

Provisioning Mechanism for Mortgage-Backed Loans

LTV/(Months in Arrears)	18	24	36	48
>80	100	-	-	-
80-60	50	25	25	-
60-40	25	25	25	25
<40	0	0	25	50

Source: Transaction documents

Provisioning Mechanism for Personal Loans or Second-Lien Mortgage Loans

Loan Characteristics (Months in Arrears)	18	24	36	48
Without MIG	100	-	-	-
With MIG	25	25	25	25

Source: Transaction documents

Swap Agreement

The fund will enter into interest rate hedging agreements with SAN ("the swap counterparty") to hedge the interest rate risk arising from the loans currently in their fixed-rate phase and the three-month EURIBOR payable on the notes.

Under the swap agreements, the fund will pay the swap counterparty 2.25%; in return, it will receive the three-month EURIBOR. The notional of the swap will initially equate the current balance of loans accruing an initial three/five-year fixed rate, and will subsequently follow a predetermined amortisation schedule. Due to this fact, variations in the prepayment behaviour of these loans may result in under- or over-hedging. Fitch analysed the effect of this item on the transaction's excess spread under multiple CPR (constant prepayment rate) assumptions.

In the event that the swap counterparty is downgraded below 'A'/'F1', it will, within 30 days, effect one of the following:

- find a replacement counterparty rated at least 'A'/'F1';
- find an entity rated at least 'A'/'F1' to guarantee its obligations under the swap agreement; or
- cash- or security-collateralise its obligations in an amount sufficient to satisfy existing Fitch criteria.

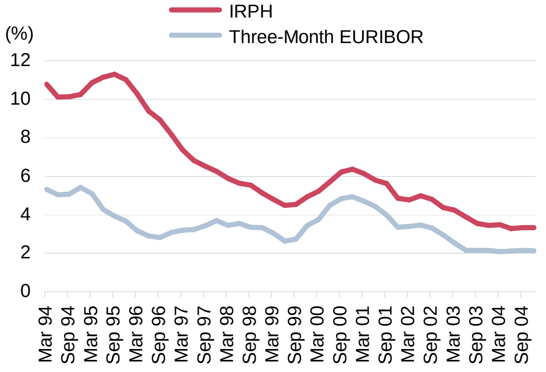
Interest Rate Risk

The issuer will not enter into a basis swap agreement; therefore, basis risk between the note index and the collateral index will be passed to investors. Around 87% of the pool by value is indexed to the IRPH plus a weighted average margin of 0.53%, while the remainder accrues at 12-month EURIBOR plus an average margin of 0.80%. Approximately 61% of the pool have a semi-annual reset on the above mentioned index, and the rest have an annual reset, thus reducing the basis-risk on the quarterly indexed Bonds.

The IRPH is calculated by the Bank of Spain as the simple mean of the interest rate accrued by all mortgage loans outstanding within the Spanish financial system with a remaining term of more than three years, referenced to IRPH, EURIBOR or other indexes, as the case may be. Over the long term, assuming that mortgage markets become more competitive and fewer new mortgage loan originations are referenced to the IRPH, the IRPH rates will converge with the EURIBOR plus the average margin over this index.

Fitch has measured the risk of adverse movements between the base indexes of the assets and liabilities.

IRPH Versus Three-Month EURIBOR



Three-Month EURIBOR is based on a basket of currencies
Source: Bloomberg

This risk is driven by the base index mismatch and the deferral of upward interest rate movements in accordance with the collateral's interest rate reset structure. This basis risk was accounted for by applying specific discount factors to the margin of the collateral at various stages of the transaction. The discounts applicable to a 'AAA' scenario are 0.10%-0.70% p.a. This differs from the methodology used in the UCI 14 transaction, where a fixed discount of 0.20% p.a. was applied to the margin of the collateral during the life of the transaction.

Credit Enhancement

In addition to excess spread and mortgage insurance, the transaction will benefit from initial CE provided by subordination and a reserve fund. This will total 7.75% for the class A notes, 5.45% for class B and 1.50% for class C.

Reserve Fund

At closing, a reserve fund in an amount equivalent to 1.50% of the original note balance will be financed using the proceeds of the unrated class D notes.

Subject to the following conditions, the reserve fund may amortise to the greater of:

i. 3% of the then-outstanding note balance; and
ii. the following schedule according to arrears levels in the portfolio:

Reserve Fund Floor

Reserve Fund Floor	90 Days + Arrears Levels Over Current Balance (%)
0.4% of the Initial Note Balance	<0.75
3% of Current Note Balance or 0.70% of the Initial Note Balance	0.75-1.25
3% of Current Note Balance or 0.80% of the Initial Note Balance	>1.25

Source: Transaction documents

The amortisation of the reserve fund will be subject to the following conditions:

- no amortisation deficit exists;
- the weighted average coupon of the pool is at least 0.40% more than that on the notes; and
- at least three years have lapsed since transaction close.

Representations and Warranties

The seller will provide representations and warranties in relation to the collateral, including:

- each mortgage loan is registered in the relevant property register and represents a first-ranking claim on the corresponding property;
- each mortgage loan finances the purchase, refurbishing or building of a residential property in Spain;
- all loans have been fully disbursed;
- the seller has full right and title to, and the power to sell and transfer, the mortgages;
- the seller has not been made aware of any of the underlying properties becoming subject to a reduction in value of more than 20% since acquisition;
- none of the mortgage or associated loans is more than 30 days delinquent at closing; and
- all properties have undergone a valuation by a unique property appraiser registered with Bank of Spain.

Neither the fund nor any other transaction parties will conduct a search of title; rather, they will rely on the above-mentioned representations and warranties provided by UCI in relation to the collateral. Following an irremediable breach of any of the representations or warranties, UCI will replace or repurchase the loan(s) in question as per the terms and conditions of the documentation.

Legal Structure

At closing, the seller will transfer the mortgage and personal loans to the *Sociedad Gestora* on behalf of the fund. The *Sociedad Gestora* is a special-purpose, limited-liability company incorporated under the laws of Spain. Its activities are limited to the management of asset-backed notes.

Provisional Collateral

The provisional pool consists of 15,218 loans, 11,053 of which are first-ranking mortgage loans (94.1% by value). The remaining 4,165 are unsecured loans (5.4% by value) and second-lien mortgage loans (0.5% by value). These second-lien and unsecured loans finance the proportion of the property LTV over an 80% threshold. Around 62% of the borrowers in the pool have a first-ranking mortgage loan only; 36% have both a first-ranking mortgage and an unsecured loan of which 67% are covered by the Genworth MIG; and 2.4% have both a first- and second-ranking mortgage.

The portfolio has an original WAOLTV per borrower of 75.9% and a WACLTV per borrower of 75.3%. In its recovery calculations, Fitch used an indexed valuation of the underlying properties based on regional residential indices, giving 50% credit to increases in property prices; the WA indexed CLTV of the pool is 74.7%. Loans concentrated in the above-80% original LTV bucket represent 40% of the pool.

The portfolio has at closing a WA seasoning of 10 months and a WA current remaining maturity of 30.5 years. At closing, none of the loans will be more than 30 days in arrears.

Description of UCI's Loan Products

"Cuota Fácil" Loans
(24% of the Mortgage Loan Pool by Value)

During the first three years of the loan, borrowers can set the payment schedule, including a portion of the accrued interest and principal amounts. As a result, interest on the loan may be capitalised during this period and the borrowers may experience a significant payment shock when the loan reverts to standard repayment of principal and interest.

"Préstamo Jóven*" Loans*
(38% of the Mortgage Loan Pool by Value)

This mortgage product targets young first-time buyers. An initial interest-only period is granted up to the fifth year of the loan, or the borrower's 40th birthday, whichever is earlier. For around 17% of the "*Préstamo Jóven*" loans, the interest-only period has elapsed prior to closing.

"Cambio de Casa" Loans
(23% of the Mortgage Loan Pool by Value)

These are bridging loans granted to borrowers purchasing a new home but who have not yet sold their current residence. As of the date of loan origination, such loans benefit from a first-ranking mortgage over both the borrower's current and new properties. Once the borrower sells their current property, it is expected that they would pay down the original loan amount allocated to the mortgage using proceeds from the property sale. In some cases, these loans may have both partial interest and principal grace periods during the first two years. The borrower also contracts to sell their current property within two years; if the borrower cannot do so, they will begin to pay down the outstanding mortgage loan (which at that time will be backed by the two properties). According to UCI's experience, the average time to sell a property is nine months. As of the closing date, around 65% of borrowers with this product will have sold their previous property and amortised the original loan component of the *Cambio de Casa* loan.

"Tipo Fijo 3 Años" Loans
(5.3% of the Mortgage Loan Pool by Value)

This is a fixed-to-floating rate product, with the fixed-rate period lasting three years. All such loans in this pool are still in their fixed-rate phase.

"Internet" Loans
(2% of the Mortgage Loan Pool by Value)

These are loans originated via the internet or telephone banking. They are typically sold at very tight spreads (0.50% over EURIBOR) and a maximum LTV of 60%.

Personal Loans
5.4% of the Pool by Value

All the personal loans have been granted to mortgage loan borrowers in the pool to complete the funding for the acquisition of a property in Spain. The sum of the mortgage and personal loans must be lower than 100% of the value of the collateral. 65% of these loans are fixed rate, but will revert to floating rate five years after origination.

Mortgage Insurance
25% of the Pool by Value

25% of the borrowers in the pool by value benefit from the MIG provided by Genworth Financial Mortgage Insurance Limited ("Genworth"), the European subsidiary of Genworth Financial, Inc., which is a leading insurance holding company in the US. On 24 May 2004, General Electric Company floated 30% of Genworth Financial Inc. and gradually reduced its ownership to 0% in 2006. All loans in the pool covered by the MIG have a mortgage and a personal loan component, and the insurance will remain in force until both loans are cancelled.

Main Characteristics of the Master Insurance Policy between Genworth Financial Mortgage Insurance Ltd and UCI

- Coverage excludes losses due to fraud or *force majeure* events.
- Loans must comply with the eligibility criteria set out in the master insurance policy agreement. The eligibility criteria and UCI's representations and warranties under the terms of the policy are consistent with those included in typical securitisation transactions:

– On a monthly basis, UCI will send to Genworth Financial Mortgage Insurance Ltd. all the files in electronic format, on which the latter will run an initial audit. Additionally, on a quarterly basis and based on statistical samples, Genworth Financial Mortgage Insurance Ltd. will ensure the loans comply with the eligibility criteria.

– Calculation of the claimable amount:

  A + B - C - D - E - F - G

  A+ B = Loan principal plus loan interest up to 48 months in arrears

  C = Auction proceeds

  D = Amounts received from borrowers' guarantors

  E = Additional amounts received by UCI to reduce losses

  F = Set-off amounts (if any)

  G = Indemnity amounts received from property insurance (if any)

  The claimable amount will be capped at a maximum value resulting from the difference between the original LTV and 78%, multiplied by the original appraised property value. This claim and capped amount is available until both loans (mortgage and associated personal or second ranked mortgage loan) are cancelled.

  A claim will be due when the loss crystallises (this could occur at the latest after UCI's disposal of the property, if the loan is foreclosed and UCI takes the property as a result of the auction process).

  Legal expenses will be excluded from the maximum claimable amount.

The master insurance agreement defines a maximum 35 calendar day period to settle a claim. The foreclosure timing assumptions were therefore adjusted accordingly to account for the realisation period of the mortgage insurance.

Origination and Servicing

As part of its analysis, Fitch has reviewed and analysed UCI's origination and servicing guidelines. The originator of the assets is UCI, which was incorporated in 1989 as a specialised mortgage lending company. UCI is equally owned by SAN and BNP Paribas. In 1999, it began an international expansion commencing in Portugal and then in Greece, where it started its lending operation in 2003.

UCI originates residential mortgage loans to individuals through a network of Spanish real estate agents that brings business to UCI via one of its 52 branches around Spain. Mortgage servicing and risk decision-taking is centralised in Madrid. As of end 2005, UCI managed some EUR 8.2bn of assets in Spain, of which 54% had been securitised.

UCI is the leader in mortgage loan marketing and origination via real estate professionals and intermediaries in Spain's property sector, called "APAs" according to UCI's terminology (some of them are associated to *Agentes de Propiedad Inmobiliaria* – "API", a real estate agent's trade association which whom UCI has certain agreements). The company has an alliance with the API for the purpose of marketing properties via the internet or magazine distribution channels (Comprarcasa.com). Eventually, Comprarcasa property sales will be financed by a UCI mortgage loan. UCI is also a pioneer and specialist in the low equity segment, a niche that universal banks are starting to explore in Spain.

Origination and Underwriting

The main responsibility of the company's 52 offices in Spain is to manage relationships with the APAs. The commercial offices do not participate in the loan approval process. 90% of loan originations are performed via intermediaries. The remaining 10% are originated through:

i. loan subrogation from real estate development ("RED") loans (as UCI only began granting RED loans in 2002, none of these are included in this transaction);
ii. new mortgage loans from existing clients;
iii. the internet; and
iv. special agreements with financial institutions.

In addition to a diversified client base, UCI targets young households with a limited employment history and other clients usually not well served by the traditional banks. Typically, it will charge a higher interest rate to borrowers than that offered by the average Spanish bank. Around 20% of new loan originations correspond to foreigners who have obtained a Spanish residency permit.

UCI sells loans through its own sales force (500 individuals) and contracted personnel (47). The number of contracted sales staff has reduced proportionally over time, from 50% of the total sales team to the current 10%-12%. The salaries of the in-house sales team comprise fixed and variable elements. The variable element is based on the number of loan agreements signed and expected earnings on outstanding loan balances. No checks on origination quality are made when calculating this variable component although a thorough quality check is conducted on documentation received from the applicant to avoid fraud.

Sales staff are responsible for completing and checking the borrower's files and scanning them ready for entry into the data storage system. Borrower data is ultimately entered into UCI's system by a third party, Konnecta (a company owned by SAN's subsidiary Santander Consumer Finance (rated 'AA-'/'F1+') among others), enabling transactions to be analysed by the analysts at Central de Autorizaciones Nacional ("CAN"), UCI's underwriting department. CAN analysts are in charge of auditing the information input by Konnecta.

The credit approval process is fully centralised at CAN. Analysts (all of whom have been delegated approval authorities according to their experience and have spent at least five years in a similar position), verify the relevant documents and borrower income, check references and, depending on their status, can ultimately approve transactions. Special cases, such as large loans, are approved by credit committees. Final loan approvals are subject to final documentation and loan appraisal. UCI indicated that it is moving to decentralise credit approvals to the regional offices, particularly the most straightforward cases in order to speed up the process.

Characteristics of UCI's credit process include:

Analysis of Borrowers' Profile

The employment history of the applicant is analysed (self-employed/employed, if employed, years in current employment and track record in the professional field, etc). If this analysis indicates an unacceptable or erratic employment history, additional guarantees will be required (e.g. third-party personal guarantees).

Segmented LTV Criteria

The maximum LTV for freelance professionals (e.g. doctors, lawyers and consultants) is 70%, and for the self-employed who do not fall into this category, it is 60%. Civil servants can get up to 105% LTVs (across their mortgage and personal loans advanced by UCI).

Scoring

All loans are supported by a credit score. In 2002, UCI launched the fourth version of its scoring system (the first was launched in 1993, in the middle of the last recession in Spain). This version defines seven scoring scales. UCI was one of the first entities to validate its scoring model (at the end of 1999) for statistical provisioning purposes with the Bank of Spain.

Credit Checks

Borrower and guarantor credit histories are systematically verified with credit bureaus (ASNEF and CIRBE) if the applicant approves this in writing.

Income Verification

i. Those in full-time employment: last three payslips and most recent tax return.
ii. Self-employed: the most recent tax return.

"APA" Appraisal

The performance of loans originated by each APA is monitored by CAN analysts. An adverse trend will influence the credit decision of the analysts.

Property Valuations

Appraisals are conducted on an exclusive basis by Valtecnic (Sociedad de Tasacion), a Bank of Spain-registered company.

UCI has obtained ISO 9001 certification for its underwriting process.

Servicing

All loan repayments are made via direct debit on the fifth of each month; more than 90% of the borrowers in the pool have an account with SAN, the fund's account bank.

Early Arrears Management

Any unpaid instalment will automatically trigger the re-debiting of the unpaid amount. UCI will continue to try to collect any missed payment or payments until the seventh consecutive rejection.

Around 80% of delinquencies to date have been resolved in the month in which they occurred.

Once a borrower has missed more than one instalment, the personalised recovery actions department (PAR) will contact the borrower to resolve the default as soon as possible, based on his or her current financial means. The PAR may contact third-party guarantors at this stage.

Once the borrower has more than three unpaid instalments, the PAR will investigate the reasons behind the debtor's liquidity problems. A new payment plan will be proposed once the issues have been identified. To qualify, the borrower will be required to reimburse some of the owed amounts. Typically, the payment plan arrangement is six months.

Serious Arrears Management

If four instalments are missed, a case is transferred to the litigation department ("JUR"). At this stage, an amicable solution is usually possible: around 70% of cases at this stage of delinquency have been resolved. Solutions have included:

- reimbursement of unpaid instalments: 41% of cases; and
- private sale of the financed property: 32% of cases.

Foreclosure Process

UCI has indicated that, on average, the litigation process takes 15 months to foreclosure.

UCI will either repossess the related property and sell it at a profit (depending on market conditions in Spain) or hire a real estate agent to sell the property to a third party.

■ Credit Analysis

Fitch analysed the collateral for UCI 15 by subjecting the mortgage loans to stresses resulting from its assessment of historical home price movements and defaults in Spain. Its analysis is based on the probability of default and expected recoveries for the portfolio's individual loans (see *Appendix 1*).

Default Probability

Generally, the two key determinants of default probability are a borrower's willingness and ability to make their mortgage payments. Willingness to pay is usually measured by LTV. In a severe negative equity situation, borrowers in financial distress but with equity in their homes (low-LTV loans) have an incentive to sell and maintain/protect their equity, thereby eliminating the need for the lender to repossess the property.

Ability to pay is usually measured by the mortgage payment in relation to the borrower's net income. Fitch estimations indicate that the DTI ratio of the pool is around 39.1%.

Fitch considered the specific characteristics of the product in its default probability analysis of the portfolio. The LTV based on the original balance of the loan is used as the main measure of a borrower's willingness to pay.

Considerations for Loans with Special Features

Fitch has increased the default probabilities by 5% on loans incorporating a joker or indexed linked option, and by 15% on the *Cuota Fácil* loans. The borrowers utilising these features may experience a payment shock once the flexible period expires, particularly during a period of rising interest rates. On the other hand, these types of loans restrain the liquidity of the transaction. The instalment limitation features lengthen the amortisation profile of these loans and may result in interest capitalisation in the event that the limited instalment is lower than the accrued interest. Fitch specifically addressed these issues by measuring directly the amortisation profile of each loan assuming these options are exercised.

Around 74% of borrowers have the option to limit the increase in the instalments to the official inflation reported by the National Statistics Institute or twice this value. Assuming a perfect correlation of inflation with interest rate movements, the principal and interest payments were modelled for each mortgage with this type of option and the inflation strike was compared to the instalment variation in accordance with Fitch's scenario-specific interest rate assumptions. The results of this analysis reveal that most of these options are in-the-money for the borrower up to the third year after closing within Fitch's 'AAA' rising interest rate assumptions, the principal repayment profile is extended and a significant proportion of interest is capitalised within high investment-grade scenarios.

This effect is diluted by a specific covenant on the priority of payments whereby all excess spread will be retained by the SPV in the event that more than 7% of the borrowers exercise this inflation-linked option. Fitch measured the exercise of this trigger within each rating scenario, and therefore quantified to what extent the transaction's excess spread would be available to cover these liquidity restraints.

Cambio de Casa loans also may allow for interest capitalisation during the first year of the life of the loan. For assessing the base default probabilities of such loans, Fitch utilised the higher of the original LTV ratio, current LTV ratio and original LTV ratio after the sale of the property, as provided by UCI. Within a 'AAA' real estate recession, the borrower's ability to sell the prior property under the *Cambio de Casa* loans will be seriously hindered. To account for this risk, Fitch assumed that the previous property would be retained by the borrower, and therefore based the default probabilities for these loans on the aggregate DTI ratio with the total instalment of the loan financing both properties.

Loans in the pool may be collateralised by more than one property. Except for those that are backed by a first home property, the default probability for loans financing second homes (0.38% of the pool by value) were increased by 15%.

Provisional Portfolio Summary

Pool Characteristics	
Current Principal Balance (EURm)	1,638
Average Current Loan per Borrower (EUR)	142,192
Average Original Loan per Borrower (EUR)	146,739
Oldest Loan in Portfolio	Feb 1990
Most Recent Loan in Portfolio	Nov 2005
Interest Rate Type	
Floating-Rate Loans (%)	100
WA Interest (%)	3.90
Interest Index (%)	87% IRPH, 13% 12M Euribor/Mibor
Payments	
Payment Method	100% D. Debit
Loans >30 Days in Arrears (%)	0
Regional Concentration (%)	
Region of Andalucia	24.0
Region of Madrid	16.1
Region of Cataluña	16.9
Region of Valencia	10.6
Lien Position (%)	
First-Ranking	94.1
Second-Ranking	0.5
Personal Loans	5.4

Source: Fitch, this information may differ from that included in the transaction documents

Recovery Proceeds

Market Value Decline

To estimate recoveries on the mortgage loans, Fitch examined house price movements in Spain on a regional basis from 1987-2004 and found significant differences – most notably between Madrid, Cataluña and País Vasco and the other regions. Cities in these three regions have experienced higher price increases than elsewhere in Spain. Based on its analysis of the real estate market, Fitch assumed marginally larger market value declines (“MVDs”) for certain regions and some large urban areas.

Recovery Rates

UCI reported the value of each of the properties backing the loans. Asset recovery rates were calculated for collateral property and grouped on a loan-by-loan basis using Fitch’s standard RMBS methodology.

Fitch has increased MVDs for higher and lower value properties. These are generally subject to greater MVDs in a deteriorating market than homes with average or below-average market values for reasons of limited demand. Fitch considers approximately 11.3% of the provisional pool to be secured on such illiquid properties.

Some 14% of the loans in the pool may be backed by VPO properties. These are targeted at low-income individuals and their value set by the relevant local housing authorities (the “legal appraised value”). Unless the property is declassified as such by the owner (in which case, he or she must repay certain amounts to the relevant housing authority) or the VPO classification period has expired (which can take up to 25 years in certain regions), the price at which the property can be resold in the open market is capped at the legal appraised value which may be reviewed every year according to the CPI index. Fitch has not given any credit to property price indexation when calculating the recovery rate of such loans.

UCI currently reports a recovery period of 15 months from the launch of the foreclosure process. Fitch has assumed a time to foreclosure of three years to account for the recovery timings under distressed real estate market conditions.

Personal Loan Recovery Rates and Mortgage Insurance Treatment

In this transaction, the personal loan agreements contain cross-default clauses with the related mortgages in favour of the lender.

Under the Spanish Civil Code, whether the loans are performing or in arrears, the borrower’s payments will be applied first to the personal loan and then to the mortgage loan, unless the borrower is declared insolvent or does not agree with such procedure.

Recovery proceeds following mortgage enforcement can only be applied to the personal loans if the borrower has not been declared insolvent. Under the terms of the new insolvency regime enacted in 2003, Fitch understands that set-off rights between the parties expire if one is declared insolvent. That is, if the borrower is insolvent, the lender does not have the right to set off any residual amounts from the proceeds of the mortgage enforcement to the personal loan. UCI is not a deposit-taker. According to information received from legal counsel, very few retail borrowers apply for personal insolvency in Spain.

Around 67% of the borrowers with a mortgage and an unsecured loan benefit from the MIG provided by Genworth Financial Mortgage Insurance Ltd. In these situations, the weighted average recovery rates are relatively neutral to the assumptions of whether the borrowers apply for insolvency at loan foreclosure, as the recovery rates related to the MIG increase if recovery proceeds are not applied to the personal loans. For the remaining proportion of loans without mortgage insurance, the borrowers were assumed to apply for personal insolvency and therefore no credit was given to recoveries under the unsecured loan part.

Cash Flow Analysis

To evaluate the contribution of structural elements such as excess spread, the reserve fund and other factors, Fitch modelled the cash flows from the mortgages based on the WA recovery rate and WA frequency of foreclosure provided by the loan-by-loan collateral analysis. Recoveries included both interest and principal.

The cash flow model assumes that defaults are spread over the first seven years following the closing date of the transaction. The analysis simulates the cost of carrying defaulted loans as the difference between the performing balance of the mortgages and the notional note balance. Excess spread, the reserve fund and principal must be sufficient to cover the cost of carry until recoveries are received after 36 months. Variable interest rates are stressed upwards over time; however, the effect of this factor is limited because of Fitch's conservative assumptions to account for basis risk (please see *Interest Rate Risk* above).

According to the terms and conditions of this transaction, interest due but not paid on the notes will be capitalised at the corresponding interest rate.

Collateral Revenue Modelling

As of the closing date, 5.3% of the provisional pool comprised loans with an initial fixed-rate coupon. Fitch has modelled the fixed-to-floating conversion schedule of such loans in its cash flow model.

The cash flow analysis assumes a high level of annual prepayments on the mortgages, of 25% in all rating scenarios, as, UCI's securitised portfolios exhibit higher prepayment rates than those of its competitors.

The CE levels reflect the severest stress assumptions under the terms and conditions of the transaction. The cash flow test showed that each class of rated notes, taking available CE into account, could withstand loan losses at a level corresponding to the related stress scenario without incurring any principal loss or interest shortfall, according to the terms and conditions of the notes. As a result, if the class B and C notes' interest deferral triggers are hit, interest might not be received on those notes for a period of time.

■ Performance Analytics

Fitch will monitor the transaction on a regular basis and as warranted by events. Its structured finance surveillance team ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk. Details of the transaction's performance are available to subscribers at www.fitchresearch.com.

Issuer Report Grade

Fitch has recently introduced Issuer Report Scores as part of an ongoing effort to improve the transparency of transaction performance to investors. Transactions are scored on a system ranging from one star (meets basic requirements) to five stars (outstanding). For further information on the agency's Issuer Report Scores, please see the reports "*Fitch Issuer Report Grades*", dated 25 November 2004 and "*Rising Stars? Fitch Issuer Report Grades H1 2005 Update*", dated 7 June 2005, both of which are available at www.fitchratings.com.

Appendix I: Rating Methodology

To determine appropriate levels of CE, Fitch analyses the collateral for Spanish residential transactions using a loan-by-loan mortgage default model. The model subjects the mortgage loans to stresses resulting from its assessments of historical home price movements and defaults. Fitch's study showed that the LTV, reflecting the size of the borrower's down payment, and the borrower's income multiple (original loan advanced divided by income) are the primary indicators of default risk in Spain. Fitch also modelled the cash flow contribution from excess interest using stress scenarios determined by its default model. The cash flow test showed that each class of rated notes, taking available CE into account, can withstand loan losses at a level corresponding to the related stress scenario without incurring any principal loss or interest shortfall.

Default Probability

Generally, the two key determinants of default probability are the borrower's willingness and ability to make the mortgage payments. The willingness of a borrower to pay is usually measured by the LTV. Fitch's model assumes higher default probabilities for high-LTV loans and lower default probabilities for low-LTV loans. The main reason is that in a severe negative equity situation, borrowers in financial distress but with equity in their homes (low-LTV loans) have an incentive to sell and maintain/protect their equity, eliminating the need for the lender to repossess the property.

The ability to pay is usually measured by the borrower's net income in relation to the mortgage payment. Historical data available for Spain shows low levels of default. Base default probabilities are determined using a matrix which considers each loan's affordability factor and LTV. The matrix classifies affordability into five classes, the lowest of which (class 1) encompasses loans with DTIs of less than 20% and the highest of which (class 5) encompasses all loans with DTIs exceeding 50%. The average DTI for the mortgage market in Spain is about 27%-33%.

Adjustments

Fitch adjusts the base default rates on a loan-by-loan basis to account for the individual loan characteristics of the collateral across all rating levels. In the absence of case-by-case specific mitigants, Fitch conducts the following adjustments:

- **Product Type:** Fitch may increase default probability assumptions by 0%-20% for loans that have a riskier profile (i.e. flexible products) *vis-à-vis* standard variable rate amortising loans.

- **Repayment Type:** Mortgage payments by Spanish borrowers are generally made monthly by direct debit. Fitch will increase base default rates by 5% for quarterly payments and 10% for biannual or annual payment frequencies. Interest-only mortgages may be included in Spanish transactions at some point in the future. Fitch increases the default assumptions for these loans by up to 25% to take into account the balloon risk to the borrower and the strong reliance on the borrower's equity in the property.

- **Loan Purpose:** Fitch believes that a financially distressed borrower is more likely to default on a second home or investment property than on a primary residence. Accordingly, the agency will increase the default probability by 15% to 50%. If the purpose of the loan is not the acquisition of a property in Spain, Fitch will increase the default probability by 50%-100%.

- **Borrower Profile:** Fitch increases the default probability on loans to self-employed borrowers by 20%-50% to account for their lack of a fixed annual salary and for non-Spanish residents as presumably this population may have less incentive to repay a mortgage loan in periods of stress.

- **Arrears Status:** When rating portfolios combining current and arrears mortgages, Fitch increases base default rates for mortgages in arrears by 1-30, 31-60, and 61-90 days by 25%, 50% and 70%, respectively. Fitch assumes that mortgages over 91 days in arrears (non-performing status) will have a 100% probability of default.

- **Underwriting Quality:** Fitch's review and analysis of the origination process determines whether the agency decreases default rates by up to 25% or increases them by 0%-200%.

Loss Severity

To estimate loss severity on mortgage loans in Spain, Fitch examined home price movements there on a regional basis from 1987–2004. The agency found significant differences in price development among the regions – mainly between the regions of Madrid, Cataluña, País Vasco and the rest of the regions in Spain. More recently, prices have increased significantly in certain coastal areas (including Cantabria, Valencia, Andalusia and Murcia). The cities of these regions have experienced higher price increases than other cities in Spain. As in most other countries, rural areas tend to develop on a more stable basis. Based on its analysis of the real estate market, Fitch assumed a slightly higher MVD for certain regions and some large urban areas.

To derive MVDs for the respective stress scenarios, Fitch then compared the characteristics of the Spanish real estate market with markets in other European countries. As with its other European mortgage default models, Fitch has increased MVDs for lower and higher value properties. These properties are generally subject to larger MVDs in a deteriorating market than homes with average market values owing to limited demand for such properties.

When calculating recovery value, Fitch's model reduces each property value by the MVD, external foreclosure expenses and the cost to the servicer of carrying the loan from delinquency through to default. For Spain, Fitch assumes that external foreclosure costs represent EUR6,500 plus 4% of the realised value of the collateral at the time of default. Loss severity also incorporates the fact that in a recession period, the length of time to foreclosure may be longer than is currently the case. To calculate carrying costs, Fitch uses a worst-case scenario analysis which assumes that the borrower does not pay any interest and the collateral is not realised for a period of three years.

Additional stresses to property values may be conducted *vis-à-vis* residential properties, on a case by case basis, if the mortgage loans are backed by commercial properties or subsidised properties (i.e *Viviendas de Proteccion Oficial*) or in transactions where relatively strong geographical concentration and a large proportion of second homes are observed.

Mortgage Insurance

Mortgage insurance will typically cover losses up to a maximum cover amount incurred by a lender on loans that are advanced in excess of a certain LTV threshold attachment point. Lenders can insure borrowers who meet certain eligibility criteria and, in the event of a default on the loan, the insurers will cover a pre-agreed amount (not typically 100%) – generally covering principal, unpaid accrued interest and repossession costs in the event of a loss by the lender. However, the insurance is not fully guaranteed and is subject to an assessment to determine the validity of the claim. Failure to comply with the agreed policy can lead to a reduction or denial of the claim. An efficient and timely servicer that minimises claims errors – and, therefore, the potential for claims to be rejected – is essential in this process.

Fitch gives credit to mortgage insurance in its analysis on a case-by-case basis as no two mortgage insurance policies are the same. The analysis will focus on the following aspects, among others: (i) the credit ratings of the mortgage insurance provider; (ii) an assessment of the servicer's ability to claim loss amounts under the policy; (iii) the terms and conditions of the insurance policy; and (iv) the history of claim payouts by the mortgage insurance provider.

Appendix II: Summary

Fondo de Titulización de Activos, UCI 15 — RMBS/Spain

Capital Structure

Class	Rating	Size (%)	Size (EURm)	CE (%)	Spread (Expected, %)	I/P PMT Freq	Final Maturity	Coupon
A	AAA	93.75	1,340.60	7.75	TBC	Quarterly	Dec 2048	TBC
B	A+	2.30	32.90	5.45	TBC	Quarterly	Dec 2048	TBC
C	BBB+	3.95	56.50	1.50	TBC	Quarterly	Dec 2048	TBC
D	NR	1.50	21.60	-	TBC	Quarterly	Dec 2048	TBC

	Size (%)	Size (EURm)
Initial Reserve Fund	1.50	21.60

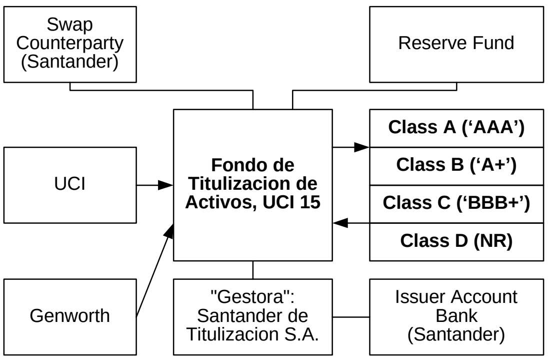
Key Information

		Role	Party (Trigger)
Expected Closing Date	[April 2006]	**Seller/Originator**	UCI
Country of Assets	Spain	**Structurer**	Santander de Titulizacion S.A. S.G.F.T./UCI
Structure	Pass Through	**Issuer**	Fondo de Titulizacion de Activos, UCI 15
Type of Assets	Residential Mortgages	**Lead Manager**	BNP Paribas and SAN
Currency of Assets	EUR	**Trustee**	Santander de Titulizacion S.A. S.G.F.T.
Currency of Notes	EUR	**Swap Provider**	SAN (“F1”)
Primary Analyst	pablo.perez@fitchratings.com	**Financial Agent**	SAN (“F1”)
Secondary Analyst	natalia.bourin@fitchratings.com	**MI Provider**	Genworth Financial Mortgage Insurance
Performance Analyst	charlotte.eady@fitchratings.com		

Fitch Default Model Output

Rating Level	AAA	AA	A	BBB
WAFF (%)	15.57	12.45	9.34	6.23
WARR (%)	62.81	69.45	74.72	78.63
WALS (%)	52.20	45.60	40.30	36.40
WAMVD (%)	44.80	40.00	35.20	31.60

Simplified Structure Diagram



Source: Transaction documents

Collateral

Pool Characteristics (As of 9 January 2006)

Current Principal Balance (EURm)	1,638	**Regional Concentration (%)**	
Average Current Loan per Borrower (EUR)	142,192	Region of Andalusia	24.0
Average Original Loan per Borrower (EUR)	146,739	Region of Madrid	16.1
Number of Loans	11,523	Region of Cataluña	16.9
WA Seasoning (Months)	Eight	**Mortgage Characteristics (%)**	
Oldest Loan in Portfolio	February 1990	First Ranking	94.1
Most Recent Loan in Portfolio	November 2005	Second Ranking	0.5
> 30 Days in Arrears (%)	0	Personal Loans	5.4
Interest Rate Type			
Variable (%)	100	**Loan-to-Value (LTV) (%)**	
Fixed	5.3% will convert to floating three years after the closing date	WA Original LTV per Borrower	75.9
WA Interest	3.90%	WA Indexed Current LTV per Borrower	74.7
Interest Index	87% IRPH, 13% EURIBOR	WA Current LTV per Borrower	75.3

Source: Fitch