



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

### **CERTIFICA**

Que el Folleto Informativo de constitución del FONDO DE TITULIZACIÓN RMBS PRADO III que ha sido remitido a esa Comisión, coincide exactamente y es fiel reflejo del Folleto Informativo de constitución de FONDO DE TITULIZACIÓN RMBS PRADO III que ha sido registrado, en el día de hoy en esa Comisión, cumpliendo con lo establecido en el artículo 22 de Ley 5/2015, de 27 de abril, de fomento de la financiación empresarial.

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

Y para que conste, a los efectos oportunos, expide la presente en Madrid, a 18 de octubre de 2016.

**FONDO DE TITULIZACIÓN RMBS PRADO III  
PROSPECTUS**

**€ 420,000,000**

Class A Notes:	Euribor 3M + up to <b>0.75%</b> to the Class A Step-Up Date (included)
€ <b>319,000,000</b>	Euribor 3M + up to <b>1.50%</b> from the Class A Step-Up Date (excluded)
Subordinated Loan 1:	Euribor 3M + <b>0.95%</b> to the Class A Step-Up Date (included)
€ <b>101,000,000</b>	Euribor 3M + <b>1.90%</b> from the Class A Step-Up Date (excluded)

**DBRS**      **S&P**  
AAA(sf)    AA-(sf)

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UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A.,  
ESTABLECIMIENTO FINANCIERO DE CRÉDITO.**



**JOINT LEAD MANAGERS AND JOINT ARRANGERS**



**Back Up Servicer Facilitator**

**Paying Agent**



**Fund sponsored and managed by:**



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

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## IMPORTANT NOTICE – PROSPECTUS

### **NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES**

IMPORTANT: You must read the following before continuing. The following applies to the Prospectus following this page and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications thereto.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE NOTES DESCRIBED IN THE PROSPECTUS IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED.

FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER RELEVANT JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")), BY ANY PERSON REFERRED TO IN RULE 903(B)(2)(III), (X) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (Y) OTHERWISE UNTIL 40 CALENDAR DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE SECURITIES AS DETERMINED AND CERTIFIED BY THE JOINT LEAD MANAGERS, IN EITHER CASE EXCEPT IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT. IN ORDER TO BE ELIGIBLE TO READ THE PROSPECTUS OR MAKE AN INVESTMENT DECISION WITH RESPECT TO THE NOTES DESCRIBED THEREIN, YOU MUST NOT BE A "**U.S. PERSON**" AS DEFINED IN REGULATIONS.

The Prospectus is being sent at your request and by accepting the email and accessing the Prospectus, you shall be deemed to have represented to us that you have understood the agreed terms set out herein, that you are not a U.S. person (within the meaning of Regulation S) or acting for the account or benefit of a U.S. person, that the electronic mail address that you have given to us and to which this email has been delivered is not located in the United States or its territories or possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the North Mariana Islands), and that you consent to delivery of the Prospectus by electronic transmission.

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

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

The Prospectus has been sent to you in electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Management Company nor Banco Santander, S.A. or BNP Paribas, London Branch (together, the “**Joint Lead Managers**”) nor any person who controls the Joint Lead Managers nor any director, officer, employee, agent or affiliate of any such person nor the Issuer nor the Assignor (as defined below) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format herewith and the hard copy version available to you on request from the Issuer and/or the Joint Lead Managers.

None of the Joint Lead Managers or the Joint Arrangers makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied by the Issuer in connection with the Notes and accordingly, none of the Joint Lead Managers or the Joint Arrangers accepts any responsibility or liability therefore.

None of the Joint Lead Managers or the Joint Arrangers undertakes to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers or the Joint Arrangers.

This document is the information memorandum (the “**Prospectus**”) for FONDO DE TITULIZACIÓN RMBS PRADO III (the “**Fund**”) approved by and registered with the Comisión Nacional del Mercado de Valores (Spanish Securities Market Commission, “**CNMV**”) on 18 October 2016, in accordance with the provisions of Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended (“**Regulation 809/2004**”), which includes the following:

1. A description of the main risk factors relating to the issue, to the securities and to the assets backing the issue (the “**Risk Factors**”);
2. A registration document for the securities, prepared in accordance with Annex VII of Regulation 809/2004 (the “**Registration Document**”);
3. A securities note prepared in accordance with Annex XIII of Regulation 809/2004 (the “**Securities Note**”);
4. An additional module to the Securities Note prepared in accordance with the module provided for in Annex VIII of Regulation 809/2004 (the “**Additional Building Block**”); and
5. A glossary of definitions (the “**Definitions**”) used in this Prospectus.

### **PCS Label**

On 21 September 2016, an application was made to Prime Collateralised Securities (PCS) UK Limited for the Class A Notes to receive the Prime Collateralised Securities label (the “**PCS Label**”), and the Assignor currently expects that the Class A Notes will receive the PCS Label. However, there can be no assurance that the Class A Notes will receive the PCS Label (either before issuance or at any time thereafter) and if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date.

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

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



## RISK FACTORS

THE PURCHASE OF NOTES MAY INVOLVE SUBSTANTIAL RISKS AND BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY AND IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES ALL THE INFORMATION SET FORTH IN THIS PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW.

PROSPECTIVE INVESTORS SHOULD (A) MAKE SUCH INQUIRIES AND INVESTIGATIONS AS THEY DEEM APPROPRIATE AND NECESSARY AND (B) REACH THEIR OWN VIEWS PRIOR TO MAKING ANY INVESTMENT DECISIONS WITHOUT RELYING ON THE ISSUER OR ANY OF THE JOINT ARRANGERS OR ANY OF THE JOINT LEAD MANAGERS OR ANY OTHER PARTY REFERRED TO HEREIN.

IT SHOULD BE REMEMBERED THAT THE PRICE OF SECURITIES AND THE INCOME DERIVING FROM THEM MAY INCREASE AS WELL AS DECREASE.

THIS PROSPECTUS IS NOT INTENDED TO FURNISH LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT OR OTHER ADVICE TO ANY PROSPECTIVE PURCHASER OF THE NOTES.

THE FOLLOWING IS A SUMMARY OF CERTAIN FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER BEFORE DECIDING TO PURCHASE ANY NOTES. THE FOLLOWING STATEMENTS ARE NOT EXHAUSTIVE; PROSPECTIVE INVESTORS ARE REQUESTED TO CONSIDER ALL THE INFORMATION IN THIS PROSPECTUS, MAKE SUCH OTHER ENQUIRIES AND INVESTIGATIONS AS THEY CONSIDER APPROPRIATE AND REACH THEIR OWN VIEWS PRIOR TO MAKING ANY INVESTMENT DECISIONS. THESE FACTORS ARE CONTINGENCIES WHICH MAY OR MAY NOT OCCUR, AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCY OCCURRING.

### I. RISK FACTORS SPECIFIC TO THE SECURITIES

#### (i) Limited liquidity:

There is no guarantee that the Notes will be traded on the market with a minimum frequency or volume.

There is no commitment by any entity to engage in secondary trading to provide liquidity to the Notes.

#### (ii) Yield and duration:

The calculation of the average life, yield and duration of the Notes set forth in section 4.10 of the Securities Note is subject to, *inter alia*, estimates of Asset prepayment rates that may not materialise, as well as future market interest rates, given the variable nature of nominal interest rates, defaults and recoveries. The loan prepayment rate is also influenced by a variety of economic and social factors such as market interest rates, default rates, redemption rates, the economic

situation and social factors of the Obligors and the overall level of economic activity, which makes forecasting impossible.

**(iii) Early redemption of the Notes and effect on yield:**

The Issuer may exercise the Optional Redemption upon the terms set forth in sections 4.9.4 of the Registration Document, which will lead to an Early Redemption of the Notes and that may adversely affect the yield of the Notes.

**(iv) Default interest:**

Deferred payments of interest will not accrue default interest in favour of the Noteholders.

**(v) General investment considerations:**

The Issue is addressed solely to qualified investors as defined in Article 39 of Royal Decree 1310/2005.

The Notes are limited recourse instruments and there can be no assurance that the Noteholders will receive the full amounts payable at any time by the Fund under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this Prospectus carefully and consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. Prospective investors should also ensure they understand the nature of the Notes and the extent of their exposure to risk when they consider the suitability of investing in such Notes in light of their own circumstances and financial condition. The Joint Lead Managers have not undertaken to review the financial condition or affairs of the Fund during the life of the arrangements contemplated by this Prospectus, or to advise any investor or potential investor in the Notes of any information that is not included in this Prospectus that comes to the attention of the Joint Lead Managers.

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

The credit risk of the Notes has been assessed by the ratings agencies Standard & Poor's Credit Market Services Europe Limited and DBRS Ratings Limited (the "**Rating Agencies**").

The Rating Agencies may revise, suspend or withdraw the final ratings assigned to the Notes at any time, based on any information that may come to their attention.

Therefore, these ratings are not and cannot be construed in any way as an invitation, recommendation or encouragement to investors to proceed to engage in any transaction whatsoever in the Notes and, in particular, to acquire, keep, encumber or sell those Notes.

In general, European regulated investors are restricted from using credit ratings for regulatory purposes under Regulation 1060/2009, unless such ratings are issued by a credit rating agency established in the EU and registered under Regulation 1060/2009 (and such registration has not been withdrawn or suspended). Such general restriction also applies in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with Regulation 1060/2009 (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with Regulation

1060/2009 is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in this Prospectus.

In addition to the foregoing, unsolicited ratings could be published in respect of the Notes. If such unsolicited ratings are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value of the Notes.

## II. RISK FACTORS RELATING TO THE ASSETS BACKING THE ISSUE

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

The Noteholders will run the risk of non-payment of the Assets pooled in the Fund. However, credit enhancement measures have been taken as described in section 3.4.2 of the Additional Building Block.

UCI, as the Assignor, assumes no liability for non-payment by the Obligors, whether for principal, interest or any other amount they may owe under the Mortgage Loans.

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

The Mortgage Loans pooled into the Fund are subject to prepayment if the Obligors make an early repayment upon the terms set forth in each of the Mortgage Loan agreements from which the Assets derive.

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

### (iii) Liability:

The Assignor assumes no liability for non-payment by the Obligors, whether for principal, interest or any other amount owed under the Mortgage Loans. Nor will it assume any other form of liability by directly or indirectly guaranteeing the successful outcome of the transaction.

Pursuant to Article 1,529 of the Civil Code, the Assignor of the Mortgage Loans and MTCs will be liable to the Fund solely for the existence and legitimacy of the Mortgage Loans at the time of assignment on the terms and conditions set forth in this Prospectus.

### (iv) Limited protection:

An investment in Notes may be affected by, *inter alia*, a deterioration in general economic conditions having an adverse effect on the payments under the Mortgage Loans that back the issue of the Fund. In the event that non-payments should reach an elevated level, they could reduce, or even eliminate, the protection against losses in the Mortgage Loan portfolio enjoyed by the Notes as a result of the credit enhancements described in section 3.4.2 of the Additional Building Block. Notwithstanding the foregoing considerations, the risk of the

Noteholders is mitigated by the priority of payments described in section 3.4.6 b) of the Additional Building Block.

**(v) Geographical concentration:**

As specified in section 2.2.2(c.7) of the Additional Building Block, the geographical regions that show a greater concentration of real property securing the Mortgage Loans, based on the percentage of Outstanding Balance of the Assets, are the following: Madrid: 25.9%, Andalucia: 24.4% and Cataluña: 18.4%, representing a total of 68.7%.

Given the levels of concentration, any negative event affecting these geographical regions could negatively impact the payments to be made by the Obligors in these regions under the Mortgage Loans backing the issue of the Notes.

In the Autonomous Community of Andalusia, Law 1/2010, of 8 March, was passed regulating the right to housing in Andalusia, which together with the First Additional Provision of Law 4/2013, of 1 October, on measures to ensure fulfillment of the social function of housing, also from the Autonomous Community of Andalusia, introduced a series of mechanisms intended to restrict situations leading to eviction. In particular, the First Additional Provision of Law 4/2013 sets out that properties subject to foreclosure proceedings started by, among others, financial entities whose debtor is declared to be at risk of social exclusion, might be subject to up to three years of a standby period in which the debtor may continue using the house. This could have a negative impact on Mortgage Loans recovery in that Community.

At present, Law 4/2013 has been partially suspended as a result of an appeal against its constitutionality, filed by the Government of Spain. The Constitutional Court allowed the appeal, and by the Order issued on 8 April 8 2014, suspended the application of part of said law until it makes a final ruling. However, in view of the Constitutional Court's recent judgment of 14 May 2015, which partially upheld an appeal on constitutional grounds (n° 4286-2013) also filed by the Government of Spain against the Andalusian Decree on housing predating Law 4/2013 (Decree-law 6/2013, of 9 April), it would be reasonable to expect that the constitutionality appeal in progress would succeed, at least partially, and that the Constitutional Court declare unconstitutional the provisions of Law 4/2013 with content analogous to that of the Decree-law 6/2013, that has been annulled for trespassing on the exclusive powers of the State in matters of "coordinating general economic activity planning."

In the Autonomous Community of Catalanian, the following laws were also passed in relation to empty flats, call option for the administrations in certain areas, situations of over-indebtedness and taxes for permanent vacancy of dwellings:

- Catalanian Decree Law 1/2015, of March 24, on extraordinary and urgent measures for occupancy of residential units acquired in foreclosure proceedings ("Decree Law 1/2015").

Decree Law 1/2015 created the Empty Flat Registry (*Registro de viviendas vacías y de viviendas ocupadas sin título habilitante*) and established the obligation to register residential units that are vacant, or occupied without a legal title to file, within three months from the date it came into force (by 27 June 2015). Additionally, in order to prevent massive discount sales of mortgaged real estate portfolios owned by financial institutions, the Decree Law 1/2015

establishes a call option for the administrations for properties in areas of proven high housing demand. It also establishes that if the owner of the property acquired in a foreclosure proceeding does not carry out rehabilitation works on it within six months from the administration's notification, the administration can revoke the usufruct (usufructo) for between four and ten years when the properties are located in municipalities considered areas with proven high residential demand that are vacant due to inadequate housing conditions.

- Catalanian Act 24/2015, of July 29, on urgent measures to address the housing and energy poverty emergency ("Act 24/2015").

The purpose of Act 24/2015, arising from a popular legislative initiative, is to establish mechanisms aimed at resolving situations of over-indebtedness for individuals and families. Among other measures, the Act 24/2015 establishes several measures to prevent evictions that could lead to situations of homelessness for people at risk of residential exclusion, e.g., the obligation to offer social rental housing to (i) home buyers acquired by offsetting or payment in kind of mortgage loans or credits on the principal residence; (ii) home buyers sold as consequence of the inability of the borrower to repay their mortgage loan; (iii) those filing for mortgage foreclosure or eviction for non-payment of rent. It also sets out that legal entities meeting certain conditions that own empty housing are obliged to assign this housing for three years, including it in the social housing rental fund. Additionally, Act 24/2015 foresees a pre-emption right by the debtor of loans secured by the principal residence in cases of payment in kind.

Act 24/2015 has been appealed before the Constitutional Court and it is under provisional suspension until the Constitutional Court ratifies or lifts this suspension.

- Catalanian Act 14/2015, of July 21, on tax on empty houses ("Act 14/2015").

In accordance with Act 14/2015, legal entities that own empty houses or hold a usufruct right, a surface right or any other in rem right that grants the right to economic exploitation of those houses will be charged with a tax for the permanent vacancy of dwellings for more than two years without a justified cause (the need for restoration or illegal occupation are considered justified reasons for leaving empty houses). The taxable base of this tax consists of the total number of square meters of the houses subject to the tax which are held by the taxpayer on the accrual date. The amount of the tax liability is the result of applying to the taxable base progressive rates within a range of ten to thirty euros per square meter.

**(vi) Loan to Value**

As specified in section 2.2.6. of the Additional Building Block, 33.7% of the Outstanding Balance of the Assets has a current LTV ratio greater than 80%, but equal or lower than 95%, being the average weighted LTV ratio of 68.7%.

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

The current text of Law 1/2013 of 14 May on measures to strengthen the protections for mortgage debtors, debt restructuring and social rent ("**Law 1/2013**"), as amended by Law 25/2015 of 28 July on the second-chance mechanism, reduction of financial burden and other social measures ("**Law**

25/2015”) consists of four Sections that introduce a set of measures that could affect the Mortgage Loans.

As a result of the foregoing, the Fund, as the holder of credit rights derived from the Mortgage Loans, may be affected by, among other things, (i) a delay in delivery of possession of the common property awarded due to the interruption, for up to four (4) years, of the relocation of the occupants thereof in situations of special vulnerability, (ii) a delay in collection of the credit rights transferred, with a possible prolonged period for the foreclosure proceedings, whether in court or out-of-court, and (iii) obtaining amounts resulting from such foreclosure processes lower than could have been obtained until now due to, among other things, the limit on the applicable maximum default interest rate, that shall not be greater than three times the legal interest rate and shall only be accrued over the outstanding principal of the loan.

In connection with Section IV of Law 1/2013, it should be noted that UCI has adhered to the amendments to the Code of Good Practice endorsed by the aforementioned Law 1/2013 on 21 October 2014. The Code of Good Practice contains a set of measures that may affect the recovery of the unpaid Mortgage Loans and, therefore, may affect the Fund, in particular:

- The restructuring of the debt foreseen in the Code of Good Practice could delay the repayment of the debt if a grace period in the repayment of the principal is granted and there is a deferral on the repayment calendar. Likewise, if the interest rate is reduced during the grace period this would reduce the exigible amounts claimable by the Fund.
- The write-off in the outstanding principal, in accordance with the Code of Good Practice, would reduce the exigible amounts claimable by the Fund.
- The payment in kind as an alternative measure of the foreclosure proceedings, in accordance with the Code of Good Practice, would entail a total cancelation of the mortgaged debt and the related personal liability of the debtor and third parties.

As a result, to the extent that the Management Company acknowledges and agrees that UCI has adhered to the amendments to the Code of Good Practice, the Fund may be affected by the measures set out therein (which are applicable to the entire portfolio of loans, including the Mortgage Loans), and which may entail an extension of the period for foreclosure proceedings and cause a loss in the value of the Mortgage Loans.

**(viii) Potential delays on foreclosure proceedings:**

Pursuant to the Mortgage Market law and its developing regulation (in particular Articles 30 and 31 of Royal Decree 716/2009) the issuer of the mortgage participations / mortgage transfer certificates (the originator) in a securitisation of mortgage loans is entitled to initiate and carry out enforcement proceedings in respect of the assigned mortgage loans.

In the more litigious environment in which we are operating today, to our knowledge a few first instance court rulings have, on the basis of facts which are not necessarily equivalent to those applicable to this transaction, rejected the foreclosure of mortgage loans transferred through mortgage participations on procedural law grounds -lack of procedural standing (“*falta de legitimación activa*”)-, arguing that it should be Issuer the one foreclosing the mortgage loans rather than

the originator. Some of such rulings have been quashed on appeal as the Mortgage Market Law entitles the originator, as servicer of the mortgage loans, to enforce the mortgages on behalf of the Issuer.

### III. RISK FACTORS RELATING TO THE FUND

**(i) Absence of legal status of the Fund. Limitation of legal actions against the Management Company:**

The Fund constitutes a separate set of assets and liabilities, lacking legal status, which is managed by the Management Company in accordance with Law 5/2015. The Fund's liability for its obligations vis-à-vis its creditors will be limited in recourse to the extent of its assets.

The Noteholders and the Other Creditors (as this term is defined in the Rules for the Creditors' Meeting) of the Fund may only bring an action against the Fund's Management Company in the case of a breach of its duties or failure to observe the provisions of the Deed of Incorporation or this Prospectus.

The Noteholders and the Other Creditors of the Fund will not have any rights of action either against the Fund or against the Management Company in the event of a payment default of the amounts due from the Fund arising out of (i) the existence of delinquency in repayment or non-payment of the Assets, (ii) the failure by the Assignor or by the counterparties to the transactions entered into on behalf of the Fund to comply with their duties, or (iii) the insufficiency of the financial transactions aimed at hedging or generally enhancing and covering the financial obligations of the Notes.

**(ii) Mandatory replacement of the Management Company:**

If the Management Company is declared bankrupt or its authorisation to operate as a management company of securitisation of funds is revoked, without prejudice to the effects of such bankruptcy as described below, the Management Company shall find a substitute management company. If four (4) months have elapsed from the occurrence of the event requiring the substitution and a new management company that is prepared to take over the management of the Fund has not been found, an Early Liquidation of the Fund will be triggered and the Liquidation Priority of Payments will apply.

**(iii) Applicability of the Insolvency Act:**

*Assignor:*

Pursuant to the provisions of the Second Additional Provision of Law 22/2003 of 9 July (the "**Insolvency Act**"), the bankruptcy provisions of Law 5/2015 will apply, and therefore, in the event of the insolvency (as this term is defined in the Insolvency Act) of the Assignor, the sale of the Assets may be rescinded only if an action for such rescission is pursued in which fraud is demonstrated to have existed in that sale.

In the event of the insolvency of the Assignor, all Fund assets held by the Assignor, except for cash due to the fungible nature thereof, will become the property of the Fund and must be made available under the terms of Articles 80 and 81 of the Insolvency Act.

Notwithstanding the above, this Prospectus and the Deed of Incorporation envisage certain mechanisms aimed at mitigating the aforementioned effects in

relation to cash due to its fungible nature.

According to the interpretation of a majority of legal scholars regarding Articles 80 and 81 of the Insolvency Act, if the Assignor is declared insolvent, monies received and held thereby on behalf of the Fund in its capacity as counterparty to certain agreements it signs before the date of declaration of insolvency may be affected by the results of the insolvency.

If the Assignor becomes insolvent, the assignment of the Assets to the Fund may be subject to rescission pursuant to the provisions of the Insolvency Act and special regulations applicable to securitisation funds.

By virtue of Article 16 of Law 5/2015 (in reference to Article 15 of Law 2/1981), the assignment of the Assets transferred to the Fund may only be rescinded or challenged under Article 71 of the Insolvency Act by the insolvency administration and in so challenging, the insolvency administration will have to prove the existence of fraud in the assignment.

*Management Company:*

In the event of insolvency of the Management Company, it must be replaced by another management company in accordance with the provisions of Article 33 of Law 5/2015.

In the event of the bankruptcy of the Management Company, as applicable, any assets of the Fund that are in the possession of the Management Company, and with respect to which the latter has no right of use, surety or retention (except for cash due to its fungible nature) and that form part of the latter's assets will be construed as belonging to the Fund, and the receivers in bankruptcy must deliver them to the Fund. In practice, due to the cash flow arrangements in this transaction, and except in the event of a breach by the Management Company of the terms of the relevant agreements, no cash amounts will become part of the assets of the Management Company given that, as provided in the terms set forth in the Deed of Incorporation and in this Prospectus, amounts which constitute revenues of the Fund must be deposited into accounts opened on behalf of the Fund by the Management Company (which is involved in opening and operating such accounts not only as the agent of the Fund, but as its legal representative; therefore, the Fund would be entitled to absolute separation of those assets from the Management Company in this respect, upon the terms set forth in Articles 80 and 81 of the Insolvency Act).

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

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

The Fund has entered into agreements with certain third parties for the provision of certain services in relation to the operation of the Fund and in relation to the Notes. These agreements include the Subordinated Loan 1 Agreement, the Subordinated Loan 2 Agreement, the Guaranteed Reinvestment Agreement, the Payment Agency Agreement and the Management, Placement and Subscription Agreement.

The Noteholders may be adversely affected if any of the parties thereto breach the obligations assumed under any of the aforesaid agreements. Nevertheless, certain mechanisms are contemplated in the relevant contracts to mitigate such



possible breaches, such as the options to be pursued in the event of a decrease in ratings of certain counterparties. These mechanisms are described in this Prospectus.

**(v) Eurosystem eligibility:**

The Class A Notes are intended to be held in a manner that will allow for their eligibility within the Eurosystem. This means that it is intended for the Class A Notes to be deposited with one of Iberclear, Euroclear or Clearstream upon the issuance thereof and does not necessarily mean that the Class A Notes will be recognised by the Eurosystem as eligible collateral for Eurosystem monetary policy and intra-day credit operations (“**Eurosystem Eligible Collateral**”) either upon issue or at any or all times during its term. Such recognition will, *inter alia*, depend upon satisfaction of the Eurosystem eligibility criteria set out in the Guideline of the European Central Bank (the “**ECB**”) of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (recast) (ECB/2011/14) as amended and applicable at any particular time (the “**Guideline**”). In addition, for as long as the Class A Notes are intended to be held in a manner allowing for Eurosystem eligibility, the Servicer will make loan-level data available in the manner required by the ECB to comply with the Eurosystem eligibility criteria, subject to applicable data protection rules.

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

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

**(vi) Economic conditions in the eurozone:**

Concerns relating to credit risks (including those relating to sovereign securities and entities exposed to sovereign securities) have recently intensified. In particular, concerns have been raised with respect to current economic, monetary

and political conditions in the eurozone. If such concerns persist and/or such conditions further deteriorate (including, inter alia, by actions of a relevant credit rating agency, any default or restructuring of indebtedness by one or more governments or institutions, any changes to the eurozone, including any disruptions thereto, and the impact (if any) of the recent referendum vote in the United Kingdom), such matters may cause further severe stress in the financial system generally and/or may adversely affect one or more of the parties to the transaction documents (including the Assignor and/or the Servicer).

Given the current uncertainties and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

There is increased political and regulatory scrutiny of the asset-backed securities industry in Europe, the United States and elsewhere. This has resulted in draft measures for increased regulation that are currently at various stages of implementation. Among those draft measures, are two legislative proposals on the prudential treatment of securitisations, namely (i) a proposal for a regulation (STS regulation) of the European Parliament and of the Council laying down common rules on securitisation and creating a European framework for simple, transparent and standardised securitisation and amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 and (ii) a proposal for a regulation (CRR amendment) of the European Parliament and of the Council amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms. These proposals may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities.

Investors in the Class A Notes are responsible for analysing their own regulatory position and none of the Issuer, the Joint Arrangers, the Joint Lead Managers or the Assignor makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Date of Incorporation or at any time in the future.

In particular, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator, and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with

one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Assignor to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party, please see the statements set out in the section 2.2.8 of the Additional Building Block. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Arrangers or the Joint Lead Managers makes any representation that the information described above is sufficient in all circumstances for such purposes.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

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

Sections 1471 to 1474 of the Foreign Account Tax Compliance Act (“**FATCA**”) impose new reporting rules and, potentially, a 30 percent withholding tax on (i) certain payments from sources within the United States, (ii) “foreign pass-through payments” made to certain non-U.S. financial institutions (any such non-U.S. financial institution, an “**FFI**”, as the Issuer is) that do not comply with the new reporting rules, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating FFI (collectively, “**Withholdable Payments**”). For so long as the Class A Notes are held within the clearing systems, it is not expected that FATCA will affect the amount of any payment received by the clearing systems in any but the most remote circumstances. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary is generally unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or

intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Class A Notes are discharged once it has paid the Clearing Systems, and the Issuer therefore has no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries.

The United States and the Kingdom of Spain have entered into an intergovernmental agreement to facilitate the implementation of FATCA (*Agreement between the Kingdom of Spain and the United States to improve International Tax Compliance and to implement FATCA*), which was signed in Madrid on 14 May 2013 and published in the Spanish Official Gazette on 1 July 2013 ("**IGA**"). To the extent IGA is in force, and in accordance with its Article 4, an FFI (such as the Issuer) that complies with the terms of the IGA as well as applicable local law requirements is deemed to comply with Section 1471 of the US Tax Code and will not be subject to withholding under FATCA with respect to Withholdable Payments that it receives. Further, an FFI that complies with the terms of the IGA will not be required to withhold under FATCA on payments it makes to accountholders of such FFI (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). Pursuant to the IGA, an FFI is required to report certain information in respect of certain of its account holders to its home government, whereupon such information will be provided to the U.S. Internal Revenue Service. The Issuer will undertake to comply with the IGA and any local implementing legislation, but there is no assurance that it will be able to do so.

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

For clarification purposes, any reference to "payment" or "payments" made in this clause shall include any amounts payable under the Notes.

## REGISTRATION DOCUMENT

This Registration Document has been drafted in accordance with Annex VII of Regulation 809/2004 and was approved by the CNMV on 18 October 2016.

### 1. PERSONS RESPONSIBLE

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

Mr Ignacio Ortega Gavara, acting in his capacity as General Manager of the Management Company, by virtue of the powers expressly granted thereto by the Board of Directors at its meeting held on 21 July 2016, on behalf and in representation of SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A., with its registered offices at Gran Vía de Hortaleza, 3, 28033, Madrid, assumes responsibility for the information contained in this Registration Document.

SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is the promoter of FONDO DE TITULIZACIÓN, RMBS PRADO III and will be in charge of its legal administration and representation.

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

Mr Ignacio Ortega Gavara, having taken all reasonable care to ensure that such is the case, declares that the information given in the Registration Document is, to the best of his knowledge, in accordance with the facts and does not omit anything likely to affect its import.

### 2. STATUTORY AUDITORS OF THE FUND

#### 2.1 Name and address of the Fund's auditors (together with their membership in any relevant professional body).

In accordance with the provisions of section 4.4 of this Registration Document, the Fund is newly incorporated and therefore lacks historical financial information.

Throughout the duration of the Fund, the annual accounts will be subject to audit by the auditors on an annual basis. Such audit reports will be filed with the CNMV.

The Board of Directors of the Management Company, at its meeting held on 21 July 2016, appointed PRICEWATERHOUSECOOPERS AUDITORES, S.L., with a registered address in Paseo de la Castellana 259 B, 28046, Madrid, with Tax Identification Number B-79031290, registered with the Official Registry of Auditors (*Registro oficial de auditores de cuentas, ROAC*) with number S0242 and registered with the Commercial Register of Madrid, in Volume 9.267, Section 8,054, Sheet 75, Page M-87,250, Entry 1, as auditors of the Fund.

#### 2.2 Fiscal years, accounting principles and statutory filing of annual accounts.

The Fund's income and expenses will be reported in accordance with the accounting principles in force pursuant to CNMV Circular 2/2016 of 20 April, on accounting standards, annual accounts, public accounts and confidential statistical information statements of securitisation funds, as amended ("**Circular 2/2016**") or with the regulations applicable at any given time.

The fiscal year of the Fund will coincide with a calendar year. However, as an exception, the first fiscal year will start on the Date of Incorporation of the Fund, and the last fiscal year will end on the date on which the Fund is scheduled to expire.

The Fund's annual accounts and corresponding auditors' report will be filed with the Commercial Registry (*Registro Mercantil*) on an annual basis.

The Management Company will submit the annual accounts of the Fund to the CNMV, together with the auditor's report on these accounts, within four (4) months of the close of the Fund's fiscal year (i.e., before 30 April each year) in order to file it with the corresponding registry.

### **3. RISK FACTORS**

The specific risk factors of the Fund are those described in section I of the document included at the beginning of this Prospectus, called "RISK FACTORS".

## **4. INFORMATION ABOUT THE ISSUER**

### **4.1 Statement that the Issuer has been created as a securitisation fund.**

The Issuer is a securitisation fund established in accordance with Law 5/2015 for the purpose of acquiring the Assets assigned to the Fund by UCI and issuing the Notes.

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

The Fund will be incorporated with the name "FONDO DE TITULIZACIÓN, RMBS PRADO III". The Fund will also be referred to as "RMBS Prado III".

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

The incorporation of the Fund and the issuance of the Notes must be registered with the official registers of the CNMV in Spain.

This Prospectus was registered with the CNMV on 18 October 2016.

The Management Company has elected not to record the creation of the Fund or the issuance of the Notes with the Commercial Registry, pursuant to Article 22.5 of Law 5/2015. This is without prejudice to the registration of the Prospectus with the CNMV.

### **4.4 Date of Incorporation and period of activity of the Fund.**

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

It is expected that the execution of the Deed of Incorporation, and thus the Fund's Date of Incorporation, will be 24 October 2016.

The Deed of Incorporation may be amended on the terms set out in Article 24 of Law 5/2015, i.e. if the Management Company has the consent of (i) all Noteholders and the Other Creditors (excluding non-financial creditors), or (ii) the Meeting of Creditors. The foregoing requirements will not be necessary if the CNMV is of the opinion that the amendment is insignificant, which the Management Company will be responsible for documenting.

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

The Management Company warrants that the text of the Deed of Incorporation will not contradict that of the Prospectus and that the Deed of Incorporation will coincide with the draft deed that has been submitted to the CNMV as a result of the registration of this Prospectus.

In case of any discrepancy or inconsistency between this Prospectus and the Deed of Incorporation, the Prospectus shall prevail.

#### **4.4.2 Period of activity of the Fund.**

It is expected that the Fund will do business from the Date of Incorporation until the Legal Maturity Date, i.e., until 15 March 2056 or, if such date is not a Business Day, the following Business Day, without prejudice to the provisions of sections 4.4.3 and 4.4.4 below.

#### **4.4.3 Early liquidation of the Fund.**

The Management Company has the power to carry out an Early Liquidation of the Fund and thereupon an Early Redemption at any time for the entire issue of the Notes upon the terms set forth in this section, in the following instances:

- (i) If, at the option of the Management Company, amounts due and not paid to the Fund on the Assets (the “**Outstanding Balance of the Assets**”) (excluding Defaulted Loans) is less than 10% of the outstanding balance thereof on the Date of Incorporation, provided that the amount of the sale of the Assets pending repayment, together with the balance then existing in the Cash Flow Account, allows for total repayment of all outstanding amounts to the Noteholders, and respecting the prior payments thereto, whose order of priority takes preference as established in the Liquidation Priority of Payments described in section 3.4.6 d) of the Additional Building Block;
- (ii) Mandatorily, (i) in the instance contemplated in Article 33 of Law 5/2015, which establishes the obligation to liquidate the Fund if four (4) months have elapsed since the occurrence of an event giving rise to the mandatory replacement of the Management Company due to a declaration of insolvency thereof or (ii) in the event of revocation of the authorisation thereof if, without a new management company having been found that is prepared to take over management of the Fund and that is appointed pursuant to section 3.7.2 of the Additional Building Block;
- (iii) On the Payment Date preceding at least six (6) months in advance of the Legal Maturity Date of the Fund, or if such date is not a Business Day, the Business Day immediately thereafter;
- (iv) In the event that the Management Company has the consent and express acceptance of all the Noteholders and all those who have existing contracts with the Fund, both in relation to payment of the amounts entailed by such Early Liquidation of the Fund and in relation to the procedure that must be followed for such payment; and
- (v) On any Payment Date commencing on the Class A Step-Up Date (15 December 2021), in the event of an Optional Redemption pursuant to section 4.9.4 of the Securities Note, without the need of the consent of the Noteholders.
- (vi) If the Meeting of Creditors approves the Early Liquidation with the relevant majority.

Notice of the liquidation of the Fund will be provided to the CNMV and thereafter to the Noteholders in the manner established in section 4 of the

Additional Building Block, at least thirty (30) Business Days in advance of the date on which the Early Redemption is to take place.

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

Cancellation of the Fund shall take place:

- (i) upon full repayment of the Assets pooled therein;
- (ii) upon full repayment of all the obligations of the Fund towards its creditors;
- (iii) as a consequence of the completion of the Early Liquidation process established in section 4.4.3 above;
- (iv) upon reaching the Legal Maturity Date;
- (v) if the provisional ratings of the Notes are not confirmed as final prior to or on the Disbursement Date; and
- (vi) if UCI does not subscribe the amount of Class A Notes that were not allocated to qualified investors, if any.

Upon the occurrence of any of the situations described above, the Management Company shall inform the CNMV as established in section 4 of the Additional Building Block, and shall commence the pertinent steps for cancellation of the Fund.

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

In order for the Management Company to carry out the liquidation and cancellation of the Fund and any Early Liquidation of the Fund or Early Redemption of the Notes in those cases described in sections 4.4.3 and 4.4.4 (i) to (iv) above, and specifically in order for the Fund to have sufficient funds to meet its payment obligations, the Management Company shall take any or all of the following actions:

- (i) Sell the Assets at a price that may not be less than the sum of the Outstanding Balance of the Assets plus accrued and unpaid interest on the outstanding Assets. For such purpose, the Management Company will request an offer from at least five (5) entities among those most active in the purchase and sale of similar assets, and may not sell them at a price less than the best offer received. The Assignor will have a pre-emptive right to acquire such Assets on the terms established by the Management Company at the time of the liquidation, such that it will have priority over third parties in acquiring the Assets. In order to exercise the pre-emptive right, the Assignor will have the term of five (5) Business Days from the date on which the Management Company gives notice thereto of the relevant terms (price, form of payment, etc.) on which the disposal of the Assets will occur. The offer of the Assignor must at least equal the best of the offers made by third parties and be completed within 15 days of acceptance by the Management Company.

If no offer equals the value of the principal of plus accrued and unpaid interest on the Assets pending redemption, the Management Company will accept the best offer received for the Assets which, in its judgment, covers the market value thereof.



The Management Company may obtain any appraisal reports it deems necessary from third-party entities in order to set the market value. In such instance, the Assignor will also enjoy the aforementioned pre-emptive right, provided that its offer at least equals the best of those made by third parties.

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

- (ii) Sell any other assets of the Fund for a price not less than market value. To set the market value, the Management Company will request any appraisal reports it deems necessary from at least one entity specialising in the appraisal or marketing of assets similar to those to be sold, and sell the assets in question through the procedure that produces the highest market price; and/or
- (iii) Cancel those contracts not necessary for liquidation of the Fund.

The Management Company shall immediately apply all amounts obtained from the disposal of the Assets and any other assets of the Fund towards payment of the various obligations, in the form, amount and order of priority established in the Liquidation Priority of Payments described in section 3.4.6 d) of the Additional Building Block. The Early Redemption of all the Notes pursuant to section 4.4.3 above shall be carried out for all outstanding amounts of the Class A Notes and the outstanding amounts of Subordinated Loan 1 on the date in question, plus accrued and unpaid interest from the last Payment Date to the date of Early Redemption, less any tax withholdings and free of expenses for the holder. All such amounts will, for all legal purposes, be deemed liquid, due and payable on the Early Redemption date.

Once the Fund has been liquidated and all scheduled payments have been made pursuant to the Liquidation Priority of Payments contemplated in section 3.4.6 d) of the Additional Building Block, if there is any remainder or any judicial or notary proceedings pending settlement as a result of non-payment by any Obligor (all in accordance with the provisions of section 3.4.5 b) of the Additional Building Block), such remainder as well as the continuation and/or proceeds from such proceedings will be for the benefit of UCI.

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

Upon the passage of six (6) months from the liquidation of the Assets and any other remaining assets of the Fund and the distribution of the Available Funds, and always prior to the Legal Maturity Date, the Management Company will execute a statement before a notary public to the following effect (a) termination of the Fund as well as the grounds contemplated in this Registration Document giving rise to such termination, (b) the means for notifying the Noteholders and the CNMV,

and (c) the terms of distribution of the Available Funds from the Fund following the Liquidation Priority of Payments provided for in section 3.4.6 d) of the Additional Building Block. In addition, the Fund will comply with any such further administrative steps as may be applicable at that time. The Management Company will send such notarised statement to the CNMV.

Upon the occurrence of any of the grounds for termination set forth in sections 4.4.4(v) and (vi) above prior to the Disbursement Date (i.e., if the provisional ratings for the Notes have not been confirmed as final prior to or on the Disbursement Date or if UCI does not subscribe the amount of Class A Notes that were not allocated to qualified investors, if any), the Fund as well as the issuance of the Notes and the contracts executed by the Management Company on behalf of the Fund shall be terminated, except for the Subordinated Loan 2 Agreement, out of which the incorporation and issue expenses incurred by the Fund shall be paid. In the event of termination of the incorporation of the Fund, and thus the assignment of the Assets, (i) the obligation of the Fund to pay the price for the acquisition of the Assets will be extinguished, (ii) the Management Company will be obliged to reimburse UCI as regards any rights that may have accrued to the Fund due to the assignment of the Assets, and (iii) it will cancel the MTCs. Such termination shall be immediately reported to the CNMV, and upon the expiry of one (1) month from the occurrence of the grounds for termination, the Management Company will execute before a notary public a statement which it will send to the CNMV, Iberclear, AIAF and the Rating Agencies, declaring the termination of the Fund and the grounds therefor.

#### **4.5 Domicile and legal form of the Issuer: law applicable thereto.**

##### **a) Domicile of the Fund.**

The Fund has no registered address as it has no legal status. The address of the Fund for all purposes will be considered to be that of the Management Company, which is the following:

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

Gran Vía de Hortaleza, 3

28033 Madrid

Telephone: 91 289 32 89

##### **b) Legal status of the Fund.**

According to Article 20 of Law 5/2015, the Fund will constitute a separate set of assets and liabilities, lacking legal status, with closed-end assets and liabilities, and the Management Company will be responsible for the incorporation, management and legal representation of the Fund, and in its capacity as manager of a third party's transactions, it will represent and defend the interests of the Noteholders and the financiers of the Fund.

In addition, the Issuer is not required to register, and will not be registered as a result of the offer and sale of the Notes, as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended (the

“**Investment Company Act**”), under the Investment Company Act. The Issuer is not now, and will not be immediately following the issuance of the Notes, a “covered fund” for purposes of Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or the final regulations issued on 10 December 2013 by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Commodities Futures Trading Commission and the Securities Exchange Commission (commonly referred to as the Volcker Rule). In reaching this conclusion, the Management Company has relied on the exemption from registration set forth in the Investment Company Act and the exclusions under the Volcker Rule.

**c) Applicable law and country of incorporation.**

The Fund will be incorporated and the Notes issued in accordance with the laws of Spain, and specifically in accordance with the legal rules set forth in (i) Law 5/2015 and implementing provisions; (ii) Royal Decree-Law 4/2015 of 23 October approving the consolidated text of the Securities Market Act; (iii) Royal Decree 116/1992 of 14 February on the representation of book-entry securities and the clearing and settlement of stock market transactions; (iv) Royal Decree 878/2015 of 2 October on the clearing, settlement and registration of negotiable securities represented by book entries; (v) Royal Decree 1310/2005; (vi) Order of the Ministry of Economy and Finance 3537/2005; and (vii) other legal and regulatory provisions in force and applicable from time to time.

This Prospectus has been prepared following the forms established in Regulation 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in the prospectuses, as well as the format, incorporation by reference, and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EC) No 486/2012 of 30 March 2012 and Commission Delegated Regulation (EC) No 862/2012 of 4 June 2012.

**d) Tax rules applicable to the Fund.**

The tax rules applicable to the securitisation funds are contained in (i) Article 7.1.h) of Law 27/2014 of 27 November on Corporate Income Tax (“**Law 27/2014**”); (ii) Article 61 k) of the Corporate Income Tax Regulation, as enacted by Royal Decree 634/2015 of 10 July; (iii) Article 20.One.18 of Law 37/1992 of 28 December on Value Added Tax, as amended by Law 28/2014 of 27 November; and (iv) Articles 45.I.B).15 and 20.4 of the Restated Text of the Transfer Tax and Stamp Duty Act approved by Royal Legislative Decree 1/1993 of 24 September. In sum, these legal provisions define the following fundamental principles:

- (i) The Fund is exempt from the concept of “Corporate Transactions” (Article 45.I.B.20.4 of the Restated Text of the Transfer Tax and Stamp Duty Act). The Fund is subject to the general provisions of Law 27/2014. Taxable income is calculated in accordance with the provisions of Section IV of Law 27/2014. The general rate in effect for tax periods beginning from 2016 onward is 25%.

In this regard, Rule 13 of Circular 2/2016 of the CNMV, sets forth the standards pursuant to which securitisation funds must adjust valuations due to impairment of the value of the financial assets. Article 13.1 of Law 27/2014, applicable to tax periods beginning from 1 January 2015

onward, states that the Corporate Income Tax Regulation will apply to those circumstances determining the deductibility of value adjustments made on account of losses in the value of debt securities valued at amortised cost and included in mortgage-backed securities funds and asset-backed securities funds (Chapter Three of Title One of the Royal Decree 634/2015).

Pursuant to Article 16.6 of Law 27/2014, in force since January 2015, the limitation on the tax deductibility of financial expenses will not apply to the Fund.

- (ii) The returns on Mortgage Transfer Certificates (*Certificados de Transmisión de Hipoteca*) (MTCs) that constitute income of the Fund will not be subject to any withholding tax.
- (iii) The management services rendered by the Manager to the Fund will be exempt from Value Added Tax.
- (iv) The issuance, subscription, transfer, redemption and repayment of the Notes, depending on whether the investor is a corporation for the purposes of Value Added Tax, will either be “not subject to” or “exempt from,” as applicable, Value Added Tax (Article 20.One.18 of the Value Added Tax Act) and Transfer Tax/Stamp Duty (Article 45.I.B.15 of the Restated Text of the Transfer Tax and Stamp Duty Act).
- (v) The transfer of the MTCs to the Fund is a transaction subject to and exempt from Value Added Tax and Stamp Duty Tax.
- (vi) The Fund will comply with general reporting obligations, as well as those foreseen in the Additional Provision One of Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions and those stipulated in Articles 42, 43 and 44 of Royal Decree 1065/2007 of 27 July approving the General Regulations on tax management and inspection procedures, and on the development of common rules for taxation procedures.

#### **4.6 Description of the amount of the Fund’s authorised and issued capital.**

Not applicable.

### **5. BUSINESS OVERVIEW**

#### **5.1 Brief description of the Issuer’s principal activities.**

The Issuer is a securitisation fund and, as such, its main activity consists of acquiring from UCI the Assets derived from Mortgage Loans and the issuance of Notes.

The earnings from interest and repayments of the Mortgage Loans received by the Fund are allocated quarterly, on each Payment Date, to the payment of interest and repayment of the principal of the Notes and Subordinated Loan 1 in accordance with the Priority of Payments set forth in section 3.4.6 b) of the Additional Building Block.

In addition, the Fund, represented by the Management Company, will agree to a number of financial transactions and the provision of services in order to strengthen the financial structure of the Fund, to increase the security and regularity of the payment of the Notes and of the Subordinated Loan 1, to cover the temporary mismatches in the schedule for flows of principal and interest on the Assets and on the Notes and Subordinated Loan 1 or, in general, enable the financial transformation which takes place in the Fund between

the financial characteristics of the Mortgage Loans and the financial characteristics of the Notes.

## 5.2 Global overview of the parties to the securitisation program.

- a) **SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A.** participates as Management Company of the Fund, as coordinating entity of the Rating Agencies and of the relationship with the supervisory authorities and market operators, as legal and financial advisor in respect of the structure of the transaction and as a depository of the Multiple Title.

SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is a Securitisation Fund Management Company, with a registered office at Gran Vía de Hortaleza, 3, 28033 Madrid and Tax Identification Code no. A-80481419; a brief description of the company is included in section 6 of the Registration Document and in section 3.7.2 of the Additional Building Block.

It is registered with the Commercial Register of Madrid, at Volume 4,789, Sheet 75, Page M-78658, Entry 1. It is also registered in the Special Registry of the CNMV, with number 1.

The Management Company has not been assigned a rating by any rating agency.

- b) **UCI, UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO** participates as the Assignor of the Mortgage Loans, issuer of the MTCs, subscriber of any Class A Notes that are not subscribed by qualified investors, servicer of the Mortgage Loans pursuant to Article 26.3 of Royal Decree 716/2009, and counterparty of the Fund in Subordinated Loan 1 Agreement and in Subordinated Loan 2 Agreement.

UCI, UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO is a Spanish financial credit institution with an address in Madrid, at C/ Retama 3, 28045, and there is a brief description of this institution in section 3.5 of the Additional Building Block.

Unión de Créditos Inmobiliarios, S.A., EFC is registered in the Commercial Register of Madrid at Volume 11266, Sheet 164, Section 8 number M-67739, Entry 344 and registered in the Registry of Financial Credit Institutions of the Bank of Spain with number 8,512.

UCI has not been assigned a rating by any rating agency.

- c) **BANCO SANTANDER, S.A. (“Santander Global Corporate Banking”, “SGCB” or “Santander”)**, participates as Joint Arranger, as Joint Lead Manager, as Back-Up Servicer Facilitator, as Paying Agent and the Fund’s counterparty to the Guaranteed Reinvestment Agreement (Cash Flow Account).

In its capacity as Joint Arranger, it performs the following duties, upon the terms set forth in Article 35.1 of Royal Decree 1310/2005:

- To receive the mandate of the Management Company in order to direct operations concerning the design of the temporary and commercial financial conditions of the issue, as well as the coordination of relations with supervisory authorities and with subscribers.

BANCO SANTANDER, S.A. is a Spanish credit institution with a registered office in Santander, at Paseo de Pereda 9-12, 39004 and whose operating headquarters are in Ciudad Grupo Santander, at Avenida de Cantabria sin número, 28660 Boadilla del

Monte (Madrid), Tax Identification Code A-39000013 and National Economic Activity Code (C.N.A.E.) number 651.

The ratings of the unsubordinated and unsecured short- and long-term debt of Banco Santander, S.A., as assigned by the rating agencies, are the following:

- Fitch Ratings España, S.A.U.: A- (long-term) and F2 (short-term) (affirmed on May 2016) with a stable outlook.
- Standard & Poor's Credit Markets Services Europe Limited, Sucursal en España: A- (long-term) and A-2 (short-term) (confirmed in December 2015) with a stable outlook.
- Moody's Investors Service España, S.A.: A3 (long-term) (confirmed in February 2016) and P-2 (short-term) (confirmed in August 2016) with a stable outlook.
- DBRS Rating Limited: A (long-term) and R-1 (low) (short-term) (confirmed in July 2015) with a stable outlook.
- Scope Ratings AG: A+ (long-term) and S-1 (short-term) (confirmed in May 2016) with a stable outlook.

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

In its capacity as Joint Arranger, it performs the same duties as SGCB described in section c) above.

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

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

- Fitch Ratings Limited: A+ (long-term) and F1 (short-term) (confirmed in 14 June 2016) with a stable outlook.
- Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited: A (long-term) and A-1 (short-term) (confirmed in 11 March 2016) with a negative outlook.
- Moody's Investors Service Limited: A1 (long-term) and P-1 (short-term) (confirmed in 28 May 2015) with a stable outlook.
- DBRS Rating Limited: The Senior Unsecured Long-Term Debt & Deposit is AA (low) (long-term) and R-1 (middle) (short-term) (confirmed in 8 August 2016) with a stable outlook.
- Scope Ratings AG: A+ (long-term) and S-1 (short-term) (confirmed in 23 June 2016) with a stable outlook.

**e) STANDARD & POOR'S CREDIT MARKET SERVICES EUROPE LIMITED** (“**S&P**” or “**Standard & Poor's**”) participates as a credit rating agency rating the Notes.

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

- f) **DBRS RATINGS LIMITED (“DBRS”)** participates as a credit rating agency rating the Notes.

DBRS is a credit rating agency with a registered office at 20 Fenchurch Street 31<sup>st</sup> Floor, London EC3M 3BY, United Kingdom.

The above rating agencies were registered and authorised by the European Securities & Markets Authority (“ESMA”) on 31 October 2011 as credit rating agencies in the European Union pursuant to the terms of the Regulation (EC) no 1060/2009 of the European Parliament and of the Council of 16 September 2009, on Credit Rating Agencies.

- g) **CUATRECASAS GONÇALVES PEREIRA, S.L.P.** participates as the legal advisor on the structure of the operation and has reviewed the legal and tax matters applicable to the Fund as set forth in section 4.5.d) of the Registration Document.

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

- h) **PRICEWATERHOUSECOOPERS AUDITORES, S.L.** participates as auditor of the Fund and of the assignable portfolio of the Fund.

PRICEWATERHOUSECOOPERS AUDITORES, S.L. is an audit firm with a registered office in Madrid, at Paseo de la Castellana 259 B, holder of Tax Identification Code Number B-79031290, and registered with the Official Registry of Certified Public Accountants (*Registro Oficial de Auditores de Cuentas; R.O.A.C.*) under number S0242.

- i) **ASHURST LLP** participates as legal advisor of the Joint Lead Managers and has reviewed the Prospectus and the structure of the transaction for the benefit of the Joint Lead Managers.

ASHURST LLP is a limited liability partnership registered in England and Wales under number OC330252, it is a law firm authorised and regulated by the Solicitors Regulation Authority of England and Wales under number 468653, operating in Spain through a permanent establishment with Spanish Tax Identification Number N0066146B, located at Calle Alcalá, 44, 28014 Madrid.

For purposes of Article 5 of the Restated Text of the Securities Market Act, approved by Royal Decree-Law 4/2015, SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is part of the SANTANDER GROUP.

Banco Santander, S.A. and BNP Paribas each hold a 50% interest in the share capital of UCI, S.A., which in turn is the parent company of its 100% controlled subsidiary, UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO.

There is no knowledge of any direct or indirect relationship of ownership or control as concerns the legal persons participating in the securitisation other than those mentioned in this section.

## **6. ADMINISTRATIVE; MANAGEMENT AND SUPERVISORY BODIES OF THE MANAGEMENT COMPANY**

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

Pursuant to the provisions of Law 5/2015, securitisation funds are not separate legal entities, and securitisation fund management companies are entrusted with the incorporation, management and legal representation of these funds, as well the representation and defence of the interests of the holders of the securities issued on the basis of the funds they administer and of the financiers thereof.

By virtue of the foregoing, this section presents information regarding SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. in its capacity as Management Company creating, administering and representing FONDO DE TITULIZACIÓN, RMBS PRADO III.

#### **a) Name and registered office.**

- Registered name: SANTANDER DE TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A.
- Registered office: Gran Vía de Hortaleza, 3, 28033 Madrid.
- Tax Identification Code: A-80481419
- National Economic Activity Code (C.N.A.E.): No. 8199

#### **b) Incorporation and registration with the Commercial Register, as well as information relating to the administrative authorisations and registration with the CNMV.**

SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A., was organised by means of a public instrument authorised on 21 December 1992, before the Notary of Madrid, Mr Francisco Mata Pallarés, and recorded in his notarial book of records under number 1,310, with the prior authorisation of the Ministry of Economy and Treasury provided on 1 December 1992. It is registered in the Commercial Registry of Madrid, in Volume 4789, Sheet 75, Page M-78658, Entry 1. It is also registered in the Special Registry of the CNMV, under number 1.

In addition, the Management Company amended its Bylaws by resolution of its Board of Directors adopted on 15 June 1998, executed in a public document authorised by the Notary of Madrid, Mr Roberto Parejo Gamir, on 20 July 1998, and recorded in his notarial book of records under number 3,070, in order to adapt to the requirements established for Asset Securitisation Fund Management Companies by Royal Decree 926/1998. This amendment was approved by the Ministry of Economy and Treasury on 16 July, 1998, pursuant to the provisions of the Single Transitory Provision of the aforementioned Royal Decree 926/1998.

The Management Company has changed its registered name various times and is currently “SANTANDER DE TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A.”, by virtue of a public document authorised by the Notary of Madrid, Mr José María Mateos Delgado, on 8 March 2004 and recorded in his notarial book of records under number 622. It is registered with the Commercial Registry of Madrid, in Volume 4789, Sheet 93, Page M-78658, Entry 30.



The Management Company also changed its registered office to Avenida de Cantabria s/n. 28660 Boadilla del Monte (Madrid) by virtue of a public document authorised by the Notary of Madrid, Mr José María Mateos Delgado, on 2 July 2004 and recorded in his notarial book of records under number 1,902.

The Management Company amended its Bylaws to assume the management and representation of Banking Assets Funds by means of a public document authorised by the Notary of Madrid, Mr Jose Maria Mateos Delgado, on 20 December 2013 and recorded in his notarial book of records under number 3,070.

Finally, the Management Company also changed its registered office to the current one by virtue of a public document authorised by the Notary of Madrid, Mr José María Mateos Delgado, on 27 January 2016 and recorded in his notarial book of records under number 246.

The duration of the Management Company is indefinite, in the absence of grounds for the dissolution thereof under law or the Bylaws.

**c) Brief description of the Management Company's principal activities.**

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

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

The total assets managed by the Management Company as of 30 September 2016 are as follows:

ASSET BACKED SECURITIES							
FUNDS	SERIES	PRINCIPAL OUTSTANDING PER SERIES	NOMINAL INTEREST	RATING AGENCY	DATE OF CONSTITUTION	COLLATERAL PRINCIPAL INITIAL	
FTA UCI 7	Serie A	35.927.743,56 €	Euribor 3M + 0.250%	S&P / Moody's	25/10/2001	455.000.000,00 €	
	Serie B	3.412.500,50 €	Euribor 3M + 0.700%				
<b>Total</b>		<b>39.340.244,06 €</b>					
FTA UCI 8	Serie A	54.836.268,53 €	Euribor 3M + 0.220%	S&P / Moody's	24/06/2002	600.000.000,00 €	
	Serie B	4.499.999,46 €	Euribor 3M + 0.600%				
<b>Total</b>		<b>59.336.267,99 €</b>					
FTA UCI 9	Serie A	151.485.008,37 €	Euribor 3M + 0.265%	S&P / Moody's	16/06/2003	1.250.000.000,00 €	
	Serie B	11.233.349,25 €	Euribor 3M + 0.65 %				
	Serie C	2.477.944,34 €	Euribor 3M + 1.20 %				
<b>Total</b>		<b>165.196.301,96 €</b>					
FTA SANTANDER HIPOTECARIO 1	Serie A	249.152.706,24 €	Euribor 3M + 0.18%	S&P / Moody's	11/06/2004	1.875.000.000,00 €	
	Serie B	53.400.000,00 €	Euribor 3M + 0.30%				
	Serie C	46.900.000,00 €	Euribor 3M + 0.50%				
	Serie D	56.300.000,00 €	Euribor 3M + 0.95%				
<b>Total</b>		<b>405.752.706,24 €</b>					
FTA FTPYME SANTANDER 2	Serie A	0,00 €	Euribor 3M + 0.20%	S&P	21/10/2004	1.850.000.000,00 €	
	Serie B	0,00 €	Euribor 3M + 0.00%				
	Serie C	48.064.168,80 €	Euribor 3M + 0.30%				
	Serie D	58.500.000,00 €	Euribor 3M + 0.70%				
	Serie E	58.500.000,00 €	Euribor 3M + 1.50%				
<b>Total</b>		<b>165.064.168,80 €</b>					
FTA UCI 11	Serie A	164.358.848,01 €	Euribor 3M + 0.14%	S&P	17/11/2004	850.000.000,00 €	
	Serie B	6.000.000,00 €	Euribor 3M + 0.33%				
	Serie C	22.900.000,00 €	Euribor 3M + 0.75%				
<b>Total</b>		<b>193.258.848,01 €</b>					
FTA SANTANDER EMPRESAS 1	Serie A1	0,00 €	Euribor 3M + 0.02%	S&P / Fitch	27/10/2005	3.100.000.000,00 €	
	Serie A2	0,00 €	Euribor 3M + 0.12%				
	Serie B	0,00 €	Euribor 3M + 0.21%				
	Serie C	0,00 €	Euribor 3M + 0.29%				
	Serie D	140.510.192,35 €	Euribor 3M + 0.59%				
<b>Total</b>		<b>140.510.192,35 €</b>					
FTA UCI 14	Serie A	393.282.173,25 €	Euribor 3M + 0.15%	S&P / Fitch	30/11/2005	1.350.000.000,00 €	
	Serie B	34.100.000,00 €	Euribor 3M + 0.29%				
	Serie C	38.400.000,00 €	Euribor 3M + 0.58%				
<b>Total</b>		<b>465.782.173,25 €</b>					
FTA UCI 15	Serie A	469.312.824,02 €	Euribor 3M + 0.14%	S&P / Fitch	28/04/2006	1.430.000.010,22 €	
	Serie B	32.900.000,00 €	Euribor 3M + 0.27%				
	Serie C	56.500.000,00 €	Euribor 3M + 0.53%				
	Serie D	21.600.000,00 €	Euribor 3M + 0.58%				
<b>Total</b>		<b>580.312.824,02 €</b>					
FTA SANTANDER HIPOTECARIO 2	Serie A	508.625.061,30 €	Euribor 3M + 0.15%	S&P / Moody's	30/06/2006	1.955.000.000,00 €	
	Serie B	51.800.000,00 €	Euribor 3M + 0.20%				
	Serie C	32.300.000,00 €	Euribor 3M + 0.30%				
	Serie D	49.800.000,00 €	Euribor 3M + 0.55%				
	Serie E	19.600.000,00 €	Euribor 3M + 2.10%				
	Serie F	17.600.000,00 €	Euribor 3M + 1.00%				
<b>Total</b>		<b>679.725.061,30 €</b>					
FTA UCI 16	Serie A1	0,00 €	Euribor 3M + 0.06%	S&P / Fitch	18/10/2006	1.800.000.000,00 €	
	Serie A2	665.678.313,96 €	Euribor 3M + 0.15%				
	Serie B	72.000.000,00 €	Euribor 3M + 0.30%				
	Serie C	41.400.000,00 €	Euribor 3M + 0.55%				
	Serie D	9.000.000,00 €	Euribor 3M + 2.25%				
	Serie E	19.800.000,00 €	Euribor 3M + 2.30%				
<b>Total</b>		<b>807.878.313,96 €</b>					
FTA PYMES BANESTO 2	Serie A1	0,00 €	Euribor 3M + 0.13%	S&P / Moody's Fitch	17/11/2006	1.000.000.000,00 €	
	Serie A2	22.111.273,11 €	Euribor 3M + 0.16%				
	Serie B	24.300.000,00 €	Euribor 3M + 0.27%				
	Serie C	34.000.000,00 €	Euribor 3M + 0.54%				
<b>Total</b>		<b>80.411.273,11 €</b>					
FTA SANTANDER FINANCIACION 1	Serie A	0,00 €	Euribor 3M + 0.15%	S&P / Moody's	14/12/2006	1.900.000.000,00 €	
	Serie B	0,00 €	Euribor 3M + 0.20%				
	Serie C	0,00 €	Euribor 3M + 0.30%				
	Serie D	33.781.586,75 €	Euribor 3M + 0.55%				
	Serie E	26.600.000,00 €	Euribor 3M + 2.10%				
	Serie F	14.300.000,00 €	Euribor 3M + 1.00%				
<b>Total</b>		<b>74.681.586,75 €</b>					
FTA SANTANDER EMPRESAS 2	Serie A1	0,00 €	Euribor 3M + 0.05%	Fitch/ Moody's	14/12/2006	2.900.000.000,00 €	
	Serie A2	0,00 €	Euribor 3M + 0.16%				
	Serie B	0,00 €	Euribor 3M + 0.22%				
	Serie C	9.057.921,60 €	Euribor 3M + 0.32%				
	Serie D	59.500.000,00 €	Euribor 3M + 0.55%				
	Serie E	29.000.000,00 €	Euribor 3M + 2.10%				
	Serie F	53.700.000,00 €	Euribor 3M + 0.50%				
<b>Total</b>		<b>151.257.921,60 €</b>					
FTA SANTANDER HIPOTECARIO 3	Serie A1	192.203.436,26 €	Euribor 3M + 0.06%	Fitch/ Moody's	04/04/2007	2.800.000.000,00 €	
	Serie A2	685.833.764,00 €	Euribor 3M + 0.14%				
	Serie A3	187.045.572,00 €	Euribor 3M + 0.20%				
	Serie B	79.200.000,00 €	Euribor 3M + 0.22%				
	Serie C	47.500.000,00 €	Euribor 3M + 0.30%				
	Serie D	72.000.000,00 €	Euribor 3M + 0.55%				
	Serie E	28.000.000,00 €	Euribor 3M + 2.10%				
	Serie F	22.400.000,00 €	Euribor 3M + 0.50%				
<b>Total</b>		<b>1.314.182.772,26 €</b>					
FTA UCI 17	Serie A1	0,00 €	Euribor 3M + 0.10%	S&P / Fitch	07/05/2007	1.415.400.000,00 €	
	Serie A2	607.332.841,40 €	Euribor 3M + 0.18%				
	Serie B	72.800.000,00 €	Euribor 3M + 0.35%				
	Serie C	28.000.000,00 €	Euribor 3M + 0.60%				
	Serie D	15.400.000,00 €	Euribor 3M + 2.25%				
<b>Total</b>		<b>723.532.841,40 €</b>					
FTA SANTANDER EMPRESAS 3	Serie A1	0,00 €	Euribor 3M + 0.08%	S&P / Moody's Fitch	28/05/2007	3.500.000.000,00 €	
	Serie A2	10.442.700,00 €	Euribor 3M + 0.17%				
	Serie A3	4.453.430,25 €	Euribor 3M + 0.25%				
	Serie B	39.700.000,00 €	Euribor 3M + 0.28%				
	Serie C	117.300.000,00 €	Euribor 3M + 0.32%				
	Serie D	70.000.000,00 €	Euribor 3M + 0.65%				
	Serie E	45.500.000,00 €	Euribor 3M + 2.30%				
	Serie F	45.500.000,00 €	Euribor 3M + 0.50%				
<b>Total</b>		<b>332.896.130,25 €</b>					

FUNDS	SERIES	PRINCIPAL OUTSTANDING PER SERIES	NOMINAL INTEREST	RATING AGENCY	DATE OF CONSTITUTION	COLLATERAL PRINCIPAL INITIAL
FTA PITCH	Serie 1	1.200.000.000,00 €	5,1353%	S&P / Moody's	17/07/2007	1.200.000.000,00 €
<b>Total</b>		<b>1.200.000.000,00 €</b>				
FTA UCI 18	Serie A	718.926.814,20 €	Euribor 3M + 0.32%	S&P	27/02/2008	1.700.000.000,00 €
	Serie B	38.300.000,00 €	Euribor 3M + 0.60%			
	Serie C	21.200.000,00 €	Euribor 3M + 1.20%			
	Serie D	22.384.685,60 €	Euribor 3M + 2.20%			
<b>Total</b>		<b>800.811.499,80 €</b>				
FTA SANTANDER 2	Pagarés	660.000.000,00 €		S&P Fitch	27/11/2008	3.000.000.000,00 €
FTA SANTANDER HIPOTECARIO 7	Serie A	821.448.720,00 €	Euribor 3M + 0.65%	Moody's	22/07/2011	2.096.100.000,00 €
	Serie B	360.000.000,00 €	Euribor 3M + 1.30%	DBRS		
	Serie C	63.600.000,00 €	Euribor 3M + 0.65%			
<b>Total</b>		<b>1.245.048.720,00 €</b>				
FTA SANTANDER HIPOTECARIO 8	Serie A	362.596.480,00 €	Euribor 3M + 0.65%	Moody's	15/12/2011	800.000.000,00 €
	Serie B	160.000.000,00 €	Euribor 3M + 1.00%	DBRS		
	Serie C	28.100.000,00 €	Euribor 3M + 0,65%+Parte extra			
<b>Total</b>		<b>550.696.480,00 €</b>				
SANTANDER CONSUMER SPAIN AUTO 12- Serie A 1		22.799.890,00 €	Tipo Fijo 3,00%	Moody's Fitch	20/11/2012	500.000.000,00 €
<b>Total</b>		<b>22.799.890,00 €</b>				
F.T.A. SANTANDER HIPOTECARIO 9	Serie A	356.730.620,22 €	Euribor 3M + 0.30%	Moody's	25/06/2013	767.000.000,00 €
	Serie B	177.800.000,00 €	Euribor 3M + 0.40%	DBRS		
	Serie C	28.600.000,00 €	Euribor 3M + 0,50%+Parte extra			
<b>Total</b>		<b>563.130.620,22 €</b>				
SANTANDER CONSUMER SPAIN AUTO 13- Serie A 1		118.316.974,80 €	Tipo Fijo 3,00%	Moody's Fitch	16/10/2013	500.000.000,00 €
<b>Total</b>		<b>118.316.974,80 €</b>				
F.T.A. PYMES SANTANDER 6	Serie A	30.598.150,74 €	Euribor 3M +1.50%	S&P	19/11/2013	340.000.000,00 €
	Serie B	105.400.000,00 €	Euribor 3M +1.60%	DBRS		
	Serie C	68.000.000,00 €	Euribor 3M +0.50%			
<b>Total</b>		<b>203.998.150,74 €</b>				
F.T.A. PYMES SANTANDER 9	Serie A	130.357.370,26 €	Euribor 3M +0.75%	S&P	20/05/2014	500.000.000,00 €
	Serie B	168.300.000,00 €	Euribor 3M +0.80%	DBRS		
<b>Total</b>		<b>298.657.370,26 €</b>				
F.T.A. RMBS SANTANDER 1	Serie A	701.134.753,10 €	Euribor 3M +0.90%	Moody's	23/06/2014	1.495.000.000,00 €
	Serie B	359.300.000,00 €	Euribor 3M +1.30%	DBRS		
	Serie C	59.800.000,00 €	Euribor 3M +0.65%			
<b>Total</b>		<b>1.120.234.753,10 €</b>				
F.T.A. RMBS SANTANDER 2	Serie A	1.924.955.376,35 €	Euribor 3M +0.30%	Moody's	14/07/2014	3.450.000.000,00 €
	Serie B	655.100.000,00 €	Euribor 3M +0.40%	DBRS		
	Serie C	142.400.000,00 €	Euribor 3M +0.50%			
<b>Total</b>		<b>2.722.455.376,35 €</b>				
F.T.A. RMBS SANTANDER 3	Serie A	4.112.047.971,92 €	Euribor 3M +0.58%	Moody's	17/11/2014	7.475.000.000,00 €
	Serie B	1.568.400.000,00 €	Euribor 3M +0.63%	DBRS		
	Serie C	313.600.000,00 €	Euribor 3M +0.65%			
<b>Total</b>		<b>5.994.047.971,92 €</b>				
F.T.A. SCS AUTO 2014-1	Serie A	703.000.000,00 €	Tipo fijo 2,00%	Fitch	26/11/2014	798.000.000,00 €
	Serie B	27.400.000,00 €	Tipo fijo 2,50%	DBRS		
	Serie C	15.200.000,00 €	Tipo fijo 3,50%			
	Serie D	14.400.000,00 €	Tipo fijo 5,00%			
	Serie E	38.000.000,00 €	Tipo fijo 5,00%			
<b>Total</b>		<b>798.000.000,00 €</b>				
F.T.A. PYMES SANTANDER 10	Serie A	388.770.842,70 €	Euribor 3M +0.35%	Moody's	28/11/2014	4.560.000.000,00 €
	Serie B	893.000.000,00 €	Euribor 3M +0.60%	DBRS		
	Serie C	760.000.000,00 €	Euribor 3M +0.65%	Scope Ratings		
<b>Total</b>		<b>2.041.770.842,70 €</b>				
F.T.A. RMBS PRADO I	Serie A	296.369.402,40 €	Euribor 3M +0.85%	Moody's	28/05/2015	450.000.000,00 €
<b>Total</b>		<b>296.369.402,40 €</b>				
F.T.A. RMBS SANTANDER 4	Serie A	2.064.326.928,00 €	Euribor 3M+0.60%	DBRS	26/06/2015	2.950.000.000,00 €
	Serie B	590.000.000,00 €	Euribor 3M+0.63%	S&P		
	Serie C	147.500.000,00 €	Euribor 3M+0.65% + Parte Extra	Scope Ratings		
<b>Total</b>		<b>2.801.826.928,00 €</b>				
F.T.A. PYMES SANTANDER 11	Serie A	219.978.678,34 €	Euribor 3M+0.25%	DBRS	19/05/2015	3.575.000.000,00 €
	Serie B	893.700.000,00 €	Euribor 3M+0.50%	Moody's		
	Serie C	178.800.000,00 €	Euribor 3M+0.65% + Parte Extra			
<b>Total</b>		<b>1.292.478.678,34 €</b>				
F.T.A. RMBS SANTANDER 5	Serie A	959.608.872,88 €	Euribor 3M+0.60%	DBRS	15/12/2015	1.338.700.000,00 €
	Serie B	261.400.000,00 €	Euribor 3M+0.63%	S&P		
	Serie C	63.700.000,00 €	Euribor 3M+0.65% + Parte Extra	Scope Ratings		
<b>Total</b>		<b>1.284.708.872,88 €</b>				
F.T.A. PYMES SANTANDER 12	Serie A	843.046.470,00 €	Euribor 3M+0.30%	DBRS	10/12/2015	2.940.000.000,00 €
	Serie B	700.000.000,00 €	Euribor 3M+0.50%	Moody's		
	Serie C	140.000.000,00 €	Euribor 3M+0.65% + Parte Extra	Scope Ratings		
<b>Total</b>		<b>1.683.046.470,00 €</b>				
F.T.A. RMBS PRADO II	Serie A	396.869.921,90 €	Euribor 3M +0.90%	DBRS / S&P	15/03/2016	540.000.000,00 €
<b>Total</b>		<b>396.869.921,90 €</b>				
F.T.A. SCS AUTO 2016-1	Serie A	650.200.000,00 €	Tipo fijo 1,25%	DBRS	16/03/2016	765.000.000,00 €
	Serie B	30.600.000,00 €	Tipo fijo 1,65%	Moody's		
	Serie C	42.100.000,00 €	Tipo fijo 3,25%			
	Serie D	23.000.000,00 €	Tipo fijo 6,00%			
	Serie E	19.100.000,00 €	Tipo fijo 8,00%			
	Serie F	15.300.000,00 €	Tipo fijo 8,00%			
<b>Total</b>		<b>780.300.000,00 €</b>				
<b>TOTAL FTA</b>		<b>33.254.688.550,72 €</b>				<b>74.242.000.010,22 €</b>

FONDOS DE TITULIZACION HIPOTECARIA						
FUNDS	SERIES	PRINCIPAL OUTSTANDING PER SERIES	NOMINAL INTEREST	RATING AGENCY	DATE OF CONSTITUTION	COLLATERAL PRINCIPAL INITIAL
FTH HIPOTEBANSA XI	Serie A	129.211.781,28 €	Euribor 3M + 0.24%	S&P / Moody's	26/11/2002	1.062.000.000,00 €
	Serie B	7.964.999,00 €	Euribor 3M + 0.45%			
	<b>Total</b>	<b>137.176.780,28 €</b>				
FTH UCI 10	Serie A	117.703.631,50 €	Euribor 3M + 0.16%	S&P	14/05/2004	700.000.000,00 €
	Serie B	7.512.993,60 €	Euribor 3M + 0.50%			
	<b>Total</b>	<b>125.216.625,10 €</b>				
FTH UCI 12	Serie A	235.565.774,40 €	Euribor 3M + 0.15%	S&P	30/05/2005	900.000.000,00 €
	Serie B	8.999.999,92 €	Euribor 3M + 0.27%			
	Serie C	23.800.000,04 €	Euribor 3M + 0.60%			
	<b>Total</b>	<b>268.365.774,36 €</b>				
<b>TOTAL FTH</b>		<b>530.759.179,74 €</b>				<b>2.662.000.000,00 €</b>
<b>TOTAL (FTH+FTA)</b>		<b>33.785.447.730,46 €</b>				<b>76.904.000.010,22 €</b>

**d) Share Capital.**

**(i) Par value of subscribed and paid-up capital:**

The share capital of the Management Company is one million and fifty euros (€1.000.050), represented by fifteen thousand (15,000) registered shares having a par value of sixty six and sixty seven/100 euros (€66,67) each, numbered consecutively from one (1) to fifteen thousand (15,000), both inclusive, all fully subscribed and paid up.

**(ii) Share classes:**

All the shares are of the same class and confer identical voting and economic rights.

In accordance with the Sixth Transitory Provision of Law 5/2015, the Management Company has complied with the new requirements of Article 29.1.d) of Law 5/2015, by decision of the General Meeting adopted on 23 June 2016.

**e) Administrative, management and supervisory bodies.**

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

The governance and management of the Management Company are entrusted by the Bylaws to the shareholders acting at a General Shareholders' Meeting and to the Board of Directors. Their powers of such bodies are those corresponding thereto under the provisions of the Companies Act (*Ley de Sociedades de Capital*) and Law 5/2015, as regards the corporate purpose.

**(i) Directors**

The Board of Directors is made up of the following persons as agreed at the Extraordinary General Meeting held on 21 January 2016:

Chairman: Mr José García Cantera

Directors: Mr Ignacio Ortega Gavara

Mr José Antonio Soler Ramos

Ms Ana Bolado Valle

Mr Adolfo Ramirez Morales

Mr Javier Antón San Pablo

Mr Jesús Fuentes Colella

Mr Pablo Roig Garcia-Bernalt

Non-Director Secretary: Mrs María José Olmedilla González

**(ii) General Management**

The General Manager of the Management Company is Mr Ignacio Ortega Gavara.

(iii) Main activities of the persons referred to in paragraph (i) above which are performed outside of the Management Company if such activities are significant in relation to the Fund

Name	Activity performed	Relationship under which activity is performed	Company through which the activity is provided	Position or functions held or performed in relation to the Company in question	Position or functions in Banco Santander	Position functions in Santander Consumer or in
José García Cantera	Banking	Employee	Santander Investment, SA	Chairman	General Director	
	Banking		Bank Zachodni WBK, SA	Member of the Supervisory Board		
	Energy		Operador del Mercado Ibérico de Energía Polo Español, SA	Board Member		
Javier Antón San Pablo	Banking	Employee	Santander Consumer Bank, S.p.A	Board Member	Director	
			Santander Consumer Bank AS	Board member		
			Santander Benelux, S.A./N.V.	Chairman		
			Santander Consumer (UK) plc.	Director		
Adolfo Ramírez Morales	Banking	Employee	Sistema 4B	Board Member	Deputy Director-General	
			Aegon Santander Vida Seguros y Reaseguros, S.A.	Board Member		
			Aegon Santander Generales Seguros y Reaseguros, S.A.	Board Member		
			Fondo Advance	Chairman		
José Antonio Soler Ramos	Financial Intermediation	Employee	Santander Perpetual, S.A.U.	Chairman	General Subdirector	
			Santander Commercial Paper, S.A.U.			
			Santander US Debt, S.A.U.			
			Santander Issuances, S.A.U.			
			Santander International Debt, S.A.U.			
			Santander Benelux, SA/nv	Board member		
			Open Bank, S.A.			
Ana Bolado Valle	Banking	Employee			General Subdirector	
Jesús Fuentes Colella	Banking	Employee			Deputy Director-General	

Pablo Roig Garcia-Bernalt	Financial Intermediation	Employee	Santander Commercial Paper, S.A.U.	Board Member	Director
			Santander International Preferred, S.A.U.		
			Santander Emisora150, S.A.U.		
			Santander Finance Capital, S.A.U.		
			Santander Finance Preferred, S.A.U.		
			Santander International Debt, S.A.U.		
			Santander Issuances S.A.U		
			Santander US Debt, S.A.U.		
			Santander Perpetual, S.A..U		

The persons mentioned in this section 6.1.e) are not the direct or indirect holders of any shares, debentures or other securities giving the holder thereof the right to acquire shares of the Management Company.

The professional address of all the persons mentioned in this section 6.1.e) is the following:

Santander Titulización, S.G.F.T., S.A.  
Gran Vía de Hortaleza, 3  
28033 Madrid

**f) Entities from which the Management Company has borrowed more than 10%.**

The Management Company has not received any loan or credit facility from any person or entity.

**g) Significant litigation or disputes.**

On the date of verification of this Prospectus, the Management Company is not involved in any situation of insolvency and there is no significant litigation or dispute that may affect its financial-economic situation or hereafter affect its ability to carry out the duties of management and administration of the Fund as established in this Prospectus.

**h) Financial information concerning the Management Company.**

The Management Company keeps its books in accordance with the GChart of Accounts (*Plan General Contable*) approved by Royal Decree 1514/2007 of 16 November.

Information from the audited balance sheet and income statement for fiscal years 2014 and 2015, and the unaudited balance sheet as at 30 June, 2016, are provided below:

Audited Balance Sheet as at 31 December, 2014 and 2015 and unaudited Balance Sheet at 30 June, 2016 (in thousands of euros):

<b>ASSETS</b>	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>06/30/2016</b>
<b>FIXED ASSETS:</b>			
Intangible assets	-	-	-
Tangible assets	-	-	-
<b>Total fixed assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL ASSETS</b>			
Long-term sureties	19	19	-
<b>Total capital assets</b>	<b>19</b>	<b>19</b>	<b>-</b>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>	<b>268</b>	<b>335</b>	<b>478</b>
Loans to employees	28	26	31
Other receivables	240	309	447
Short-term investments	-	-	-
<b>Taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash in bank and on hand</b>	<b>10,949</b>	<b>13,017</b>	<b>14,903</b>
<b>Prepayments and accrued income</b>	<b>888</b>	<b>761</b>	<b>817</b>
<b>Total current assets</b>	<b>12,105</b>	<b>14,113</b>	<b>16,198</b>
<b>TOTAL ASSETS</b>	<b>12,124</b>	<b>14,132</b>	<b>16,198</b>



<b>LIABILITIES</b>	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>06/30/2016</b>
<b>EQUITY</b>			
Share capital	902	902	1,000
Reserves	182	182	4,000
Trading results-Profit	604	1,538	127
<b>Total equity</b>	<b>1,688</b>	<b>2,622</b>	<b>5,127</b>
<b>LONG-TERM PAYABLES</b>			
Debts with Group companies	7,678	8,897	8,899
	<b>7,678</b>	<b>8,897</b>	<b>8,899</b>
<b>SHORT-TERM PAYABLES</b>			
Taxes	956	2,364	1,909
Other payables	23	12	13
Debts with Group companies	3	-	-
Prepayments and accrued expenses	224	237	250
Dividend payable	1,552	-	-
<b>Total short-term payable</b>	<b>2,758</b>	<b>2,613</b>	<b>2,172</b>
<b>TOTAL LIABILITIES</b>	<b>12,124</b>	<b>14,132</b>	<b>16,198</b>

Debts to Group companies corresponds to the corporate income tax allocated by the Group to the Management Company. Therefore, it should not be considered as a bank debt.

**Audited Income Statements at 31 December, 2014 and 2015 , and unaudited Income Statement at 30 June, 2016 (in thousands of Euros):**

	12/31/2014	12/31/2015	06/30/2016
<b>CONTINUING OPERATIONS</b>			
Net Income	5,086	8,732	3,958
Other operating income	2	247	0
Personnel costs	-837	-1,050	-559
Other operating expenses	-3,388	-5,237	-2,909
Depreciation and amortization of property, plant and equipment	-	-	-
Impairment and income from disposals of property, plant and equipment	-	-	-
<b>OPERATING PROFIT</b>	<b>863</b>	<b>2,692</b>	<b>490</b>
Financial Income	-	-	-
From tradable securities and other financial instruments	-	-	-
<b>FINANCIAL PROFIT</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PRE-TAX PROFIT</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax</b>	<b>863</b>	<b>2,692</b>	<b>490</b>
PROFIT FOR THE YEAR FROM CONTINUED OPERATIONS	-259	-1,154	-363
	<b>604</b>	<b>1,538</b>	<b>127</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit for the year from discontinued operations, net of tax	-	-	-
PROFIT FOR THE YEAR	-	-	-
	<b>604</b>	<b>1,538</b>	<b>127</b>

**7. PRINCIPAL SHAREHOLDERS OF THE MANAGEMENT COMPANY**

- a) The ownership of the shares of the Management Company is distributed among the companies listed below, with a statement of the percentage interest in the share capital of the Management Company belonging to each of them:

SHAREHOLDERS	% SHARE CAPITAL
Santander Investment, S.A.	19%
Banco Santander, S.A.	81%

- b) Description of the nature of such control and measures in place to ensure that such control is not abused.

For the purposes of Article 5 of the Restated Text of the Securities Market Act, approved by Royal Decree-Law 4/2015, SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is part of the SANTANDER GROUP.

In accordance with article 29.1.j) of Law 5/2015, the Management Company adheres to the Santander Group's General Code of Conduct, which can be viewed on its website ([www.santander.com](http://www.santander.com)), and Code of Conduct in the Securities Markets.

## **8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS & LOSSES**

**8.1** The Management Company declares that on the date of verification of this Registration Document, the Fund was not yet incorporated and, therefore, had not commenced operations, nor had any accounts been prepared regarding such operations.

### **8.2 Historical Financial Information.**

Not applicable.

**8.2.bis** This paragraph may be used only for issues of asset-backed securities having a denomination per unit of at least €100,000.

Not applicable.

### **8.3 Legal and arbitration proceedings.**

Not applicable.

### **8.4 Material adverse change in the Issuer's financial position.**

Not applicable.

## **9. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND STATEMENTS OF ANY INTEREST**

**9.1** Statement or report attributed to a person as an expert.

Not applicable.

**9.2** Information sourced from a third party.

Not applicable.

## **10. DOCUMENTS ON DISPLAY**

The following documents (or copies thereof) will be available to the public during the effective period of this Registration Document:

- (a) **The current Bylaws and deed of incorporation of the Management Company.**
- (b) **This Prospectus.**
- (c) **The Deed of Incorporation of the Fund.**
- (d) **The Subordinated Loan 1 Agreement, the Subordinated Loan 2 Agreement, the Guaranteed Reinvestment Agreement, the Payment Agency Agreement and the Management, Placement and Subscription Agreement.**

- (e) **Special Securitisation Report on the Mortgage Loan portfolio** provided by UCI, and from which the Assets transferred to the Fund will be taken, as issued by PWC.
- (f) **Certificate of the resolution of the Board of Directors of the Management Company**, at its meeting held on 21 July 2016, whereat it was resolved, among other things, to incorporate the Fund, to subscribe the MTCs assigned by UCI and to issue the Notes.
- (g) **Certificate of the Sole Shareholder of UCI** at its meeting held on 1 June 2016.
- (h) **Letters disclosing provisional ratings and letters disclosing final ratings** by DBRS and S&P.
- (i) **Annual Accounts and auditors' report of the Management Company**.
- (j) **Notarial deed certifying repayment of the Notes issued**, upon the occurrence thereof.

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

In addition, a copy of all documents mentioned above other than those set forth in a), d) and h) may be inspected at the CNMV at Calle Edison 4, Madrid, and at Paseo de Gracia 19, 4º planta, Barcelona.

A copy of the Prospectus will be available to the public on the websites of the CNMV ([www.cnmv.es](http://www.cnmv.es)) and AIAF ([www.aiaf.es](http://www.aiaf.es)). Additionally, the annual and quarterly information required under Article 35 of Law 5/2015 will be available on the website of the CNMV.

The Deed of Incorporation will be available to the public within Iberclear.

Furthermore, this Prospectus, the Deed of Incorporation and the annual and quarterly reports referred to above may be viewed on the website of the Management Company ([www.santanderdetitulizacion.com](http://www.santanderdetitulizacion.com)).

## SECURITIES NOTE

This Securities Note was drafted in accordance with Annex XIII of Regulation 809/2004 and was approved by the CNMV on 18 October 2016.

### 1. PERSONS RESPONSIBLE

#### 1.1 Persons responsible for the information appearing in the Securities Note and in the Additional Building Block.

Mr Ignacio Ortega Gavara, acting in his capacity as General Manager of the Management Company, by virtue of the powers granted to him by the Board of Directors at its meeting held on 21 July 2016 and on behalf of SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A., with a registered office at Gran Vía de Hortaleza, 3, 28033 Madrid, assumes responsibility for the information contained in this Securities Note and in the Additional Building Block.

SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is the sponsoring entity of FONDO DE TITULIZACIÓN, RMBS PRADO III and will be responsible for the legal management and representation thereof.

#### 1.2 Declaration by those responsible for the Securities Note and the Additional Building Block.

Mr Ignacio Ortega Gavara, having taken all reasonable care to ensure that such is the case, declares that the information contained in the Securities Note and the Additional Building Block is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

### 2. RISK FACTORS

The specific risk factors regarding the Assets backing the issue and regarding the securities are those described respectively in sections II and III, respectively, of the document incorporated at the beginning of this Prospectus under the heading “RISK FACTORS”.

### 3. ESSENTIAL INFORMATION

#### Interest of natural and legal persons involved in the issue

The identity of the legal persons participating in the offer and the direct or indirect participation held by them are described in section 5.2 of the Registration Document. The interest of such persons as participants in the offer of the issue of Notes is as follows:

- a) **SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A.** participates as the Management Company of the Fund, as coordinator of the Rating Agencies and of the relationship with the supervisory authorities and market operators, as legal and financial advisor on the structure of the transaction and as a depositary of the Multiple Title.
- b) **UCI, UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO** participates as the Assignor of the Mortgage Loans, issuer of the MTCs, subscriber of any Class A Notes that are not subscribed by qualified investors, and the Fund's counterparty to the Subordinated Loan 1 Agreement and to the Subordinated Loan 2 Agreement.

- c) **BANCO SANTANDER, S.A.** participates as Joint Arranger, as Joint Lead Manager, as Back-Up Servicer Facilitator, as Paying Agent and as the Fund's counterparty to the Guaranteed Reinvestment Agreement (Cash Flow Account).
- d) **BNP PARIBAS, London Branch** participates as Joint Arranger and as Joint Lead Manager.
- e) **DBRS RATINGS LIMITED** participates as a credit rating agency rating the Notes.
- f) **STANDARD AND POOR'S CREDIT MARKET SERVICES EUROPE LIMITED** participates as a credit rating agency rating the Notes.
- g) **CUATRECASAS GONÇALVES PEREIRA, S.L.P.** participates as the legal advisor on the structure of the transaction and has reviewed the legal and tax matters applicable to the Fund as described in section 4.5.d) of the Registration Document.
- h) **PRICEWATERHOUSECOOPERS AUDITORES, S.L.** participates as auditor of the Fund and of the assignable portfolio of the Fund.
- i) **ASHURST LLP** participates as legal advisor of the Joint Lead Managers and has reviewed the Prospectus and the structure of the transaction for the benefit of the Joint Lead Managers.

Banco Santander, S.A. and BNP Paribas each hold a 50% interest in the share capital of UCI, S.A., which in turn is the parent company of the 100% controlled subsidiary UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., EFC.

The Management Company is not aware of the existence of any other significant economic entitlement or interest of the aforementioned entities that participate in the issue, except for those that are strictly professional and derive from their participation as described in detail in section 3.2 of the Additional Building Block.

#### **4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING**

##### **4.1 Total amount of the securities.**

###### **a) Total issue amount**

The total of the Notes issued amounts to **THREE HUNDRED NINETEEN MILLION EUROS (€319,000,000)**, represented by **THREE THOUSAND ONE HUNDRED AND NINETY (3,190)** Notes each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000), distributed in one (1) class of Notes (Class A) and ISIN code ES0305192009.

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

The Joint Lead Managers will place the Notes with qualified investors for the purposes of Article 39 of Royal Decree 1310/2005, i.e., by way of description and not limitation, legal entities that are authorised or regulated to operate in the financial markets, including, credit institutions, investment services companies, insurance companies, collective investment institutions and their management companies, pension funds and their management companies, other authorised or regulated financial institutions.

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

The Notes will have the legal nature of negotiable fixed-income securities with a specified yield, and are subject to the rules established in the Securities Market Act and the Regulations in implementation thereof, and are issued pursuant to Law 5/2015. The Notes are redeemable through early redemption or upon final maturity.

#### **4.3 Law under which the securities have been created.**

The Notes are issued in accordance with the laws of Spain, and particularly in accordance with the legal provisions set forth in (i) Law 5/2015 and implementing provisions; (ii) the Restated Text of the Securities Market Act approved by Royal Decree-Law 4/2015; (iii) Royal Decree 116/1992 of 14 February on the representation of book-entry securities and the clearing and settlement of stock market operations; (iv) Royal Decree 1310/2005; (v) Order 3537/2005 of the Ministry of the Economy and Finance of 10 November 2005, implementing Article 27.4 of the Securities Market Act; and (vi) any such other legal and regulatory provisions as may be in force and applicable from time to time.

In accordance with the Seventh Final Provision of Royal Decree 878/2015 of 2 October 2015 on the clearing, settlement and registration of negotiable securities represented by book entries, this Royal Decree entered into force on 3 February 2016, thus replacing Royal Decree 116/1992 of 14 February on the representation of book-entry securities and the clearing and settlement of stock market transactions.

However, the Second Additional Provision of Royal Decree 878/2015 provides that the amendments introduced by Royal Decree 878/2015 will not be applicable to fixed-income securities admitted to trading in regulated markets (*mercados secundarios oficiales*) (like the Notes), until such date and within the terms to be determined by the Ministry of Economy and Competitiveness (such date is expected to be around September 2017).

Until such date and for such fixed-income securities, Royal Decree 116/1992 will remain in force, with the exception of Section 1 of Chapter II of Title I (Articles 29 to 35 of Royal Decree 116/1992, both inclusive), which will be repealed and replaced by Section 1 of Chapter II of Title I of Royal Decree 878/2015 (Articles 30 to 38, both inclusive).

In addition, the exercise of rights and obligations linked to such fixed-income securities will be governed by Article 44 of Royal Decree 878/2015.

This Securities Note has been prepared in accordance with the models established in Annex XIII of Regulation 809/2004.

Any issue, discrepancy or dispute relating to the Fund or the Notes issued with the backing of the Fund and arising during the operation or liquidation thereof, whether among the Noteholders or between the Noteholders and the Management Company, will be submitted to the Courts of the city of Madrid, with the parties expressly waiving any other forum to which they may be entitled.

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

The Notes will be represented by book entries in accordance with the provisions of Law 5/2015, will be created as such by virtue of their corresponding book entry, and will be made out to the bearer. The Deed of Incorporation will give rise to the effects provided for in Article 7 of the Consolidated Text of the Securities Market Act, approved by Royal Decree-Law 4/2015.

In accordance with the provisions of Article 6 of Royal Decree 116/1992, the denomination, number of units, nominal value and other characteristics and conditions of the Note Issue represented in book-entry form are those included in the Deed of Incorporation and this Prospectus.

The Noteholders will be identified as such (for their own account or that of third parties) as recorded in the book-entry register maintained by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear), with a registered office in Madrid, at Calle Plaza de la Lealtad 1, 28014, which has been appointed as the entity in charge of the book-entry registry of the Notes. Thus, clearance and settlement of the Notes will be performed in accordance with the rules of operation that are or may hereafter be established by Iberclear regarding securities admitted to trading in the AIAF Fixed-Income Market and represented by the book entries.

#### **4.5 Currency of the issue.**

The Notes will be denominated in EUROS.

#### **4.6 Ranking.**

The Subordinated Loan 1 will be deferred as regards the payment of interest and payment of the principal with respect to the Class A Notes, in accordance with the Priority of Payments described in section 3.4.6 of the Additional Building Block.

##### **4.6.1 Summary of the priority of the payment of interest on the Notes and on the Subordinated Loan 1 in the priority of payments of the Fund**

The payment of interest accrued by the Class A Notes occupies the (2<sup>nd</sup>) (second) place in the application of Available Funds in the Priority of Payments set forth in section 3.4.6 of the Additional Building Block and the (2<sup>nd</sup>) (second) place in the application of the Available Funds for Liquidation in the Liquidation Priority of Payments established in section 3.4.6 of the Additional Building Block.

The payment of interest due on the Subordinated Loan 1 occupies the (5<sup>th</sup>) (fifth) place in the application of Available Funds in the Priority of Payments set forth in section 3.4.6 of the Additional Building Block and the (4<sup>th</sup>) (fourth) place in the application of the Available Funds for Liquidation in the Liquidation Priority of Payments set forth in section 3.4.6 of the Additional Building Block.

##### **4.6.2 Summary of the priority of the payments of principal on the Notes and on the Subordinated Loan 1 in the priority of payments of the Fund**

The repayment of the Outstanding Principal Balance of the Class A Notes occupies the (4<sup>th</sup>) (fourth) place in the application of Available Funds in the Priority of Payments set forth in section 3.4.6 of the Additional Building Block and the (3<sup>rd</sup>) (third) place in the application of the Available Funds for Liquidation in the Liquidation Priority of Payments set forth in section 3.4.6 in the Additional Building Block.

The repayment of the Outstanding Principal Balance of Subordinated Loan 1 occupies the (6<sup>th</sup>) (sixth) place in the application of Available Funds in the Priority of Payments set forth in section 3.4.6 of the Additional Building Block and the (4<sup>th</sup>) (fourth) place in the application of the Available Funds for Liquidation in the Liquidation Priority of Payments set forth in section 3.4.6 in the Additional Building Block.

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

The Notes described in this Securities Note do not create present and/or future rights for the investor as regards the FONDO DE TITULIZACIÓN, RMBS PRADO III. This is consistent with the nature of the FONDO DE TITULIZACION as a passive holding entity (*entidad patrimonial*) without legal personality.



The rights of investor associated with the acquisition and holding of the Notes will be those deriving from the right to receive interest payments, returns and other form of repayment are set forth in sections 4.8 and 4.9 below.

The Noteholders may not bring an action against the Management Company unless it breaches its payment obligations as described in this Prospectus or the Deed of Incorporation. Pursuant to applicable law, the Management Company is the only authorised representative of the Fund as regards third parties and in any legal proceedings (but this is without to rights of representation that may be granted by the Management Company to third parties).

The obligations of the Assignor and of the other entities in any way participating in the transaction are limited to those included in the corresponding agreements relating to the FONDO DE TITULIZACIÓN, RMBS PRADO III, with the most significant ones being described in this Prospectus and in the Deed of Incorporation.

Any question or dispute concerning the Fund or the Notes issued with the backing thereof and that may arise during the operation or liquidation thereof, whether among the Noteholders or between the Noteholders and the Management Company, will be submitted to the Courts of the city of Madrid, waiving any other forum to which the parties may be entitled.

#### **4.8 Nominal interest rate and provisions relating to interest payable.**

The return on the Notes will be determined through a variable interest rate as provided below:

- a) The Notes will accrue nominal variable interest payable quarterly on each Payment Date, provided that the Fund has sufficient liquidity in the Cash Flow Account, in accordance with the Priority of Payments established for the Class A Notes in section 3.4.6 of the Additional Building Block.

Withholding, contributions or taxes now or hereafter applicable to the principal, interest or returns on the Notes shall be the sole responsibility of the Noteholders, and the amount thereof will be deducted by the Management Company, on behalf of the Fund, through the Paying Agent in the manner provided by law.

- b) The term of the issue of the Notes will be divided into successive Interest Accrual Periods comprising the days elapsed between each Payment Date, including the initial Payment Date and excluding the final Payment Date in each Interest Accrual Period. However, the First Interest Accrual Period will have a duration greater than three months, equivalent to the days actually elapsed between the Disbursement Date, inclusive, and the expected First Payment Date (15 March 2017), exclusive.
- c) The nominal interest rate applicable to the Notes for each Interest Accrual Period will be determined by the Management Company, on behalf of the Fund, on the Rate Setting Date, which will be the second Business Day according to the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET) schedule prior to each Payment Date, at approximately 11 a.m. (Madrid time) on such day, and will apply to the next Interest Accrual Period.

The nominal interest rate of the Notes for the First Interest Accrual Period will be determined as established in section d) below, based on the Reference Interest Rate at approximately 11 a.m. (Madrid time) on the Date of Incorporation (with the final margin applicable to Class A to be provided on the Date of Incorporation or on the Business Day following the Date of Incorporation).

The Noteholders will be notified of the nominal interest rates determined for the following Interest Accrual Periods on the dates and in the manner established in section 4 of the Additional Building Block through publication, either in the Daily Bulletin (*Boletín Diario*) of the AIAF or in any other publication that may hereafter replace it or another with similar characteristics, or by publication in a daily newspaper with broad circulation in Spain.

- d) The nominal interest rate determined for each Interest Accrual Period will be the higher of: (i) zero or (ii) the sum of the Reference Interest Rate, calculated as stipulated below, and the Class A Margin: margin of up to 0.75% per annum to (and including) the Class A Step-Up Date and margin of up to 1.50% per annum from (but excluding) the Class A Step-Up Date to (and including) the Final Maturity Date.

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

The final margin applicable to Class A will be set by the Joint Arrangers and notice thereof will be provided to the Management Company on the Date of Incorporation or on the following Business Day.

In the absence of the notification, the Management Company will set the margin for Class A of 0.75% to the Class A Step-Up Date (inclusive) and a margin of 1.50% from the Class A Step-Up Date (exclusive).

The Management Company shall publish the appropriate material event (hecho relevante) with the CNMV with the final margin of Class A Notes.

- e) The Reference Interest Rate will be the following:
- (i) the rate offered in the eurozone interbank market for three-month euro deposits (except for the First Interest Period) appearing on the Reuters-EuriborØ1 page or (A) such other page as may replace the Reuters-EuriborØ1 page for similar service for the purpose of displaying such information or (B) if that service ceases to display similar information, such other page or such equivalent service that displays this information (or, if more than one, the one which is used by the Paying Agent) or may replace the Reuters-EuriborØ1 page (the “**Screen Rate**”) at or about 11.00 a.m. (Madrid time) on the Rate Setting Date.

By way of exception, the Reference Interest Rate for the First Interest Accrual Period will be from the result of the linear interpolation of the 3-month EURIBOR rate and the 6-month EURIBOR rate quoted at approximately 11.00 a.m. on the Rate Setting Date, taking into account the number of days of the First Interest Accrual Period, according to the following formula.

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

Where:

R = Reference Interest Rate for the First Interest Accrual Period

d<sub>t</sub> = Number of days of the First Interest Accrual Period

$d_2$  = Number of days corresponding to the three (3)-month Euribor

$d_3$  = Number of days corresponding to the six (6)-month Euribor

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

$E_3$  = Six (6)-month Euribor rate

- (ii) if the Screen Rate for euro deposits is unavailable at the time in respect of the relevant period, then the rate for any relevant period will be the arithmetic mean (rounded to four decimal places with the mid-point rounded upwards) of the rates communicated to the Paying Agent at its request by each of the Reference Banks as the rate at which euro deposits in respect of the relevant period in a representative amount are offered by the Reference Bank to leading banks in the eurozone interbank market at or about 11.00 a.m. (Madrid time) on the Rate Setting Date.

“**Reference Banks**” means the three major banks in the eurozone interbank market selected by the Paying Agent from time to time and, if any such bank is unable or unwilling to continue to act, such other bank as may be appointed by the Paying Agent on behalf of the Fund to act in its place.

- (iii) if, at the relevant time, the Screen Rate is unavailable and only two of the Reference Banks provide such quoted rate to the Paying Agent, the relevant rate will be determined on the basis of the quoted rate of that two Reference Banks able to provide such quotations; or
- (iv) if, at the relevant time, the Screen Rate is unavailable and only one or none of the Reference Banks provides the Paying Agent with such a quoted rate, the rate will be the rate in effect for the immediately preceding Interest Period to which paragraph (i) refers.

On the first Rate Setting Date, if the Reference Rate is not published in accordance with the provisions of paragraphs (i) to (iv), the rate applied will be the rate published on the last Business Day on which such Reference Interest Rate was published.

The Management Company will keep copies of the Screen Rate printouts sent by the Paying Agent or, if appropriate, the quote statements from the banks referred to in section (ii) above, as documents evidencing the determination of the EURIBOR rate.

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

- f) The nominal interest rate will accrue on the effective days elapsed in each Interest Accrual Period for which it has been determined, and will be calculated on the basis of a year of three hundred and sixty (360) days.
- g) The interest rate accrued for the Notes will be payable quarterly, on each Payment Date, i.e., on the 15<sup>th</sup> day of March, June, September and December each year until total redemption, provided that the Fund has sufficient liquidity in the Cash Flow Account in accordance with the Priority of Payments established for the Notes in section 3.4.6 of the Additional Building Block.

In the event that any of the dates established in the above paragraph is not a Business Day, the interest will be paid on the following Business Day, and the interest corresponding to the Interest Accrual Period in progress will accrue up to (but not including) the aforementioned Business Day.

- h) The first payment of interest on the Notes will take place on 15 March 2017, and interest will accrue at the corresponding nominal interest rate from the Disbursement Date (inclusive) to 15 March 2017 (exclusive).
- i) The interest payable on each Payment Date for each Interest Accrual Period will be calculated in accordance with the following formula:

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

Where:

I = Interest payable on a specific Payment Date.

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

R = Nominal interest rate expressed as an annual percentage.

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

The Noteholders and the counterparty to the Subordinated Loan 1 will be notified of the interest for both the Noteholders and the counterparty to the Subordinated Loan 1 through the CNMV, AIAF and Iberclear, calculated as established above, and the amount of the interest accrued and unpaid as described in section 4 of the Additional Building Block, at least one (1) calendar day in advance of each Payment Date.

- j) The payment of the accrued interest will take place on each Payment Date, provided that the Fund has sufficient liquidity in the Cash Flow Account in accordance with the Priority of Payments provided for in section 3.4.6 of the Additional Building Block.

In the event that on a Payment Date, the Fund is totally or partially unable to pay the interest accrued on the Notes in accordance with the Priority of Payments provided for in section 3.4.6 of the Additional Building Block, the amounts that the Noteholders do not receive will be paid on the following Payment Date on which the Fund has sufficient liquidity to do so in accordance with the aforementioned Priority of Payments.

Amounts deferred will not accrue default interest.

#### **4.8.1 Valid period during which interest may be claimed**

The interest on the Notes will be paid up to the respective redemptions of the Notes on each Payment Date provided that the Fund has sufficient Available Funds for such purpose in accordance with the Priority of Payments included in section 3.4.6 of the Additional Building Block.

Through its Management Company, the Fund cannot defer the payment of interest on the Notes beyond the Legal Maturity Date or, if the Legal Maturity Date does not fall on a Business Day, the following Business Day.

The withholding, rates and taxes now or hereafter applicable to the principal, interest or returns on these Notes will be paid exclusively by the Noteholders and the amounts will be deducted by the corresponding entity as legally provided.

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

Not applicable.

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

Not applicable.

#### **4.8.4 Calculation Agent**

This will be the Management Company.

### **4.9 Redemption of the securities.**

#### **4.9.1 Redemption price**

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

Each and every one of the Notes will be repaid in the same amount by means of a reduction in the face value of each Note.

#### **4.9.2 Date and forms of redemption**

The final maturity of the Notes will take place on the date on which they are fully redeemed or on the Legal Maturity Date of the Fund, i.e., 15 March 2056 or on the following Business Day, without prejudice to the Management Company redeeming the issue of Notes prior to the Legal Maturity Date of the Fund in accordance with section 4.4.3 of the Registration Document.

The Notes will be redeemed by means of a reduction in their face value thereof on the 15<sup>th</sup> day of March, June, September and December of each year (or the following Business Day) until full redemption thereof in accordance with the ordinary redemption rules set forth below, unless the Available Funds in the Cash Flow Account are insufficient for such purpose.

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

On each Payment Date, the funds for the redemption of the Notes shall equal the amount of the Available Funds after the payment of items (1) to (3) (inclusive) on the Priority of Payments or, upon liquidation, items (1) and (2) (inclusive) on the Liquidation Priority of Payments, provided that it shall not exceed the Outstanding Principal Balance of the Class A Notes.

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

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

Regardless of the obligation of the Fund, through the Management Company, to redeem the Notes on the Legal Maturity Date of the Fund or make partial redemptions on each Payment Date as stated in the foregoing sections, the Management Company is authorised at any time to engage in an early liquidation of the Fund and along therewith the early redemption of all Notes issued, upon the terms set forth in section 4.4.3 of the Registration Document, and to distribute the Available Funds for Liquidation in accordance with the Liquidation Priority of Payments set out in section 3.4.6 d) of the Additional Building Block.

#### **4.9.4 Optional Redemption**

On any Payment Date commencing on the Class A Step-Up Date (15 December 2021 ) (each an “**Optional Redemption Date**”), the Management Company may at its option redeem the Notes in whole (but not in part) at their Outstanding Principal Balance together with all accrued but unpaid interest thereon up to and including the relevant Payment Date.

Any such redemption (an “**Optional Redemption**”) shall be effected by the Issuer provided that the Issuer has given not more than 45 and not less than 15 days’ prior written notice to Noteholders, and the Issuer has confirmed in such notice to the Noteholders that it will have the necessary funds to discharge all its outstanding liabilities in respect of the Notes to be redeemed at their Outstanding Principal Balance together with all accrued but unpaid interest thereon, i.e, at par value, and any amount ranking prior thereto or *pari passu* therewith pursuant to the Priority of Payments. The Issuer may exercise the Optional Redemption even if creditors with lower ranking to Class A Notes suffer a loss. Furthermore, if the Management Company decides to exercise the Optional Redemption, it shall publish the appropriate material event (*hecho relevante*) with the CNMV.

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

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

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

- i) The schedule for redeeming of each of the Mortgage Loans established in the corresponding agreements.
- ii) The ability of the Obligors to totally or partially redeem the Mortgage Loans in advance and the speed with which this redemption takes place during the duration of the Fund. Thus, the redemption of the Mortgage Loans by the Obligors, subject to ongoing changes, and estimated in this Prospectus through the use of several assumptions regarding the behaviour of the future CPR, which will directly influence the speed of the redemption of the Notes, and, therefore, the average life and duration of the Notes.
- iii) The variable interest rates applicable to the majority of the Mortgage Loans, which will cause the amount of the redemption in each instalment to vary.
- iv) A default of the Obligors as regards payment of the Mortgage Loan instalments.

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

- i) The interest rate of the Mortgage Loans used to calculate the redemptions and interest on each of the selected Mortgage Loans is the interest rate of each of the selected Mortgage Loans on 20 September 2016;
- ii) The maintenance of the selected Mortgage Loan repayment systems on 20 September 2016, including, where appropriate, the pending repayment of principal, and the due date of the instalments;
- iii) Delinquent Loans<sup>1</sup>: 9.40% of the Outstanding Balance of the Assets are in arrears over 90 days, excluding Defaulted Loans, with 50% recovery between 90 days and 12 months in arrears;
- iv) Defaulted Loans<sup>2</sup>: 5.25% of the Outstanding Balance of the Assets with 30% recovery at 12 months from being flagged as Defaulted Loans;
- v) The Disbursement Date is 27 October 2016;
- vi) The annual CPRs (0%, 2%, 4% and 6%) hold constant over the life of the Notes;
- vii) Accumulated Defaulted Loans at a rate of 7.01% with a CPR of 0%, 6.92% with a CPR of 2%, 6.62 % with a CPR of 4% and 6.37% with a CPR of 6%.
- viii) All Notes will be fully redeemed on the Payment Date of 15 December 2021.
- ix) The weighed average rate of Class A Notes and the Subordinated Loans compared with the weighed average interest rate of the Mortgage Loans is set out in the chart below.

	Reference	Spread until Step-Up Date	Interest Rate until Step-Up Date	Spread from Step-Up Date	Interest Rate from Step-Up Date
Class A Notes	-0.301%	0.75%	0.449%	1.50%	1.199%
Subordinated Loan 1	-0.301%	0.95%	0.649%	1.90%	1.599%
Subordinated Loan 2	-0.301%	1.05%	0.749%	2.10%	1.799%
<b>WA Interest Rate from Liabilities</b>			<b>0.504%</b>		<b>1.308%</b>

**Weighed Average Interest Rate from the Mortgage Loans = 2.20%**

The adjusted actual duration of the Notes will also depend on their variable interest rate, and in all of the tables where they appear in this section, the interest rates are assumed as constant for Class A Notes A at 0.505% for the First Interest Payment Date and 0.449% for the rest of the Payment Dates; taking as a reference -0.245% for the First Payment

<sup>1</sup> Delinquent Loans: means any Mortgage Loan that, at any time starting from the Date of Incorporation has or has had instalments pending payment for periods equal to or longer than 90 days and is not a Defaulted Loan.

<sup>2</sup> Defaulted Loan: means the Assets deriving from the Mortgage Loans that UCI believes it will not recover or those which on a given date have been in default and overdue for a period equal to or greater than twelve (12) months.

Date (the linear interpolation between three-month and six-month EURIBOR on 21 September 2016) and -0.301% for the rest Payment Dates, plus a maximum margin of 0.75% for the Class A Notes.

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

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

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

<b>CPR</b>	<b>0%</b>	<b>2%</b>	<b>4%</b>	<b>6%</b>
	<b>Series A Bonds</b>			
<b>Average Life (years)</b>	4.27	4.01	3.76	3.52
<b>IRR</b>	0.461%	0.461%	0.462%	0.462%
<b>Duration (years)</b>	4.21	3.95	3.71	3.47
<b>Final maturity (years)</b>	15 12 2021	15 12 2021	15 12 2021	15 12 2021
	5.14	5.14	5.14	5.14



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

- The Outstanding Principal Balance of the Class A Notes on each Payment Date and, therefore, the interest to be paid on each of them will depend on the prepayment and non-payment of and on the level of actual default on the Mortgage Loans.
- It is assumed that the Management Company will exercise the option of Early Liquidation of the Fund and with this the Early Redemption of the Notes on the Class A Step-Up Date.
- For the construction of the tables below any excess spread amount has been disregarded. A positive excess spread amount would have shortened the estimated weighted average life and reduced the principal payment window.

Set forth below are the charts showing the debt service of the Class A Notes, for 2016 and until the Class A Step-up Date, as well as for CPR of 0%, 2%, 4% and 6%, respectively:

<b>FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER</b> <b>(AMOUNTS IN EUR)</b> <b>CPR = 0.00%</b>
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<b>Series A Bonds</b>			
Payment Date	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>319,000,000.00</b>	<b>6,274,797.64</b>	<b>325,274,797.64</b>
27-Oct-16			
15-Mar-17	7,771,896.44	622,005.69	8,393,902.13
15-Jun-17	5,790,772.77	357,116.96	6,147,889.72
15-Sep-17	5,747,030.20	350,472.37	6,097,502.57
15-Dec-17	5,715,442.72	340,140.17	6,055,582.89
15-Mar-18	5,677,984.95	329,986.78	6,007,971.73
15-Jun-18	5,640,801.86	330,804.65	5,971,606.51
17-Sep-18	5,597,674.16	324,332.14	5,922,006.30
17-Dec-18	5,559,117.89	314,453.58	5,873,571.48
15-Mar-19	5,521,180.56	304,757.94	5,825,938.50
17-Jun-19	5,485,024.14	305,195.09	5,790,219.23
16-Sep-19	5,443,021.25	298,901.33	5,741,922.58
16-Dec-19	5,405,537.18	289,474.73	5,695,011.91
16-Mar-20	5,368,680.46	283,339.59	5,652,020.05
15-Jun-20	5,333,580.11	280,292.95	5,613,873.06
15-Sep-20	5,292,733.08	274,172.96	5,566,906.04
15-Dec-20	5,256,297.70	265,185.72	5,521,483.42
15-Mar-21	5,219,220.50	256,371.39	5,475,591.89
15-Jun-21	5,183,285.24	256,079.77	5,439,365.01
15-Sep-21	5,138,290.17	250,132.24	5,388,422.40
15-Dec-21	212,852,428.62	241,581.59	213,094,010.21

<b>FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER</b> <b>(AMOUNTS IN EUR)</b> <b>CPR = 2.00%</b>
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Payment Date	Series A Bonds		
	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>319,000,000.00</b>	<b>5,892,849.44</b>	<b>324,892,849.44</b>
27-Oct-16			
15-Mar-17	10,604,226.54	622,005.69	11,226,232.24
15-Jun-17	7,810,871.19	353,867.02	8,164,738.21
15-Sep-17	7,698,875.60	344,904.48	8,043,780.08
15-Dec-17	7,578,459.91	332,417.50	7,910,877.41
15-Mar-18	7,454,532.31	320,257.74	7,774,790.06
15-Jun-18	7,395,112.07	318,820.92	7,713,932.99
17-Sep-18	7,288,012.91	310,335.44	7,598,348.35
17-Dec-18	7,166,554.50	298,690.54	7,465,245.04
15-Mar-19	7,047,898.08	287,363.77	7,335,261.85
17-Jun-19	6,990,334.56	285,662.56	7,275,997.12
16-Sep-19	6,888,504.01	277,641.54	7,166,145.55
16-Dec-19	6,773,661.50	266,805.43	7,040,466.93
16-Mar-20	6,679,452.29	259,117.51	6,938,569.81
15-Jun-20	6,605,413.23	254,300.66	6,859,713.89
15-Sep-20	6,508,661.11	246,721.31	6,755,382.42
15-Dec-20	6,400,115.50	236,652.41	6,636,767.92
15-Mar-21	6,292,967.82	226,867.71	6,519,835.52
15-Jun-21	6,237,334.15	224,688.38	6,462,022.53
15-Sep-21	6,140,652.31	217,531.38	6,358,183.69
15-Dec-21	183,438,360.40	208,197.44	183,646,557.84

<b>FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER</b> <b>(AMOUNTS IN EUR)</b> <b>CPR = 4.00%</b>
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Payment Date	Series A Bonds		
	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>319,000,000.00</b>	<b>5,527,820.30</b>	<b>324,527,820.30</b>
27-Oct-16			
15-Mar-17	13,474,915.69	622,005.69	14,096,921.38
15-Jun-17	9,832,973.68	350,573.06	10,183,546.74
15-Sep-17	9,631,585.35	339,290.27	9,970,875.62
15-Dec-17	9,402,949.90	324,670.75	9,727,620.65
15-Mar-18	9,174,959.98	310,548.13	9,485,508.11
15-Jun-18	9,074,639.29	306,921.44	9,381,560.73
17-Sep-18	8,887,075.82	296,508.80	9,183,584.62
17-Dec-18	8,668,604.41	283,199.29	8,951,803.70
15-Mar-19	8,456,679.73	270,356.70	8,727,036.43
17-Jun-19	8,361,780.35	266,661.06	8,628,441.41
16-Sep-19	8,187,761.72	257,066.38	8,444,828.10
16-Dec-19	7,986,092.16	244,979.30	8,231,071.46
16-Mar-20	7,824,353.89	235,915.31	8,060,269.19
15-Jun-20	7,699,905.45	229,529.77	7,929,435.22
15-Sep-20	7,538,557.99	220,694.56	7,759,252.55
15-Dec-20	7,352,505.14	209,739.65	7,562,244.79
15-Mar-21	7,171,037.05	199,181.63	7,370,218.68
15-Jun-21	7,084,645.52	195,379.52	7,280,025.04
15-Sep-21	6,930,779.75	187,250.28	7,118,030.04
15-Dec-21	156,258,197.13	177,348.71	156,435,545.84

<b>FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER</b> <b>(AMOUNTS IN EUR)</b> <b>CPR = 6.00%</b>
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Payment Date	Series A Bonds		
	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>319,000,000.00</b>	<b>5,179,074.15</b>	<b>324,179,074.15</b>
27-Oct-16			
15-Mar-17	16,385,298.96	622,005.69	17,007,304.65
15-Jun-17	11,856,932.12	347,233.56	12,204,165.67
15-Sep-17	11,544,482.25	333,628.39	11,878,110.63
15-Dec-17	11,188,076.62	316,899.32	11,504,975.95
15-Mar-18	10,838,594.69	300,858.30	11,139,452.98
15-Jun-18	10,679,149.31	295,107.35	10,974,256.67
17-Sep-18	10,395,361.85	282,853.62	10,678,215.48
17-Dec-18	10,066,727.51	267,980.68	10,334,708.19
15-Mar-19	9,750,127.85	253,735.94	10,003,863.78
17-Jun-19	9,603,410.56	248,186.78	9,851,597.34
16-Sep-19	9,346,424.99	237,167.40	9,583,592.39
16-Dec-19	9,050,105.18	223,981.56	9,274,086.74
16-Mar-20	8,812,491.37	213,709.94	9,026,201.32
15-Jun-20	8,628,244.42	205,946.56	8,834,190.98
15-Sep-20	8,395,698.58	196,046.13	8,591,744.71
15-Dec-20	8,128,716.89	184,386.31	8,313,103.20
15-Mar-21	7,870,635.13	173,235.60	8,043,870.73
15-Jun-21	7,745,083.19	168,054.16	7,913,137.35
15-Sep-21	7,530,846.42	159,167.11	7,690,013.54
15-Dec-21	131,183,592.10	148,889.73	131,332,481.84

The average life of the Notes, IRR and Duration for different CPR, assuming the hypothesis described above (other than the exercise the option of Early Liquidation of the Fund and with this the Early Redemption of the Notes on the Class A Step-Up Date), would be as follows:

<b>CPR</b>	<b>0%</b>	<b>2%</b>	<b>4%</b>	<b>6%</b>
	<b>Series A Bonds</b>			
<b>Average Life (years)</b>	8.19	6.57	5.42	4.59
<b>IRR</b>	0.814%	0.749%	0.689%	0.635%
<b>Duration (years)</b>	7.87	6.37	5.29	4.50
<b>Final maturity</b>	15-Dec-34	15-Mar-32	17-Sep-29	15-Dec-27
<b>(years)</b>	18.15	15.39	12.90	11.14

**FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 0.00%**

<b>Series A Bonds</b>			
Payment Date	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>319,000,000.00</b>	<b>21,478,498.98</b>	<b>340,478,498.98</b>
27-Oct-16			
15-Mar-17	7,771,896.44	622,005.69	8,393,902.13
15-Jun-17	5,790,772.77	357,116.96	6,147,889.72
15-Sep-17	5,747,030.20	350,472.37	6,097,502.57
15-Dec-17	5,715,442.72	340,140.17	6,055,582.89
15-Mar-18	5,677,984.95	329,986.78	6,007,971.73
15-Jun-18	5,640,801.86	330,804.65	5,971,606.51
17-Sep-18	5,597,674.16	324,332.14	5,922,006.30
17-Dec-18	5,559,117.89	314,453.58	5,873,571.48
15-Mar-19	5,521,180.56	304,757.94	5,825,938.50
17-Jun-19	5,485,024.14	305,195.09	5,790,219.23
16-Sep-19	5,443,021.25	298,901.33	5,741,922.58
16-Dec-19	5,405,537.18	289,474.73	5,695,011.91
16-Mar-20	5,368,680.46	283,339.59	5,652,020.05
15-Jun-20	5,333,580.11	280,292.95	5,613,873.06
15-Sep-20	5,292,733.08	274,172.96	5,566,906.04
15-Dec-20	5,256,297.70	265,185.72	5,521,483.42
15-Mar-21	5,219,220.50	256,371.39	5,475,591.89
15-Jun-21	5,183,285.24	256,079.77	5,439,365.01
15-Sep-21	5,138,290.17	250,132.24	5,388,422.40
15-Dec-21	5,099,079.81	241,581.59	5,340,661.41
15-Mar-22	5,055,233.85	622,740.66	5,677,974.52
15-Jun-22	5,016,484.94	621,089.55	5,637,574.49
15-Sep-22	4,971,428.51	605,718.48	5,577,146.99
15-Dec-22	4,932,364.39	584,067.15	5,516,431.54
15-Mar-23	4,892,628.28	562,864.07	5,455,492.35
15-Jun-23	4,852,036.89	560,380.60	5,412,417.49
15-Sep-23	4,805,774.32	545,513.42	5,351,287.74
15-Dec-23	4,764,484.64	525,018.56	5,289,503.20
15-Mar-24	4,725,831.03	510,578.33	5,236,409.37
17-Jun-24	4,684,330.87	501,708.61	5,186,039.49
16-Sep-24	4,641,550.42	487,355.30	5,128,905.72
16-Dec-24	4,603,566.00	467,990.32	5,071,556.32
17-Mar-25	4,564,706.66	449,048.38	5,013,755.05
16-Jun-25	4,526,646.47	445,040.47	4,971,686.94
15-Sep-25	4,486,125.83	431,170.32	4,917,296.15
15-Dec-25	4,448,858.60	412,887.11	4,861,745.72
16-Mar-26	4,413,923.89	395,014.44	4,808,938.33
15-Jun-26	4,375,603.89	390,267.78	4,765,871.67
15-Sep-26	4,334,417.84	376,860.45	4,711,278.28
15-Dec-26	4,300,347.63	359,627.36	4,659,974.99
15-Mar-27	4,264,033.56	342,785.12	4,606,818.68
15-Jun-27	4,225,437.38	337,337.09	4,562,774.48
15-Sep-27	4,174,127.38	324,389.88	4,498,517.26
15-Dec-27	4,128,306.95	308,212.94	4,436,519.89
15-Mar-28	4,089,895.62	295,700.84	4,385,596.46
15-Jun-28	4,037,441.90	286,418.41	4,323,860.30
15-Sep-28	3,984,356.24	274,047.24	4,258,403.48
15-Dec-28	3,939,065.09	258,992.65	4,198,057.75
15-Mar-29	3,895,851.73	244,339.23	4,140,190.96
15-Jun-29	3,857,079.60	237,831.67	4,094,911.27
17-Sep-29	3,806,634.23	226,013.15	4,032,647.38
17-Dec-29	3,767,696.24	212,019.32	3,979,715.56
15-Mar-30	3,729,264.88	198,395.77	3,927,660.64
17-Jun-30	3,690,195.12	191,377.68	3,881,572.80
16-Sep-30	3,642,102.70	180,070.51	3,822,173.21
16-Dec-30	3,605,823.84	167,074.72	3,772,898.56
17-Mar-31	3,570,282.01	154,430.27	3,724,712.28
16-Jun-31	3,542,905.14	146,922.32	3,689,827.46
15-Sep-31	3,503,030.06	136,066.46	3,639,096.53
15-Dec-31	3,473,098.02	123,970.48	3,597,068.50
15-Mar-32	3,438,755.33	113,444.19	3,552,199.53
15-Jun-32	3,400,195.61	104,154.10	3,504,349.71
15-Sep-32	3,357,853.14	93,735.53	3,451,588.66
15-Dec-32	3,324,971.34	82,539.66	3,407,511.00
15-Mar-33	3,284,559.57	71,666.03	3,356,225.60
15-Jun-33	3,240,516.34	63,194.35	3,303,710.69
15-Sep-33	3,195,464.11	53,265.05	3,248,729.16
15-Dec-33	3,162,100.84	43,001.25	3,205,102.09
15-Mar-34	3,125,721.69	33,050.31	3,158,772.00
15-Jun-34	3,087,386.24	24,207.21	3,111,593.45
15-Sep-34	3,044,542.77	14,747.11	3,059,289.88
15-Dec-34	1,768,309.17	5,359.40	1,773,668.57

<b>FLows FOR EVERY Bond WITHOUT WITHHOLDING FOR THE HOLDER</b> <b>(AMOUNTS IN EUR)</b> <b>CPR = 2.00%</b>
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<b>Series A Bonds</b>			
Payment Date	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>319,000,000.00</b>	<b>15,810,212.93</b>	<b>334,810,212.93</b>
27-Oct-16			
15-Mar-17	10,604,226.54	622,005.69	11,226,232.24
15-Jun-17	7,810,871.19	353,867.02	8,164,738.21
15-Sep-17	7,698,875.60	344,904.48	8,043,780.08
15-Dec-17	7,578,459.91	332,417.50	7,910,877.41
15-Mar-18	7,454,532.31	320,257.74	7,774,790.06
15-Jun-18	7,395,112.07	318,820.92	7,713,932.99
17-Sep-18	7,288,012.91	310,335.44	7,598,348.35
17-Dec-18	7,166,554.50	298,690.54	7,465,245.04
15-Mar-19	7,047,898.08	287,363.77	7,335,261.85
17-Jun-19	6,990,334.56	285,662.56	7,275,997.12
16-Sep-19	6,888,504.01	277,641.54	7,166,145.55
16-Dec-19	6,773,661.50	266,805.43	7,040,466.93
16-Mar-20	6,679,452.29	259,117.51	6,938,569.81
15-Jun-20	6,605,413.23	254,300.66	6,859,713.89
15-Sep-20	6,508,661.11	246,721.31	6,755,382.42
15-Dec-20	6,400,115.50	236,652.41	6,636,767.92
15-Mar-21	6,292,967.82	226,867.71	6,519,835.52
15-Jun-21	6,237,334.15	224,688.38	6,462,022.53
15-Sep-21	6,140,652.31	217,531.38	6,358,183.69
15-Dec-21	6,034,731.61	208,197.44	6,242,929.05
15-Mar-22	5,926,577.29	531,767.38	6,458,344.67
15-Jun-22	5,869,457.80	525,424.74	6,394,882.54
15-Sep-22	5,776,654.54	507,440.07	6,284,094.61
15-Dec-22	5,675,948.44	484,416.50	6,160,364.94
15-Mar-23	5,576,489.17	462,079.58	6,038,568.75
15-Jun-23	5,518,854.78	455,261.04	5,974,115.81
15-Sep-23	5,428,779.49	438,350.65	5,867,130.14
15-Dec-23	5,331,007.33	417,132.40	5,748,139.73
15-Mar-24	5,249,987.24	400,975.15	5,650,962.39
17-Jun-24	5,179,782.63	389,294.93	5,569,077.56
16-Sep-24	5,096,386.49	373,423.50	5,469,809.99
16-Dec-24	5,006,117.93	353,918.39	5,360,036.32
17-Mar-25	4,916,761.84	335,023.34	5,251,785.18
16-Jun-25	4,863,626.54	327,402.80	5,191,029.34
15-Sep-25	4,785,549.31	312,500.10	5,098,049.42
15-Dec-25	4,700,244.07	294,599.29	4,994,843.36
16-Mar-26	4,618,435.12	277,272.96	4,895,708.08
15-Jun-26	4,566,146.39	269,283.18	4,835,429.57
15-Sep-26	4,490,740.09	255,292.00	4,746,032.09
15-Dec-26	4,412,187.14	238,906.53	4,651,093.66
15-Mar-27	4,333,261.73	223,055.65	4,556,317.38
15-Jun-27	4,281,828.16	214,734.85	4,496,563.01
15-Sep-27	4,201,396.89	201,614.85	4,403,011.74
15-Dec-27	4,117,440.18	186,689.77	4,304,129.94
15-Mar-28	4,049,502.27	174,210.61	4,223,712.88
15-Jun-28	3,979,571.83	163,716.88	4,143,288.72
15-Sep-28	3,901,219.24	151,523.03	4,052,742.28
15-Dec-28	3,821,923.78	138,052.21	3,959,975.99
15-Mar-29	3,745,679.79	125,078.93	3,870,758.72
15-Jun-29	3,696,888.66	116,381.29	3,813,269.94
17-Sep-29	3,623,890.95	105,053.61	3,728,944.56
17-Dec-29	3,553,427.82	92,928.41	3,646,356.23
15-Mar-30	3,484,636.90	81,255.82	3,565,892.73
17-Jun-30	3,436,893.07	72,384.19	3,509,277.27
16-Sep-30	3,368,731.07	61,853.17	3,430,584.24
16-Dec-30	3,303,855.92	50,970.88	3,354,826.80
17-Mar-31	3,240,720.85	40,507.46	3,281,228.31
16-Jun-31	3,202,913.31	31,477.69	3,234,391.00
15-Sep-31	3,143,603.88	21,663.61	3,165,267.49
15-Dec-31	3,086,608.93	11,900.48	3,098,509.41
15-Mar-32	839,899.92	2,545.57	842,445.49



**FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER  
(AMOUNTS IN EUR)  
CPR = 4.00%**

Payment Date	Series A Bonds		
	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>319,000,000.00</b>	<b>11,970,103.11</b>	<b>330,970,103.11</b>
27-Oct-16			
15-Mar-17	13,474,915.69	622,005.69	14,096,921.38
15-Jun-17	9,832,973.68	350,573.06	10,183,546.74
15-Sep-17	9,631,585.35	339,290.27	9,970,875.62
15-Dec-17	9,402,949.90	324,670.75	9,727,620.65
15-Mar-18	9,174,959.98	310,548.13	9,485,508.11
15-Jun-18	9,074,639.29	306,921.44	9,381,560.73
17-Sep-18	8,887,075.82	296,508.80	9,183,584.62
17-Dec-18	8,668,604.41	283,199.29	8,951,803.70
15-Mar-19	8,456,679.73	270,356.70	8,727,036.43
17-Jun-19	8,361,780.35	266,661.06	8,628,441.41
16-Sep-19	8,187,761.72	257,066.38	8,444,828.10
16-Dec-19	7,986,092.16	244,979.30	8,231,071.46
16-Mar-20	7,824,353.89	235,915.31	8,060,269.19
15-Jun-20	7,699,905.45	229,529.77	7,929,435.22
15-Sep-20	7,538,557.99	220,694.56	7,759,252.55
15-Dec-20	7,352,505.14	209,739.65	7,562,244.79
15-Mar-21	7,171,037.05	199,181.63	7,370,218.68
15-Jun-21	7,084,645.52	195,379.52	7,280,025.04
15-Sep-21	6,930,779.75	187,250.28	7,118,030.04
15-Dec-21	6,756,244.66	177,348.71	6,933,593.38
15-Mar-22	6,582,802.70	177,348.71	6,756,244.66
15-Jun-22	6,498,345.44	177,348.71	6,582,802.70
15-Sep-22	6,355,066.17	177,348.71	6,498,345.44
15-Dec-22	6,193,797.57	177,348.71	6,355,066.17
15-Mar-23	6,036,485.46	177,348.71	6,193,797.57
15-Jun-23	5,954,730.48	177,348.71	6,036,485.46
15-Sep-23	5,820,477.96	177,348.71	5,954,730.48
15-Dec-23	5,669,786.92	177,348.71	5,820,477.96
15-Mar-24	5,547,288.49	177,348.71	5,669,786.92
17-Jun-24	5,446,316.48	177,348.71	5,547,288.49
16-Sep-24	5,324,018.38	177,348.71	5,446,316.48
16-Dec-24	5,187,186.02	177,348.71	5,324,018.38
17-Mar-25	5,053,552.57	177,348.71	5,187,186.02
16-Jun-25	4,981,564.08	177,348.71	5,053,552.57
15-Sep-25	4,869,415.48	177,348.71	4,981,564.08
15-Dec-25	4,743,546.26	177,348.71	4,869,415.48
16-Mar-26	4,622,799.16	177,348.71	4,743,546.26
15-Jun-26	4,554,158.61	177,348.71	4,622,799.16
15-Sep-26	4,449,445.75	177,348.71	4,554,158.61
15-Dec-26	4,335,384.58	177,348.71	4,449,445.75
15-Mar-27	4,223,054.48	177,348.71	4,335,384.58
15-Jun-27	4,157,634.07	177,348.71	4,223,054.48
15-Sep-27	4,053,808.10	177,348.71	4,157,634.07
15-Dec-27	3,941,329.01	177,348.71	4,053,808.10
15-Mar-28	3,850,449.81	177,348.71	3,941,329.01
15-Jun-28	3,765,826.56	177,348.71	3,850,449.81
15-Sep-28	3,668,590.83	177,348.71	3,765,826.56
15-Dec-28	3,565,541.26	177,348.71	3,668,590.83
15-Mar-29	3,466,676.31	177,348.71	3,565,541.26
15-Jun-29	3,408,486.30	177,348.71	3,466,676.31
17-Sep-29	3,174,387.16	9,726.67	3,408,486.30

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER**  
**(AMOUNTS IN EUR)**  
**CPR = 6.00%**

Payment Date	Series A Bonds		
	Principal Repayment	Gross Interest	Total Flow
<b>TOTALS:</b>	<b>319,000,000.00</b>	<b>9,317,686.57</b>	<b>328,317,686.57</b>
27-Oct-16			
15-Mar-17	16,385,298.96	622,005.69	17,007,304.65
15-Jun-17	11,856,932.12	347,233.56	12,204,165.67
15-Sep-17	11,544,482.25	333,628.39	11,878,110.63
15-Dec-17	11,188,076.62	316,899.32	11,504,975.95
15-Mar-18	10,838,594.69	300,858.30	11,139,452.98
15-Jun-18	10,679,149.31	295,107.35	10,974,256.67
17-Sep-18	10,395,361.85	282,853.62	10,678,215.48
17-Dec-18	10,066,727.51	267,980.68	10,334,708.19
15-Mar-19	9,750,127.85	253,735.94	10,003,863.78
17-Jun-19	9,603,410.56	248,186.78	9,851,597.34
16-Sep-19	9,346,424.99	237,167.40	9,583,592.39
16-Dec-19	9,050,105.18	223,981.56	9,274,086.74
16-Mar-20	8,812,491.37	213,709.94	9,026,201.32
15-Jun-20	8,628,244.42	205,946.56	8,834,190.98
15-Sep-20	8,395,698.58	196,046.13	8,591,744.71
15-Dec-20	8,128,716.89	184,386.31	8,313,103.20
15-Mar-21	7,870,635.13	173,235.60	8,043,870.73
15-Jun-21	7,745,083.19	168,054.16	7,913,137.35
15-Sep-21	7,530,846.42	159,167.11	7,690,013.54
15-Dec-21	7,287,813.96	148,889.73	7,436,703.70
15-Mar-22	7,050,043.63	371,377.59	7,421,421.22
15-Jun-22	6,932,216.37	358,028.31	7,290,244.68
15-Sep-22	6,738,041.23	336,787.23	7,074,828.47
15-Dec-22	6,519,136.94	312,704.81	6,831,841.75
15-Mar-23	6,307,557.03	289,727.38	6,597,284.40
15-Jun-23	6,197,644.91	276,838.71	6,474,483.62
15-Sep-23	6,020,985.00	257,848.44	6,278,833.44
15-Dec-23	5,822,449.91	236,797.30	6,059,247.21
15-Mar-24	5,661,283.66	219,150.59	5,880,434.25
17-Jun-24	5,529,937.23	204,212.03	5,734,149.26
16-Sep-24	5,372,270.50	187,267.69	5,559,538.20
16-Dec-24	5,195,640.14	168,949.87	5,364,590.01
17-Mar-25	5,024,809.84	151,519.34	5,176,329.18
16-Jun-25	4,933,033.68	139,489.86	5,072,523.54
15-Sep-25	4,791,700.76	124,374.50	4,916,075.26
15-Dec-25	4,633,240.10	108,499.89	4,741,739.99
16-Mar-26	4,481,784.08	93,419.45	4,575,203.53
15-Jun-26	4,396,997.16	81,762.75	4,478,759.91
15-Sep-26	4,268,812.05	68,289.86	4,337,101.91
15-Dec-26	4,128,104.58	54,609.64	4,182,714.22
15-Mar-27	3,991,274.67	41,635.54	4,032,910.22
15-Jun-27	3,912,977.42	30,331.07	3,943,308.49
15-Sep-27	3,791,938.90	18,341.27	3,810,280.17
15-Dec-27	2,193,898.36	6,649.28	2,200,547.64

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

Pursuant to the provisions of Article 26 of Law 5/2015, the Management Company will act with utmost diligence and transparency in defence of the best interests of the Noteholders and financiers of the Fund. Consequently, the actions of the Management Company must be subordinated to protecting the interests of the holders of the Notes issued by the Fund.

Additionally, the Meeting of Creditors will be established upon and by virtue of the Deed of Incorporation and will remain in force and in effect until repayment of the Notes in full or cancellation of the Fund. The provisions relating to the Meeting of Creditors are contained in the Rules.

The terms and conditions of the rules for the Creditors' Meeting (the "**Rules**") are the following:

### **RULES FOR THE CREDITORS' MEETING**

#### **TITLE I GENERAL PROVISIONS**

##### **Article 1**

###### *General*

- 1.1 According to Article 37 of Law 5/2015, the Meeting of Creditors will be validly constituted upon execution of the public deed for the incorporation of the Fund, assignment of the assets and asset-backed securities issuance.
- 1.2 The contents of these Rules are deemed to form part of each Note issued by the Fund.
- 1.3 The Rules also govern the relationship of the Noteholders with the Subordinated Loan 1 provider and Subordinated Loan 2 provider (the "**Other Creditors**"). No creditor of the Fund other than the Noteholders and Other Creditors shall have the right to vote at any Meeting of Creditors.
- 1.4 Any matter relating to the Meeting of Creditors which is not regulated under these Rules shall be regulated in accordance with Article 37 of the Law 5/2015 and, if applicable, in accordance with the provisions contained in Royal Decree-Law 1/2010 of 2 July approving the Restated Text of the Capital Companies Act ("**Capital Companies Act**"), as amended, relating to the Security-holders' Syndicate.
- 1.5 Any and all Noteholders and Other Creditors are members of the Meeting of Creditors and shall be subject to the provisions established in these Rules as modified by the Meeting of Creditors.
- 1.6 The Meeting of Creditors convened by the Management Company shall have the objective of defending the interest of the Noteholders and Other Creditors, but limited to what is set out in the Transaction Documents and without distinction between the Noteholders and Other Creditors. Any information given to Noteholders must be given to the Other Creditors.

##### **Article 2**

### *Definitions*

All capitalised terms of these Rules not otherwise defined herein shall have the same meaning set forth in the Prospectus and the Deed of Incorporation.

- “**Extraordinary Resolution**” means a resolution passed at a Meeting of Creditors duly convened and held in accordance with the Rules.
- “**Written Resolution**” means a resolution in writing signed by or on behalf of all Noteholders and Other Creditors who are then entitled to receive notice of a meeting in accordance with the Rules for the Meeting of Creditors, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders or by or on behalf of one or more of the Other Creditors;
- “**Resolution**” means a resolution passed by the Noteholders or Other Creditors at a Meeting of Creditors or by virtue of a Written Resolution.
- “**Transaction Party**” means any person who is a party to a Transaction Document and “**Transaction Parties**” means some or all of them;
- “**Transaction Documents**” means the following documents: (i) Deed of Incorporation of the Fund; (ii) the Management, Placement and Subscription Agreement; (iii) the Subordinated Loan 1 Agreement; (iv) the Subordinated Loan 2 Agreement; (v) the Guaranteed Reinvestment Agreement; (vi) the Payment Agency Agreement; and (vii) any other documents executed from time to time after the Date of Incorporation in connection with the Fund and designated as such by the relevant parties.

### **Article 3**

#### *Separate and combined meetings*

- 3.1 An Extraordinary Resolution which, in the opinion of the Management Company, affects the Noteholders but does not give rise to an actual or potential conflict of interest between the Noteholders and/or Other Creditors might be transacted at a separate or at a single Meeting of Creditors for Noteholders and/or the Other Creditors, as the Management Company shall determine at its absolute discretion, while if it give rise to an actual or potential conflict of interest shall be transacted at a single Meeting of Creditors for Noteholders and/or the Other Creditors.

### **Article 4**

#### *Meetings convened by Noteholders*

- 4.1 A Meeting of Creditors shall be convened by the Management Company upon the request in writing of Class A Noteholders holding no less than 10 per cent of the aggregate Outstanding Principal Balance of Class A Notes or Other Creditors holding no less than 10 per cent of the outstanding principal amount due to such Other Creditors. Noteholders and Other Creditors can also participate in a Meeting of Creditors convened by the Management Company to consider any matter affecting their interests.
- 4.2 However, unless the Management Company, on behalf of the Fund, has an obligation to take such action under these Rules, the Noteholders and the Other

Creditors are not entitled to instruct or direct the Management Company to take any actions without the consent of the Meeting of Creditors and, if applicable, certain other Transaction Parties.

## **TITLE II MEETING PROVISIONS**

### **Article 5**

#### *Convening of Meeting*

- 5.1 The Management Company may at its discretion convene a meeting at any time and shall convene a meeting if so instructed by the relevant majority of Noteholders or Other Creditors set forth in section 4.1 above.
- 5.2 Whenever the Management Company is about to convene any such meeting, it shall immediately give notice of the date thereof and of the nature of the business to be transacted thereat, through the publication of a material event (*hecho relevante*) to the CNMV, to the Noteholders and, as the case may be, to any Other Creditors,.
- 5.3 The resources needed and the costs incurred for each Meeting of Creditors shall be provided and borne by the Fund.
- 5.4 For each Meeting of Creditors the Management Company will designate a representative and, therefore, no commissioner (*comisario*) shall be appointed for any Meeting of Creditors.

### **Article 6**

#### *Notice*

- 6.1 The Management Company shall give at least 21 calendar days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is to be held) specifying the date, time and place of the initial meeting ("**Initial Meeting**") to the Noteholders and Other Creditors.
- 6.2 Without prejudice to the above, the Management Company may adjourn such Initial Meeting for 10 calendar days ("**Adjourned Meeting**").

### **Article 7**

#### *Quorums at Initial Meeting and Adjourned Meetings*

- 7.1 The quorum at any Initial Meeting to vote on an Extraordinary Resolution, other than an Initial Meeting regarding a Reserved Matter, shall be at least one or more persons holding or representing a majority of the Outstanding Principal Balance of the Class A Notes.
- 7.2 The quorum at any Initial Meeting to vote on an Extraordinary Resolution relating to a Reserved Matter shall be at least one or more persons holding or representing not less than seventy-five per cent (75%) of the Outstanding Principal Balance of the Class A Notes, except if the Reserved Matter is to decide the termination of the Fund in accordance with Article 23.b) of Law 5/2015, in which case it shall be at least one or more persons holding or representing not less than seventy-five per cent (75%) of the Outstanding Principal Balance of the Class A Notes and seventy-five

per cent (75%) of the outstanding principal amount due to each of the Other Creditors.

- 7.3 The quorum at any Adjourned Meeting to vote on an Extraordinary Resolution, other than regarding a Reserved Matter, shall be at least one or more persons being or representing Noteholders, whatever the aggregate Outstanding Principal Balance of the Notes so held or represented in Class A.
- 7.4 The quorum at any Adjourned Meeting to vote on an Extraordinary Resolution relating to a Reserved Matter shall be at least one or more persons holding or representing not less than thirty-three (33%) of the Outstanding Principal Balance of the Class A Notes, except if the Reserved Matter is to decide the termination of the Fund in accordance with Article 23.b) of Law 5/2015, in which case it shall be at least one or more persons holding or representing not less than seventy-five per cent (75%) of the Outstanding Principal Balance of the Class A Notes and seventy-five per cent (75%) of the outstanding principal amount due to each of the Other Creditors.
- 7.5 There is no minimum quorum of Other Creditors for a valid quorum of any Initial Meeting or Adjourned Meeting except for such Meeting is to decide the termination of the Fund in accordance with Article 23.b) of Law 5/2015, in which case one or more persons holding or representing not less than seventy-five per cent (75%) of the outstanding principal amount due to each of the Other Creditors shall attend.

For the purposes of calculating the relevant quorum and the required majority, the entitlement of the Noteholders and Other Creditors to attend the meeting or to vote shall be determined by reference to the Outstanding Principal Balance of the Notes of Class A Notes or the outstanding principal due to each of the Other Creditors on the immediately preceding Payment Date to the convening of the Meeting.

## **Article 8**

### *Required Majority*

- 8.1 A Resolution is validly passed at any Initial Meeting and/or Adjourned Meeting when (i) in respect of a Resolution other than a Resolution to be passed to decide the termination of the Fund in accordance with Article 23.b) of Law 5/2015, not less than seventy-five per cent (75%) of votes cast by the Noteholders attending the relevant meeting have been cast in favour thereof or (ii) in respect of a Resolution to be passed to decide the termination of the Fund in accordance with Article 23.b) of Law 5/2015, not less than seventy-five per cent (75%) of the total outstanding principal held by the Noteholders and Other Creditors have been cast in favour thereof, also taking into account those not attending the relevant meeting.

## **Article 9**

### *Written Resolution*

A Written Resolution is validly passed when it has been signed by or on behalf of the Noteholders and Other Creditors holding one hundred per cent of the Outstanding Principal Balance of the Class A Notes or the relevant credit. A Written Resolution shall take effect as if it were an Extraordinary Resolution.

## **Article 10**

### *Matters requiring an Extraordinary Resolution*

An Extraordinary Resolution is required to approve any Reserved Matter.

## **Article 11**

### *Reserved Matters*

The following are “**Reserved Matters**”:

- (i) to change any date fixed for the payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest due on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity;
- (ii) to change the currency in which amounts due in respect of the Notes are payable;
- (iii) to alter the priority of payment of interest or principal in respect of the Notes;
- (iv) to change the quorum required at any Meeting of Creditors or the majority required to pass an Extraordinary Resolution;
- (v) to authorise the Management Company or (if relevant) any other Transaction Party to perform any act or omission which is not expressly regulated under the Deed of Incorporation and other Transaction Documents;
- (vi) to approve the termination of the Fund in accordance with Article 23.2.b) of Law 5/2015;
- (vii) to approve any proposal by the Management Company for any modification of the Deed of Incorporation or any arrangement in respect of the obligations of the Fund under or in respect of the Notes;
- (viii) to instruct the Management Company or any other person to do all that may be necessary to give effect to any Extraordinary Resolution;
- (ix) to give any other authorisation or approval which under the Deed of Incorporation or the Notes is required to be given by Extraordinary Resolution;
- (x) to appoint any persons as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution; and
- (xi) to amend this definition of Reserved Matters.

## **Article 12**

### *Relationships between Noteholders and Other Creditors*

Any resolution passed at a Meeting of Creditors duly convened and held in accordance with these Rules and the Deed of Incorporation shall be binding upon all Noteholders and the Other Creditors, whether or not present at such meeting and whether or not voting.

In addition, so long as any Notes are outstanding and there is, in the Management Company's sole opinion, a conflict between the interests of the Noteholders and the Other Creditors, the Management Company shall have regard solely to the interests of the Noteholders in the exercise of its discretion.

### **Article 13**

#### *Domicile*

The Meeting of Creditors' domicile is located at the Management Company's registered office, i.e., Gran Vía de Hortaleza, 3, 28033 Madrid.

However, the Meeting of Creditors may meet whenever appropriate at any other venue in the city of Madrid, with express specification in the notice of call to meeting.

## **TITLE III GOVERNING LAW AND JURISDICTION**

### **Article 14**

#### *Governing law and jurisdiction*

- 14.1 These Rules and any non-contractual obligations arising therefrom or in connection therewith are governed by, and will be construed in accordance with, the laws of Spain.
- 14.2 All disputes arising out of or in connection with these Rules, including those concerning the validity, interpretation, performance and termination hereof, shall be exclusively settled by the Courts of the city of Madrid.

#### **4.12 Resolutions, authorisations and approvals by virtue of which the securities are issued.**

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

##### ***Resolution to create the Fund, acquire the Mortgage Loans, subscribe the MTCs and issue the Notes:***

The Board of Directors of the Management Company, at its meeting held on 21 July 2016, resolved to (i) incorporate the Fund, (ii) acquire the Mortgage Loans to be pooled in the Fund through the issue of MTCs, (iii) issue the Notes and (iv) appoint PWC as an Auditor of the Fund.

##### ***Resolution to assign the Mortgage Loans:***

The Sole Shareholder of UCI, at its meeting held on 1 June 2016, approved the assignment to the Fund of the Mortgage Loans owned by the Assignor through the issue of the MTCs.

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

This Prospectus was recorded in the Official Registers of the CNMV on 18 October 2016.

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

Once the registration of this Prospectus has been carried out by the CNMV, the Management Company together with UCI, which acts as the Mortgage Loans Assignor and the issuer of the MTCs, will proceed to grant the Deed of Incorporation of the Fund.



The Management Company represents that the text of the Deed of Incorporation will coincide with the draft of the Deed of Incorporation delivered to the CNMV, and in no case will the terms of the Deed of Incorporation contradict, modify, alter or invalidate the rules set forth in this Prospectus.

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

In case of any discrepancy or inconsistency between this Prospectus and the Deed of Incorporation, the Prospectus shall prevail.

#### **4.13 Issue date.**

The issue date of the Notes will be 24 October 2016.

##### **4.13.1 Group of potential investors**

The placement of the Notes is aimed at investors qualified for the purposes of Article 39 of Royal Decree 1310/2005, i.e., for descriptive purposes and not limited to, legal persons authorised or regulated to operate in financial markets, including credit institutions, investment services companies, insurance companies, collective investment institutions and their management companies, pension funds and their management companies, other authorised or regulated financial entities, etc.

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

By subscribing the Notes, each Noteholder agrees to the terms of the Deed of Incorporation and this Prospectus.

##### **4.13.2 Subscription period**

The Management Company will enter into a Management, Placement and Subscription Agreement of the Notes by virtue of which UCI will undertake to subscribe all Class A Notes not subscribed by the Noteholders.

The Subscription Period will begin at 09:00 Madrid time on 27 October 2016 and will end on the same day at 12:00 Madrid time. Once the Subscription Period has ended, and before 12:30 Madrid time on the same day, the Joint Lead Managers will notify UCI and the Management Company of the number and amount of the Class A Notes that have been placed. UCI undertakes to subscribe the remaining Class A Notes not placed by the Joint Lead Managers in accordance with the Management, Placement and Subscription Agreement on 27 October 2016, between 13:00 Madrid time and 13:30 Madrid time.

##### **4.13.3 Disbursement date and form**

The Disbursement Date will be 27 October, 2016.

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

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

The Class A Noteholders must pay the Joint Lead Managers the price of the issue of each Note placed before 12:30 Madrid time on the Disbursement Date, for value that day.

Furthermore, UCI, if applicable, will pay through the Paying Agent before 13:30 Madrid time the amount of Class A Notes that were not placed with qualified investors into the Cash Flow Account.

A failure by UCI to subscribe the amount of Class A Notes that were not placed with qualified investors, if any, will result in the termination of the incorporation of the Fund, the Notes issue and all agreements except for the Subordinated Loan 2 Agreement in relation to the costs incurred in incorporating the Fund, the Notes issue and the transfer of the Notes.

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

The Notes may be freely transferred by any means allowed by law and in accordance with AIAF standards. The ownership of each Note will be transferred by book-entry transfer. The registration of the transfer in favor of the acquirer in the book-entry register will have the same effects as the transfer of the certificates and, as from such time, the transfer may be challenged by third parties.

### **5. ADMISSION TO LISTING AND DEALING ARRANGEMENTS**

#### **5.1 Indication of the market where the securities will be listed and traded.**

On the Disbursement Date, the Management Company will immediately request the admission of the issue to trading on the AIAF. The Management Company will also, on behalf of the Fund, request the inclusion of the issue in Iberclear so that clearance and settlement may be carried out under the operating norms established or that may be approved in the future by Iberclear with regard to the securities admitted to trading on the AIAF and represented by book entries.

The Management Company undertakes to complete the registration of the issue on the AIAF within a period of thirty (30) days from the Disbursement Date once the corresponding authorisations have been obtained.

The Management Company, in the name and on behalf of the Fund, states that it is aware of the requirements and conditions that may be requested for the listing, maintenance and de-listing of the securities with AIAF in accordance with applicable regulations as well as the requirements by the governing bodies of the latter, and the Management Company undertakes to comply therewith.

In the event of a failure to meet the deadline for admission of the Notes to trading, the Management Company undertakes to provide a notice of material event with the CNMV and make the announcement in the Daily Bulletin of the AIAF or in any other media generally accepted by the market which guarantees adequate dissemination of the information, in time and content, concerning the reasons for such breach and the new date for admission of the issued securities to trading, without prejudice to the possible liability of the Management Company if the breach is due to reasons attributable thereto.

It is not expected that there will be an agreement with any entity to provide liquidity for the Notes during the term of the issue.

#### **5.2 Paying Agent and Depository Agents.**

##### **a) Paying Agent:**

The Management Company, on behalf of the Fund, appoints Santander, which undertakes to be the Paying Agent in order to carry out the issue of the Notes. The obligations assumed by Santander in its condition as Paying Agent include the following:

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

The Paying Agent will pay the Fund, before 15:00 (Madrid time) on the Disbursement Date and for value that same day, all amounts which are paid thereto by the Noteholders in accordance with the provisions of the Management, Placement and Subscription Agreement, by means of a deposit into the Cash Flow Account of the Fund.

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

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

**(iii) Payments from the Fund**

On each of the Payment Dates of the Notes, the Paying Agent will make the payment of interest and repayment of the principal of the Notes in accordance with the instructions received from the Management Company.

The payments to be made by the Paying Agent will be made through the corresponding Iberclear participants in whose registers the Notes are recorded, in accordance with the procedures in force regarding this service.

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

Pursuant to the Paying Agency Agreement:

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

provided that the conditions precedent set out therein are satisfied (and in particular but without limitation that a new paying agent, which must meet the minimum required S&P and DBRS rating for long-term debt, has been appointed).

In the case of replacement due to the resignation of the Paying Agent, any costs resulting from the replacement as well as any fee for the new Paying Agent will be considered Extraordinary Expenses of the Issuer.

Santander, as current Paying Agent meets the required ratings set out below for S&P and DBRS. Furthermore, the Paying Agent undertakes to keep the Management Company informed of any changes in its ratings, as far as he is aware, so the latter can take the corresponding action.

**S&P's criteria**

On behalf of the Fund, the Management Company shall apply the provisions of the Counterparty Risk Framework Methodology And Assumptions document published by S&P on 25 June 2013. The Paying Agent must have a long-term risk rating on the S&P scale of no less than A-.

In the event that the Paying Agent loses the minimum rating required herein or any of the ratings are withdrawn, the Management Company must, with prior notice to the Rating Agencies and within a maximum period of sixty (60) calendar days from the date on which such situation arises, adopt one of the options described below to allow an appropriate level of assurance to be maintained with respect to the commitments deriving from the duties set forth in the respective agreement and to ensure that the S&P rating awarded to the Notes is not downgraded:

- i. obtain similar guarantees or commitments from a credit entity or entities having an S&P Rating of no less than A- for long-term debt, so as to guarantee the undertakings assumed by the Paying Agent. In such case, all expenses will be met by the Paying Agent.
- ii. replace the Paying Agent with an entity having an S&P Rating of no less than A- for long-term debt, in order for the new entity to assume, under the same conditions, the duties of

the affected Paying Agent as established in its respective agreement. In such case, all expenses will be considered Extraordinary Expenses of the Issuer.

### DBRS Criteria

On behalf of the Fund the Management Company shall apply the provisions of the Legal Criteria for European Structured Finance Transactions document published by DBRS in September 2016. The Paying Agent must have a long-term risk rating on the DBRS scale of no less than A.

In the event that the Paying Agent loses the minimum rating required herein or any of the ratings are withdrawn, the Management Company must, with prior notice to the Rating Agencies and within a maximum period of thirty (30) calendar days from the date on which this situation arises, adopt one of the options described below to allow an appropriate level of assurance to be maintained with respect to the commitments deriving from the duties set forth in the respective agreement and to ensure that the rating awarded to the Notes by DBRS is not downgraded:

- i. obtain similar guarantees or commitments from a credit entity or entities having a DBRS Rating of no less than A for long-term debt, so as to guarantee the undertakings assumed by the Paying Agent. In such case, all expenses will be met by the Paying Agent.
- ii. replace the Paying Agent with an entity having a DBRS Rating of no less than A for long-term debt, in order for the new entity to assume, under the same conditions, the duties of the affected Paying Agent as established in its respective agreement. In such case, all expenses will be considered Extraordinary Expenses of the Issuer.

### b) Depository Agents:

Not applicable.

## 6. EXPENSES OF ADMISSION TO LISTING AND TRADING

The following expenses are expected:

	Euros
<b>Costs of incorporation and issuance (expenses relating to documentation, advertising, official charges and others):</b>	
CNMV charges (for the offer and admission to trading): 0.01% of the Notes	31,900.00
If for any reason the Notes are not admitted to trading, there will be a fixed fee of €5,000.	
AIAF charges:	19,299.50
Iberclear charges:	605.00
Other (rating agencies, legal advice, notarial services, auditing and more)	503,195.50
Management, Placement and Underwriting Fee	45,000.00
<b>TOTAL</b>	<b>600,000.00</b>

The expenses of incorporation and issuance reflected herein will be paid from the Subordinated Loan 2; "Other" includes the amount allocated to partially finance the acquisition of assets.

**7. ADDITIONAL INFORMATION**

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

CUATRECASAS GONÇALVES PEREIRA, S.L.P. participates as legal advisor with respect to the structure of the transaction and has reviewed the legal and tax matters applicable to the Fund set forth in section 4.5.d) of the Registration Document, in its capacity as an independent third party.

ASHURST LLP participates as legal advisor of the Joint Lead Managers and has reviewed the Prospectus and the structure of the transaction for the benefit of the Joint Lead Managers.

**7.2 Information in the Securities Note reviewed by auditors.**

Not applicable.

**7.3 Statement or report attributed to a person as an expert.**

PWC has prepared a verification report regarding the main attributes of the Mortgage Loans, which is included in section 2.2 of the Additional Building Block.

PWC audits the annual accounts of the Management Company.

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

The Management Company confirms that the information provided by UCI in its capacity as Assignor has been accurately reproduced in sections 2.2.2, 2.2.6 and 2.2.8 of the Additional Building Block and that, as far as it is aware and has been able to ascertain based on the information provided by UCI, no facts have been omitted that would render the information inaccurate or misleading.

**7.5 Ratings given by rating agency.**

On 10 October 2016, the Notes included in this Securities Note were given the following provisional ratings by the Rating Agencies, which are DBRS and S&P, respectively:

Notes	DBRS	S&P
Class A Notes	AAA (sf)	AA- (sf)

**Considerations regarding ratings:**

The ratings assigned by the Rating Agencies to the Notes backed by the above-referenced assets constitute an opinion with respect to the Issuer regarding the timely payment of interest on each Payment Date and the ultimate payment of principal no later than the Legal Maturity Date.

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

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

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

A failure by the Rating Agencies to confirm any of the provisional ratings prior to or on the Disbursement Date will be immediately reported to the CNMV and made public as provided in section 4 of the Additional Building Block. This circumstance will result in termination of the incorporation of the Fund, the Notes issue and all agreements except for the Subordinated Loan 2 Agreement in relation to the costs incurred from incorporating the Fund, the Notes issue and the transfer of the Notes.

As of 31 October 2011, the abovementioned Rating Agencies are registered and authorised by the ESMA as European Union Credit Rating Agencies in accordance with the provisions of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies.

**ADDITIONAL BUILDING BLOCK TO THE SECURITIES NOTE**  
**(Annex VIII of Commission Regulation (EC) No 809/2004)**

**1. THE SECURITIES**

**1.1 Amount of the issue.**

The Fund, which is represented by the Management Company, will be incorporated with the Assets that UCI will assign to the Fund on the Date of Incorporation, the principal amount of which will be equal to or slightly greater than **FOUR HUNDRED AND TWENTY MILLION EUROS (€420,000,000)**, which amount represents the nominal value of the issue of the Class A Notes and Subordinated Loan 1.

**1.2 Confirmation that the information relating to an undertaking/obligor not involved in the issue has been reproduced.**

Not applicable.

**2. THE UNDERLYING ASSETS**

**2.1 Confirmation that the Assets have the capacity to produce funds to service payments on the securities.**

The Management Company confirms that the flows of principal, ordinary interest and any other amounts generated by the Assets permit the payments due and payable under the Notes and the Subordinated Loan 1 that are issued to be paid in accordance with the contractual nature thereof.

However, in order to cover possible failures of Obligors to pay, in accordance with the applicable law, credit enhancement will be put in place in order to increase the security or regularity of the payment of the Notes and of the Subordinated Loan 1 and mitigate or neutralise differences in interest rates on the assets, including the Class A Notes and of the Subordinated Loan 1, and which are described in sections 3.4.2, 3.4.3 and 3.4.4 of this Additional Building Block. Such enhancements, however, may prove to be insufficient in exceptional circumstances.

**2.2 Assets backing the issue.**

The Fund will pool in its assets the credit rights derived from the Mortgage Loans granted by UCI to individuals resident in Spain in order to finance transactions involving the acquisition of finished houses in Spain or the subrogation of individuals to the financing provided to developers for the construction of houses in Spain for sale (the “**Mortgage Loans**”). None of the Mortgage Loans have been granted to real estate developers or to finance renovation of houses. All Mortgage Loans are secured with finished houses.

The assignment of the Mortgage Loans will be implemented by means of the issue by the Assignor and the subscription/acquisition by the Fund of MTCs (the “**Mortgage Transfer Certificates**” or “**MTCs**”) as the Mortgage Loans do not meet all the requirements set forth in Law 2/1981 and Chapter II of Royal Decree 716/2009.

**Audit of mortgage loans subject to securitisation through the fund.**

In order to comply with the provisions of Article 22 of Law 5/2015, the preliminary Mortgage Loans portfolio was the subject of a report prepared by PWC, which dealt with a number of qualitative and quantitative items (attributes) of a sample of this preliminary

portfolio. The sampling of attributes assumes the acquisition of a random sample (on 20 September 2016, of a total of 3,850 Mortgage Loans in the amount of €430,354,592.73).

The attributes dealt with in the audit report are as follows:

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

The Mortgage Loans that during the verification of the sample do not fulfil the above mentioned attributes will not be assigned to the Fund.

### **2.2.1 Legal jurisdiction governing the Asset pool.**

The assets securitised are governed by Spanish law.

### **2.2.2 General characteristics of the Obligors.**

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

The Obligors of the Mortgage Loans are individuals resident in Spain who have been granted a particular Mortgage Loan for the acquisition of finished houses in Spain or the subrogation of individuals to the financing provided to developers for the construction of houses in Spain for sale. None of the Mortgage Loans have been granted to real estate developers or to finance renovation of houses. All Mortgage Loans are secured with finished houses.

The 94.9% of the Mortgage Loans are granted for the financing of primary residences and the 5.1% of them for the financing of the secondary residences. All the Mortgage Loans (i) are backed by first-priority mortgages over the relevant properties, with the exception of those which have been economically cancelled but in respect of which prior entry in the relevant registry is still pending cancellation; (ii)



have no grace period (neither for principal nor for interest) other than the Wildcard Instalment<sup>3</sup> option described below; and (iii) are based on monthly instalments and on the French amortisation system.

Several stratified analysis charts of the Mortgage Loan portfolio are included in the following sub-sections of this section 2.2.2. All of these charts were prepared on September 2016.

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

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

11.9% of the Mortgage Loans of the Fund portfolio are secured by a house guaranteed as Official Protection Housing (*Vivienda de Protección Oficial*) ("**VPO**").

VPO is considered to be housing which is used as a habitual and permanent residence and qualified as such, the type, dimension and price of which is regulated by the government, establishing conditions for the purchaser to obtain specific economic and tax benefits, which should in turn comply with conditions established with respect to ownership title and individual or household earnings. The qualification of a home as VPO entails the existence of a number of legal obligations and restrictions on property rights, although it does not preclude the foreclosure of mortgage related to the property. These obligations are maintained during the period that the legal provisions governing Official Protection Housing remain in force. The mortgages do not have any judicial restriction.

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

**CUOTA COMODÍN**

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

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<sup>3</sup> "**Wildcard Instalment**" means the option belonging to the Obligors under certain Mortgage Loans to pay, once (1) per year during the first three (3) years of the term of the Mortgage Loan, one (1) of the monthly instalments through capitalisation of the part of the instalment used to repay the principal, together with the remainder of the principal pending payment.

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

<b>Loans with Wildcard Installment</b>				
Wildcard Installment	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding
Option in force for 2 years	234	6.08%	22,743,585.33	5.28%
No Wildcard Installment	3,616	93.92%	407,611,007.40	94.72%
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>

As at the date of registration of this Prospectus, less than 3.00% of the Obligors of the Mortgage Loans have used the Wildcard Instalment.

From the 93.92% of the portfolio that no longer have the option to exercise the Wildcard Installment option, only 17.12% (659 Obligors) had that option in their Mortgage Loans and was exercised as follow: 7.89% (52 Obligors) exercised it once, 4.40% (29 Obligors) exercised it twice, 3.95% (26 Obligors) exercised it three times and the remaining 83.76% (552 Obligors) never exercised it. This results on an historical average exercise of the Wildcard Installment of 16% during the period 1998 – 2016. Therefore, based on the number of Obligors that still have this option available and comparing with its historical exercise, results in a risk of exercise lower than 1%.

#### **LIMITATIONS OF INSTALMENTS BASED ON THE CPI (“*Consumer Price Index*”)**

Furthermore, the Mortgage Loans provide Obligors with the option of restricting the annual growth of the instalments in the event of possible increases in their interest rates to a maximum amount equal to 200.00% or 100.00% of the CPI based on the term for revision of interest rates (12 months or 6 months, respectively). The effect of this limitation on instalments means a lower repayment of the Mortgage Loan in the relevant instalment.

The Mortgage Loans with an initial fixed-rate period provide Obligors, once the fixed-rate period has finished and only at the Obligors request, with the option of restricting the annual growth of the instalments.

The following table shows the CPI limitation availability based on the outstanding principal of the Mortgage Loans. The CPI limitation is not available for 68.00% of the Outstanding Balance of the Assets. As of 2031, none of the Mortgage Loans will have the option to limit instalments based on the CPI. The remaining Obligors (32%) are entitled to this option for the first ten (10) years of the term of the Mortgage Loan and the right may be exercised at the time of revising the interest rate. Historically, fewer Obligors have exercised this CPI option. 90.3% of the Mortgage Loans that have the CPI limitation option may limit the interest rate up to a maximum amount equal to 100.00% of the CPI (based on the number of loans) while the remaining 9.7% may limit the interest rate up to a maximum amount equal to 200.00% of the CPI. The average period of this CPI limitation option is 4.22 years for those Mortgage Loans that still have the option available for the period 2016-2031.

Depending on the Mortgage Loan in question, there is a period in which the limitation is applied by default and in the following period it is applied at the

Obligor’s request. If the Obligor doesn’t say anything then the interest rate applied would be with no CPI limitation. The lowest repayment of the loan produced by limitation of instalments based on the CPI is normalised at the time of calculating the new instalment, based on revision of the interest rate established in the corresponding loan document.

0.37% of the Mortgage Loans with CPI limitation availability entitled the relevant Obligor to exercise this option until the maturity of such Mortgage Loans (maximum until 2031).

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
NO OPTION	68%	66%	61%	64%	70%	73%	76%	85%	96%	99%	99%	99%	99.72%	99.95%	99.95%	99.97%	100%
CPI BY DEFAULT	3%	2%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
CPI AT CLIENT'S REQUEST	29%	31%	38%	35%	30%	27%	24%	15%	4%	1%	1%	1%	0.28%	0.05%	0.05%	0.03%	0.00%

In 2015, the instalment limitation option was only applied to less than 5.00% of Obligor’s (based on the number of loans) of the entire UCI portfolio. In 2016 (January-August) the instalment limitation option has not been applied.

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

UCI creates mortgage loans through two different channels. It does so through professionals in the property sector and through their internet websites ([www.uci.com](http://www.uci.com) and [hipotecas.com](http://hipotecas.com)). Word of mouth is also considered an additional channel for obtaining customers.

The portfolio is comprised of variable, mixed and fixed interest loans which are revised annually or every six months, and with no distinguishing feature or peculiarity other than the Wildcard Instalment and CPI limitation options as described above. 8.4% of the Mortgage Loans of the portfolio are pool with fixed interest rate.

6.9% of the Mortgage Loans were previously “Bridge Loans”. A Bridge Loan was provided for the purchase of a new house if the borrower had not yet sold his previous property. Both properties were mortgaged for such purpose. In order to release one of them, the client had to repay a certain percentage of the loan based on the secured liability of the property and then the remaining instalments were adjusted taking into account the prepaid amount, the interest rates agreed with the client and the remaining term.

On the date of registration of this Prospectus, 100.00% of these Mortgage Loans originally considered as Bridge Loans have released one of the properties and the instalments have been adjusted.

- A) This portfolio has 8.4% of the outstanding principal of the Mortgage Loans with fixed rate with an average rate of 3.0%. The average maturity date of the fixed-rate Mortgage Loan portfolio is 3 September 2042, with the latest date being 1 September 2045.
- B) This portfolio has 18.1% of the outstanding principal of the Mortgage Loans with an initial fixed-rate period of three (3), five (5), seven (7) or ten (10) years. During the fixed-rate period, these loans have the first thirty-six (36), sixty (60), eighty-four (84) or one hundred and twenty (120) progressive instalments (a fixed

amount for the fixed-rate and a variable and progressive amount for the principal repayment) (“**Easy Payment**”).

Of the portfolio’s 3,850 Mortgage Loans, only 236 (6.1%) have progressive instalments. Of these 236, 16 have a fixed-rate period and 220 a mixed one. The remaining period of progressive instalments before the date on which the full instalment applies is three years, with a rate, on the date of this analysis, of 90% of the progressive instalment over the theoretical instalment, considering that 100% of the interests are paid and never capitalized.

From instalment thirty-seven (37), sixty-one (61) eighty-five (85), or one hundred and twenty one (121) depending on when the fixed interest rate period ends, the instalments will be calculated using the applicable variable interest rate. This variable interest rate will be reset on an annual or semi-annual basis. When the fixed interest rate period ends and the variable interest rate starts, the Easy Payment no longer applies.

The average maturity date of the mixed fixed-rate Mortgage Loan portfolio is 9 March 2042, with the latest date being 1 January 2052. The average rate during the fixed-rate period is 3.7%.

The following table shows the distribution of the 822 mixed rated loans from the Mortgage Loan Portfolio based on the remaining years from the these loans to become floating rated loans.

The weighted average switch date from the preliminary balance of the Mortgage Loan portfolio is 15 August 2018.

<b>Mixed Loans: Years to switch to variable loans</b>							
Mixed Loans: Years to switch to variable loans	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding	Weighted Switch Date	Weighted Months	
0	1	332	40.39%	30.055.822,16	38,68%	28/02/2017	5,39
1	2	267	32.48%	28.201.866,89	36,29%	02/02/2018	16,70
2	3	36	4.38%	3.062.042,41	3,94%	27/03/2019	30,62
3	4	62	7.54%	5.687.772,67	7,32%	18/01/2020	40,51
4	5	50	6.08%	3.516.413,13	4,53%	01/01/2021	52,16
5	6	23	2.80%	2.377.173,44	3,06%	14/03/2022	66,73
7	8	4	0.49%	327.635,49	0,42%	22/07/2024	95,40
8	9	46	5.60%	4.321.549,09	5,56%	13/04/2025	104,26
9	10	2	0.24%	153.599,91	0,20%	01/10/2025	109,93
<b>Total</b>		<b>822</b>	<b>100.00%</b>	<b>77.703.875,19</b>	<b>100,00%</b>	<b>15/08/2018</b>	<b>23,14</b>

Maximum	Minimum	Simple Average
01/10/2025	01/10/2016	05/09/2018
109,93	0,37	23,84

- C) As of 20 September 2016 the remainder of the loan portfolio, 73.5%, is at variable rate with an average rate of 1.7%.

The weighted average margin over Euribor for the floating rated portfolio as of 20 September 2016 (fixed plus variable) will be 1.1%, assuming and IRPH<sup>4</sup> equal to EURIBOR. The weighted average equivalent global margin would be of 1.4% based on a conservative approach of an IRPH equal to EURIBOR + 1% (as of 20 September 2016, Bank of Spain published as mortgage reference for August 2016 the Euribor 12M at -0.048% and IRPH at 1.957% putting the difference at 2.005%).

Between the 2003 – 2016 period, the difference between the IRPH and the EURIBOR has been between 0.96% and 3.15%, being the average during that period of 1.65%. As a conservative approach to calculate the weighted average equivalent global margin, UCI uses a 1% difference.

### Mortgage Loan portfolio statistics based on various criteria.

#### c1.) Revisions of interest rates on the Mortgage Loans

The following table shows the distribution of the Mortgage Loans based on the semi-annual or annual revision of the interest rates. For the purposes of the table below, the initial fixed-rate period for all relevant Mortgage Loans is assumed to be completed and the variable rate applies. 8.4% of the Mortgage Loan portfolio is fixed rate, 86.3% of the Mortgage Loan Portfolio is revised semi-annually and 5.3% is revised annually.

Interest Rate Reset Period (*)				
Interest Rate Reset Period	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding
<b>annually</b>				
Mixed Rated Loans	11	0.29%	1,539,427.13	0.36%
Floating Rated Loans	283	7.35%	21,053,258.08	4.89%
<b>semiannually</b>				
Mixed Rated Loans	811	21.06%	76,164,448.06	17.70%
Floating Rated Loans	2,416	62.75%	295,438,797.42	68.65%
<b>Fixed</b>				
Fixed Rated Loans	329	8.55%	36,158,662.04	8.40%
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>

(\*) Mixed Rated Loans have already switched from fixed rates to floating rates.

<sup>4</sup> IRPH, means the benchmark index for determining the rate for mortgage loans with a term in excess of three years granted by credit institutions as a whole. Available at <http://www.bde.es/webbde/es/estadis/infoest/tipos/tipos.html>.

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

### Mixed Loans. Interest Reset Period, Interest Type and Years to Switch.

The following chart shows the 822 mixed rated loans from the Mortgage Loan Portfolio based on: (i) the annual or semiannual revision of the interest rate, (ii) the reference interest rate and (iii) the remaining years to switch from fixed rated to floating rated.

The weighted average spread from the mixed rated loans from the Mortgage Loan Portfolio ones they switch to floating rated loans is 1,70%.

Mixed Loans: Interest Reset Period, Interest Type and Years to Switch							
Mixed Loans: Interest Reset Period, Interest Type and Years to Switch	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding	Weighted Nominal Interest	Weighted Spread	Weighted Switch Date
<b>Semiannually</b>	<b>811</b>	<b>98.66%</b>	<b>76,164,448.06</b>	<b>98.02%</b>	<b>3.73</b>	<b>1.70</b>	<b>17/08/2018</b>
<b>EUR 12 M</b>	<b>645</b>	<b>78.47%</b>	<b>59,419,396.12</b>	<b>76.47%</b>	<b>3.53</b>	<b>1.90</b>	<b>27/10/2018</b>
0-1	271	32.97%	24,100,243.89	31.02%	3.55	1.96	26/02/2017
1-2	169	20.56%	17,220,156.71	22.16%	3.44	1.74	05/02/2018
2-3	31	3.77%	2,666,662.72	3.43%	4.04	2.21	17/04/2019
3-4	60	7.30%	5,520,672.13	7.10%	3.45	2.15	16/01/2020
4-5	40	4.87%	2,814,724.10	3.62%	4.49	2.19	10/01/2021
5-6	23	2.80%	2,377,173.44	3.06%	3.06	1.63	14/03/2022
7-8	4	0.49%	327,635.49	0.42%	4.32	1.72	22/07/2024
8-9	45	5.47%	4,238,527.73	5.45%	3.15	1.62	13/04/2025
9-10	2	0.24%	153,599.91	0.20%	2.79	1.53	01/10/2025
<b>IRPH</b>	<b>166</b>	<b>20.19%</b>	<b>16,745,051.94</b>	<b>21.55%</b>	<b>4.45</b>	<b>1.01</b>	<b>07/12/2017</b>
0-1	55	6.69%	5,362,350.85	6.90%	4.58	1.38	12/03/2017
1-2	96	11.68%	10,285,632.37	13.24%	4.34	0.81	31/01/2018
2-3	5	0.61%	395,379.69	0.51%	4.94	1.45	04/11/2018
4-5	10	1.22%	701,689.03	0.90%	4.85	1.05	27/11/2020
<b>Annually</b>	<b>11</b>	<b>1.34%</b>	<b>1,539,427.13</b>	<b>1.98%</b>	<b>4.05</b>	<b>1.41</b>	<b>25/04/2018</b>
<b>EUR 12 M</b>	<b>9</b>	<b>1.09%</b>	<b>1,237,392.80</b>	<b>1.59%</b>	<b>3.81</b>	<b>1.44</b>	<b>12/08/2018</b>
0-1	4	0.49%	291,193.09	0.37%	4.28	2.08	13/04/2017
1-2	2	0.24%	696,077.81	0.90%	3.98	1.05	30/12/2017
3-4	2	0.24%	167,100.54	0.22%	2.79	1.91	15/03/2020
8-9	1	0.12%	83,021.36	0.11%	2.80	1.49	01/04/2025
<b>IRPH</b>	<b>2</b>	<b>0.24%</b>	<b>302,034.33</b>	<b>0.39%</b>	<b>5.02</b>	<b>1.29</b>	<b>03/02/2017</b>
0-1	2	0.24%	302,034.33	0.39%	5.02	1.29	03/02/2017
<b>Total</b>	<b>822</b>	<b>100.00%</b>	<b>77,703,875.19</b>	<b>100.00%</b>	<b>3.74</b>	<b>1.70</b>	<b>15/08/2018</b>

**c2.) Maximum, minimum and average value of the principal of the Mortgage Loans**

The principal of the Mortgage Loans are between €9,478.55 and €578,338.40, with an average outstanding principal of €111,780.41.

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

Principal Outstanding					
Interval		Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding
0	25,000	127	3.30%	2,365,604.27	0.55%
25,000	50,000	409	10.62%	15,871,938.76	3.69%
50,000	75,000	722	18.75%	45,532,386.15	10.58%
75,000	100,000	712	18.49%	62,020,733.75	14.41%
100,000	125,000	590	15.32%	65,925,002.84	15.32%
125,000	150,000	459	11.92%	62,790,271.84	14.59%
150,000	175,000	300	7.79%	48,428,356.42	11.25%
175,000	200,000	188	4.88%	35,021,175.81	8.14%
200,000	225,000	126	3.27%	26,770,095.22	6.22%
225,000	250,000	67	1.74%	15,865,819.60	3.69%
250,000	275,000	42	1.09%	10,901,893.35	2.53%
275,000	300,000	32	0.83%	9,198,521.87	2.14%
300,000	325,000	21	0.55%	6,496,676.56	1.51%
325,000	350,000	9	0.23%	2,995,180.15	0.70%
350,000	375,000	9	0.23%	3,237,219.60	0.75%
375,000	400,000	6	0.16%	2,311,568.39	0.54%
400,000	425,000	5	0.13%	2,043,001.91	0.47%
425,000	450,000	3	0.08%	1,290,546.08	0.30%
450,000	475,000	10	0.26%	4,623,454.40	1.07%
475,000	500,000	6	0.16%	2,912,376.16	0.68%
500,000	525,000	2	0.05%	1,020,408.02	0.24%
525,000	550,000	3	0.08%	1,601,595.35	0.37%
550,000	575,000	1	0.03%	552,427.83	0.13%
575,000	600,000	1	0.03%	578,338.40	0.13%
<b>Total</b>		<b>3.850</b>	<b>100.00%</b>	<b>430.354.592.73</b>	<b>100.00%</b>

Maximum	Minimum	Simple Average
578,338.40	9,478.55	111,780.41



**c3.) Maximum, minimum and average values of the initial amounts of the Mortgage Loans**

The initial amounts of the Mortgage Loans are between €15,000.00 and €1,075,000.00, with an initial average of €136,783.79.

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

Initial Outstanding					
Interval		Credit Rights	% Credit Rights	Initial Outstanding	% Principal Initial
0	25,000	11	0.29%	230,900.00	0.04%
25,000	50,000	287	7.45%	11,415,365.59	2.17%
50,000	75,000	616	16.00%	38,959,514.14	7.40%
75,000	100,000	691	17.95%	60,111,792.78	11.41%
100,000	125,000	572	14.86%	63,549,805.64	12.07%
125,000	150,000	481	12.49%	65,817,660.64	12.50%
150,000	175,000	346	8.99%	55,763,306.75	10.59%
175,000	200,000	234	6.08%	43,486,573.78	8.26%
200,000	225,000	155	4.03%	32,671,515.00	6.20%
225,000	250,000	121	3.14%	28,524,197.00	5.42%
250,000	275,000	78	2.03%	20,242,989.69	3.84%
275,000	300,000	51	1.32%	14,555,715.00	2.76%
300,000	325,000	47	1.22%	14,557,740.00	2.76%
325,000	350,000	25	0.65%	8,364,180.00	1.59%
350,000	375,000	24	0.62%	8,591,704.25	1.63%
375,000	400,000	15	0.39%	5,754,300.00	1.09%
400,000	425,000	18	0.47%	7,413,643.60	1.41%
425,000	450,000	8	0.21%	3,460,000.00	0.66%
450,000	475,000	12	0.31%	5,507,000.00	1.05%
475,000	500,000	10	0.26%	4,885,000.00	0.93%
Greater than 500,000		48	1.25%	32,754,671.00	6.22%
<b>Total</b>		<b>3,850</b>	<b>100.00%</b>	<b>526,617,574.86</b>	<b>100.00%</b>

Maximum	Minimum	Simple Average
1,075,000.00	15,000.00	136,783.79

**c4.) Effective applicable interest rate: maximum, minimum and weighted average of the Mortgage Loans**

The weighted average interest rate of the portfolio is 2.2%.

Some of the Mortgage Loans may have an initial fixed interest period, after which the interest rate becomes variable and can then be revised on an annual or semi-annual basis.

73.5% of the preliminary balance of the Mortgage Loan portfolio corresponds to floating rated Mortgage Loans with variable interest rates, and a weighted average spread of 1.07%.

The principal reference interest rate for 62.3% of the Mortgage Loan portfolio is 1-year EURIBOR/MIBOR. 29.3% of the Mortgage Loans are indexed to the IRPH (taking into account Mortgage Loans that switch to a variable rate after the initial fixed period) and MIBOR 6. The remaining 8.4% of the Mortgage Loan portfolio is fixed rate.

The average global margin over 12-month EURIBOR and MIBOR for Mortgage Loans with variable interest (including floating rated loans and mixed rated loans after becoming variable) is 1.5%. The average margin of the portfolio indexed to the IRPH (floating rated loans plus mixed rated loans once they switch to variable) is 1.6% (the weighted average equivalent margin has been calculated adding +1.00% to the IRPH based on a IRPH equal to EURIBOR + 1.00%.

None of the Mortgage Loans are subject to a floor.

The Mortgage Loan agreements do not refer to a scenario in which the reference interest rate plus the margin could result in a negative interest rate. However, if that occurs, the Assignor understands that the nature of the Mortgage Loans does not foresee any payment of interest to the Obligors. Thus, if the reference interest rate, plus the margin, were to be negative, it would mean that neither would the Obligor pay any interest amount (he would pay only the relevant principal repayment) nor would the Assignor pay any amount to the Obligor for the negative interest. Notwithstanding the above, if the law changes or consolidated case law of a High Court shows an opposing opinion, any potential cost would be paid by the Assignor.

The following chart shows the distribution of the Mortgage Loans based on their benchmark indices.

Interest Type (*)						
Interest Type (*)	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding	Weighted Nominal Interest	Weighted Spread
<b>Fixed Rated Loans</b>	<b>329</b>	<b>8.55%</b>	<b>36,158,662.04</b>	<b>8.40%</b>	<b>2.95</b>	<b>0.00</b>
Fixed	329	8.55%	36,158,662.04	8.40%	2.95	0.00
<b>Mixed Rated Loans</b>	<b>822</b>	<b>21.35%</b>	<b>77,703,875.19</b>	<b>18.06%</b>	<b>3.74</b>	<b>0.00</b>
EUR 12 M	654	16.99%	60,656,788.92	14.09%	3.54	0.00
IRPH	168	4.36%	17,047,086.27	3.96%	4.46	0.00
<b>Floating Rated Loans</b>	<b>2,699</b>	<b>70.10%</b>	<b>316,492,055.50</b>	<b>73.54%</b>	<b>1.74</b>	<b>1.07</b>
EUR 12 M	1,645	42.73%	203,668,034.30	47.33%	1.32	1.34

Interest Type (*)						
Interest Type (*)	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding	Weighted Nominal Interest	Weighted Spread
IRPH	908	23.58%	108,916,451.64	25.31%	2.53	0.57
MIBOR 12 M	145	3.77%	3,860,052.72	0.90%	1.31	1.26
MIBOR 6 M	1	0.03%	47,516.84	0.01%	1.06	1.25
<b>Total</b>	<b>3,850</b>	<b>100,00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>	<b>2.20</b>	<b>1.07</b>

(\*) For Fixed loans refer to Additional Building Block to the Securities Note 2.2.2 c) 4.

The following chart shows the distribution of the Mortgage Loans at intervals of 0.5% of the current nominal interest rate. The nominal interest rate of the Mortgage Loans is between 0.3% and 5.7%.

Nominal Interest								
Interval		Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding	Weighted Nominal Interest	Weighted Spread	
0.00	0.50	169	4.39%	21,137,664.96	4.91%	0.45	0.47	
0.50	1.00	428	11.12%	60,630,394.09	14.09%	0.78	0.80	
1.00	1.50	574	14.91%	57,489,567.24	13.36%	1.33	1.34	
1.50	2.00	452	11.74%	45,965,118.35	10.68%	1.80	1.79	
2.00	2.50	607	15.77%	76,413,650.62	17.76%	2.34	0.73	
2.50	3.00	810	21.04%	90,248,697.32	20.97%	2.76	0.83	
3.00	3.50	319	8.29%	29,540,367.02	6.86%	3.24	1.26	
3.50	4.00	211	5.48%	20,095,598.96	4.67%	3.70	1.71	
4.00	4.50	92	2.39%	10,068,277.19	2.34%	4.21	1.69	
4.50	5.00	141	3.66%	14,053,196.59	3.27%	4.66	1.67	
5.00	5.50	24	0.62%	2,625,141.41	0.61%	5.27	2.11	
5.50	6.00	23	0.60%	2,086,918.98	0.48%	5.58	2.66	
<b>Total</b>		<b>3.850</b>	<b>100.00%</b>	<b>430.354.592.73</b>	<b>100.00%</b>	<b>2.20</b>	<b>1.10</b>	

Maximum	Minimum	Simple Average
5.75	0.32	2.28

**c5.) Newest and oldest dates of formalisation and signing of the Mortgage Loans**

The Mortgage Loans which make up the preliminary portfolio have formalisation dates which fall between 29 January 1997 (239.1 months) and 30 September 2015 (11.8 months).

Origination Date						
Interval	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding	Weighted Orig. Date	Weighted Months
Until 2006	274	7.12%	18,364,745.93	4.27%	29/07/2004	145.70
2007	427	11.09%	61,271,570.60	14.24%	08/08/2007	109.40
2008	498	12.94%	61,870,900.53	14.38%	04/06/2008	99.53
2009	244	6.34%	34,498,585.46	8.02%	11/06/2009	87.30
2010	273	7.09%	37,961,956.66	8.82%	01/08/2010	73.63
2011	322	8.36%	39,340,568.84	9.14%	16/07/2011	62.13
2012	408	10.60%	40,802,520.84	9.48%	17/08/2012	49.10
2013	388	10.08%	34,905,586.52	8.11%	13/07/2013	38.23
2014	404	10.49%	38,123,396.60	8.86%	11/07/2014	26.30
2015	612	15.90%	63,214,760.75	14.69%	21/05/2015	15.97
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>	<b>28/01/2011</b>	<b>67.73</b>

Maximum	Minimum	Simple Average
30/09/2015	29/01/1997	20/01/2011
11.87	239.13	69.00

The weighted average Origination Date for the whole portfolio is 26 January 2011.

**c6.) Final maturity date**

The Mortgage Loans which make up the preliminary portfolio have final maturities which fall between 5 January 2021 (52.3 months) and 1 March 2052 (431.5 months).

The repayment of the Mortgage Loans takes place throughout the remaining life until full repayment, a period during which the Obligors must pay monthly instalments including the repayment of the principal and interest or financial charges.

The following chart shows the distribution of the Mortgage Loans according to the date of final repayment thereof in annual intervals:

<b>Maturity Date</b>						
Interval	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding	Weighted Mat. Date	Weighted Months
Until 2032	528	13.71%	27,460,388.64	6.38%	11/11/2028	145.70
2033	76	1.97%	5,671,980.07	1.32%	05/06/2033	200.50
2034	80	2.08%	6,907,407.23	1.61%	11/06/2034	212.70
2035	148	3.84%	12,153,151.50	2.82%	11/06/2035	224.70
2036	58	1.51%	5,788,154.97	1.34%	01/07/2036	237.37
2037	73	1.90%	7,730,273.55	1.80%	04/07/2037	249.47
2038	109	2.83%	11,465,811.17	2.66%	16/06/2038	260.87
2039	112	2.91%	11,236,890.94	2.61%	21/06/2039	273.03
2040	173	4.49%	19,361,765.78	4.50%	15/06/2040	284.83
2041	65	1.69%	7,555,483.08	1.76%	03/07/2041	297.43
2042	172	4.47%	22,205,700.12	5.16%	16/07/2042	309.87
2043	289	7.51%	30,779,915.13	7.15%	13/06/2043	320.77
2044	283	7.35%	30,624,316.93	7.12%	11/06/2044	332.70
2045	379	9.84%	46,222,623.83	10.74%	28/05/2045	344.27
2046	100	2.60%	12,904,160.35	3.00%	12/07/2046	357.73
2047	433	11.25%	59,040,359.80	13.72%	21/07/2047	370.03
2048	320	8.31%	44,694,237.67	10.39%	10/05/2048	379.67
2049	150	3.90%	22,997,220.07	5.34%	15/05/2049	391.83
2050	136	3.53%	22,124,070.45	5.14%	17/06/2050	404.90
2051	157	4.08%	21,925,989.10	5.09%	23/05/2051	416.10
2052	9	0.23%	1,504,692.35	0.35%	12/01/2052	423.73
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>	<b>02/12/2043</b>	<b>326.40</b>

Maximum	Minimum	Simple Average
01/03/2052	05/01/2021	25/12/2041
431.53	52.27	307.59

The weighted average maturity date for the whole portfolio is 2 December 2043.

**c7.) Distribution by geographical region**

The following locations are the locations of the property for which the Mortgage Loan was granted.

<b>Property Location by Autonomous Community</b>				
Property Location by Autonomous Community	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding
ANDALUCIA	1,028	26.70%	105,071,075.87	24.42%
ARAGON	65	1.69%	6,868,022.54	1.60%
ASTURIAS	71	1.84%	6,076,134.10	1.41%
CANTABRIA	31	0.81%	3,501,871.06	0.81%
CASTILLA LA MANCHA	113	2.94%	13,238,444.24	3.08%
CASTILLA Y LEÓN	62	1.61%	5,208,847.02	1.21%
CATALUÑA	581	15.09%	79,031,212.02	18.36%
COMUNIDAD VALENCIANA	413	10.73%	38,281,438.31	8.90%
EXTREMADURA	42	1.09%	3,567,654.53	0.83%
GALICIA	149	3.87%	12,390,322.99	2.88%
ISLAS BALEARES	117	3.04%	14,554,317.94	3.38%
ISLAS CANARIAS	223	5.79%	21,627,722.06	5.03%
LA RIOJA	4	0.10%	273,450.39	0.06%
MADRID	865	22.47%	111,520,351.31	25.91%
MURCIA	42	1.09%	3,661,528.31	0.85%
NAVARRA	12	0.31%	1,055,128.08	0.25%
PAIS VASCO	32	0.83%	4,427,071.96	1.03%
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>

**c8.) Delinquency in the Mortgage Loan pool transferred by UCI**

UCI warrants that on the Date of Incorporation of the Fund, none of the Mortgage Loans to be assigned to the Fund will be more than thirty (30) days in arrears.

<b>Loans in arrears</b>				
Arrears interval	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding
All current	3,850	100.00%	430,354,592.73	100.00%
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>

### c9.) Distribution of Mortgage Loans by concentration of Obligor

The following table shows the ten (10) largest Obligor.

Debtor´s concentration					
Debtor´s concentration	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding	CC.AA.
Debtor nº 1	1	0.03%	578,338.40	0.13%	MADRID
Debtor nº 2	1	0.03%	552,427.83	0.13%	MADRID
Debtor nº 3	1	0.03%	537,507.85	0.12%	CATALUÑA
Debtor nº 4	1	0.03%	535,878.89	0.12%	CATALUÑA
Debtor nº 5	1	0.03%	528,208.61	0.12%	MADRID
Debtor nº 6	1	0.03%	510,858.87	0.12%	MADRID
Debtor nº 7	1	0.03%	509,549.15	0.12%	CATALUÑA
Debtor nº 8	1	0.03%	494,802.01	0.11%	MADRID
Debtor nº 9	1	0.03%	492,093.49	0.11%	CATALUÑA
Debtor nº 10	1	0.03%	488,536.86	0.11%	CATALUÑA
Rest of Debtors	3,840	99.74%	425,126,390.77	98.79%	
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>	

The risk per Obligor is not excessively concentrated. No Obligor has more than one Mortgage Loan, the largest of which is €578,338.40, equal to 0.1% of the Outstanding Principal as of 20 September 2016.

### c10.) Distribution of Mortgage Loans by type of dwelling

The following table shows the distribution of Mortgage Loans into unrestricted and VPO dwellings.

Type of Dwelling				
Type of Dwelling	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding
Free Dwellings	3,324	86.34%	378,830,283.56	88.03%
Official Protection Housing (VPO)	526	13.66%	51,524,309.17	11.97%
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>



**c11.) Distribution of Mortgage Loans by origination channel**

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

<b>Origination Channel</b>				
<b>Origination Channel</b>	<b>Credit Rights</b>	<b>% Credit Rights</b>	<b>Principal Outstanding</b>	<b>% Principal Outstanding</b>
Direct Channel	215	5.58%	27,818,763.05	6.46%
Financial Entities	36	0.94%	5,110,827.76	1.19%
Insurance	28	0.73%	2,725,333.87	0.63%
Other	81	2.10%	4,792,345.35	1.11%
Small Broker	160	4.16%	20,358,472.58	4.73%
Small Real Estate Agency	1,969	51.14%	212,774,923.14	49.44%
Large Real Estate Agency	796	20.68%	91,345,633.49	21.23%
Word of mouth	287	7.45%	34,523,147.66	8.02%
Large Broker	239	6.21%	23,853,594.08	5.54%
Developers	39	1.01%	7,051,551.75	1.64%
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>

**c12.) Distribution of Mortgage Loans by initial debt-to-income (DTI) ratio.**

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

The DTI ratio compares, on an annual basis, the income level of the Obligor to their total debt level. For the calculation of the DTI ratio, UCI takes into account not only UCI's Mortgage Loan but also any other loans that the client may have at the time of analysing the risk of the transaction, and for calculating income, UCI takes into account the documented income of the Obligor at such time.

The initial DTI ratio is between 2.0% and 59.0%, with a simple average of 33.7% and a weighted average of 35.86%.

Initial Debt to Income Ratio (DTI)						
Initial DTI		Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding	Weighted DTI
0.00%	10.00%	19	0.49%	1,566,348.01	0.36%	6.42%
10.00%	20.00%	358	9.30%	27,170,787.17	6.31%	16.31%
20.00%	30.00%	1,012	26.29%	94,709,592.19	22.01%	25.10%
30.00%	40.00%	1,296	33.66%	143,605,159.93	33.37%	34.69%
40.00%	50.00%	880	22.86%	117,572,696.07	27.32%	44.07%
50.00%	60.00%	285	7.40%	45,730,009.36	10.63%	53.36%
<b>Total</b>		<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>	<b>35.86%</b>

Maximum	Minimum	Simple Average
59.00%	2.00%	33.71%

**c13.) Distribution of Mortgage Loans according to the number of current security**

The following table shows the distribution of the Mortgage Loans according to the number of current security (mortgages). Any additional security has the same characteristics as the financed residence, since they are located in Spain and are also first-priority mortgages.

Number of security				
Number of security	Credit Rights	% Credit Rights	Principal Outstanding	% Principal Outstanding
1	3,034	78.81%	312,472,503.01	72.61%
2	706	18.34%	95,692,751.57	22.24%
3	93	2.42%	18,200,138.34	4.23%
4	17	0.44%	3,989,199.81	0.93%
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>

#### c14.) Distribution of Mortgage Loans by nationality of borrower

The following table shows the distribution of the Mortgage Loans by nationality of the borrower.

<b>Borrower´s nationality</b>				
<b>Borrower´s nationality</b>	<b>Credit Rights</b>	<b>% Credit Rights</b>	<b>Principal Outstanding</b>	<b>% Principal Outstanding</b>
Spanish	3,536	91.84%	394,331,946.36	91.63%
Other	314	8.16%	36,022,646.37	8.37%
<b>Total</b>	<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>

#### 2.2.3 Legal nature of the Assets.

The Assets securitised by means of their assignment to the Fund are credit rights deriving from Mortgage Loans provided by UCI.

The Assets will be assigned by means of the issuance by UCI of the MTCs which will be fully subscribed by the Fund through its Management Company, in accordance with the Deed of Incorporation and upon the terms established therein and in this Prospectus.

The MTCs will be issued and subscribed in accordance with Fourth Additional Provision of Law 5/2015, Law 2/1981, Royal Decree 716/2009, and other regulations in force at the time of transfer and relating to the acquisition of mortgage market titles.

The MTCs will be represented in one Multiple Title containing the minimum details provided for in Royal Decree 716/2009.

Each MTC relates to 100% of the outstanding principal of each of the Mortgage Loans which it assigns; it will have the same term and will accrue an interest rate equal to the nominal rate duly accrued on the corresponding Mortgage Loan.

#### 2.2.4 Expiry or maturity date(s) of the Assets.

Each of the selected Mortgage Loans matures in accordance with the particular terms thereof, without prejudice to partial periodic repayment instalments.

The Obligors may prepay all or part of the outstanding principal at any time during the term of the Mortgage Loans, ceasing the accrual of interest on the prepaid portion as from the date of repayment.

The last final maturity of the selected Mortgage Loans is 1 March 2052. Therefore, the Final Maturity Date is 1 March 2052, as previously described in section 2.2.2 c.6) of the Additional Building Block.

#### 2.2.5 Amount of the Assets.

The Assets of the Fund will be made up of the MTCs, assigned and issued by UCI and selected from among those comprising the audited portfolio, until reaching an amount equal to or marginally greater than FOUR HUNDRED AND TWENTY MILLION EUROS (€420,000,000).

The selected Mortgage Loan portfolio, from which the Mortgage Loans to be assigned to the Fund on the date of incorporation will be extracted, is made up of 3,850 Mortgage Loans, the outstanding principal of which amounts to €430,354,592.73 as of 20 September 2016. Mortgage Loans with arrears of more than thirty (30) days will not be assigned.

Section 2.2.2 c) above contains a chart showing the distribution of the Mortgage Loans, selected according to the outstanding principal of each one.

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

The original LTV ratio, expressed as a percentage of the amount of the initial principal and the initial valuation assessment of the properties mortgaged through the selected Mortgage Loans (on the date the Mortgage Loan was provided), was between 9.4% and 100.00%, and the average weighted ratio was 75.9%. In the case of Officially Protected Housing, the appraised value will be the lower of (i) the maximum official value and (ii) the market value.

The value of any asset securing the Mortgage Loans has been taken into account in calculating the original LTV.

Original Loan-to-Value (LTV) (*)						
Original Loan-to-Value (LTV) (*)		Credit Rights	% Credit Rights	Current Principal Outstanding	% Principal Initial	Initial Weighted LTV
0.00%	10.00%	1	0.03%	12,672.00	0.00%	9.42%
10.00%	20.00%	16	0.42%	585,533.65	0.14%	15.49%
20.00%	30.00%	55	1.43%	3,468,511.16	0.81%	26.80%
30.00%	40.00%	161	4.18%	11,814,508.49	2.75%	36.00%
40.00%	50.00%	286	7.43%	28,683,548.06	6.67%	45.51%
50.00%	60.00%	409	10.62%	45,799,998.34	10.64%	55.21%
60.00%	70.00%	471	12.23%	52,590,995.96	12.22%	65.46%
70.00%	80.00%	798	20.73%	86,902,533.99	20.19%	75.96%
80.00%	90.00%	779	20.23%	85,204,027.02	19.80%	85.15%
90.00%	100.00%	874	22.70%	115,292,263.18	26.79%	95.55%
<b>Total</b>		<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>	<b>75.93%</b>
(*) Original Property Value						
		<b>Maximum</b>	<b>Minimum</b>	<b>Simple Average</b>		
		100.00%	9.42%	73.82%		

The current LTV ratio, expressed as a percentage of the amount of the principal outstanding and the original valuation assessment (in accordance with the provisions of Order ECO/805/2003) of the current properties currently mortgaged through the selected Mortgage Loans (for the avoidance of doubt, without considering the initial valuation of the properties already released), is between 4.1% and 94.7%, and the average weighted ratio is 68.7%. In the case of Officially Protected Housing, the appraised value will be the lower of (i) the maximum official value and (ii) the market value.

Current Loan to Value (LTV)						
Current Loan to Value (LTV)		Credit Rights	% Credit Rights	Current Principal Outstanding	% Principal Outstanding	Weighted LTV
0.00%	10.00%	13	0.34%	309,547.62	0.07%	7.30%
10.00%	20.00%	69	1.79%	2,847,160.66	0.66%	16.40%
20.00%	30.00%	165	4.29%	9,939,082.65	2.31%	26.20%
30.00%	40.00%	295	7.66%	24,007,879.34	5.58%	35.74%
40.00%	50.00%	391	10.16%	40,146,395.01	9.33%	45.44%
50.00%	60.00%	435	11.30%	49,221,903.46	11.44%	55.23%
60.00%	70.00%	607	15.77%	70,412,635.59	16.36%	65.23%
70.00%	80.00%	735	19.09%	88,380,043.07	20.54%	75.50%
80.00%	90.00%	875	22.73%	106,382,296.44	24.72%	84.81%
90.00%	100.00%	265	6.88%	38,707,648.89	8.99%	92.22%
<b>Total</b>		<b>3,850</b>	<b>100.00%</b>	<b>430,354,592.73</b>	<b>100.00%</b>	<b>68.71%</b>

Maximum	Minimum	Simple Average
94.76%	4.07%	65.24%

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

### 1. Granting Policy

#### a) Introduction

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

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

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

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

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

#### b) Data codification.

The capture and encoding of the data of the operation in the UCI loan management IT system was performed by the C.A.N. (*Centro de Autorización Nacional* – National Authorisation Centre) reporting to the Risks Department, thus ensuring uniformity of criteria and independence with respect to commercial agencies. Between 2006 and 2011, owing to the strong increase in production, a sub-department known as “Encoding Control” was created, which dealt with, among other matters, the aspects relating to capture, encoding, calculation of

revenue and verification of different risk files to which we have access, and conducting telephone surveys, where necessary, of the companies where the applicants work.

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

**c) Powers.**

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

*c.1 Agency decision*

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

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

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

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

**d) Evaluation**

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

For decision-taking, the following basic criteria are followed:

*d.1 Purpose:* purchase or renovation of dwelling or re-mortgaging of mortgage loans from other institutions.

d.2  *Holders:* Individuals of legal age with access to the ownership of their homes or wishing to refinance their mortgage after verification of the following requirements:

d.2.1. The professional stability of the applicant is examined, considering both the type of employment contract and professional history, reinforcing operations with insufficient stability through additional guarantees.

d.2.2. The maximum percentage of financing depends on the type of employment contract, with a general maximum (with exceptions) of 70% for liberal professions and 60% for self-employed workers, these percentages increasing in the case of salaried employees. In the case of government workers, the percentage of financing can reach 105%, and may exceptionally rise to 120%. However, none of the financing granted to government workers in the Prado III portfolio will have a percentage greater than 100%.

d.2.3. The selection process is supported by a statistical “score” based on the probability of default according to the customer profile, an expert system (which includes all the rules of UCI’s risk acceptance policy) that checks if the operation complies with all of UCI’s risk acceptance policy rules and includes a system of geographical population studies.

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

UCI’s possible origination channels are the following:

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

Since 2010, the subscription of a cooperation agreement between UCI and any originator of operations has been subject to a strict acceptance policy by the Risk

Management Division (*Dirección de Riesgos*). Such policy includes, with prior consent from the originator, consultation of risk files (ASNEF, CIRBE, Worldcheck and so on), request of commercial and asset information, and analysis of potential effects of the relationship with such intermediary on UCI's image.

Procedures established by UCI for the formalisation of transactions are independent from the origination channel. No exceptions have been defined to such procedures on the basis of the type of contributor.

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

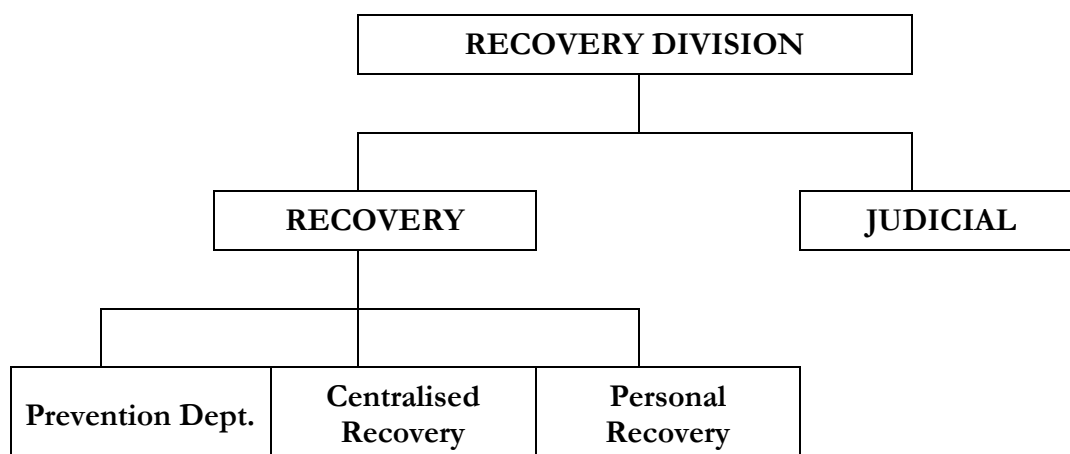
After completing the final evaluation and authorisation procedures, the Mortgage Loan deed is signed before a Notary Public at which time UCI disburses the funds.

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

During the formalisation of the operation, UCI is represented by a professional lawyer who oversees the correct completion thereof with a civil liability insurance policy and a first-demand bank guarantee, and who receives both the instructions for signing and the text for the loan deed instruments from a UCI Department that supervises the professional lawyer's activity through a system of prior authorisations.

**2. *Collection and claims policy***

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



The Prevention Department is the first stage of the Recovery Division and deals with customers not in default who are experiencing financial difficulties. This department adopts appropriate measures to prevent customers from defaulting and aggravating their financial situation with UCI.

Between the second and eighth day of each month, the majority of missed payments are assigned to a team to notify the customer, which leads to an early recovery process.

If a customer subsequently makes a first definitive default, this is handled by the Centralised Recovery Department. This department uses telephone management to recover



the debt contracted by the customer, to prevent aggravating the default situation and to ensure the possible future payment of instalments using the tools and mechanisms at UCI's disposal to resolve the customer's payment problems.

If the customer's normal payment situation cannot be re-established and the customer subsequently reaches two defaults, the matter is forwarded to the Recovery Agency Network. The main difference from previous departments is this network's personal contact with the customer.

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

1. Restructuring. In this operation, for reasons related to the customer's financial difficulties (current or foreseeable), the initial loan conditions are modified to facilitate payment (of principal and interest) because the holder cannot or is not likely to comply with the initial conditions in a timely manner.
2. Payment in kind. In this operation, UCI accepts the dwelling, or any of the dwellings guaranteeing the loan, as payment or part-payment of the debt. Should there be a remnant, it is possible to implement a Restructuring to adapt the instalments to the customer's real payment capabilities.

UCI subscribes to the Code of Good Practices for the feasible restructuring of debts secured with a mortgage over primary residences, published in the State Official Gazette (Boletín Oficial del Estado) on 21 October 2014, a government initiative to ensure that all customers that have a legitimate problem receive a practical solution. The aforementioned Code of Good Practices reflects the measures foreseen in the Royal Decree-law 6/2012, of 9 March, on urgent measures to protect mortgagors with limited resources, as modified by the Law 1/2013, and in the Royal Decree-law 1/2015, of 27 February, on the second chance mechanism, debt reduction and other social agenda.

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

Several teams are involved at this stage:

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

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

## **2.2.8 Representations and other warranties given to the Issuer relating to the Assets.**

### **2.2.8.1.- Representations**

The Management Company reproduces below the representations and warranties that the Assignor, as the owner of the Mortgage Loans and issuer of the MTCs, will make to the

Management Company, acting on behalf of the Fund, on the Date of Incorporation of the Fund on the deed of incorporation of the Fund:

**a) UCI:**

1. UCI is a company duly organised in accordance with applicable law and is registered with the Commercial Registry of Madrid and in the Registry of Financial Credit Entities of the Bank of Spain, and is equally empowered to participate in the mortgage market.
2. UCI has not been in a situation of insolvency, suspension of payments, bankruptcy or insolvency proceedings (in accordance with the provisions of the Insolvency Act) on the date of this Prospectus or at any time since its incorporation.
3. The corporate decision-making bodies of UCI have validly adopted all resolutions required to (i) assign the Mortgage Loans through the issuance of the MTCs, and (ii) validly execute the agreements and commitments undertaken therein.
4. UCI is in possession of the annual accounts for the last four completed financial years, which are duly audited. The Auditors' Report for 2015 is unqualified. The audited annual accounts for the financial years 2015 and 2014 are deposited with the CNMV and the Commercial Registry.
5. The Assignor complies with current data protection legislation and any anti-money laundering regulations.
6. The Assignor (i) retains (and will retain) a material net economic interest of not less than 5% of the nominal value of the securitisation in accordance with Article 405 of Regulation 575/2013 of the European Parliament and of the Council, of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (the "**CRR**"), and Article 51 of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the "**AIFMR**"), until the Final Maturity Date of the Notes by way of a retention in accordance with paragraph 1(d) of Article 405 of the CRR and paragraph 1(d) of Article 51 of the AIFMR (as in force at the Disbursement Date of the Notes) of the first loss tranche and, if necessary, other tranches having the same or a more severe risk profile than those transferred or sold to investors so that the total retention amounts to no less than 5% of the nominal value of the securitised exposures (such retention being in the form of its holding of Subordinated Loan 1), and (ii) provides on a timely basis all information required to be made available by the Assignor pursuant to Article 409 of the CRR, subject always to any requirement of law and provided that the Assignor will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond its control.

**b) Mortgage Loans:**

1. UCI is the sole owner of the Mortgage Loans, which are free of liens and encumbrances and has no knowledge that any Obligor may raise any objections to the payment of any amount regarding the Mortgage Loans.
2. UCI has no knowledge that any Obligor is insolvent.
3. UCI warrants that on the Date of Incorporation there will be no arrears greater than thirty (30) days.
4. The Mortgage Loans exist, are valid, binding and enforceable in accordance with Spanish law. In particular, the Mortgage Loans comply with applicable consumer laws in Spain.
5. The data concerning the Mortgage Loans included in sections 2.2.2, 2.2.6 and 2.2.8 of this Additional Building Block are complete and faithfully and accurately reflect the reality of such Mortgage Loans.
6. The Mortgage Loans have not been subject to any change, amendment, modification or waiver of any kind which in any material way adversely affects the enforceability or collectability of all or a material portion of the Assets being transferred.
7. As regards the Mortgage Loans, no person has a preferential right to the Fund.
8. All the Obligors are natural persons residing in Spain.
9. The Mortgage Loans have been provided by UCI to individuals (customers) to finance transactions involving the acquisition of finished houses in Spain or the subrogation of individuals to the financing provided to developers for the construction of houses in Spain for sale. None of the Mortgage Loans have been granted to real estate developers. All Mortgage Loans are secured with finished houses
10. None of the Mortgage Loans finances the acquisition of repossessions.
11. None of the Mortgage Loans refinances existing Mortgage Loans.
12. 95.5% of the Mortgage Loans has not been in arrears for more than thirty (30) days and, no more than 4.5% of the Mortgage Loans had a maximum of 3 arrears (with the most recent arrears having not occurred in the past 24 months), to the best of UCI's knowledge, the Obligors have not defaulted on any other obligation under the Mortgage Loans.
13. The Mortgage Loans are repaid by the Obligors via direct debit.
14. None of the Mortgage Loans includes Self-Certified Mortgage Loans or Equity Release Mortgage Loans.
15. On the date of assignment, the outstanding balance on each Mortgage Loan is in euros.
16. As of the date of assignment, each Obligor has made at least one scheduled payment under the Mortgage Loan agreement.
17. UCI is not aware of any Obligor holding any credit right against UCI that may entitle them to exercise any set-off rights.

18. The information contained in this Prospectus regarding the Mortgage Loan portfolio is complete and faithfully conforms to reality.
19. Both the assignment of the Mortgage Loans and the issue of the MTCs, as well as all the acts relating thereto, have been legally and validly performed or will be legally and validly performed based on market standards.
20. UCI has faithfully followed the standard set forth in the lending policy appearing in section 2.2.7 of this Additional Building Block as regards the policy on the assignment of each and every one of the Mortgage Loans.
21. All the original deeds of the mortgages securing the Mortgage Loans have been duly deposited with the company Recall, S.A., and are available to the Management Company. UCI also holds a CD-ROM with such instruments.
22. The Mortgage Loans were originated in the ordinary course of business of UCI and have been and are being administered by UCI in accordance with customary market procedures.
23. UCI is not aware of the existence of litigation of any kind as regards the Mortgage Loans that may prejudice the validity thereof or give rise to the application of Article 1,535 of the Civil Code (regarding an Obligor's right to terminate a disputed loan that is being sold).
24. All the Mortgage Loans have a maturity prior to four (4) years before the Legal Maturity Date.
25. UCI undertakes to provide the Management Company with all periodical information regarding the Mortgage Loans in accordance with the software applications of the Management Company.
26. The Mortgage Loans, after any initial fixed rate period, will accrue a variable interest rate indexed to an official benchmark index (Euribor /IRPH), and no maximum or minimum limit of the applicable interest rate is expected.
27. The payments of the Obligors deriving from the Mortgage Loans are not subject to any withholding tax.
28. The Mortgage Loan agreements are governed by Spanish law.
29. At the Date of Incorporation, UCI has received no notification of total or partial prepayment of the Mortgage Loans.
30. The assigned Mortgage Loans are covered by a report prepared by PWC upon the terms of Articles 22.1. (i) and 35 of Law 5/2015.
31. Each of the Mortgage Loans is secured by a first-priority real estate mortgage over the relevant properties (all of them over finished houses), with the exception of those which have been economically cancelled but in respect of which prior entry in the relevant registry is still pending cancellation, and the properties mortgaged are not affected by prohibitions concerning their disposal, cancellation or any other ownership limitation.
32. All the Mortgage Loans are recorded in public instruments, and all the mortgages are duly granted and registered in the corresponding Land Registries. The registration of the properties mortgaged is in force and

with no contradictions and is not subject to any limitation with priority over the mortgage, in accordance with applicable legal provisions.

33. The mortgages cover properties that are wholly owned by the mortgagor, and the Assignor is not aware of any litigation regarding the ownership thereof.
34. All the homes mortgaged have been previously appraised by an appraiser duly registered in the corresponding Official Registry of the Bank of Spain, and such appraisal is shown in the relevant certificate. In the case of Official Protection Housing (*Vivienda de Protección Oficial*) (VPO), the appraisal is equal to or less than the maximum legal value.
35. The Mortgage Loans do not meet any of the characteristics of excluded or restricted credits under Articles 12.1 a), c), d), f) and 12.2 of Royal Decree 716/2009.
36. For purposes of credit risk enhancement, 27.52% of the Outstanding Balance of the Assets have more than one asset with first-priority mortgage security backing the same loan, i.e., the Obligor has granted a first-priority mortgage, not only over the home financed, but also over another home. All such additional security has the same characteristics as the financed home.
37. The properties mortgaged by virtue of the Mortgage Loans are not excluded assets in accordance with Article 11.1 of Royal Decree 716/2009.
38. The Mortgage Loans are not subject to any issue of mortgage notes or MTCs other than the issuance of the MTCs.
39. UCI is not aware of the existence of any circumstance preventing the enforcement of the mortgage security.
40. On the Date of Incorporation, the outstanding balance of each of the Mortgage Loans is equal to the principal amount of the corresponding MTC.
41. The Mortgage Loans are fully drawn.
42. The Assignor may freely transfer its interest in the Mortgage Loans and their security related thereto without breaching any term or condition of the Mortgage Loans.
43. There are sufficient Assets in the Mortgage Loan preliminary portfolio to incorporate the Fund.

**c) MTCs:**

1. The MTCs are issued in accordance with the provisions of (i) Royal Decree 716/2009 and (ii) the Fourth Additional Provision of Law 5/2015.
2. The MTCs are issued to the extent the Mortgage Loans are not eligible under Article 3 of Royal Decree 716/2009, for purposes of being subject to mortgage shares ("*Participaciones Hipotecarias*").
3. The MTCs are issued for the same period that remains until maturity and for the same interest rate as each of the corresponding Mortgage Loans.

4. On the Date of Incorporation, the outstanding balance of each of the Mortgage Loans, which are fully drawn, will be equivalent to the principal amount of the corresponding MTC.
5. The respective corporate decision-making body of the Assignor has validly adopted all resolutions required for the issuance of the MTCs.

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

The Management Company has obtained from the Assignor the representations and warranties regarding both the Mortgage Loans and the Assignor itself, as described in this section and as will be ratified in the Deed of Incorporation.

#### **2.2.8.2.- Compliance with Regulation 575/2013**

In compliance with the provisions of Article 405 of CRR and Article 51 of the AIFMR, the Assignor (i) will retain a material net economic interest of not less than 5% of the nominal value of the securitisation until the Final Maturity Date of the Notes by way of a retention in accordance with paragraph 1(d) of Article 405 of the CRR and paragraph 1(d) of Article 51 of the AIFMR (as in force at the Disbursement Date of the Notes) of the first loss tranche and, if necessary, other tranches having the same or a more severe risk profile than those transferred or sold to investors so that the total retention amounts to no less than 5% of the nominal value of the securitised exposures (such retention being in the form of its holding of the Subordinated Loan 1) and (ii) provide on a timely basis all information required to be made available by the Assignor pursuant to Article 409 of the CRR, subject always to any requirement of law and provided that the Assignor will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond the control of the Assignor.

The Assignor will undertake in the Deed of Incorporation to include on the website [www.uci.es](http://www.uci.es) (or any other site that may hereafter replace it) a reference to the location where all the updated details can be found on the requirement to retain a net financial interest.

According to the Deed of Incorporation, the Assignor will undertake to notify the Management Company each month of the fulfilment of the retention so that the latter can publish such information on its website. The Assignor must explicitly declare that it has not taken any action (hedging of the credit risk, sale, taking short positions, etc.) that may have undermined the application of the retention requirement.

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

#### **2.2.9 Substitution of the Assets.**

In the case of prepayment of the Assets initially pooled together due to the prepayment of the corresponding Mortgage Loan, the affected Assets will not be replaced.

If subsequent to the Date of Incorporation, it is detected that an Asset does not conform on the Date of Incorporation to the conditions and characteristics contained in section 2.2.8 of this Additional Building Block, as the corresponding Mortgage Loan does not so conform, the party that has become aware of such circumstance, whether it be the

Assignor or the Management Company, shall notify the other party of such circumstance in writing. UCI undertakes within a fifteen (15) calendar days period from the mentioned notification to immediately replace or, if applicable, prepay the corresponding MTC subject to the prior consent of the Management Company and the Rating Agencies so that such substitution does not entail a reduction in the credit rating of the Notes.

The replacement will be made through the issue of MTCs for Mortgage Loans in UCI'S portfolio that can be included within a securitisation fund with the same characteristics as the Mortgage Loan underpinning the MTC being replaced.

UCI will thereafter immediately cancel such MTC through the corresponding stamp on the title which has been duly itemised for this purpose, and issue another MTC with similar remaining period, interest rate, outstanding balance and credit quality in terms of the relationship between (i) the outstanding balance of the Mortgage Loan and (ii) the appraisal of the property covered by the security for the underlying Mortgage Loan, after verification of the suitability of the replacement of the Mortgage Loan by the external auditor prior to the substitution, in accordance with the provisions of section 2.2.2 of the Additional Building Block, such that the financial structure of the Fund and the rating of the Notes will not be affected by the replacement.

This issue of MTCs by UCI and the replacement by the Management Company, on behalf of the Fund, will be made through the corresponding notarial certificate, which will include the data concerning the MTC to be replaced and the underlying Mortgage Loan, and the new MTC issued, with the data on the new Mortgage Loan, as well as the reason for the replacement and the variables determining the homogeneous character of the MTCs, as described above.

A copy of such notarial certificate will be delivered to the CNMV and to Iberclear.

In addition, the Management Company will deliver the Multiple Title representing the MTCs to UCI, and UCI will deliver a new Multiple Title including all MTCs owned by the Fund (excluding the substituted MTC and including the new MTC).

In the event that once fifteen (15) calendar days have elapsed from the notification above mentioned, there are no Mortgage Loans in UCI'S portfolio with characteristics similar to the Mortgage Loan underpinning the replaced MTC, UCI undertakes to prepay the affected MTCs, immediately repaying the outstanding principal in cash, the interest due and unpaid as well as any amount that may correspond to the Fund at such date by virtue of the corresponding MTC.

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

The assets securing the Mortgage Loans were insured against damages at the time of granting the Mortgage Loans, in accordance with the provisions of Order ECO/805/2003.

Initially, insurance policies are obtained from Santander Seguros (Santander Group), BNP Paribas Cardif (BNP Paribas Group) and Liberty Seguros, Compañía de Seguros y Reaseguros S.A. However, the Obligors may transfer them to another insurer of their choice such that the mortgaged property is insured at all times.

Data on insurance company concentration are not included because the insurance policies signed by the Obligors and the details thereof are not supported by or updated in UCI'S computer records. However, there may be a concentration of the abovementioned insurance companies given that the casualty insurance policies were initially obtained from such insurance companies.

As of the date of registration of this Prospectus, there is no evidence that the damage insurance policies purchased at the time of granting the Mortgage Loans are still in place.

**2.2.11. Information relating to the Obligor where the Assets comprise obligations of five (5) or fewer Obligor which are legal persons, or where an Obligor accounts for twenty percent (20%) or more of the Assets, or where an Obligor accounts for a material portion of the Assets.**

Not applicable.

**2.2.12 Details of the relationship between the Issuer, the guarantor and the Obligor if it is material to the issue.**

It is not known whether there are significant relationships concerning the issue of the Notes as regards the Fund, the Assignor, the Management Company or other persons involved in the transaction other than those included in section 5.2 of the Registration Document and in sections 2.2.8.2 and 3.2 of this Additional Building Block.

**2.2.13 Where the Assets comprise fixed income securities, a description of the principle terms and conditions**

Not applicable.

**2.2.14 Where the Assets comprise equity securities, a description of the principal terms and conditions.**

Not applicable.

**2.2.15 Where more than ten percent (10%) of the Assets comprise equity securities that are not traded on a regulated or equivalent market, a description of the principal terms and conditions.**

Not applicable.

**2.2.16 Where a material portion of the Assets is secured on or backed by real property, a valuation report relating to the property setting out both the valuation of the property and cash flow/income streams.**

As concerns the Assets deriving from Mortgage Loans, the valuation of the property securing the real estate mortgage has been mostly performed by one appraiser (Valtecnic, S.A.), and residually by other appraisers (Tasaciones Hipotecarias, Tinsa and Sivasa). All of them are ratified by and registered in the corresponding registry of the Bank of Spain. Such appraisal is carried out in accordance with the provisions of Order ECO/805/2003. The appraisals of the properties relating to the Mortgage Loans were performed on the date of the Mortgage Loans and the properties have not been re-appraised.

**2.3 Actively managed assets backing the issue.**

Not applicable.

**2.4 Where an Issuer proposes to issue further securities backed by the same Assets, a prominent statement to that effect and description of how the holders of that class will be informed.**

Not applicable.



### 3. STRUCTURE AND CASH FLOW

#### 3.1 Description of the structure of the transaction, including, if necessary, a diagram.

UCI will assign the Assets deriving from Mortgage Loans to the Fund through the issuance of the MTCs. The Fund will acquire the Assets and will issue the Notes from which it will obtain the funds or resources for the purchase of the Assets. It will periodically obtain funds from the repayment of the principal and interest on the Mortgage Loans which will be used to repay the Notes and to pay interest to the holders thereof. This transaction will be formalised through the Deed of Incorporation, which will be executed by the Management Company, on behalf and at the expense of the Fund, and by UCI. Thus, through the Deed of Incorporation of the Fund the following will take place:

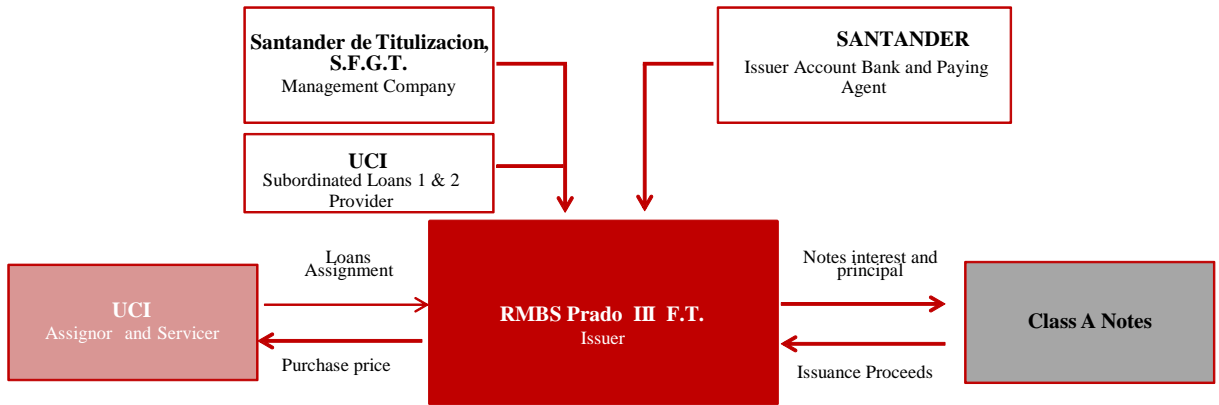
- a) the assignment to the Fund of the Assets deriving from Mortgage Loans (through the issuance by UCI and the subsequent subscription by the Fund of the corresponding MTCs),
- b) the issuance of Notes in the amount of **THREE HUNDRED NINETEEN MILLION EUROS (€319,000,000)**, distributed in one (1) class of Notes, and
- c) the formalisation of the Subordinated Loan 1 Agreement in the amount of **ONE HUNDRED AND ONE MILLION EUROS (€101,000,000)**.

A copy of the Deed of Incorporation will be delivered to the CNMV and to Iberclear to be included in their official registers prior to the Subscription Period.

In order to consolidate its financial structure and achieve the broadest possible hedge of the risks inherent to the issue of Notes, the Management Company, on behalf of the Fund, will enter into, among others, the following agreements:

- (i) Subordinated Loan 2 Agreement, with UCI, which will be used to finance the Reserve Fund, the expenses of the incorporation of the Fund and the issuance of the Notes, to partially finance the acquisition of the Assets, and to cover the temporary mismatch in the First Interest Accrual Period, and which will be applied to comply with the payment obligations set forth in the Priority of Payments described in sections 3.4.6 b) and 3.4.6 d) of the Additional Building Block, respectively.
- (ii) Guaranteed Reinvestment Agreement with Santander.
- (iii) Payment Agency Agreement with Santander.

The following is an explanatory diagram of the transaction:



### Initial balance sheet of the Fund

The balance sheet of the Fund at the Disbursement Date will be as follows:

<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Credit Rights</b>	<b>420,000,000</b>	<b>Notes Issuance</b>	
Assets (credit rights from mortgage loans)	420,000,000	Class A	<b>319,000,000</b>
<b>Working Capital</b>	<b>11,100,000</b>		
Treasury Account	11,100,000		
* Reserve Fund loan	10,500,000	<b>Other L/T debts</b>	<b>112,100,000</b>
* Initial expenses loan	600,000	Subordinated Loan 1	101,000,000
		Subordinated Loan 2	11,100,000
		* Reserve Fund loan	10,500,000
		* Initial expenses loan	600,000
<b>Total Assets</b>	<b>431,100,000</b>	<b>Total Liabilities</b>	<b>431,100,000</b>

The estimated initial expenses of the incorporation of the Fund and the issuance of the Notes are described in section 6 of the Securities Note.

It is assumed that all the initial expenses of the Fund and the issue of the Notes will be paid on the Disbursement Date. These expenses therefore appear on the above Balance Sheet.

### **3.2 Description of the entities participating in the issue and description of the functions to be performed by them.**

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

### **3.3 Description of the method and of the date of sale, transfer, novation or assignment of the Assets.**

#### **a) *Assignment of the Assets.***

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

The Obligors will not be notified of the assignment of the Mortgage Loans to the Fund by UCI. However, in the event of insolvency proceedings, or indications of insolvency, or if the Management Company considers it to be reasonably justified, the Management Company may request the Servicer to notify the Obligors and any respective guarantors thereof, of the transfer of the outstanding Mortgage Loans to the Fund, as well as the fact that the payments deriving from such Mortgage Loans will only release the debt if payment is made into the Cash Flow Account opened in the name of the Fund. However, if the Servicer has not given the notice to the Obligors within five (5) Business Days of receipt of the request, or in the case of insolvency proceedings as regards the Servicer, the Management Company itself, either directly or through a new servicer it has designated, will notify the Obligors and any respective guarantors thereof.

The Assignor will assume the expenses involved in notifying the Obligors even when notification is made by the Management Company.

The Mortgage Loans will be assigned through the issuance of the MTCs by UCI.

These MTCs will be subscribed by the Management Company, on behalf of the Fund, to be pooled in the Fund, by virtue of the Deed of Incorporation and upon the terms thereof, in accordance with the legislation on the mortgage market (Law 2/1981, Royal Decree 716/2009, the Fourth Additional Provision of Law 5/2015 and other applicable legal provisions).

The participation in the Mortgage Loans through the issue of MTCs will be for the whole of the remaining period until the final maturity of the Mortgage Loans.

The MTCs issued pursuant to the provisions of the Deed of Incorporation will be represented by one Multiple Title issued by the Assignor, representing all MTCs issued. This Multiple Title will be deposited with the Management Company.

Both in the event that any MTC should be substituted as prescribed in section 2.2.9 of this Additional Building Block, and in the event that the Management Company, acting for and on behalf of the Fund, should proceed to foreclose a Mortgage Loan, and moreover if upon Early Liquidation of the Fund, in the events and on the terms of section 4.4.3 of the Registration Document, the MTCs have to be sold to a third party, UCI agrees to split, as the case may be, any multiple title into such individual or multiple titles as may be required, or to substitute or exchange the same for the above purposes.

UCI, as issuing entity, will keep a special book in which it will note the MTCs issued and the changes of address of which it has been notified by the holder of

each one of the Mortgage Loans, and will also record (i) the dates of execution and maturity of the Mortgage Loans, (ii) their amounts and form of settlement, and (iii) the registration data of the mortgages securing the Mortgage Loans.

The Management Company, on behalf of the Fund, will subscribe the MTCs issued by UCI in the Deed of Incorporation so that they may be immediately included within the Fund.

Given the nature of the Fund as a qualified investor and the subscription by the latter of the MTCs, for the purposes of paragraph two, Article 29.1 of Royal Decree 716/2009, the issuance of the MTCs shall not be subject to a marginal notation in each recording of the mortgage pertaining to each of the Mortgage Transfers with the Land Registry.

As established by Royal Decree 716/2009, the MTCs shall be transferable through a written declaration on the certificate itself and, in general, by any of the means permitted by law. Notice of the transfer of the MTC and the address of the new holder shall be given by the transferee to the Assignor.

The transferor will not be liable as regards the solvency of UCI or for the solvency of the Obligor, or for the sufficiency of the mortgage it guarantees.

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

The assignment of the Mortgage Loans will be full and unconditional and for the whole of the remaining period up to the maturity of each Mortgage Loan. UCI, as Assignor of the MTCs and in accordance with Article 348 of the Commercial Code and Article 1,529 of the Civil Code, will be responsible to the Fund for the existence and lawfulness of the Mortgage Loans, as well as for its legal standing to effect the assignment and issue of the MTCs, but it will not be responsible for the solvency of the Obligors.

The Assignor does not assume the risk of non-payment of the Mortgage Loans and therefore does not assume any liability for non-payment by the Obligors, whether of principal, interest or of any other amount they may owe with respect to the Mortgage Loans, nor does it assume the effectiveness of the security therefor. Nor will it in any other manner assume liability as regards directly or indirectly guaranteeing the success of the transaction, or give security or Notes or enter into repurchase or substitution agreements as regards the Mortgage Loans, except as described in section 2.2.9 of this Additional Building Block or, if applicable, a potential repurchase further to the exercise of the Optional Redemption set forth in section 4.9.4 of the Securities Note.

The assignment of each Mortgage Loan will be made for the whole of the outstanding balance on the Date of Incorporation and will be for the whole of the ordinary and default interest with respect to each Mortgage Loan being assigned on such date.

Specifically, and by way of description and not limitation, the assignment will include all accessory rights in accordance with the provisions of Article 1,528 of the Civil Code; thus, it will give the Fund the following rights as regards the Mortgage Loans:

1. All amounts due for the repayment of the principal of the Mortgage Loans.
2. All amounts due for the ordinary interest on the Mortgage Loans.

3. All amounts due for the default interest on the Mortgage Loans.
4. All fees due for the early cancellation or partial prepayment of the Mortgage Loans payable in case of advance payments of any Mortgage Loans, as well as any compensation fees for fixed interest rates.

The early cancellation or partial prepayment fees are calculated according to Bank of Spain policy: 0.5% of the prepaid amount if such prepayment occurs during the first five years of the life of the Mortgage Loans and 0.25% of the prepaid amount if such prepayment occurs at any time after the first five years.

The purpose of the fixed interest rates compensation is to pay UCI for the possible damage that the total or partial prepayment of the Mortgage Loans with an initial fixed-interest period longer than twelve (12) months could cause.

This is only recoverable from the customer if there is a loss for UCI, which will usually occur if market interest rates are lower than the applicable interest rate at the time of prepayment, in accordance with Law 2/1981 on the Mortgage Market. In order to know if this applies in each case and to be able to calculate the market value of the Mortgage Loan at the time of the prepayment, the provisions set forth in Rule Fifteen of Bank of Spain Circular 5/2012 of 27 June shall apply. Such fixed compensation could be up to 3% of the prepaid amount in fixed interest rate loans.

Compensation fees for fixed interest rates are in addition to the early cancellation or partial prepayment fees.

5. Any amounts or assets received through judicial or notarial enforcement of the guarantees or due to the availability or use of the property awarded to the Fund in enforcement of the mortgage security or in the temporary administration or possession of the property (in the process of foreclosure) up to the amount owed by the respective Obligor, the acquisition at the auction price or for the amount determined by judicial resolution.
6. All potential rights or indemnities in favor of UCI, including those arising from any accessory right to the Mortgage Loans as well as from the insurance agreements (either as indemnification or advance payment).

In the event of prepayment of the Mortgage Loans by total or partial advanced repayment of the principal, the substitution of the affected Assets will not take place.

All the abovementioned rights will accrue in favour of the Fund as from the Date of Incorporation.

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

All possible expenses or costs that may arise for the Assignor from recovery actions in the event of the Obligor failing to comply with its obligations, including enforcement actions against such Obligors, will be paid by the Fund.

**c) *Price for sale or assignment of the Assets.***

The price of the sale or assignment of the Assets will be at par, that is to say, for the unpaid principal of the Mortgage Loans, and will be paid into the Cash Flow Account on the Disbursement Date.

The Assignor will not receive interest for the deferral of the payment of the sale price from the Date of Incorporation to the Disbursement Date.

In the event of termination of the incorporation of the Fund, and thus the assignment of the Assets, (i) the obligation of the Fund to pay the price for the acquisition of the Assets will be extinguished, (ii) the Management Company will be obliged to reimburse UCI as regards any rights that may have accrued to the Fund due to the assignment of the Assets, and (iii) it will cancel the MTCs.

**3.4 Explanation of the flow of funds.**

**3.4.1 How the cash flow from the Assets will meet the Issuer's obligations to the holders of the securities.**

The amounts received by the Fund deriving from the Assets will be deposited by the Servicer into the Cash Flow Account before midnight (12:00 p.m.) on the day following receipt. Therefore, the Fund will be receiving daily income in the Cash Flow Account due to the amounts received for the Assets.

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

In the event that it is considered necessary in order to better defend the interests of the Noteholders and on the condition that there is a compulsory substitution of the Assignor as Servicer of the Mortgage Loans, the Management Company will instruct the Assignor to give notice thereof to each of the Obligors of the Mortgage Loans, and, from the time this notification takes effect, the Obligors will directly pay the amounts they are obliged to pay as regards the Mortgage Loans into the Cash Flow Account, opened in the name of the Fund with the Fund's counterparty to the Guaranteed Reinvestment Agreement.

In no case will the Assignor pay any amounts to the Fund that it has not previously received from the Obligor in payment of Mortgage Loans.

On a quarterly basis, on each Payment Date, the holders of the Class A Notes will be paid the interest due and the repayment of the principal of the Class A Notes will occur in accordance with the sections 4.6.1 and 4.6.2 of the Securities Note and the Priority of Payments included in section 3.4.6 of this Additional Building Block.

On each Payment Date, the Available Funds to pay the obligations of the Issuer to the Noteholders will be the income obtained for the Mortgage Loans (detailed in section 3.3 b) of the Additional Building Block) calculated on each Determination Date, the interest due from the Cash Flow Account, the amount in the Reserve Fund, the proceeds of any liquidation, and when applicable, the Assets of the Fund.

**3.4.2 Information on any credit enhancements**

**3.4.2.1 Credit enhancements**

In order to strengthen the financial structure of the Fund, to increase the security or the regularity of the payment of the Notes, to cover temporary mismatches of the schedule of flows of principal and interest on the Mortgage Loans and the Notes, or generally to transform the financial characteristics of the Notes issued, and to complement the management of the Fund, the Management Company, on behalf of the Fund, will enter

into the agreements and transactions described below in the instrument of execution of the Deed of Incorporation, in accordance with applicable legal provisions.

The credit enhancements included in the structure of the Fund are as follows:

**a) Reserve Fund.**

Mitigates the credit risk and the liquidity or commingling risk of the Mortgage Loans. It is included using funds from Subordinated Loan 2, as specified in section 3.4.2.2 below. On the Date of Incorporation, the Reserve Fund will be equal to 2.5% of the Initial Principal Balance of the Assets.

**b) Subordination and postponement of payment of principal and interest between the Class A Notes and Subordinated Loan 1.**

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

### 3.4.2.2 Reserve Fund

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

UCI, in its condition of provider of Subordinated Loan 2 will not be required to replenish the Reserve Fund or to pay any additional amount after the Date of Incorporation. If the Reserve Fund needs to be adjusted in order to comply with the Reserve Fund Required Amount, such adjustment shall be made by the Management Company, to the extent there are Available Funds, up to the “**Reserve Fund Required Amount**” pursuant to the applicable Priority of Payment.

**a) Reserve Fund Required Amount:**

1. On the Date of Incorporation, equal to **TEN MILLION FIVE HUNDRED THOUSAND EUROS (€10,500,000)**, equivalent to 2.5% of the Initial Principal Balance of the Assets.
2. On each Payment Date after the Date of Incorporation, equal to 2.5% of the Outstanding Balance of the Assets.
3. Zero, following the earlier of:
  - a. Repayment in full of interest and principal due in respect of the Class A Notes.
  - b. Payment Date on which the Outstanding Balance of the Assets is zero but the Notes have not been redeemed in full.
  - c. Legal Maturity Date.

Provided that:

1. in case of 1 and 2, the Reserve Fund Required Amount shall not be less than 1.00% of the Initial Principal Balance of the Assets.
2. if a Reserve Fund Shortfall occurred on the preceding Payment Date, the Reserve Fund Required Amount shall not be less than the Reserve Fund Required Amount as of the Payment Date immediately preceding such Payment Date.

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

**b) Use:**

The Reserve Fund will be applied on each Payment Date in order to comply with the payment obligations contained in the Priority of Payments included in section 3.4.6 b) below.

**c) Profitability:**

Subordinated Loan 2 for the Reserve Fund will accrue nominal annual interest, calculated each quarter for each Interest Accrual Period, which will be the higher of (i) zero and (ii) the sum of (a) the 3-month EURIBOR reference rate or, in the absence thereof, its substitute (described in section 4.8 e) of the Securities Note) plus (b) a margin of 1.05% per annum to (and including) the Class A Step-Up Date and 2.10% per annum from (but excluding) the Class A Step-Up Date to (and including) the Final Maturity Date. Interest will only be paid if the Fund has sufficient liquidity in accordance with the Priority of Payments or, where applicable, the Liquidation Priority of Payments described in sections 3.4.6 b) and 3.4.6 d) below, respectively. Interest accrued, which should be paid on a particular Payment Date, will be calculated on the basis of (i) the number of days in each Interest Accrual Period and (ii) a year containing three hundred and sixty (360) days.

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

**d) Repayment:**

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

### **3.4.2.3 Subordinated Loan 1**

On the Date of Incorporation of the Fund, the Management Company, on behalf of the Fund, enters into an agreement with UCI whereby UCI shall provide the Fund with a commercial loan (“**Subordinated Loan 1**”) in the total amount of **ONE HUNDRED AND ONE MILLION EUROS (€101,000,000)** (the “**Subordinated Loan 1 Agreement**”).

The Subordinated Loan 1 amount shall be exclusively allocated by the Management Company to partially finance the acquisition of the Assets.

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

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



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

Interest shall be settled and be payable at the end of each Interest Accrual Period, on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period, and (ii) a three-hundred-and-sixty (360) day year. The first interest settlement date shall be the First Payment Date, which is 15 March 2017. Section 4.6.2 of the Securities Note sets out the rules for repayment of Subordinated Loan 1 principal.

The nominal interest rate determined for each Interest Accrual Period will be the higher of (i) zero and (ii) the sum of (a) the 3-month EURIBOR reference rate or, in the absence thereof, its substitute (described in section 4.8 e) of the Securities Note) plus (b) a margin of 0.95% per annum to (and including) the Class A Step-Up Date and 1.90% per annum from (but excluding) the Class A Step-Up Date to (and including) the Final Maturity Date.

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

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

Amounts due by the Fund and not delivered as established in the preceding paragraphs shall not earn default interest.

Interest due and not paid on a Payment Date will not be capitalised as principal of Subordinated Loan 1.

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

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

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

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

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

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

The Subordinated Loan 1 Agreement shall be fully terminated in the event that (i) the Rating Agencies do not confirm the provisional ratings assigned to the Notes as final ratings prior to or on the Disbursement Date, or (ii) UCI does not

subscribe the amount of Class A Notes that were not allocated to qualified investors, if any.

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

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

The Management Company, on behalf of the Fund, will enter into a Subordinated Loan 2 Agreement with UCI in the total amount of **ELEVEN MILLION ONE HUNDRED THOUSAND EUROS (€11,100,000)**, and which will be used for (i) financing the Reserve Fund as described above, (ii) financing the expenses of incorporation of the Fund, (iii) financing the expenses of the issuance of the Notes, (iv) partially financing the acquisition of the Assets (for the difference between the total nominal capital of the acquisition amount of the Mortgage Loans and subscription to the MTCs and the nominal amount of the Class A Notes and the Subordinated Loan 1, and (v) covering the initial temporary mismatch in the First Interest Accrual Period (due to the difference which will be generated between the interest on the Assets charged from the Date of Incorporation through First Payment Date and the interest on the Notes to be paid on the First Payment Date).

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

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

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

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

- The payment of interest due on the Class A Notes occupies (2<sup>nd</sup>) (second) place in the Priority of Payments provided for in section 3.4.6 b) of this Additional Building Block.
- The payment of interest due on Subordinated Loan 1 occupies (5<sup>th</sup>) (fifth) place in the Priority of Payments provided for in section 3.4.6 b) of this Additional Building Block, and consequently is reduced in rank as regards the payment of interest and repayment of principal due on the Class A Notes.

Sections 4.6.1 and 4.6.2 of the Securities Note provide details on the priority of the payment of interest and repayment of the principal on the Notes and of the Subordinated Loan 1 in the Priority of Payments of the Fund.

**3.4.4 An indication of any investment parameters for the investment of temporary liquidity surpluses and description of the parties responsible for such investment**

The Management Company, on behalf of the Fund, and Santander will enter into the Guaranteed Reinvestment Agreement under which Santander will guarantee a return for the amounts deposited by the Fund through its Management Company in the Cash Flow Account. Specifically, the Guaranteed Reinvestment Agreement will determine the amounts the Fund receives as:

- (i) principal and interest on the Assets;
- (ii) any other amounts that are received in payment of the ordinary principal or interest and default interest regarding the Assets;
- (iii) the amount which constitutes the Reserve Fund at any time;
- (iv) the return obtained from amounts deposited in the Cash Flow Account; and
- (v) any income received from early cancellation or partial prepayment fees;

which will be deposited into the Cash Flow Account.

All collections and payments during the entire life of the Fund will be centralised in the Cash Flow Account.

On the Disbursement Date, the Cash Flow Account will receive the effective amount of the payment for the subscription of the issued Notes and the initial amount of the Subordinated Loan 1 Agreement and the Subordinated Loan 2 Agreement, and will pay the price to acquire the Assets assigned by UCI at the initial amount and the expenses of constituting the Fund.

Santander warrants to the Fund, through its Management Company, for each period of liquidation, an annual yield variable quarterly, with monthly liquidations and daily calculation of interests, on the amounts deposited into the Cash Flow Account, equal to the reference interest rate of the Notes (Euribor 3 months) in force the last day of each Determination Period, with a minimum rate of zero per cent (0.00%) so the yield of the Cash Flow Account may in no case be negative.

The calculation of the return on the Cash Flow Account will be made by taking the effective days based on a year of three hundred and sixty-five (365) days. The interest settlement will be monthly, the fifth (5<sup>th</sup>) day of each month, or if any of these dates are not a Business Day, the Business Day immediately following.

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

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

#### **S&P's criteria**

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

In the event that the provider of the account concerned loses the minimum rating required herein, or any of the ratings are withdrawn, the Management Company must,

with prior notice to the Rating Agencies and within a maximum period of sixty (60) calendar days from the date on which this situation arises, adopt one of the options described below to allow an appropriate level of guarantee to be maintained with respect to the commitments relating to the Cash Flow Account:

- i. obtain an unconditional and irrevocable guarantee on first demand from one or more entities with minimum long-term debt ratings of at least A- securing, upon request of the Management Company, timely performance by the account holder of its obligation to repay the amounts deposited therein, for as long as the situation remains downgraded; or
- ii. transfer the balances deposited in the account opened with the affected provider to another account or accounts opened on behalf of the Fund with one or more entities having a minimum long-term debt rating of A-. The Management Company will arrange the highest possible return for the balance of the aforementioned accounts, which may be equal to or higher than that arranged with the Cash Flow Account Provider.

### **DBRS Criteria**

The Management Company, on behalf of the Fund, shall apply the provisions of the Legal Criteria for European Structured Finance Transactions document published by DBRS in September 2016. The entity providing the Cash Flow Account or the account opened by the Fund to replace or complement it must have a minimum rating of at least A according to DBRS Rating.

In the event that the provider of the account concerned loses the minimum rating required herein, or any of the ratings are withdrawn, the Management Company must, with prior notice to the Rating Agencies and within a maximum period of thirty (30) calendar days from the date on which this situation arises, adopt one of the options described below to allow an appropriate level of guarantee to be maintained with respect to the commitments relating to the Cash Flow Account:

- i. obtain an unconditional and irrevocable guarantee on first demand from one or more entities with a minimum DBRS Rating of at least A, securing, upon request of the Management Company, the timely performance by the account holder of its obligation to repay the amounts deposited therein, for as long as the situation remains downgraded; or
- ii. transfer the balances deposited in the account opened with the affected provider to another account or accounts opened on behalf of the Fund with one or more entities with minimum DBRS Rating of at least A. The Management Company will arrange the highest possible return for the balance of the aforementioned accounts, which may be equal to or higher than that arranged with the Cash Flow Account Provider.

DBRS Rating for the provider of the Cash Flow Account or the account opened by the Fund to replace or complement it, will be the higher of:

- (a) a rating one notch below the institution's long-term Critical Obligations Rating (COR) in case the provider of the Cash Flow Account or the account opened by the Fund to replace or complement it has a COR; and
- (b) DBRS Rating for the long-term senior unsecured debt rating of the provider of the Cash Flow Account or the account opened by the Fund to replace or complement it.

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

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

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

The Servicer will diligently ensure that the payments to be made by the Obligors are collected in accordance with the contractual terms and conditions of the respective Mortgage Loans.

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

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

On the Date of Incorporation of the Fund and issuance of the Notes, the Fund will receive the amounts from the subscription of the Notes and the Subordinated Loan 1 and the Subordinated Loan 2 and will apply such amounts to the following payments: sale price for assignment of the MTCs, payment of the expenses of incorporation of the Fund and issuance of the Notes, and endowment of the Reserve Fund.

From the Date of Incorporation until the total repayment of the Notes, the source and application of the amounts that may be drawn by the Fund will be as described below:

#### **a) Source:**

The Available Funds on each Payment Date will come from the following:

1. Revenue obtained from the Mortgage Loans as interest, calculated on each Determination Date as follows: the revenue obtained from the previous Determination Date, exclusive, to the current Determination Date, inclusive, except for the first Determination Date, which will be the revenue obtained between the Date of Incorporation, inclusive, and the Determination Date, inclusive.
2. The return obtained during each preceding Determination Period from the reinvestment of the Reserve Fund as well as from the amounts deposited in the Cash Flow Account.
3. Revenue obtained from the Mortgage Loans as principal, calculated on each Determination Date as follows: the revenue obtained from the previous Determination Date, exclusive, to the current Determination Date, exclusive, except for the first Determination Date which will be the revenue obtained between the Date of Incorporation, inclusive, and the Determination Date, inclusive.

4. Any income obtained from fees due for the early cancellation or partial prepayment of the Mortgage Loans payable in case of advance payments of any Mortgage Loans, as well as any compensation fees for fixed interest rates.
5. The amount corresponding to the Reserve Fund.
6. Any other amounts that the Fund may receive, including the revenue from the enforcement of the security for the Assets.

The Available Funds will be applied in order to address the payments described in the Priority of Payments described below in section b).

***b) Application***

On each Payment Date, the Management Company, on behalf of the Fund, will apply the Available Funds amount (regardless of when it accrues) to the following payments and retentions, in accordance with the Priority of Payments described below.

1. Payment to the Management Company of the Ordinary Expenses and Extraordinary Expenses of the Fund.
2. Payment of interest due and payable on the Class A Notes.
3. Retention of a sufficient amount to duly maintain the Reserve Fund at its required level, in accordance with the stipulations in section 3.4.2.2 of this Additional Building Block.
4. Repayment of the Outstanding Principal Balance of the Class A Notes.
5. Payment of interest due and payable on the Subordinated Loan 1 Agreement.
6. Repayment of the Outstanding Principal Balance of the Subordinated Loan 1 Agreement.
7. Payment of interest due and payable on the Subordinated Loan 2 Agreement.
8. Payment of principal due on the Subordinated Loan 2 Agreement.
9. Payment to UCI, on each Payment Date, of the fee for the administration of the Mortgage Loans, equal to **SIX THOUSAND EUROS (€6,000)** quarterly, V.A.T. included, up to and including the Legal Maturity Date on which total repayment of the issue takes place (or up to the Payment Date on which the Early Redemption of the issue takes place).
10. A quarterly payment of a variable amount to UCI as remuneration or compensation for the financial intermediation performed, which will be equal to the difference between the income and expenses booked for the Fund on the corresponding Payment Date.

**The Ordinary Expenses in first place in the above order of priority are broken down, solely for purposes of information, into the following:**

- Expenses incurred in verifying registrations and compulsory official authorisations.
- Expenses incurred in keeping the book-entry registry of the Notes and placing them on organised secondary markets;
- Expenses incurred in administering the Fund;
- Expenses incurred in repaying the Notes;

- Expenses deriving from the annual audits of the financial statements of the Fund;
- Notary expenses;
- Expenses deriving from the maintenance of the ratings of the Notes;
- Expenses related to the notifications that must be made to the holders of outstanding Notes in accordance with the provisions of this Prospectus.
- In general, any other expenses incurred by the Management Company and deriving from their work of representation and management of the Fund.

**A detailed description of the Extraordinary Expenses is set forth in the Definitions.**

If an item remains unpaid on a Payment Date prior to the current Payment Date, the Priority of Payments will be followed strictly in this section, beginning with the oldest item.

***c) Exceptional rules of priority of payments for the account of the Fund.***

If UCI is replaced by another entity as Servicer of the Assets, an administration fee will accrue for the third party (as new servicer), which will pass from the ninth (9th) position to the first (1st) position in the Priority of Payments included in section 3.4.6 b) above.

***d) Liquidation Priority of Payments***

The Management Company will liquidate the Fund when its liquidation takes place on the Legal Maturity Date or at any time at which the Early Liquidation takes place according to sections 4.4.3 and 4.4.4 of the Registration Document, by applying the following available funds (the “**Available Funds for Liquidation**”): (i) Available Funds, and (ii) amounts obtained by the Fund from time to time upon disposing of the MTCs and the remaining assets, in the following order of payment priority (the “**Liquidation Priority of Payments**”):

1. Payment to the Management Company of the Ordinary Expenses, Extraordinary Expenses and Liquidation Expenses of the Fund.
2. Payment of the interest of the Class A Notes.
3. Payment of the Outstanding Principal Balance of the Class A Notes.
4. Payment of the interest and Outstanding Principal Balance of the Subordinated Loan 1 Agreement.
5. Payment of the interest and Outstanding Principal Balance of the Subordinated Loan 2 Agreement.
6. Payment to UCI of the fees for the administration of the Mortgage Loans.
7. Payment to UCI of the remuneration or compensation for financial intermediation.

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

The Assignor of the Assets is UCI, with a registered office at c/ Retama 3, 28045, Madrid. As a financial credit entity (*establecimiento financiero de crédito*), its main activity consists of financing the purchase and renovation of homes, mainly through personal and Mortgage Loans, in accordance with the provisions of law.

The following table shows a comparison of the relevant information for UCI at June 2015 and 2016 and December 2015.

	30/06/2016	31/12/2015	30/06/2015	Δ
<b>UCI EFC Balance Sheet (k€)</b>				
Total Assets Balance	12.204.857	12.238.537	12.331.600	-1%
Total net loans and advances to customers	11.133.560	11.193.457	11.332.610	-2%
Total gross loans and advances to customers	11.133.305	11.313.605	11.468.312	-3%
+90 days Non Performing Loans	1.134.074	1.190.844	1.289.829	-12%
<b>Computable Equity UCI EFC (Tier 1 + Tier 2)</b>	481.843	520.255	520.192	-7%
CET 1 / Tier 1	371.863	399.876	399.851	-7%
Tier 2	109.979	120.379	120.341	-9%
<b>Income Statement UCI EFC (k€)</b>				
Net Interest Income	78.100	165.033	87.605	-11%
Gross Income	110.903	181.566	95.102	17%
Net Operating Income	33.498	39.110	54.433	-38%
Operating Profit before Tax	13.526	5.389	4.159	225%
Net Income	6.116	2.649	2.758	122%
<b>Key Ratios UCI EFC (%)</b>				
% Non Performing Loans on Total Loans (*)	10,2%	10,5%	11,2%	-9%
Coverage Rate (**)	26,5%	27,1%	27,1%	-2%
Cost-Income Ratio (***)	20,7%	25,0%	23,8%	-13%
Solvency Ratio	8,9%	9,5%	9,1%	-2%
CET 1 / Tier 1	6,9%	7,3%	7,0%	-2%
Tier 2	2,0%	2,2%	2,1%	-4%
<b>Additional information</b>				
Number of staff Spain	569	581	583	-2%
Number of staff rest Europe	122	123	121	1%
Number of branches Spain	23	19	18	28%
Number of branches rest Europe	9	9	9	0%
Number of loans managed	122.700	123.800	124.700	-2%
(*) Calculated on the outstanding loans with arrears >90 days on total gross loans, included on UCI EFC Balance Sheet and on the Consolidated UCI Balance Sheet				
(**) The coverage rate compares the specific provisions to the outstanding loans with arrears >90 days, included on UCI EFC Balance Sheet and on the Consolidated UCI Balance Sheet				
(***) Excluding the positive impact of the restructuring of the UCI EFC liabilities in 2015-2016				

*Pilar 2 and capital buffers are not applicable to UCI as financial credit institution.*

The annual financial statements of the Assignor for 2014 and 2015 have been audited and deposited with the CNMV.

They have been prepared in accordance with the International Financial Reporting Standards applicable to UCI under Regulation EC 1606/2002 and Bank of Spain Circular 6/2008.

### 3.6 Return on and/or repayment of the security is linked to others which are not Assets of the Issuer.

Not applicable.



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

#### **3.7.1 Servicer of the Mortgage Loans**

UCI, the Assignor of the Assets pursuant to the provisions of Law 2/1981 and Article 26.3 of Royal Decree 716/2009, is required to provide custody and administration of the Mortgage Loans, and the relationship between UCI and the Fund is governed by the provisions of the Deed of Incorporation.

If UCI ceases to be the Servicer of the Mortgage Loans, insofar as this is legally possible, the Management Company, according to Article 26.1.b) of Law 5/2015 will become the servicer thereof, and, to that end, it will delegate to a third party to exercise the administration and custody of the Mortgage Loans, on the same terms and conditions provided in this Prospectus.

This is without prejudice to the responsibility of the Management Company in accordance with article 26.1 b) of Law 5/2015.

UCI will accept the mandate received from the Management Company to act as servicer of the Mortgage Loans (the “**Servicer**”) and, by virtue of such mandate, undertakes as follows:

- (i) To carry out the administration and management of the Assets acquired by the Fund as established by the ordinary rules and procedures of administration and management set out in the Deed of Incorporation;
- (ii) To continue to administer the Mortgage Loans, dedicating the same time and attention and the same level of expertise, care and diligence in its administration as it would dedicate and exercise in the administration of its own loans. In any case, it will exercise an appropriate level of expertise, care and diligence as regards the provision of the services stipulated in this Additional Building Block and in the Deed of Incorporation;
- (iii) That the procedures it applies and will apply for the administration and management of the Mortgage Loans are and will continue to be in accordance with applicable laws and legal provisions;
- (iv) To faithfully comply with the instructions given by the Management Company;
- (v) To compensate the Fund for the damages that may derive from failure to comply with the obligations acquired.

A brief description of the ordinary rules and procedures of administration and custody of the Mortgage Loans governed by the Deed of Incorporation of the Fund is set forth in the following sections.

#### **(1) Term**

The services will be provided by UCI until all obligations assumed by UCI in relation to such Mortgage Loans are extinguished upon full repayment of the Mortgage Loans, without prejudice to the possible early revocation of its mandate if legally possible.

In the case of a breach by the Servicer of the obligations established in this Additional Building Block due to a drop in its credit rating that entails a prejudice or risk to the financial structure of the Fund or to the rights and interests of the Noteholders, as well as due to insolvency of the Servicer, or if the Management Company considers it to be reasonably justified, the Management Company, if

legally possible, with prior notice to the Rating Agencies, may take one of the following actions:

- (i) replace the Servicer with another entity that, in the opinion of the Management Company, has the suitable legal and technical capacity, provided that the rating of the Notes is not adversely affected; or
- (ii) require the Servicer to subcontract, delegate or have the performance of such obligations guaranteed by another entity that, in the opinion of the Management Company, has the suitable legal and technical capacity, provided that the rating of the Notes is not adversely affected.

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

For purposes of replacing the Servicer, if this is legally possible, according to Article 26.1.b) of Law 5/2015, the Management Company will become the servicer thereof, and, to that end, it will delegate to a third party to exercise the administration and custody of the Mortgage Loans, on the same terms and conditions provided in this Prospectus. Banco Santander, S.A., in its capacity as Back-Up Servicer Facilitator pursuant to the Guideline of the European Central Bank ECB/2013/4, of 20 March 2013 (as amended and consolidated), will agree in a public instrument, if so required, to perform the duties of searching for a new servicer such that within sixty (60) days the new servicer can replace UCI as the Servicer, all in compliance with the aforementioned Guideline ECB/2013/4, of 20 March 2013 (as amended and consolidated).

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

Notwithstanding the foregoing, the Management Company, on behalf of the Fund, will have the final decision as regards the appointment of the new servicer and any of the aforementioned actions.

The Servicer may voluntarily resign from the administration and management of the Mortgage Loans if allowed by applicable law, provided that (i) such resignation is approved by the Management Company, (ii) the Management Company has designated a new servicer, (iii) the Servicer has compensated the Fund for the damages that the resignation and substitution may cause thereto, and (iv) there is no negative impact on the rating of the Notes.

If UCI is replaced by another entity in its work as Servicer of these Mortgage Loans due to any of the reasons established in this section, the new entity will have the right to receive an administration fee which will occupy the first (1<sup>st</sup>) place in the Priority of Payments, as determined in section 3.4.6 c) of the Additional Building Block.

## **(2) Liability of UCI as to custody and administration**

UCI undertakes to act with due diligence as regards the custody and administration of the Mortgage Loans and will be responsible to the Fund, thorough its Management Company, for any damage that may derive from its negligence.

UCI will indemnify the Fund, through its Management Company, for any damage, loss or expense it may incur due to the failure to comply with its obligations concerning custody and/or administration of the Mortgage Loans.

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

In the management of collections of the Mortgage Loans, UCI undertakes to act with due diligence and will be responsible to the Fund, through its Management Company, for any damages that arise from its negligence.

UCI does not assume liability in any form as regards directly or indirectly guaranteeing the success of the transaction, nor will it provide security or Notes or enter into agreements for the repurchase of the Mortgage Loans other than those that do not conform to the representations and warranties set forth in section 2.2.8 of this Additional Building Block on the Date of Incorporation or, if applicable, any repurchase after the exercise of the Optional Redemption contained in Section 4.9.4 of the Securities Note.

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

The Servicer will keep all the agreements, copies of instruments, documents and computer files on the Mortgage Loans and casualty insurance policies in safe custody and will not abandon the possession, custody or control thereof without prior written consent of the Management Company for such purpose, unless the document is requested in order to commence proceedings for the enforcement of a Mortgage Loan.

The Servicer will at all times reasonably provide the Management Company or the duly authorised auditor of the Fund with access to such agreements, instruments, documents and records. If the Management Company so requests, the Servicer will also provide a free-of-charge copy or photocopy of any of such agreements, instruments and documents within five (5) Business Days following such request. The Servicer must act in the same way in the case of requests for information from the auditor of the Fund.

In any case, the Servicer waives the privileges which the law confers thereon in its condition as manager of collections for the Fund and of the custody of the Mortgage Loan agreements, and particularly those established in Articles 1,730 and 1,780 of the Civil Code (regarding the retention of pledged items) and 276 of the Commercial Code (a security of similar nature to the retention of pledged items).

**(5) Collection management**

UCI's recovery system is divided into three phases:

- Personalised amicable collection: The collection phase starts as soon as there is confirmation of non-payment of the first instalment. There are several teams participating in this phase:
  - o Preventive: this is an internal team at UCI, located at its headquarters, that provides help to and reaches agreements with customers to avoid non-payment.
  - o Initial collection: this is an internal team that contacts the customer to learn the reasons for the non-payment and propose initial solutions. This team handles customers with a maximum of one unpaid instalment. During this phase, UCI presents the instalment several

times in the month to liquidate the debt partially or in full.

- Recovery agencies: UCI agencies in the main cities; they handle customers with more than two unpaid instalments, making personal contact with the debtors and seeking bespoke solutions for each problem. Based on the specific details of each case, customers are assisted with the sale of the home or alternative solutions adapted to the customer.
- Judicial: this phase is started if the unpaid amounts cannot be collected through the previous measures and it is necessary to have recourse to judicial enforcement of the assets. There are several teams in this phase:
  - Pre-trial team: this team is responsible for obtaining the documentation prior to filing the claim.
  - Litigation team: this team is responsible for monitoring the court proceedings and overseeing portfolios assigned to the team of outside lawyers.
  - Law firms: law firms responsible for direct monitoring of assigned court proceedings, distributed by geographical areas.
  - Court advocates: official intermediaries responsible for managing court enforcement proceedings.
- Real estate: once the property has been awarded to UCI by judicial decision or given over in payment of the debt, this department is in charge of selling the property, as well as maintaining the property while it is owned by UCI. UCI's sales network takes responsibility for the marketing and sale of such properties by making contact with its network of estate agents.

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

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

The Fund, as holder of the Assets, shall be entitled to use all legal actions deriving from the ownership of the Assets, in accordance with applicable legal provisions. Such action must be taken using the appropriate judicial procedure pursuant to the procedures of Articles 517 *et seq.* of the Civil Procedure Act.

For purposes of the foregoing, in the Deed of Incorporation, the Management Company will grant to UCI a power of attorney as broad and sufficient as required by law so that UCI, acting through any of its representatives with sufficient powers for such purpose, in accordance with the instructions of the Management Company on behalf and in representation of the Fund or in its own name but on behalf of the Management Company as the legal representative of the Fund, may request the Obligors of the Mortgage Loans to pay their debt and enforce court action against them, as well as other powers required to perform its duties as Servicer. These powers may also be granted in a document other than the Deed of Incorporation and may be expanded or modified if necessary in order to perform such duties.

By virtue of the power given thereto by the Fund, the Servicer may generally seek foreclosure on behalf of the Fund with regard to the Mortgage Loans if the Obligor, in breach of its payment obligations, does not recommence payments to the Servicer within a period of three (3) months, and the Servicer, acting with the consent of the Management Company, fails to achieve a payment commitment that is satisfactory for the interests of the Fund. In any case, the Servicer must immediately seek foreclosure if the Management Company, on behalf of the Fund and after a prior analysis of the specific circumstances of the case, deems such action appropriate.

Some of the Mortgage Loans underpinning the MTCs may have recorded mortgages relating to prior mortgage loans in the Land Register, even though, pursuant to UCI's representations in section 2.2.8.1 b) of this Additional Building Block, the debts giving rise to such recording of active mortgage have been fully repaid.

Therefore, for registration purposes, these Mortgage Loans do not have first-priority mortgages but rather come after the registered mortgages. However, the debts relating to the first-priority mortgages are fully repaid.

In the event of mortgage foreclosure, if the Servicer finds that the Land Register contains other mortgages with priority over the asset encumbered by the mortgage to be enforced but which have been repaid prior to or at the same time as the creation of the enforceable mortgage, it will take such legal steps as are necessary to ensure that the Register entry reflects the actual legal circumstances. If the Servicer has the necessary documentation, it will act in accordance with Article 40 of Part IV of the Mortgage Act, and otherwise in accordance with Article 209 of such Act.

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

The Management Company, on behalf of the Fund and as holder of the MTCs, may bring an enforcement action against UCI as Issuer thereof regarding the effectiveness of the maturities of the MTCs as regards principal and interest, if the breach of the obligation to pay such items is not a result of the Obligors' failure to pay the Mortgage Loans.

Neither the Noteholders nor any other creditor of the Fund will have the right to any action against the Assignor, as the Management Company will take such action as representative of the Fund holding the MTCs.

Once the Mortgage Loans are cancelled, the Fund, through its Management Company, will have an action against the Servicer until it has complied with its obligations.

The Noteholders will bear the risk of non-payment of the Mortgage Loans. Therefore, UCI will not assume any liability for non-payment of the Mortgage Loans by the Obligors, whether for principal, interest or any other amount that the Obligors may owe by virtue of the Mortgage Loans.

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

In the event of a failure of the Obligor to pay the Mortgage Loan, the Management Company, acting on behalf of the Fund, will have the following powers:

- (i) To compel the Assignor, as Servicer, to commence foreclosure on the mortgage.
- (ii) To participate with the same rights as UCI, as the entity issuing the MTCs, in UCI's enforcement against the Obligor, and to appear in any enforcement proceedings commenced thereby and receive its entire claim from the proceeds from the auction.
- (iii) If UCI does not commence the procedure within sixty (60) calendar days of the notarial request for payment of the debt, in the case of the Mortgage Loans, to have the subsidiary power to enforce the mortgage action on the Mortgage Loan in the amount corresponding to the percentage of its participation, as regards both principal and interest, and the Assignor will be required to issue a certificate of the existing balance of the Mortgage Loan.
- (iv) If the proceedings brought by UCI are halted, the Fund, duly represented by the Management Company, as holder of the corresponding MTC, may subrogate to its position and continue the enforcement proceedings without waiting for the passage of such period.

In the cases set forth in paragraphs (iii) and (iv), the Management Company, on behalf of the Fund, may request a competent court to commence or continue the corresponding mortgage foreclosure proceeding, and will attach the original title of the itemised MTC, the notarial request provided for in paragraph (iii) above, and the certificate of mortgage registration and continuance, and the document showing the balance claimed.

If legally required, and for purposes of the provisions of Articles 581.2 and 686.2 of the Civil Procedure Act, UCI will grant an irrevocable power of attorney in the Deed of Incorporation as broad and sufficient as required by law for the Management Company, acting on behalf of UCI, to make notarial demand to any Mortgage Loans' Obligors to pay their debts.

The Fund, in its capacity as holder of the MTCs and through the Management Company, may participate in the foreclosure proceeding with rights equal to those of UCI; along these lines, as regards the Mortgage Loans, it may request an award of the mortgaged property in payment of its claim upon the terms set forth in Articles 691 *et seq.* of the Civil Procedure Act. The Management Company will sell the properties awarded as soon as possible on market terms.

The costs and financing of the foreclosure proceedings described in this section will be paid by the Fund.

UCI, as the manager of collections, will receive on behalf of the Fund any amounts paid by the Obligors arising from the Mortgage Loan, including principal, early cancellation or partial prepayment fees, fees for fixed interest rates and any other amount (but excluding fees other than those mentioned above) and from the insurance agreements assigned to the Fund (either as indemnification or advance payment), and will deposit the amounts belonging to the Fund in the Cash Flow Account before midnight (12:00 p.m.) on the day following receipt.

Therefore, the Fund will receive daily income in the Cash Flow Account due to the amounts received for the Assets.

During the same period of time, UCI will also deposit into the Cash Flow Account any amounts belonging to the Fund that it receives from the Obligor for prepayment of the Mortgage Loans.

**(6) Setting of interest rate.**

For Mortgage Loans subject to a variable interest rate, the Servicer will continue to set such interest rates in accordance with the provisions of the corresponding Mortgage Loans, and will prepare the communications and notices provided for such purpose in the respective agreements.

**(7) Advance of funds**

In no event will UCI advance any amount that has not been previously received from the Obligor as principal or an outstanding instalment, interest or financial charge, prepayment or other item arising from the Mortgage Loan.

**(8) Insurance policies**

In the Deed of Incorporation, UCI will assign to the Management Company, on behalf of the Fund, the rights belonging thereto (either as compensation or advance payment) as beneficiary of any casualty insurance policies.

**(9) Reporting**

The Servicer must periodically inform the Management Company and the Rating Agencies of the Obligor's level of compliance with their obligations deriving from the Mortgage Loans, of the compliance by the Servicer with its obligation to deposit the amounts received from the Mortgage Loans, of the actions taken in the event of delay and the auction of property, and of the existence of hidden defects in the Mortgage Loans.

The Servicer must prepare and deliver to the Management Company the additional information that the Management Company may reasonably request regarding the Mortgage Loans or the rights deriving therefrom.

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

The Servicer will be authorised to permit subrogations to the position of the Obligor in the Mortgage Loan agreements only in those cases in which the new Obligor has similar features in respect of risk profile and others to those of the previous Obligor and such features conform to the Loan assignment standards described in section 2.2.7 of this Additional Building Block, and provided that the expenses deriving from such subrogation are paid in full by the Obligor.

The Management Company may totally or partially limit this authority of the Servicer, or subject the power to conditions, if such subrogations may negatively affect the ratings of the Notes given by the Rating Agencies.

The Management Company must in any case be immediately notified of any subrogation by the Servicer in accordance with the preceding paragraph. The subrogation of the Mortgage Loan must not adversely or otherwise affect the Mortgage Loan portfolio.

In addition the Obligor may request subrogation of the Mortgage Loans to the Servicer pursuant to Law 2/1994 on the subrogation and amendment of mortgage loans.

The subrogation of a new creditor in the Mortgage Loan and the resulting payment of the amount owed will give rise to a mandatory prepayment of the Mortgage Loan and of the corresponding MTC.

**(11) Powers and actions relating to procedures for renegotiation of the Mortgage Loans.**

The Management Company generally authorises the Servicer to enter into renegotiations with respect to the Mortgage Loans, without its prior consent, under the terms and conditions described below.

The Servicer may not release security for any reason other than the payment of the Mortgage Loans, waive or compromise on such security, forgive the Mortgage Loans in whole or in part, or generally perform any act that reduces the rank, legal effectiveness or economic value of the Mortgage Loans.

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

The Management Company authorises UCI to renegotiate the interest rate on loans when requested to do so by an Obligor. The renegotiation of the applicable interest rate cannot result in the interest rate being adjusted to a level or index other than the interest rates or indices used in loans provided by UCI. Any such renegotiation will need to comply with the following requirements:

- a) In renegotiating the interest rate clause of the loans, UCI must ensure that the new terms are at the market interest rate and are no different than those applied by the Servicer in renegotiating its loans. For purposes of this procedure, a market interest rate is the interest rate offered by lenders in the Spanish loan market.
- b) Interest rates may be renegotiated to change a given variable interest rate to another fixed rate of interest.

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

- a. No increase in the amount of credit will be allowed.
- b. No modification in the frequency of repayments throughout the remaining term of the Mortgage Loans will be allowed.
- c. Renegotiations of a reduction in the instalments agreed to through the Recovery Division will be allowed, with a limit of 15% of the Initial Principal Balance of the Assets.
- d. The margin on the reference index may not be renegotiated below 0.5% if the reference rate used is Euribor, or below a negative zero point four percent (-0.4%) if the reference rate used is the Mortgage Loan Benchmark Index (*Índice de Referencia de Préstamos Hipotecarios*).
- e. The maturity date on a loan may be extended, provided that the new maturity date of the loan does not occur after the Final Maturity Date of the Fund.



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

Under exceptional circumstances, the Management Company, on behalf of the Fund, may suspend or amend the authorisation and requirements for renegotiation by the Servicer set forth in this section.

If the Servicer fails to comply with the provisions of this section in relation to the renegotiation of any of the Mortgage Loans, the replacement procedure described in section 2.2.9 of this Additional Building Block shall apply with respect to the Mortgage Loan in question (without prejudice to the liability of the Servicer for such circumstance). This does not mean that the Servicer guarantees the successful conclusion of the transaction, but rather the remedy of the effects of the breach of its obligations, in accordance with Article 1,124 of the Civil Code. The Management Company will immediately inform the CNMV of the repayment of the Assets resulting from the Servicer's breach. The costs incurred to cure the Servicer's breach must be paid by the Servicer and cannot be passed on to the Fund.

**(12) Fee for provision of services**

A fixed quarterly fee of **SIX THOUSAND EUROS (€6,000)**, including V.A.T., will accrue to UCI on each Payment Date for its work of managing the Assets. If UCI is replaced in its work of managing the Assets by another entity, the replacement entity will have the right to receive an administration fee that will occupy the first (1<sup>st</sup>) place in the Priority of Payments set forth in section 3.4.6 b) of this Additional Building Block.

If the Fund, through its Management Company, fails to pay the entire fee on a Payment Date due to a lack of sufficient liquidity in the Cash Flow Account, in accordance with the Priority of Payments set forth in section 3.4.6 b), the unpaid amounts will accrue without penalty to the fee that must be paid on the following Payment Date, and will be paid at that time.

In addition, on each Payment Date, UCI will have the right to the repayment of all expenses of an exceptional nature that it may have incurred in relation to the Mortgage Loans, after reporting such expenses to the Management Company. These expenses, which will include, among others, those arising from the enforcement of the security and any sale of properties, will be paid if the Fund has sufficient liquidity in the Cash Flow Account and in accordance with the Priority of Payments set forth in section 3.4.6 b) of this Additional Building Block.

**(13) Other expenses and compensation.**

On an annual basis, as remuneration or compensation for the financial intermediation process, UCI will also have the right to receive a subordinated and variable amount equal to the difference between the booked revenue and the expenses for the Fund in a fiscal year, such that the financial margin is extracted. The payments for this item may be made quarterly on each Payment Date in accordance with the Priority of Payments set forth in section 3.4.6 b) of the Additional Building Block, and will be considered payments on account.

**(14) Set-off**

If any of the Obligor on the Mortgage Loans has a liquid, due and payable credit right against the Servicer, with the result that one or more of the Mortgage Loans are set off against such right, the Servicer will remedy this circumstance such that the set-off does not apply, or if it is not possible to remedy it, the Servicer will deposit in the appropriate account with the Fund the amount which was set off plus the interest due from the date of set off until the date on which the deposit is made, calculated in accordance with the terms and conditions applicable to the corresponding Mortgage Loan.

**(15) Subcontracting**

The Servicer may subcontract any of the services which it has undertaken to provide by virtue of the above provisions and those of the Deed of Incorporation, except for those services that cannot be delegated pursuant to applicable law. In no case will such subcontracting entail any additional cost or expense for the Fund or the Management Company, and it must not give rise to a downward revision of the rating of the Notes by the Rating Agencies. Notwithstanding any subcontracting or delegation, the Servicer will not be discharged or released through such subcontracting or delegation from any of the liabilities that it has assumed and that are legally attributable to or enforceable against the Servicer.

**(16) Notices**

Notice is not a requirement for the validity of the issuance of the MTCs or for the validity of the assignment of the MTCs to the Fund.

However, the Assignor will grant to the Management Company the broadest powers as are necessary under law so that it may, on behalf of the Fund, notify the Obligor of the issuance or the assignment of the MTCs at the time it deems appropriate.

Notwithstanding the foregoing, in the event of insolvency or indications thereof, liquidation or the replacement of the Servicer, or because the Management Company considers it to be reasonably justified, the Management Company may request the Servicer to notify the Obligor of the transfer of the outstanding Mortgage Loans to the Fund, as well as of the fact that the payments deriving therefrom these will only act as a release if they are made into the Cash Flow Account opened in the name of the Fund. However, both in the case that the Servicer has not notified the Obligor within five (5) Business Days following receipt of the request, and in the case of insolvency of the Servicer, the Management Company itself, either directly or through a new servicer designated thereby, will notify the Obligor and any respective guarantors thereof.

The Assignor will assume the expenses involved in notifying the Obligor even if notification is provided by the Management Company.

**3.7.2 Management Company.**

The administration and legal representation of the Fund is vested in the Management Company, whose name, address and significant business activities are described in section 6 of the Registration Document upon the terms established by Law 5/2015 and other applicable regulations, without prejudice to the provisions of the Deed of Incorporation. In particular, the Management Company will be responsible for the administration and management of the assets pooled in the Fund pursuant to Article 26.1 b) of Law 5/2015.

The Management Company is also responsible for representing and defending the

interests of the Noteholders and of the Other Creditors of the Fund. Accordingly, the Management Company shall at all times take into account the interests of the Noteholders, acting in the defence thereof and adhering to applicable law and regulations for such purpose.

By way of example and without prejudice to other actions provided for in this Additional Building Block, the actions to be performed by the Management Company in furtherance of its duties of administration and legal representation of the Fund are as follows:

- (i) open the Cash Flow Account, initially with Santander, in the name of the Fund and ensure that the proceeds from collections are deposited into the Cash Flow Account, in accordance with the terms set forth in this Prospectus;
- (ii) exercise the rights attaching to ownership of the Assets of the Fund, and generally carry out any such acts of administration and disposal as are necessary for the proper performance of the administration and legal representation of the Fund;
- (iii) carry out the financial servicing of the Assets with diligence and rigor, without prejudice to the management duties assumed by the Assignor in its capacity as Servicer in accordance with the provisions of section 3.7.1 above;
- (iv) verify that the amount of income actually received by the Fund corresponds to the amounts to be received by the Fund in accordance with the terms and conditions of each Asset and the terms and conditions of the various contracts;
- (v) validate and control the information it receives from the Servicer regarding the Mortgage Loans as regards collections of ordinary payments, prepayments of principal, payments of unpaid instalments, and status and control of non-payments;
- (vi) calculate the Available Funds and the movements of funds it will have to make once they have been applied in accordance with the relevant Priority of Payments, ordering transfers of funds between the various asset and liability accounts and making the applicable payment instructions, including those allocated to pay the financial servicing on the Notes;
- (vii) calculate and settle the amounts for interest and fees that must be received and paid by the various asset and liability financial accounts, as well as the fees to be paid for the various agreed financial services and the amounts pertaining to the Notes and the Subordinated Loan 1 Agreement for the repayment of principal and for interest;
- (viii) perform its calculation obligations as contemplated in this Additional Building Block and in the Subordinated Loan 2 Agreement and in the Guaranteed Reinvestment Agreement, which are described in sections 3.4.3 and 3.4.4 of this Additional Building Block;
- (ix) monitor the actions of the Servicer for recovery of non-payments, giving instructions, when applicable, in order to commence a foreclosure proceeding and, if applicable, with regard to the position to be adopted in property auctions. Bring the relevant actions when such circumstances occur;
- (x) handle the accounting of the Fund with due separation thereof from that of the Management Company, and render accounts and comply with the tax or other legal obligations applicable to the Fund;
- (xi) furnish the holders of Notes issued against the Fund, the CNMV and the Rating Agencies with such information and notices as are established by applicable legal provisions, and especially those contemplated in this Prospectus;
- (xii) enter into, extend or amend agreements it has executed on behalf of the Fund,

replace each of the providers of services to the Fund by virtue of such agreements, and also, if necessary, enter into additional agreements, all of the foregoing subject to applicable law, after obtaining the prior authorisation, if required, from the CNMV or competent governmental body, and after notifying the Rating Agencies, and provided that such actions do not lead to a decrease in the rating of the Notes and do not impair the interests of the Noteholders, so as to ensure that the Fund operates in accordance with the terms set forth herein by the law in effect from time to time;

- (xiii) appoint and replace, as applicable, the financial auditor charged with auditing the annual financial statements of the Fund;
- (xiv) prepare and submit to the CNMV and other competent bodies all documents and information that must be submitted pursuant to applicable legal provisions and the terms of this Prospectus, or when so requested by the CNMV and other competent bodies, and prepare and submit to the Rating Agencies any information they may reasonably request;
- (xv) make appropriate decisions in relation to the liquidation of the Fund, including the decision for early termination of the Notes issued and liquidation of the Fund, in accordance with the provisions of this Prospectus;
- (xvi) not take actions that could decrease the rating of the Notes, and procure the adoption of those measures which are reasonably within its reach in order for the rating on the Notes not to be adversely affected at any time;
- (xvii) manage the Fund in such a manner that the shareholders' equity therein is always zero; and
- (xviii) pay the Ordinary Expenses and the Extraordinary Expenses incurred by the Management Company on behalf of the Fund.

The Management Company must perform its activities with the diligence required thereof in accordance with Law 5/2015, representing the Fund and defending the interests of the Noteholders and of the Other Creditors of the Fund as if handling its own interests, caring for the levels of diligence, reporting and defence of the interests of the former and avoiding situations involving conflicts of interest, and giving priority to the interests of the Noteholders and to those of the Other Creditors of the Fund over its own. The Management Company will be liable to the Noteholders and Other Creditors of the Fund for all damages caused thereto by a breach of its obligations. It will be liable for the penalties applicable thereto pursuant to the provisions of Law 5/2015.

The Management Company has the necessary resources, including suitable technology information systems, to discharge its duties of administering the Fund as attributed thereto by Law 5/2015.

In accordance with Article 29.1.j) of the Law 5/2015, the Management Company has adhered to the Santander Group's General Code of Conduct, which it can be viewed on its website ([www.santander.com](http://www.santander.com)).

For the purposes of Article 5 of the Restated Text of the Spanish Securities Market Act approved by Royal Decree-Law 4/2015, SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A. is part of the Santander Group.

#### **Replacement of the Management Company**

The Management Company will be replaced in the administration and representation of the Fund in accordance with the provisions established by applicable law. Thus, in

accordance with the provisions of Articles 32 and 33 of Law 5/2015, the Management Company will be replaced using the following procedure:

- (i) In accordance with Article 32 of Law 5/2015, the Management Company may resign from its duties when it so deems appropriate and voluntarily request its replacement in a written communication addressed to the CNMV disclosing the appointment of the replacement management company. Such communication must be accompanied by a written communication from the new manager, duly authorised and registered as such in the special registries of the CNMV, wherein the latter represents that it is willing to accept such duties and wishes to obtain the pertinent authorisation. The CNMV must approve the resignation of the Management Company and appointment of a new company as manager of the Fund. In no case may the Management Company resign from the performance of its duties until all of the requisites and formalities for its replacement to be able to fully assume its duties in relation to the Fund have been met. Nor may the Management Company resign from its duties if the rating assigned to any of the Notes issued against the Fund would be downgraded as a result of the replacement. All expenses arising from such replacement must be paid by the Management Company itself, and may not in any event be attributed to the Fund.
- (ii) The Management Company will be replaced if it is subject to any of the grounds for dissolution under Articles 360 *et seq.* of the Capital Companies Act (***Ley de Sociedades de Capital***). The Management Company must notify the CNMV of the occurrence of any of such grounds. In such case, the Management Company must comply with the provisions of paragraph (i) above prior to its dissolution.
- (iii) If the Management Company is declared insolvent or its authorisation revoked, in accordance with Article 33 of Law 5/2015, respectively, a management company must be appointed to replace it. The replacement must become effective within four (4) months of the date of occurrence of the event causing the replacement. If the Management Company has not appointed a new management company within four (4) months of the event causing the replacement, there will be an Early Liquidation of the Fund and redemption of the Notes, requiring the actions contemplated in section 4.4.3(3) of the Registration Document.
- (iv) The replacement of the Management Company and appointment of the new company, approved by the CNMV in accordance with the provisions of the above paragraphs, shall be reported to the Rating Agencies and shall be published within a period of fifteen (15) days by means of an announcement in two nationally-circulated newspapers and in the bulletin of the AIAF.

The Management Company undertakes to execute any public or private documents needed to proceed with the replacement thereof by another management company in accordance with the procedure explained in the preceding paragraphs of this section. The replacement management company shall subrogate to the rights and obligations of the Management Company as established in this Additional Building Block. Furthermore, the Management Company must deliver to the new management company any documents and accounting and database records relating to the Fund that are in its possession.

### **Subcontracting of the Management Company**

Pursuant to the provisions of the Prospectus, the Management Company will be entitled to subcontract or delegate the provision of any of the services to be performed in its duties of administration and legal representation of the Fund to reputable third parties,

provided that the subcontractor or delegate waives any actions against the Fund for liability.

In any case, the subcontracting or delegation of any service (i) cannot involve any additional cost or expense for the Fund, (ii) must be lawful, (iii) must not cause a decrease in the rating of the Notes by the Rating Agencies, and (iv) shall be communicated to the CNMV, and if legally required shall have the prior approval thereof. Such subcontracting or delegation will not be a waiver of or release the Management Company from any of the liabilities assumed by virtue of this Prospectus that are legally attributable thereto or that may be enforced against it.

#### **Compensation of the Management Company for the performance of its duties**

The Deed of Incorporation shall provide that the Management Company has the right to, on each Payment Date of the Notes, provided the Fund has Available Funds in the Cash Flow Account in accordance with the Priority of Payments contemplated under section 3.4.6 b) of the Additional Building Block, to a periodic administration fee equal to 0.020% per annum, with a minimum of TEN THOUSAND EUROS (€10,000) per quarter, including any indirect taxes, to accrue on the actual days of each Interest Accrual Period, payable quarterly on each Payment Date, and calculated on the Outstanding Principal Balance of the Class A Notes and the Outstanding Principal Balance of Subordinated Loan 1, on the date of commencement of the Determination Period preceding the Payment Date in progress. The fee accruing from the Date of Incorporation of the Fund to the First Payment Date of the Notes shall be adjusted in proportion to the days elapsing between both dates, calculated on the nominal value of the Notes issued.

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

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

where:

A = Fee payable on a given Payment Date.

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

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

### **3.8 Name and address and brief description of any swap counterparties and any providers of other material forms of credit/liquidity enhancement or accounts.**

Section 5.2 of the Registration Document contains a brief description of the counterparties to the contracts described below.

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

Santander is the Fund's counterparty to the Guaranteed Reinvestment Agreement.

A description of the agreement is included in section 3.4.4 of this Additional Building Block.

**b) Subordinated Loan 2 Agreement**

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

**4. POST-ISSUANCE REPORTING**

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

The Management Company will present the Fund's annual financial statements mentioned in sub-section 1 of Article 35 of Law 5/2015, together with the auditors' report in respect thereof, to the CNMV within four (4) months following the close of the Fund's financial year, which will coincide with the calendar year (i.e. prior to 30 April of each year).

Additionally, according to sub-section 3 of Article 35 of Law 5/2015, the Management Company must present the Fund's quarterly financial statements to the CNMV within two (2) months of the end of each calendar quarter.

**b) Obligations and deadlines contemplated for availability to the public and delivery to the CNMV and the Rating Agency of periodic information on the economic/financial status of the Fund.**

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

**b.1. Regular periodic notices.**

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

For so long as the Notes remain outstanding, during the period between the Rate Setting Date and the Payment Date (unless such dates fall on a bank holiday in Madrid, in which case they will change to the following Business Days) and at least one (1) calendar day in advance of each Payment Date, the Management Company undertakes to provide the notices described below to the CNMV, AIAF and Iberclear:

- i. The resulting interest on the Notes for the current Interest Accrual Period;
- ii. The repayment of the principal of the Notes for the current Interest Accrual Period;
- iii. The actual average prepayment rates of the Assets, as of the Determination Date corresponding to the Payment Date in question;
- iv. The average residual life of the Notes calculated pursuant to the assumptions regarding such actual average prepayment rate;

- v. The Outstanding Principal Balance of each Note (after the repayment to be made on the Payment Date in question), and the percentage that such Outstanding Principal Balance represents of the total initial face value of each Note;
- vi. The amounts outstanding for matured principal/interest payments on the Notes;
- vii. The nominal interest rates resulting for the Notes for the following Interest Accrual Period;
- viii. A cash flow model setting out the transaction cash flows assuming zero losses.

In addition, the Management Company will submit semi-annually to the CNMV the interim financial information of the Fund, in the terms and formats prescribed by Circular 2/2016 of the CNMV.

In accordance with Law 5/2015, the Management Company must publish the following information on its website ([www.santanderdetitulizacion.es](http://www.santanderdetitulizacion.es)):

- i. its deeds of incorporation, and any public deeds granted subsequently;
- ii. the Issue Prospectus and any supplements thereto; and
- iii. the Annual Financial Statements and quarterly reports.

The notices will be provided according to the provisions of section b.3. below.

In the first investor report, the Issuer will also disclose the amount of Notes:

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

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

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

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

## **b.2. Special notices.**

Pursuant to Article 36 of Law 5/2015, the Management Company must give immediate notice to the CNMV and to its creditors of any material event specifically relevant to the situation or development of the Fund. Material facts specifically relevant to the Fund will be those that could have a significant impact on the Notes issued or on the Assets.

In particular, material facts will include any relevant modification to the assets or liabilities of the Fund, any amendment to the Deed of Incorporation, and, if applicable, the resolution on the setting-up of the Fund or any eventual decision



regarding the Early Liquidation of the Fund and Early Liquidation of the Notes for any of the causes established in this Prospectus. In the case of the latter, the Management will also submit to the CNMV the certificate executed before a public notary evidencing the winding-up of the Fund and subsequent liquidation procedure described in section 4.4.3 of the Registration Document.

Notice of any change to the Deed of Incorporation must be provided by the Management Company to the Rating Agencies and will be published by the Management Company in the regular public information on the Fund, and must also be published on the website of the Management Company. When required, a Prospectus supplement must be prepared and released as relevant information in accordance with the terms of Article 228 of the Restated Text of the Securities Market Act, approved by Royal Decree-Law 4/2015.

Prior to the Disbursement Date, the Management Company will also inform the CNMV of the applicable interest rate for the First Interest Accrual Period as well as Class A Margin.

This section also includes, among other things, changes in the ratings of the Notes and the steps to be taken if triggers are activated due to a downgrade in the rating of the counterparty to the financial agreements or due to any other cause.

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

Notices to Noteholders which, pursuant to the above, must be provided by the Fund, through its Management Company, will be provided as follows:

1. The regular periodic notices referred to in section b.1. *supra*, by publication in the AIAF daily bulletin, or any other that may hereafter replace it or another of similar characteristics, or by publication as a material event with the CNMV, or by publication in a newspaper with a broad circulation in Spain. The requirements of Law 5/2012 will be complied with via the website of the Management Company ([www.santanderdetitulizacion.es](http://www.santanderdetitulizacion.es)).
2. The special notices described under section b.2) *supra*, except the notice relating to the interest rate for the First Interest Accrual Period, by publication with the CNMV as a material event.

The above notices may also be provided by publication in other mainstream media.

These notices will be deemed to be provided on the date of publication thereof, and are appropriate for any day of the calendar, whether or not a Business Day (for purposes of this Prospectus).

### **(c) Reporting to the CNMV.**

Information regarding the Fund will be forwarded to the CNMV according to the formats contained in Circular 2/2016, of 20 April, regarding accounting rules, annual accounts, public and reserved financial statements of statistical information regarding securitisation funds, as well as any information in addition to the above that is required by the CNMV or pursuant to the applicable legal provisions at any time.

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

The Management Company will provide the Rating Agencies with periodic information on the status of the Fund and the performance of the Mortgage Loans so that they may monitor the ratings of the Notes and the special notices. It will

also use its best efforts to provide such information when reasonably requested to do so and, in any case, when there is a significant change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company, or in the interested parties.

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

In addition, UCI undertakes to inform the Management Company, on behalf of the Fund, on a quarterly basis and in any case at the request thereof, of any non-payments, prepayments or changes in interest rates, and give prompt notice to UCI of payment demands, judicial actions, and any other circumstances that affect the Mortgage Loans.

UCI will also provide the Management Company with all documentation the latter may request in relation to such Mortgage Loans, and particularly the documentation required by the Management Company to commence any judicial actions.

**MR IGNACIO ORTEGA GAVARA, for and on behalf of SANTANDER DE TITULIZACIÓN, S.G.F.T., acting in his capacity as General Manager of the Management Company, hereby signs this Prospectus in Madrid on 18 October 2016.**

## DEFINITIONS

In order to properly interpret this Prospectus, capitalized terms will be understood in accordance with the definitions given for each one below, unless they are expressly given another meaning and also according to the definition which was attributed thereto as defined terms in this Prospectus. Terms that are not expressly defined will be understood in their natural and obvious meanings in accordance with general usage. Terms in singular include the plural and vice-versa to the extent that the text so requires.

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

“**Additional Building Block**” means the Additional Building Block to the Securities Note regarding the issuance of Notes prepared in accordance with Annex VIII of Regulation (EC) No 809/2004, approved by the CNMV on 18 October 2016.

“**AIFMR**” means the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

“**AIAF**” means AIAF Mercado de Renta Fija, S.A., the securities exchange for fixed-income securities located in Madrid on which the Notes are expected to be listed.

“**Assets**” means the credit rights arising from the Mortgage Loans provided by UCI and which are being assigned to the Fund.

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

“**Available Funds**” means the amounts received by the Fund as principal of and interest on the Assets, the returns on the Cash Flow Account, the Reserve Fund and any amounts that the Fund may receive as established in section 3.4.6 a) of the Additional Building Block, which will be applied on each Payment Date to the payments established in the Priority of Payments included in section 3.4.6 b) of the Additional Building Block.

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

“**BNP PARIBAS, London Branch**” means BNP Paribas, London Branch.

“**Business Day**” means any day that is not one of the following:

- (i) Saturday;
- (ii) Sunday;
- (iii) A holiday according to the TARGET calendar (only for the purposes of determining the nominal interest rate applicable for each Interest Accrual Period). Apart from the days recognised in paragraphs (i) and (ii) above, it also includes 1 January, Good Friday, Easter Monday, 1 May, and 25 and 26 December; and
- (iv) Public holidays in Madrid (for the purposes of determining the nominal interest rate applicable for each Interest Accrual Period and for the other terms and conditions of the issue).

“**Capital Companies Act**” means Royal Decree-Law 1/2010 of 2 July approving the Restated Text of the Capital Companies Act.

“**Cash Flow Account**” means the account to be opened in the name of the Fund by the Management Company at Santander, the operation of which will be covered by the Guaranteed Reinvestment Agreement.

“**Civil Code**” means the Civil Code published by virtue of the Royal Decree of 24 July 1889 and the other preparatory provisions.

“**Civil Procedural Act**” or “**Law 1/2000**” means Law 1/2000 of 7 January on Civil Procedure.

“**Class A Notes**” or the “**Notes**” means the securitisation Notes issued against the Fund in the total nominal amount of **THREE HUNDRED NINETEEN MILLION EUROS (€319,000,000)**, made up of **THREE THOUSAND ONE HUNDRED AND NINETY (3,190)** Notes each with a nominal value of ONE HUNDRED THOUSAND EUROS (€100,000).

“**Class A Step-Up Date**” means the Interest Payment Date on which the Class A Margin increases to 1.50% per annum. This margin shall be applied from 15 December 2021 until the Final Maturity Date.

“**Clean-up Call**” means when the Management Company exercises its right to early liquidation of the Fund if the amounts due and unpaid to the Fund on the Assets (excluding Defaulted Loans) are less than 10% of the outstanding balance thereof in accordance with section 4.4.3 of the Registration Document.

“**CNMV**” means the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

“**Commercial Code**” means the Commercial Code published by virtue of the Royal Decree of 22 August 1885.

“**CPI**” means the Consumer Price Index for the last twelve (12) months published in the National Statistics Institute bulletin (*Boletín del Instituto Nacional de Estadística*), one (1) month before the revision of the interest rates of the Mortgage Loans.

“**CPR**” means Constant Annual Pre-Payment Rate.

“**CRR**” means Regulation (EU) No 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

“**Date of Incorporation**” means the day on which the Deed of Incorporation is authorised. The Date of Incorporation is scheduled for 24 October 2016.

“**DBRS**” means DBRS Ratings Limited.

“**Deed of Incorporation**” means the Deed of Incorporation of the Fund for the Securitisation of Assets, RMBS PRADO III, Assignment of Assets and the Issue of Securitisation Notes.

“**Defaulted Loan**” means the Assets deriving from the Mortgage Loans that UCI believes it will not recover or those which on a given date have been in default and overdue for a period equal to or greater than twelve (12) months.

“**Delinquent Loans**”: means any Mortgage Loan that, at any time starting from the Date of Incorporation has or has had instalments pending payment for periods equal to or longer than 90 days and is not a Defaulted Loan.

“**Determination Date**” means the date on which the Management Company will carry out the calculations required to determine the Outstanding Principal Balance of the Class A Notes, the Outstanding Balance of the Assets in the name of the Fund. The Determination Dates will be those which correspond to the fifth (5<sup>th</sup>) Business Day before each Payment Date.

**“Determination Period”** means each of the periods included between two consecutive Determination Dates, including the initial Determination Date of the corresponding period in each Determination Period and excluding the Determination Date at the end of the corresponding period.

**“Disbursement Date”** means 27 October 2016.

**“Early Liquidation”** means the liquidation of the Fund and, thus, the prepayment of the issue of Notes on a date prior to the Legal Maturity Date, in accordance with the cases and procedure set out in section 4.4.3 of the Registration Document.

**“Early Redemption”** means the redemption of the Notes on a date prior to the Final Maturity Date in the event of Early Liquidation of the Fund in accordance with the requirements set forth in section 4.4.3 of the Registration Document.

**“Eligible Investment”** means (i) any dematerialised euro-denominated senior (unsubordinated) debt securities, (ii) other debt instruments (including, for the avoidance of doubt, deposits), or (iii) commercial paper issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations have at least the following ratings:

(a) with respect to S&P:

to the extent such Eligible Investment has a maturity not exceeding the immediately following Payment Date after the relevant investment is made: a long-term rating of at least A and a short-term rating of at least A-1 (or, if such Eligible Investment has no long-term rating, a short-term rating of at least A-1);

(b) with respect to DBRS:

(1) to the extent such Eligible Investment has a maturity not exceeding thirty (30) calendar days: a long-term rating of at least A or a short-term rating of at least R-1(middle), or (2) to the extent such Eligible Investment has a maturity exceeding thirty (30) calendar days but not exceeding the immediately following Payment Date after the relevant investment is made: a long-term rating of at least AA(low) or R-1(middle);

provided that, in all cases, such investments (1) are immediately repayable on demand, disposable without penalty and in any case have a maturity date falling on no later than one (1) Business Day before the immediately following Payment Date, and (2) provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested; and further provided that in no case shall such investment be made, in whole or in part, actually or potentially, in (a) tranches of other asset-backed securities; or (b) credit-linked notes, swaps or other derivative instruments, or synthetic securities; or (c) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Class A Notes as eligible collateral; and further provided that in the event of downgrade below the rating allowed under this definition, the relevant securities shall be sold, if this can be achieved without a loss, or otherwise shall be allowed to mature.

**“Equity Release Mortgage Loan”** means a residential mortgage loan where borrowers have monetised their properties for either a lump sum of cash or regular periodic income.

**“Extraordinary Expenses”** means, as applicable, all expenses derived from preparation and execution of the amendment of the Deed of Incorporation and the agreements, and by the execution of additional agreements; the amount of the initial expenses of incorporation of the

Fund and issuance of Notes exceeding the principal amount of Subordinated Loan 2; the extraordinary expenses of audits and legal advice; all expenses that may arise from the sale of credit rights and the remaining assets of the Fund for the liquidation thereof; those necessary to commence enforcement of the Mortgage Loans and those arising from the required actions for recovery; and generally, all other extraordinary expenses borne by the Fund or by the Management Company in representation or on behalf thereof.

“**Final Maturity Date**” means the last date of maturity of the Mortgage Loans included in the preliminary portfolio, i.e., 1 March 2052, or, if this is not a Business Day, the immediately following Business Day.

“**First Interest Accrual Period**” means the period from the Disbursement Date (inclusive) to the First Payment Date (exclusive).

“**First Interest Rate**” means the applicable interest rate for the First Interest Accrual Period.

“**First Payment Date**” means 15 March 2017.

“**Fund**” or “**Issuer**” means FONDO DE TITULIZACIÓN, RMBS PRADO III.

“**Guaranteed Reinvestment Agreement**” means the guaranteed interest-rate reinvestment agreement of the Cash Flow Account to be signed by the Management Company, acting on behalf and in representation of the Fund, and Santander, by virtue of which Santander will guarantee on the amounts deposited into the Cash Flow Account, a return equal to the reference interest rate of the Notes (Euribor 3 months) in force on the last day of each Determination Period, with a minimum rate of zero per cent (0.00%) so the yield of the Cash Flow Account may in no case be negative.

“**Iberclear**” means the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores.

“**Initial Reserve Fund**” means the Reserve Fund created on the Disbursement Date in an amount equal to **TEN MILLION FIVE HUNDRED THOUSAND EUROS (€10,500,000)**.

“**Interest Accrual Periods**” means each of the periods into which the issue of the Notes is divided, and includes the days actually elapsed between each Payment Date, including the initial Payment Date of the corresponding period in each Interest Accrual Period and excluding the final Payment Date of the corresponding period.

“**Investment Company Act**” means the Investment Company Act of 1940, as amended.

“**IRPH**” means the benchmark index for determining the rate for mortgage loans with a term in excess of three years granted by credit institutions as a whole. Available at <http://www.bde.es/webbde/es/estadis/infoest/tipos/tipos.html>.

“**IRR**” means the Internal Rate of Return for the Noteholders.

“**Issuer**” or the “**Fund**” means FONDO DE TITULIZACIÓN, RMBS PRADO III.

“**Joint Arrangers**” means SGCB and BNP Paribas, London Branch.

“**Joint Lead Managers**” means SGCB and BNP Paribas, London Branch.

“**Law 2/1981**” means Law 2/1981 of 25 March on the Mortgage Market.

“**Law 37/1992**” means Law 37/1992 of 28 December on Value Added Tax.

“**Law 2/1994**” means Law 3/1994 of 3 March on subrogation and modification of Mortgage Loans.

“**Law 22/2003**” or “**Insolvency Act**” means Law 22/2003 of 9 July on Insolvency.

“**Law 1/2013**” means Law 1/2013 of 14 May, on measures to strengthen the protections for mortgage debtors, debt restructuring and social rent.

“**Law 5/2015**” means Law 5/2015 of 27 April on the Promotion of Enterprise Funding.

“**Law 25/2015**” means Law 25/2015 of 28 July on the second-chance mechanism, reduction of financial burden and other social measures.

“**Legal Maturity Date**” means 15 March 2056.

“**Liquidation Expenses**” means those that arise from the liquidation of the Fund.

“**Liquidation Priority of Payments**” means the order of priority of the payment or deduction obligations of the Fund as regards the application of the Available Funds for Liquidation.

“**LTV**” means “Loan-to-Value”, i.e., the ratio between the outstanding principal balance and the appraisal of each Mortgage Loan.

“**Management Company**” means Santander de Titulización, S.G.F.T., S.A.

“**Management, Placement and Subscription Agreement**” means the management, placement and subscription agreement to be entered into by the Management Company, for and on behalf of the Fund, the Joint Lead Managers and UCI.

“**Meeting of Creditors**” (*Junta de Acreedores*) means the meeting of the Noteholders, the Subordinated Loan 1 provider and the Subordinate Loan 2 provider that shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Fund.

“**Mortgage Loans**” means mortgage loans secured by first-priority property mortgages provided by UCI to individuals to finance transactions involving the acquisition of finished houses in Spain or the subrogation of individuals to the financing provided to developers for the construction of houses in Spain for sale. None of the Mortgage Loans have been granted to real estate developers or to finance renovation of houses. All Mortgage Loans are secured with finished houses.

“**Mortgage Transfer Certificates**” or “**MTC**” means the Mortgage Transfer Certificates to be issued by UCI regarding the Mortgage Loans in accordance with the provisions of section 3.3.a) 41) of the Additional Building Block.

“**Multiple Title**” means the security instrument representing the MTCs issued by UCI on the Mortgage Loans.

“**Nominal Interest Rate**” means the interest rate applicable to the Class A Notes on each interest Payment Date obtained from adding the margin corresponding to the Notes to the Reference Interest Rate.

“**Non-Business Day**” means any day of the calendar that is not included in the definition of Business Day given above.

“**Noteholders**” means holders of the Notes.

“**Obligors**” means the natural persons residing in Spain to whom UCI has provided the Mortgage Loans from which the securitised Assets derive.

“**Optional Redemption**” means any decision to redeem the Notes in whole (but not in part) at their Outstanding Principal Balance together with all accrued unpaid interest thereon in accordance with the requirements set forth in Section 4.9.4 of the Securities Note.

“**Outstanding Balance of the Assets**” means the principal amounts due and uncollected together with the principal amounts of the Assets not yet due.

**“Outstanding Principal Balance of the Class A Notes”** means, on each day, the principal amount of the Notes upon issue less the aggregate amount of all principal payments on the Notes that have been repaid on or prior to such date.

**“Outstanding Principal Balance of Subordinated Loan 1”** means, on each day, the initial principal amount of Subordinated Loan 1 less the aggregate amount of all principal payments on Subordinated Loan 1 that have been repaid on or prior to such date.

**“Paying Agent”** means Santander.

**“Payment Agency Agreement”** means the payment agency agreement to be entered into by the Management Company, for and on behalf of the Fund, and the Paying Agent.

**“Payment Dates”** means the 15<sup>th</sup> day of March, June, September and December of each year, or, if any of such dates is not a Business Day, the Business Day immediately thereafter.

**“Priority of Payments”** means the order of priority for the application of the payment or deduction obligations of the Fund, both as regards the application of the Available Funds.

**“Prospectus”** means, collectively, the table of contents, the document describing the risk factors, the Registration Document, the Securities Note, the Additional Building Block and the document containing the definitions.

**“PWC”** means Pricewaterhousecoopers Auditores, S.L

**“Rate Setting Date”** means the second Business Day in accordance with the Tran-European Automated Real-time Gross Settlement Express Transfer System (TARGET) calendar prior to the commencement of each Interest Accrual Period. For the avoidance of doubt, the Rate Setting Date for the First Interest Accrual Period will be the Date of Incorporation.

**“Rating Agencies”** means DBRS and S&P.

**“Reference Interest Rate”** means the interest rate used as the base rate for purposes of calculating the Nominal Interest Rate.

**“Registration Document”** means the Registration Document, prepared in accordance with Annex VII of Regulation (EC) No 809/2004 and approved by the CNMV on 18 October 2016.

**“Regulation (EC) No 809/2004”** means Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

**“Regulation (EC) 1606/2002”** means Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

**“Reserve Fund”** means the reserve fund to be funded by the Management Company, in representation and on behalf of the Fund, in accordance with the provisions of section 3.4.2 of the Additional Building Block.

**“Reserve Fund Required Amount”** means the minimum Reserve Fund amount in accordance with the provisions of section 3.4.2.2 of the Additional Building Block.

**“Reserve Fund Shortfall”** shall occur if the amount of the Reserve Fund as of any Payment Date, after replenishment in accordance with priority of payment, falls short of the Reserve Fund Required Amount.

**“Reserve Fund Decrease Amount”** means the positive difference (if any) between the credit balance of the Reserve Fund as of the previous Payment Date (after application of the Priority of Payment) and the Reserve Fund Required Amount as at such Payment Date.



“**Royal Decree 116/1992**” means Royal Decree 116/1992 of 14 February on the representations of book entry and the clearing and settlement of stock market operations.

“**Royal Decree 1065/2007**” means Royal Decree 1065/2007 of 27 July, which enacted the General Regulations on tax inspection and management actions and procedures and implementing the common rules on applicable tax procedures.

“**Royal Decree 716/2009**” means Royal Decree 716/2009 of 24 April implementing certain aspects of Law 2/1981 of 25 March on regulation of the mortgage market and other rules of the mortgage and financial systems.

“**Royal Decree 1310/2005**” means Royal Decree 1310/2005 of 4 November partially implementing Law 24/1988 of 28 July on the Stock Market as regards the admission to negotiation of securities on official secondary markets, public offers of sale or subscription and the prospectus required for such purposes.

“**Royal Decree 634/2015**” means Royal Decree 634/2015 of 10 July approving the Corporate Income Tax Regulations.

“**Royal Decree 878/2015**” means Royal Decree 878/2015 of 2 October on the clearing, settlement and registration of negotiable securities represented by book entries representations of book entry and the clearing and settlement of stock market operations.

“**Royal Decree-Law 4/2015**”: means Royal Decree-law 4/2015 of 23 October approving the restated text of the Spanish Securities Market Act.

“**Rules**” (*Reglamento*) means the rules applicable to the Meeting of Creditors.

“**S&P**” means Standard and Poor’s Credit Market Services Europe Limited.

“**Santander**” means Banco Santander, S.A.

“**Securities Note**” means the Securities Note regarding the issuance of Notes prepared in accordance with Annex XIII of Regulation (EC) No 809/2004, approved by the CNMV on 20 October 2016.

“**Self-Certified Mortgage Loans**” means mortgage loans sold and underwritten on the basis that the applicants and/or intermediaries representing them were made aware before the start of the Assignor's assessment that income could be self-certified.

“**Servicer**” means UCI, Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito.

“**Subordinated Loan 1**” means the loan formalised pursuant to the Subordinated Loan 1 Agreement defined below.

“**Subordinated Loan 2**” means the loan formalised pursuant to the Subordinated Loan 2 Agreement defined below.

“**Subordinated Loan 1 Agreement**” means the Subordinated Loan 1 Agreement in the amount of ONE HUNDRED AND ONE MILLION EUROS (€101,000,000) to be signed by UCI, which will be used to partially finance the acquisition of the Assets, together with the nominal value of the Class A Notes.

“**Subordinated Loan 2 Agreement**” means the Subordinated Loan 2 Agreement in the amount of ELEVEN MILLION ONE HUNDRED THOUSAND EUROS (€11,100,000) to be signed by the Management Company on behalf of the Fund and UCI, which will be used to finance the Reserve Fund, the expenses of incorporation of the Fund and the issuance of the Notes, to partially finance the acquisition of the Assets and to cover the temporary mismatch in the First Interest Accrual Period caused by the difference between the interest on the Assets covered

during the First Interest Accrual Period and the interest on the Notes to be paid on the First Payment Date.

“**Subscription Period**” means 27 October 2016, from 9:00 a.m. to 12:00 p.m.

“**UCI**” means Unión de Créditos Inmobiliarios S.A., Establecimiento Financiero de Crédito.

“**V.A.T.**” means Value Added Tax.

“**VPO**” means those dwellings designed as permanent customary residences that are classified as officially protected, the type, size and price of which are regulated by the authorities, establishing economic and tax conditions for the benefit of the purchaser, who must meet certain conditions with respect to property ownership rights and individual or household income.

“**Wildcard Instalment**” means the option belonging to the Obligors under certain Mortgage Loans to pay, once (1) per year during the first three (3) years of the term of the Mortgage Loan, one (1) of the monthly instalments through capitalisation of the part of the instalment used to repay the principal, together with the remainder of the principal pending payment.