

"This Prospectus is a non-official and non-binding translation into English of the original "Folleto Informativo" drafted in Spanish language and registered with the "Comisión Nacional del Mercado de Valores" (the Spanish Securities Market Commission, "CNMV") on October [23], 2007. The "Folleto Informativo" drafted in Spanish language is the only official document".

FONDO DE TITULIZACIÓN DE ACTIVOS SANTANDER EMPRESAS 4

SECURITIZATION BONDS

3,586,000,000 Euros

Series A1:	830,200,000 €	EURIBOR 3M + Margin of 0.12%	AAA/ Aaa /AAA
Series A2:	1,763,600,000 €	EURIBOR 3M + Margin of 0.25%	AAA/ Aaa /AAA
Series A3:	622,300,000 €	EURIBOR 3M + Margin of 0.34%	AAA/ Aaa /AAA
Series B:	90,200,000 €	EURIBOR 3M + Margin of 0.40%	AA-/Aa3/AA
Series C:	97,400,000€	EURIBOR 3M + Margin of 0.60%	A/A3/A
Series D:	79,700,000 €	EURIBOR 3M + Margin of 1.30%	BBB/Baa3/BBB
Series E:	56,600,000 €	EURIBOR 3M + Margin of 3.50%	BB-/Ba2/BB-
Series F:	46,000,000 €	EURIBOR 3M + 0.65%	CC/C/CCC-

BACKED BY ASSETS ASSIGNED BY



LEAD MANAGERS OF THE ISSUE



Paying Agent



PROMOTED AND SERVICED BY:



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

Prospectus recorded at the CNMV Registry on October 25, 2007

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This document is a Prospectus registered with the CNMV, prepared in accordance with the provisions of Regulation (EC) No. 809/2004 and formed, in turn, by the following documents:

- 1.-Document describing the principal risk factors of the Fund, of the Assets backing the issue and of the securities issued by the Fund ("Risk Factors").
- 2.-Registration Document prepared in accordance with Annex VII of Regulation (EC) No. 809/2004.
- 3.-Securities Note prepared in accordance with Annex XIII of Regulation (EC) No. 809/2004.
- 4.-Additional Building Block to (the) Securities Note prepared in accordance with Annex VIII of Regulation (EC) No. 809/2004.
5. - Document containing all of the terms defined in the Prospectus ("Definitions").

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RISK FACTORS

I. SPECIFIC RISK FACTORS OF THE FUND:

(i) Risk of insolvency of the Fund:

In the event of impossibility by the Fund to meet payment of its obligations on a generalized basis, the provisions of article 11 of Royal Decree 926/1998 will apply: that is, the Manager, after reporting to the CNMV, will proceed with the orderly liquidation of the Fund, in accordance with the rules established in this regard in this Prospectus.

The Fund shall only be liable for the performance of its obligations up to the amount of its assets.

(ii) Absence of legal status of the Fund:

The Fund lacks separate legal status. Consequently, the Manager must carry out its administration and representation and comply with the obligations legally established in relation to the Fund. It shall be liable to the bondholders and the remaining unsecured creditors of the Fund, up to the limit of its net worth in the event of breach of said obligations.

(iii) Compulsory substitution of Manager:

In accordance with article 19 of Royal Decree 926/1998, the Manager shall be replaced in the event it is held to be insolvent vis-à-vis its creditors or its administrative authorization is revoked as to the terms and requirements provided for in section 3.7.2 of the Additional Building Block.

The replacement must be effective before the lapse of four (4) months from the date on the happening of the replacing event. If four (4) months had elapsed from the date on which the replacing event took place, and the Manager had not appointed a new manager company, the Early Liquidation of the Fund and the Early Redemption of the Bonds shall take place, so that the actions provided for in section 4.4.3.(3) of the Registration Document must be carried out.

(iv) Restrictions on actions against the Manager

Bondholders and the rest of the ordinary creditors of the Fund will have no action against the Manager of the Fund, only for the non-compliance of its functions or non-observance of that provided in the Deed of Incorporation or in this Prospectus and in the applicable legislation in force.

(v) Validity of assignment in case of insolvency of Assignor:

There is no jurisprudence which enables one to ascertain the interpretation of the courts of the regulations contained in Law 22/2003, of July 9 ("Insolvency Proceedings Act") in force since September 1, 2004. Notwithstanding the above, the most common doctrinal interpretation is that, in accordance with Additional Provision Two of Insolvency Proceedings Act, the insolvency specialties of Additional Provision Five of Law 3/1994 remain in force. Consequently, if no fraud in the assignment exists, the Assets assigned to the Fund would not make up part of the bankruptcy estate in the event of an insolvency proceeding ("*concurso de acreedores*") involving the Assignor. In any case, even in the event that the less common interpretation of the Insolvency Proceedings Act, and since securitization of credits is part of the ordinary business activity of credit entities, the assignment of the

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Assets to the Fund will only be capable of rescission in the event of insolvency proceeding of the Assignor if the assignment was carried out within the two (2) previous years to the mentioned insolvency proceeding and the insolvency administration proved that it was carried out in normal conditions.

In the event that the Assignor is held to be insolvent vis-à-vis its creditors, the Fund, acting through the Manager, shall have a right to separation in respect of the assigned Assets. Notwithstanding the above, this right to separation shall not necessarily extend to the money received by the Assignor, in its Administrator's condition, and held thereby for the account of the Fund prior to the date of declaration of insolvency since, given its fungible nature, it could become attached to the results of the insolvency proceeding as per doctrine's majority interpretation of article 80 of Insolvency Proceedings Act.

There are however mechanisms that soften the mentioned risk described in section 3.4.4 (Cash Account), 3.4.5 (Way of perception of the payments regarding the Assets) and 3.7.1 (5) (Management of Payment Collection) of the Additional Building Block.

(vi) Non compliance of agreements by third parties:

The Fund, represented by the Manager, has entered into agreements with third parties to rendering certain services and financial transactions regarding the Assets and the Bonds.

Those include the Subordinated Loan Agreement, the Swap Agreement, the Guaranteed Rate Reinvestment Agreement and the Issue's Management, Subscription and Paying Agent.

Bondholders could be harmed in case that any of the counterparts of the Fund in the referred agreements breached the obligations assumed by virtue of any of the agreements.

II. SPECIFIC RISK FACTORS OF THE ASSETS BACKING THE ISSUE:

(i) Risk of non-payment of the Assets:

The bondholders issued against the Fund shall run the risk of non-payment of the Assets pooled therein.

Santander assumes no liability for non-payment of the Debtors, whether for principal, interests, or any other amount they may owe by virtue of the Assets. According to Section 348 of the Commercial Code, the Assignor shall only be liable for the existence and legitimacy of the Assets at the time of the assignment and in the terms and conditions stated in the Prospectus and in the Deed of Incorporation, as well as for the legal status pursuant to which the assignment is made. The Assignor does not guarantee the good result of the transaction.

(ii) Risk of prepayment of the Assets:

The Assets pooled into the Fund are susceptible to being redeemed early when the Debtors prepay, in the terms provided by each one of the Loan agreements from which the Assets derive, the portion of principal pending amortization.

(iii) Liability:

The Bonds issued by the Fund do not represent an obligation of the Manager or the Assignor. The flow of funds employed to meet the obligations to

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which the Bonds give way is insured or guaranteed solely under the specific circumstances and up to the limits described under section 3.4.2. of the Additional Building Block. With the exception of these guarantees, there are no others granted by any public or private entity, including the Assignor, the Manager and any affiliate company or participated company of any of the above. The Assets pooled into the Fund and the rights they carry with them constitute the sole source of income of the Fund and, therefore, of payments to the holders of its liabilities, without prejudice of the existence of credit improvements described in section 3.4.2. of the Additional Building Block.

(iv) Protection:

An investment in Bonds may be affected, *inter alia*, by an impairment of the general economic conditions which has an adverse effect on the payments of the Assets which 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 Loan portfolio enjoyed by the Bonds as a result of the existence of the credit enhancements described under section 3.4.2 of the Additional Building Block. Notwithstanding the foregoing considerations, bondholders have their risk mitigated by the Order of Priority of Payments described under section 3.4.6.(b) of the Additional Building Block and by the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

(v) Risk of the interest rate:

The average interest rate of the Loans at September 25, 2007 is of 4.95 %, while the average rate to be paid by the Bonds is of 5.05 % (assuming the hypothesis of the Prospectus). This contingency is covered by the Swap Agreement contracted by the Fund, charging for it the 5.65% (assuming the hypothesis of the Prospectus). This situation will be gradually corrected in accordance with the Loans, revising their respective interest rates and incorporating the increases that the Euribor interest rate has been experiencing in recent months.

(vi) Sectorial concentration:

Of the Loans selected at September 25, 2007, to be allocated to the Fund when it is incorporated, corresponding to the debtors whose activity (CNEA) is framed within the real estate and construction activities, these represent a figure of 3,519 (18.97% of the total) with a principal pending payment of 1,668,485,562.60 Euros (43.28% of the total), as detailed in section 2.2.2. h) of the Additional Building Block.

Given these levels of concentration, a situation of any nature that may have a substantial bearing on the construction and real estate activities might affect the payments of the Loans that support the Issue of the Bonds.

(vii) Age of the loans:

Of the Loans selected at September 25, 2007, to be allocated to the Fund on the Date of Incorporation, 83.64% of the principal pending of the Loans has a date of formalization after July 1, 2006. This indicates that origination period of a large part of the portfolio has taken place in the last 15 months.

III. Risk factors specific to the securities

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(i) Limited liquidity:

There is no guarantee that trading in the Bonds with a minimum frequency or volume will come to take place in the market.

There is no commitment for intervention in secondary dealing on the part of any entity, thereby giving liquidity to the Bonds through the offering of compensation.

Furthermore, in no case may the Fund repurchase the Bonds from the bondholders, although they may indeed be redeemed early in their entirety, in the case of Early Liquidation of the Fund, in the terms established under section 4.4.c.1) of the Registration Document.

(ii) Yield:

The calculation of the average life, return and duration of the Bonds is subject, *inter alia*, to hypotheses relating to prepayment rates of the Assets which may not materialize, as well as future market interest rates, given the variable nature of the nominal interest rates. The rate for early redemption can be influenced by diverse geographical, economical and social factors, such as the seasoning, interest rates in the market, distribution by sectors of the portfolio, and in general, the level to economic life.

(iii) Defaulting interests

In no event the existence of delays in the interest payment or in the repayment of principal to the bondholders will produce the accrual of defaulting interests in his favor.

(iv) Duration:

The calculation of the average life and duration of the Bonds of each Series that is established in section 4.10 of the Securities Note is subject to, among other hypothesis, fees of early redemption and defaulting of the Assets that could not be fulfilled. The fulfillment of the early redemption fee of the Assets is influenced by a variety of economic and social factors such as the evolution of the interest rates of the market, the economic situation of the Debtors and the general level of the economic activity, that prevent its foreseeability.

(v) Rating of the Bonds:

The credit risk of the Bonds issued against the Fund has been subject to evaluation by the rating entities Fitch Ratings España S.A./Standard & Poor's España, S.A./Moody's Investors Service España S.A.

The final ratings assigned can be reviewed, suspended or retired at any moment for the said rating entities in the light of any information that comes to their knowledge.

Their ratings do not constitute and will not be able to interpret as an invitation, recommendation or incitement to the investors so that they carry out any kind of transaction over the Bonds, and in particular, to acquire, preserve, charge or sale said Bonds.

(vi) Interest payment postponement:

The current Prospectus and the remaining complementary information related to the Bonds establish the postponement of the order of priority of payments of the interests of the Bonds for Series B, C, D and E, in the event that the

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circumstances provided for in section 3.4.6.(c) of the Additional Building Block take place.

(vii) Fulfillment of formal obligations by the investors:

In accordance with the Spanish legislation currently in force, the returns on the Bonds obtained by the investor which is a non-resident in Spain shall be (i) either exempt from withholding on account from Non-resident Income Tax (in the case of investors which act through a permanent establishment) (ii) or exempt in the same terms established for the returns arising from public debt (in the case of those investors which act in Spain without a permanent establishment and provided that said returns are not obtained through countries or territories which are classified by regulation as tax havens).

Notwithstanding the foregoing, in order for the above returns to be effective, it is necessary for said investors to comply with certain formal obligations, currently foreseen in the Order of 22 December 1999 and in Royal Decree 2281/1998, of 23 October, modified by Royal Decree 1778/2004, of 30 July and as of 1 January 2008 in Royal Decree 1065/2007 of 27 July, which repealed Royal Decree 2281/1998 of October 23, without prejudice to the fact that specific regulations may be applicable for the asset-backed securities in the future.

When, in accordance with what is foreseen in the above regulations, the right to exemption is not duly proven (that is, it is not proven that the non-resident does not act through a tax haven or delivery is not made to the Fund, through the Payment Agent, of the appropriate certificates from the entity for compensation and deposit of the Bonds), the returns arising from the Bonds shall be subject to a withholding rate currently established at eighteen percent (18%).

The tax consequences set forth above are based on the legislation in force at the moment of issue and are not intended to be exhaustive. As a consequence, this should not be considered as a substitute for fiscal advice necessary for each investor's specific situation.

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REGISTRATION DOCUMENT

This Registration Document has been prepared in accordance with Annex VII of Regulation (EC) No. 809/2004 and approved by the Comisión Nacional del Mercado de Valores (*Spanish Securities Market Commission*) on October 25, 2007.

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1. PERSONS RESPONSIBLE

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

MR. IGNACIO ORTEGA GAVARA, acting in his capacity of General Manager, by virtue of the powers expressly conferred upon him by the Board of Directors at its meeting on April 12, 2005, for and on behalf of SANTANDER DE TITULIZACION, S.G.F.T., S.A., having its registered offices at Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660, Boadilla del Monte (Madrid), assumes responsibility for the information contained in this Registration Document.

MR. IGNACIO ORTEGA GAVARA, acts exercising the faculties conferred in his favor for the incorporation of the Fund by the Board of Directors of the Manager in its meeting of September 24, 2007.

SANTANDER DE TITULIZACION, S.G.F.T., S.A. is the promoter of the securitization fund FONDO DE TITULIZACION DE ACTIVOS, SANTANDER EMPRESAS 4 and shall be responsible for the administration and legal representation thereof.

1.2 Declaration by those responsible for the Registration Document.

MR. IGNACIO ORTEGA GAVARA, declares that, having taken all reasonable care to ensure that it is so, the information given in the Registration Document is, to the best of his knowledge, in accordance with the facts and does not omit anything that could affect its import.

2. STATUTORY AUDITORS OF THE FUND

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

As it is set forth in section 4.4 of this Registration Document, the Fund has no historical financial information.

However, during the life of the Fund, the annual financial statements shall be audited annually by auditors.

The Board of Directors of the Manager, at its meeting on September 24, 2007 at which the establishment of this Fund was resolved, appointed the following accounting firm as the Fund's Statutory Auditors: Deloitte, S.L., whose data are detailed in section 5.2.i) of this Registration Document.

2.2. Fiscal years, accounting principles and statutory filing of annual financial statements.

The Fund's fiscal year shall coincide with the calendar year. However, and as an exception, the first fiscal year will begin the Date of Incorporation (that is, October 29, 2007) and the last fiscal year shall end on the day on which the cancellation of the Fund takes place.

The Manager shall file the Fund's annual financial statements with the CNMV, together with the auditors' report in respect thereof, within four (4) months following the closing date of the Fund's fiscal year (i.e. prior to April 30 of each year).

The Fund's annual financial statements and relevant auditors' report shall be filed with the Mercantile Registry on an annual basis.

The accounting method to be used in preparing the Fund's accounting information is the accrual method. That is, the imputation of income and expenses will be made in function of the actual current of goods and services they represent and regardless of the time in which the monetary or financial flow deriving there from shall take place.

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3. RISK FACTORS

The risk factors specific to the Fund are those described under section I of the document included at the beginning of this Prospectus entitled "RISK FACTORS".

4. INFORMATION ABOUT THE ISSUER

4.1 Statement that the Issuer has been established as a securitization fund.

The Issuer is an asset securitization fund without legal status and established according to Royal Decree 926/1998 for the purpose of acquiring the Assets assigned to the Fund by Santander and issuing the Bonds.

4.2 Legal and professional name of the Fund.

The name of the Fund is "FONDO DE TITULIZACION DE ACTIVOS, SANTANDER EMPRESAS 4".

4.3 Registration of Issuer.

The establishment of the Fund and issuance of the Bonds have as a prior requisite the registration thereof in the official registries of the CNMV in Spain.

This Prospectus was registered with the CNMV on October 25, 2007.

It is recorded that nor the incorporation of the Fund nor the Bonds issued charged against its assets will be subject of inscription in the Mercantile Registry, exercising the option set forth in article 5.4 of Royal Decree 926/1998.

4.4 Date of incorporation and period of activity of the Fund, except where indefinite.

4.4.1 Date of Incorporation.

The execution of the Deed of Incorporation is scheduled to take place and, consequently, the Fund's Date of Incorporation to be on October 29, 2007.

The Deed of Incorporation may not undergo any change except under exceptional circumstances and, as the case may be, in accordance with the conditions established by current regulations in force, and provided that the amendment does not impair the ratings awarded to the Bonds by the Rating Agencies or entail prejudice to the bondholders. The contents of said amendment shall first be reported to the Rating Agencies and the CNMV, obtaining authorization from the latter, if necessary.

The Manager guarantees that the contents of the Deed of Incorporation will coincide with that of the Prospectus and that the Deed of Incorporation will coincide with the draft deed which has been submitted to the CNMV as a consequence of the registration of this Prospectus, and in no event, the terms of the Deed of Incorporation contradict, modify, amend or nullify the content of the current Prospectus.

4.4.2 Period of activity of the Fund.

The Fund is scheduled to carry out its activity until the Legal Maturity Date, i.e. July 19, 2050, or, if not a Business Day, the first following Business Day, date that corresponds with the Payment Date immediately following to the thirty six (36) months of the last maturity of the Assets.

4.4.3 Early liquidation of the Fund: Cases. Cancellation of the Fund. Actions for liquidation and cancellation of the Fund.

(1) Early liquidation: Cases.

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Notwithstanding the provisions of section 4.4.2, *supra*, the Manager is empowered to proceed with the early liquidation of the Fund and, consequently, the early redemption on a Payment Date of the entire Bond issue, in the terms established in this section, under the following circumstances:

- (i) When the Outstanding Balance of the Assets, is less than ten percent (10%) of the Outstanding Balance thereof at the Date of Incorporation, provided that the amount of the sale of the Assets pending redemption, together with the balance existing at that time in the Cash Account and if that is the case, the Excess Funds Account, allows for total cancellation of all outstanding obligations with the bondholders, and respecting the prior payments thereto, whose order of priority takes preference as provided by the Order of Priority of Payments for Liquidation described in section 3.4.6 (d) of the Additional Building Block;
- (ii) When as a consequence of any event or circumstance of any nature foreign or not to the development of the Fund, a substantial alteration takes place, or the financial equilibrium of the Fund is permanently impaired, to the Manager's judgment, required by article 5.6 of 19/1992 Act, applicable by remission of article 1.2. of Royal Decree 926/1998. Circumstances as a change of the legislation or complementary legislative developments, the establishment of withholding obligations or other situations that could affect in a permanent manner the financial balance of the Fund, are included in this event;
- (iii) Compulsorily, in the circumstance contemplated by article 19 of Royal Decree 926/1998, which establishes the obligation to liquidate the Fund early in the event that four (4) months have transpired since an event determining the compulsory substitution of the Manager took place, as a consequence of the latter being declared in insolvency proceedings ("*concurso de acreedores*"), as well as for cases in which its authorization was revoked, without a new manager having been found willing to take charge of the management of the Fund, appointed according to section 3.7.2. of the Additional Building Block; or
- (iv) When a non-payment takes place or is foreseen to take place which is indicative of a serious and permanent imbalance in relation to any of the Bonds Series; and
- (v) At the first Payment Date preceding at least 6 months the Legal Maturity Date.

Liquidation of the Fund shall be first reported to the CNMV and, afterwards, to the bondholders, in the manner contemplated by Section 4 of the Additional Building Block, at least thirty (30) Business Days in advance of the day on which Early Redemption is to take place, which must necessarily be carried out on a Payment Date.

(2) Cancellation of the Fund

The cancellation of the Fund shall take place

- (i) as a consequence of the payment in full of the Assets pooled therein,

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- (ii) For the total redemption of the Bonds,
- (iii) for the ending of the procedure of Early Liquidation contemplated in the preceding section 4.4.3.(1),
- (iv) due to the arrival of the Legal Maturity Date, and
- (v) when the provisional ratings of the Bonds are not confirmed as being definitive prior to the Date of Subscription.

In the event that any of the situations described in the foregoing sections should occur, the Manager shall inform the CNMV and shall initiate the pertinent formalities for cancellation of the Fund.

(3) Actions for the liquidation and cancellation of the Fund.

In order that the Fund, through its Manager, may carry out the liquidation and cancellation of the Fund and, as the case may be, the Early Liquidation of the Fund and Early Redemption of the Bonds in those cases determined by section 4.4.3. (1), *supra*, and specifically, in order that the Fund shall have sufficient liquidity to meet its payment obligations, the Manager, on behalf of the Fund, shall proceed to carry out any of or all the following actions:

- (i) sell the Assets for a price which may not be less than the sum of the value of the principal plus interest accrued and not paid on the Assets pending amortization. For this purpose, the Manager shall request an offer from at least five (5) entities of those most active in the sale and purchase of similar assets, and may not sell them at a price less than the best offer received. The Assignor shall have a pre-emption right to acquire said Assets, in the conditions established by the Manager at the time of the liquidation, in such a manner that it shall have preference over third parties to acquire the Assets. In order to exercise the pre-emption right, the Assignor shall have a period of five (5) Business Days from the date on which the Manager notifies him of the conditions (price, form of payment, etc.) under which the disposal of the Assets shall be carried out. The Assignor's offer must equate to at least the best of the offers made by third parties.

In the event that no offer could cover the value of the principal plus interest accrued and not paid on the Assets pending amortization, the Manager shall be obliged to accept the best offer received for the Assets among those mentioned in the previous paragraph above which, in its judgment, covers the market value thereof. In order to set the market value, the Manager may obtain from third party entities different from the above, such appraisal reports as it deems necessary. In this case, the Assignor shall also enjoy the pre-emption right described above, provided that its offer at least equals the best of those made by third parties.

This pre-emption right in no event implies an agreement or obligation to repurchase the Assets on the part of the Assignor; and/or

- (ii) sell any other assets of the Fund other than the Assets and other than the cash for a price not less than market value. In order to

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set the market value, the Manager will request from at least one entity specializing in the appraisal or marketing of assets similar to those whose sale is intended such appraisal reports as it deems necessary, proceeding with the sale of the referred assets through the procedure that allows obtaining a higher price in the market; and/or

(iii) canceling those contracts not necessary for the liquidation process of the Fund.

The Manager shall immediately apply all amounts it has obtained on transfer of the Assets and any other assets of the Fund towards payment of the various concepts, in the manner, amount and order of priority which applies, as set forth in the Order of Priority of Payments for Liquidation described in section 3.4.6. (d) of the Additional Building Block. The Early Redemption of all Bonds in any of the cases provided under section 4.4.3. (1), *supra*, shall be carried out for the Principal Balance Pending Payment on the Bonds through that date plus interest accrued and not paid from the last Payment Date through the Early Redemption Date, after deducting, as the case may be, any tax withholding, and free of expenses for the holder, amounts that, shall be deemed, for all legal purposes, to be due and payable on this latter date.

In the event that, once the Fund has been liquidated and all scheduled payments have been made pursuant to the Order of Priority of Payments for Liquidation contemplated under section 3.4.6.(d) of the Additional Building Block, any remainder should exist or any judicial or notary proceedings brought as a consequence of the non-payment by any Debtor of the Assets should remain pending resolution (all in accordance with the provisions of section 3.4.5.a) of the Additional Building Block), both the said remainder as well as the continuation and/or proceeds of the resolution of the proceedings cited above shall inure to Santander's favor.

In any case, the Manager, acting for and on behalf of the Fund, shall not proceed with cancellation of the Fund until it has not proceeded with liquidation of the Assets and any other remaining assets of the Fund and the distribution of the Fund's available funds, following the Order of Priority of Payments for Liquidation contemplated under 3.4.6. (d) of the Additional Building Block.

Once that a maximum period of six (6) months since the liquidation of the Assets and any other remaining assets of the Fund and the distribution of the available funds has elapsed, the Manager shall execute an official attestation before a notary public declaring (a) the Fund to be cancelled, as well as the causes contemplated in this Registration Document which motivated its cancellation, (b) the procedure carried out for notifying the bondholders and the CNMV, and (c) the distribution of the available amounts of the Fund following the Order of Priority of Payments contemplated under section 3.4.6.(d) of the Additional Building Block and shall comply with such further administrative formalities as may be applicable. Said notarized attestation shall be sent by the Manager to the CNMV.

In the event that the cause of liquidation stated under section 4.4.3. (2)(v), *supra*, (that is, when the provisional ratings of the Bonds are

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not confirmed as definitive before the Date of Subscription) should occur, the incorporation of the Fund as well as the Bond issue and the contracts executed by the Manager, acting on behalf of the Fund, shall be terminated, except for the Subordinated Loan Agreement, against which the incorporation and issue expenses incurred by the Fund shall be paid. Said termination shall be reported forthwith to the CNMV and, once one (1) month from the cause for termination of the incorporation of the Fund has transpired, the Manager shall execute before a notary public the attestation which it shall send to the CNMV, Iberclear, AIAF and the Rating Agencies, declaring the cancellation of the Fund and the cause thereof.

4.5 Domicile and legal form of the Issuer, legislation under which it operates.

a) Domicile of the Fund.

The Fund lacks a registered office because it lacks separate legal status. For all purposes, the Fund's registered office is deemed to be that of the Manager, to wit:

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

Ciudad Grupo Santander

Avenida de Cantabria, s/n

28660 Boadilla del Monte (Madrid)

Telephone: 91.289.32.97

b) Legal status of the Fund.

The Fund shall establish its pool of assets and liabilities, lacking separate legal status, with closed character as to the assets and liabilities side, in accordance with the provisions of article 3 of Royal Decree 926/1998.

c) Legislation under which it operates and country of incorporation.

The incorporation of the Fund and the issue of the Bonds charged against it takes place in Spain under Spanish law, and specifically, according to the legal regime provided in (i) Royal Decree 926/1998 and provisions implementing same; (ii) Law 19/1992, with regard to anything not contemplated by Royal Decree 926/1998 and as applicable thereto; (iii) Additional Provision Five of Law 3/1994, (iv) Law 24/1988, of July 28, of Securities Market, (v) Law 44/2002 (in particular, section 18), (vi) Royal Decree 1310/2005 (vii) Order EHA/3537/2005 and (viii) such other legal and regulatory provisions as are in force from time to time and applicable .

This Prospectus has been prepared pursuant to the standard forms contemplated in Regulation (EC) No. 809/2004.

d) Tax scheme of the Fund.

In accordance with Law 19/1992, Royal Decree 926/1998, Royal Legislative Decree 4/2004, Law 37/1992, Royal Decree 1777/2004, Royal Legislative Decree 1/1993, and Fifth Additional Provision of Law 3/1994, the features of the Fund's tax scheme are as follows:

- (i) The incorporation of the Fund is exempt from the concept of "Corporate Transactions" of Transfer Tax/Stamp Duty (in accordance with the provisions of section 10, article 15 of Law 19/1992).

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- (ii) The Fund is subject to the general scheme of Corporate Income Tax, in force at each time, the general rate of which at present is 32,5%, for the fiscal year beginning on January 1, 2008, the general rate to which the Fund will be subject be 30% all of it according to Royal Legislative Decree 4/2004, added by Law 35/2006, November 28, Individuals Income Tax and partial amendment to the Corporate Income Tax, I Non-residents Income and Wealth Tax.
- (iii) The returns on the assets which constitute the Fund's income will not be subject to withholding or interim tax deposit (article 59. k of Royal Decree 1777/2004).
- (iv) The management and custodial services rendered by the Manager to the Fund shall be exempt from Value Added Tax (article 20.One.18.n. of Law 37/1992).
- (v) The issuance, subscription, transfer, redemption and repayment of the Bonds are exempt from Transfer Tax/Stamp Duty (article 45.I.B. no. 15 of Royal Legislative Decree 1/1993) and Value Added Tax (article 20.One. 18° of Law 37/1992).
- (vi) The assignment of the Assets to the Fund is an operation subject to and exempt of the Value Added Tax.
- (vii) The obligations of information contained in Law 13/1985, in its wording given by Law 23/2005 shall be of application to the Manager.

4.6 Description of the amount of the Fund's authorized and issued capital.

Non applicable.

5. BUSINESS OVERVIEW

5.1 Brief description of the Issuer's principal activities.

The Issuer is an asset securitization fund and, as such, its principal business consists of acquiring the Assets from Santander and issuing the Bonds. That is, through securitization, Santander transfers the Assets to the Fund, who pays the price thereof with the proceeds from the Bond issue subscribed by the qualified investors to whom said issue is directed. Thus, through this transaction, the payment of the future flows pertaining to the Loans is advanced to Santander, i.e. the Assets that were not liquid at the time of assignment to the Fund become so to Santander.

The income for interests and repayment of the Loans acquired received by the Fund will be quarterly applied, at each Payment Date, to the payment of interests and the repayment of principal of the Bonds issued according to the specific terms of each of the Series in which the Bond issue is divided and the order of priority that is established for the payments of the Fund.

Likewise, the Manager, in name and on behalf of the Fund, will agree to a number of financial transactions and rendering of services in order to consolidate the financial structure of the Fund, to increase the security or regularity of the payment of the Bonds, cover the time gaps between the calendar of the principal flows and interests of the Loans and the Bonds and, in general, make possible the financial transformation that takes place in the Fund asset between the financial features of the Loans and the financial features of each one of the Bond Series.

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5.2 Global overview of the parties to the securitization program.

- a) SANTANDER DE TITULIZACION, S.G.F.T., S.A. is intervening as the Fund's Manager and as legal and financial adviser to the operation's structure.

SANTANDER DE TITULIZACION, S.G.F.T., S.A. is a Securitization Fund Manager having its registered offices at Ciudad Grupo Santander, Avenida de Cantabria sin número, 28660 Boadilla del Monte (Madrid), holder of Tax Identification Code number A-80481419. A brief description thereof is stated under section 6 of the Registration Document and section 3.7.2 of the Additional Building Block.

The Manager has not a rating by any Rating Agency.

- b) BANCO SANTANDER, S.A. ("Santander") is intervening as the Assignor of the Assets, as Lead Manager of the Bond issue, as Paying Agent and as counterpart of the Fund in the Subordinated Loan Agreement, the Swap Agreement and the Guaranteed Rate Reinvestment Agreement.

In its status as Lead Manager, performs the following task as provided for in article 35.1 of Royal Decree 1310/2005:

- To receive the instructions of the Manager in order to conduct the operations regarding the design of the financial temporary and commercial conditions of the issue, as well as for the coordination of the relationships with the supervisory authorities, with the market operators and the potential investors.

BANCO SANTANDER, S.A. is a Spanish credit institution having its registered offices in Santander, at Paseo de Pereda 9-12, 39004, with its operational headquarters located at Ciudad Grupo Santander, Avenida de Cantabria sin número, 28660 Boadilla del Monte (Madrid), holder of Tax Identification Code number A-39000013 and C.N.A.E. 651. A brief description thereof is stated under section 3.5 of the Additional Building Block.

The ratings of Santander's non-subordinated and non guaranteed short and long-term debt, as assigned by the rating agencies and currently in force, are:

- Fitch: AA (long-term) (confirmed in May 2007) and F1+ (short term) (confirmed in June 2007).
- Standard & Poor's: AA- (long-term) (confirmed in April 2007) and A-1+ (short-term) (confirmed in May 2007).
- Moody's: Aa3 (long-term) and P1 (short term), confirmed in April 2007.

- c) THE ROYAL BANK OF SCOTLAND PLC ("RBS") is intervening as Lead Manager of the Bond issue.

In its status as Lead Manager, performs the following task as provided for in article 35.1 of Royal Decree 1310/2005:

- To receive the instructions of the Manager in order to conduct the coordination with the market operators and the potential investors.

RBS is a credit institution with corporate domicile at Edinburgh (United Kingdom), recorded with number SC090312 and acting from its establishment in United Kingdom at 135 Bishopgate, London, EC2M 3UR. Likewise, RBS is recorded with the Bank of Spain as a community credit

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institution with code number 1477, acting in Spain through an establishment and also recorded with the CNMV.

The ratings of the non-subordinated and non guaranteed long and short term debt of RBS, given by the Rating Agencies are:

- Fitch: AA (long term) and F1+ (short term), confirmed in August 2007.
- Standard & Poor's: AA (long term) and A-1+ (long term), confirmed in July 2007.
- Moody's: Aaa (long term) and P-1 (short term), confirmed in July 2007.

d) DEUTSCHE BANK is intervening as Lead Manager of the Bond issue.

In its status as Lead Manager, performs the following task as provided for in article 35.1 of Royal Decree 1310/2005:

- To receive the instructions of the Manager in order to conduct the coordination with the market operators and the potential investors.

DEUTSCHE BANK is a German credit institution, with corporate domicile at Taunusanlage, 12, D-60325, Frankfurt am Main. Likewise, DEUTSCHE BANK is recorded with the Bank of Spain as a community credit institution, acting in Spain without an establishment.

DEUTSCHE BANK, as a community credit institution, acts in Spain under the freedom of services regime.

The ratings assigned for the non-subordinated and non-guaranteed short and long term debt of DEUTSCHE BANK by the rating agencies are:

- Fitch: AA-(long term) and F1+ (short term), confirmed in July 2007.
- Standard & Poor's: AA- (long term) and A-1+ (short term), confirmed in August 2007.
- Moody's: Aa1 stable (long term) and P-1 (short term), confirmed in June 2007.

e) FITCH RATINGS ESPAÑA, S.A. ("Fitch") is intervening as credit Rating Agency of the Bonds.

Fitch is a Spanish stock company and subsidiary of the credit rating agency Fitch Ratings Limited, having its registered offices in Barcelona, at Paseo de Gracia, 85 and holder of Tax Identification Code number A-58090655.

f) MOODY'S INVESTORS SERVICE ESPAÑA, S.A. ("Moody's") is intervening as credit rating agency of the Bonds.

Moody's is a Spanish stock company and subsidiary of the credit rating agency Moody's Investor Service, having its registered offices in Madrid, at Bárbara de Braganza, 2, 28004 and holder of Tax Identification Code number A-80448475.

g) STANDARD & POOR'S ESPAÑA, S.A. ("Standard & Poor's") is intervening as credit Rating Agency of the Bonds.

Standard & Poor's is a Spanish stock company and subsidiary of the credit rating agency Standard & Poor's Limited, having its registered offices in Madrid, at Marqués de Villamejor 5, planta 1ª, 28006, holder of Tax Identification Code number A-80310824.

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- h) DLA PIPER SPAIN, S.L. is intervening as legal adviser to the operation's structure.

DLA PIPER SPAIN, S.L. is part of an international law firm with sixty-four (64) offices in more than twenty five (25) countries, and more than three thousand four hundred (3.400) and has its registered address in Madrid, at Paseo de la Castellana, 35, 28046.

- i) DELOITTE, S.L. is intervening as auditor of the Manager and of the assignable portfolio.

Deloitte, S.L., is an auditors firm, with its registered offices in Madrid, at Torre Picasso, Plaza Pablo Ruiz Picasso, s/n, holder of Tax Identification Code number B-79104469, registered with the Official Registry of Certified Public Accountants (*Registro Oficial de Auditores de Cuentas; R.O.A.C.*) under number S0692.

For the purpose of article 4 of the Spanish Securities Market Act, SANTANDER DE TITULIZACION, S.G.F.T., S.A. forms part of SANTANDER GROUP.

There is no knowledge of the existence of any other relationship involving direct or indirect ownership or control between the aforesaid legal entities participating in the securitization program.

6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE MANAGER

6.1 Corporate bodies of the Manager

In accordance with Royal Decree 926/1998, Asset Securitization Funds lack separate legal status. The Securitization Fund Managers are entrusted with the incorporation, administration and legal representation thereof, as well as the representation and defense of the interests of the holders of the securities issued against the funds they administer and of the remaining ordinary creditors thereof.

By virtue of the foregoing, this section details the information relating to SANTANDER DE TITULIZACION, S.G.F.T., S.A., in its capacity as the Manager that is incorporating, administering and representing the securitization fund FONDO DE TITULIZACION DE ACTIVOS, SANTANDER EMPRESAS 4.

a) Name and business address.

Corporate name: SANTANDER DE TITULIZACION, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A.

Business address: Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte (Madrid).

Tax Identification Code number A-80481419

C.N.A.E.: 8199

b) Incorporation and registration with Mercantile Registry, as well as information relating to administrative authorizations and registration with the Comisión Nacional del Mercado de Valores (*Spanish Securities Market Commission*).

SANTANDER DE TITULIZACION, S.G.F.T., S.A. was incorporated by public deed executed on December 21, 1992 before Madrid Notary Public Francisco Mata Pallarés, under number 1310 of his official record, with the prior authorization of the Ministry of Economy and Finance awarded on December 1, 1992. It is registered with the Mercantile Registry of Madrid,

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under Volume 4789, Folio 75, Page M-78658, 1st registration entry. Furthermore, it is registered with the special registry of the CNMV, under number 1.

In addition, the Manager amended its Bylaws by resolution of its Board of Directors adopted on June 15, 1998, formalized in a public deed authorized by Madrid Notary Public Roberto Parejo Gamir on July 20, 1998, under number 3070 of his official record, in order to adapt to the requisites established for Asset Securitization Fund Managers by Royal Decree 926/1998. Such amendment was authorized by the Ministry of Economy and Finance on July 16, 1998, in accordance with the provisions of the Sole Transitional Provision of the aforesaid Royal Decree 926/1998.

The duration of the Manager is indefinite, except for the occurrence of any of the causes where the legal and statutory provisions, as the case may be, may call for dissolution.

6.2. Audit of accounts.

The annual accounts of the Manager for the fiscal years closed on 31 December 2004, 2005 and 2006 were audited by the firm Deloitte, S.L. and deposited in the Mercantile Registry of Madrid. The report corresponding to each of those annual accounts had no exceptions.

6.3. Principal activities.

As required by law, article two of the Manager's Corporate Bylaws establishes that: "the company shall have as its exclusive purpose the incorporation, administration and legal representation of Mortgage Securitization Funds in the terms of article six of Law 19/1992, of July 7, on the Scheme of Real Estate Investment Companies and Funds and on Mortgage Securitization Funds and Asset Securitization Funds, in accordance with the provisions of article 12, point 1, of Royal Decree 926/1998, of May 14, regulating Asset Securitization Funds and Securitization Fund Managers. As a manager of third party businesses, it is responsible for the representation and defense of the interest of the holders of the securities issued against the Funds it administers and of the remaining ordinary creditors thereof, as well as the implementation of the further duties attributed to Securitization Fund Managers by current law in force."

The total assets managed by the Manager at August 31, 2007, are the following:

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MORTGAGE SECURITIZATION FUNDS						
FUNDS	SERIES	OUTSTANDING BALANCE OF THE BONDS POR SERIE	INTEREST RATE BY SERIES	RATING AGENCIES	DATE OF INCORPORATION	BONDS INITIAL BALANCE ACTIVOS
FTH HIPOTEBANSA VI	Series A	25,271,179.08 €	Libor 3M + 0,12%	S&P España / Moody's España	10/27/1997	262.942.795,67 €
	Series B	2,527,118.60 €	Libor 3M + 0,50%			
	Total	27,798,297.68 €				
FTH HIPOTEBANSA VII	Series A	47,293,667.25 €	Libor 3M + 0,15%	S&P España / Moody's España	05/05/1998	317,334,391.12 €
	Series B	4,729,366.38 €	Libor 3M + 0,525%			
	Total	52,023,033.63 €				
FTH UCI 4	Series A	22,068,100.64 €	Libor 3M + 0,16%	S&P España	06/25/1998	180,303,631.32 €
	Series B	2,335,996.42 €	Libor 3M + 0,575%			
	Total	24,404,097.06 €				
FTH HIPOTEBANSA VIII	Series A	57,580,881.64 €	Libor 3M + 0,27%	Fitch IBCA / Moody's España	12/17/1998	328,302,862.02 €
	Series B	5,758,087.89 €	Libor 3M + 0,800%			
	Total	63,338,969.53 €				
FTH UCI 5	Series A	45,084,195.20 €	Euribor 3M + 0,23%	Moody's España	06/03/1999	265,000,000.00 €
	Series B	3,798,469.20 €	Euribor 3M + 0,625%			
	Total	48,882,664.40 €				
FTH BANESTO 1	Series A	105,166,341.36 €	Euribor 3M + 0,23%	Moody's España	07/29/1999	759,000,000.00 €
	Series B	8,413,308.68 €	Euribor 3M + 0,625%			
	Total	113,579,650.04 €				
FTH HIPOTEBANSA IX	Series A	115,494,529.80 €	Euribor 3M + 0,27%	Fitch IBCA / Moody's España	11/10/1999	519,200,000.00 €
	Series B	11,549,454.00 €	Euribor 3M + 0,75%			
	Total	127,043,983.80 €				
FTH BANESTO 2	Series A	157,374,993.00 €	Euribor 3M + 0,27%	Moody's España	05/08/2000	715,000,000.00 €
	Series B	11,016,252.50 €	Euribor 3M + 0,625%			
	Total	168,391,245.50 €				
FTH BANESTO 3	Series A	158,990,968.70 €	Euribor 3M + 0,23%	Moody's España	07/16/2001	545,000,000.00 €
	Series B	15,899,095.80 €	Euribor 3M + 0,60%			
	Total	174,890,064.50 €				
FTH BANESTO 4	Series A	715,871,640.00 €	Euribor 3M + 0,20%	S&P España	11/15/2003	1,500,001,867.69 €
	Series B	45,000,000.00 €	Euribor 3M + 0,65%			
	Total	760,871,640.00 €				
FTH UCI 10	Series A	285,633,843.60 €	Euribor 3M + 0,16%	S&P España	05/14/2004	700,000,000.00 €
	Series B	18,231,948.00 €	Euribor 3M + 0,50%			
	Total	303,865,791.60 €				
FTH UCI 12	Series A	513,533,119.36 €	Euribor 3M + 0,15%	S&P España	05/30/2005	900,000,000.00 €
	Series B	9,000,000.00 €	Euribor 3M + 0,27%			
	Series C	23,800,000.00 €	Euribor 3M + 0,60%			
	Total	546,333,119.36 €				
TOTAL FTH		2,411,422,557.10 €				6,992,085,547.82 €

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ASSETS SECURITIZATION FUNDS						
FUND	SERIES	OUTSTANDING BALANCE OF THE BONDS	INTERES RATE BY SERIES	RATING AGENCIES	DATE OF INCORPORATION	BONDS INITIAL BALANCE
FTA SANTANDER 1	Pag.Intern Pag. Nac.	3,989,307,965.97 0.00		S&P España / Moody's España	11/26/1998	1,202,024,208.77 €
	Total	3,989,307,965.97 €				
FTA UCI 6	Series A Series B	89,541,468.46 8,227,582.32	Euribor 3M + 0.295% Euribor 3M + 0.775%	Moody's España	06/19/2000	457,000,000.00 €
	Total	97,769,050.78 €				
FTA UCI 7	Series A Series B	111,018,782.88 7,771,313.84	Euribor 3M + 0.250% Euribor 3M + 0.700%	S&P España / Moody's España	10/25/2001	455,000,000.00 €
	Total	118,790,096.72 €				
FTA HIPOTEBANSA X	Series A Series B	305,531,668.09 18,300,000.00	Euribor 3M + 0.21% Euribor 3M + 0.55%	S&P España / Moody's España	03/04/2002	917,000,000.00 €
	Total	323,831,668.09 €				
FTA FTPYME BANESTO 1	SERIES SERIES A1 SERIES SERIES A2 SERIES SERIES A3 SERIES B(G) SERIES B SERIES C	0.00 € 0.00 € 0.00 € 0.00 € 166,700,000.00 41,700,000.00 984,102.75 984,102.75 1,722,180.00	Euribor 3M + 0.01% Euribor 3M + 0.35% Euribor 3M + 0.04% Euribor 3M + 0.38% Euribor 3M + 0.07% Euribor 3M + 0.48% Euribor 3M + 0.20% Euribor 3M + 0.90% Euribor 3M + 1.80%	Fitch IBCA / Moody's España	06/11/2002	500,000,000.00 €
	Total	212,090,385.50 €				
FTA UCI 8	Series A Series B	143,221,093.56 9,452,591.28	Euribor 3M + 0.220% Euribor 3M + 0.600%	S&P España / Moody's España	06/24/2002	600,000,000.00 €
	Total	152,673,684.84 €				
FTA HIPOTEBANSA 11	Series A Series B	444,657,237.12 21,200,000.00	Euribor 3M + 0.24% Euribor 3M + 0.45%	S&P España / Moody's España	11/26/2002	1,062,000,000.00 €
	Total	465,857,237.12 €				
SANTANDER CONSUMER FINANCE SPAIN 02-1 FTA	Series A Series B	148,873,946.15 9,502,592.85	Euribor 3M + 0.30% Euribor 3M + 0.60%	Fitch / Moody's España / S&P	12/09/2002	850,000,000.00 €
	Total	158,376,539.00 €				
FTA CONSUMO SANTANDER 1	Series A Series B Series C Series D	41,673,430.80 37,800,000.00 35,100,000.00 35,100,000.00	Euribor 3M + 0.25% Euribor 3M + 0.43% Euribor 3M + 0.73% Euribor 3M + 1.40%	S&P España / Moody's España	03/04/2003	1,080,000,000.00 €
	Total	149,673,430.80 €				
FTA UCI 9	Series A Series B Series C	379,041,339.47 28,107,753.25 6,200,240.00	Euribor 3M + 0.265% Euribor 3M + 0.65 % Euribor 3M + 1.20 %	S&P España / Moody's España	06/16/2003	1,250,000,000.00 €
	Total	413,349,332.72 €				
FTA FTPYME	Series A Series B1(G) Series B2 Series C Series D	281,847,902.49 537,100,000.00 134,300,000.00 27,000,000.00 87,300,000.00	Euribor 3M + 0.25% Euribor 3M + 0.00% Euribor 3M + 0.40% Euribor 3M + 0.90% Euribor 3M + 1.80%	Fitch / Moody's España	09/24/2003	1,800,000,000.00 €
	Total	1,067,547,902.49 €				
FTA SANTANDER HIPOTECARIO 1	Series A Series B Series C Series D	943,456,760.64 53,400,000.00 46,900,000.00 56,300,000.00	Euribor 3M + 0.18% Euribor 3M + 0.30% Euribor 3M + 0.50% Euribor 3M + 0.95%	S&P España / Moody's España	06/11/2004	1,875,000,000.00 €
	Total	1,100,056,760.64 €				
FTA FTPYME SANTANDER 2	Series A Series B Series C Series D Series E	554,193,794.70 168,491,153.70 81,000,000.00 58,500,000.00 58,500,000.00	Euribor 3M + 0.20% Euribor 3M + 0.00% Euribor 3M + 0.30% Euribor 3M + 0.70% Euribor 3M + 1.50%	S&P España	10/21/2004	1,850,000,000.00 €
	Total	920,684,948.40 €				
FTA UCI 11	Series A Series B Series C	383,221,657.14 6,000,000.00 22,900,000.00	Euribor 3M + 0.14% Euribor 3M + 0.33% Euribor 3M + 0.75%	S&P España	11/17/2004	850,000,000.00 €
	Total	412,121,657.14 €				
FTA SANTANDER PUBLICO 1	Series A Series B	1,105,019,148.80 37,000,000.00	Euribor 3M+ 0.039% Euribor 3M+ 0.30%	Fitch / Moody's España	12/17/2004	1,850,000,000.00 €
	Total	1,142,019,148.80 €				
FTA SANTANDER AUTO 1	Series Unica	828,400,803.00	Euribor 3M + 0.059%	S&P España	04/07/2005	1,598,000,000.00 €
	Total	828,400,803.00 €				

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ASSETS SECURITIZATION FUNDS						
FUNDS	SERIES	OUTSTANDING BALANCE OF	INTERES RATE BY SERIES	RATING AGENCIES	DATE OF INCORPORATION	BONDS INITIAL BALANCE
FTA SANTANDER EMPRESAS 1	Series A1	82,647,440.88	Euribor 3M + 0,02%	S&P España / Fitch España	10/27/2005	3,100,000,000.00 €
	Series A2	1,240,000,000.00	Euribor 3M + 0,12%			
	Series B	80,600,000.00	Euribor 3M + 0,21%			
	Series C	96,100,000.00	Euribor 3M + 0,29%			
	Series D	170,500,000.00	Euribor 3M + 0,59%			
Total		1,669,847,440.88 €				
FTA UCI 14	Series A	935,815,094.00	Euribor 3M + 0,15%	S&P España / Fitch España	11/30/2005	1,350,000,000.00 €
	Series B	34,100,000.00	Euribor 3M + 0,29%			
	Series C	38,400,000.00	Euribor 3M + 0,58%			
Total		1,008,315,094.00 €				
FTA UCI 15	Series A	1,053,560,916.56	Euribor 3M + 0,14%	S&P España / Fitch España	04/28/2006	1,430,000,010.22 €
	Series B	32,900,000.00	Euribor 3M + 0,27%			
	Series C	56,500,000.00	Euribor 3M + 0,53%			
	Series D	21,600,000.00	Euribor 3M + 0,58%			
Total		1,164,560,916.56 €				
FTA SANTANDER HIPOTECARIO 2	Series A	1,543,034,930.51	Euribor 3M + 0,15%	S&P España / Moody's España	06/30/2006	1,955,000,000.00 €
	Series B	51,800,000.00	Euribor 3M + 0,20%			
	Series C	32,300,000.00	Euribor 3M + 0,30%			
	Series D	49,800,000.00	Euribor 3M + 0,55%			
	Series E	19,600,000.00	Euribor 3M + 2,10%			
	Series F	17,600,000.00	Euribor 3M + 1,00%			
Total		1,714,134,930.51 €				
FTA SANTANDER CONSUMER SPAIN AUTO 06	Series A1	1,282,500,000.00	Euribor 3M + 0,15%	S&P España / Fitch España	10/10/2006	1,350,000,000.00 €
	Series A2	22,300,000.00	Euribor 3M + 0,20%			
	Series B	22,300,000.00	Euribor 3M + 0,30%			
	Series C	22,900,000.00	Euribor 3M + 0,55%			
	Series D	10,200,000.00	Euribor 3M + 2,10%			
Total		1,360,200,000.00 €				
FTA UCI 16	Series A1	249,770,875.00	Euribor 3M + 0,06%	S&P España / Fitch España	10/18/2006	1,800,000,000.00 €
	Series A2	1,247,600,000.00	Euribor 3M + 0,15%			
	Series B	72,000,000.00	Euribor 3M + 0,30%			
	Series C	41,400,000.00	Euribor 3M + 0,55%			
	Series D	9,000,000.00	Euribor 3M + 2,25%			
	Series E	19,800,000.00	Euribor 3M + 2,30%			
Total		1,639,570,875.00 €				
FTA PYMES BANESTO 2	Series A1	400,000,000.00 €	Euribor 3M + 0,13%	S&P España / Moody's España Fitch España	11/17/2006	1,000,000,000.00 €
	Series A2	541,700,000.00 €	Euribor 3M + 0,16%			
	Series B	24,300,000.00 €	Euribor 3M + 0,27%			
	Series C	34,000,000.00 €	Euribor 3M + 0,54%			
Total		1,000,000,000.00 €				
FTA FINANCIACION 1	Series A	1,738,500,000.00	Euribor 3M + 0,15%	S&P España / Moody's España	12/14/2006	1,900,000,000.00 €
	Series B	25,700,000.00	Euribor 3M + 0,20%			
	Series C	61,700,000.00	Euribor 3M + 0,30%			
	Series D	47,500,000.00	Euribor 3M + 0,55%			
	Series E	26,600,000.00	Euribor 3M + 2,10%			
	Series F	14,300,000.00	Euribor 3M + 1,00%			
Total		1,914,300,000.00 €				
FTA SANTANDER EMPRESAS 2	Series A1	665,771,199.23	Euribor 3M + 0,05%	Fitch España/ Moody's España	12/14/2006	2,265,671,199.23 €
	Series A2	1,365,000,000.00	Euribor 3M + 0,16%			
	Series B	84,100,000.00	Euribor 3M + 0,22%			
	Series C	62,300,000.00	Euribor 3M + 0,32%			
	Series D	59,500,000.00	Euribor 3M + 0,55%			
	Series E	29,000,000.00	Euribor 3M + 2,10%			
	Series F	53,700,000.00	Euribor 3M + 0,50%			
Total		2,319,371,199.23 €				
FTA SANTANDER HIPOTECARIO 3	Series A1	536,230,559.58	Euribor 3M + 0,06%	Fitch España/ Moody's España	04/04/2007	2,800,000,000.00 €
	Series A2	1,540,000,000.00	Euribor 3M + 0,14%			
	Series A3	420,000,000.00	Euribor 3M + 0,20%			
	Series B	79,200,000.00	Euribor 3M + 0,22%			
	Series C	47,500,000.00	Euribor 3M + 0,30%			
	Series D	72,000,000.00	Euribor 3M + 0,55%			
	Series E	28,000,000.00	Euribor 3M + 2,10%			
	Series F	22,400,000.00	Euribor 3M + 0,50%			
Total		2,745,330,559.58 €				
FTA UCI 17	Series A1	325,000,000.00	Euribor 3M + 0,10%	S&P España / Fitch España	05/07/2007	1,415,400,000.00 €
	Series A2	974,200,000.00	Euribor 3M + 0,18%			
	Series B	72,800,000.00	Euribor 3M + 0,35%			
	Series C	28,000,000.00	Euribor 3M + 0,60%			
	Series D	15,400,000.00	Euribor 3M + 2,25%			
Total		1,415,400,000.00 €				

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ASSETS SECURITIZATION FUNDS						
FUNDS	SERIES	OUTSTANDING BALANCE OF	INTERES RATE BY SERIES	RATING AGENCIES	DATE OF INCORPORATION	BONDS INITIAL BALANCE
FTA	Series A	1,902,000,000.00	Euribor 3M + 0,15%	S&P España / Fitch España	05/21/2007	2,000,000,000.00 €
SANTANDER CONSUMER	Series B	78,000,000.00	Euribor 3M + 0,28%			
SPAIN AUTO 07-01	Series C	20,000,000.00	Euribor 3M + 0,60%			
	Series D	40,000,000.00	Euribor 3M + 3,50%			
	Total	2,040,000,000.00 €				
FTA	Series A1	800,000,000.00	Euribor 3M + 0,00%	S&P España / Moody's	05/28/2007	3,500,000,000.00 €
SANTANDER EMPRESAS 3	Series A2	1,800,000,000.00	Euribor 3M + 0,17%	Fitch España		
	Series A3	627,500,000.00	Euribor 3M + 0,25%			
	Series B	39,700,000.00	Euribor 3M + 0,28%			
	Series C	117,300,000.00	Euribor 3M + 0,32%			
	Series D	70,000,000.00	Euribor 3M + 0,65%			
	Series E	45,500,000.00	Euribor 3M + 2,30%			
	Series F	45,500,000.00	Euribor 3M + 0,50%			
	Total	3,545,500,000.00 €				
FINANCIACIÓN BANESTO 1	Series A	760,000,000.00 €	Euribor 3M + 0,00%	S&P España / Moody's	06/25/2007	800,000,000.00 €
FTA	Series B	24,000,000.00 €	Euribor 3M + 0,00%			
	Series C	16,000,000.00 €	Euribor 3M + 0,00%			
	Total	800,000,000.00 €				
FTA	Series 1	1,200,000,000.00 €	5,1353%	S&P España / Moody's	07/17/2007	1,200,000,000.00 €
PITCH						
	Total	1,200,000,000.00 €				
	TOTAL FTA	37,089,081,627.77 €				46,062,095,418.22 €
TOTAL (FTH+FTA)		39,500,504,184.87 €				53,054,180,966.04 €

6.4. Share Capital and shareholder's equity.

a) Par value subscribed and paid-in:

The Manager's share capital is nine hundred one thousand six hundred fifty (901,650) euros, represented by fifteen thousand (15,000) registered shares each having a par value of sixty euros and eleven cents (60.11), consecutively numbered from one (1) through fifteen thousand (15,000), both inclusive, all of them fully subscribed and paid-in.

b) Share classes:

All of the shares are of the same class and vest identical political and economic rights.

6.5. Holding of shares in other entities.

The Manager has no shareholdings in any other entity.

6.6. Corporate bodies.

The governance and administration of the Manager are entrusted by the bylaws to the General Shareholders' Meeting and to the Board of Directors. Their competencies and authorities are those vested in said bodies in accordance with the provisions of the Spanish Corporations Law (*Ley de Sociedades Anónimas*), Law 19/1992 and Royal Decree 926/1998, in relation to the corporate purpose.

(a) Directors

The Board of Directors is formed by the following persons:

Chairman: José Antonio Alvarez Alvarez

Directors: Ana Bolado Valle

Emilio Osuna Heredia

Santos González Sánchez

Ignacio Ortega Gavara

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Marcelo Alejandro Castro

Eduardo García Arroyo

Francisco Pérez Mansilla

Fermín Colomé Graell

José Antonio Soler Ramos

Secretary/Non-Director: María José Olmedilla González

(b) General Management

The Manager's General Manager is Mr. Ignacio Ortega Gavara.

6.7. The principal activities performed by the persons mentioned in section 6.6. above, out of the Manager, if important to the Fund.

The most relevant activities, carried out of the Manager by the individuals mentioned in this section are described below:

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Name	Position at Santander	Companies through which activities are performed	Positions or duties held or performed at said companies
Emilio Osuna Heredia	Manager of Coordination SGC (Santander Global Connect)	AIAF, Mercado de Renta Fija	Director
Fermín Colomé Graell	Manager of Operations and Service BS	Open Bank Santander Consumer, S.A.	Director
		Geoban , S.A	Chairman
		Sercoban, S.A.	Chairman
Ana Bolado Valle	Manager of Executive Resources Management BS	_____	_____
Santos González Sánchez	Manager of Mortgage Business BS	Hipotebansa, EFC	Director and General Manager
Francisco Pérez Mansilla	Manager of Companies and SME's BS	Santander Central Hispano Lease, SA,EFC	Director
		Santander Central Hispano Multileasing, S.A., EFC	Director
		Santander Central Hispano, Factoring y Confirming, S.A., EFC	Director
Eduardo García Arroyo	Manager of Operations and Technology of Santander Consumer Finance	Ingeniería de Software Bancario, S.L.	Director
Marcelo Alejandro Castro	Treasurer for Europe BS	MEFF, Mercados Españoles Futuros Financieros	Director
		Holding Mercados S.A.	Director
José Antonio Álvarez Álvarez	General Financial Manager BS	Santander Consumer Finance	Director
José Antonio Soler Ramos	Manager of Financial Management BS	Santander Commercial Paper SAU	Chairman
		Santander Perpetual, SAU	Chairman
		Santander US debt SAU	Chairman
		Santander Finance Preferred, SAU	Director and Chairman
		Santander Issuances SAU	Director and Chairman
		Santander International Debt SAU	Director and Chairman
		Santander Finance Capital SAU	Director and Chairman

The persons mentioned in this section 6.7 are not holders, directly or indirectly, of any share, convertible bond or other securities which confer upon their holder a right to acquire shares of the Manager.

The business address for all persons mentioned in this section 6.7 is as follows:

Santander Titulización, S.G.F.T., S.A.

Ciudad Grupo Santander

Avenida de Cantabria s/n

28660 Boadilla del Monte (Madrid)

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6.8. Lenders of the Manager (more than ten percent (10%)).

The Manager has not received any loan or credit facility from any person or entity. Long term and short term debts that appear in the Balance sheet attached correspond to debts with Santander caused by the taxing by the Manager in the consolidated tax regime with Santander.

6.9 Significant litigation and disputes.

At the verification date of this Prospectus, the Manager is not subject to any insolvency-related situation and no significant litigation or disputes exist which may affect its economic-financial position or, in the future, its capacity to carry out the duties of management and administration of the Fund as contemplated in this Prospectus.

6.10 Financial information concerning the Manager.

The Manager carries its accounts as provided in the General Account Plan approved by Royal Decree 1643/1990, 20 December.

The balance sheet and statement of income for fiscal years 2005, 2006 and first quarter of 2007 are detailed below:

Balance sheets at December 31, 2005, 2006 and first semester 2007 (thousand euros)

ASSETS	2005	2006	First semester 2007
FIXED ASSETS:			
Intangible assets	6	7	5
Material assets	107	165	116
Fixed assets total	113	172	121
ASSETS CURRENT:			
Debtors	178	209	131
Loan to employees	89	130	102
Other debtors	89	79	29
Temporary financial investments	-	-	-
Cash	10,307	11,623	15,188
Prepayments and accrued expenses	821	967	888
Current Assets total	11,306	12,590	16,076
ASSETS TOTAL	11,419	12,971	16,328

LIABILITY	2005	2006	First semester 2007
EQUITY			
Share capital	902	902	902
Reserves	1,160	182	182
Trading results-Profit	3,298	3,768	2,225
Active interim dividend	=	-	3,768
Total Equity	5,360	4,852	7,076
LONG TERM CREDITORS:			
Debts with Group companies	4,068	5,858	5,877
	4,068	5,858	5,877
SHORT TERM CREDITORS:			
Public Treasure (<i>Hacienda Pública</i>)	41	40	33
Other debts	14	27	11
Debts with Group companies	1,782	2,035	3,235
Prepayments and accrued expenses	154	158	96
Short term creditors total	1,991	2,261	3,375
LIABILITIES TOTAL	11,419	12,971	16,328

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Profit and loss account corresponding to the fiscal years ended by December 31, 2005 and 2006 and first semester of 2007 (thousand euros):

DEBTOR	2005	2006	First semester 2007
EXPENSES:			
Personnel expenses			
Wages, salaries and similar	880	867	421
Social expenses	137	137	63
Other personnel expenses	21	27	12
	1,038	1,031	496
Allocation for fixed assets amortization	145	82	50
Other exploitation expenses			
External services	84	119	14
Taxes	2	9	-
Other ordinary management expenses	147	149	63
	233	277	77
Exploitation profits	5,002	5,597	3,213
Financial and similar expenses	-	-	-
Positive trading profits	83	215	211
Ordinary activities profits	5,085	5,812	3,424
Extraordinary expenses	10	-	-
Positive extraordinary outcome	-	-	-
Profits prior Taxes	5,080	5,803	3,424
Corporate Tax	1,782	2,035	1,199
Outcome of business year (profit)	3,298	3,768	2,225

CREDITOR	2005	2006	First semester 2007
INCOME:			
Income net amount			
Rendering of services	6,418	6,986	3,836
Other interest and similar income	83	215	211
Extraordinary income	5	-	-
Negative extraordinary outcome	5	-	-

7. MAJOR SHAREHOLDERS OF THE MANAGER

a) Shareholders of the Manager

The title to the Manager's shares is distributed between the companies listed below, indicating the stake in the Manager's share capital owned by each one of them:

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

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

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For the purpose of article 4 of the Spanish Securities Market Act, SANTANDER DE TITULIZACION, S.G.F.T., S.A. forms part of SANTANDER GROUP.

In order to ensure the absence of abuses of control on the part of Banco Santander, S.A. over the Manager, the Manager approved Internal Rules of Conduct in application of the provisions of Chapter II of Royal Decree 629/1993, of May 3, on rules of conduct in the securities markets and obligatory records, which were reported to the CNMV.

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

8.1 Statement on the start of the activities and financial statements of the Issuer prior to the Registration Document.

The Manager declares that, as at the registration date of this Registration Document, the Fund has not yet been incorporated and, therefore, its operations have not begun and no financial statement in respect thereof has been prepared.

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 EUR 50,000.

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 DECLARATIONS OF ANY INTEREST

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

Not applicable.

9.2 Information from a third party.

Not applicable

10. DOCUMENTS ON DISPLAY

During the period of validity of this Registration Document the following documents (or copies thereof) may be inspected by the public:

- (a) **The Corporate Bylaws and deed of incorporation of the Manager.**
- (b) **This Prospectus.**
- (c) **The Deed of Incorporation of the Fund.**
- (d) **The Subordinated Loan Agreement, Swap Agreement, Guaranteed Rate Reinvestment Agreement and Management, Subscription and Paying Agent Agreement.**
- (e) **Auditors' Report on the portfolio of Loans granted by Santander, from which the Assets which are the object of assignment to the Fund shall be taken, as prepared by the firm Deloitte, S.L.**

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- (f) **Certification of the resolution of Santander's Executive Committee** meeting of 1 October, 2007, at which it was resolved to carry out the assignment of the Assets to the Fund, and **the certification of the resolutions of the Manager's Board of Directors** meeting of September 24, 2007, at which the following matters, *inter alia*, were resolved: the incorporation of the Fund, the acquisition by the Fund of the Assets assigned by Santander, and the issuance of the Bonds against the Fund.
- (g) **The letters disclosing the provisional ratings and the letters disclosing the definitive ratings** on the part of Fitch, Moody's and Standard & Poor's.
- (h) **The letters of acceptance of the instructions from the Lead Managers.**
- (i) **The Annual Financial Statements and auditors' report of the Manager.**

A copy of all of the above documents may be inspected at the registered offices of the Manager.

In addition, a copy of all documents mentioned in the above sections except for those contained in section a) and i) may be inspected at the CNMV, at Paseo de la Castellana 19, Madrid.

A copy of the Prospectus will be available to the public on the CNMV's (www.cnmv.es) and AIAF webpage (www.aiaf.es).

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

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SECURITIES NOTE

This Securities Note was prepared in accordance with Annex XIII of Regulation (EC) No. 809/2004 and was approved by the Comisión Nacional del Mercado de Valores (*Spanish Securities Market Commission*) on October 25, 2007.

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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, by virtue of the powers expressly conferred upon him by the Board of Directors at its meeting on April 12, 2005, for and on behalf of SANTANDER DE TITULIZACION, S.G.F.T., S.A., having its registered offices at Ciudad Grupo Santander, Avda. de Cantabria s/n, 28660, Boadilla del Monte (Madrid), assumes responsibility for the information contained in this Securities Note and in the Additional Building Block.

MR. IGNACIO ORTEGA GAVARA, acts exercising the faculties conferred in his favor for the incorporation of the Fund by the Board of Directors of the Manager in its meeting of September 24, 2007.

SANTANDER DE TITULIZACION, S.G.F.T., S.A. is the promoter of the securitization fund FONDO DE TITULIZACION DE ACTIVOS, SANTANDER EMPRESAS 4 and shall be responsible for the administration and legal representation thereof.

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

MR. IGNACIO ORTEGA GAVARA declares that, having taken all reasonable care to ensure that such is the case, the information given in the Securities Note and in the Additional Building Block is, to the best of his knowledge, in accordance with the facts and does not omit anything likely to affect its import.

2. RISK FACTORS

The risk factors specific to the Assets backing the issue and to the securities are those respectively described under sections II and III of the document included at the beginning of this Prospectus entitled "RISK FACTORS".

3. KEY INFORMATION

3.1 Interest of natural and legal persons involved in the issue.

The natural and legal persons involved in the issue are:

- a) SANTANDER DE TITULIZACION, S.G.F.T., S.A. is intervening as the Fund's Manager and as legal and financial adviser to the operation's structure.
- b) BANCO SANTANDER, S.A. is intervening as the Assignor of the Assets, as Lead Manager, as Paying Agent and as counterpart of the Fund in the Subordinated Loan Agreement, the Swap Agreement and the Guaranteed Rate Reinvestment Agreement.
- c) THE ROYAL BANK OF SCOTLAND PLC is intervening as Lead Manager of the Bond issue.
- d) DEUTSCHE BANK is intervening as Lead Manager of the Bond issue.
- e) FITCH is intervening as credit rating agency of the Bonds.
- f) MOODY'S is intervening as credit rating agency of the Bonds.
- g) STANDARD & POOR'S is intervening as credit rating agency of the Bonds.
- h) DLA PIPER SPAIN, S.L. is intervening as legal adviser to the operation.

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- i) DELOITTE, S.L. is intervening as auditor of the Fund and of the assignable portfolio.

Said persons have no interests, including the conflicting ones, which are material to the issue, except as specifically described in section 5.2 of the Registration Document.

4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING

4.1 Total amount of the securities.

a) Total issue amount.

The total amount of the Bonds being issued is THREE THOUSAND FIVE HUNDRED EIGHTY SIX MILLION EUROS (€ 3,586,000,000), and represented by thirty five thousand eight hundred sixty (35,860) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000), distributed in eight (8) Series of Bonds (A1, A2, A3, B, C, D, E y F), the following total face amount being assigned to each one of them:

Series A1: having a total face amount of EIGHT HUNDRED AND THIRTY MILLION, TWO HUNDRED THOUSAND EUROS (€830,200,000), formed by eight thousand three hundred and two (8,302) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000);

Series A2: having a total face amount of ONE THOUSAND SEVEN HUNDRED AND SIXTY-THREE MILLION SIX HUNDRED THOUSAND EUROS (€1,763,600,000), formed by seventeen thousand six hundred and thirty-six (17,636) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000);

Series A3: having a total face amount of SIX HUNDRED AND TWENTY-TWO MILLION, THREE HUNDRED THOUSAND EUROS (€622,300,000), formed by six thousand two hundred and twenty-three (6,223) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000);

Series B: having a total face amount of NINETY MILLION TWO HUNDRED THOUSAND EUROS (€90,200,000), formed by nine hundred and two (902) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000);

Series C: having a total face amount of NINETY-SEVEN MILLION FOUR HUNDRED THOUSAND EUROS (€97,400,000), formed by nine hundred seventy four (974) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000);

Series D: having a total face amount of SEVENTY-NINE MILLION SEVEN HUNDRED THOUSAND EUROS (€79,700,000), formed by seven hundred and ninety-seven (797) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000);

Series E: having a total face amount of FIFTY-SIX MILLION SIX HUNDRED THOUSAND EUROS (€56,600,000), formed by five hundred and sixty-six (566) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000); and

Series F: having a total face amount of FORTY-SIX MILLION EUROS (€46,000,000), formed by four hundred and sixty (460) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000).

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b) Subscription of the Issue.

The commitment of Santander, as the entity subscribing one hundred per cent (100%) of the Bonds, as will be recorded in the Management, Subscription and Paying Agency Agreement, is that which is detailed hereinbelow:

Subscriber	Series A1 Bonds	Series A2 Bonds	Series A3 Bonds	Series B Bonds	Series C Bonds	Series D Bonds	Series E Bonds	Series F Bonds
Banco Santander, S.A.	830,200,000	1,763,600,000	622,300,000	90,200,000	97,400,000	79,700,000	56,600,000	46,000,000
Totals	830,200,000	1,763,600,000	622,300,000	90,200,000	97,400,000	79,700,000	56,600,000	46,000,000

Santander will not receive any commission for this commitment.

The subscription and pay-out of the Bonds will, in any event, be at the issue price of one hundred per cent (100%) of the nominal unit value.

The sole cause for termination reflected by the Management, Subscription and Paying Agency Agreement is the absence of confirmation as definitive of the provisional ratings of the Bonds prior to the Date of Subscription.

Santander, RBS and Deutsche Bank, in their capacity as Lead Managers, shall act as such in the terms provided for in section 5.2 of the Registration Document and shall not charge any commission for acting as said Lead Managers.

4.2 Description of type and class of securities.

This Securities Note is prepared for the purpose of issue of securitization bonds by the Securitization Fund FONDO DE TITULIZACION DE ACTIVOS, SANTANDER EMPRESAS 4.

The Bonds are negotiable fixed income securities, with an explicit return representing a credit for the issuer, accruing interest and redeemable according to the terms described in the present Securities Note.

4.3 Legislation of the securities.

The Bonds are issued in accordance with Spanish law, and in particular according to legal regime established in (i) Royal Decree 926/1998 and implementing provisions; (ii) Royal Decree 1310/2005; (iii) Law 19/1992, as regards anything not contemplated in Royal Decree 926/1998 and as applicable thereto; (iv) the Spanish Securities Market Act; (v) Order EHA/3537/2005 and (vi) such other legal and regulatory provisions in force and applicable from time to time.

This Securities Note was prepared in following the standard forms contemplated in Annex XIII of Regulation (EC) No. 809/2004.

4.4 Indication as to if the securities are registered or to the bearer and if they are represented by certificates or by book entries.

The Bonds shall be represented by book-entries as provided for in Royal Decree 926/1998 and they will be constituted as such by its inscription in the corresponding account records. The Deed of Incorporation will have the effects set forth in article 6 of the Spanish Securities Market Act, according to that established in paragraph 9 of article 4 of Law 19/1992.

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Bondholders will be identified as such (in their own name or in the name of a third party) as resulting from the account records carried out by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) having its registered offices at Plaza de la Lealtad, 1, Madrid, that has been appointed as entity entrusted of the account records of the Bonds . In this way, compensation and liquidation of the Bonds will be carried out by the rules established or approved by Iberclear in the future, regarding securities in the Fixed Rent AIAF market and represented by account records.

4.5 Currency of the issue.

The Bonds shall be denominated in EUROS.

4.6 Classification of the securities by its subordination.

The Manager, on behalf of the Fund, shall proceed to apply on each Payment Date the amount of the Available Funds towards the relevant payments and withholdings, as per the Order of Priority of Payments described under section 3.4.6.(b) of the Additional Building Block which, as regards the payment of interests and principal on the Bonds may be summarized as follows, without prejudice of the Order of Priority of Payments for Liquidation described in 3.4.6.(d) of the Additional Building Block:

a) Payment of interest:

- a.1 The payment of interest accrued on the Series A1, A2 and A3 Bonds holds (i) third (3rd) place in the Order of Priority of Payments, as described in section 3.4.6.(b) of the Additional Building Block and (ii) the third (3rd) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.
- a.2 The payment of interest accrued on the Series B Bonds holds fourth (4th) place in the Order of Priority of Payments, as described in section 3.4.6.(b) of the Additional Building Block, unless the substitution provided for in section 3.4.6.(c) of the Additional Building Block took place, in which case it shall hold the ninth (9th) place in the Order of Priority of Payments described in section 3.4.6.(b) of the Additional Building Block and (ii) the fifth (5th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.
- a.3 The payment of interest accrued on the Series C Bonds holds fifth (5th) place in the Order of Priority of Payments, as described in section 3.4.6.(b) of the Additional Building Block, unless the substitution provided for in section 3.4.6.(c) of the Additional Building Block took place, in which case it shall hold the tenth (10th) place in the Order of Priority of Payments described in section 3.4.6.(b) of the Additional Building Block and (ii) the seventh (7th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.
- a.4 The payment of interest accrued on the Series D Bonds holds sixth (6th) place in the Order of Priority of Payments, as described in section 3.4.6.(b) of the Additional Building Block, unless the substitution provided for in section 3.4.6.(c) of the Additional Building Block took place, in which case it shall hold the eleventh (11th) place in the Order of Priority of Payments described in section 3.4.6.(b) of the Additional Building Block and (ii) the ninth (9th) place

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in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

a.5 The payment of interest accrued on the Series E Bonds holds seventh (7th) place in the Order of Priority of Payments, as described in section 3.4.6.(b) of the Additional Building Block, unless the substitution provided for in section 3.4.6.(c) of the Additional Building Block took place, in which case it shall hold the twelfth (12th) place in the Order of Priority of Payments described in section 3.4.6.(b) of the Additional Building Block and (ii) the eleventh (11th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

a.6 The interest accrued by the Series F Bonds will be classified into two parts: the Ordinary Part and the Extraordinary Part.

The payment of the Ordinary Part of interest accrued on the Series F Bonds holds (i) fourteenth (14th) place in the Order of Priority of Payments, as described in section 3.4.6.(b) of the Additional Building Block, (ii) the thirteenth (13th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

On every Payment Date on which the Fund has sufficient liquidity for this purpose, the Manger will pay the holders of the Series F Bonds a variable sum for extraordinary interest (the "**Extraordinary Part**") for an amount equal to the excess of liquidity of the Available Funds after paying the concepts that hold a preceding place in the Order of Priority of Payments and for an amount equal to the excess of liquidity of the Funds Available for Liquidation after having paid for the concepts that hold a preceding place in the Order of Priority of Liquidation Payments.

The payment of the Extraordinary Part of interest accrued on the Series F Bonds holds (i) twentieth (20th) place in the Order of Priority of Payments, as described in section 3.4.6.(b) of the Additional Building Block, (ii) the nineteenth (19th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block

b) Redemption of principal:

In the Order of Priority of Payments described in section 3.4.6.(b) of the Additional Building Block.

The amount of the withholding of the Accrued Amount for Redemption, that will be earmarked to the redemption of the Bonds of Series A1, A2, A3, B, C, D and E, holds eighth (8th) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of the Additional Building Block. Said redemption shall be carried out in accordance with the following rules of subordination among the seven (7) Series:

b.1 Available Redemption Funds on each Payment Date, shall be earmarked towards redemption of principal of the Series A1 Bonds, until redeemed in full.

b.2 Once the Series A1 Bonds have been redeemed, all of the Available Redemption Funds on each Payment Date shall be earmarked towards

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- the redemption of principal of the Series A2 Bonds, until redeemed in full.
- b.3 Once the Series A2 Bonds have been redeemed, all Available Redemption Funds on each Payment Date shall be earmarked towards the redemption of principal of the Series A3 Bonds, until redeemed in full.
 - b.4 Once the Series A3 Bonds have been redeemed, all of the Available Redemption Funds on each Payment Date shall be earmarked towards the redemption of principal of the Series B Bonds, until redeemed in full.
 - b.5 Once the Series B Bonds have been redeemed, all Available Redemption Funds on each Payment Date shall be earmarked towards the redemption of principal of the Series C Bonds, until redeemed in full.
 - b.6 Once the Series C Bonds have been redeemed, all Available Redemption Funds on each Payment Date shall be earmarked towards the redemption of principal of the Series D Bonds, until redeemed in full.
 - b.7 Once the Series D Bonds have been redeemed, all Available Redemption Funds on each Payment Date shall be earmarked towards the redemption of principal of the Series D Bonds, until redeemed in full.

Redemption of Series F Bonds is in the fifteenth (15th) position in the Order of Priority of Payments established in section 3.4.6.(b) of the Additional Building Block. Since the redemption of the Series F Bonds will take place charging the partial release of the Reserve Fund, redemption of Series F Bonds could begin prior to the redemption of Series A1, A2 and A3 Bonds, Series B Bonds, Series C Bonds, Series D Bonds and Series E Bonds.

In the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

Redemption of principal of Series A1, A2 and A3 Bonds holds fourth (4th) place in the Order of Priority of Payments for Liquidation established in section 3.4.6.(d) of the Additional Building Block.

Redemption of principal of Series B Bonds holds sixth (6th) place in the Order of Priority of Payments for Liquidation established in section 3.4.6.(d) of the Additional Building Block.

Redemption of principal of Series C Bonds holds eighth (8th) place in the Order of Priority of Payments for Liquidation established in section 3.4.6.(d) of the Additional Building Block.

Redemption of principal of Series D Bonds holds tenth (10th) place in the Order of Priority of Payments for Liquidation established in section 3.4.6.(d) of the Additional Building Block.

Redemption of principal of Series E Bonds holds twelfth (12th) place in the Order of Priority of Payments for Liquidation established in section 3.4.6.(d) of the Additional Building Block.

Redemption of principal of Series C Bonds holds fourteenth (14th) place in the Order of Priority of Payments for Liquidation established in section 3.4.6.(d) of the Additional Building Block.

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

According to current law in force, the Bonds detailed in this Securities Note shall lack for the investor acquiring them, any present and/or future political right in respect of the Fund.

The economic and financial rights for the investor associated with the acquisition and holding of the Bonds, shall be those deriving from the interest rate conditions, returns and form of redemption with which they are issued and which are reflected under sections 4.8 and 4.9, *infra*.

The financial servicing of the Bonds issued against the Fund shall be handled by Santander, as Paying Agent, who on each one of the Payment Dates of the Bonds, shall proceed to make the interest payment and principal repayment on the Bonds in accordance with the instructions received from the Manager.

Payments to be made by the Paying Agent shall be carried out through the relevant entities participating in Iberclear, in whose records the Bonds are registered, as per the procedures being followed at the said service.

Bondholders may not go against the Manager except in the event that the latter breaches its obligations described in this Prospectus, in the Deed of Incorporation or those provided by law. The Manager is the only authorized representative of the Fund before third parties and in any kind of legal proceedings, according to applicable legislation.

Any question, disagreement or dispute regarding the Fund or the Bonds issued against it that could arise during the Bonds' operation or liquidation, either among bondholders or between them and the Manager, will be submitted before Spanish Courts, with renounce to any other jurisdiction that could correspond to the parties.

Bondholders shall not have any action against the Debtors of the Assets that are in default of their payments obligations, the Manager being entitled, as the representative of the Fund, who shall have such action.

4.8 The Nominal Interest Rate and provisions relating to interest payable.

Without prejudice of that established in section 4.6.a)a.6 above regarding the Extraordinary Part of the interests of the Series F Bonds, the return on the Bonds shall be determined, for each Series (including solely the Ordinary Part of the interests accrued by Bonds of Series F), through a variable interest rate, pursuant to the following provisions:

- a) All Bond Series shall accrue, from the Pay Out Date until their total redemption, a variable annual nominal interest payable quarterly. The interest will be paid quarterly once every quarter is past on each Payment Date provided that the Fund has sufficient Available Funds in the Cash Account, and if that is the case, the Excess Funds Account, in accordance with the Order of Priority of Payments contemplated for each Series under section 3.4.6.(b) of the Additional Building Block and shall be calculated upon the Principal Balance Pending Payment on the Bonds of each Series at the Payment Date immediately preceding.

Any withholding, contributions and taxes established or to be established in the future on principal, interest or returns on the Bonds shall be for the exclusive account and expense of the bondholders and their amount shall be deducted, as the case may be, by the Manager, acting for and on behalf of the Fund, through the Paying Agent, in the manner legally established.

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- b) To the effects of the accrual of interests of the Bonds for all Series, the duration of the issue shall be divided into successive Interest Accrual Periods comprising the days actually transpired between each Payment Date, including in each Interest Accrual Period the initial Payment Date and excluding the final Payment Date. The first Accrual Period shall have a duration inferior to a quarter, equivalent to the duration between the Pay-out Date of November 2, 2007 and the First Payment Date of January 21, 2008.
- c) The nominal annual interest rate applicable to each Bonds Series for each Interest Accrual Period (the "**Nominal Interest Rate**") will be the result: (i) the Reference Interest Rate, determined according to letter e) following, common to all Bond Series, plus (ii) the applicable margin to each Bond Series, determined according to letter d) following, rounded out to the closest one-thousandth of one percent (taking into account that, in cases that the proximity for rounding up to high or low is identical, such rounding up will in any event be carried out to the high). Determination of the Nominal Interest Rate will adjust to the rules described in this section. The Rate Setting Time for the Nominal Interest Rate will be the second Business Day prior to the Payment Date that indicates the start of the corresponding Interest Accrual Period. Exceptionally, for the First Accrual Period, the Rate Setting Time will be the Date of Incorporation.

The Nominal Interest Rate on the Bonds for the first Interest Accrual Period, on the basis of the Reference Interest Rate existing at 11:00 a.m. (CET time) on the Date of Incorporation.

The Nominal Interest Rate determined for all Bond Series for successive Interest Accrual Periods shall be notified to the bondholders within the deadline and manner contemplated under section 4 of the Additional Building Block.

The Manager will report to the CNMV as additional information the Nominal Interest Rate of the Bonds for the first Interest Accrual Period.

- d) The Nominal Interest Rate determined for each Interest Accrual Period for each Series shall be that resulting from adding together: (i) the Reference Interest Rate of EURIBOR at three (3) months or, if that is the case, its substitute (as described under letter e), *infra*) and (ii) a spread for each Series:
- 0.12 % for the Series A1 Bonds;
 - 0.25 % for the Series A2 Bonds;
 - 0.34 % for the Series A3 Bonds
 - 0.40 % for the Series B Bonds;
 - 0.60 % for the Series C Bonds;
 - 1.30 % for the Series D Bonds,
 - 3.50 % for the Series E Bonds,
 - 0.65 % for the Ordinary Part of Series F Bonds.
- e) The Reference Interest Rate for the determination of the Nominal Interest Rate applicable to all the Bonds shall be the EURIBOR rate at three (3) months or, in case of need, its substitute, as determined as detailed below:

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- (i) Except for the first Interest Accrual Period, the EURIBOR rate (*Euro Interbank Offered Rate*) is the money market reference rate for deposits in euros at three (3) months maturity. The EURIBOR rate at three (3) months shall be that which results from the REUTERS screen, page "EURIBOR01" (or such other page as may come to replace it in this service) at the 11.00 hrs. a.m. (CET time) of the corresponding Rate Setting Time.

Exceptionally, the Reference Interest Rate for the first Interests Accrual Period will be that resulting from the lineal interpolation between EURIBOR to two (2) months and the EURIBOR rate to three (3) months of maturity, fixed at 11.00 a.m. (CET time) of the Date of Incorporation in the EURIBOR01 screen, provided by Reuters, taking into account the number of days of the first Interests Accrual Period.

- (ii) In the event of an absence of rates as provided by section (i) *supra*, the following shall apply as substitute Reference Interest Rate: the interest rate resulting from taking the simple arithmetic mean of the interbank interest rates for deposit operations in euros (EURIBOR) at three months, after the 11.00 hrs. (CET Time) at the Rate Setting Time, corresponding to the following institutions:

- Banco Santander Central Hispano, London Branch
- Bank of America N.T. &S.A., London Branch
- J.P. Morgan Securities Limited.

all of which rounded out to the closest one-thousandth of one percent (taking into account that, in cases that the proximity for rounding up to high or low is identical, such rounding up will in any event be carried out to the high).

In the event it is impossible to apply the above substitute Reference Interest Rate, as a consequence of one of the aforesaid institutions not providing a declaration of quotations on a continuous basis, the interest rate which results from calculating the simple arithmetic mean of the interest rates declared by the remaining two (2) institutions shall apply.

If one of the remaining two (2) institutions mentioned above should cease to furnish a declaration of quotations, the last Nominal Interest Rate applicable to the last Interest Accrual Period shall apply, and so on for successive Interest Accrual Periods, as long as the said situation persists.

If at least two (2) of the institutions mentioned above should once again provide quotations, the subsidiary substitute Reference Interest Rate shall once again apply, as per the above rules.

The Manager shall keep lists of the content of the REUTERS screen or, as the case may be, the declarations of quotations of the institutions mentioned above, as documents evidencing the relevant rate.

At each of the Rate Setting Times, the Paying Agent shall notify the Manager of the reference interest rate which will serve as a basis for calculating the nominal interest rate applicable to each Bond Series.

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- f) The Nominal Interest Rate shall accrue on the days actually transpiring in each Interest Accrual Period for which it has been determined, calculated on the basis of a year containing three hundred sixty (360) days.
- g) The interest rate accrued by the Bonds belonging to all Series shall be payable quarterly, on each Payment Date, i.e. January 19, April 19, July 19 and October 19, of each year, until redeemed in full, provided that the Fund has sufficient Available Funds in the Cash Account and in the Excess Funds Account, and in accordance with the Order of Priority of Payments contemplated for each Series in section 3.4.6.(b) 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 payment shall be made on the immediately following Business Day, with interest pertaining to the Interest Accrual Period in progress accruing up to the above-mentioned first Business Day, non-inclusive.

- h) The first interest payment on the Bonds belonging to all Series shall take place on January 21, 2008, with interest accruing at the relevant Nominal Interest Rate from the Pay-out Date (inclusive) through January 21, 2008 (non-inclusive).
- i) The calculation of the interest (excluding the Extraordinary Part of Series F) to be paid on each Payment Date for each Bond Series at each Interest Accrual Period shall be performed in accordance with the following formula:

$$I = P * R / 100 * d / 360$$

Where:

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

P = Balance of Principal Pending Payment on the Bonds on the Determination Date pertaining to the said Payment Date.

R = Nominal interest rate expressed as a percent per annum.

d = Number of actual days which pertain to each Interest Accrual Period.

Both the interest resulting to the favor of the bondholders, calculated as provided above, as well as the amount of interest accrued and not paid, shall be notified to the bondholders in the manner described under section 4 of the Additional Building Block at least one (1) calendar day in advance of each relevant Payment Date.

The interest of the Extraordinary Part of Series F will be the result of distributing the amount described for the four hundred and sixty (460) Series F Bonds in section 4.6 a) to 6 above prorated.

- j) The payment of interest accrued shall take place on each Payment Date, provided that the Fund has sufficient Available Funds for such purpose in the Cash Account and if that is the case, in the Excess Funds Accounts, , in accordance with the Order of Priority of Payments contemplated under section 3.4.6.(b) of the Additional Building Block or, if that is the case, at the Maturity Date or when the Early Liquidation of the Fund took place according to section 4.4.3. of the Registration Document, according to the Order of Priority of Payments for Liquidation set out in section 3.4.6.(d) of the Additional Building Block.

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In the event that on a Payment Date the Fund cannot meet full or partial payment of the interest accrued on the Bonds of any of the Series, in accordance with the Order of Priority of Payments established in section 3.4.6.(b) of the Additional Building Block, the amounts which the bondholders have ceased to receive shall be accumulated on the next Payment Date to the interest of the Series itself which, as the case may be, is applicable to pay on that same Payment Date, and shall be paid at the next Payment Date according to the Order of Priority of Payments, at which the Fund has sufficient liquidity and applied by order of maturity in the event it is not possible to be paid in full due to insufficient Available Funds.

The amounts not paid of interests due shall not accrue additional interests or in arrears and shall not accumulate to the total Principal Balance Pending Payment on the Bonds.

The Fund, through its Manager, may not defer the payment of interest on the Bonds beyond the Legal Maturity Date with application at that Date of that established in section 4.4.3.(2)(iv) and 4.4.3.(3) of the Registration Document.

- k) The Nominal Interest Rate for each Bond Series shall be calculated by the Manager.

4.9 Redemption price and provisions concerning maturity of the securities.

4.9.1 Reimbursement price of the Bonds.

The reimbursement price for the Bonds for each Series will be of HUNDRED THOUSAND EUROS (€100,000) by Bond, equivalent to their nominal value, free of expenses and taxes for the Bondholder, payable progressively at each Payment Date, as established in the following sections.

All and each of the Bonds of the same Series will be redeemed in the same amount by reduction of the nominal of each one of them.

4.9.2 Maturity of the Bonds.

Maturity of the Bonds of all Series will take place at the Payment Date in which they are fully redeemed or at the Legal Maturity Date of the Fund.

4.9.3 Redemption dates for the Bonds.

Series A1, A2, A3, B, C, D, E and F Bonds shall be redeemed by reduction of their face value at each Payment Date (that is, on January 19, April 19, July 19 and October 19, of each year or if any of these days was not a Business Day, the next Business Day) until redeemed in full, in accordance with the redemption rules established below.

4.9.4 Distribution of Available Redemption Funds.

Available Redemption Funds is the amount to be earmarked to the redemption of the Bonds Series A1, A2, A3, B, C, D and E at each Payment Date and that will be the lower of the following amounts.(i) the Accrued Redemption Amount of Series A1, A2, A3, B, C, D and E and, (ii) depending on the Available Funds existing at each Payment Date, the remaining of the Available Funds (as defined in section 3.4.6.(a) of the Additional Building Block) once deducted the amounts applied to the concepts of point 1 to 7 of the Order of Priority of Payments provided in section 3.4.6.(b) of the Additional Building Block.

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Accrued Redemption Amount shall be deemed, without distinction of Series A1, A2, A3, B, C, D and E Bonds, that is, at each Payment Date and without distinction of Series A1, A2, B, C, D and E, the difference (if positive) between (a) the sum of the Principal Balance Pending Payment on the Series A1, A2, A3, B, C, D and E Bonds on the Determination Date prior to each Payment Date and (b) the Outstanding Balance of the Non Failed Assets on that date, the Failed Assets being those Assets that Santander considers that will not recover or those that at certain date are in default for an equal term or higher to twelve (12) months in the non-payment of the debits due.

The Fund, through the Manager, will not be able to postpone the redemption of the Bonds further than the Legal Maturity Date or Business Day immediately following if that was not a Business Day.

4.9.5 Ordinary rules for the redemption.

a) Series A1, A2 and A3, B, C, D and E

- **Redemption of Series A1 Bonds:**

The redemption of principal on the Series A1 Bonds shall be made by partial redemptions at each Payment Date in function of the Available Redemption Funds until redeemed in full.

The first redemption payment on the Series A1 Bonds shall take place at the Payment Date corresponding to January 21, 2008.

- **Redemption of Series A2 Bonds:**

Once the Series A1 Bonds have been redeemed, all the Available Redemption Funds will be used at each Payment Date through partial redemptions, for the redemption of the principal of Series A2 Bonds, until its full redemption.

- **Redemption of Series A3 Bonds:**

Once the Series A1 and A2 Bonds have been redeemed, all the Available Redemption Funds will be used at each Payment Date through partial redemptions, for the redemption of the principal of Series A3 Bonds, until its full redemption.

- **Redemption of Series B Bonds:**

Once the Series A1, A2 and A3 Bonds have been redeemed, redemption of Principal on the Series B Bonds shall be made at each Payment Date through partial redemptions in function of the Available Redemption Funds until its full redemption.

- **Redemption of Series C Bonds:**

Once the Series A1, A2, A3 and B Bonds have been redeemed, redemption of principal on the Series C Bonds, shall be made at each Payment Date through partial redemptions in function of the Available Redemption Funds until its full redemption.

- **Redemption of Series D Bonds:**

Once the Series A1, A2, A3, B and C Bonds have been redeemed, redemption of principal on the Series D Bonds, shall be made at each Payment Date through partial redemptions in function of the Available Redemption Funds until its full redemption.

- **Redemption of Series E Bonds:**

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Once the Series A1, A2, A3, B, C and D Bonds have been redeemed, redemption of principal on the Series E Bonds, shall be made at each Payment Date through partial redemptions in function of the Available Redemption Funds until its full redemption.

b) Series F

• **Redemption of Series F Bonds:**

The partial redemption of Series F Bonds shall be made at each Payment Date, from Payment Date in which its redemption starts until its full redemption, in an amount equal to the Accrued Redemption Amount of Series F retained according to the Order of Priority of Payments, equivalent to the positive difference existing between the Principal Balance Pending Payment on the Series F Bonds at the Determination Date preceding to the corresponding Payment Date and the Required Amount of the Reserve Fund at the corresponding Payment Date.

Notwithstanding the above, the Manager is authorized to proceed with the Early Liquidation of the Fund and, consequently, with Early Redemption on a Payment Date of the entire Bond issue, in the terms established under section 4.4.3 of the Registration Document.

The Fund, through the Manager, won't be able to postpone the redemption of the Bonds further from the Legal Maturity Date or, if that is not a Business Day, to the following Business Day.

4.9.6 Extraordinary rules for proportional redemption of the Bonds.

If total redemption of Series A1 Bonds and/or Series A2 Bonds did not take place, the prior order of priority will be modified in case that at the preceding Determination Date corresponding to the Payment Date the Outstanding Balance of the Defaulting Loans was higher to one point five percent (1.5%) of the Outstanding Balance of all Loans that are not Defaulting Loans.

In this case, at the corresponding Payment Date the Available Redemption Funds will be applied to redemption of Series A1, to redemption of Series A2 and redemption of Series A3, as corresponding, being distributed among them a pro-rate directly proportional (i) the Principal Balance Pending Payment of Series A1 (ii) Principal Balance Pending Payment of Series A2, and (iii) Principal Balance Pending Payment of Series A3 at the Determination Date previous to the corresponding Payment Date.

Therefore, and with clarifying effects, once the exceptional rule has been applied to Series A1, Series A2 and Series A3 Bonds, application of the Available Funds for Redemption would remain as follows:

- 1° Redemption for Series A1, Series A2 and Series A3 Bonds, pro-rate from the Principal Balance Pending Payment for each Series, until its full redemption.
- 2° Redemption for Series B Bonds, until its full redemption.
- 3° Redemption for Series C Bonds, until its full redemption.
- 4° Redemption for Series D Bonds, until its full redemption.
- 5° Redemption for Series E Bonds, until its full redemption.

4.9.7 Early Redemption of the Bond issue.

Independently to the obligation of the Fund, through the Manager, of proceeding to the definitive redemption of the Bonds at the Legal Maturity Date or with redemptions of each Series prior to the Legal Maturity Date, the Manager, prior

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notification to the CNMV, will be empowered to proceed, if that is the case, to the Early Liquidation of the Fund and consequently to the Early Redemption of the whole Bond issue, according to the cases of Early Liquidation and with the requirements detailed in section 4.4.3. of the Registration Document, and subject to the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

4.9.8 Legal Maturity Date.

The Legal Maturity Date, and consequently, the definitive redemption of the Bonds is July 19, 2050 or, if that was not a Business Day, the following Business Day, without prejudice to the Manager, in name and on behalf of the Fund, and according to that provided in section 4.9., proceeds to redeem some or all the Series of the Bond Issue prior to the Legal Maturity Date. The definitive redemption of the Bonds at the Legal Maturity Date will be carried out subject to the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of the Additional Building Block.

4.10 Indication of investor yield and calculation method

The principal feature to the Bonds lies in the fact that their periodic redemption and, therefore, their average life and duration, depends fundamentally on the speed with which the Debtors decide to pay off their Loans.

In this regard, prepayments which the Debtors decide to make are subject to continuous changes and are estimated in this Prospectus by the use of various future CAPRs. Consequently, they will directly affect the speed of repayment of the Assets and, therefore, the average life and duration of the Bonds.

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

- (i) Interest rate on portfolio of Assets: 4.95%; (average weighted interest rate of the portfolio of loans selected at September 25, 2007, which has been used for the calculation of the repayments and interest on each one of the loans selected);
- (ii) Late payments in portfolio of Assets: 0.25% of the Outstanding Balance of the Assets with 70% recovery between 90 days and 12 months;
- (iii) Charge-offs in the portfolio of Assets that it is considered cannot be received: 0.10% with 0% recoveries;
- (iv) That the Pay-out Date of the Bonds is November 2, 2007;
- (v) That the CAPR holds constant throughout the life of the Bonds.
- (vi) That there is no Redemption Shortfall.

The variables (ii), (iii) and (v) above and the CAPRs which are used in the tables below come from the historical information provided by the Assignor of portfolios with similar characteristics to those loans granted by Santander to companies and self-employed individuals with domicile in Spain with the aim of financing their economic activities or the acquisition of property involved in their economic activity.

Finally, the adjusted actual duration of the Bonds will also depend on their variable interest rate, and in all of the tables where they appear in this section constants are assumed for Series A1 at 4.852%; at 4.982% for Series A2; at 5.072% for Series A3; at 5.132% for Series B; at 5.332% for Series C; at 6.032% for Series D; at 8.232% for Series E and at 5.382% for Series F, taking as a reference 4.732% (EURIBOR to 3 months of October 11, 2007), plus a spread of 0.12% for Series A1, of 0.25% for Series A2, of 0.34% for Series A3, of 0.40% for Series B, of 0.60% for

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Series C, of 1.30% for Series D, of 3.50% for Series E and of 0,65% for Series F. Taking the margins stated above for each Series into consideration, the average weighted margin of the issue is 0.33%.

Assuming that the Manager, acting on behalf of the Fund, proceeds with the Early Liquidation of the Fund, as contemplated under section 4.4.3.(1) of the Registration Document when the Outstanding Balance of the Assets is less than ten percent (10%) of the initial balance of the Assets, the average life, duration, maturity and IIR of the Bonds as per different CAPRs would be as follows:

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CAPR	3%	5%	7%
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SERIES A1			
AVERAGE ESTIMATED LIFE	0.42	0.40	0.39
ESTIMATED LIFE	0.39	0.38	0.37
ESTIMATED TERM	07/17/2008	07/17/2008	07/17/2008
IRR (TIR)	4.540%	4.526%	4.511%

SERIES A2			
AVERAGE ESTIMATED LIFE	2.34	2.18	2.04
ESTIMATED LIFE	2.04	1.91	1.80
ESTIMATED TERM	07/17/2012	01/17/2012	10/17/2011
IRR (TIR)	5.051%	5.044%	5.037%

SERIES 3			
AVERAGE ESTIMATED LIFE	7.02	6.32	5.75
ESTIMATED LIFE	5.27	4.86	4.51
ESTIMATED TERM	01/17/2018	01/17/2017	04/17/2016
IRR (TIR)	5.207%	5.204%	5.200%

SERIES B			
AVERAGE ESTIMATED LIFE	10.22	9.22	8.46
ESTIMATED LIFE	6.99	6.51	6.12
ESTIMATED TERM	01/17/2018	01/17/2017	04/17/2016
IRR (TIR)	5.281%	5.279%	5.276%

SERIES C			
AVERAGE ESTIMATED LIFE	10.22	9.22	8.46
ESTIMATED LIFE	6.90	6.42	6.05
ESTIMATED TERM	01/17/2018	01/17/2017	04/17/2016
IRR (TIR)	5.491%	5.489%	5.485%

SERIES D			
AVERAGE ESTIMATED LIFE	10.22	9.22	8.46
ESTIMATED LIFE	6.57	6.14	5.80
ESTIMATED TERM	01/17/2018	01/17/2017	04/17/2016
IRR (TIR)	6.227%	6.225%	6.221%

SERIES E			
AVERAGE ESTIMATED LIFE	10.22	9.22	8.46
ESTIMATED LIFE	5.66	5.35	5.09
ESTIMATED TERM	01/17/2018	01/17/2017	04/17/2016
IRR (TIR)	8.564%	8.561%	8.556%

SERIES F			
AVERAGE ESTIMATED LIFE	8.61	7.83	7.25
ESTIMATED LIFE	5.92	5.55	5.26
ESTIMATED TERM	01/17/2018	01/17/2017	04/17/2016
IRR (TIR)	5.539%	5.536%	5.533%

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The Manager expressly declares that the financial services chart of each one of the Series described below are only theoretical and have illustrative effects.

The financial services charts of each Series for the 3%, 5% and 7% CAPR respectively are included below.

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4.11 Representation of the security holders.

For the securitization Bonds, a Bondholder Syndicate will not be established.

As provided for in article 12 of Royal Decree 926/1998, the Manager shall bear, as manager of alien businesses, the representation and defense of the interests of the bondholders issued against the Fund and the rest of the ordinary creditors of the Fund. As a consequence, the Manager shall subordinate its actions to their defense and following the provisions provided for at each moment.

4.12 Resolutions, authorizations and approvals by virtue of which the securities are issued.

The resolutions, approvals and authorizations by virtue of which this Bond issue is being carried out, are those enumerated below:

- a) Corporate resolutions:
 - a.1 Resolution of Santander's Executive Committee dated October 1, 2007, by virtue of the resolution of the Board of Directors of Santander, of March 6, 1999, by which the faculties of the Board of Directors were delegated on the Executive Commission, allowing the Executive Commission to agree upon the assignment of the Assets.
 - a.2 Resolution of the Manager's Board of Directors dated September 24, 2007.
- b) Registration of this Prospectus with the CNMV took place on October 25, 2007.
- c) Execution of the Deed of Incorporation which shall take place on October 29, 2007 a copy of which shall be sent to the CNMV and Iberclear prior to the Date of Subscription.

4.13 Issue Date.

The issue date of the Bonds which shall be the Date of Incorporation, shall be October 29, 2007.

4.13.1 Subscription effects to the Bondholders.

The subscription of the Bonds implies for each bondholders the acceptance of the terms of the Deed of Incorporation and the present Prospectus.

4.13.2 Potential investors collective.

There will be no placement activity of the Bonds on the market since one hundred per cent (100%) of the Bonds issue will be initially subscribed by Santander.

Once the issue has been fully subscribed by Santander and the Bonds are admitted to AIAF for trading, the Bonds can be purchased freely through that market following its own contractual rules.

The subscription of the Bonds implies for each bondholder the acceptance of the terms of the Deed of Incorporation and the present Prospectus.

4.13.3 Subscription Period.

The Date of Subscription of the Bonds by Santander will be October 31, 2007.

4.13.4 Where and before who will proceed the subscription.

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Not applicable.

4.13.5 Placement and adjudication of the Bonds.

Not applicable.

4.13.6 Pay-out Date.

The Pay-out Date will be November 2, 2007.

Disbursement of the Bonds shall be at the issue price of the 100% of the whole face value, that is, HUNDRED THOUSAND EUROS (€100,000).

Santander, in its capacity as Paying Agent, will proceed to credit the Fund before 14.00 p.m. (Madrid time) on the Pay-out Date, for value that same day, with the issue amount by means of a deposit in the Fund's Cash Account

4.14 Restrictions on free transferability of the securities.

The Bonds will be freely transmitted by any legal admissible means and according to AIAF rules. Ownership to each Bond will be transferred by account transfer. The inscription of the transmission in favor of the purchaser in the account registry will produce the same effect as the transfer of possession ("*tradición de los títulos*") of the securities and from that moment the transmission will be opposable to third parties. In this sense, a third party that acquires by for value the Bonds represented by book entry from a person that, from the annotations of the accounts registry, appears to have power to transfer them will not be subject to the recovery ("*revindicación*"), unless that at the moment of acquisition the third party has acted with bad faith or gross negligence.

The constitution of limited real rights or other kind of encumbrances over the Bonds must be registered in the relevant account. The inscription of a pledge will equal the transfer of the possession of the security.

The constitution of an encumbrance will be opposable to third parties from the moment that the relevant inscription has taken place.

5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

5.1 Indication of Market where the securities will be traded.

In compliance with the provisions of article 3 of Royal Decree 926/1998, the Manager, on behalf of and representing the Fund, will request admission to official trading of this Bond issue, once the Fund is set up and prior to carrying out its Pay-out, on the AIAF Fixed Income Market in order to trade within a term no greater than one (1) month from the Pay-out Date.

The Manager will also apply, acting for and on behalf of the Fund, the inclusion of the issue in Iberclear, in such a manner that the clearing and settlement of the Bonds may be carried out in accordance with the rules of operation established or to be approved in the future by Iberclear with respect to securities admitted to trading on AIAF.

In the event such deadline is not met, the Manager shall disclose the causes of the breach to the CNMV and the public by inclusion of a legal notice in a nationally-circulated newspaper or in the Daily Journal of Transaction of the AIAF Fixed Income Securities Market or by any other means of general acceptance in the market that guarantee an adequate circulation of the information, in time and content, of the reasons of not meeting the deadline as well as

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the new date forecasted for admission to trade of the issued securities, notwithstanding any liabilities incurred as a consequence thereof.

The Manager hereby states for the record that it is familiar with the requisites and conditions required for admission, permanence and exclusion of the Bonds on AIAF as per current law in force, as well as the requirements of its Governing Bodies and hereby accepts that it will abide by them.

It is not planned to contract with an entity that will undertake to provide for liquidity of the Bonds during the life of the issue.

5.2 Paying Agent and Depository Institutions.

a) Paying Agent:

The Manager, acting for and on behalf of the Fund, appoints Santander, who accepts, as paying Agent to carry out the financial servicing of the Bond issue. The obligations assumed by Santander, in its capacity as Paying Agent under the Management, Subscription and Paying Agent Agreement, are as follows:

- Pay-out of issue.

The Paying Agent shall proceed to pay to the Fund prior to 14:00 hrs (Madrid time) on the Pay-out Date, for value that same day, the amount of the issue, by means of a deposit in the Fund's Cash Account.

- Notice of EURIBOR Reference Rate.

At each one of the Rate Setting Times, the Paying Agent shall notify the Manager of the Reference Interest Rate which shall serve as a basis for calculation of the Nominal Interest Rate applicable to each Bond Series.

- Payments against the Fund.

On each one of the Payment Dates of the Bonds, the Paying Agent shall proceed to make payment of interest and redemption of principal on the Bonds in accordance with the instructions received from the Manager.

Payments to be made by the Paying Agent shall be carried out through the relevant institutions participating in Iberclear, in whose records the Bonds are registered, as per the procedures being implemented at said service.

If on a Payment Date there are no Available Redemption Funds in the Cash Account or in the Excess Funds Account, the Paying Agent shall not be required to make any payment.

In the event that Santander's short-term debt should undergo, at any time during the life of the Bond issue, a decline in its rating below F-1, P-1 or A-1 (as per the rating scales of Fitch, Moody's and Standard & Poor's respectively), the Manager shall have a maximum deadline of thirty (30) calendar days from when such situation takes place, and with previous notification to the Rating Agencies, to take any of the necessary options among those described following that will allow keeping an adequate guarantee level in regard of those undertakings deriving from the Paying Agent functions contained in the Management, Subscription and Paying Agent Agreement and that the rating granted to the Bonds by the Rating Agencies is not harmed:

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- (i) to obtain guarantee or similar undertakings from an entity or credit entity with rating for its short term debt not lower than F-1, P-1 and A-1 (as per rating scales of Fitch, Moody's and Standard and Poor's respectively) that grant that those undertakings assumed by the Paying Agent. The cost and expenses arising from the granting of those guarantees or similar undertakings will be borne by the substituted Paying Agent;
- (ii) to substitute the Paying Agent by a rating entity for its short term debt not lower to F1, P-1 and A-1 (as per the rating scales of Fitch, Moody's and Standard & Poor's respectively), so that he assumes, in the same conditions, the functions of the Paying Agent, being all cost and expenses arising from the substitution procedure will be borne by the substituted Paying Agent.

In no event the revocation of Santander's appointment as Paying Agent will proceed if no new entity has been appointed as Paying Agent.

If Santander was substituted as Paying Agent, the Manager will have the power to fix commission in favor of the substitute entity. Santander will not be paid any fee in its condition of Paying Agent.

b) Depository Institutions.

Not applicable.

6. EXPENSES OF THE OFFER AND ADMISSION TO TRADING

The expenses contemplated are as follows:

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a) Incorporation Expenses (Expenses related to documentation, advertisement and official charges):

	Euros
• CNMV Official Charges (for the offer and admission to trading):	€48,993.66
• AIAF Official Charges:	€55,200.00
• Iberclear Official Charges:	€4,640.00
• Initial expenses:	€680,166.34
Subtotal:	€786,000.00

b) Issue Expenses:

	Euros
• Structuring fee of Manager	€90,000.00
Subtotal:	€90,000.00
GRAND TOTAL:	€876,000.00

The incorporation and issue expenses stated herein shall be paid against the Subordinated Loan described under section 3.4.3.a) of the Additional Building Block.

Cost arising from the liquidation of the Fund will be borne by the Fund.

7. ADDITIONAL INFORMATION

7.1 Persons and entities advising the issue.

- a) SANTANDER DE TITULIZACION, S.G.F.T., S.A. is intervening as legal and financial adviser to the program structure.
- b) DLA Piper Spain, S.L. is intervening as legal adviser to the program structure.

7.2 Information in the Securities Note reviewed by auditors.

Not applicable.

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

Deloitte, S.L. whose corporate name, address, and registration data are referred to in section 2.1. to the Registration Document, has prepared an audit on the principal attributes of the Assets and which is reflected under section 2.2 of the Additional Building Block, and has performed the audit of the annual financial statements of the Manager and of Santander relating to the last three fiscal years.

7.4 Information sourced from third parties.

As part of the role of checking the information contained in the present Prospectus, the Manager has received confirmation by the Assignor of the veracity of the features of the Assignor and the Assets that are reproduced in section 2.2.8. of the Additional Building Block, as well as the remaining information on the Assignor and the Assets that is contained

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in the present Prospectus. The Assignor shall reaffirm to the Manager in the Deed of Incorporation of the Fund the compliance of those features at the Date of Incorporation.

The Manager confirms that the information coming from Assignor regarding the Assets, has been reproduced with accuracy and as far as its knowledge and can determine by the information provided by the Assignor, that no fact has been omitted that would make the reproduced information non-accurate or misleading, and that this Prospectus does not omit facts or significant data that could result relevant to the investor.

7.5 Ratings

The Bonds included in this Securities Note are assigned the following ratings (“ratings”) by the credit rating agencies:

	Fitch	Moody’s	Standard & Poor’s
Series A1	AAA	Aaa	AAA
Series A2	AAA	Aaa	AAA
Series A3	AAA	Aaa	AAA
Series B	AA-	Aa3	AA
Series C	A	A3	A
Series D	BBB	Baa3	BBB
Series E	BB-	Ba2	BB-
Series F	CC	C	CCC-

Considerations regarding ratings:

- The rating given by Fitch, is an opinion concerning the capability of the Fund in regard to the punctual payment of interest and the payment of the principal of the Bonds during the life of the transaction, and in any event, prior to its Legal Maturity Date, in accordance with the conditions provided for each Bond Series in the Prospectus and in the Deed of Incorporation, which permit the deferment of the payment of the interest of the Series B, C, D, and E in certain circumstances. This means that the interest of these Bonds might not be received over a period of time if the conditions established for the deferment of the payment of interest are fulfilled, although such circumstances will not cause an event of default in the payment of the Bonds.

The ratings assigned by Fitch are based upon the documents and information provided by the issuer, its experts and agents and are subject to the reception of the final documents. Fitch does not audit or verify the truthfulness and accuracy of such information.

They do not constitute an analysis of the suitability of the market price, the suitability of the Bonds for a particular investor, the tax exemption or the tax nature of the payments made in relation to the Bonds. Ratings can be modified, retired, suspended or put on “Rating Watch” as a consequence to changes of information or the accuracy of information or as cause of reception of additional information or for any other reason that Fitch considers sufficient.

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Fitch is not counsel and does not provide financial, legal, audit, accounting and valuation counseling or actuarial services. A rating should not be considered as a substitute for these counsel or services.

- Ratings assigned by Moody's for this operation measure the expected loss (excluding the payment of interest from Series F corresponding to the "Extraordinary Part" as defined in the prospectus for the operation) before the legal maturity date of the fund in July 2050. In Moody's opinion, the structure allows the punctual payment of both the interest and the principal during the life of the operation and, in any event, before the legal maturity date for Series A1, A2, A3, B, C, D and E, as well as the payment of interest (excluding the payment of interest from Series F corresponding to the "Extraordinary Part" as defined in the prospectus for the operation) and of the principal prior to the legal maturity date of the fund for Series F.
- The rating, according to the Standard & Poor's definition, is an opinion of the rating agency concerning the credit risk, the capacity of the Fund to promptly make interest payments on each scheduled Payment Date, as well as the repayment of principal during the life of the transaction and, in any case, prior to the Legal Maturity Date thereof.

Ratings take into account the structure of the Bond Issue, legal aspects to it and the Fund that issues the Bonds, features to the loans selected for assignment to the Fund and regularity and continuity of the operation flows.

Ratings by Rating Agencies do not constitute an evaluation of the probability that debtors carry out early payments of principal, nor in which measure those early payments will differ from that originally planned. The ratings are not a qualification of the actuarial return level.

Ratings assigned, as well as any review or suspension to them:

- Are formulated by Rating Agencies on the basis of numerous information received, of which they do not guarantee nor its accuracy nor their completeness, so Rating Agencies can not in any manner deemed responsible for them; and
- Do not constitute and therefore, could not be interpreted as an invitation, recommendation or incitement led to investors so that they proceed to carry out any kind of operation on the Bonds, and in particular, acquire, conserve, constitute encumbrances or sell those Bonds.

Final ratings can be reviewed, suspended or taken away at any time by Rating Agencies depending of any information that comes to their knowledge. Those situations, that will not constitute Early Liquidation of the Fund, will be immediately reported to the CNMV as well as to the bondholders, as provided for in section 4 of the Additional Building Block.

In order to carry out the rating and follow up procedure, Rating Agencies trust in the accuracy and completeness of the information provided by Santander, the Manager, the Lead Entities, the auditors, the lawyers and other experts.

Mentioned credit ratings are only an opinion and do not need to avoid potential investors the need to carry out their own analysis of the values to be acquired.

If, prior to the Date of Subscription, the Rating Agencies do not confirm any of the provisional ratings assigned as definitive, this circumstance shall be reported immediately to the CNMV and it would become public in the way provided for in section 4 of the

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Additional Building Block. This circumstance would bring the termination of the incorporation of the Fund, the Bond issue, the agreements exception made of the Subordinated Loan and assignment of the Bonds.

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ADDITIONAL BUILDING BLOCK TO SECURITIES NOTE

1. THE SECURITIES

1.1 Amount of issue.

The Fund will be constituted with Assets that Santander will transfer to the Fund at the Date of Incorporation whose total principal will be equal or slightly higher to THREE THOUSAND FIVE HUNDRED FORTY MILLION EUROS (€3,540,000,000)

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

Not applicable.

2. THE UNDERLYING ASSETS

2.1 Confirmation as to the Assets' capacity to produce funds to service payments on the securities.

According to the information provided by the Assignor, the Manager confirms that the flows of principal, interests and any other amounts generated by the Assets allow, as per their contractual features, meeting payments due and payable on the Bonds.

Notwithstanding the above, in order to cover possible payment breaches by the Debtors, a series of credit enhancement operations have been contemplated which mitigate the risk of default, with respect to both principal and interest on the Bonds, and which are described under section 3.4.2 of this Additional Building Block. In exceptional circumstances, said enhancement operations could be insufficient.

Not all of the Bonds have the same risk of default, which is reflected in the different credit ratings assigned to the different Bond series and which are detailed under section 7.5 of the Securities Note.

When due to a change in current regulations in force or the occurrence of exceptional circumstances, in the judgment of the Manager, a substantial alteration in the Fund's financial equilibrium occurred or it was permanently impaired, or when a default indicative of a serious and permanent imbalance in relation to any of the Bonds takes place or is foreseen to take place, the Manager may proceed to the Early Liquidation of the Fund and the consequent Early Redemption of the Bond issue in the terms provided by section 4.4.c) of the Registration Document.

2.2 In respect of a pool of discrete assets backing the issue.

The Loans from which the Assets derive that are subject of assignment to the Fund are Mortgage Loans and Non-mortgage loans granted to the Commercial Banking Division of Santander to companies and self-employed individuals with address in Spain for the finance of their economical activities or the acquisition of immovable goods ascribed to their economic activity.

2.2.1 The legal jurisdiction by which the pool of Assets is governed.

The Assets are governed by Spanish law.

2.2.2 General characteristics of the debtors and the economical surrounding, as well as statistical data referred to the assets that are going to be securitized

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The Assets to be grouped in the Fund at the Date of Incorporation will be integrated by Non-mortgage Loans and certificate of mortgage transfer issued to participate in the credit rights derived of the corresponding Mortgage Loans that make up the preliminary portfolio.

Audit Report of the Assets.

In order to fulfill the provisions of article 5 of Royal Decree 926/1998, the preliminary portfolio of Loans from which the Assets derive has been subject to an audit report prepared by the firm Deloitte S.L. which addresses a series of qualitative and quantitative attributes of a sample of said preliminary portfolio, and specifically on:

- Nature of the assigned Debtor;
- Identification of assigned Debtor;
- Assignment of the Assets;
- Date of formalization of the Loan;
- Date of maturity of the Loan;
- Interest rate of reference;
- Interest rate differential;
- Interest rate applied;
- Current balance of the Loan;
- Delay at payments;
- Ownership;
- Bankruptcy status;
- Risk concession policy;
- Initial amount of the Loan; and
- Periodicity of payments;
- End of the Loan;
- Formalization of the Loan; and
- Operations in force.

Additionally, regarding Mortgage Loans, the audit report is on the following features of a sub-sample of said preliminary portfolio:

- *In rem* guarantee;
- Rating of the mortgage guarantee;
- Formalization of the mortgage guarantee;
- Recording in the registry of the mortgage guarantee;
- Address of the mortgaged property;
- Appraisal;
- Appraisal of council houses; and

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- Developer Loan.

The preliminary portfolio of loans and credits selected from which the Assets will be extracted that will be assigned to the Fund at the Date of Incorporation, is formed by eighteen thousand five hundred thirty-five (18,535) Loans whose outstanding balance to mature, on September 25, 2007 amounted to THREE THOUSAND EIGHT HUNDRED FIFTY THREE MILLION SEVEN HUNDRED SIXTEEN THOUSAND TWO HUNDRED THIRTY FIVE EUROS THIRTEEN CENTS (€3,853,716,235.13).

The following charts show the distribution of the mentioned Loans by different criteria.

a) Breakdown of Loans by type of Debtor.

Regarding the type of Debtor, loan distribution included in the preliminary Loan at September 25, 2007 was the following:

Debtor	Outstanding Balance (in thousand euros)	Percentage over the Principal	Number of Loans	Percentage over total loans
Micro companies	951,063.78	24.68%	6,620	35.72%
SME's	740,058.29	19.20%	2,011	10.85%
Companies	1,194,272.60	30.99%	1,104	5.96%
Large companies	445,991.11	11.57%	142	0.77%
Sole Proprietors	522,330.40	13.55%	8,658	46.71%
TOTAL	3,853,716.23	100.00%	18,535	100.00%

The mentioned Loans have been granted by the Commercial Banking Division and by the Global Wholesale Banking Division of Santander, and the following classification is based in the criteria followed by it, as per billed volume per year as follows:

Debtor type	Number of Loans
Micro companies	Turnover <= 2 MM euros
SMEs	Turnover 2-10 MM euros
Companies	Turnover 10-18.030 MM euros
Big Companies	Turnover > 18.030 MM euros

This breakdown has been done on the basis of the criteria followed by Santander and established in section 2.2.7 of the current Additional Building Block that considers the debtor/group as one risk unity. Within the notion of Debtor are included those entities that make up a unity of decision, by way of one of them having or could have, direct or indirect control over the remaining, or because the aforementioned control corresponds to one or various individuals that act systematically.

The following chart shows the concentration of the twenty biggest Debtors with higher weight in the Loan portfolio:

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CLASIFICACIÓN BY DEBTOR						
Debtors	Outstanding Balance	%	Maturity Date	Autonomous Region	Type of loan	Activity
Debtor 1	42,500,000.00	1.10	04/17/2012	Valencia	Personal	Building
Debtor 2	40,000,000.00	1.04	06/15/2011	Madrid	Personal	Credit Activities
Debtor 3	37,500,000.00	0.97	06/27/2017	Catalonia	Personal	Real Estate Assets Lease
Debtor 4	37,308,930.00	0.97	11/29/2009	Basque Country	Mortgage	Real state activities
Debtor 5	27,810,279.39	0.72	12/26/2011	Basque Country	Personal	Credit Activities
Debtor 6	27,111,312.00	0.70	12/04/2009	Madrid	Personal	Real state activities
Debtor 7	25,000,000.00	0.65	02/24/2011	Canary Islands	Personal	Real state activities
Debtor 8	25,000,000.00	0.65	03/30/2008	Madrid	Personal	Metallurgy
Debtor 9	24,616,587.00	0.64	04/10/2008	Madrid	Personal	Real state activities
Debtor 10	23,000,000.00	0.60	02/12/2009	Andalusia	Personal	Real state activities
Debtor 11	23,000,000.00	0.60	12/14/2008	Madrid	Mortgage	Real state activities
Debtor 12	22,824,499.49	0.59	06/28/2010	Madrid	Personal	Real state activities
Debtor 13	21,700,000.00	0.56	08/18/2008	Madrid	Mortgage	Real state activities
Debtor 14	20,453,845.32	0.53	12/01/2008	Madrid	Personal	Credit Activities
Debtor 15	19,365,000.00	0.50	10/28/2013	Madrid	Personal	Real state activities
Debtor 16	19,000,000.00	0.49	03/14/2011	Madrid	Personal	Credit Activities
Debtor 17	18,000,000.00	0.47	05/19/2008	Madrid	Personal	Credit Activities
Debtor 18	17,000,000.00	0.44	03/20/2010	Catalonia	Personal	Real state activities
Debtor 19	17,000,000.00	0.44	06/26/2010	Aragon	Personal	Real state activities
Debtor 20	16,800,000.00	0.44	02/15/2010	Canary Islands	Mortgage	Real state activities
Others	3,348,725,781.93	86.90				
TOTAL	3,853,716,235.13 €	100.00%				

b) Breakdown of Loans by Type of Collateral.

With regard to the composition of the Loan portfolio from which Assets to be assigned to the Fund will be taken, the following should be highlighted:

	Breakdown by type of collateral			
	Outstanding Balance		Loans	
	(in thousands of euros) €	%	number	%
Mortgage-backed Loans	1,336,817.10	34.69%	3,405	18.37%
Loans with other Guarantees <i>in rem</i>	386,667.14	10.03%	787	4.25%
Loans with Personal Guarantee	2,130,532.00	55.28%	14,343	77.38%
Totals:	3,853,716,235.13 €	100.00%	18,535	100.00%

The section corresponding to Loans with personal guarantee includes warranties. In turn, the section corresponding to Loans with other guarantees *in rem* includes, amongst others, Loans guaranteed with cash deposits, pledges on stocks in Investment Funds and other real estate

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securities, pledges of public funds and pledges on insurance policies, with said guarantees being duly entered in the Property Registers and the relevant margin notes (provided that said registration is obligatory).

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c) Maximum, minimum and average Loan principals.

The following tables show a breakdown of the Loans by outstanding principal.

OUTSTANDING PRINCIPAL OF THE LOANS					
Interval		Outstanding Balance		Loans	
(euros)		(000 euros except total, in euros)	%	n°	%
From	Up to				
77.59	199,999.99	703,790.74	18.26	15275	82.41
200,000.00	699,999.99	813,796.35	21.11	2389	12.88
700,000.00	1,199,999.99	321,516.87	8.34	355	1.91
1,200,000.00	1,699,999.99	230,504.15	5.98	165	0.89
1,700,000.00	2,199,999.99	177,796.50	4.61	93	0.5
2,200,000.00	2,699,999.99	114,143.10	2.96	47	0.25
2,700,000.00	3,199,999.99	147,216.14	3.82	50	0.26
3,200,000.00	3,699,999.99	85,251.61	2.21	25	0.13
3,700,000.00	4,199,999.99	59,257.13	1.53	15	0.08
4,200,000.00	4,699,999.99	44,695.90	1.15	10	0.05
4,700,000.00	5,199,999.99	84,653.57	2.19	17	0.09
5,200,000.00	5,699,999.99	32,361.97	0.83	6	0.03
5,700,000.00	6,199,999.99	65,574.54	1.7	11	0.05
6,200,000.00	6,699,999.99	32,223.63	0.83	5	0.02
6,700,000.00	7,199,999.99	48,499.61	1.25	7	0.03
7,200,000.00	7,699,999.99	52,284.20	1.35	7	0.03
7,700,000.00	8,199,999.99	47,699.44	1.23	6	0.03
8,200,000.00	8,699,999.99	16,988.57	0.44	2	0.01
8,700,000.00	9,199,999.99	35,894.00	0.93	4	0.02
9,200,000.00	9,699,999.99	18,896.52	0.49	2	0.01
9,700,000.00	10,199,999.99	89,759.87	2.32	9	0.04
10,200,000.00	10,699,999.99	31,626.76	0.82	3	0.01
10,700,000.00	11,199,999.99	32,681.75	0.84	3	0.01
11,200,000.00	11,699,999.99	11,530.00	0.29	1	0
11,700,000.00	12,199,999.99	12,000.00	0.31	1	0
12,200,000.00	12,699,999.99	25,186.38	0.65	2	0.01
12,700,000.00	13,199,999.99	0	0	0	0
13,200,000.00	13,699,999.99	13,693.00	0.35	1	0
13,700,000.00	14,199,999.99	0	0	0	0
14,200,000.00	14,699,999.99	28,992.27	0.75	2	0.01
14,700,000.00	15,199,999.99	14,780.36	0.38	1	0
15,200,000.00	15,699,999.99	0	0	0	0
15,700,000.00	16,199,999.99	16,000.00	0.41	1	0
16,200,000.00	16,699,999.99	16,200.00	0.42	1	0
16,700,000.00	17,199,999.99	67,778.00	1.75	4	0.02
17,200,000.00	17,699,999.99	0	0	0	0
17,700,000.00	18,199,999.99	35,802.67	0.92	2	0.01
18,200,000.00	18,699,999.99	0	0	0	0
18,700,000.00	19,199,999.99	0	0	0	0
19,200,000.00	19,699,999.99	19,365.00	0.5	1	0
19,700,000.00	20,199,999.99	40,000.00	1.03	2	0.01
20,200,000.00	20,699,999.99	20,650.00	0.53	1	0
20,700,000.00	21,199,999.99	0	0	0	0
21,200,000.00	21,699,999.99	0	0	0	0
21,700,000.00	22,199,999.99	21,700.00	0.56	1	0
22,200,000.00	22,699,999.99	22,500.00	0.58	1	0
22,700,000.00	23,199,999.99	46,000.00	1.19	2	0.01
23,200,000.00	23,699,999.99	0	0	0	0
23,700,000.00	24,199,999.99	0	0	0	0
24,200,000.00	24,699,999.99	24,616.58	0.63	1	0
24,700,000.00	25,199,999.99	25,000.00	0.64	1	0
25,200,000.00	25,699,999.99	0	0	0	0
25,700,000.00	26,199,999.99	0	0	0	0
26,200,000.00	26,699,999.99	0	0	0	0
26,700,000.00	27,199,999.99	0	0	0	0
27,200,000.00	27,699,999.99	0	0	0	0
27,700,000.00	28,199,999.99	0	0	0	0
28,200,000.00	28,699,999.99	0	0	0	0
28,700,000.00	29,199,999.99	0	0	0	0
29,200,000.00	29,699,999.99	0	0	0	0
29,700,000.00	30,199,999.99	30,000.00	0.77	1	0
30,200,000.00	30,699,999.99	0	0	0	0
30,700,000.00	31,199,999.99	0	0	0	0
31,200,000.00	31,699,999.99	0	0	0	0
31,700,000.00	32,199,999.99	0	0	0	0
32,200,000.00	32,699,999.99	0	0	0	0
32,700,000.00	33,199,999.99	0	0	0	0

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33,200,000.00	33,699,999.99	0	0	0	0
33,700,000.00	34,199,999.99	0	0	0	0
34,200,000.00	34,699,999.99	0	0	0	0
34,700,000.00	35,199,999.99	0	0	0	0
35,200,000.00	35,699,999.99	0	0	0	0
35,700,000.00	36,199,999.99	0	0	0	0
36,200,000.00	36,699,999.99	0	0	0	0
36,700,000.00	37,199,999.99	0	0	0	0
37,200,000.00	37,500,000.00	74,808.93	1.94	2	0.01
Totals :		3,853,716,235,13 €	100%	18,535	100%

Max. Outs. Balance:	37,500,000	euros
Average Outs. Balance:	207,915.63	euros
Min. Outs. Balance:	77.59	euros

d) Maximum, minimum and average initial Loan amounts.

The following table reflects the Loan statistics.

INITIAL LOAN AMOUNTS					
Interval (euros)		Outstanding Balance		Loans	
From	Up to	(000 euros except)	%	n°	%
303.16	199,999.99	722,029.40	16.95	14,972	80.78
200,000.00	699,999.99	876,673.38	20.58	2,610	14.08
700,000.00	1,199,999.99	349,962.80	8.21	389	2.09
1,200,000.00	1,699,999.99	249,220.91	5.85	177	0.95
1,700,000.00	2,199,999.99	203,896.35	4.78	105	0.56
2,200,000.00	2,699,999.99	106,750.85	2.50	44	0.23
2,700,000.00	3,199,999.99	158,186.32	3.71	53	0.28
3,200,000.00	3,699,999.99	95,924.68	2.25	28	0.15
3,700,000.00	4,199,999.99	55,100.00	1.29	14	0.07
4,200,000.00	4,699,999.99	48,551.88	1.14	11	0.05
4,700,000.00	5,199,999.99	64,945.60	1.52	13	0.07
5,200,000.00	5,699,999.99	48,302.93	1.13	9	0.04
5,700,000.00	6,199,999.99	89,881.56	2.11	15	0.08
6,200,000.00	6,699,999.99	38,697.85	0.90	6	0.03
6,700,000.00	7,199,999.99	48,797.23	1.14	7	0.03
7,200,000.00	7,699,999.99	37,440.00	0.87	5	0.02
7,700,000.00	8,199,999.99	63,839.65	1.49	8	0.04
8,200,000.00	8,699,999.99	25,251.49	0.59	3	0.01
8,700,000.00	9,199,999.99	36,000.00	0.84	4	0.02
9,200,000.00	9,699,999.99	18,863.94	0.44	2	0.01
9,700,000.00	10,199,999.99	89,666.23	2.10	9	0.04
10,200,000.00	10,699,999.99	21,000.00	0.49	2	0.01
10,700,000.00	11,199,999.99	21,902.56	0.51	2	0.01
11,200,000.00	11,699,999.99	11,217.15	0.26	1	0.00
11,700,000.00	12,199,999.99	23,800.00	0.55	2	0.01
12,200,000.00	12,699,999.99	12,500.00	0.29	1	0.00
12,700,000.00	13,199,999.99	25,843.00	0.60	2	0.01
13,200,000.00	13,699,999.99	27,130.47	0.63	2	0.01
13,700,000.00	14,199,999.99	14,000.00	0.32	1	0.00
14,200,000.00	14,699,999.99	57,997.28	1.36	4	0.02
14,700,000.00	15,199,999.99	88,837.06	2.08	6	0.03
15,200,000.00	15,699,999.99	30,462.19	0.71	2	0.01
15,700,000.00	16,199,999.99	16,000.00	0.37	1	0.00
16,200,000.00	16,699,999.99	32,727.83	0.76	2	0.01
16,700,000.00	17,199,999.99	67,778.00	1.59	4	0.02
17,200,000.00	17,699,999.99	0.00	0.00	0	0.00
17,700,000.00	18,199,999.99	35,802.67	0.84	2	0.01
18,200,000.00	18,699,999.99	0.00	0.00	0	0.00
18,700,000.00	19,199,999.99	19,163.00	0.44	1	0.00
19,200,000.00	19,699,999.99	19,365.00	0.45	1	0.00
19,700,000.00	20,199,999.99	40,000.00	0.93	2	0.01
20,200,000.00	20,699,999.99	20,650.00	0.48	1	0.00
20,700,000.00	21,199,999.99	0.00	0.00	0	0.00
21,200,000.00	21,699,999.99	0.00	0.00	0	0.00
21,700,000.00	22,199,999.99	21,700.00	0.50	1	0.00
22,200,000.00	22,699,999.99	22,500.00	0.52	1	0.00
22,700,000.00	23,199,999.99	46,000.00	1.08	2	0.01
23,200,000.00	23,699,999.99	0.00	0.00	0	0.00
23,700,000.00	24,199,999.99	0.00	0.00	0	0.00
24,200,000.00	24,699,999.99	24,616.58	0.57	1	0.00
24,700,000.00	25,199,999.99	25,000.00	0.58	1	0.00
25,200,000.00	25,699,999.99	0.00	0.00	0	0.00
25,700,000.00	26,199,999.99	0.00	0.00	0	0.00

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26,200,000.00	26,699,999.99	0.00	0.00	0	0.00
26,700,000.00	27,199,999.99	0.00	0.00	0	0.00
27,200,000.00	27,699,999.99	0.00	0.00	0	0.00
27,700,000.00	28,199,999.99	0.00	0.00	0	0.00
28,200,000.00	28,699,999.99	0.00	0.00	0	0.00
28,700,000.00	29,199,999.99	0.00	0.00	0	0.00
29,200,000.00	29,699,999.99	0.00	0.00	0	0.00
29,700,000.00	30,199,999.99	30,000.00	0.70	1	0.00
30,200,000.00	30,699,999.99	0.00	0.00	0	0.00
30,700,000.00	31,199,999.99	0.00	0.00	0	0.00
31,200,000.00	31,699,999.99	0.00	0.00	0	0.00
31,700,000.00	32,199,999.99	0.00	0.00	0	0.00
32,200,000.00	32,699,999.99	0.00	0.00	0	0.00
32,700,000.00	33,199,999.99	0.00	0.00	0	0.00
33,200,000.00	33,699,999.99	0.00	0.00	0	0.00
33,700,000.00	34,199,999.99	0.00	0.00	0	0.00
34,200,000.00	34,699,999.99	0.00	0.00	0	0.00
34,700,000.00	35,199,999.99	0.00	0.00	0	0.00
35,200,000.00	35,699,999.99	0.00	0.00	0	0.00
35,700,000.00	36,199,999.99	0.00	0.00	0	0.00
36,200,000.00	36,699,999.99	0.00	0.00	0	0.00
36,700,000.00	37,199,999.99	0.00	0.00	0	0.00
37,200,000.00	37,500,000.00	74,808.93	1.75	2	0.01
Totals :	4,258,784,887.05€	100%	18,535	100%	
Max. Outs. Balance:	37,500.000	euros			
Average Outs. Balance:	229,807.08	euros			
Min. Outs. Balance:	303.16	euros			

e) **Effective interest rate or finance charge applicable at the present time: maximum, minimum and average rates on the Loans.**

The eight point seventy nine per cent (8.79%) of the Loan portfolio entails Loans subject to an average fixed interest rate of five point forty nine per cent (5.49%). Ninety one point two one per cent (91.21%) of the Loans portfolio are Loans with an average variable interest rate of four point eight nine per cent (4.89%).

A seventeen point thirteen per cent (17.13%) of the Loans are Loans with a floating interest rate referenced to 3 months Euribor plus an average spread of zero point fifty seven per cent (0.57%), a sixty point ten per cent (60.10%) of the Loans are Loans with a floating interest rate referenced to 12 months Euribor plus an average spread of zero point seventy two (0.72%) and a fourteen point zero three per cent (14.03%) of the Loans are Loans referenced to a different floating interest rate.

The following table shows the breakdown of the Loans by their reference indexes.

LOAN REFERENCE INTEREST RATES					
	Outstanding Principal		Loans		
	(thousand euros except total, in euros)		n°	%	
		%			
Euribor 1 year	2,316,254.44	60.10	7,452	40.21	
Euribor 3 months	660,484.35	17.13	683	3.68	
Euribor 6 months	149,951.26	3.89	238	1.28	
Other	388,288.45	10.08	2,353	12.69	
Fixed interest	338,737.74	8.79	7,809	42.13	
Totals:	3,853,716,235.13 €	100%	18,535	100%	

The average margin of the Loans is zero point seventy per cent (0.70%).

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The following table shows the breakdown of the Loans by the present nominal interest rate.

CURRENT INTEREST RATES ON LOANS						
Interval		Outstanding Balance		Loans		
		(thousand euros except total, in euros)				
(%)						
From	Up to		%	n°	%	
1.04	1.99	801.85	0,02	20	0.10	
2	2.49	1,020.09	0,02	85	0.45	
2.5	2.99	11,738.65	0,3	40	0.21	
3	3.49	858.18	0,02	23	0.12	
3.5	3.99	16,486.59	0,42	104	0.56	
4	4.49	444,248.91	11,52	1259	6.78	
4.5	4.99	2,035,820.60	52,82	5818	31.38	
5	5.49	990,528.38	25,7	3076	16.59	
5.5	5.99	191,493.00	4,96	1046	5.64	
6	6.49	44,731.90	1,16	788	4.25	
6.5	6.99	30,827.47	0,79	941	5.07	
7	7.49	21,414.90	0,55	863	4.65	
7.5	7.99	22,094.83	0,57	1375	7.41	
8	8.49	15,064.73	0,39	1078	5.81	
8.5	8.99	12,500.73	0,32	1022	5.51	
9	9.49	7,613.63	0,19	482	2.60	
9.5	9.99	6,208.75	0,16	474	2.55	
10	18	262.94	0,00	41	0.22	
Totals:		3,853,716,235.13 €	100.00%	18,535	100.00%	

Maximum Interests Rate	18%
Average weighted Interest Rate:	4.95%
Minimum Interest Rate:	1.04%

f) **Loans formalization dates.**

LOAN FORMALIZATION DATE						
Interval		Outstanding Balance		Loans		
		(000 euros except total, in euros)				
From	Up to		%	n°	%	
06/28/1996	12/31/1998	4,572.66	0.11	24	0.12	
01/01/1999	06/30/1999	985.56	0.02	6	0.03	
07/01/1999	12/31/1999	310.61	0.00	4	0.02	
01/01/2000	06/30/2000	1,695.69	0.04	11	0.05	
07/01/2000	12/31/2000	319.41	0.00	6	0.03	
01/01/2001	06/30/2001	2,399.60	0.06	19	0.10	
07/01/2001	12/31/2001	3,367.24	0.08	12	0.06	
01/01/2002	06/30/2002	4,090.83	0.10	13	0.07	
07/01/2002	12/31/2002	4,122.30	0.10	34	0.18	
01/01/2003	06/30/2003	6,410.07	0.16	69	0.37	
07/01/2003	12/31/2003	20,946.82	0.54	106	0.57	
01/01/2004	06/30/2004	27,078.32	0.70	120	0.64	
07/01/2004	12/31/2004	35,018.29	0.90	167	0.90	
01/01/2005	06/30/2005	112,214.81	2.91	218	1.17	
07/01/2005	12/31/2005	87,068.88	2.25	221	1.19	
01/01/2006	06/30/2006	319,555.67	8.29	1,983	10.69	
07/01/2006	12/31/2006	1,172,548.41	30.42	5,535	29.86	
01/01/2007	06/29/2007	2,051,010.97	53.22	9,987	53.88	
Totals:		3,853,716,235.13 €	100%	18,535	100%	

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Maximum formalization date: 06/29/2007
Average formalization date: 11/14/2006
Minimum formalization date: 06/28/1996

g) Final maturity date.

Amortization of the Loans takes place during the entire remaining life until paid-off in full, a period during which the Debtors must pay installments which include principal repayment and interest.

The following table shows the breakdown of the Loans by final amortization date in annual intervals:

LOAN MATURIRY DATES						
Interval		Outstanding Balance		Loans		
		(thousand euros except total, in euros)	%	n°	%	
From	Up to					
11/02/2007	12/31/2007	70,957.37	1.84	248	1.33	
01/01/2008	06/30/2008	306,667.94	7.95	798	4.3	
07/01/2008	12/31/2008	193,458.89	5.02	486	2.62	
01/01/2009	06/30/2009	245,362.56	6.36	928	5	
07/01/2009	12/31/2009	155,794.06	4.04	950	5.12	
01/01/2010	06/30/2010	296,773.56	7.7	1,785	9.63	
07/01/2010	12/31/2010	50,858.51	1.31	432	2.33	
01/01/2011	06/30/2011	140,032.42	3.63	1,176	6.34	
07/01/2011	12/31/2011	242,523.65	6.29	2,108	11.37	
01/01/2012	06/30/2012	377,253.59	9.78	3,771	20.34	
07/01/2012	12/31/2012	23,938.27	0.62	188	1.01	
01/01/2013	06/30/2013	104,818.58	2.71	337	1.81	
07/01/2013	12/31/2013	97,586.22	2.53	236	1.27	
01/01/2014	06/30/2014	215,651.70	5.59	840	4.53	
07/01/2014	12/31/2014	63,973.53	1.66	313	1.68	
01/01/2015	06/30/2015	38,597.54	1	285	1.53	
07/01/2015	12/31/2015	1,851.13	0.04	14	0.07	
01/01/2016	06/30/2016	14,710.34	0.38	50	0.26	
07/01/2016	12/31/2016	67,158.74	1.74	162	0.87	
01/01/2017	06/30/2017	172,622.20	4.47	237	1.27	
07/01/2017	12/31/2017	21,624.24	0.56	25	0.13	
01/01/2018	06/30/2018	22,074.67	0.57	59	0.31	
07/01/2018	12/31/2018	49,394.64	1.28	105	0.56	
01/01/2019	06/30/2019	63,121.44	1.63	144	0.77	
07/01/2019	12/31/2019	8,000.82	0.2	15	0.08	
01/01/2020	06/30/2020	3,523.92	0.09	14	0.07	
07/01/2020	12/31/2020	5,249.03	0.13	19	0.1	
01/01/2021	06/30/2021	34,242.49	0.88	69	0.37	
07/01/2021	12/31/2021	93,190.26	2.41	222	1.19	
01/01/2022	06/30/2022	144,160.44	3.74	310	1.67	
07/01/2022	12/31/2022	1,292.59	0.03	8	0.04	
01/01/2023	06/30/2023	5,244.40	0.13	9	0.04	
07/01/2023	12/31/2023	3,149.15	0.08	17	0.09	
01/01/2024	06/30/2024	19,873.65	0.51	14	0.07	
07/01/2024	12/31/2024	10,345.20	0.26	19	0.1	
01/01/2025	06/30/2025	1,320.40	0.03	10	0.05	
07/01/2025	12/31/2025	22,076.15	0.57	20	0.1	
01/01/2026	06/30/2026	11,534.35	0.29	54	0.29	
07/01/2026	12/31/2026	30,971.07	0.8	130	0.7	
01/01/2027	06/30/2027	39,776.12	1.03	163	0.87	
07/01/2027	12/31/2027	1,296.73	0.03	7	0.03	
01/01/2028	06/30/2028	1,605.21	0.04	14	0.07	
07/01/2028	12/31/2028	8,314.69	0.21	29	0.15	
01/01/2029	06/30/2029	1,804.42	0.04	15	0.08	
07/01/2029	12/31/2029	4,651.74	0.12	17	0.09	
01/01/2030	06/30/2030	4,905.63	0.12	23	0.12	
07/01/2030	12/31/2030	2,110.46	0.05	9	0.04	
01/01/2031	06/30/2031	10,827.87	0.28	55	0.29	
07/01/2031	12/31/2031	19,407.77	0.5	91	0.49	
01/01/2032	06/30/2032	21,795.96	0.56	121	0.65	
07/01/2032	12/31/2032	2,420.45	0.06	12	0.06	

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01/01/2033	06/30/2033	12,120.14	0.31	17	0.09
07/01/2033	12/31/2033	4,667.49	0.12	30	0.16
01/01/2034	06/30/2034	8,946.45	0.23	34	0.18
07/01/2034	12/31/2034	12,216.20	0.31	57	0.3
01/01/2035	06/30/2035	6,748.18	0.17	36	0.19
07/01/2035	12/31/2035	8,351.60	0.21	40	0.21
01/01/2036	06/30/2036	28,434.37	0.73	143	0.77
07/01/2036	12/31/2036	52,107.99	1.35	231	1.24
01/01/2037	06/30/2037	82,516.95	2.14	389	2.09
07/01/2037	12/31/2037	1,192.48	0.03	6	0.03
01/01/2038	06/30/2038	570.04	0.01	3	0.01
07/01/2038	12/31/2038	1,870.95	0.04	4	0.02
01/01/2039	06/30/2039	1,256.09	0.03	8	0.04
07/01/2039	12/31/2039	220.00	0	1	0
01/01/2040	06/30/2040	248.48	0	1	0
07/01/2040	12/31/2040	889.33	0.02	5	0.02
01/01/2041	06/30/2041	4,696.32	0.12	21	0.11
07/01/2041	12/31/2041	4,155.96	0.1	19	0.1
01/01/2042	06/30/2042	6,930.07	0.17	29	0.15
07/01/2042	12/31/2042	201.60	0	1	0
01/01/2043	06/30/2043	1,306.53	0.03	4	0.02
07/01/2043	12/31/2043	814.83	0.02	5	0.02
01/01/2044	06/30/2044	2,684.30	0.06	9	0.04
07/01/2044	12/31/2044	415.00	0.01	1	0
01/01/2045	06/30/2045	2,554.36	0.06	12	0.06
07/01/2045	12/31/2045	4,622.77	0.11	21	0.11
01/01/2046	06/18/2047	53,080.61	1.37	245	1.32
Totals:		3,853,716,235.13 €	100.00%	18.535	100.00%

Maximum Maturity Date: 06/18/2047
Average Maturity Date: 09/25/2015
Minimum Maturity Date: 11/02/2007

h) Purpose of the Loans assigned by Santander.

The following charts show a sectorial distribution of the Loans by sectors to which the Debtors belong:

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INDUSTRY GROUP DISTRIBUTION OF THE LOANS IN THE PROVISIONAL POOL				
Industry Sector (Codes CNAE)	Outstanding Principal Balance		Loans	
	(thousand euros except total, in euros)	%	n°	%
Other	128,719,007.42	3.34	1,909	10.29
Agriculture, stockbreeding and hunting	110,172,551.38	2.85	1,099	5.92
Forestry	2,063,746.37	0.05	29	0.15
Fishing	5,521,096.16	0.14	43	0.23
Anthracite, coal, lignite and pear Extraction and agglomeration	7,211,801.29	0.18	5	0.02
Natural gas and petroleum extraction	982,367.90	0.02	7	0.03
Metallic minerals extraction	700,000.00	0.01	1	0
Non metallic-energy minerals extraction	26,689,280.45	0.69	99	0.53
Food and beverage Industry	145,634,066.37	3.77	424	2.28
Tobacco Industry	177,764.00	0	7	0.03
Textile Industry	14,237,740.36	0.36	121	0.65
Tailoring and fur industry	5,768,394.02	0.14	68	0.36
Preparation, tanning and finishing of Eláter; manufacturing of articles	4,795,305.54	0.12	64	0.34
Timber Industry	16,687,395.04	0.43	163	0.87
Paper Industry	14,887,271.26	0.38	48	0.25
Printing and Picture reproduction	17,199,798.82	0.44	148	0.79
Oil and Fuel Industry	107,815.38	0	1	0
Chemical Industry	42,869,582.93	1.11	31	0.7
Rubber manufacturing	27,039,739.51	0.7	118	0.63
Other non mineral products manufacturing	69,709,504.10	1.8	163	0.87
Metallurgy	60,294,866.36	1.56	111	0.59
Metallic products manufacturing, except machinery and equipment	50,221,000.40	1.3	310	1.67
Construction of machinery and equipment	45,763,696.39	1.18	172	0.92
Office and compute machinery manufacturing	1,209,759.80	0.03	18	0.09
Equipment and electric material manufacturing	29,773,946.62	0.77	85	0.45
Electronic material manufacturing	5,282,782.18	0.13	24	0.12
Medical equipment manufacturing	6,870,184.46	0.17	26	0.14
Manufacture of motor vehicles, trailers and semi-trailers	6,131,188.66	0.15	34	0.18
Other transport material manufacturing	1,087,683.37	0.02	13	0.07
Manufacture of furniture; other manufacturing industries.	25,456,304.79	0.66	197	1.06
Recycling	2,500,259.45	0.06	12	0.06
Production and distribution of electricity; gas, vapor	76,334,859.01	1.98	66	0.35
Harnessing, distribution and purification of water	5,327,943.21	0.13	9	0.04
Construction	373,707,380.80	9.69	1,981	10.68
Sale, maintenance and reparation of vehicles	66,804,719.75	1.73	415	2.23
Wholesale trade	98,156,946.64	5.14	1,234	6.65
Retail trade	157,898,407.38	4.09	2,158	11.64
Tourism	145,400,117.34	3.77	1,475	7.95
Surface transport and plumbing	75,795,754.20	1.96	974	5.25
Sea transport, coastal shipping and along navigation channels	1,040,261.60	0.02	8	0.04
Air and space transport	4,384,664.70	0.11	7	0.03
Activities attached to transport; agency activities	36,389,248.88	0.94	286	1.54
Post and Telecommunications	5,184,338.92	0.13	44	0.23
Brokerage, except insurance and social security	68,189,491.90	1.76	14	0.07
Insurance and plans of pensions, except social security	70,555.35	0	1	0
Financial brokering, except insurance policies and pension plans	27,214,366.36	0.7	90	0.48
Real Estate office	1,294,778,181.80	33.59	1,538	8.29
Machinery renting without workers	10,597,991.74	0.27	115	0.62
Computing	12,277,430.86	0.31	107	0.57
Research and development	106,469.00	0	2	0.01
Other management activities	260,855,207.16	6.76	1,110	5.98
Education	6,391,388.20	0.16	108	0.58
Health and veterinary activities, social services	54,367,679.00	1.41	432	2.33
Public clearing activities	4,592,634.13	0.11	24	0.12
Associative activities	30,299,383.22	0.78	111	0.59
Recreational, cultural and sport activities	35,982,932.23	0.93	241	1.3
Various personal services activities	25,417,835.26	0.65	324	1.74
Household service	384,145.71	0	11	0.05
Totals:	3,853,716,235.13 €	100%	18,535	100%

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i) Indication of Geographic Breakdown by Autonomous Communities.

The following table shows, as at September 25, 2007, the geographic breakdown of the Loans, by the Autonomous Communities where the Debtors' registered offices are located.

OUTSTANDING PRINCIPAL OF THE LOANS BROKEN DOWN BY AUTONOMOUS COMMUNITIES				
Autonomous Community	Outstanding Principal		Loans	
	(thousand euros except total, in euros)		n°	%
		%		
01 Andalusia	566,349.69	14.69	2,653	14.31
02 Aragon	121,049.02	3.14	814	4.39
03 Asturias	32,284.95	0.83	327	1.76
04 Balearic Islands	74,310.49	1.92	397	2.14
05 Canary Islands	296,814.63	7.7	1,628	8.78
06 Cantabria	50,009.25	1.29	476	2.56
07 Castilla-La mancha	135,862.28	3.52	889	4.79
08 Castilla-León	192,977.99	5	1,257	6.78
09 Catalonia	595,767.11	15.45	2,867	15.46
10 Ceuta	199.85	0	9	0.04
11 Extremadura	70,187.06	1.82	357	1.92
12 Galicia	85,259.87	2.21	691	3.72
13 La Rioja	30,452.13	0.79	179	0.96
14 Madrid	803,167.26	20.84	2,494	13.45
15 Melilla	1,494.49	0.03	26	0.14
16 Murcia	133,947.43	3.47	558	3.01
17 Navarra	40,062.19	1.03	218	1.17
18 Basque Country	247,345.11	6.41	852	4.59
19 Valencia	376,175.37	9.76	1,843	9.94
Totals:	3,853,716,235.13 €	100%	18,535	100%

j) Default on Loan portfolio assigned by Santander.

With respect to the Loans to be assigned to the Fund, Santander warrants that none of them will present outstanding payments on the Date of Incorporation of the Fund in excess of 30 days.

LATE PAYMENT OF INSTALMENTS					
Interval	Outstanding Principal			Loan	
	(days)	(thousands of euros, except total, in euros)		N°	%
			%		
Up-to-date with payments		3,645,049.47	94.59	16,564	89.37
1	9	68,857.24	1.78	460	2.47
10	19	47,313.97	1.22	374	2.01
20	29	19,883.77	0.51	236	1.27
30	39	18,469.41	0.47	226	1.21
40	49	12,493.94	0.32	201	1.08
50	59	14,197.74	0.36	140	0.75
60	69	14,234.95	0.36	144	0.77
70	79	6,816.52	0.17	100	0.53
80	89	6,399.18	0.16	90	0.48
Totals:		3,853,716,235.13 €	100%	18,535	100%

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k) Loan payment frequency.

LOAN PAYMENT FREQUENCY				
Description	Outstanding Principal		Loans	
	(thousand euros, except total in euros)	%	Nº	%
Month	2,051,099.18	53.22	5,944	86.02
Quarterly	1,518,217.75	39.40	1,933	10.43
Half yearly	229,770.39	5.96	512	2.76
Annual	43,538.26	1.13	138	0.74
At its maturity	11,090.66	0.29	8	0.04
Totals:	3,853,716,235.13 €	100%	18,535	100%

l) Grace Period

The following charts show the Loans in which there exists a grace period as per the principal repayment, as well as the termination period to it.

Grace Period	Outstanding Principal		Loans	
	(euros)	%	Nº	%
With Grace Period	775,346,958.99	20.12	1,286	6.94
Without Grace Period	3,078,369,276.14	79.88	17,249	93.06
Total general:	3,853,716,235.13 €	100%	18,535	100%

GRACE PERIOD				
Years	Outstanding Balance		Loans	
	(thousand euros)	%	Number	%
2007	127,019,677.04	1638	196	15.24
2008	331,373,244.83	42.74	575	44.71
2009	225,065,980.92	29.03	362	28.15
2010	26,835,638.26	3.46	36	2.80
2011	18,079,008.46	2.33	74	5.75
2012	9,473,409.48	1.22	42	3.27
2013	0.00	0.00	0.00	0.00
2014	37,500,000.00	4.84	1	0.08
Total general	775,346,958.99 €	100%	1,286	100%
Date of minimum grace period			09/28/2007	
Date of maximum grace period			06/27/2014	

EXCLUSION PERIODS OF THE LOANS				
Years	Balance (thousands of Euros)	% Balance	No. Loans	% No Loans
Between 0 and 1	29,067,288.87	3.75%	84	6.53%
Between 1 and 2	287,555,674.51	37.09%	518	40.28%
Between 2 and 3	336,477,867.45	43.40%	524	40.75%
Between 3 and 4	49,016,850.58	6.32%	28	2.18%

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Between 4 and 5	4,641,709.64	0.60%	1	0.08%
Between 5 and 6	31,087,567.94	4.01%	130	10.11%
Between 6 and 7	0.00	0.00%	0	0.00%
Between 7 and 8	37,500,000.00	4.84%	1	0.08%
Totals	775,346,958.99	100	1,286	100

m) Original period and rest of the Loans portfolio assigned by Santander

The following table shows the distribution of Loans according to the original concession period.

ORIGINAL CONCESSION PERIOD OF THE LOANS					
Interval (in months)	Interval (in months)	Interval (in months)	Interval (in months)	Interval (in months)	Interval (in months)
6	11	33,174.23	0.86	117	0.63
12	23	319,728.74	8.29	855	4.61
24	35	392,362.18	10.18	999	5.38
36	47	521,540.53	13.53	2,935	15.83
48	59	136,230.63	3.53	931	5.02
60	71	592,455.34	15.37	6,789	36.62
72	83	86,877.89	2.25	341	1.83
84	95	421,748.26	10.94	1,260	6.79
96	107	113,791.86	2.95	625	3.37
108	119	2,733.18	0.07	15	0.08
120	131	237,573.57	6.16	440	2.37
132	143	20,519.18	0.53	22	0.11
144	155	134,197.06	3.48	307	1.65
156	167	21,759.33	0.56	24	0.12
168	179	5,899.44	0.15	13	0.07
180	191	275,741.39	7.15	622	3.35
192	203	8,128.31	0.21	11	0.05
204	215	24,158.82	0.62	23	0.12
216	227	8,542.32	0.22	18	0.09
228	239	20,341.82	0.52	14	0.07
240	251	87,711.42	2.27	373	2.01
252	263	2,709.99	0.07	15	0.08
264	275	5,258.80	0.13	15	0.08
276	287	4,409.51	0.11	17	0.09
288	299	1,474.27	0.03	11	0.05
300	311	62,142.88	1.61	327	1.76
312	323	1,797.10	0.04	11	0.05
324	335	13,502.15	0.35	18	0.09
336	347	14,210.21	0.36	43	0.23
348	359	5,978.85	0.15	26	0.14
360	481	277,016.83	7.18	1,318	7.11

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Totals	3,853,716,235.13	100	18,535	100
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The following table shows the distribution of the Loans according to the period pending maturity.

PERIOD PENDING MATURITY OF THE LOANS					
Interval (in months)	Balance (thousands of euros, except total, in euros)	% Balance	Loans	% N° Loans	
0	11	437,182.00	11.34	1,181	6.37
12	23	416,075.14	10.79	1,504	8.11
24	35	438,373.10	11.37	2,636	14.19
36	47	198,588.64	5.15	1,845	9.95
48	59	596,532.23	15.47	5,604	30.21
60	71	145,691.97	3.78	512	2.76
72	83	308,832.16	8.01	1,105	5.88
84	95	83,426.00	2.16	521	2.81
96	107	23,036.79	0.59	83	0.45
108	119	244,447.3	6.34	380	2.05
120	131	45,800.86	1.18	108	0.58
132	143	100,392.23	2.6	217	1.17
144	155	11,349.25	0.29	32	0.17
156	167	54,332.38	1.4	135	0.73
168	179	222,185.95	5.76	484	2.61
180	191	5,881.21	0.15	15	0.08
192	203	23,761.99	0.61	32	0.17
204	215	11,713.65	0.3	28	0.15
216	227	39,668.92	1.02	102	0.55
228	239	63,687.07	1.65	259	1.4
240	251	3,929.76	0.1	26	0.14
252	263	9,177.17	0.23	39	0.21
264	275	10,940.68	0.28	43	0.23
276	287	15,331.27	0.39	78	0.42
288	299	38,446.98	0.99	198	1.07
300	311	15,494.37	0.4	33	0.18
312	323	15,566.66	0.4	72	0.39
324	335	17,279.91	0.44	83	0.45
336	347	50,503.85	1.31	239	1.29
348	359	18,557.66	3.07	550	2.97
360	371	1,975.54	0.05	7	0.04
372	383	85,553.33	2.22	384	2.07
Totals	3,853,716,235.13	100%	18,535	100%	

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2.2.3 Legal nature of the Assets.

The Assets subject to securitization through their assignment to the Fund are credit rights arising from Loans granted by Santander.

The Assets are classified, by virtue of the guarantee, as Assets deriving from Mortgage Loans formalized in public deed (i.e. secured by real property mortgage) and Assets deriving from Non-Mortgage Loans formalized in mercantile certificate supervised by Notary Public (i.e. either secured by personal or *in rem* guarantee other than a property mortgage (for example, a pledge)).

The assignment of the Assets deriving from Non-Mortgage Loans is governed by Spanish common law currently in force, i.e. articles 1526 et seq. of the Spanish Civil Code.

With regard to the assignment of the Assets deriving from Mortgage Loans, Spanish common law is the law naturally applicable to the assignment, made by the issuance by Santander of the MTCs (each one representing a share of one hundred percent (100%) of the outstanding balance of the Assets deriving from Mortgage Loans to which they pertain) for full subscription by the Fund accordance with Additional Provision 5 of Law 3/1994, as per the wording given by article 18 of Law 44/2002; Law 2/1981, of March 25, on Regulation of the Mortgage Market; Royal Decree 685/1982, of March 17; and other regulations in force from time to time, applicable to the transferability and acquisition of mortgage market securities. The issuance, representation, transmission and registry of the MTC is detailed in section 3.3.a)2 of this Additional Building Block.

2.2.4 The expiration or maturity date(s) of the Assets.

All of the Loans have a maturity date prior to June 18, 2047.

The Loans have an average maturity time of eight point zero two (8.02) years.

2.2.5 Amount of the Assets.

The Fund will be constituted with Loans that Santander will transfer to the Fund in the Date of Incorporation and which principal will be equal or slightly higher than THREE THOUSAND FIVE HUNDRED FORTY MILLION EUROS (€3,540,000,000).

2.2.6 Loan to value ratio or level of collateralization.

The ratio, expressed in percentage between the amount of principal pending redemption on September 25, 2007 and the appraisal value of the immovables mortgaged of the selected Mortgage Loans, was between 10.73% and 119.32%, being the average appraisal value 82.02%.

The following chart shows the distribution of Mortgage Loans in their different intervals:

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Interval		Outstanding Balance		Loans	
%		(thousand euros except total, in euros)		nº	%
10.73	19.99	35.56	0.00	1	0.02
20.00	29.99	0.00	0.00	0	0.00
30.00	39.99	151.23	0.01	2	0.05
40.00	49.99	444.64	0.03	4	0.11
50.00	59.99	1,504.83	0.11	9	0.26
60.00	69.99	30,438.95	2.27	113	3.31
70.00	79.99	749,479.14	56.06	2,228	65.43
80.00	89.99	236,456.69	17.68	570	16.74
90.00	99.99	183,496.00	13.72	370	10.86
100.00	109.99	122,332.04	9.15	68	1.99
110.00	119.32	12,477.98	0.93	40	1.17
Totals:		1,336,817,102.09 €	100%	3,405	100%

Maximum Outstanding Balance	37,308,930	Maximum Ratio	119.32%
Minimum Outstanding Balance:	7,840.50	Minimum Ratio	10.73%
Average Outstanding Balance:	392,604.14	Average Ratio:	82.02%

There is no over collateralization in the Fund, since the principal of the Loans that Santander will assign to the Fund at incorporation will be equal or slightly superior, to THREE THOUSAND FIVE HUNDRED AND FORTY MILLION EUROS (€3,540,000,000).

2.2.7 Description of the procedures established by Santander for formalization of loans in the segment of companies and self-employed individuals.

The current risk policy followed by Santander for the formalization of loans and credits in the segment of businesses and autonomous is the described following:

a) Introduction: Model of risks at Santander.

The model of risks is based upon the following principles:

- a.1 Segmentation: Each kind of risk requires to be dealt with in a different manner, according with its features (different analysis methodology, faculties, systems and procedures). In order to achieve it, clients are segmented in two groups:
- Companies, including micro enterprises, with group risks equal or superior to FIVE HUNDRED THOUSAND EUROS (€500.000). See criteria for inclusion in the portfolio.
 - Rest of clients: Composed basically by self-employed individuals or in account of other, and companies with group risks superior to FIVE HUNDRED THOUSAND EUROS (€500.000).
- a.2 Integrity: The risk is managed entirely from one Area. In this way, the three phases of the cycle (analysis, follow-up and recovery) are managed from the Risk Credit Area. The two first phases from Risks and the third from Recoveries.

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a.3 Autonomy: The function of Risks is independent from the Commercial Net, to whom gives support and service, collaborating to the achievement of its goals.

b) Criteria for inclusion in the portfolio.

In order to give individual treatment to the risks of the clients that for their features and amounts are deemed convenient, a cutoff is fixed from there on the analysis and follow-up function is performed by "specialized" analysts. This has the following consequences:

b.1 Clients are treated, from the risk stand point, in the Companies Analysis Unit (CAU).

b.2 Each client is managed by an analyst that has included in their pool of clients.

b.3 The criteria followed to put in the portfolio the clients are:

- That the economic-financial group (considered as one risk unit) has active operations with our entity with limitations or dedicated – the greater of the two- for the amount equal or higher than FIVE HUNDRED THOUSAND EUROS (€500.000) (cutoff of portfolio criteria).
- That the economic-financial group is capable of, in an ordinary relationship with Santander, to exceed the aforementioned amount as cutoff.

c) Procedure for the inclusion in the portfolio. Risk for the SMEs included in the portfolio.

c.1 Phases of the risk.

In the life of the credit risk Santander makes the difference between three stages: admission, follow-up and charging/recovery:

1. Admissions: Corresponds to the stage that goes from the identification of the financing needs of the client up until the decision is made upon the proposed operation. In this phase the analyst, in collaboration with the client's commercial manager, analyzes all risks factors that Santander can run into and together decide within their faculties or, in the contrary case, propose to a higher instance of decision for the corresponding sanction to this risk.
2. Follow-up: This stage goes from the formalization of the risk operation by Santander and the client until the maturity or cancellation of the operation preceding to the Recovery Unit. During this phase the obligation of the responsible groups of risks is to control the evolution of the credit quality of debtor and of the collaterals therein, so that the operations are repaid without prejudices to Santander.
3. Collection: Once the maturity term of the operation has arrived and the ordinary collection does not happen, the risk becomes competency of the Recovery Unit, whose goal, as stated by its name, is to collect everything that is owed to the entity by any means admissible by Law.

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c.2. Admission.

As stated before, the weight of this phase falls over the companies' analyst in collaboration with the client's commercial manager. It is about doing an individual analysis of the client/group to make a decision on the proposed operation that minimizes the risks to be assumed by Santander.

In order to develop adequately this function the analyst works supporting him/her on different tasks and/or systems, among which we highlight:

1. Visits to client: Once or twice a year the analyst must visit the client in order to get to know all circumstances that influence the client's businesses and activities, obtaining the economic-finance information and the corresponding clarifications when proceeding, future investment plans, etc.
2. Rating: It allows, through the valuation of six (6) areas, establishing a classification of the credit quality of the client, the analyzed operation and its joint risk. This valuation system constitutes a common framework and language in risk treatment and management at its different stages and at different levels of responsibility.
 - Client's rating: Expresses numerically, in a 1-9 scale, its capacity (in ascending order) to face their payment undertakings when the instrumental maturity, or in an anticipated manner if Santander so requires for any reason, in at least the following next twelve (12) months.
 - Operations' rating: Determines the loss that probably will occur in an effective operation or to give a client a specific rating. As a consequence, this rating depends upon: the client's rating, the terms of the operation, the existing collaterals and the type/kind of product/risk.
 - Risk's rating: This indicates the expected loss of the total of a client's risk. There are also other systems of rating specific for real state promoters and public institutions.
3. Faculties: In order to sanction the proposed risk for a client/group there are different levels of decision, depending on the amount, the terms and collaterals of the operation. At the highest level it's the Executive Committee of Risks, that, apart from deciding on operations of its jurisdiction, delegates at other levels the decision up until certain amounts and terms. These levels are: Commission on Risks, of the Credit Risks Area and Commissions of the Territorial Units of Risks.

The Territorial Commission on Risks is the maximum level of decision at a territorial level. It can delegate decision powers to its teams of risks (analysts, BAU Director, etc). For those operations that exceed the limits assigned to the Territorial Commission on Risks the Commission will take the operation up to the Credit Risks Area.

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The Risks Commission of the Risks Credit Area decides within its assigned powers, increasing the risk, when exceeding of its delegated amounts, for its definitive sanction by the Executive Committee on Risks.

c.3 Follow-up.

Likewise the preceding phase (admissions), here the coordination between commercial management and risk management is basic, moreover when the good end of the operation depends to a high percentage on the evolution of the client's credit quality during the life of the operation. Here are also a series of tasks and systems that allow a maximum management in this phase of the risk.

1. Signatures on Special Supervision (SSS): This risk management system allows to show and follow-up the credit quality of the client and its operations. The client's analysis performed, initially between the admission's analyst and the follow-up analyst, allows us to classify it either in ordinary or special supervision situation. When the signature is qualified as special supervision the policy to be followed and its risks must be indicated. Depending on the severity of the alerts, there are different rating levels.
2. Rating: The valuation system of the companies is the aforementioned (there's only this one to the entire Santander and to whichever stage of the risks) but it is applied not in the initial phase of the client's study and his/her operation, but during the whole life of it. In order to do so, certain criteria for reviewing the ranking, are:
 - Twice a year, in all cases.
 - Four times a year, if the client is under special supervision.
 - When there is a signal of alert.
 - When new information is submitted (for example, new annual balances)
 - When the risk is reviewed with a client/group or a new operation is studied.

We remind however that there are also specific rating systems for companies whose activity is real state promotion and public institutions.

3. Risks' Review: In addition to the periodical reviews carried out by the admissions analyst and the follow-up in the territorial, reviews are developed at other higher levels, according to the risk amount assumed with the client/group. These dispatches are carried out between the Directions of Risks of the Territorial Units – Risk Credit Area or Executive Committee on Risks. In all cases the commercial manager of the client intervenes, participating of the decision on policy over risks issues to be followed with client/group.

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d) Procedure for the risk analysis for SMEs not included in portfolio.

d.1 Introduction.

Among this last section are the companies with risks lower to FIVE HUNDRED THOUSAND EUROS (€500.000), including micro-enterprises.

d.2 Application for operation

The office/manager processes the operation through the RETO application "Integral Proposal", the system identifies its remittal to the DOU when exceeding the powers delegated in the Director of the Office, independently of the amount and whenever the signature has not been included in the portfolio.

When an application for an operation for a client not included in any analysts pool but that for its volume of billing and/or risks level in Santander it could be capable of being included in the portfolio, the office/manager of the client, before processing the proposal in the application RETO, contacts the companies analyst, generally through the telephone, in order to determine the convenience or not of being included in the portfolio and its treatment as client "in the portfolio", in that case the "Procedure for treatment of portfolio risks proposals".

d.3 Capture and resolution of the operation by the analyst.

Once the analysis is performed and through the section "report of the analyst", he/she states in the records the valuation that the operation is worth in his/her judgment, and later on in "resolution conditions" will proceed to sanction the proposal, with the limitation of delegated powers by the Territorial Commission on Risks, up until certain amounts and terms, and depending on the type of operation. The analyst obtains other necessary data for the resolution of the proposal, through different corporate applications:

1. Risk's Model:
 - Positions in the group (current balances, resources and applications)
 - Declared risks in the Information Risk Central of the Bank of Spain.
 - Yield.
 - Data of the economic group (if that is the case).
2. Risk's File:
 - Cancelled and effective Risk proposals.
3. Negative reports:
 - RAI, ASNEF, etc. If it appears in the screen of intervening parties.
4. Technical Risks.

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5. Request for commercial reports (D&B, Informa) if proceeds, from the owner as well as from guarantor and enterprises related in its case.

As long as the analyst is performing the different tasks, the system records a signal in the corresponding and allows carrying out new tasks that were not enabled before.

In case of requiring further information of documentation, the analyst contacts through telephone, email or whichever other way (depending on necessity) with the office and requests that information. He can also do a "previous" through the same Integral Proposal. In this last case, the operation cannot be resolved neither modified until the reply from the office, being assigned to the analyst that has processed that "previous". In any case, Integral Proposal allows the analyst to resolve the operation once the four (4) days have elapsed without receiving reply to the "previous" from the office.

Administrative support receive the additional documentation that supports the operation, sent by the different offices (through internal mailbag or fax) and ask in the application the registry number that the analyst has assigned to the proposal to handle it. In case that the operation was not assigned, he/she proceeds to its assignation.

Once the four (4) days have elapsed from the reception in the unity without receiving from the office the required information, or when it is not complete, the analyst books the proposal "without effect", except for circumstances that could make advisable its stay.

The possible options for resolutions by the analysts are: approved, denied or without effect.

- Approved: the analyst authorizes the operation.
- Denied: the operation does not fulfill the risk criteria established for its authorization.
- Denied possible reconsideration: the operation could be authorized if its approach was modified, according to the analyst's indications
- Denied lack of clarifications: the DOU has not received the information or justification of the data included in the proposal.
- Without effect: when the approach of the operation is not correct or its processing is incorrect.

Once the operation is resolved, the office can query the conditions for resolution, and in the case that is authorized, proceed to its booking and formalization.

d.4 Operations dealt with by ARENA/SCORING 70 (Business and SMEs)

In operations by legal entities, not included in analyst pools, or individuals for the development of their self-employment and/or business activities, the office has previously introduced in the Integral Proposal the "basic data of the proposal", such as the business identification and if that is the case,

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balance statements (fundamental assets), VAT data and Registry verifications.

d.5 SCORING 70

Likewise for individuals this decision system, offers the chance that certain business operations and companies can authorize according to the powers of the office, that is, without them needing to be taken to the DOU for its decision. Among the answers that this tool offers, is the possibility of not approving or denying, offering the alternative of sending it to DOU in which case the procedure is similar to the one defined previously for individuals.

DOUs Director controls daily operations without resolving by analysts of DOU with the goal of decreasing to the maximum the possible stock in pending proposals to be decided.

In case of loans or credits proposed with mortgage collateral over real state located in Spain: once the risk is authorized, they are sent to the Mortgage Business Units so that they apply for the appraisal of the estate subject to the operation (in case that the client did not submit a recent appraisal by a homologated appraiser) and request for an updated Registry Note (if it was not sent with the application). Once both procedures are carried out, the maximum amount to concede depending on the appraised value and the nature of the mortgage property (first or second home, commercial premises) will be fixed and if there were any burdens they will be cancelled before registering our mortgage in order for our mortgage to be a first rank mortgage.

d.6 Formalization and payment of the loan.

Once the operation is authorized the system indicates it, so that the office captures the conditions and proceeds to formalize the loan, to which effect the office will coordinate the signature of the document of the agreement with the client and the attester, and once this procedure is finalized will proceed to pay the conceded amount to the client in the account open in that office. In case of having a mortgage collateral, in the same act of the signature an entry of presentation will be noted in the Property Registry in order to guarantee that our mortgage is duly registered.

2.2.8 Representations and other warranties given to the Issuer in relation to the Assets.

Santander, as holder of the Loans from which the Assets subject to assignment to the Fund derive, represents and warrants to the Manager, for and on behalf of the Fund, and in relation to the Date of Incorporation of the Fund, the following:

(a) Regarding Santander:

- (1) That Santander is a credit institution duly incorporated under current Spanish law, and is registered with the Mercantile Registry of Santander.
- (2) That Santander's corporate bodies have validly adopted all necessary corporate resolutions for the assignment to the Fund of the Assets and in order to execute the Deed of Incorporation thereof and the Contracts.

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- (3) That Santander is empowered to participate in the Mortgage Market. Also Santander is empowered to grant all of the Loans whose Assets are assigned by virtue of the Deed of Incorporation.
- (4) That neither as at the date of the Prospectus, or at any time after incorporation, Santander has been subject to a situation of insolvency, creditors' proceedings, temporary receivership or bankruptcy.
- (5) That it has the annual financial statements relating to the last three closed fiscal years (2004, 2005 and 2006), duly audited and without reservations. The audited annual financial statements pertaining to the fiscal years closed at 31 December 2004, 2005 and 2006 have been already filed with the CNMV and have been filed with the Mercantile Registry.

(b) Regarding the Assets:

- (1) That the Assets exist, are valid and enforceable, in accordance with applicable law, all current legal provisions having been observed in the establishment thereof.
- (2) That the data included in the Deed of Incorporation and the Prospectus in relation to the Assets accurately shall reflect their situation as at the portfolio selection and assignment dates respectively.
- (3) That as from the time of their granting or subrogation, as the case may be, the Assets have been and are being serviced by Santander in accordance with the customary procedures it has established.
- (4) That Santander has faithfully followed the risk granting policy applicable at any time, in the granting of each and every one of the Loans.
- (5) That the Assets derive from bilateral loans granted by Santander or a business or business individual with domicile in Spain, with the purpose of financing its corresponding economic activity or acquisition of immovable goods ascribed to his/her economic activity.
- (6) That the Assets are denominated and payable in euros and are guaranteed, in case of Assets deriving of Mortgage Loans, through immovable mortgage and, in case of Assets deriving from Non-Mortgage Loans, are guaranteed through personal or *in rem* guarantee other than a property mortgage.
- (7) That the Assets shall accrue interest at a fixed or variable rate referenced to a market index in any case, without a maximum or minimum limit being provided as to the applicable interest.
- (8) That all of the Assets have a maturity date on or before June 18, 2047.
- (9) That the Assets have been generated in the ordinary course of Santander's business.
- (10) That Santander holds title to the Assets, free of liens and claims, Santander not having received any notice of claim or set-off prior to their assignment to the Fund.
- (11) That the payments of the Debtor deriving from the Loans are not subject to any tax deduction or withholding.

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- (12) That no impediment exists for the free assignment thereof to the Fund or, in the event that the Debtor's consent is necessary, the said consent has been obtained.
- (13) That it constitutes a valid payment obligation binding upon the Debtor and is enforceable in accordance with its own terms.
- (14) That the payment of principal and interest equal installments on the Assets is made in the following manner: monthly, quarterly, half-yearly, annually or upon maturity and there is no clause that allows of deferring payment of interest or principal (exception made of the grace period for the payment of principal that could exist initially).
- (15) That at least for a ninety nine per cent (99%) of the Assets, payment of principal and interest installments takes place through direct bank debit with Santander generated automatically and authorized by the relevant Debtor at the time of formalizing the transaction. Payment of the installments of principal and interests of the remaining Assets until reaching hundred percent (100%) of the Assets takes place through direct bank debit in other accounts open in other credit entities different to Santander.
- (16) That the Assets are governed by Spanish law.
- (17) That the Loans are fully disposed.
- (18) That no person holds any preferred right over the Fund with respect to the Assets.
- (19) That at the time of the Assignment, the Assets shall not have payments outstanding for more than thirty (30) days.
- (20) That according to its internal records, none of the Loans corresponds to real state promoters for the construction or rehabilitation of homes and/or commercial or industrial buildings destined to the sale.
- (21) That it has no knowledge of any of the Debtors being holder of any credit right vis-à-vis Santander granting the right to set-off against and which may adversely affect the Assets.
- (22) That, as at the issue date, it has not received any notice of pre-payment of the Loans, in whole or in part.
- (23) That at the time of the assignment, at least a thirty per cent (30%) of the Loans will be formed by Mortgage Loans.
- (24) That according to its internal records, none of the Loans corresponds to financial leasing loans.
- (25) That the guarantees for the Loans are valid and executable according to the applicable legislation and there is no circumstance that will prevent its execution.
- (26) That has no knowledge of the existence of judicial proceedings of whichever king regarding the Loans that could harm their validity and collectability.

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- (27) That the Assets are documented by public deed or a policy executed before a notary public or not (depending, as the case may be, on the involvement of the commercial criterion of the Bank).
- (28) That the Loans are clearly identified in the computer system of Santander from the moment of their granting or their subrogation in favor of Santander, and they have been and are subject of management, analysis and follow-up by Santander according to the common procedures that Santander has established.
- (29) That at the time of the assignment of the Loans to the Fund, Debtors have paid a minimum of one (1) installment.
- (30) That at the time of the assignment of the Loans to the Fund, none of the Debtors is in an insolvency situation or insolvency proceedings ("*concurso de acreedores*").
- (31) That in the time of the assignment the amount of the four (4) main Debtors will not be higher to the four point five per cent (4.5%) of the initial Outstanding Balance of the Assets.
- (32) That in the time of the assignment the amount of the ten (10) main Debtors will not be higher to the ten per cent (10%) of the initial Outstanding Balance of the Assets.

(c) Regarding the Mortgage Loans:

- (1) That each one of the Mortgage Loans is secured by a real property mortgage, without the mortgaged properties being subject to any prohibitions against disposal, conditions subsequent or any other restriction on title.
- (2) That all of the Mortgage Loans are formalized by public deed and all of the mortgages are duly established and recorded with the pertinent Property Registries. The recording of the mortgaged properties is current and effective and without contradiction.
- (3) That the Mortgage Loans are not instrumented via any type of registered, order, or bearer securities.
- (4) That the Mortgage Loans are not attached to the issuance of any mortgage bonds or mortgage units or participations.
- (5) That the properties mortgaged by virtue of the Mortgage Loans are not subject to a situation of excluded assets for acceptance as security in accordance with article 31.1.d) of Royal Decree 685/1982, of March 17, implementing certain aspects of Law 2/1981, of March 25, on Regulation of the Mortgage Market.
- (6) That the Mortgage Loans are not among the excluded credits of article 32 of Royal Decree 685/1982.
- (7) That copies of all of the mortgage deeds referring to the Mortgage Loans are duly placed in Santander's files, adequate for such purpose, at the disposal of the Manager, acting for and on behalf of the Fund, and all of the

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Mortgage Loans are clearly identified, both by means of machine-readable media as well as their deeds.

- (8) That it has no knowledge of the existence of litigation of any type in relation to the Mortgage Loans which may impair the validity thereof or which may lead to the application of article 1535 of the Spanish Civil Code, or of the existence of circumstances which may lead to the ineffectiveness of the contract for the acquisition of the property mortgaged as security for the Mortgage Loans.
- (9) That it has no knowledge of the existence of any circumstance which prevents foreclosure or enforcement of the mortgage guarantee.
- (10) All of the mortgaged homes have been previously appraised by entities duly empowered by Santander, the said appraisal is evidenced by the pertinent certificate of appraisal. Appraisals carried out fulfill all requirements established in the mortgage market legislation.
- (11) The mortgages are established on real state (and in cases of including buildings, they are build up and finished) belonging to the mortgagor in fee simple and full title, Santander having no knowledge of any litigation over the title of the real state that could harm the mortgages.
- (12) That the guarantee of the Mortgage Loans is established on properties located in Spain and established for a first mortgage over ownership of the mortgaged property or, as the case may be, with higher rank, even though Santander may have documentation relating to the cancellation of the debts arising from earlier mortgages, although the processing of the registry cancellation of the same may be pending.

(d) In relation to the Mortgage Transfer Certificates:

- (1) That the MTCs are issued in accordance with the provisions of (i) Law 2/1981, (ii) Royal Decree 685/1982, (iii) Royal Decree 1289/1991, (iv) Additional Provision Five of Law 3/1994, of April 14, as per the wording given by article 18 of Law 44/2002, of November 22, by virtue of which the current law in force applicable to mortgage units or participations is applied to the MTCs, as regards everything applicable thereto, and (v) other applicable regulations.
- (2) That the MTCs are issued for the same term which remains until the maturity of and for the same interest rate as each one of the Mortgage Loans to which they pertain.
- (3) That, on the issue date, the outstanding principal of each one of the Mortgage Loans is equivalent to the capital figure of the MTC to which it pertains.

2.2.9 Substitution of the Assets.

In the event that any of the Assets is affected by a hidden defect as a consequence of not meeting the requisites at the Date of Incorporation of the Fund which those Assets must meet in order to be eligible for assignment to the Fund, and not conforming to the representations made to such effect by the Assignor to the Manager, reproduced under section 2.2.8 of this Additional Building Block, or as a consequence of not meeting on such

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date the characteristics reported by Santander to the Manager, the party becoming aware of such circumstance shall notify the other party in writing. Both parties, within the next ten (10) Business Days, shall proceed to cure such hidden defect or, if such hidden defect is not able to be rectified, they shall proceed with the substitution of the affected Asset with another or others with a total outstanding balance slightly less than or equal to that of the Asset so substituted, and that they must comply with the representations of the Assignor to the Manager under section 2.2.8, *supra* and be homogeneous as to residual term, interest rate and outstanding principal and, if that is the case, ranking of the mortgages and relation between the principal pending reimbursement and the evaluation of the property or mortgaged property, and quality of the guarantee, in such a manner that the financial equilibrium of the Fund and the rating of the Bonds are not affected by the substitution.

The substitution shall be carried out by means of the simultaneous termination of the assignment of the Asset affected by the hidden defect and the assignment to the Fund of the Asset(s) to replace it.

For cases of Assets deriving from Mortgage Loans this will be carried out by canceling the CTH affected and the issue of the Fund of the CTH that will substitute it (with the issuing by the Assignor of a new multiple title that will collect the number of CTH that exist at that date and that will be exchanged with that given at the Date of Incorporation or in the prior date of assignment and/or substitution).

If these are Assets deriving from Non-Mortgage Loans, in the event of none of these being replaced on the terms that are set out hereinabove in this section, the Assignor will automatically terminate the assignment of the Asset deriving from the Non-Mortgage Loan concerned that is not replaced. Said termination will be carried out by means of the reimbursement of the capital pending repayment in cash to the Fund, of the interest that has accrued and is unpaid, together with any sum that could correspond to the Fund up to that date by virtue of the Asset deriving from the corresponding Non-Mortgage Loan, which will be deposited in the Cash Account.

Santander shall reimburse the Fund for any unpaid amounts relating to the substituted Asset by credit thereof to the Cash Account. Furthermore, in the event that the Outstanding Balance of the substitute Asset(s) is slightly less than that of the Asset so substituted, Santander shall reimburse to the Fund the difference, taking into account the nominal value, the accrued interest and not due corresponding as well as whatever amounts not paid regarding that Asset, through credit thereof into the Cash Account on the relevant date.

In particular, the modification of the Assignor, during the life of the Loans, of their conditions without subjection to the limits established in the special legislation applicable and the agreed terms by and between the Fund and the Assignor in the Deed of Incorporation of the Fund and in the present Prospectus, in section 3.7.1 of the Additional Building Block, and therefore, absolutely exceptionally, would imply a default by the Assignor of their obligations that should not be borne by the Fund. With that default, the Fund, through the Manager, could (i) request the corresponding damages and (ii) request the substitution or reimbursement of the affected Assets, according to the provisions of the present section, without that meaning that the Assignor guarantees the good result of the transaction, but the necessary repair of the effects produced by the default of its obligations, according to article 1.124 of the Civil Code. The Manager will report immediately to the CNMV the substitutions or redemption of Assets carried out as a consequence of the default by the Assignor. The costs caused by the actions to remedy the default of the Assignor will be borne by the Assignor, without possibility of passing it on to the Fund.

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In the event that the substitution referred to above cannot take place or is not carried out within a period of ten (10) Business Days, the Manager shall terminate the assignment of the Asset affected by the hidden defect or shall redeem early the affected CTH. In such case, Santander shall reimburse to the Fund the Outstanding Balance thereof, together with any interest accrued and not due, as well as any unpaid amounts relating to the said Asset, by credit thereof into the Cash Account.

2.2.10 Relevant Insurance Policies relating to the Loans.

The assets on which the mortgages have been established as security for the Mortgage Loans have been insured, as the case may be, in accordance with the provisions of Order ECO /805/2003, of March 27, on valuation rules for real estate assets and certain rights for certain financial purposes.

Data on concentration of the insurance companies are not included because the present status of the insurance policies contracted by the Obligors and their data are not supported or updated in Santander's automated databases. Notwithstanding the above, given the number of Mortgage Loans, their weight in the aggregate of selected Loans and the geographic distribution thereof as detailed under section 2.2.2 of this Additional Building Block to the Securities Note, any possible concentration of the insurance companies has not been deemed to be relevant to the operation.

2.2.11 Information relating to Debtors in cases in which the Assets comprise obligations of five (5) or fewer Debtors that are legal persons, or where an Debtor accounts for twenty percent (20%) or more of the Assets, or where an Debtor 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.

Material relations do not exist for purpose of the Bond issue between the Fund, the Assignor, the Manager and other parties involved in the transaction other than as reflected under sections 5.2 and 7 of the Registration Document and 3.2 of this Additional Building Block.

2.2.13 Where the Assets comprise fixed income securities, description of the principal conditions.

Not applicable.

2.2.14 Where the Assets comprise equity securities, description of the principal conditions.

Not applicable.

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

Not applicable.

2.2.16 Where a material portion of the Assets are 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.

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The values of the assessments of the guaranteed immovable goods of the Mortgage Loans correspond to the assessments carried out by the entities of the granting and formalization of the Mortgage Loans.

2.3 Assets actively managed 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.

By the current securitization transaction, Santander shall transfer the Assets. The Fund will acquire the Assets and will issue the Bonds. This transaction will be formalized by the Deed of Incorporation, which will be executed by the Manager for and on behalf of the Fund and by Santander. This way, through the Deed of Incorporation of the Fund the following will take place:

- a) the assignment to the Fund of the Assets deriving from the Mortgage Loans and from the Non-Mortgage Loans;
- b) the issuance of Mortgage Issuance Certificates by Santander and the subscription of those by the Fund; and
- c) the issuance of thirty five thousand eight hundred sixty (35,860) Bonds, distributed in eight (8) Bond Series A1, A2, A3, B, C, D, E and F.

A copy of the Deed of Incorporation shall be submitted to the CNMV and Iberclear prior to the Date of the Bond Subscription.

On another subject, and in order to consolidate its financial structure and procure the greatest coverage possible for the risks inherent to the issue, the Manager, acting on behalf of the Fund, shall proceed to formalize, *inter alia*, the contracts established below, with the power, in order to comply with the Fund's operating structure in the terms contemplated in the regulations in force from time to time, to extend or modify such contracts, substitute each one of the providers of services to the Fund thereunder and, even, if necessary, enter into new contracts, subject to notice to the CNMV and, as the case may be, obtaining the pertinent authorization, provided that the rights of the bondholders are not thereby hampered and, in particular, provided that a decline in their rating does not take place.

The Manager shall formalize with Santander, among others, the following contracts:

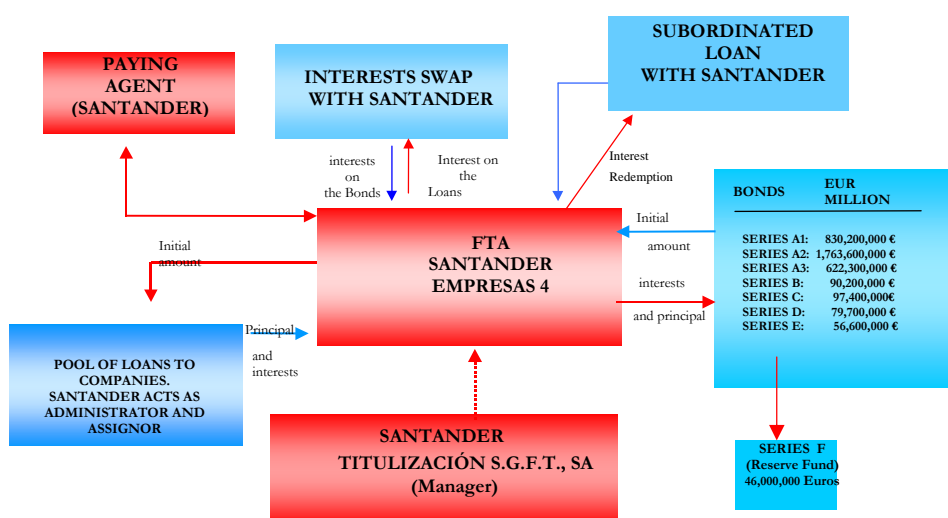
- (i) Subordinated Loan Agreement, to be earmarked towards financing the Fund's incorporation expenses and Bond issue, and towards partially financing the acquisition of the Assets;
- (ii) Swap Agreement, as per the standard form contract ISDA 1992;
- (iii) Guaranteed Rate Reinvestment Agreement, by virtue of which Santander shall guarantee a variable yield on the amounts deposited by the Fund through the Manager into the Cash Account.

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Furthermore, the Reserve Fund will be constituted against the funds obtained from the subscription and pay out of Series F Bonds, as detailed in section 3.4.2.2. of the current Additional Building Block.

Also, the Manager, for and on behalf of the Fund, will enter into the Management, Subscription and Paying Agency Agreement with the Lead Managers. The description of the agreements included in this section and in sections 4.1.b) and 5.2 of the Securities Note and 3.4.3.a), 3.4.4 and 3.4.7 of this Additional Building Block truthfully reflects the more important information contained in those agreements, no omission of data or information therein that is relevant to the investor.

The following includes a diagram explaining the transaction:



Initial Balance Sheet of the Fund

The Fund's Balance Sheet as at the close of the Pay-out Date shall be as follows

ASSETS		LIABILITIES	
Assets	3,540,000,000 €	BOND ISSUE	
		Series A1 Bonds	830,200,000 €
		Series A2 Bonds	1,763,600,000 €

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Incorporation and issue Expenses	876,000 €	Series A3 Bonds	622,300,000 €
		Series B Bonds	90,200,000 €
		Series D Bonds	97,400,000 €
		Series C Bonds	79,700,000 €
Reserve Fund	46,000,000 €	Series E Bonds	56,600,000 €
		Series F Bonds	46,000,000 €
		Subordinated Loan	876,000 €
TOTAL: 3,586,876,000 €		TOTAL: 3,586,876,000 €	

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

Description of the entities that participate in the issue and its roles is reflected under section 5.2 of the Registration Document and in section 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.

Santander will assign to the Fund at the Date of Incorporation the Assets which total principal is equal or slightly higher to THREE THOUSAND FIVE HUNDRED FORTY MILLION EUROS (€3,540,000,000).

3.3.1. Assignment of the Assets.

The assignment of the Assets shall be carried out by Santander at the time of the Fund's incorporation, will be instrumented through the Deed of Incorporation and shall be carried out as determined below, differentiating between Assets deriving from Mortgage Loans and Assets deriving from Non-Mortgage Loans.

a) Assignment of the Assets deriving from Non-Mortgage Loans:

The assignment of the Assets deriving from Non-Mortgage Loans shall be carried out by virtue of the Deed of Incorporation, which shall contain the necessary terms for carrying out said assignment.

b) Assignment of the Assets deriving from Mortgage Loans:

The assignment of the Assets deriving from Mortgage Loans shall be carried out by virtue of the Deed of Incorporation, which shall contain the necessary terms for the issuance by Santander of Mortgage Transfer Certificates, in accordance with the provisions of Additional Provision Five of Law 3/1994, of April 14, as per the wording given by article 18 of Law 44/2002, by virtue of which current law in force applicable to mortgage units or participations is applied to the issuance of MTCs, as regards everything applicable thereto, for subscription by the Manager, on behalf of the Fund; Law 2/1981, of March 25, on Regulation of the Mortgage Market; Royal Decree 685/1982, of March 17; and other regulations in force from time to time, applicable to the transferability and acquisition of mortgage market securities.

Assignment of Mortgage Transfer Certificates (MTC) by the Assignor will be carried out by the Deed of Incorporation and under the following rules:

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- (i) Each MTC shall represent a share of one hundred percent (100%) of the outstanding principal pending maturity on the Assets deriving from Mortgage Loans to which they pertain.
- (ii) The MTCs shall be represented in one multiple registered certificate, which shall contain the minimum mentions reflected under article 64 of Royal Decree 685/1982, as amended by Royal Decree 1289/1991, of August 2.

Both for the cases of having to carry out the substitution of any MTC, as well as for the event that the Manager, acting for and on behalf of the Fund, or Santander, must proceed with the foreclosure of a Mortgage Loan on which a given MTC has been issued, as well as if, the Early Liquidation of the Fund being applicable, in the cases and under the conditions provided by section 4.4.c) of the Registration Document, the sale of the said MTCs must take place, the Assignor agrees to fraction, as the case may be, any multiple certificate into as many individual or global certificates as may be necessary, to substitute it or to exchange it in order to achieve the aforementioned purposes.

- (iii) As established by Royal Decree 685/1982, the MTCs shall be transferable through a written declaration on the certificate itself and, in general, by any of the means admitted by Law. The transfer of the MTC and the address of the new holder shall be identified by the transferee to the Assignor.

The transferor shall not be liable for the solvency of the Assignor or of the Obligor of the Mortgage Loan, nor for the sufficiency of the mortgage it secures.

- (iv) The Assignor, as issuer of the MTCs, shall carry a special book to record the MTCs issued on each Mortgage Loan, as well as transfers thereof which are notified thereto, the provisions of article 53 of Royal Decree 685/1982 as regards registered certificates being applicable to the MTCs. The book itself shall reflect any changes of address notified by the holders of the MTCs to the Assignor.

The said book shall also reflect the following data:

- Opening and maturity date of the Mortgage Loan, initial amount thereof and form of settlement; and
- Registration details of the mortgage.

- (v) Given the nature of qualified investor of the Fund and the subscription by the latter of the MTCs, for the purpose of paragraph two, article 64.1 of Royal Decree 685/1982, the issuance of the MTCs shall not be subject to a marginal notation in each recording of the mortgage pertaining to each one of the Mortgage Loans at the Property Registry.

3.3.2. Terms and conditions of the assignment of the Assets.

The assignment to the Fund of the Assets shall be carried out under the following conditions:

- (i) The assignment of the Assets shall comprise the entire principal, ordinary and default interest pending repayment on the Fund's Date of Incorporation.
- (ii) The assignment to the Fund of the Assets is full and unconditional and for the entire remaining term through maturity thereof.

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- (iii) The assignment price of the Assets shall be at par, i.e. principal pending pay-off on the Assets pooled into the Fund on the Date of Incorporation.

The assignment price shall be paid in full prior to 15:00 hrs (CET time) of the Pay-Out Date, for value that same day. Payment shall be made by order given by the Manager to Santander in order that it proceed to debit the Cash Account open at Santander, in the name of the Fund, the amount of the price for acquisition of the Assets.

In the event that the incorporation of the Fund was terminated, and, consequently, the assignment of the Assets according to that provided in section 4.3.3 of the Registration Document (i) the payment obligation of the total price by the Fund for the assignment of the Assets, will be extinguished and (ii) the Manager will be obliged to reconstitute Santander in any of the rights that raised in favor of the Fund for the assignment of the Assets.

- (iv) The assignment of the Assets shall also comprise that of any in-rem or signature guarantees which have been established as security for each Asset and of the rights accessory thereto, as the rights or indemnities that would correspond to the Assignor by virtue of any insurance agreement regarding the assets that, if that is the case, were mortgaged as guarantee of the Mortgage Loans.
- (v) Until the notice to the respective Debtor of the assignment of an Asset takes place, Santander shall exercise for and on behalf of the Fund any judicial actions (including, as the case may be, those relating to the foreclosure or enforcement of guarantees) which apply against the said Debtor in relation to the Asset in question. Once such notice has taken place, the exercise of such actions shall be the responsibility of the Manager (or the representatives empowered by the latter for such purpose), acting for and on behalf of the Fund (except to that referred to the Mortgage Transfer Certificates, to which section 66 of Royal Decree 685/1982 applies, as described in section 3.4.5 of the current Additional Building Block).
- (vi) The Assignor shall not be liable for the solvency of the Debtors or for the sufficiency of the guarantees on the Assets.

The Assignor shall only be liable for the existence and legitimacy of the Assets at the time of the assignment in the terms and conditions determined in the Prospectus, as well as for the legal status under which it effects the assignment and for the representations reflected under section 2.2.8 of this Additional Building Block.

- (vii) In the exceptional event that a Debtor should place an objection to Santander for set-off against one of the Assets, Santander shall be liable to the Fund for any damages experienced by the latter as a result of the said exercise of the right to set-off by any of the Debtors, the Fund having to pay an amount equal to that which has been subject to set-off by the relevant Debtor plus, as the case may be, any interest accrued on the said amount as from the date on which the set-off took place (inclusive) through the date it is paid by Santander to the Fund (non-inclusive), calculated at the rate established in the relevant Asset.
- (viii) Without prejudice of that established in section 2.2.9 of this Additional Building Block, Santander shall not assume any repurchase obligation in respect of the Assets.

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- (ix) The assignment of the Assets is subject to Spanish common law. In accordance with Spanish common law currently in force, the validity of the assignment of the Assets to the Fund on the part of the Assignor is subject to no impediment existing to the free assignment thereof to the Fund or, in the event the Obligor's consent should be necessary, said consent has been obtained.

The notification of the assignment to the Obligors at the time of the assignment is not contemplated.

In accordance with article 1527 of the Spanish Civil Code, the Obligor that, prior to becoming aware of the assignment, pays the creditor, shall be released from the obligation. For this purpose, the Assignor shall notify (itself or through a notary public) the assignment, when necessary or required in accordance with the terms of the pertinent Asset, to the respective Obligors, within a period of twenty (20) Business Days following the formalization of the Deed of Incorporation, or at any subsequent time if so required by the Manager and, in any case, in the event of insolvency of the Assignor. Once the assignment has been notified to the Obligors, they are only discharged from their obligations through payment to the Fund. In accordance with article 1198 of the Spanish Civil Code, an Obligor who has consented to the assignment may not object to the Fund the set-off to which it would have been entitled vis-à-vis the Assignor.

Notwithstanding the above, in case of insolvency or signs thereto, intervention by the Bank of Spain, liquidation or substitution of the Administrator or because the Manager deems it reasonably appropriate, the Manager will be able to request the Administrator to notify the Debtors (and, if that is the case, the third guarantors and the relevant insurance companies) the assignment to the Fund of Assets pending payment, as well as the payments deriving from them will only have a freeing effect if they are carried out in the Cash Account opened to the name of the Fund. However, in case of the Administrator had not fulfilled notification to the Debtors and, if that is the case, to the third guarantors, within the three (3) Business Days following the reception of the request in case of insolvency proceedings or liquidation of the Administrator, the Manager will, directly or through a new Administrator appointed by the Manager, carry out the notification to the Debtors and, if that is the case, to third guarantors and the relevant insurance companies.

In the same manner and cases, the Manager will be able to request the Administrator to carry out all acts and fulfill any formalities required, included notifications to third parties and recordings with relevant accounting registries, to the goal of guaranteeing maximum efficiency of the assignment of the Assets and the accessory guarantees against third parties.

The Assignor will also grant the faculties more wide needed in Law to the Manager so that the Manager can, on behalf of the Fund, notify the assignment to the Debtors at the moment deemed appropriate.

The Assignor will bear the expenses of notification to the Debtors even for cases that the notification is carried out by the Manager.

3.3.3. Description of the rights which, in favor of their holder, are conferred by the Assets on the Loans backing them.

The Fund, as holder of the Assets, shall hold the rights recognized to the assignee in article 1528 of the Spanish Civil Code.

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Specifically, the Assets confer the following rights:

- a) All of the amounts accrued on the amortization of capital or principal of the Assets;
- b) All of the amounts accruing for ordinary interest on the Assets;
- c) All of the amounts to be accrued for default interest on the Assets;
- d) Any amounts or assets received through judicial foreclosure of the guarantees or, in the case of the Mortgage Loans, for the judicial or notary public foreclosure, for the disposal or exploitation of the real properties adjudicated to the Fund in foreclosure of the mortgage guarantees, or in administration and interim possession of the property (in a foreclosure process) up to the amount of the sums owed by the respective Obligor, acquisition at the price of the winning bid or amount determined by judicial resolution; and
- e) All possible rights or indemnities which may result in favor of Santander, including not only those deriving from the insurance contracts assigned by Santander to the Fund, if there are any, but also those deriving from any accessory right to the Assets.

The assignment of the Assets shall comprise the entire principal, ordinary and default interest pending repayment on the Fund's Date of Incorporation, that is, the assignment of the total Outstanding Balance of the Assets.

Fees deriving from the Assets assigned are not subject to assignment to the Fund.

All of the rights mentioned above shall accrue in favor of the Fund as from the Date of Incorporation.

The rights of the Fund resulting from the Assets are tied to the payments made by the Obligors against the Loans and, therefore, are directly affected by the evolution, lateness, advance payment or any other incident in relation thereto.

3.4 An explanation of the flow of funds, including:

3.4.1 How the cash flow from the Assets will meet the issuer's obligations to holders of the securities.

The amounts received by the Fund deriving from the Assets, shall be deposited by the Administrator into the Cash Account, and if that is the case, immediately in the Excess Funds Account, and in any case, before the forty eight hours (48) following the day at which they were received. Therefore, the Fund shall practically be receiving daily revenues into the Cash Account or in the Excess Funds Account.

The average weighted interest rate on the selected loans as at September 25, 2007, as detailed under section 2.2.2.1.e), *supra*, is 4.95 %, this being lower than the 5.05%, which is the average weighted nominal rate on the Bonds which hypothetically have been assumed. Notwithstanding the above, the Swap Agreement mitigates the interest rate risk suffered by the Fund for the fact of having fixed and variable interest Loans with different reference indices and different adjustment periods, and settlement at the interest rates on the Bonds referenced to three-month Euribor, and with quarterly settlement and accrual periods, as well as the risk deriving from possible re-negotiations of the interest rates on the Loans which may even result in the novation thereof at a fixed interest rate.

Quarterly, at each Payment Date, payment to the Bondholders of the interests accrued and reimbursement of principal of the Bonds for each Series according to the terms established

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for each of them and the Order of Priority of Payments established in section 3.4.6.b) of the present Additional Building Block.

3.4.2 Information on any credit enhancements.

3.4.2.1 Description of credit enhancements.

In order to consolidate the financial structure of the Fund, to increase the security or regularity of payments, to cover temporary imbalance between the calendar of principal and interest flows of the Loans and the Bonds, or, in general to transform the financial features of the Bonds issued, as well as act as complementary to the management of the Fund, the Manager, on behalf of the Fund, at the moment of execution of the Deed of Incorporation, to execute the following agreements and transactions, according to applicable legislation.

- Guaranteed interest rate accounts: the accounts opened in the name of the Fund by the Manager (Cash Account, and if applicable, the Excess Funds Account) are remunerated at set rates, so that a minimum performance of the balances in each one is guaranteed.
- Financial margin: through the Swap Agreement, the Fund receives a gross margin excess of zero point sixty percent (0.60%) above the Notional of Swap. Furthermore, in the event of substitution of the Assignor as the Loan Administrator, the Fund will receive the commission accrued in favor of the substituted administrator.
- Reserve Fund: organized with a charge to the amount disbursed by the Series F Bonds, which will be integrally subscribed by Santander and will enable the Fund's payments to be confronted in the face of losses owed to Failed Loans.
- Financial Interest Rate Swap: The interest rate Swap Agreement intends to cover: (i) the Fund's interest rate risk, which comes about because of Loans that are subject to floating interest rates with different reference indexes and revision periods than those established for the Bonds; and (ii) the risk that implies that the Loans may be the object of renegotiations that decrease the set interest rate.
- Subordination of Series B, C, D, E and F (this last one only with regard to interest payment).

3.4.2.2 Reserve Fund.

(i) Required Level:

- a) The Reserve Fund will be constituted initially with FORTY SIX MILLION EUROS (€45,500,000), an equivalent amount to one point thirty per cent (1.30 %) of the initial amount of the Bonds for Series A1, A2, A3, B, C, D and E Bonds, and will be charged against the amount of Bonds Series F.
- b) The Required Level at each moment is detailed below:
 - (i) The Reserve Fund cannot decrease during the first three (3) years, remaining fixed in its initial amount.
 - (ii) Once the Reserve Fund reaches two point sixty per cent (2.60%) of the Principal Balance Pending Payment on the Bonds for Series A1, A2, A3, B, C D and E it will be able of decreasing quarterly at each Payment Date, remaining at that percentage until the Reserve Fund reaches a minimum level equal to the one per cent (1%) of the initial

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balance of Series A1, A2, A3, B, C, D and E Bonds, that is, a Minimum Level of the Reserve Fund equal to THIRTY FIVE MILLION FOUR HUNDRED THOUSAND EUROS (€35,400.000)

The Required Level of the Reserve Fund may not be reduced if any of the following circumstances occurs:

- If the Reserve Fund has been used in any prior Payment Date, and as a consequence, it is at a lower level than the Required Level;
- If the percentage of Defaulting Loans over the Outstanding Balance of the Non Failed Assets is higher than one per cent (1%);
- If the percentage of Failed Loans over the initial amount of the Assets is higher than one per cent (1%).

(ii) Use:

The Reserve Fund shall be applied, on each Payment Date, towards performance of the payment obligations contained in the Order of Priority of Payments contained under section 3.4.6.(b), *infra* or , if the event happens, the Order of Priority of Payments for Liquidation provided in section 3.4.6.(d) following.

(iii) Yield:

The amount of this Reserve Fund will be paid in the Cash Account at the Pay-out Date, being subject to the Guaranteed Rate Reinvestment Agreement to be subscribed with Santander in the terms described in section 3.4.4. of this Additional Building Block.

3.4.3 Details of any subordinated debt finance.

a) Subordinated Loan Agreement.

The Manager, acting for and on behalf of the Fund, shall enter into with Santander, the Subordinated Loan Agreement, of a commercial nature, in the total amount of EIGHT HUNDRED AND SEVENTY-SIX THOUSAND EUROS (€876,000), which shall be earmarked towards financing the Fund's incorporation expenses and the Bond issue, and towards partially financing the acquisition of the Assets.

The amount of the Subordinated Loan shall be disbursed into the Cash Account on the Pay-out Date.

The loan shall accrue an annual nominal interest rate, determined quarterly for each Interest Accrual Period, which shall be that which results from adding together: (i) the Reference Interest Rate determined for the Bonds, and (ii) a spread of zero point five (0.50 %), which shall be paid only if the Fund has sufficient Available Funds in accordance with the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block or, if the event happens, the Order of Priority of Payments for Liquidation provided in section 3.4.6.(d) of this Additional Building Block. Interest accrued, which shall be paid on a specified Payment Date, shall be calculated by taking as a base: (i) the actual days existing in each Interests Accrual Period, and (ii) a year composed of three hundred sixty (360) days.

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Interests accrued and not paid on a Payment Date shall accumulate, accruing interest at the same rate as the nominal interest on the Subordinated Loan, and shall be paid, provided that the Fund has sufficient Available Funds and in accordance with the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block, on the immediately following Payment Date or, if the event happens, on the date that the application of the Order of Priority of Payments for Liquidation provided in section 3.4.6.(d) of this Additional Building Block takes place.

The Subordinated Loan will be redeemed lineally and quarterly during the first three (3) years after the incorporation of the Fund and the Bond issue. exception made of the excess of Funds earmarked to cover the expenses of incorporation of the Fund and issuance of the Bonds that will be redeemed early at the first Payment Date and all that provided that the Fund has sufficient Available Funds in accordance with the Order of Priority of Payments contemplated under s section 3.4.6.(d) of this Additional Building Block.

This loan, due its subordinated nature, shall be postponed in ranking with respect to several of the other creditors of the Fund in the terms provided by section 3.4.6.(b) of this Additional Building Block, or, if the event happens, the Order of Priority of Payments for Liquidation provided in section 3.4.6.(d) of this Additional Building Block including, but not only, the bondholders.

If, prior to the Date of Subscription, the Rating Agencies do not confirm as definitive any of the provisional ratings assigned, this circumstance will lead to the termination of the Subordinated Loan Agreement, exception made to that regarding to the initial expenses for incorporation of the Fund and the Bond issue.

b) Rules of subordination among the Bonds.

(i) Payment of interest:

- The payment of interest accruing on the Series A1, A2 and A3 Bonds holds (i) third (3rd) place in the Order of Priority of Payments described under section 3.4.6.(b) of this Additional Building Block and (ii) the third (3rd) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of this Additional Building Block.
- The payment of interest accruing on the Series B Bonds holds (i) fourth (4th) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block, except in the case that the substitution provided for in section 3.4.6.(c) of this Additional Building Block took place, in which case it will hold ninth (9th) place in the Order of Priority of Payments described in section 3.4.6.(b) and (ii) the fifth (5th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of this Additional Building Block.
- The payment of interest accruing on the Series C Bonds holds (i) fifth (5th) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block except in the case that the substitution provided for in section 3.4.6.(c) of this

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Additional Building Block took place, in which case it will hold tenth (10th) place in the Order of Priority of Payments described in section 3.4.6.(b) and (ii) the seventh (7th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of this Additional Building Block.

- The payment of interest accruing on the Series D Bonds holds (i) sixth (6th) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block except in the case that the substitution provided for in section 3.4.6.(c) of this Additional Building Block took place, in which case it will hold eleventh (11th) place in the Order of Priority of Payments described in section 3.4.6.(b) and (ii) the ninth (9th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of this Additional Building Block.
- The payment of interest accruing on the Series E Bonds holds (i) seventh (7th) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block except in the case that the substitution provided for in section 3.4.6.(c) of this Additional Building Block took place, in which case it will hold twelfth (12th) place in the Order of Priority of Payments described in section 3.4.6.(b) and (ii) the eleventh (11th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of this Additional Building Block.
- The payment of the Ordinary Part of the interests accruing on the Series F Bonds holds (i) fourteenth (14th) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block and (ii) the thirteenth (13th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of this Additional Building Block.
- The payment of the Extraordinary Part of the interests accruing on the Series F Bonds holds (i) twentieth (20th) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block and (ii) the nineteenth (19th) place in the Order of Priority of Payments for Liquidation described in section 3.4.6.(d) of this Additional Building Block.

(ii) Redemption of principal:

The endowment of the withholding of the Accrued Redemption Amount of Bond Series A1, A2, A3, B, C, D and E holds eighth (8th) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block. The endowment of the withholding of the Accrued Redemption Amount of Bond Series F holds fifteenth (15th) place in the Order of Priority of Payments established in section 3.4.6.(b) of the Additional Building Block.

The redemption of principal on the Series A1, A2 and A3 Bonds holds fourth (4th) place in the Order of Priority of Payments for Liquidation contemplated under section 3.4.6.(d) of this Additional Building Block.

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The redemption of principal on the Series B Bonds holds sixth (6th) place in the Order of Priority of Payments for Liquidation contemplated under section 3.4.6.(d) of this Additional Building Block.

The redemption of principal on the Series C Bonds holds eighth (8th) place in the Order of Priority of Payments for Liquidation contemplated under section 3.4.6.(d) of this Additional Building Block.

The redemption of principal on the Series D Bonds holds tenth (10th) place in the Order of Priority of Payments for Liquidation contemplated under section 3.4.6.(d) of this Additional Building Block.

The redemption of principal on the Series E Bonds holds twelfth (12th) place in the Order of Priority of Payments for Liquidation contemplated under section 3.4.6.(d) of this Additional Building Block.

The redemption of principal on the Bonds of the Series F holds fourteenth (14th) place in the Order of Priority of Payments for Liquidation contemplated under section 3.4.6.(d) of this Additional Building Block.

The foregoing is construed without prejudice to the special rules of redemption reflected under section 4.9.6.(c) of the Securities Note.

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.

3.4.4.1 Cash Account

The Manager, acting for and on behalf of the Fund, and Santander, shall enter into the Guaranteed Rate Reinvestment Agreement by virtue of which Santander shall guarantee a yield on the amounts deposited by the Fund, through its Manager, into the Cash Account. Specifically, the Guaranteed Rate Reinvestment Agreement shall determine that the amounts received by the Fund, for:

- (i) principal and interest on the Assets;
- (ii) any other amounts which are received for a concept different to the payment of principal or ordinary and default interest on the Assets;
- (iii) amounts which constitute the Reserve Fund from time to time;
- (iv) the amounts which, as the case may be, are paid to the Fund and derive from the Swap Agreement; and
- (v) the amounts of the returns obtained for the Cash Account balance;

shall be deposited into the Cash Account.

In the Cash Account all payments and collections will be centralized during the whole life of the Fund.

In the Pay Out Date, the Cash Account will receive the effective amount for the payment of the subscription of the Bonds issue, net of commissions and the initial amount of the Subordinated Loan, and will pay the price of acquisition of the Assets transferred to Santander for its initial amount, and expenses of incorporation of the Fund.

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Santander guarantees to the Fund, through its Manager, 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 Account, equal to the Reference Interest Rate of the Bonds in force the last day of each liquidation period.

The calculation of the yield of the balance of the Cash Account shall be carried out by taking the actual days between two liquidation dates of the Cash Account (that is, the liquidation period of the Cash Account) and by using as a base a year composed of three hundred sixty-five (365) days. Interest shall be settled monthly, the day 12 of each month, or in case that is not a Business Day, the Business Day immediately following.

Santander will not carry out any withholding in the interest liquidation of the Cash Account as established by section 59, paragraph k of Royal Decree 1777/2004. In the event that Santander carried out inappropriate withholdings, Santander agrees to pay to the Fund the same amounts that would correspond to the Fund if those withholdings did not take place.

To mere illustrative effects, for the first Interest Accrual Period (that is that elapsing between the Pay Out Date (included) and January 21, 2008 (excluded)) the rate to be taken will be the result of the lineal interpolation between the two- (2) month EURIBOR interest rate and the three- (3) month EURIBOR interest rate, fixed at 11.00 hours a.m. (Madrid time) of the Date of Incorporation, liquidating November 12, December 12 and January 12, and for the second Interest Accrual Period (that elapsing between January 21, 2008 (included) until April 19, 2008 (excluded)), the interest rate to be used will be EURIBOR three (3) months of the relevant Rate Setting Time, that is, January 17, 2008 liquidating days 12 February, March and April 2008.

In searching the maximum yield for the balance of the Cash Account and, if that is the case, the balance of the Excess Funds Account, the Manager will be able to invest the balances in assets of fixed income in euros, provided that the yield net of fees and expenses are equal to the generated by those amounts in the Cash Account and up until a maximum of the twenty per cent (20%) of the Principal Balance Pending on the Bonds. The fixed income assets subject to investment would have been issued by entities that have, as a minimum, the ratings F1, A-1 and P-1 (as per Fitch, Standard & Poor's and Moody's ratings, respectively), provided that the period of the investment made is inferior to thirty (30) days or, in case of higher periods, of F1+, A-1+ and P-1 of the non-subordinated and non-guaranteed short term debt (as per Fitch, Standard & Poor's and Moody's ratings, respectively). In any event, the termination of those assets must be previous to the following Payment Date. In case that the assets in which the referred temporary investment are "repos" (transaction with agreement of repurchase, regarding the purchase of a security with the undertaking of terminating it at a following date and at a price fixed previously and formalized in one agreement), the counterpart entity of the "repo" transaction must have a minimum rating of A-1+ and F1+ and P-1 (as per Standard & Poor's, Fitch and Moody's short term ratings, respectively) for short term risks.

In the event that Santander's non subordinated and non guaranteed short-term debt should undergo, at any time during the life of the Bond issue, a decline in its rating

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below F-1, A-1 or P-1 (as per the rating scales of Fitch, Standard & Poor's and Moody's, respectively), the Manager shall have a maximum deadline of thirty (30) calendar days to be counted from the day that such situation takes place, to carry out, in name and on behalf of the Fund, any of the following actions:

- (i) to transfer the Fund's Cash Account to a bank whose non subordinated and non guaranteed short-term debt has a minimum rating of F-1, A-1 or P-1 (as per Fitch, Standard & Poor's and Moody's ratings, respectively) and the Manager shall contract the highest yield possible for the balance thereof, which may be different from the one contracted with Santander. It shall be possible to transfer it back to Santander at a later time, when its non subordinated and non guaranteed short-term debt once again achieves the rating F-1, A-1 or P-1 (according to the aforesaid rating scales); or
- (ii) To obtain an unconditional and irrevocable first request bank guarantee from an entity whose non subordinated and non guaranteed short-term debt has a minimum rating of F1, A-1 and P-1 (as per Fitch, Standard & Poor's and Moody's ratings, respectively) and always subject to the prior notification to the Rating Agencies and subject to the guarantees' criteria of Standard & Poor's. Such bank guarantee will guarantee to the Fund, by the sole request of the Manager, the punctual payment by Santander of its obligation of repayment of the amounts deposited in the Cash Account, during the time that the situation of loss of ratings F1, A-1 or P-1 remains.

The Guaranteed Rate Investment Agreement softens partially the risk of temporary imbalance between revenues of the Fund in concept of principal and interests of diverse frequency and the redemption and interest payment of the Bonds, that of quarterly frequency.

Additionally and without prejudice of that set forth in the preceding paragraphs, in the event that the sum accumulated in the Cash Account at each moment, without taking into account the fixed income investments, exceeds twenty per cent (20%) of the Outstanding Balance of the Bonds and the non-subordinated and non-guaranteed short-term debt of Santander, suffered, at any time of the life of the Bonds issue, a decrease in its rating below F-1 (as per rating scale for Fitch) or had an A-1 rating (as per Standard & Poor's scale), the Manager, for the account of the Fund, shall open a new account at a bank with a rating of F1+, A-1+ and P-1 (according to the rating scales of Fitch, Standard & Poor's and Moody's, respectively) (the "**Excess Funds Account**") into which all sums which exceed the aforementioned twenty per cent (20%) shall be deposited, contracting the maximum possible yield for its balances that will equal, at least, that contracted for the Cash Account and will have the same liquidation conditions as the Cash Account.

In the event that the new bank should forfeit the rating F-1+, A-1+ or P-1 (according to the rating scales of Fitch, Standard & Poor's and Moody's, respectively), the Manager shall have 30 days to find a new bank with the rating F-1+, A-1+ and P-1 (according to the rating scales of Fitch, Standard & Poor's and Moody's, respectively) and not to damage the ratings assigned to the Bonds. The Manager shall notify Fitch, Standard & Poor's and Moody's with as much advance notice as possible as to the probability of this event occurring.

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The Excess Funds Account, once created, will stay open during the entire life of the Fund although its balance changes as consequence of the trespass of funds deposited in it to the Cash Account at the Payment Dates in which the Funds Account has balance. The balance of the Excess Funds Account will include the accumulated excess of 20% in the Cash Account as well as the returns obtained as yield of said account.

3.4.5 How payments are collected in respect of the Assets.

Santander, as collection manager, shall receive for the account of the Fund such sums of money as are paid by the Debtors as deriving from the Assets, both for principal or interest, as well as any other concept assigned to the Fund, and shall proceed to deposit into the Cash Account the amounts which pertain to the Fund, immediately and, in any case, within a period not to exceed forty eight (48) hours.

Furthermore, Santander shall pay into the said Cash Account and within the above-mentioned deadline the amounts it receives, as the case may be, from the Debtors for the early redemption prepayment of the Assets.

Notwithstanding the above, in the event of a descent rating of the non subordinated and non guaranteed short term debt of the Administrator below F2 (as per Fitch rating scale) or the non-subordinated and non-guaranteed long-term debt of the Administrator below Baa3 (as per Moody's rating scale), or that the quality of the rating of the Administrator could give way a descent of the ratings given by the Rating Agencies to each of the Bond Series, the Manager, through written notice sent to the Administrator, will give instructions so that those amounts are to be paid in before into the Cash Account, at the day immediately following the day on which they were received by the Administrator. Furthermore, in the event of a descent of the rating of the non subordinated and non guaranteed short term debt of the Administrator below F2 as per Fitch rating scale, the Administrator shall constitute a cash escrow in favor of the Fund for a net amount that is in line with the Fitch criteria described in its report "Commingling Risk in Structured Finance Transactions: Service and Account Bank Criteria", of June 9, 2004 or with any document produced by Fitch that may replace the former in the future.

Powers and authorities of the holder of the Assets in case of breach of its obligations by a Debtor or by the Administrator.

Santander, as Administrator of the Assets, will apply the same diligence and procedure of claiming amounts due and not paid that it applies to the remaining loans of its portfolio.

a) Executory action against the Debtors of the Assets.

The Fund, as owner of the Assets, shall have all the legal actions inherent to ownership of the Assets, pursuant to the regulations in force. Said action must be exercised by means of the proceedings of the relevant court procedure pursuant to the provisions of article 517 and following of the Civil Procedure Act.

For the above purposes, the Management Company shall grant in the act of granting of the Fund's Deed of Incorporation a power as broad and sufficient as legally necessary in favor of Santander so that the latter, acting through any of its attorneys sufficiently empowered for that purpose, may, for and on behalf of the Manager, demand from the debtor of any of the Assets payment of its debt and file court action against the same, as well as other powers required to perform its duties as

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Administrator. These powers may also be granted in a different document than the Deed of Incorporation or be extended if necessary for performance of said duties.

b) Action against the Administrator.

The Manager, acting for and on behalf of the Fund, shall be entitled to an action of enforcement against the Administrator the maturities of the Assets for principal and interest, when the breach of the payment obligation for such concepts is not a consequence of the non-payment by the Debtors of the Assets.

Furthermore, in the event that Santander does not perform the obligations described in the section 3.7.1 of this Additional Building Block, the Fund, through the Manager, shall be entitled to a declaratory action against Santander for breach of the aforesaid obligations regarding the Loans, all of which in accordance with the formalities contemplated for such proceeding by the Civil Procedure Act.

In the same manner and cases, the Manager can request the Administrator to carry out all actions and fulfill all necessary formalities, including notices to third parties and recoding in the relevant registries, in order to guarantee the maximum validity of the assignment of the Assets and the accessory guarantees against third parties.

The Assets having been cancelled, the Fund, through its Manager, shall preserve suit against the Administrator until the performance of its obligations.

c) Actions in case of non-payment of the Mortgage Loans.

The Fund, through the Manager or through the Administrator, shall be entitled to file suit against the Debtors who breach their payment obligations arising out of the Mortgage Loans. Said suit shall be brought through the formalities of the applicable judicial foreclosure proceeding as provided by articles 517 et seq. of the Civil Procedure Act.

In case of breach in the payment of principal or interest on a MTC as a consequence of the non-payment of the Debtor of the Mortgage Loan, the Manager, acting for and on behalf of the Fund, shall have the following powers and authorities as provided by article 66 of Royal Decree 1289/1991:

- (i) Compel the Assignor as Administrator to bring mortgage foreclosure;
- (ii) Appear with equal rights, with the Assignor, as the issuing entity of the MTCs, in the foreclosure brought by the latter against the Obligor, appearing for such purpose at any foreclosure proceeding brought by the former;
- (iii) If the Assignor does not bring the proceeding within sixty (60) calendar days from the formal demand for payment of the debt dispatched through the service of a notary public, the Manager, acting for and on behalf of the Fund, shall have subsidiary standing to bring the mortgage action in respect of the Mortgage Loan, for both principal and interest, and the Assignor shall be obliged to issue a certification of the existing balance on the Mortgage Loan;
- (iv) In case of a stay in the proceeding brought by the Assignor, the Fund, duly represented by the Manager, as holder of the relevant MTC, may subrogate in the position of the former and following through with the foreclosure proceeding, with no need for the above-mentioned time period to transpire.

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In the cases provided by paragraphs (iii) and (iv), the Manager, on behalf of the Fund, may request the competent Judge to bring or continue with the pertinent mortgage foreclosure proceeding, including with the lawsuit the original certificate of the MTC with its breakdown, the formal demand served by a notary public contemplated under section (iii), *supra*, and a recorder's certificate showing recording and survival of the mortgage, for the case of the MTCs, and the document attesting to the balance being claimed.

If legally necessary, and for the purpose of the provisions of articles 581.2 and 686.2 of the Civil Procedure Act, the Administrator, in the Deed of Incorporation itself, shall grant an irrevocable Power of attorney, as ample and sufficient as is required by Law, in order that the Manager, acting for and on behalf of the Administrator, may make a formal demand to the Mortgage Obligor of any of the Mortgage Loans, served through a notary public, for payment of its debt.

The Fund, as holder of the MTCs, may also, through the Manager, appear with equal rights, with the Administrator, in the foreclosure proceeding and, in this regard may, in the terms provided by articles 691 et seq. of the Civil Procedure Act, request adjudication of the mortgaged property in payment of its debt. The Manager shall proceed with the sale of the properties so awarded within the shortest timeframe possible, at arm's length market conditions.

The relevant costs and provisions of funds, as the case may be, in relation to the foreclosure proceedings indicated in this section, shall be for the account of the Fund.

3.4.6 Origin and Application of Funds.

- (a) **Origin:** Available Funds calculated at the Determination Date prior to the Payment Date shall be the deposited amounts in the Cash Account or transferred to it from the Excess Fund Account, corresponding to the following concepts:
- (i) Amounts received for principal on the Assets in each preceding Determination Period to the Payment Date.
 - (ii) Interest collected on the Assets during each preceding Determination Period to the Payment Date (including, as the case may be, default interest).
 - (iii) The yield obtained during each Determination Period preceding the Payment Date coming from the reinvestment of the Reserve Fund as well as on the remaining amounts deposited into the Cash Account and, if such is the case, in the Excess Fund Account.
 - (iv) The Reserve Fund, in the terms of section 3.4.2. of this Additional Building Block.
 - (v) The net amount received by virtue of the terms of the Swap Agreement, as described under section 3.4.7 of this Additional Building Block.
 - (vi) Any other amounts which the Fund may receive, including, those which may result from the enforcement of the guarantees of the Loans, if they exist.
- (b) **Application:** The Manager, on behalf of the Fund, shall proceed to apply on each Payment Date (that is not the Legal Maturity Date, and neither when the Early Liquidation of the Fund takes place in the terms established in section 4.4.3.(1) of

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the Registration Document) the amount of the Available Funds to the following payments and withholdings, in accordance with the Order of Priority of Payments described below:

1. Payment to the Manager for ordinary and extraordinary expenses of the Fund and of the periodic management commission and in the event of Santander substitution as Administrator by a new entity that is not part of the consolidated group of Santander, payment of an administration commission and in the event of substitution of Santander as Paying Agent by a new entity that is not part of the consolidated group of Santander, of a payment agency commission.
2. Payment to Santander of the net amount of the Swap according to that established in section 3.4.7. of this Additional Building Block, and only in the event of termination of the Swap for non compliance of the Fund (*Event of Default*, as defined by the Swap Agreement) or for it being the only party affected by a case of early termination (*Termination Event*, as defined by the Swap Agreement), payment of the amounts to be satisfied by the Fund, if that is the case, that corresponds the liquidation payment.
3. Payment of interest accruing on the Series A1, A2 and A3.
4. Payment of the interest accruing on the Series B Bonds, except for deferral of this payment to the ninth (9th) place in the order of priority of payments as described in section 3.4.6.c) of this Additional Building Block.
5. Payment of the interest accruing on the Series C Bonds, except for deferral of this payment to the tenth (10th) place in the order of priority of payments as described in section 3.4.6.c) of this Additional Building Block.
6. Payment of the interest accruing on the Series D Bonds, except for deferral of this payment to the eleventh (11th) place in the order of priority of payments as described in section 3.4.6.c) of this Additional Building Block.
7. Payment of the interest accruing on the Series E Bonds, except for deferral of this payment to the twelfth (12th) place in the order of priority of payments as described in section 3.4.6.c) of this Additional Building Block.
8. Withholding of the Accrued Redemption Amount of Bond Series A1, A2, A3, B, C, D and E, as per the order described under section 4.9.5 of the Securities Note.
9. Payment of the accrued interests for Series B Bonds when the deferral of its payment from the fourth (4th) place in the order of priority according that section.
10. Payment of the accrued interests for Series C Bonds when the deferral of its payment from the fifth (5th) place in the order of priority according that section.
11. Payment of the accrued interests for Series D Bonds when the deferral of its payment from the sixth (6th) place in the order of priority according that section.

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12. Payment of the accrued interests for Series E Bonds when the deferral of its payment from the seventh (7th) place in the order of priority according that section.
13. Withholding of the necessary amount to maintain the Reserve Fund at the required level at each time.
14. Payment of the Ordinary Part of interest accrued on the Series F Bonds.
15. Withholding of an amount equal to the Accrued Redemption Amount for Series F.
16. Payment of the amount for the Swap Agreement termination, except in cases provided for in point 2 of the Order of Priority of Payments.
17. Payment of interest accrued on the Subordinated Loan.
18. Redemption of the Subordinated Loan.
19. Payment to Santander of the management fee.
20. Payment of the Extraordinary Part of the interests of the Bonds Series F (that being a variable amount equal to the excess of liquidity after satisfying the concepts mentioned in number 1 to 19 of this Order of Priority of Payments).

The expenses reflected in first place in the above Order of Priority of Payments are broken down into the following:

The following are deemed ordinary expenses:

- Expenses deriving from the annual audits of the Fund's financial statements;
- Expenses deriving from maintenance of the ratings of the eight (8) Bond Series;
- Expenses that could arise from the verification, recording and administrative authorizations of obliged compliance;
- Expenses related to the redemption of the Funds;
- Expenses related to any notices which, in accordance with the provisions of this Prospectus, must be given to the holders of Bonds in circulation;
- Expenses regarding the account registry of the Bonds for its representation through book entry, its admission to trade in AIAF and its maintenance;
- Manager's fee that substitutes the current Manager, if that is the case;
- In general, any other expenses borne by the Manager, and arising out of its work involving representation and management of the Fund.

The following are deemed extraordinary expenses:

- If that is the case, those expenses arising from the presentation and formalization of amendment to the Deed of Incorporation and the agreements, as well as for the celebration of additional agreements;
- The necessary expenses in order to carry out the execution of the underlying Loans to the Assets;

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- The corresponding reserve in order to pay the final expenses of termination and liquidation of administrative, fiscal or advertisement nature;
- In general, any other associated extraordinary expenses that were charged to the Fund or by the Manager in representation and on its behalf.

(c) Exceptional rules of priority of payments for the account of the Fund:

If the substitution of Santander as Administrator of the Loans should take place, in favor of another entity not forming part of Santander's consolidated group, a fee shall accrue in favor of the third party, new administrator, which shall go from holding 19th place to 1st place in the Order of Priority of Payments established under section 3.4.6.(b), *supra*.

The payment of interest on the Series B Bonds shall be postponed with respect to the Accrued Redemption Amount, occupying the ninth (9th) position in the Order of Priority of Payments, when on the Payment Date preceding the relevant Payment Date the accumulated Outstanding Balance of the Failed Loans without taking into account the recovered amount, from the incorporation of the Fund, were higher to the eight point ninety five per cent (8.95%) of the Outstanding Balance of the Assets at the Date of Incorporation and provided that the total redemption of the Series A1, A2 and A3 Bonds did not take place and that it was not to happen at the relevant Payment Date.

The payment of interest on the Series C Bonds shall be postponed with respect to the withholding of the Accrued Redemption Amount, occupying the tenth (10th) position in the Order of Priority of Payments, when on the Payment Date preceding the relevant Payment Date the accumulated Outstanding Balance of the Failed Loans without taking into account the recovered amount, from the incorporation of the Fund, were higher to the six point fifty per cent (6.50%) of the Outstanding Balance of the Assets at the Date of Incorporation and provided that the total redemption of the Series A1, A2, A3 and B Bonds did not take place and that it was not to happen at the relevant Payment Date.

The payment of interest on the Series D Bonds shall be postponed with respect to the withholding of the Accrued Redemption Amount, occupying the eleventh (11th) position in the Order of Priority of Payments, when on the Payment Date preceding the relevant Payment Date the accumulated Outstanding Balance of the Failed Loans without taking into account the recovered amount, from the incorporation of the Fund, were higher to the four point eighty per cent (4.80%) of the Outstanding Balance of the Assets at the Date of Incorporation and provided that the total redemption of the Series A1, A2, A3, B and C Bonds did not take place and that it was not to happen at the relevant Payment Date.

The payment of interest on the Series E Bonds shall be postponed with respect to the withholding of the Accrued Redemption Amount, occupying the twelfth (12th) position in the Order of Priority of Payments, when on the Payment Date preceding the relevant Payment Date the accumulated Outstanding Balance of the Failed Loans without taking into account the recovered amount, from the incorporation of the Fund, were higher to the three point ninety per cent (3.90%) of the Outstanding Balance of the Assets at the Date of Incorporation and provided that the total redemption of the Series A1, A2, A3, B, C and D Bonds did not take place and that it was not to happen at the relevant Payment Date.

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In the event that at a Payment Date, the Fund could not face the total or partial payment of the accrued interests of the Bonds of any of the Series, according to the Order of Priority of Payments established in section 3.4.6.b) supra, the amounts that the bondholders had not received will be accumulated in the following Payment Date in which, according to the mentioned Order of Priority of Payments, the Fund has Available Funds sufficient for that, and in order of maturity in case that it was not possible to pay all of them for insufficient Available Funds. The amounts not paid of due interests will not accrue additional interests or defaulting interests and will not be accumulated to the Principal Balance Pending of the Bonds.

(d) Order of Priority of Payments for Liquidation:

The Manager will proceed to the liquidation of the Fund, when its liquidation takes place at the Legal Maturity Date or at the Payment Date in which takes place the Early Liquidation of the Fund, according to section 4.4.3.(3) of the Registration Document, through the application of the Available Funds for Liquidation in the following Order of Priority of Payments for Liquidation:

- 1°. Payment to the Manager for ordinary and extraordinary expenses of the Fund and the periodic management fee, and for cases of substitution of Santander as Administrator for a new entity that is not part to the consolidated group of Santander, of a management fee, and in the event of substitution of Santander as Paying Agent by a new entity that is not part of the consolidated group of Santander, of a payment agency fee.
- 2°. Payment to Santander of the Swap net amount according to that established in section 3.4.7. of this Additional Building Block, and only in the event of termination of the Swap for non compliance of the Fund (*Event of Default*, as defined by the Swap Agreement) or for it being the only party affected by a case of early termination (*Termination Event*, as defined by the Swap Agreement), payment of the amounts to be satisfied by the Fund, if that is the case, that corresponds the liquidation payment.
- 3°. Payment of the interests accrued for Series A1, A2 and A3 Bonds.
- 4°. Redemption of principal of Series A1, A2 and A3 Bonds.
- 5°. Payment of the interests accrued s for Series B Bonds.
- 6°. Redemption of principal of Series B Bonds.
- 7°. Payment of the interests accrued for Series C Bonds.
- 8°. Redemption of principal of Series C Bonds.
- 9°. Payment of the interests accrued for Series D Bonds.
- 10°. Redemption of principal of Series D Bonds.
- 11°. Payment of the interests accrued for Series E Bonds.
- 12°. Redemption of principal of Series E Bonds.
- 13°. Payment of the Ordinary Part of the interests accrued for Series F Bonds.
- 14°. Redemption of principal of Series F Bonds.

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- 15°. Payment of the amount due for the Swap termination, exception made of cases established in point 2 above of the current Order of Priority of Payments for Liquidation.
- 16°. Payment for interests accrued of the Subordinated Loan.
- 17°. Redemption of principal of the Subordinated Loan.
- 18°. Payment to Santander of the management fee.
- 19°. Payment of the Extraordinary Part of the interests accrued for Series F Bonds (being a variable amount equal to the excess of liquidity after satisfying the concepts mentioned in numbers 1 to 18 of this Order of Priority of Payments for Liquidation).

The following will be Available Funds for Liquidation:

- a) The Available Funds; and
- b) The amounts that the Fund obtains for the sale of the remaining Assets and any other assets, if that is the case, for cases of Early Liquidation of the Fund according to the requirements established in section 4.4.3.(3) of the Registration Document.

3.4.7 Details of other agreements on which interest and principal payments to the bondholders depend.

The Manager shall enter into, acting for and on behalf of the Fund, with Santander, one sole interest Swap Agreement, as per standard form ISDA, the most relevant terms of which are described below.

The entering into of the interest Swap Agreement responds to the need of mitigating the interest rate risk which takes place at the Fund due to the fact of having the Assets subject to fixed interest rates and variable interest rates with different reference indexes and different review periods and settlement periods for variable interest established for each one of the Bond Series issued against the Fund.

By means of the Interest Swap Agreement, the Fund will make payments to Santander, calculated on the interest rate of the Assets and, as counterpart, Santander shall make payments to the Fund, calculated on the average weighted Nominal Interest Rate of the Bond Series, all of which as described below:

Party A: The Fund, as represented by the Manager.

Party B: Santander or the counterpart, in case of substitution.

Settlement Dates.

The Settlement Dates shall coincide with the Bond Payment Dates, i.e. January 19, April 19, July 19 and October 19, of each year or, if any of these dates is not a Business Day, the immediately following Business Day. The first Settlement Date shall be January 21, 2008.

Settlement Periods.

The Settlement Periods for Party A and for Party B are exactly the same, establishing as such the days actually transpiring between two consecutive Determination Dates, including the first and excluding the last. By way of exception, the first Settlement Period for each party shall have a duration equivalent to the days actually transpiring between November 2,

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2007 (inclusive), and the Determination Date immediately preceding the first Payment Date, that will be on January 21, 2008 (non-inclusive).

Amounts to be paid by Party A.

This will be, at each Settlement Date, the result of applying the Party A Interest Rate to the Notional of the Swap for Party A, adjusted to the number of days of the immediately previous Settlement Period (i.e. the same or equivalent to: number of days / 360).

Party A Interest Rate.

This will be, on each Settlement Date, the annual interest rate which results from dividing (i) the sum of the interests received on the Assets and deposited to the Fund during the immediately previous Settlement Period, by (ii) the Notional of the Swap for Party A, all of which multiplied by the result of dividing 360 between the number of days of the immediately previous Settlement Period .

Notional of Swap for Party A.

This will be at each Settlement Date, the Notional Balance of the Assets defined as the daily average during the immediately previous Settlement Period of the Outstanding Balance of the Assets which are not subject to lateness in the payments of amounts due by more than ninety (90) days.

Amounts to be paid by Party B.

This will be at each Settlement Date, the result of adding up (i) the amount resulting from applying the Party B Interest Rate to the Notional of the Swap for Party B, adjusted to the number of days elapsing from the prior Payment Date (i.e. the same or equivalent to: number of days/360) and (ii) the amount at the Settlement Date corresponding to the fee accrued in favor of the administrator of the Loans, only in the case of substitution of Santander as Manager of the Loans.

Party B Interest Rate.

This will be, at each Settlement Date, the annual interest rate which results from adding together (i) the Reference Interest Rate of the Bonds determined for the Interest Accrual Period that ends in the Settlement Date, plus (ii) the average margin on the Bonds for Series A1, A2, A3, B, C, D, and E (understood as the result of adding up the Principal Balance Pending Payment of each Bond Series multiplied by the margin of that Bond Series and all that divided by the Principal Balance Pending Payment of Bond Series A1, A2, A3, B, C, D and E) plus (ii) a zero point sixty per cent. (0.60%).

Notional of Swap for Party B.

It will be at each Settlement Date the higher of : (i) the Notional Swap for Party A, and (ii) the Notional Adjusted to the Yield of the Assets.

The Notional Adjusted to the Yield of the Assets at each Settlement Date will be the lower of:

- (i) The sum of the ordinary interests perceived from the Assets and paid into the Fund during the immediately previous Settlement Period, divided upon the Interest Rate for Party B, multiplied by the result of dividing 360 between the number of days of the Settlement Period.

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- (ii) The Outstanding Balance of the Assets at the Settlement Date immediately preceding or, if that is the case, the Outstanding Balance of the Loans at the Incorporation Date of the Fund.

The possible notionals for Party B mentioned in the previous paragraph are as follows;

- a) Notional of the Swap for Party A. This notional is equal to the Notional Balance of the Assets defined as the daily average, during the immediately previous Settlement Period, of the Outstanding Balance of the Assets that have no arrears in the payments of amounts due for more than ninety (90) days.
- b) Interests perceived from the Assets and paid into the Fund during the immediately previous Settlement Period, divided upon the Interest Rate for Party B all that multiplied by the result of dividing 360 by the number of days of the Settlement Period.
- c) The Outstanding Balance of the Assets at the Date of Settlement immediately preceding, or if that is the case, for the first liquidation of the Swap, the Outstanding Balance of the Assets at the Date of Incorporation of the Fund.

Eventual Scenarios:

By definition, the notional described under paragraph c) preceding is always higher to the notional described under paragraph a).

Scenario 1: In the event that the notional described in paragraph b) is higher to the notional described in paragraph c), this would mean that the risk of the interest rate had not been materialized and at the same time that the defaulting rate of the portfolio is such that it will not affect the financial equilibrium of the Fund. In this case, Party B will pay to the fund the Interest Rate of Party B over notional described under paragraph c). The net of the Swap in this case is positive for Party B.

Scenario 2: In the event that the value of notional described under paragraph a) and b) is higher to the notional described under paragraph c), this would mean that the defaulting rate of the portfolio is such that it affects the financial equilibrium of the Fund. In this case, Party B will pay to the Fund the interest rate for Party B over the notional described under b). The net of the Swap Agreement in this case will be equal to that described under paragraph b). The net of the Swap will be equal to zero.

Scenario 3: In the event that the notional described under paragraph b) was lower to the notional described under paragraph a), this would mean that the risk of interest has been materialized. In this case, the Party B will pay the Fund the Interest Rate for Party B over the notional described under paragraph a). The net of the Swap in this case will be positive for Party A.

Since notional of the Swap is equal for Party A and Party B and the interest rate perceived by the Fund lower to the interest rate of Party B. Party B will pay to the Party A.

Events of Default of the Swap Agreement:

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In the event that on a Payment Date the Party A does not have sufficient Available Funds to make Payment of the entire net amount (in the event that the amount to be paid by Party A to Party B is greater than the amount to be paid by Party B and to be received by Party A) to be paid by Party A to Party B, the portion of the net amount not paid shall accumulate, accruing default interest at Party A Interest Rate, and shall be settled on the next Payment Date on which the Party A has sufficient Available Funds in accordance with the Order of Priority of Payments set out in section 3.4.6.(B) of the Additional Building Block, in such a manner that the Swap Agreement is not terminated.

If at a Payment Date Party B did not face its obligations of payment for the total net amount that had to pay to Party A, the Manager will be able to terminate the Swap Agreement, and if that is the case, Party B shall assume the payment obligation of the liquidation amount provided in the Swap Agreement. In this event, if the liquidation amount of the Swap corresponded to Party A, its payment will take place deferred according to the Order of Priority of Payments provided in section 3.4.6.(b) of the Additional Building Block.

The liquidation amount shall be calculated by the Manager, as calculation agent of the Swap Agreement, in function of the market value of the Swap.

Actions in cases of changes to the Party B ratings

(i) Fitch Criteria:

The alternatives described in this section and the times to which they refer and the qualifications of Party B are gathered in the criterion of counterparties ("Swap Criteria") of Fitch "Counterparty Risk in Structured Finance Transactions: Hedge Criteria" published on August 1, 2007, which may be updated, modified, replaced and available at www.fitchratings.com.

(i) Initial case

If, at any time during the life of the issuance of the Bonds, a decline in the rating of the Bank's unsubordinated and unsecured long and short-term debt below A and F1, respectively (as per the long and short-term rating scales of Fitch, respectively), and that as a consequence, the current rating of the Bonds should be reduced or revised for a possible reduction by Fitch ("**Initial Event in the Fitch Rating**"), the Party B shall, with reasonable diligence within a time of 30 days from the time of the Initial Event in the Fitch Rating, and at its own cost choose between one of the following alternatives:

- (A) create a cash deposit or a deposit of securities for the benefit of the Fund, in a third party with a minimum unsubordinated and unsecured short-term rating of F1 according to rating scale of Fitch, as guarantee of the fulfillment of Party B's contractual obligations equal to an amount calculated, among other criteria, according to the market value of the Swap in order to maintain the Bonds rating all above subject to the terms and conditions considered appropriate by the Fund, represented by the Management Company, and the "Swap Criteria" of the Rating Agencies in force at that moment which define the guidelines where the rule for the calculation of the amount of such deposit in order to maintain the Bonds' rating;

The market value will be calculated according to Fitch's criteria reflected in its report "Counterparty Risk in Structured Finance: Swap Criteria" dated

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October 1, 2007 or any document or report produced by Fitch that may replace the former in the future. Party B will put forward a formula to provide an estimate of the market value of the Swap, within fifteen (15) days following Party B's loss of the rating. If that formula is not validated by Fitch, the calculation of the market value will include an amount equal to that resulting from multiplying (a) 1.00% of the Outstanding Balance of the Loans at the time of the fall in the rating of Santander as in point (i) above by (ii) the average life of the Loans assuming a CARP of 0%;

- (B) that a third party having an unsubordinated and unsecured long and short-term rating of at least A and F1 (as per the long and short-term rating scales of Fitch, respectively) shall guarantee the performance of its contractual obligations;
- (C) that a third party having an unsubordinated and unsecured long and short-term debt rating of at least A and F1 (as per the rating scales for long and short-term of Fitch, respectively) shall assume its contractual position, all rights and obligations under the Swap Agreement being transmitted to Party B. The new entity would remain subrogated in substitution of Party B and all of which subject to the terms and conditions deemed pertinent by the Fund, as represented by the Manager. In any case, the costs of the said subrogation will run to the new entity.

(ii) Fitch Criteria (continued):

If, at any time a decline in the rating of Party B's unsubordinated and unsecured long and short-term debt below BBB+ and F2, respectively (as per the long and short-term rating scales of Fitch, respectively), ("**First Later Event in the Fitch Rating**"), options (B) and (C) provided in the Initial Case covered in section (i) above, would be these only viable for avoid the fall in the rating awarded to the Bonds by the Rating Agencies, with the cash or securities deposit provided in option (A) of the mentioned section within the ten (10) natural days following the occurrence of the First Event Following the Fitch Rating until any of the mentioned option (B) or (C) occur.

Notwithstanding the above, option (A) of section (i) above will be equally viable as long as the calculations of the market value and the correct and punctual creation of the deposit are verified each week by an independent third party (the cost of such verification will be to the account of Party B).

In the event that Party B breaches the obligations established under sections (i) and (ii) above, the Manager, on behalf of the Fund, shall be empowered to substitute Party B with another entity of the characteristics established under section (i) (B), above.

(iii) Fitch Criteria (continued):

If there is a fall in the non-guaranteed and unsubordinated short term debt rating of Party B below BBB- and F3, respectively ("**Second Later Event in the Fitch Rating**"), Party B, with reasonable diligence within a term of ten natural days from the occurrence of the said Second Later Event in the Fitch Rating Fitch, and at its own cost, will try to carry out, between the following alternatives:

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- (A) a third entity with a long and short term unsubordinated and non-guaranteed rating of at least A and F1 (according to the long and short term ratings of Fitch, respectively) should guarantee compliance with its contractual obligations;
 - (B) a third entity with a long and short term unsubordinated and non-guaranteed rating of at least A and F1 (according to the long and short term ratings of Fitch, respectively) should assume their contractual position, and Party B should transfer all of its rights and obligation under the Swap Agreement to the new subrogated entity. The new entity would be subrogated in the place of Party B and everything subject to the terms and conditions that the Fund might deem pertinent, represented by the Manager. In any case, the costs generated by the said subrogation will run to the new entity.
- (iv) Any infringement by Party B of the obligations established in sections (i), (ii) and (iii) above will suppose an **Additional Event of Early Termination**, which will be deemed to occur within a maximum time of ten (10) Business Days (following the previously established time of thirty (30) natural days for section (i) and ten (10) natural days for sections (ii) and (iii)) following the reduction in the rating, with respect to Party B with Party B as the only Affected Party and the Swap Agreement between the Parties will be the Affected Operation. Without prejudice to the above, Party A will only determine the early termination date under this Additional Event of Early Termination if Party A should demonstrate that it has managed to find a new counterparty interested in participating in a transaction, with economic and legal terms as close as possible (as Party A will determine at its own discretion) to the transaction terminated with Party B.

(ii) Standard & Poor's Criteria:

If the unsubordinated and non-guaranteed short term debt of the Swap counterparty should, at any time of the life of the Bonds, experience a fall in its rating to A-2 (below A-1), according to Standard & Poor's, it will be the ineligible counterparty of the transaction and shall agree, within a maximum time of ten (10) days, to collateralize one hundred twenty five per cent (125%) of the market value of the Swap Agreement calculated in accordance with the Standard & Poor's criteria, and, in a maximum time of sixty (60) Business Days, shall:

- (i) Substitute the ineligible counterparty for another credit entity with an unsubordinated, non-guaranteed short term debt with a minimum rating of A-1 according to Standard & Poor's.
- (ii) Obtain a bank warranty on first requirement from a credit entity suitable to Standard & Poor's, with an unsubordinated, non-guaranteed short term debt with a minimum rating of A-1 according to Standard & Poor's, which complies with the current Standard & Poor's criterion at any time, in guarantee of the obligations of the ineligible counterparty under the Swap.

Any guarantee will be subject to confirmation of the rating of the bonds by Standard & Poor's.

All costs derived from any of the above actions will run to the ineligible counterparty.

The alternatives described in this section and the times to which they refer and the ratings of Party B are gathered in the criterion of counterparties of Standard & Poor's

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“Revised Framework For Applying Counterparty And Supporting Party Criteria” published on May 8, 2007, available at www.standardandpoors.com and which may be updated, modified or relinked.

(vi) Moody’s criteria

Under Moody’s criteria:

- An entity will have a “**First Level of Required Rating**” (A) in the case of said entity having a Moody’s rating for its short-term debt that is not subordinated and not guaranteed, if said rating is equal to or greater than P-1 and the Moody’s rating for its long-term debt that is not subordinated and not guaranteed is equal to or greater than A2, and (B) in the case of said entity not having a Moody’s rating for its short-term debt that is not subordinated and not guaranteed, if the Moody’s rating for its long-term debt that is not subordinated and not guaranteed is equal to or greater than A1.

- An entity will have a “**Second Level of Required Rating**” (A) in the case of said entity having a Moody’s rating for its short-term debt that is not subordinated and not guaranteed, if said rating is equal to or greater than P-2 and the Moody’s rating for its long-term debt that is not subordinated and not guaranteed is equal to or greater than A3, and (B) in the case of said entity not having a Moody’s rating for its short-term debt that is not subordinated and not guaranteed, if the Moody’s rating for its long-term debt that is not subordinated and not guaranteed is equal to or greater than A3.

Party B will assume the following irrevocable covenants under the Swap Agreement:

- (i) If, at any time during the life of the Bonds issue, neither Party B or any of its Guarantors has the First Level of Required Rating (“**Default of the First Level of Required Rating**”), Party B will carry out any of the following measures in the term of thirty (30) Business Days after the happening of such event:
- 1) Obtain a Substitute with the First Level of Required Rating (or else that the Substitute has a Guarantor with the First Level of Required Rating).
 - 2) Obtain a Guarantor with the First Level of Required Rating.
 - 3) Constitute a cash or securities escrow in favor of the Fund in an entity with a non guaranteed and non subordinated short term debt rating equal to P-1 as per Moody’s rating scale, according to the terms of the Credit Support Annex.
- (ii) If, at any time during the life of the Bonds issue, neither Party B nor any of its Guarantors has a Second Level of Required Rating (“**Default of Second Level of Required Rating**”), Party B, acting in a diligent manner, will try, at the shortest term possible, (A) obtain a Guarantor with the Second Level of Required Rating; or (B) obtain a Substitute with the Second Level of Required Rating (or else that the Substitute has a Guarantor with the Second Level of Required Rating).

As long as the alternatives described above are not carried out, Party B shall, in the term of thirty (30) Business Days from the happening of the Default of the Second Level of Required Rating, constitute a cash or securities escrow in favor of the Fund in an entity with a rating of its non guaranteed and non subordinated short term debt equal to P-1 as per Moody’s rating scale, according to the terms of the Credit Support Annex.

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The obligations of Party B under sections (i) and (ii) above, as well as the causes of early termination derived from them, will only be in force while the causes that brought the Non compliance of the First Level of Rating or the Non compliance of the Second Level of Rating, respectively. The amount of the deposit that would have been made by Party B under sections (i) and (ii) above will be returned to Party B when the causes that brought the Non compliance of the First Level of Rating or the Non compliance of the Second Level of Rating stopped, respectively.

All the expenses, costs and taxes incurred because of the compliance of the obligations supra will be borne by Party B.

To the above effects, "**Guarantor**" means that entity that gives a guarantee that is unconditional, irrevocable and to first request with respect to the current and future obligations of Party B (the "**Guarantee**") and provided that (A) a law firm gives a legal opinion confirming that none of the payments carried out by that entity to Party A under the Guarantee is subject to deductions or withholdings for or to the account of tax; or (B) the Guarantee determines that, if that deduction or withholding exists, the payments carried out by that entity will be incremented in the necessary amount so that the net payment received by Party A is equal to that amount that Party A would have received if the deduction or the withholding did not exist and,

"**Substitute**" means, that entity that subrogates itself in the contractual position of Party B in the Swap Agreement or that subscribes a new interest finance exchange agreement with Party A, in substantially equal terms to the Swap Agreement (which shall be confirmed by Party A, acting in a diligent manner) and provided that (A) a law firm gives a legal opinion confirming that none of the payments carried out by that entity to Party A under the Guarantee is subject to deductions or withholdings for or to the account of tax; or (B) the Guarantee determines that, if that deduction or withholding exists, the payments carried out by that entity will be incremented in the necessary amount so that the net payment received by Party A is equal to that amount that Party A would have received if the deduction or the withholding did not exist. That entity, to all effects, will be deemed as Party B in the Swap Agreement or in the new interest finance exchange agreement to be subscribed.

- (vii) Any non-compliance by Party B to assign its position (according to section (vi)(i)(1)) or to give guarantees of a third party (according to section (vi)(i)(2)) or non-compliance of its obligations under the Credit Guarantee Annex (according to section (vi)(i)(3)) will be an Additional Event of Early Termination, that would be deemed as taking place in the 30 Business Days following the last Default of the First Level of Rating with Party B, with Party B as sole Affected Party and the Swap Agreement between the Parties will be Affected Transaction.

Any rejection of Party B to constitute a deposit (according to section (vi)(ii)) will be an Event of Default which will be deemed as taking place in the thirty (30) Business Days following the last Default of the Second Level of Rating, with respect to Party B, with Party B as sole Defaulting Party. ("**Event of Default**" is a defined term in the frame agreement ISDA of the Swap Agreement and that grants to Defaulting Party the possibility of early termination of the Swap).

In all cases of early termination, Party B will bear the payment obligation of the liquidation amount provided for in the Swap Agreement. If the liquidation amount of the Swap was an obligation of the Fund (Party A) and not of Party B, its payment by the Fund (Party A) will be carried out according to the Order of Priority of Payments.

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- (viii) In the event that more than one rating criteria affected Party B, the measures to be taken by Party B shall satisfy the rating criteria set forth above by Moody's, Standard & Poor's and Fitch.

All costs, expenses and taxes incurred on the performance of the above obligations shall be for the account of the Party B.

The occurrence, as the case may be, of the early termination of the Swap Agreement will not in itself constitute a cause for Early Termination of the Bond issue and early liquidation of the Fund, unless in conjunction with other events or circumstances relating to the financial position of the Fund, a substantial or permanent alteration of its financial equilibrium occurred.

The Swap Agreement shall be terminated at law in the event that the Rating Agencies do not confirm, prior to the Date of Subscription, as the final date, the ratings provisionally assigned to each one of the Series.

The Manager shall employ all means within its reach which are necessary for a Swap Agreement to exist and be in effect at all times.

The termination of the Swap Agreement will take place at the earlier Payment Date among the following dates:

- (i) Legal Maturity Date, or
- (ii) The date that the Fund termination takes place, according with that provided in section 4.4.3 of the Registration Document, in which the liquidation of all Assets has taken place and the remaining of the Fund and the distribution of all the Available Funds for Liquidation following the Order of Priority of Payments for Liquidation of the Fund.

Additional Termination Events

The early termination of the Swap will take place in the following cases:

- (i) Regarding Party A and Party B, when (a) a failure to pay the interests of the Series A1, A2 and A3 Bonds occurs and (b) the Manager reports, according to that provided in section 4.4.3 of the Registration Document, the termination of the Fund according to section 4.4.3(1)(i) of the Registration Document. To these effects both parties will be Affected Parties, although to the calculation effects of the liquidation amount Party A will be the only affected party.
- (ii) When (a) more than 30 Business Days have elapsed from the last Default of the Second Level of Required Rating was not fulfilled; (b) when at least one Substitute that has made an irrevocable offer to subrogate as Party B and/or at least one Guarantor has made an irrevocable offer of guaranteeing all current and future obligations of Party B and (c) said Substitute and/or Guarantor have a First Level of Required Rating and/or Second Level of Required Rating. Only Party A will be able to state the early termination of the Affected Transactions.

("Additional Termination Event" is a defined concept of the ISDA master agreement of the Swap Agreement that will bring the termination of the Swap Agreement if the Manager decides so, in name and on behalf of the Fund (Party A) or Party B in cases established in paragraphs (i) and (ii) above)

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In such case of early termination, Party B will assume the obligation of payment of the liquidation amount provided for in the Swap Agreement. If the liquidation amount of the Swap Agreement was obligation of the Fund (Party A) and not of Party B, its payment by the Fund (Party A) will take place according to the Order of Priority of Payments or, if that is the case, with the Order of Priority of Payments for Liquidation.

3.5 Name, address and significant business activities of the Assignor.

The Assignor of the Assets is Banco Santander, S.A., with registered office in Santander, at Paseo de Pereda 9-12, 39004 and with its operational headquarters located at Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte (Madrid).

The principal financial activities of Santander are those characteristic of any bank, in accordance with the specific nature of such entities and as established by law. In this regard, the following activities should, basically, be highlighted:

- Capture of funds (through demand savings passbooks, current accounts, term savings passbooks, mutual funds, pension plans, insured retirement plans, assignment of assets, issuance of securities, unit linked and annuities, *inter alia*);
- Financing activities, fundamentally through personal loans, mortgage loans, credit facility accounts, discounting of effects, bank guarantees and leasing, confirming and factoring transactions;
- Provision of services, such as credit and debit cards, merchant payment systems, collection services, debit order services, transfers, asset management, currency exchange, etc.

The information that follows is the financial information selected by Santander Group referring to December 31, 2006 as well as the audited at December 31, 2005 and the comparison among them.

The corresponding information to December 31, 2005 and December 31, 2007 in million euros has been prepared according with the International Rules of Financial Reporting under Regulation CE 1606/2002 and Circular 4/2004, in million euros.

The information corresponding to September 30, 2005, in million euros has been also elaborated, to comparative effects only according to the International Rules of Financial Reporting so that comparison between them is homogeneous.

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GRUPO SANTANDER DATA				
	06.30.2007	06.30.2006	% variation	12.31.2006
BALANCE SHEET (million euros)				
Total assets	885,603	818,096	8,25%	833,873
Credit over clients (gross)	561,295	484,442	15,86%	531,509
Client resources in balance	604,954	508,344	19,00%	565,715
Other client resources managed	194,731	173,791	12,05%	173,509
Total client resources managed	799,685	682,135	17,23%	739,224
Net assets	48,915	44,384	10,21%	47,073
Stockholder equity (including profits not distributed)	43,956	38,411	14,44%	40,062
PROFIT AND LOSS ACCOUNT (million euros)				
Intermediation margin	7,133	5,804	22,90%	12,488
Basic margin (commercial)	11,919	9,924	20,10%	20,436
Ordinary margin	13,207	10,840	21,84%	22,615
Exploitation margin	7,193	5,366	34,05%	11,369
Profit before taxes (ordinary)	5,395	4,244	27,12%	8,776
Profit before taxes (including extraordinary)	5,961	4,244	40,46%	9,150
Benefit attributed to the group (ordinary)*	3,892	3,216	21,02%	6,582
Benefit attributed to the group	4,458	3,216	38,62%	7,596
<i>*Not including net of increases of value and extraordinary cleansings</i>				
DATA PER SHARE AND MARKET VALUE				
Quotation	13.69	11.42	19,88%	14.14
Market value (million euros)	85,621	71,424	19,88%	88,436
Attributed profit (ordinary) by share	0.6236	0.5147	21,16%	1.0534
Diluted attributed profit (ordinary) by share	0.6207	0.5130	20,99%	1.0477
Book value	7.03	6.14	14,50%	6.41
PER (Price/benefit attributed by share annualized; times)	10.98	11.09	-0,99%	13.42
P/VC (Price/book value; times)	1.95	1.86		2.21
RELEVANT RATIOS (%)				
Operating margin/ATM	0.8	0.7		1.4
ROE ordinary (attributed profit/Average stockholders equity)	19.70	18.23		18.54
ROA ordinary (Net profit/Average total assets)	0.97	0.87		0.88
RORWA ordinary (Net profit/Average assets weighted by risk)	1.7	1.7		1.6
Efficiency ratio	39.66	44.15		43.45
Efficiency ratio with redemptions	44.38	49.27		48.53
Defaulting Rate	0.83	0.83		0.78
Cover Rate	169.16	185.69		187.23
CAPITAL RATIOS (BIS REGULATION) (%)				
Total	13.09	12.40		12.49
Core capital	6.27	5.75		5.91
TIER I	7.90	7.41		7.42
ADDITIONAL INFORMATION				
Number of shares (million)	6,254	6,254		6,254
Number of shareholders	2,315,649	2,393,463		2,310,846
Number of employees	135,922	126,529		129,749
Continental Europe	46,987	44,048		44,216
United Kingdom (Abbey)	16,613	17,876		17,146
Latin America	70,568	63,091		66,889
Financial management and participations	1,754	1,514		1,498
Number of offices	11,092	10,439		10,852
Continental Europe	5,906	5,526		5,772
United Kingdom (Abbey)	705	712		712
Latin America	4,481	4,201		4,368

Santander's network of offices has 11,092 offices distributed all over the world, 2,800 of them located in Spain and the remaining, principally in three different geographical areas: Continental Europe, United Kingdom and Latin America.

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3.6 Return on and/or repayment of the securities linked to others which are not assets of the issuer.

Not applicable.

3.7 Administrator and responsibilities of the Manager as administrator.

3.7.1 Administrator.

Santander, whose name, address and significant activities are detailed under section 3.5, *supra*, Assignor of the Assets, in accordance with the provisions of article 2.2 of Royal Decree 926/1998, is obliged to exercise custody and administration of the Assets, the relations between Santander and the Fund being regulated by this Prospectus.

Santander shall accept the mandate received from the Manager and, by virtue of such mandate, agrees as follows:

- (i) To exercise administration and management of the Assets acquired by the Fund in the terms of the scheme and ordinary procedures of administration and management established in this Prospectus;
- (ii) To continue administering the Assets, dedicating the same time and attention and the same level of expertise, care and diligence in the administration thereof as that which it would devote and exercise for the administration of its own loans and, in any case, it shall exercise an adequate level of expertise, care and diligence in providing the services contemplated in this Additional Building Block;
- (iii) That the procedures it applies and will apply for administration and management of the Assets are and will continue to be in accordance with the laws and legal rules in force which are applicable;
- (iv) To abide by the instructions given to it by the Manager, with due loyalty;
- (v) To indemnify the Fund for damages which may derive from the breach of the obligations assumed.

A succinct and summarized description of the scheme and of the ordinary procedures of administration and custody of the Assets is contained in the following sections.

(1) Term of Duration.

The services shall be rendered by Santander until, once all of the Assets have been redeemed, all of the obligations assumed by Santander in relation to said Assets have been cancelled, without prejudice to the possible early revocation of its mandate.

Both in case of breach by the Administrator of the obligations established in this Additional Building Block, as well as in the case of a decline in its credit rating, dissolution, liquidation, insolvency proceedings ("*concurso de acreedores*") or intervention by the Bank of Spain so as to entail an impairment or risk for the financial structure of the Fund or for the rights and interest of the bondholders, the Manager may, if legally possible, carry out one of the following actions:

- (i) Substitute the Administration or formally request him to subcontract, delegate or be secured in the performance of said obligations by another entity which, in the judgment of the Manager, has the adequate legal and

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technical capacity, and provided that an adverse impact on the rating of the Bonds does not take place.

- (ii) If the above action is not possible, the Manager shall directly assume the rendering of the services.

The Manager shall bear in mind the proposals which the Administrator formulates to it both on the subcontracting, delegation or appointment of the substitute in the performance of its obligations, as well as on the entity which could guarantee it in the execution and enforcement thereof.

The Administrator, in turn, may voluntarily resign from carrying the administration and management of the Assets, if possible, in accordance with current law in force from time to time and provided that (i) it is authorized by the Manager, (ii) the Manager has appointed a new Administrator, (iii) the Administrator has indemnified the Fund for damages caused thereto by the resignation and substitution, in addition to the fact that any additional cost shall be its responsibility, not collecting it, therefore, from the Fund, and (iv) no adverse impact on the rating of the Bonds takes place.

(2) Liability of Santander as to custody and administration.

Santander agrees to act in the custody and administration of the Assets with all due diligence, and shall be liable to the Fund, through its Manager, for any damage which may arise from its negligence.

Santander shall indemnify the Fund, through its Manager, for any damage, loss or expense incurred as a consequence of the breach of its obligations relating to custody and/or administration of the Assets.

(3) Liability of Santander in collection management.

Santander agrees to act in the management of collections on the Loans, with all due diligence, and shall be liable to the Fund, through its Manager, for any damage which may derive from its negligence.

Santander does not howsoever assume any liability in directly or indirectly guaranteeing the successful conclusion of the transaction, nor will it grant guarantees or bank guarantees, or subject itself to repurchase agreements in respect of the Assets with the exception of those which do not conform to the representations of the Assignor contained under section 2.2.8 of this Additional Building Block.

(4) Custody of contracts, deeds, documents and files.

The Administrator shall maintain all contracts, copies of deeds, documents and database records related to the Assets and the damage insurance policies, as the case may be, under safe custody and shall not abandon the possession, custody or control thereof without the prior written consent of the Manager to such effect, unless a document is requested thereof in order to start proceedings for enforcement of an Asset.

The Administrator shall reasonably provide access, at all times, to said contracts, deeds, documents and records, to the Manager or to the Fund's auditor, duly authorized by the latter. Furthermore, if so requested the Manager shall furnish, within five (5) Business Days following the said request, free of charge, a copy or

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photocopy of any of the said contracts, deeds and documents. The Administrator shall proceed in the same manner for cases of requests for information from the Fund's auditor.

The Administrator in any case waives the privileges granted to it by law in its capacity as collection manager of the Fund and custodian of the Loan agreements and, in particular, those provided by articles 1730 and 1780 of the Spanish Civil Code (relating to retention under pledge of property on deposit) and 276 of the Spanish Commercial Code (similar guarantee to retention under pledge of property on deposit).

(5) Collection management.

Santander, as collection manager, shall receive for the account of the Fund such amounts as are paid by the Debtors arising out of the Assets, both for principal or interest, as well as any other concept including the insurance contracts assigned to the Fund, and shall proceed to deposit into the Cash Account the amounts which pertain to the Fund, immediately and, in any case, within a deadline not to exceed forty eight (48) hours.

Santander shall also pay into the Cash Account and in the mentioned term the perceived amounts, if that is the case, from the Debtors for the early redemption of the Assets.

Notwithstanding the above, in the event of a descent of the rating of the non guaranteed and non subordinated short term debt of the Administrator below F2 as per the Fitch rating scales, or that the credit quality of the Administrator could give way to a descent of the ratings granted by the Rating Agencies of each of the Bond Series, the Manager, through a written notice addressed to the Administrator, will give instructions so that these amounts are paid in previously in the Cash Account, that can even be at the immediately following day to the day in which they were received by the Administrator. Furthermore, in the event of a descent of the non guaranteed and non subordinated short term debt of the Administrator below F2 as per Fitch rating scale, the Administrator shall constitute a cash escrow in favor of the Fund for a net amount that is in line with the Fitch criteria described in its report "Commingling Risk in Structured Finance Transactions: Service and Account Bank Criteria" of June 9, 2004 or any document produced by Fitch that may replace the former in the future.

(6) Setting of interest rate.

In the Loans subject to a variable interest rate, the Administrator shall continue setting said interest rates in accordance with the provisions of the relevant Loans, formulating any communications and notices which are established for such purpose in the respective contracts.

(7) Advance of funds.

Santander shall in no case advance any amount it has not first received from the Debtors as principal or installment pending maturity, interest or finance charge, prepayment, etc., as deriving from the Assets.

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(8) Insurance Policies.

Santander shall use reasonable efforts to maintain in full force and effect the insurance policies subscribed, as the case may be, in relation to each one of the Loans, Santander being liable to the Fund for any damages caused thereto, in the event that the insurance policies are not kept in full force and effect. The Administrator is obliged to advance payment of any premiums which have not been paid by the Debtors, provided that it has knowledge of such circumstance, without prejudice to its right to obtain reimbursement from the Fund of the amounts so paid.

Santander, as Administrator, in the case of a claim, shall coordinate the actions for collection of the indemnities on the insurance policies, as the case may be, in accordance with the terms and conditions of the Mortgage Loans and of the above-mentioned insurance policies.

(9) Reporting.

The Administrator shall report periodically to the Manager on the degree of compliance by the Debtors with the obligations deriving from the Assets, the compliance by the Administrator with its obligation to deposit the amounts received as deriving from the Assets, and the actions carried out in case of default and sale by action of the immovable goods, and of the existence of any hidden defects in the Assets.

The Administrator shall prepare and submit to the Manager such additional information as, in relation to the Loans or the rights deriving therefrom, may be reasonably requested by the Manager.

(10) Subrogation of the Debtor of the Assets.

The Administrator shall be authorized to allow substitutions in the position of Debtor in the Loan agreements, exclusively in cases in which the characteristics of the new Debtor are similar to those of the former one, and they meet the criteria for granting loans, as described under section 2.2.7 of this Additional Building Block, and provided that the expenses deriving from this modification are paid in full by the Debtors. The Manager may totally restrict this power of the Administrator when such substitutions could adversely affect the ratings awarded to the Bonds by the Rating Agencies.

In any case, any subrogation made in accordance with the provisions of the above paragraph shall be immediately reported by the Administrator to the Manager.

In relation to the Mortgage Loans, the Debtor may request to the Administrator subrogation in the Mortgage Loans in accordance with the provisions of Law 2/1994. The subrogation of a new creditor in the Mortgage Loan and the consequent payment of the amount owed shall cause the prepayment of the Mortgage Loan and of the relevant MTC.

(11) Powers and actions in relation to Loan re-negotiation processes.

The Manager enables the Administrator on a general basis to carry out re-negotiations, with or without prior consent, in the terms and conditions described below.

The Administrator may not voluntarily cancel the guarantees that of the Assets for a cause other than payment of the Asset, waive or settle in respect of the latter,

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abandon a claim on the Assets in whole or in part or extend them, nor in general carry out any act which diminishes the ranking, legal effectiveness or economic value of the guarantees or of the Assets, without prejudice to proceeding to service other requests from the Debtors with the same diligence and procedure as if dealing with other loans.

In no case may the Administrator start by its own initiative, without a request from the Debtors, interest rate re-negotiations which may yield a decrease in the interest rate applicable to an Asset.

The Manager authorizes the Administrator to proceed with re-negotiation of the interest rate applicable to the Loans, as requested by the Obligors, pursuant to the following requisites:

- a) Administrator will renegotiate the interest rates of the Loans to a, what is deemed, market rate and that is not different from the interest rate that Administrator applies to the renegotiation of credits and loans conceded by him. To this regard, it will be deemed as market interest rate such offered by the credit entities in the Spanish market to loans or credits of amount and conditions materially similar to that of the Loan.
- b) In no event the renegotiation of the applicable interest rate will have as a result the change to a variable interest rate or index different to those interest rates or indexes used by Administrator in credits and loans conceded by him. However, a renegotiation will be possible that has as a result the change from a variable interest rate to a fixed one or the change from a fixed interest rate to a variable taking into account in this last case, the restriction provided for in section c) following.

Also, the renegotiation faculty recognized to Administrator in this section has the following restrictions:

- a) In no case may the Loan amount be increased.
- b) The frequency of Loan payments of the installments may not be modified.
- c) The spread over the reference index may be renegotiated provided that:
 - The amount of the sum of capital or principal assigned to the Fund of the Loans over which the renegotiation of the spread over the reference index occurs shall not be more than ten per cent (10%) of the Outstanding Balance of the Loans at the Date of Incorporation of the Fund.
 - The spread over the reference index below two per cent (2%) may not be renegotiated.
- d) The extension of the maturity term of a specific Loan may be carried out provided that the following requisites are met:
 - The amount of the sum of capital or principal assigned to the Fund of the Loans over which the prolongation of the termination period occurs shall not be more than ten per cent (10%) of the Outstanding Balance of the Loans at the Date of Incorporation of the Fund.

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- That, in any event, the period between the installments of redemption of the principal of the Loan is kept or reduced and maintaining the same system of redemption.
- That at the new date of final termination or last redemption of the Loan is, to the maximum, the date of termination of the longest Loan.

In any case, after any re-negotiation takes place in accordance with the provisions of this section, the Administrator shall proceed to immediately notify the Manager of the conditions resulting from each re-negotiation.

The Manager, on behalf of the Fund, may at in exceptional circumstances leave in suspense or modify the authorization and the requisites for re-negotiation on the part of the Administrator, as reflected under this section.

In the event that the Administration does not comply with that provided for in this section regarding renegotiation of each of the Loans, the procedure of substitution established in section 2.2.9 of the Additional Building Block will be applicable to the corresponding Loan (without prejudice to the liability arising for the Administrator as to that circumstance).

(12) Fee for provision of services.

A fixed fee shall accrue in favor of Santander for its tasks involving administration of the Assets, of SIX THOUSAND EUROS (€6,000) per quarter, V.A.T. included, on each Payment Date. If Santander is replaced as to its administrative tasks of said Assets by another entity not forming part of Santander's consolidated group, the substitute entity shall be entitled to receive an administration fee which shall hold the first (1st) place in the Order of Priority of Payments contemplated under section 3.4.6.(b) of this Additional Building Block or, if that is the case, the place in the Order of Priority of Payments for Liquidation set forth in section 3.4.6.(d) *supra* .

If the Fund, through its Manager, does not pay on a Payment Date the entire fee because it lacks sufficient liquidity in the Cash Account, and if that is the case, in the Excess Funds Account, in accordance with the Order of Priority of Payments contemplated under section 3.4.6.(b), any amounts not paid shall accumulate without penalty to the fee which must be paid on the next Payment Date, with payment thereof proceeding at that time.

On the other hand, Santander, on each Payment Date, shall be entitled to the reimbursement of all exceptional expenses incurred, subject to justification thereof to the Manager, in relation to the administration of the Assets. Said expenses shall include, *inter alia*, those caused by enforcement of the guarantees that, if that is the case, the sale of real state and, as the case may be, the sale of properties and shall be paid provided that the Fund has sufficient liquidity in the Cash Account and, if that is the case, the Excess Funds Account, in accordance with the provisions of section 3.4.6.(b) of this Additional Building Block in respect of the Order of Priority of Payments.

(13) Notifications.

The Manager and the Assignor have agreed not to notify the assignment to the relevant Debtors. To this effect, the notification is no requirement to the valid assignment of the Loans nor to the issuance of the MTC.

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However, the Assignor will give the most flexible faculties necessary by Law to the Manager so that it can, on behalf of the Fund, notify the assignment to the Debtors in the moment it deems more appropriate.

However, in case of bankruptcy proceedings or signs of it, Bank of Spain's intervention, liquidation or substitution of the Administrator or because it is deemed reasonably justified by the Manager, the Manager can require the Administrator so that it notifies the Debtors (and, if applicable, the third guarantors and the relevant insurance companies) the transmission to the Fund of the Loans which payment is pending, as well as that the payments derived from them will only have discharging effect if paid in the Cash Account opened in the name of the Fund. However, in the case that the Administrator did not notify to the Debtors within the three (3) Business Days following the reception of the requirement, as well as for the case of bankruptcy of the Administrator, it will be the Manager directly the one to notify the Debtors (and, if applicable, the third guarantors and the relevant insurance companies). The Manager will give such notice in the shortest term possible.

The Assignor will assume the costs of notification to the Debtors even if notifications are carried out by the Manager.

3.7.2 Manager

The administration and legal representation of the Fund is vested in the Manager, whose name, address and significant business activities are detailed under section 6 of the Registration Document in the terms provided by Royal Decree 926/1998, and other applicable regulations.

The Manager, as manager of third-party businesses, is also responsible for the representation and defense of the interests of the bondholders and of the remaining ordinary creditors of the Fund. Consequently, the Manager shall at all times watch over the interests of the bondholders, conditioning its actions to the defense thereof and adhering to the provisions established by regulation for such purpose.

The actions which the Manager shall perform in order to comply with its duties of administration and legal representation of the Fund are, purely as a matter of illustration and without prejudice to other actions contemplated under this Additional Building Block, as follows:

- (i) open in the name of the Fund the Cash Account, initially with Santander, as long as Santander's short-term debt rating does not descend from F-1, P-1 or A-1 (as per the scales of Fitch, Moody's and Standard & Poor's, respectively). Likewise, it will open the Excess Funds Account in an entity different to Santander when the circumstances described in section 3.4.4. of the current Additional Building Block happen.
- (ii) Exercise the rights inherent to the holding of the Assets of the Fund and, in general, carry out all acts of administration and disposal as are necessary for the proper performance of the administration and legal representation of the Fund;
- (iii) Carry the financial servicing of the Assets with diligence and rigor, without prejudice to the duties of management assumed by the Assignor in its capacity as Administrator in accordance with the provisions of section 3.7.1, *supra*;

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- (iv) Verify that the amount of income effectively received by the Fund corresponds to the amounts to be received by the Fund in accordance with the conditions of each Asset and the conditions of the various contracts;
- (v) Validate and control the information it receives from the Administrator regarding the Loans, both as regards collections of ordinary payments, prepayments of principal, payments received for unpaid payments and status and control of payments in default;
- (vi) Calculate the available funds and movements of funds that it shall have to make once the application thereof has been carried out in accordance with the relevant order of priority of payments, ordering transfers of funds between the various asset and liability accounts and the applicable payment instructions, including those assigned to meet the financial servicing on the Bonds;
- (vii) Calculate and settle the amounts which, for interest and fees, must be received and paid by the various asset and liability financial accounts, as well as the fees to be paid for the various financial services arranged and the amounts which, for repayment of principal and interest, pertain to each one of the Bond Series;
- (viii) In the event that the ratings on Santander's debt assigned by the Rating Agencies at any time during the life of the Bonds, fall below the ratings established in the Reinvestment Guaranteed Rate Agreement, the Swap Agreement and the Management, Subscription and Paying Agency Agreement, as regards the condition of Santander as Paying Agent, carry out the actions regarding these agreements described under section 3.4.4 and 3.4.7. of this Additional Building Block and section 5.2.a) of the Securities Note;
- (ix) Comply with its calculation obligations contemplated in this Additional Building Block and the Subordinated Loan Agreement, Guaranteed Rate Reinvestment Agreement, and Swap Agreement which are described under sections 3.4.3, 3.4.4 and 3.4.7 of this Additional Building Block;
- (x) Monitor the actions of the Administrator for recovery of payments in default, giving instructions, when applicable, in order to bring an enforcement proceeding and if that is the case, the stance to take in the auction sale of real state Exercise the relevant actions when circumstances occur that require so;
- (xi) Carry the accounting of the Fund with due separation from the accounting of the Manager, perform a rendering of accounts and comply with the tax or other legal obligations which are the Fund's responsibility;
- (xii) Furnish the holders of the Bonds issued against the Fund, the CNMV and the Rating Agencies, such information and notices established by current law in force and, especially, those contemplated in this Prospectus;
- (xiii) In order to allow the Fund's operations in the terms contemplated in the Prospectus and by current regulations in force from time to time, extend or modify the contracts it has executed on behalf of the Fund, substitute each one of the providers of services to the Fund by virtue thereof and, including, if necessary, enter into additional contracts, all of which subject to current law in force from time to time, prior authorization, if necessary, from the CNMV or competent administrative body, and notification thereof to the Rating Agencies, and provided that such actions do not yield a decrease in the rating on the Bonds and do not impair the interests of the

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bondholders. Any amendment to the Deed of Incorporation shall first be reported to the CNMV in order to obtain the pertinent authorization, and to the Rating Agencies.

To this effects, the Manager will provide to the Rating Agencies (sending the relevant information to the email address london.cdosurveillance@derivatifitch.com to Fitch), within the month following to each Payment Date, information on the status of the Fund and the Assets, with the content and the form that is agreed upon the Manager and the Rating Agencies, in order to give more transparency to the functioning of the Fund. It will also provide such information when it is so requested in a reasonable manner and, in any event, when a change in the conditions of the Fund, in the agreements carried out through the Manager and in the interested parties takes place;

- (xiv) Appoint and replace, as the case may be, the auditor that performs the audit on the Fund's annual financial statements;
- (xv) Prepare and submit to the CNMV and the competent bodies, all documents and information which must be submitted as established by current regulations in force, the Deed of Incorporation and this Prospectus, or requested thereof, as well as prepare and submit to the Rating Agencies any information they reasonably request thereof;
- (xvi) Adopt the appropriate decisions in relation to the liquidation of the Fund, including the decision for early termination of the Bond issue and liquidation of the Fund, in accordance with the provisions of this Prospectus;
- (xvii) Not carry out actions which could deteriorate the rating on the Bonds and procure the adoption of those measures which are reasonably in its reach in order that the rating on the Bonds is not adversely affected at any time;
- (xviii) Manage the Fund in such a manner that the net asset value thereof is always zero.

The Manager shall perform its activity with the diligence required thereof in accordance with Royal Decree 926/1998, representing the Fund and defending the interests of the bondholders and of the remaining creditors of the Fund as if dealing with its own interests, caring for the levels of diligence, reporting and defense of the interests of the former and avoiding situations which entail conflicts of interest, giving priority to the interests of the bondholders and to those of the remaining creditors of the Fund as opposed to those which are its own. The Manager shall be liable to the bondholders and remaining creditors of the Fund for all damages caused thereto by the breach of its obligations. Furthermore, it shall be liable as regards sanctions applicable thereto pursuant to the provisions of Law 19/1992.

The Manager has the necessary means, including adequate information systems, to carry out the duties of administration of the Fund attributed thereto by Royal Decree 926/1998.

The Manager has established a set of Internal Rules of Conduct in application of the provisions of Chapter II of Royal Decree 629/1993, of May 3, on rules of action in the securities markets and obligatory records, which has been reported to the CNMV.

The Manager may act as Manager of the Fund, as well as of any other securitization fund, without the simultaneous management thereof constituting in any form whatsoever a violation of its obligations of diligence as Manager of the Fund or other securitization funds.

Substitution of Manager

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The Manager shall be substituted in the administration and representation of the Fund in accordance with the provisions to be established by regulation for such purpose. Thus, in accordance with the provisions of articles 18 and 19 of Royal Decree 926/1998, the substitution of the Manager shall be carried out through the following procedure:

- (i) The Manager may resign from its duties when it deems pertinent and voluntarily request its substitution, by letter addressed to the CNMV reflecting the appointment of the substitute manager. Included with such letter shall be that of the new manager, duly authorized and registered as such in the special registries of the CNMV, in which the latter declares it is willing to accept such duties and is interested in the pertinent authorization. The resignation of the Manager and appointment of a new company as manager of the Fund shall be approved by the CNMV. In no case may the Manager waive the exercise of its duties until all of the requisites and formalities for its substitution to be able to fully assume its duties, in relation to the Fund have been fulfilled. Nor may the Manager waive its duties if due to the aforesaid substitution the rating awarded to any of the Bond Series issued against the Fund should decrease. All expenses generated as a consequence of such substitution shall be paid by the Manager itself, and may not be attributed, in any case, to the Fund.
- (ii) In the event of the occurrence in the Manager of any of the causes for dissolution contemplated under number 1 of article 260 of the Spanish Corporations Law ("*Ley de Sociedades Anónimas*"), the substitution of the Manager shall proceed. The occurrence of any of such causes shall be notified by the Manager to the CNMV. In this case, the Manager shall be obliged to comply with the provisions of section (i), *supra*, prior to its dissolution.
- (iii) In the event that the Manager is declared insolvent, or has its authorization revoked, a manager to replace it must be appointed. The substitution shall have to be made effective prior to four (4) months transpiring from the date on which the event determining the substitution took place. If, four (4) months from when the event determining the substitution took place have elapsed and the Manager has not appointed a new manager, the early liquidation of the Fund and the redemption of the Bonds shall proceed, for which the actions contemplated under section 4.4.3 of the Registration Document shall proceed.
- (iv) The substitution of the Manager 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 deadline of fifteen (15) days by legal notice in two nationally-circulated newspapers and in the bulletin of the AIAF.

The Manager is obliged to execute the public and private documents that are necessary in order to proceed with its substitution by another manager in accordance with the scheme provided in the above paragraphs of this section. The substitute manager shall be subrogated in the rights and obligations which, in relation to this Additional Building Block, are vested in the Manager. Furthermore, the Manager shall deliver to the new manager such documents and accounting and database records relating to the Fund as are in its possession.

Scheme of remuneration in favor of the Manager for performance of its duties

The Manager shall have a right:

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- (i) to an structured fee payable on the Pay-out Date on a lump-sum, one-off basis in an amount equal to NINETY THOUSAND EUROS (€90,000); and
- (ii) on each Payment Date of the Bonds, to a periodic management fee equal to zero point zero nineteen percent (0.019%) per annum, with a minimum of SEVENTY THOUSAND (€70,000) a year, to accrue on the actual days of each Interest Accrual Period, payable quarterly on each Payment Date, and calculated on the sum of the Principal Balance Pending Payment on the Bonds of all Series , starting at the Date of the Determination preceding the Payment Date in progress. The fee accruing from the Fund's Date of Incorporation through the first Payment Date of the Bonds shall be adjusted in proportion to the days transpiring between both dates, calculated on the face value of the Bonds issued.

The calculation of the periodic management fee, payable on a given Payment Date, shall be made pursuant to the following formula:

$$A = B \times 0.019 \times \frac{d}{365 \times 100}$$

Where:

A = Fee payable on a given Payment Date.

B = Sum of Balances Pending Payment on the Bonds of all Series, on the Determination Date pertaining to that Payment Date.

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

3.8 Name and address and brief description of any swap counterparties and any providers of other material forms of credit/liquidity enhancement or of accounts.

Santander is the counterparty of the Fund in the contracts described below. A brief description of Santander is included under section 3.2 of this Additional Building Block.

a) Guaranteed Rate Reinvestment Agreement.

The Cash Account is initially open at Santander. Said account shall be maintained at Santander as long as Santander's short-term rating does not descend from F1, P-1 or A-1 (as per the scales of Fitch, Moody's and Standard & Poor's, respectively).

A description of the contract is reflected under section 3.4.4 of this Additional Building Block.

b) Subordinated Loan Agreement.

A description of the contract is reflected under section 3.4.3.a) of this Additional Building Block.

c) Swap Agreement.

A description of the contract is reflected under section 3.4.7 of this Additional Building Block.

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4. POST ISSUANCE REPORTING

4.1 Obligations and deadlines contemplated for the drawing up, auditing and approval of the annual financial statements and management report.

The Manager shall present to the CNMV the Fund's annual financial statements, together with the auditors' report in respect thereof, within four (4) months following the close of the Fund's fiscal year which shall coincide with the calendar year (i.e. prior to April 30 of each year).

4.2 Obligations and deadlines contemplated for the placement at the disposal of the public and forwarding to the CNMV and the Rating Agencies of periodic information on the economic-financial status of the Fund.

4.2.1- Ordinary periodic notifications.

The Manager, in its task involving management and administration of the Fund, agrees to forward to the CNMV and to the Rating Agencies, with the utmost diligence possible, quarterly on at any other moment that is required, the information described below or any other kind of information requested thereof, in relation to the Bonds of the seven (7) Series, the performance of the Assets, prepayments and the Fund's economic-financial position, irrespective of also making them aware of such additional information as may be requested thereof.

a) Within a deadline between the Rate Setting Time and the three (3) Business Days following, by the latest, following each Payment Date, it shall proceed to notify the bondholders of the nominal interest rates resulting for each Bond Series for the following Interest Accrual Period.

(b) With advance notice of at least one (1) calendar day preceding each Payment Date, it shall proceed to notify the bondholders of the following:

- i. The resulting interest on the Bonds together with the redemption thereof;
- ii. The Average Prepayment Rates of the Assets, as at the Determination Date;
- iii. The residual average life of the Bonds calculated pursuant to the hypothesis of maintenance of said actual prepayment rate.
- iv. The Principal Balance Pending Payment (after the redemption to be settled on each Payment Date) on each Bond, and the percentage which such Balance Pending Payment represents as to the total initial face amount of each Bond.
- v. Outstanding Balance of the Assets, interest accrued, both collected and not collected in respect thereof and amount in default on the Assets.
- vi. Report on the appropriateness and subsequent application of the Available Funds according to the Order of Priority of Payments contained in section 3.4.6.(b) of this Additional Building Block.

Furthermore, and if applicable, the bondholders shall be informed of the interest accruing on the Bonds and not paid and/or the Redemption Shortfall, due to insufficiency of Available Funds.

Notices of these sections a) and b), shall be performed as provided by section 4.2.3, *infra*, and shall also be reported to Iberclear and AIAF within a maximum deadline

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of two (2) Business Days prior to each Payment Date (exception made of that being a holiday in Madrid, passing to next Business Day).

4.2.2 Extraordinary Notices

The Fund, through its Manager, shall also report to the bondholders and the Rating Agencies, of any material fact which may occur in relation to the Assets, the Bonds, the Fund, and the Manager itself, which may considerably influence the trading of the Bonds and, in general, any relevant modification to the assets or liabilities of the Fund and any amendment to the Deed of Incorporation, and also as to an eventual decision of Early Redemption of the Bonds for any of the causes provided in the Prospectus, the attestation executed before a notary public concerning the liquidation and procedure referred to in section 4.4.3 (3) of the Registration Document, shall be submitted to the CNMV in such case.

4.2.3 Procedure

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

1. Ordinary periodic notices referred to under section 4.2.1., *supra*, by publication either in the AIAF daily bulletin, or any other which may come to replace it in the future or other of similar characteristics, or through publication in a widely-circulated newspaper in Spain.
2. Extraordinary notices referred to under section 4.4.2., *supra*, by publication in a widely-circulated newspaper in Spain.

In addition, the above notices may be given by publication in other generally-disseminated media.

These notices shall be deemed to be given on the date they are published. Any day of the calendar, whether a Business Day or Non-Business Day, can be suitable for this purpose (for purposes of this Prospectus).

4.3 Reporting to Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores; CNMV).

The Manager shall inform the CNMV of the information provided in the foregoing sections, as well as any information which, irrespective of the above, is requested thereof.

4.4 Information to be furnished by Santander to the Manager

In addition, Santander is obliged to inform the Manager, on behalf of the Fund, on a quarterly basis and, in any case, at the request thereof, of any non-payments, prepayments and modifications of interest rates and, punctually, of payment demands, judicial actions, and any other circumstances which affect the Assets.

Furthermore, Santander shall furnish the Manager with all documentation the latter may request thereof in relation to the said Loans and, especially, the necessary documentation to start, as the case may be, judicial actions by the Manager.

Ignacio Ortega Gavara, for and on behalf of SANTANDER DE TITULIZACION, S.G.F.T., in his capacity of General Manager, hereby signs this Prospectus in Madrid, on October 25, 2007.

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DEFINITIONS

For adequate interpretation of this Prospectus, capitalized terms shall be construed in accordance with the definition given to each such term below, unless any other meaning is expressly attributed thereto. Any terms not expressly defined shall be construed in their natural and obvious sense according to the general usage thereof. Furthermore, it is stated for the record that terms in the singular shall include the plural and vice versa, whenever the context so requires.

The capitalized terms listed below shall have the following meaning:

"Assets": Means the credit rights arising from the Loans granted by Santander and which are subject to assignment to the Fund.

"Failed Assets": Means the Assets that Santander finds that it will not recover or that, at a given date are in default for a period equal or higher to twelve (12) months of delay in the payment of the debits due.

"Non Failed Assets": Means the Assets not qualified as Failed Assets.

"Administrator": Means Banco Santander, S.A. (exception made in case of substitution in the condition of administrator of the Loans, that being the case, it will be the substitute entity).

"Rating Agencies": Means, collectively, Fitch, Moody's and Standard & Poor's.

"Paying Agent": Means Banco Santander, S.A.

"AIAF": Means AIAF, Mercado de Renta Fija (*AIAF Fixed Income Securities Market*).

"Early Redemption": Means the redemption of the Bonds at a preceding date to the Legal Maturity Date in the cases for Early Liquidation of the Fund according to the requirements provided for in section 4.4.3.(3) of the Registration Document.

"Bonds": Means the securitization bonds issued against the Fund.

"Accrued Redemption Amount": Means, at each Payment Date, the difference (if positive) between (i) the sum of the Principal Balance Pending Payment on the Series A, B, C, D and E Bonds on the Determination Date prior to each Payment Date and (ii) the Outstanding Balance of the Failed Assets on that date.

"Accrued Redemption Amount for Series F": Means the positive difference between the Principal Balance Pending Payment on the Series F Bonds on the Determination Date preceding to the relevant Payment Date and the amount of the Reserve Fund required at the relevant Payment Date.

"Assignor": Means Banco Santander, S.A.

"Mortgage Transfer Certificates" or "MTC": Means the mortgage transfer certificates to be issued by Santander in accordance with section 3.3.a)2) of the Additional Building Block.

"CET": Means "Central European Time".

"Circular 4/2004": Means the Circular of the Bank of Spain 4/2004, 22 December, to credit entities, on rules of financial public and reserved information and models of financial statements.

"CNMV": Means Comisión Nacional del Mercado de Valores (*Spanish Securities Market Commission*).

"Management, Subscription and Paying Entity Agreement": Means the management, subscription of the Bonds and paying agency agreement to be entered into by the Manager, for and

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on behalf of the Fund and the Lead Managers, which also establishes the obligations and responsibilities of Santander as Paying Agent.

"Subordinated Loan Agreement": Means the subordinated loan agreement in the amount of EIGHT HUNDRED AND SEVENTY-SIX THOUSAND EUROS (€876,000) to be entered into by the Manager, for and on behalf of the Fund, and Santander, to be earmarked towards financing the expenses related to incorporation of the Fund and issuance of the Bonds, partially financing the acquisition of the Assets.

"Guaranteed Rate Reinvestment Agreement": Means the guaranteed interest rate reinvestment agreement in respect of the Cash Account, and if that is the case, the Excess Funds Account, to be entered into by the Manager, acting for and on behalf of the Fund, and Santander, whereby Santander will guarantee a variable yield on the amounts deposited by the Fund (through its Manager) into the Cash Account.

"Swap Agreement": Means the interest rate swap agreement, as per the ISDA form, to be entered into by the Manager, acting for and on behalf of the Fund, and Santander.

"Excess Funds Account": Means the account to be opened at another bank not Banco Santander, S.A. which meets the ratings established by the Rating Agencies, in the name of the Fund, by the Manager, into which all amount which exceed twenty percent (20%) of the Principal Balance Pending Payment on the Bonds accumulated in the Cash Account shall be deposited.

"Cash Account": Means the account to be opened at Banco Santander, S.A. in the name of the Fund, by the Manager, the operational aspects of which shall be the object of the Guaranteed Rate Reinvestment Agreement.

"Redemption Shortfall": Means at each Payment Date, the difference, if any, between the Accrued Redemption Amount and the remaining of the Available Funds once deducted the amounts applied to the concepts of point 1 to 7 of the Order of Priority of Payments provided for in section 3.4.6 (b) of the Additional Building Block.

"Debtors": Means the companies and the self-employed individuals, having their domicile in Spain, to whom Santander has granted the Loans from which the Assets subject to securitization derive.

"Business Day": Means any day except:

- (i) Saturday;
- (ii) Sunday;
- (iii) holiday as per the TARGET calendar (for the sole purpose of determining the Nominal Interest Rate applicable for each Interest Accrual Period). It includes, apart from the days recognized in sections (i) and (ii), *supra*, January 1, Good Friday, Easter Monday, May 1, December 25 and December 26; and
- (iv) holiday in Madrid (for the purpose of determining the Nominal Interest Rate applicable for each Interest Accrual Period and for the remaining conditions of the issue).

"Commercial Banking Division of Santander": Means the division of the Banco Santander, S.A. that deals with individual clients and SMEs.

"Global Major Banking Division of Santander": Means the division of the Banco Santander, S.A. that deals with big corporate and financial clients.

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"Registration Document": Means the registration document, formed by Annex VII, as approved by the CNMV on October 25, 2007.

"Lead Managers": Means, collectively, Banco Santander, S.A., THE ROYAL BANK OF SCOTLAND PLC and Deutsche Bank.

"Deed of Incorporation": Means the Deed of Incorporation of the securitization fund Fondo de Titulización de Activos Santander Empresas 4, Assignment of Assets and Issuance of Securitization Bonds.

"Date of Incorporation": Means the date on which the Deed of Incorporation is executed. The Date of Incorporation is scheduled to be October 29, 2007.

"Pay-Out Date": Means November 2, 2007.

"Date of Subscription": Means the second (2nd) Business Day following the execution of the Deed of Incorporation, that is, October 31, 2007, the date on which the Bonds issue will be wholly subscribed by Santander.

"Legal Maturity Date": Means July 19, 2050 or, if not a Business Day, the immediately following Business Day.

"Determination Dates": Means the fifth (5) Business Day prior to each Payment Date in which the Manager will carry out the necessary calculations, on behalf of the Fund, for the distribution or withholding of the Available Funds at those dates, according with the Order of Priority of Payments set forth in section 3.4.6 (b) of the Additional Building Block.

"Payment Dates": Means January 19, April 19, July 19 and October 19, of each year or, if any of these dates is not a Business Day, the immediately following Business Day.

"Fitch": Means Fitch Ratings España, S.A.

"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.

"Fund" or **"Issuer"**: Means Fondo de Titulización de Activos, SANTANDER EMPRESAS 4.

"Reserve Fund": Means the reserve fund to be funded by the Manager, for and on behalf of the Fund, in accordance with the provisions of section 3.4.2 of the Additional Building Block.

"Available Funds": Means the amounts perceived by the Fund for the principal and interest of the Assets, the yield of the Cash Account, the Reserve Fund, the net Swap amount, and whatever other amounts that could receive the Fund, according to section 3.4.6.a) of the Additional Building Block, that will be applied at each Payment Date to the payments provided for in the Order of Priority of Payments provided for in section 3.4.6.b) of the Additional Building Block.

"Available Redemption Funds": Means the amount to be earmarked towards redemption of the Series A1, A2, A3, B, C, D and E Bonds on each Payment Date. The Available Redemption Funds shall be determined in accordance with the provisions of section 4.9.4 of the Additional Building Block.

"Available Funds for Liquidation": Means

- a) The Available Funds: and

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- b) The amounts that the Fund obtains for the sale of the remaining Assets and any other assets, if that is the case, for cases of Early Liquidation of the Fund according to the requirements established in section 4.4.3.(3) of the Registration Document.

"Guarantor": Means, to the effects of the Swap Agreement, that entity that gives a guarantee that is unconditional, irrevocable and to first request with respect to the current and future obligations of Party B and provided that (A) a law firm gives a legal opinion confirming that none of the payments carried out by that entity to Party A under the Guarantee is subject to deductions or withholdings for or to the account of tax; or (B) the Guarantee determines that, if that deduction or withholding exists, the payments carried out by that entity will be incremented in the necessary amount so that the net payment received by Party A is equal to that amount that Party A would have received if the deduction or the withholding did not exist.

"Guarantee": Means, to the effects of the Swap Agreement, the guarantee that is unconditional, irrevocable and to first request with respect to the current and future obligations of the Party, granted by the Guarantor.

"Iberclear": Means Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (*securities registration, clearing and settlement management company*).

"V.A.T.": Means Value Added Tax.

"Law 13/1985": Means Law 13/1985, of May 25, of investment coefficients, own resources and reporting obligations of financial intermediaries.

"Law 19/1992": Means Law 19/1992, of July 7, on the Scheme of Real Estate Investment Companies and Funds and on Mortgage Securitization Funds.

"Law 37/1992": Means Law 37/1992, of December 28, on Value Added Tax.

"Law 3/1994": Means Law 3/1994, of April 14, on Adaptation to Second Banking Directive.

"Law 23/2005": Means Law 23/2005, November 18, of reforms in tax issues for the productivity impulse.

"Insolvency Proceedings Act": Means Law 22/2003, of July 9, for Insolvency Proceedings.

"Civil Procedure Act": Means Law 1/2000, of January 7, on Civil Procedure

"Securities Market Act" or **"Law 24/1988"**: Means Law 24/1988, of July 28, regulating the Securities Market, as amended by Law 37/1998, of November 16, by Law 44/2002, of November 22 and by Royal Decree Law 5/2005, of March 11.

"Early Liquidation": Means the liquidation of the Fund before the July 19, 2050, and to the Early Redemption at a Payment Date of the whole Bond issue in the circumstances and procedure established in section 4.4.3 of the Registration Document.

"AIAF Market": Means the Fixed Market of the Financial Assets Intermediary Association.

"Additional Building Block": Means the additional building block to the securities note relating to the Bond issue, as prepared in accordance with Annex VIII of (EC) Regulation 809/2004, as approved by the CNMV on October 25, 2007.

"Rate Setting Time": Means the second Business Day as per the calendar of TARGET (*Trans-European Automated Real-time Gross Settlement Express Transfer System*) preceding each Payment Date, at 11:00 a.m. (Madrid time) on said day. Exceptionally, for the first Interest Accrual Period, the Rate Setting Time will be that of the Date of Incorporation.

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"Moody's": Means Moody's Investors Service España, S.A.

"Required Level of the Reserve Fund": Means the amount that must have the Reserve Fund at each Payment Date, according to section 3.4.2.2 of the Additional Building Block.

"International Rules of Financial Reporting": Means the International Rules of Financial Reporting that are applicable to the information submitted by Santander according to Regulation CE 1606/2002 and Circular 4/2004 of the Bank of Spain.

"Securities Note": Means the securities note relating to the Bond issue, as prepared in accordance with Annex XIII of (EC) Regulation 809/2004, as approved by the CNMV on October 25, 2007 and that makes up part of this Prospectus.

"Ordinary Part": Means the Nominal Interest Rate applicable to the Bonds of Series F for each Interest Accrual Period (being equal to the result of adding up (i) the Reference Interest Rate, common to all the Bond Series, plus (ii) a spread of zero point sixty five (0.65%), calculated according with that provided in section 4.8. of the Securities Note.

"Extraordinary Part": Means, at each Payment Date in which the Fund has sufficient liquidity for it, the extraordinary interest accrued by Series F Bonds, being a variable amount equal to the excess of liquidity after paying the concepts that hold a preceding place in the Order of Priority of Payments, or depending of the case, the Order of Priority of Payments for Liquidation.

"Determination Periods": Means each one of the periods between two consecutive Determination Dates, excluding the initial Determination Date and including the final Determination Date. The first Determination Period will have a lasting time equivalent to the time lasting from the Date of Incorporation to the Determination Date previous to the first Payment Date.

"Interest Accrual Periods": Means each one of the periods into which the Bond issue is divided, comprising the days actually transpired between each Payment Date, including in each Interest Accrual Period the initial Payment Date of the relevant period and excluding the final Payment Date of the relevant period. The first Interest Accrual Period will have a lasting time inferior to the quarter, equivalent to the time lasting between the Pay Out Date (November 2, 2007) and the first Payment Date (January 21, 2008).

"Loans": Means the loans, both Mortgage Loans and Non-Mortgage Loans, granted by Santander to a company or a self-employed individual domiciled in Spain, for the purpose of financing their economical activity or real state acquisition ascribed to their economic activity, from which the Assets subject to assignment to the Fund derive.

"Failed Loans": Means the Loans which Santander considers that will not recover or that at a given date are unpaid for a period equal or higher to twelve (12) months of arrears in due payments.

"Mortgage Loans": Means mortgage-backed Loans.

"Defaulting Loans": Means the Loans that have a higher delinquency date of more than 90 days of lateness in due payments, excluding Failed Loans.

"Non-Failed Loan": Means those Loans not classified as Failed Loans.

"Non-Mortgage Loans": Means those Loans secured by merely personal guarantees or *in rem* guarantees other than property ones.

"Royal Decree 1643/1990": Means Royal Decree 1643/1990, of December 20, approving the General Accounting Plan.

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"Royal Decree 926/1998": Means Royal Decree 926/1998, of May 14, regulating Asset Securitization Funds and Securitization Fund Managers.

"Royal Decree 2281/1998": Means Royal Decree 2281/1998, October 23, by which certain applicable provisions to certain obligations of provision of information to the Tax Administration and amends the Regulation on Pension Plans and Funds, approved by the Royal Decree 1307/1988, September 30 and Royal Decree 2027/1995, September 22, regulating the annual declaration of operations with third parties.

"Royal Decree 1777/2004": Means Royal Decree 1777/2004, of July 30, approving the Corporate Income Tax Regulations.

"Royal Decree 1778/2004": Means Royal Decree 1778/2004, of July 30, that establishes obligations of information regarding preferential participations and other debt instruments and certain income obtained by individuals domiciled in the European Union.

"Royal Decree 1310/2005": Means the Royal Decree 1310/2005, November 4, that partially develops Law 24/1988, July 28, of the Securities Market, regarding admission to trade of securities in secondary official markets, public offerings or subscriptions and the applicable Prospectus.

"Royal Legislative Decree 4/2004": Means Royal Legislative Decree 4/2004, of March 5, approving the Corporate Income Tax Act, as amended.

"Royal Legislative Decree 1/1993": Means Royal Legislative Decree 1/1993, of September 24, approving the Transfer Tax/Stamp Duty Act, as amended.

"(EC) Regulation 809/2004": Means Commission Regulation (EC) No. 809/2004, of April 29, 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.

"Internal Rules of Conduct": Means the Internal Rules of Conduct of the Manager regulating the activity of the management bodies, employees and representatives of the Manager according to Chapter II of Royal Decree 629/1993, May 3, on rules of action for the securities market and mandatory registration that has been reported to the CNMV.

"Principal Balance Pending Payment on the Bonds": Means the total outstanding balances on the Bonds of all Series (i.e. the principal amount of the Bonds pending redemption).

"Principal Balance Pending of the Series": Means the total of outstanding balances of the Bonds that make up the Series (that is, the amount of principal of the Bonds that make up the Series, pending redemption).

"Outstanding Balance of (the) Assets" or **"Outstanding Balance"**: Means the principal amounts pending maturity of the Assets, as well as the amounts of the Assets that were due and not paid into the Fund.

"Santander": Means Banco Santander, S.A.

"Series": Means each one of the eight (8) series into which the total amount of the Bond issue is broken down.

"Series A1": Means the Series having a total face amount of EIGHT HUNDRED THIRTY MILLION TWO HUNDRED THOUSAND EUROS (€830,200,000) formed by eight thousand three hundred and two (8,302) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000).

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“Series A2”: Means the Series having a total face amount of ONE THOUSAND SEVEN HUNDRED SIXTY THREE MILLION SIX HUNDRED THOUSAND EUROS (€1,763,600,000), formed by seventeen thousand six hundred thirty six (17, 636) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000).

“Series A3”: Means the Series having a total face amount of SIX HUNDRED TWENTY TWO MILLION THREE HUNDRED THOUSAND EUROS (€622,300,000) formed by six thousand two hundred twenty three (6,223) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000).

“Series B”: Means the Series having a total face amount of NINETY MILLION TWO HUNDRED THOUSAND EUROS (€90,200,000), formed by nine hundred and two (902) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000).

“Series C”: Means the Series having a total face amount of NINETY SEVEN MILLION FOUR HUNDRED THOUSAND EUROS (€97,400,000), formed by nine hundred seventy four (974) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000).

“Series D”: Means the Series having a total face amount of SEVENTY NINE MILLION SEVEN HUNDRED THOUSAND EUROS (€79,700,000), formed by seven hundred ninety seven (797) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000).

“Series E”: Means the Series having a total face amount of FIFTY SIX MILLION SIX HUNDRED THOUSAND EUROS (€56,600,000), formed by five hundred sixty six (566) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000).

“Series F”: Means the Series having a total face amount of FORTY SIX MILLION EUROS (€46,000,000) formed by four hundred sixty (460) Bonds each having a face value of ONE HUNDRED THOUSAND EUROS (€100,000);

“Manager”: Means Santander de Titulización, S.G.F.T., S.A.

“Standard & Poor’s”: Means Standard & Poor’s España, S.A.

“Substitute”: Means, to the effects of the Swap Agreement, that entity that subrogates itself in the contractual position of Party B in the Swap Agreement or that subscribes a new interest finance exchange agreement with Party A, in substantially equal terms to the Swap Agreement (which shall be confirmed by Party A, acting in a diligent manner) and provided that (A) a law firm gives a legal opinion confirming that none of the payments carried out by that entity to Party A under the Guarantee is subject to deductions or withholdings for or to the account of tax; or (B) the Guarantee determines that, if that deduction or withholding exists, the payments carried out by that entity will be incremented in the necessary amount so that the net payment received by Party A is equal to that amount that Party A would have received if the deduction or the withholding did not exist. That entity, to all effects, will be deemed as Party B in the Swap Agreement or in the new interest finance exchange agreement to be subscribed.

“CAPR”: Means Constant Annual Prepayment Rate.

“IRR”: Means Internal Rate of Return for the holders of each Bond Series.

“Nominal Interest Rate”: Means the nominal interest rate variable quarterly to which the Bonds will accrue interests according to section 4.8.2 of the Securities note and concordants

“Reference Interest Rate”: Means the reference interest rate used to calculate the Nominal Interest Rate and that will be Euribor to three (3) months or, in case it is necessary, its substitute, as

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determined as described in section 4.8.3 of the Securities Note. Euribor is the reference rate in the money market for euro.

“CAU”: Means, regarding the risk policy followed by the Banco Santander, S.A., provided in section 2.2.7 of the Additional Building Block to the Securities Note, the Companies Analysis Unit.

“TDU”: Means, regarding the risk policy followed by Banco Santander, S.A., provided in section 2.2.7 of the Additional Building Block, the Transaction Decisions Unit.