PROSPECTUS **December 2, 2005**

EdT FTPYME PASTOR 3
FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS
EUR 520,000,000

Series A1	**EUR 365,900,000**	**Aaa/AAA**
Series A2(G) *	**EUR 100,000,000**	**Aaa/AAA**
Series B **	**EUR 38,700,000**	**Aaa/AAA**
Series C	**EUR 15,400,000**	**Ba2/BB**

**** Guaranteed by the Spanish State***

***** Guaranteed by the European Investment Fund***

Backed by loans assigned and serviced by

Banco Pastor

Lead Managers

Banco Pastor Deutsche Bank JPMorgan

Underwriters and Placement Agents

Banco Pastor	**Deutsche Bank**	**JPMorgan**
CIBC	**Bancaja**	**SCH**

Paying Agent

BANCO PASTOR

Fund established and managed by

Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores

Material Event concerning EdT FTPYME PASTOR 3 Fondo de Titulización de Activos

Pursuant to the Prospectus for **EdT FTPYME PASTOR 3 Fondo de Titulización de Activos** the "**Fund**") notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- Given the current and initial ratings of Series C (the only outstanding Series in the Bond Issue), Moody's and S&P's criteria and the current ratings of BARCLAYS BANK PLC ("BARCLAYS") and BANCO SANTANDER, S.A. ("SANTANDER") by the Rating Agencies, the Fund's Treasury Account has been transferred on April 8, 2016 from BARCLAYS to SANTANDER under a new Guaranteed Interest Rate Account (Treasury Account) Agreement signed on April 5, 2016.

  The ratings for SANTANDER's short- and long-term unsecured and unsubordinated debt obligations assigned by the Rating Agencies are currently as follows

	Moody's	S&P
Short-term	P-2	A-2
Long-term	A3	A-

- As a result of the new Guaranteed Interest Rate Account (Treasury Account) Agreement referred to above, the following section of the Fund Prospectus shall read as follows:
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Section	Description
3.4.4.1 Securities Note Building Block (Treasury Account)	The Management Company, for and on behalf of the Fund, and BANCO SANTANDER, S.A. have entered into a Guaranteed Interest Rate Account (Treasury Account) Agreement whereby BANCO SANTANDER, S.A. guarantees a variable yield on the amounts paid by the Fund through its Management Company into a financial account. The Guaranteed Interest Rate Account (Treasury Account) Agreement shall specifically provide that all amounts received by the Fund will be paid into a financial account in Euros (the "Treasury Account") opened at BANCO SANTANDER, S.A. in the name of the Fund by the Management Company, which amounts shall mostly consist of the following items: (i) Loan principal repayment and interest collected; (ii) the Cash Reserve amount; (iii) any other Loan amounts received owing to the Fund, and the proceeds of the sale or utilisation of properties or assets awarded or under administration and interim possession in foreclosure proceedings; (iv) Financial Swap amounts paid to the Fund; and (v) the amounts of the returns obtained on Treasury Account balances. SANTANDER shall pay to the Fund, through its Management Company, and in relation to the amounts credited to the Treasury Account, an annual nominal interest rate, variable daily and settled monthly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period, to the positive daily balances if any on the Treasury Account, equal to the higher of: (a) zero percent (0.00%); and (b) one- (1-) month Euribor. That

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Sociedad Gestora de Fondos de Titulización

Section	Description
	interest rate shall be in force until April 8, 2017. Interest accrued, which shall be settled on the 19th of each month, shall be calculated based on the exact number of days in each interest accrual period based on a 360-day year. The first interest settlement date for the Treasury Account at SGSE shall be April 19, 2016 at 0.00%. In that connection, one- (1-) month Euribor shall mean the Euro Interbank Offered Rate (Euribor) currently calculated and distributed by Global Rate Set Systems Ltd (GRSS) appointed by the European Money Markets Institute ("EMMI") and EURIBOR ACI, with a maturity of one (1) month, set at 11am (CET or "Central European Time") on the second Business Day preceding the start of each interest accrual Period, and which is currently published on electronic page EURIBOR01 supplied by Reuters, or any other page taking its stead in providing these services. Given that, at the signature date of the Treasury Account Agreement, SANTANDER's short-term unsecured and unsubordinated debt obligations are rated below P-1 or A-1 respectively by Moody's and S&P, the Management Company shall, if a Rating Agency should notify that the rating of Series C Bonds, the only outstanding Series, can be adversely affected thereby, within not more than thirty (30) days from the time of that occurrence, after first notifying the relevant Rating Agency, do one of the following in order to allow a suitable level of collateral to be maintained with respect to the commitments derived from the Agreement in order for the rating given to Series C Bonds by the Rating Agencies not to be adversely affected: a) Obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1, or any others allowing the rating assigned to the Bonds by the Rating Agencies to be maintained, respectively by Moody's and S&P, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by SANTANDER of its obligation to repay the amounts credited to the Treasury Account, for such time as SANTANDER remains downgraded below P-1 or A-1. b) Transfer the Treasury Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1, or any others allowing the rating assigned to the Bonds by the Rating Agencies to be maintained, respectively by Moody's and S&P, and arrange the highest possible yield for its balances, which may differ from that arranged with SANTANDER. c) If a) and b) above are not possible, obtain from POPULAR or a third party collateral security for the Fund on financial assets with short-term unsecured and unsubordinated debt obligations rated at least as high as Aaa for long-term debt obligations by Moody's and A-1 for short-term debt obligations by S&P or any others allowing the rating assigned to the Bonds by the Rating Agencies to be maintained, in an amount sufficient to secure the commitments established in the Agreement. d) Moreover, if the above options should not be feasible on the set terms, the Management Company may invest the balances for periods not extending beyond the following Payment Date, in short-term fixed-income assets in euros issued by institutions with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1 (for periods of less than 30 days or A-1+ for longer periods) or any others allowing the rating assigned to the Bonds by the Rating Agencies to be maintained, respectively by Moody's and S&P, including short-term securities issued by the Spanish State which shall be deposited at institutions with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 and A-1 respectively by Moody's and S&P, or any others

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Section	Description
	allowing the rating assigned to the Bonds by the Rating Agencies to be maintained. In that event, the yield obtained may also differ from that obtained initially under the Agreement. e) In both b) and d), the Management Company shall subsequently transfer the balances back to POPULAR, if POPULAR's short-term, unsecured and unsubordinated debt obligations should be upgraded back to P-1 and A-1 respectively by Moody's and S&P. All costs, expenses and taxes incurred in connection with putting in place and arranging the above options shall be borne by POPULAR. POPULAR shall agree, forthwith upon SANTANDER's credit rating being downgraded, to use commercially reasonable efforts in order that the Management Company may do either of a) or b) above.

Madrid, April 8, 2016

Mario Masiá Vicente
General Manager

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This document is a prospectus (the "**Prospectus**") registered at the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*), as provided for in Commission Regulation (EC) No. 809/2004 of April 29, 2004 ("**Regulation 809/2004**"), and comprises:

1. A description of the major risk factors linked to the issuer, the securities and the assets backing the issue (the "**Risk Factors**");

2. An asset-backed securities registration document, prepared using the outline provided in Annex VII to Regulation 809/2004 (the "**Registration Document**");

3. A securities note, prepared using the outline provided in Annex XIII to Regulation 809/2004 (the "**Securities Note**");

4. A Securities Note building block, prepared using the block provided in Annex VIII to Regulation 809/2004 (the "**Building Block**"); and

5. A glossary of definitions.

RISK FACTORS

1 Risks derived from the issuer's legal nature and operations.

a) Nature of the Fund and obligations of the Management Company.

The Fund is a separate closed-end fund devoid of legal personality and is managed by a management company, in accordance with Royal Decree 926/1998. The Fund shall be liable only for its obligations to its creditors with its assets.

The Management Company shall discharge for the Fund the functions attributed to it in Royal Decree 926/1998, and enforce Bondholders' interests as the manager of third-party portfolios. There shall be no syndicate of bondholders. Therefore, the capacity to enforce Bondholders' interests shall depend on the Management Company's means.

b) Forced substitution of the Management Company.

In accordance with article 19 of Royal Decree 926/1998, where the Management Company is adjudged insolvent, it shall find a substitute management company. In any such event, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be an early liquidation of the Fund and an amortisation of the securities issued by the same.

c) Limitation of actions against the Management Company.

Bondholders and all other ordinary creditors of the Fund shall have no recourse whatsoever against the Fund Management Company other than as derived from breaches of its duties or inobservance of the provisions of the Deed of Constitution and of this Prospectus.

d) Applicability of the Bankruptcy Act.

Both BANCO PASTOR and the Management Company may be declared bankrupt.

In particular, bankruptcy of BANCO PASTOR could affect its contractual relationships with the Fund, in accordance with the provisions of Bankruptcy Act 22/2003, July 9 (the "**Bankruptcy Act**").

Specifically, the transactions involving the issue of the Pass-Through Certificates and assignment of the Non-Mortgage Loans cannot be the subject of restitution other than by an action brought by the receivers of BANCO PASTOR, in accordance with the provisions of the Bankruptcy Act, and after first proving the existence of fraud in said transactions, fully in conformity with Additional Provision Five, section 4, of Act 3/1994, April 14.

In this connection, in the event of BANCO PASTOR being decreed in bankruptcy, in accordance with the Bankruptcy Act, the Fund, acting through the Management Company, shall have a right of separation with respect to the multiple certificate representing the Pass-Through Certificates and to the Non-Mortgage Loans, on the terms provided for in articles 80 and 81 of the Bankruptcy Act. Moreover, the Fund, acting through its Management Company, shall be entitled to obtain from BANCO PASTOR the resulting Pass-Through Certificate and Non-Mortgage Loan amounts, for those amounts will be considered to be the Fund's property, through its Management Company and must therefore be transferred to the Management Company, representing the Fund. Subject to the above, there can be no ruling out that such a right of separation might not be enforceable with respect to funds handled by BANCO PASTOR, for and on the Fund's instructions, as part of its function to manage collections of the Loans and the monies credited to the Fund's accounts opened at BANCO PASTOR, in both cases as of the date on which bankruptcy is decreed, given their fungible nature and the consequent merging of assets. The means mitigating that risk are described in sections 3.4.4.1 (Treasury Account), 3.4.5 (Collection by the Fund of payments in respect of the securitised assets) and 3.7.2.1.2 (Collection management) of the Building Block.

In the event of bankruptcy of the Management Company, it must be replaced by another management company in accordance with the provisions of article 19 of Royal Decree 926/1998.

2 Risks derived from the securities.

a) Liquidity

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

There is no undertaking that any institution will be involved in secondary trading, giving the Bonds liquidity by offering consideration.

Moreover, the Fund may in no event repurchase the Bonds from Bondholders. Nevertheless, the Bonds may be fully subject to early amortisation in the event of Early Liquidation of the Fund, on the terms laid down in section 4.4.4 of the Registration Document.

b) Yield.

Calculation of the yield (internal rate of return) of the Bonds in each Series contained in section 4.10 of the Securities Note is subject to future market interest rates, given the floating nature of the Nominal Interest Rate of each Series.

c) Duration.

Calculation of the average life and duration of the Bonds in each Series contained in section 4.10 of the Securities Note is subject to fulfilment of Loan repayment and to assumed Loan prepayment rates that may not be fulfilled. Loan repayment performance is influenced by a number of economic and social factors such as market interest rates, the Obligors' financial circumstances and the general level of economic activity, preventing their predictability.

d) Late-payment interest.

Late interest payment or principal repayment to Bondholders shall under no circumstances result in late-payment interest accruing to their favour.

3 Risks derived from the assets backing the issue.

a) Risk of default on the Loans.

Bondholders shall bear the risk of default on the Loans pooled in the Fund.

BANCO PASTOR, as Originator, shall have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Loans. Under article 348 of the Commercial Code, BANCO PASTOR is liable to the Fund exclusively for the existence and lawfulness of the Loans, and for the personality with which the assignment is made. BANCO PASTOR will have no liability whatsoever to directly or indirectly guarantee that the transaction will be properly performed nor give any guarantees or security, nor indeed agree to repurchase the Loans, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution of Loans or of Pass-Through Certificates failing to conform, upon the Fund being established, to the characteristics given in section 2.2.8 of the Building Block.

The Bonds issued by the Fund neither represent nor constitute an obligation of BANCO PASTOR or the Management Company. With the exception of the State guarantee given for the Series A2(G) Bonds and the European Investment Fund guarantee given for the Series B Bonds, on the terms respectively described in sections 3.4.2.3 and 3.4.2.4 of the Building Block, no other guarantees have been granted by any public or private organisation whatsoever, including BANCO PASTOR, the Management Company and any of their affiliated or associated companies.

b) Limited Hedging.

A high level of delinquency of the Loans might reduce or indeed exhaust the limited hedging against Loan portfolio losses that the Bonds in each Series distinctly have as a result of the existence of the credit enhancement transactions described in section 3.4.2 of the Building Block. Additionally, that risk of default is covered for the Series A2(G) Bonds by the Spanish State guarantee and for the Series B Bonds by the European Investment Fund guarantee, respectively described in sections 3.4.2.3 and 3.4.2.4 of the Building Block.

The degree of subordination in interest payment and principal repayment between the Bonds in the different Series derived from the Priority of Payments and the Liquidation Priority of Payments of the Fund is a mechanism for distinctly hedging the different Series.

c) Loan prepayment risk.

There will be a prepayment of the Loans pooled in the Fund when the Obligors prepay the portion of principal pending repayment on the Loans.

That prepayment risk shall pass quarterly on each Payment Date to Bondholders by the partial amortisation of the Bonds, in accordance with the provisions of the rules for Distribution of Available Funds for Amortisation contained in section 4.9.3.1.6 of the Securities Note.

ASSET-BACKED SECURITIES REGISTRATION DOCUMENT

(Annex VII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)

1. PERSONS RESPONSIBLE

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

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the "**Management Company**"), the company sponsoring EdT FTPYME PASTOR 3 FONDO DE TITULIZACIÓN DE ACTIVOS (the "**Fund**" and/or the "**Issuer**").

Mr Mario Masiá Vicente is acting as General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee at its meeting held on July 21, 2005.

1.2 Declaration by those responsible for the contents of the Registration Document.

Mr Mario Masiá Vicente declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. STATUTORY AUDITORS

2.1 Fund's Auditors.

Because the Fund's operations shall commence on the date of execution of the Deed of Constitution, as provided for in section 4.4.2 of this Registration Document, the Fund has no historical financial information.

The Fund's annual accounts shall be audited and reviewed every year by statutory auditors. The Fund's annual accounts and their audit report shall be filed with the Companies Register.

The Management Company shall proceed to designate, for periods of not more than three (3) years, the statutory auditor who is for that period of time to audit the Fund's annual accounts, reporting that appointment to the CNMV. The designation of an auditor for a given period shall not preclude the designation of that auditor for subsequent periods, observing in any event the laws in force on the subject.

2.2 Accounting policies used by the Fund.

Income and expenditure will be accounted for by the Fund in accordance with the accruals principle, i.e. in accordance with the actual flow represented by such income and expenditure, irrespective of when they are collected and paid.

The expenses of setting up the Fund, issuing the Bonds and admission to trading detailed in section 6 of the Securities Note will be subject to a straight-line depreciation during the months elapsing since the establishment of the Fund until December 31, 2010, inclusive.

The Fund's fiscal year shall match a calendar year. However, the first fiscal year will exceptionally begin on the date of establishment of the Fund and end on December 31 thereafter, and the last fiscal year will end on the date on which the Fund terminates.

3. RISK FACTORS

The risk factors linked to the issuer are described in section 1 of Risk Factors of this Prospectus.

4. INFORMATION ABOUT THE ISSUER

4.1 Statement that the issuer has been established as a securitisation fund.

The Issuer is an asset securitisation fund to be established in accordance with Spanish laws.

4.2 Legal and commercial name of the issuer.

The issuer's name is "EdT FTPYME PASTOR 3 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- EdT FTPYME PASTOR 3 FTA
- EdT FTPYME PASTOR 3 F.T.A.

4.3 Place of registration of the issuer and registration number.

The place of registration of the Fund is in Spain at the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the "**CNMV**"). The Fund was entered in the Official Registers of the CNMV on December 2, 2005.

Companies Register

For the record, neither the establishment of the Fund nor the Bonds issued backed by its assets shall be entered in the Companies Register, in pursuance of the facultative authority for which provision is made in article 5.4 of Royal Decree 926/1998.

4.4 Date of establishment and existence of the issuer.

4.4.1 Date of establishment of the Fund.

The Management Company and BANCO PASTOR, Originator of the Loans, shall proceed to execute on December 5, 2005 a public deed whereby EdT FTPYME PASTOR 3 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BANCO PASTOR will assign to the Fund Non-Mortgage Loans and Mortgage Loans by means of the issue of Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds (the "**Deed of Constitution**"), on the terms provided in article 6 of Royal Decree 926/1998.

The Management Company represents that the contents of the Deed of Constitution shall match the draft Deed of Constitution it has submitted to the CNMV and the terms of the Deed of Constitution shall at no event contradict, change, alter or invalidate the contents of this Prospectus.

The Deed of Constitution may not be altered other than in exceptional events, provided that is permitted under the laws in force and subject to such statutory requirements as may be established. In any event, those actions shall require that the Management Company first notify and secure the prior authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agencies, and provided that such changes are not detrimental to the rating assigned to the Bonds by the Rating Agencies. The Deed of Constitution can also be corrected as requested by the CNMV.

4.4.2 Existence of the Fund.

The Fund shall commence its operations on the date of execution of the Deed of Constitution.

The Fund shall be in existence until January 19, 2039 or the following Business Day if that is not a Business Day, the Final Maturity Date of the Bond Issue, unless there should previously have been an Early Liquidation as set forth in section 4.4.3 of this Registration Document or any of the events laid down in section 4.4.4 of this Registration Document should occur.

4.4.3 Early Liquidation of the Fund.

4.4.3.1 Following notice served on the CNMV, the Management Company shall be entitled to proceed to an early liquidation ("**Early Liquidation**") of the Fund and thereby an early amortisation ("**Early Amortisation**") of the entire Bond Issue, in any of the following events ("**Early Liquidation Events**"):

(i) When the amount of the Outstanding Balance of the Loans yet to be repaid is less than 10 percent of the initial Outstanding Balance of the Loans upon the Fund being established, and provided that the payment obligations derived from the Bonds in each Series may be honoured and settled in full in the Liquidation Priority of Payments.

Payment obligations derived from the Bonds in each Series on the date of Early Liquidation of the Fund shall at all events be deemed to be the Outstanding Principal Balance of the respective Series on that date plus interest accrued and not paid until that date, which amounts shall be deemed to be due and payable on that date to all statutory intents and purposes.

(ii) Where, in any event or circumstance whatsoever unrelated to the Fund's operations, a substantial alteration occurs or the financial balance of the Fund required by article 11.b) of Royal Decree 926/1998 is permanently damaged. This event includes such circumstances as the existence of any change in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.

(iii) In the event that the Management Company should be adjudged insolvent, or the statutory term to do so or otherwise four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block.

(iv) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.

(v) Upon the lapse of thirty-six (36) months from the date of the last maturity of the Loans, even if amounts are still due and payable.

4.4.3.2 The following requirements shall have to be satisfied to proceed to that Early Liquidation of the Fund:

(i) That Bondholders be given not less than fifteen (15) Business Days' notice, as prescribed in section 4.1.3.2 of the Building Block, of the Management Company's resolution to proceed to an early liquidation of the Fund.

(ii) That the Management Company previously advise the CNMV and the Rating Agencies of that notice.

(iii) The notice of the Management Company's resolution to proceed to an Early Liquidation of the Fund shall contain a description (i) of the event or events for which an Early Liquidation of the Fund is effected, (ii) of the liquidation procedure, and (iii) of the manner in which the payment obligations derived from the Bonds are to be honoured and settled in the Liquidation Priority of Payments.

4.4.3.3. In order for the Fund, through its Management Company, to proceed to an Early Liquidation of the Fund and an Early Amortisation of the Bond Issue, the Management Company, for and on behalf of the Fund:

(i) Notwithstanding the provisions of paragraph (iv) below, shall proceed to sell the Loans remaining in the Fund for a price of not less than the sum of the principal still outstanding plus interest accrued and not paid on the relevant Loans.

(ii) Shall proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.

(iii) It will be entitled to arrange for a credit facility which shall be fully and forthwith allocated to the early amortisation of the Bonds and repayment of amounts due to the State upon the State Guarantee being enforced for the Series A2(G) Bonds and to the EIF upon the EIF Guarantee being enforced for Series B or upon the EIF Early Repayment Option being exercised. Financial costs accrued will be paid and credit facility principal shall be repaid in the Liquidation Priority of Payments.

(iv) Finally, both due to an insufficiency of the preceding actions and the existence of Loans or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite bids from at least five (5) entities from among the most active in the purchase and sale of those assets who may, in its view, give a market value. The Management Company shall be bound to accept the best bid received for the assets on offer which may, in its view, cover the market value of the asset at issue. In order to set the market value, the Management Company may secure such valuation reports as it shall deem necessary.

In events (i), (iii) and (iv) above, the Originator shall have a pre-emptive right and will therefore have priority over third parties to acquire the Loans or other remaining assets still on the assets of the Fund, or to grant to the Fund, as the case may be, the credit facility referred to in paragraph (iii) above. The Management Company shall therefore send the Originator a list of the Loans and other remaining assets and of third-party bids received, and the latter may use that right for all of the Loans and other assets offered by the Management Company or the credit facility within five (5) Business Days of receiving said notice, and provided that its bid is at least equal to the best of the third-party bids.

4.4.3.4 The Management Company shall forthwith apply all the proceeds from the sale of the Fund's assets to paying the various items, in such manner, amount and order as shall be requisite in the Liquidation Priority of Payments, other than the amounts, if any, drawn under the credit facility referred to in section 4.4.3.3.(iii) above which shall be applied to early amortisation of the Bond Issue and repayment of amounts due to the State upon the State Guarantee being enforced for Series A2(G) and to the EIF upon the EIF Guarantee being enforced for Series B or upon the EIF Early Repayment Option being exercised.

4.4.4 Termination of the Fund.

The Fund shall terminate in any of the following events:

(i) Upon the Loans pooled therein being fully repaid.

(ii) Upon the Bonds issued being fully amortised.

(iii) When the Early Liquidation procedure established in section 4.4.3 above is over.

(iv) At all events, upon the final liquidation of the Fund on the Final Maturity Date on January 19, 2039 or the following Business Day if that is not a Business Day.

(v) Upon the establishment of the Fund terminating in the event that the Rating Agencies should not confirm any of the assigned provisional ratings as final ratings by the start of the Subscription Period. In this event, the Management Company shall terminate the establishment of the Fund, the assignment of the Loans to the Fund and the Bond Issue.

Termination of the establishment of the Fund shall be notified to the CNMV as soon as such is confirmed, and shall be publicised by means of the procedure specified in section 4.1.3.2 of the Building Block. Within not more than one (1) month after the occurrence of the event of termination, the Management Company shall execute a statutory declaration before a notary public declaring that the Fund's obligations have been settled and terminated and that the Fund has terminated. Notwithstanding the above, the Fund Management Company shall defray the expenses of setting up the Fund payable with the Start-Up Loan, the agreement for which shall not be terminated but shall rather be cancelled after those amounts are settled, the repayment of principal being subordinated to fulfilment of all other obligations undertaken by the Management Company, acting for and on the Fund's behalf.

In the event that there should be any remainder upon the Fund being liquidated and after making all payments to the various creditors by distributing the Liquidation Available Funds in the set Liquidation Priority of Payments, that remainder shall be paid to the Originator. If that remainder is not a liquid amount, since relating to Loans that are pending the outcome of legal or notarial proceedings as a result of default by the Loan Obligor, both their continuation and the proceeds of their termination shall be for BANCO PASTOR.

In any event, the Management Company, acting for and on behalf of the Fund, shall not proceed to terminate the Fund and strike it off the relevant administrative registers until the Fund's Loans and remaining assets have been liquidated and the Fund's Liquidation Available Funds have been distributed, in the Fund Liquidation Priority of Payments.

Upon a period of six (6) months elapsing from liquidation of the Fund's remaining assets and distribution of the Liquidation Available Funds, the Management Company shall execute a statutory declaration before a notary public declaring (i) that the Fund has terminated, and the events prompting its termination, (ii) how Bondholders and the CNMV were notified, and (iii) how the Fund's Liquidation Available Funds were distributed in the Liquidation Priority of Payments; notice of this shall be given in a nation-wide newspaper and all other appropriate administrative procedures will be observed. The Management Company will submit that statutory declaration to the CNMV.

4.5 Domicile, legal form and legislation applicable to the issuer.

In accordance with the provisions of article 1.1 of Royal Decree 926/1998, the Fund has no own legal personality, and Securitisation Fund Management Companies are entrusted with establishing, managing and legally representing those funds, and, as managers of third-party portfolios, with representing and enforcing the interests of the holders of the securities issued by the Funds they manage and of all their other ordinary creditors.

The Fund shall have the same domicile as the Management Company:

- Street: Lagasca number 120
- Town: Madrid
- Post Code: 28006
- Country: Spain
- Telephone: (34) 91 411 84 67

The establishment of the Fund is subject to Spanish Law and in particular is carried out in pursuance of the provisions of the Ministerial Order dated December 28, 2001, amended by Economy Ministry Order ECO/1064/2003, April 29, relating to Agreements for Sponsoring Asset Securitisation Funds to foster business financing (the "**Order of December 28, 2001**") in accordance with the legal system provided for by (i) Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies ("**Royal Decree 926/1998**") and implementing regulations, (ii) Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7 ("**Act 19/1992**"), failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Act 3/1994, April 14, adapting Spanish law in regard to credit institutions to the Second Banking Co-ordination Directive and introducing other changes relating to the financial system ("**Act 3/1994**"), and (iv) all other legal and statutory provisions in force and applicable from time to time.

4.5.1 Tax system of the Fund.

In accordance with the provisions of article 1.2 of Royal Decree 926/1998; article 5.10 of Act 19/1992; article 7.1.h) of Legislative Royal Decree 4/2004, March 5, approving the Consolidation of the Corporation Tax Act; article 20.One.18 of Value Added Tax Act 37/1992, December 28; article 59.k of Royal Decree 1777/2004, July 30, approving the Corporation Tax Regulations; article 45.I.B).15 of Royal Decree 1/1993, September 24, approving the Consolidation of the Capital Transfer and Documents Under Seal Tax; article 16 of Royal Decree 3/1993, and additional provision five of Act 3/1994, the following are the characteristics of the current tax system of the Fund:

(i) The establishment of the Fund is exempt from the "corporate transactions" item of Capital Transfer and Documents Under Seal Tax.

(ii) The Bond issue is exempt from payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.

(iii) The Fund is liable to pay Corporation Tax, determining the taxable income in accordance with the provisions of Title IV of the Consolidation of the Corporation Tax Act, applying the general rate in force from time to time, which currently stands at 35%.

(iv) As for returns on Loans or other credit rights constituting Fund income, there shall be no Corporation Tax withholding or interim payment obligation.

(v) The Fund management and custody services shall be exempt from Value Added Tax.

(vi) The transfer of the Pass-Through Certificates and Non-Mortgage Loans to the Fund is a transaction subject to and exempt from Value Added Tax.

4.6 Issuer's authorised and issued capital.

Not applicable.

5. BUSINESS OVERVIEW

5.1 Brief description of the issuer's principal activities.

The Fund's activity is to acquire a set of loans owned by BANCO PASTOR, S.A. (the "**Loans**") granted to non-financial small and medium-sized enterprises (the "**Obligors**") domiciled in Spain and to issue asset-backed bonds (either the "**Asset-Backed Bonds**" or the "**Bonds**") designed to finance the acquisition of the loans, the underwritten placement of which is targeted at qualified investors.

Interest and repayment income on the loans received by the Fund shall be allocated quarterly on each Payment Date to interest payment and principal repayment on the Bonds issued on the specific terms of each of the Series making up the issue of Bonds and in the order of priority established for Fund payments.

Moreover, the Fund, represented by the Management Company, arranges a number of financial and service transactions in order to consolidate the financial structure of the Fund, enhance the safety or regularity in payment of the Bonds, cover timing differences between the scheduled principal and interest flows on the loans and the Bonds, and, generally, enable the financial transformation carried out in respect of the Fund's assets between the financial characteristics of the loans and the financial characteristics of each of the Bond series.

5.2 Global overview of the parties to the securitisation program.

- EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN ("**EUROPEA DE TITULIZACIÓN**") is the Management Company that will establish, manage and legally represent the Fund and was involved in structuring the financial terms of the Fund and the Bond Issue.

  EUROPEA DE TITULIZACIÓN is a securitisation fund management company incorporated in Spain and entered in the CNMV's special register under number 2.

  VAT REG. No.: A-805144 66 Business Activity Code No.: 6713

  Registered office: calle Lagasca number 120, 28006 Madrid (Spain).

- BANCO PASTOR, S.A. ("**BANCO PASTOR**") is the originator of the Loans to be assigned to the Fund upon being established and shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

  Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, BANCO PASTOR was involved in structuring the financial terms of the Fund and the Bond Issue and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the public offering for Bond Issue subscription, (ii) liaising with potential investors and being one of the Bond subscription book runners, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

Moreover, BANCO PASTOR shall be the Fund's counterparty in the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Financial Swap, Loan Servicing, Bond Paying Agent and Financial Intermediation Agreements.

BANCO PASTOR is a bank incorporated in Spain and entered in the Companies Register of Corunna at volume 91, book 3, section 3, folio 107, sheet 33, entry 1, and in the Bank of Spain's Special Register of Banks and Bankers under number R-2, its code number being 0072.

VAT REG. No.: A-15000128

Registered office: Cantón Pequeño number 1, 15003 Corunna (Spain).

Ratings for the short- and long-term unsecured and unsubordinated debt obligations of BANCO PASTOR assigned by the rating agencies:

	Moody's Ratings	S&P Ratings
Short-term	P-1	A-1
Long-term	A2	A

- J.P. MORGAN SECURITIES LTD. ("**JPMORGAN**") shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

  Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, JPMORGAN was involved in structuring the financial terms of the Fund and the Bond Issue and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the public offering for Bond Issue subscription, (ii) liaising with potential investors and being one of the Bond subscription book runners, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

  JPMORGAN is a limited liability company incorporated in the United Kingdom and entered in the companies register of England and Wales under number 2711006. Moreover, JPMORGAN is registered with the CNMV as a European Economic Area Investment Services Company in Free Provision of Services under registration number 107 dated 05.01.1996.

  VAT REG. No.: GB 397 2498 93

  Registered office: 125 London Wall, EC2Y 5AJ London (United Kingdom)

- DEUTSCHE BANK AG ("**DEUTSCHE BANK**") shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

  Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, DEUTSCHE BANK will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the public offering for Bond Issue subscription, (ii) liaising with potential investors and being one of the Bond subscription book runners, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

  DEUTSCHE BANK is a German credit institution, of Taunusanlage, 12, D-60325, Frankfurt am Maim. Moreover, DEUTSCHE BANK is entered in the Bank of Spain as a Community credit institution, operating in Spain without an establishment.

- The Spanish State will guarantee, waiving the benefit of discussion established in Civil Code article 1830, payment of such economic obligations as may be enforceable on the Fund deriving from the Series A2(G) Bonds.

  In a Ministerial Order, the Economy and Finance Ministry shall provide the Fund before it is established with a guarantee whereby the Spanish State will secure, waiving the benefit of discussion established in Civil Code article 1830, payment of such economic obligations as may be enforceable on the Fund deriving from the Series A2(G) Bonds for a face amount of EUR one hundred million (100,000,000.00).

- EUROPEAN INVESTMENT FUND*)* (“**EIF**”) will guarantee, waiving the benefit of discussion established in Civil Code article 1830, payment of such economic obligations as may be enforceable on the Fund deriving from the Series B Bonds.

  EIF is an international financial institution whose main objective is to support the creation, growth and development of small and medium-sized enterprises (“SMEs”).

  According to its statutes, EIF *…”contributes to the pursuit of European Union objectives”* targeting “*appropriate returns for its shareholders”* and at the same time independently selecting the transactions it finances. It is committed to promoting growth, employment, a knowledge-based economy, entrepreneurial spirit, innovation and regional development. That objective is supervised by the Council of Europe and the European Parliament.

  The shareholders of EIF are the European Investment Bank (EIB) with a 61.9% shareholding, the European Union with a 30.0% shareholding and thirty-four European financial institutions with an 8.1% shareholding.

  Within the EIB Group, EIF is the specialised financial institution providing venture capital and guarantee instruments for financial institutions, using either its own funds or those available within the framework of mandates entrusted to EIF by the EIB, the European Union and third parties (usually the German Government). Furthermore, as a complementary activity, EIF has recently developed an independent consultancy service

  The shareholders of the EIB are the twenty-five Member States of the European Union. The main shareholders are Germany, France, Italy, UK (16.3% each) and Spain (9.8%).

  Place of business: 43, Avenue J.F. Kennedy, L-2968 Luxembourg (Grand Duchy of Luxembourg).

- CIBC WORLD MARKETS PLC (“**CIBC**”) shall be a Bond Issue Underwriter and Placement Agent.

  CIBC is a bank incorporated in the United Kingdom entered in the Companies Register of England and Wales under number 2733036 and with registered office in London, Cottons Centre, Cottons Lane, SE1 2QL London. Moreover, CIBC is registered in the Bank of Spain as a Community Credit Institution operating in Spain without an establishment.

- CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA (“**BANCAJA**”) shall be one of the Bond Issue Underwriters and Placement Agents.

  BANCAJA is a savings bank incorporated in Spain and entered in the Companies Register of Castellón and in the Bank of Spain’s Special Register of Savings Banks under number 49, its code number being 2077.

  VAT REG. No.: G-46/002804

  Registered office: Caballeros number 2, 12001 Castellón (Spain).

  Principal places of business: Pintor Sorolla number 8, 46002 Valencia.

- BANCO SANTANDER CENTRAL HISPANO S.A. (“**SCH**”) shall be one of the Bond Issue Underwriters and Placement Agents.

  SCH is a bank incorporated in Spain and entered in the Companies Register of Cantabria and in the Bank of Spain’s Special Register of Banks and Bankers, its code number being 0049.

  VAT REG. No.: A-39000013

  Registered office: Paseo de Pereda number 9-12, 39004 Santander (Spain).

- Moody’s Investors Service España, S.A. is one of the two rating agencies (collectively, the “**Rating Agencies**”) for each Series in the Bond Issue.

  Moody’s Investors Service España, S.A. is a Spanish company accredited as a rating institution by the CNMV, and is affiliated to and operates in accordance with the methodology, standards and quality control of Moody’s Investors Service Limited (each of them “**Moody’s**” without distinction).

  VAT Reg. No.: A-80448475

  Registered office: Bárbara de Braganza number 2, 28004 Madrid (Spain)

- Standard & Poor's España, S.A. is one of the two Rating Agencies for each Series in the Bond Issue.

  Standard & Poor's España, S.A. is a Spanish company accredited as a rating institution by the CNMV, and is affiliated to and operates in accordance with the methodology, standards and quality control of Standard & Poor's Rating Services (each of them "**S&P**" without distinction).

  VAT Reg. No.: A-80310824

  Registered office: Carrera de San Jerónimo number 15, 28014 Madrid (Spain)

- The law firm LOVELLS ("**LOVELLS**") has provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.

  VAT Reg. No.: N0067537A

  Registered office: Paseo de la Castellana number 51, 28046 Madrid (Spain)

- Ernst & Young S.L. ("**Ernst & Young**") have audited the selected loans of BANCO PASTOR.

  Ernst & Young are entered in the Official Register of Auditors (ROAC) under number S0530.

  VAT Reg. No.: B-7890506

  Registered office: Plaza Pablo Ruiz Picasso number 1 28020 Madrid (Spain)

BANCO PASTOR has a 0.77 percent interest in the Management Company's share capital.

J.P. MORGAN SECURITIES LTD. is part of the same Group as J.P. MORGAN ESPAÑA, S.A., and the latter in turn has a 4.00 percent interest in the Management Company's share capital.

DEUTSCHE BANK AG is part of the same Group as DEUTSCHE BANK, S.A, and DEUTSCHE BANK CREDIT, S.A. and the latter in turn have a joint 1.5316 percent interest in the Management Company's share capital.

No other direct or indirect ownership or controlling interest whatsoever is known to exist between the above-mentioned legal persons involved in the securitisation transactions.

6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

Management, administration and representation of the issuer.

The Management Company, EUROPEA DE TITULIZACIÓN, S.A., shall be responsible for the management and legal representation of the Fund on the terms set in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and other applicable laws, and on the terms of the Deed of Constitution.

6.1 Incorporation and registration at the Companies Register.

EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN was incorporated in a public deed executed on January 19, 1993 before Madrid Notary Public Mr Roberto Blanquer Uberos, his document number 117, with the prior authorisation of the Economy and Finance Ministry, given on December 17, 1992, and entered in the Companies Register of Madrid at volume 5,461, book O, folio 49, section 8, sheet M-89355, entry 1, on March 11, 1993; the company was re-registered as a Securitisation Fund Management Company in accordance with the provisions of chapter II and in the single transitional provision of Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies, pursuant to an authorisation granted by a Ministerial Order dated October 4, 1999 and in a deed executed on October 25, 1999 before Madrid Notary Public Mr Luis Felipe Rivas Recio, his document number 3,289, which was entered under number 33 of the sheet opened for the Company in said Companies Register.

EUROPEA DE TITULIZACIÓN has perpetual existence, other than upon the occurrence of any of the events of dissolution provided by the laws and the articles of association.

6.2 **Audit.**

The annual accounts of EUROPEA DE TITULIZACIÓN for the years ended on December 31, 2004, 2003 and 2002 have been audited by the firm Deloitte S.L., with place of business at Madrid, and entered in the Official Register of Auditors (ROAC) under number S0692.

The audit reports on the annual accounts for the years 2004, 2003 and 2002 have no notes.

6.3 **Principal activities.**

The exclusive objects of EUROPEA DE TITULIZACIÓN are to establish, manage and legally represent both asset securitisation funds and mortgage securitisation funds.

EUROPEA DE TITULIZACIÓN managed 44 securitisation funds as at September 30, 2005, of which 18 were mortgage securitisation funds and 26 were asset securitisation funds.

The following table itemises the 44 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances.

Securitisation Fund	Establishment	Bond Issue Initially	Bond Issue Balance 30.09.2005		Bond Issue Balance 31.12.2004		Bond Issue Balance 31.12.2003
		EUR	EUR	Δ%	EUR	Δ%	EUR
TOTAL		**36,801,546,652.96**	**27,537,188,364.88**	**26.7%**	**21,742,066,167.51**	**42.8%**	**15,225,248,835.61**
Mortgage (FTH)		9,577,546,652.96	4,857,295,275.15	-14.2%	5,664,315,494.43	9.2%	6,238,076,018.82
Bankinter 7 FTH	18.02.2004	490,000,000.00	370,378,365.42	-16.4%	443,242,308.18		
Bankinter 5 FTH	16.12.2002	710,000,000.00	480,860,636.59	-15.4%	568,496,104.12	-12.1%	646,824,322.74
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00	181,621,502.40	-15.4%	214,702,964.80	-19.8%	267,626,203.20
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	324,427,164.89	-15.3%	383,066,455.30	-15.6%	453,900,456.81
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	562,166,397.85	-17.0%	676,910,165.65	-18.3%	828,101,060.95
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	718,925,477.00	-10.8%	805,537,009.40	-11.8%	913,481,788.16
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	191,877,565.42	-13.5%	221,756,180.86	-15.5%	262,514,204.02
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	779,474,785.92	-11.7%	882,775,463.04	-14.1%	1,027,098,923.52
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00	139,291,831.58	-15.3%	164,493,197.56	-21.0%	208,231,256.08
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	114,727,237.60	-15.2%	135,215,972.80	-16.9%	162,788,372.80
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00	84,496,357.62	-19.0%	104,365,347.64	-24.3%	137,863,444.12
Rural Hipotecario I FTH	22.02.2000	200,000,000.00	72,482,730.44	-16.1%	86,384,087.06	-19.8%	107,756,861.06
Bankinter 2 FTH	25.10.1999	320,000,000.00	136,877,163.99	-16.5%	163,903,710.50	-15.2%	193,242,016.00
Bankinter 1 FTH	12.05.1999	600,000,000.00	208,963,268.52	-10.5%	233,577,234.54	-18.9%	287,986,696.98
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00	90,897,930.12	-17.6%	110,269,777.88	-22.4%	142,107,218.50
Hipotecario 2 FTH	04.12.1998	1,051,771,182.67	322,792,651.70	-11.1%	363,220,856.66	-20.5%	456,668,285.80
Bancaja 2 FTH	23.10.1998	240,404,841.75	59,937,667.99	-22.4%	77,225,834.66	-21.8%	98,788,329.80
Bancaja 1 FTH	18.07.1997	120,202,420.88	17,096,540.10	-19.6%	21,266,914.30	-25.7%	28,614,973.60
BBV-MBS I FTH	30.11.1995	90,151,815.66	liquidated	-100.0%	7,905,909.48	-45.4%	14,481,604.68
Hipotecario 1 FTH	20.09.1993	69,116,392.00	liquidated				
Asset (FTA)		**27,224,000,000.00**	**22,679,893,089.73**	**41.1%**	**16,077,750,673.08**	**78.9%**	**8,987,172,816.79**
BBVA-4 PYME FTA	26.09.2005	1,250,000,000.00	1,250,000,000.00				
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	1,740,000,000.00				
MBS Bancaja 2 FTA	27.06.2005	809,200,000.00	781,824,860.88				
BBVA Hipotecario 3 FTA	13.06.2005	1,450,000,000.00	1,450,000,000.00				
Rural Hipotecario VII FTA	29.04.2005	1,100,000,000.00	1,043,655,618.71				
Bancaja 8 FTA	22.04.2005	1,680,100,000.00	1,601,566,395.00				
Bankinter 9 FTA	14.02.2005	1,035,000,000.00	1,035,000,000.00				
BBVA-3 FTPYME FTA	29.11.2004	1,000,000,000.00	1,000,000,000.00	0.0%	1,000,000,000.00		
Ruralpyme 1 FTPYME FTA	23.11.2004	214,000,000.00	182,166,403.00	-14.9%	214,000,000.00		
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	1,000,000,000.00	0.0%	1,000,000,000.00		
FTPYME Bancaja 3 FTA	11.10.2004	900,000,000.00	900,000,000.00	0.0%	**900**,000,000.00		
Bancaja 7 FTA	12.07.2004	1,900,000,000.00	1,900,000,000.00	0.0%	1,900,000,000.00		
Rural Hipotecario VI FTA	07.07.2004	950,000,000.00	811,620,252.58	-11.6%	918,039,044.03		
MBS Bancaja 1 FTA	17.05.2004	690,000,000.00	690,000,000.00	0.0%	690,000,000.00		
Valencia H 1 FTA	23.04.2004	472,000,000.00	385,776,222.36	-11.6%	436,154,049.09		
Bankinter 8 FTA	03.03.2004	1,070,000,000.00	868,322,766.41	-11.0%	976,014,308.21		
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	1,447,337,821.80	-30.4%	2,080,000,000.00	0.0%	2,080,000,000.00
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	520,669,380.68	-11.9%	591,221,073.84	-13.6%	684,344,386.72
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	1,074,897,320.91	-9.8%	1,191,555,147.63	-11.7%	1,350,000,000.00

Securitisation Fund	Establishment	Bond Issue Initially	Bond Issue Balance 30.09.2005		Bond Issue Balance 31.12.2004		Bond Issue Balance 31.12.2003
		EUR	EUR	Δ%	EUR	Δ%	EUR
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	291,851,662.93	-39.6%	483,139,909.38	-3.4%	500,000,000.00
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	637,005,438.75	-16.0%	758,585,912.95	-18.2%	927,104,197.20
Bancaja 3 FTA	29.07.2002	520,900,000.00	520,900,000.00	0.0%	520,900,000.00	0.0%	520,900,000.00
FTPYME Bancaja 1 FTA	04.03.2002	600,000,000.00	262,592,285.40	-56.2%	600,000,000.00	0.0%	600,000,000.00
BBVA-2 FTPYME ICO	01.12.2000	900,000,000.00	343,882,510.38	-32.3%	508,081,398.75	-38.0%	819,749,937.69
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	650,365,730.00	-20.2%	815,121,170.00	-6.1%	868,173,110.00
BBVA-1 FTA	24.02.2000	1,112,800,000.00	290,458,419.94	-41.3%	494,938,659.20	-22.3%	636,901,185.18

6.4 **Share capital and equity.**

The wholly subscribed for, paid-up share capital amounts to one million eight hundred and three thousand and thirty-seven euros and fifty eurocents (EUR 1,803,037.50) represented by 2,500 registered shares, all in the same class, correlatively numbered from 1 to 2,500, both inclusive, wholly subscribed for and paid up, and divided into two series:

- Series A comprising 1,250 shares, numbers 1 to 1,250, both inclusive, having a unit face value of EUR 276.17.
- Series B comprising 1,250 shares, numbers 1,251 to 2,500, both inclusive, having a unit face value of EUR 1,166.26.

The shares are all in the same class and confer identical political and economic rights.

(EUR)	31.12.2004	Δ%	31.12.2003	Δ%	31.12.2002
Equity *	**3,095,298.97**	**0.03%**	**3,094,300.50**	**4.65%**	**2,956,911.01**
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	1,292,261.47	0.08%	1,291,263.00	11.91%	1,153,873.51
Legal	*360,607.50*	*0.28%*	*359,609.03*	*61.83%*	*222.219,54*
Voluntary	*931,653.97*	*0.00%*	*931,653.97*	*0.00%*	*931.653,97*
Year's profit	**1,786,915.94**	**0.84%**	**1,772,026.40**	**28.98%**	**1,373,894.87**

* Does not include year's profit

6.5 **Existence or not of shareholdings in other companies.**

There are no shareholdings in any other company.

6.6 **Administrative, management and supervisory bodies.**

The government and management of the Management Company are entrusted under the Articles of Association to the General Shareholders' Meeting and the Board of Directors. Their duties and authorities are as prescribed for those bodies in the Public Limited Companies Act and in Royal Decree 926/1998, in relation to the objects.

As provided for in the Articles of Association, the Board of Directors has delegated to an Executive Committee all its authorities that may be delegated by law and in accordance with the articles, including resolving to set up Asset Securitisation Funds. There is also a General Manager vested with extensive authorities within the organisation and vis-à-vis third parties.

Board of Directors

The Board of Directors has the following membership:

Chairman:	Mr Roberto Vicario Montoya *
Vice-Chairman:	Mr Carlos Pertejo Muñoz
Directors:	Mr Ignacio Aldonza Goicoechea Mr Luis Bach Gómez * Mr José Mª. Castellón Leal on behalf of Barclays Bank, S.A. Mr José Luis Domínguez de Posada de Miguel * Ms Ana Fernández Manrique Mr Juan Gortázar Sánchez-Torres Mr Mario Masiá Vicente * ** Ms Carmen Pérez de Muniaín Marzana * ** Mr Borja Uriarte Villalonga on behalf of Bankinter, S.A. * Mr Jesús del Pino Durán ** Mr Jorge Sáenz de Miera on behalf of Deutsche Bank Credit, S.A. Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A. Mr José Manuel Tamayo Pérez Mr Pedro Mª. Urresti Laca on behalf of J.P. Morgan España, S.A. * Mr Ignacio Benlloch Fernández-Cuesta on behalf of Banco Cooperativo Español S.A.**
Non-Director Secretary:	Ms Belén Rico Arévalo

* Member of the Board of Directors' Executive Committee.
** These appointments and re-elections by the Ordinary General Shareholders' Meeting held on June 23, 2005 and the removal of Banco Urquijo S.A. are yet to be entered in the Companies Register and have been notified to the CNMV.

The business address of the directors of EUROPEA DE TITULIZACIÓN is for these purposes at Madrid, calle Lagasca number 120.

General Manager.

The General Manager of the Management Company is Mr Mario Masiá Vicente.

6.7 **Principal activities of the persons referred to in section 6.1.6 above, performed outside the Management Company where these are significant with respect to the Fund.**

Mr Pedro Mª. Urresti Laca is currently a member of staff of J.P. MORGAN SECURITIES LIMITED, the firm involved in the securitisation transaction as Lead Manager and Underwriter and Placement Agent of the Bond Issue.

None of the remaining individuals referred to in the preceding section performs any activities outside the Management Company that may be significant with respect to the Fund.

6.8 **Lenders of the Management Company in excess of 10 percent.**

The Management Company has received no loan or credit from any person or institution whatsoever.

6.9 Litigation in the Management Company.

The Management Company is not involved in any event in the nature of insolvency or in any litigation or actions which might affect its economic and financial position or, in the future, its capacity to discharge its Fund management and administration duties.

7. MAJOR SHAREHOLDERS

7.1 Statement as to whether the Management Company is directly or indirectly owned or controlled.

The ownership of shares in the Management Company is distributed among the companies listed below, specifying the percentage holding of each one:

Name of shareholder company	Holding * (%)
Banco Bilbao Vizcaya Argentaria , S.A.	82.9703
J.P. Morgan España, S.A.	4.0000
Caja de Ahorros del Mediterráneo	1.5420
Bankinter, S.A.	1.5317
Barclays Bank, S.A.	1.5317
Citibank España, S.A.	1.5317
Deutsche Bank Credit, S.A.	0.7658
Deutsche Bank, S.A.E.	0.7658
Banco Cooperativo Español, S.A.	0.7658
Banco Pastor, S.A.	0.7658
Banco de la Pequeña y Mediana Empresa, S.A.	0.7658
Banco Sabadell, S.A.	0.7658
Banco Urquijo, S.A.	0.7658
BNP Paribas España, S.A.	0.7658
Caja de Ahorros y Monte de Piedad de Madrid	0.3829
Caja de Ahorros de Salamanca y Soria - Caja Duero	0.3829
	100.0000

For the purposes of Commercial Code article 42, EUROPEA DE TITULIZACIÓN is a member of Banco Bilbao Vizcaya Argentaria Group.

EUROPEA DE TITULIZACIÓN has established an Internal Code of Conduct in fulfilment of the provisions of Chapter II of Royal Decree 629/1993, May 3, on operating standards in securities markets and mandatory registrations, which has been notified to the CNMV.

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

8.1 Statement as to commencement of operations and financial statements as at the date of the Registration Document.

In accordance with the provisions of section 4.4.2 of this Registration Document, the Fund's operations shall commence on the date of execution of the Deed of Constitution and therefore no financial statement has been prepared as of the date of this Registration Document.

8.2 Historical financial information where an issuer has commenced operations and financial statements have been prepared.

Not applicable.

8.2 bis Historical financial information for issues of 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, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

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

No statement or report is included.

9.2 Information sourced from a third party.

No information is included.

10. DOCUMENTS ON DISPLAY

10.1 Documents on display.

If necessary, the following documents or copies thereof may be inspected during the period of validity of this Registration Document:

a) the Deed of Constitution of the Fund;

b) the transcripts of corporate resolutions of the Management Company and of BANCO PASTOR;

c) this Prospectus;

d) the EIF Guarantee and EIF Counter-Guarantee agreements;

e) the remaining agreements to be entered into by the Management Company for and on behalf of the Fund;

f) the Economy and Finance Ministry's Order granting the Series A2(G) Bonds the Spanish State's guarantee;

g) the audit report on certain characteristics and attributes of a sample of all the loans selected to be assigned to the Fund;

h) the letters from the Rating Agencies notifying the ratings assigned to each of the Series in the Bond Issue;

i) the letters with the statements from the Lead Managers of the Bond Issue;

j) the letter with the statement from the Originator of the Loans;

k) the certificate recording payment of the Bonds, which shall include the final margins for determining the Nominal Interest Rate applicable to each Series;

l) the Management Company's annual accounts and the relevant audit reports; and

m) the articles of association and memorandum of association of the Management Company.

Those documents may be physically obtained at the registered office of EUROPEA DE TITULIZACIÓN at Madrid, calle Lagasca number 120. Moreover, the Prospectus can also be accessed at the website of EUROPEA DE TITULIZACIÓN, at www.edt-sg.com, at the CNMV and at its address www.cnmv.es, at AIAF and at its address www.aiaf.es and is available to investors interested in the offer by the Underwriters and Placement Agents.

The Deed of Constitution of the Fund may be physically accessed at the place of business of Iberclear in Madrid, Calle Pedro Teixeira number 8.

In addition, the documents listed in a) to j) may be obtained at the CNMV.

SECURITIES NOTE

(Annex XIII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)

1 PERSONS RESPONSIBLE

1.1 Persons responsible for the information given in the Securities Note.

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, the company sponsoring EdT FTPYME PASTOR 3 FONDO DE TITULIZACIÓN DE ACTIVOS.

1.2 Declaration by those responsible for the Securities Note.

Mr Mario Masiá Vicente declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2 RISK FACTORS

The risk factors linked to the securities are described in section 2 of Risk Factors of this Prospectus.

The risk factors linked to the assets backing the issue are described in section 3 of Risk Factors of this Prospectus.

3 KEY INFORMATION

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

The identity of the legal persons involved in the offer and direct or indirect shareholdings between them are detailed in section 5.2 of the Registration Document. Their interests as legal persons involved in the offer of the Bond Issue are as follows:

a) EUROPEA DE TITULIZACIÓN is the Fund Management Company.

b) BANCO PASTOR, EUROPEA DE TITULIZACIÓN and JPMORGAN have structured the financial terms of the Fund and the Bond Issue.

c) BANCO PASTOR is the Originator of the Loans to be pooled in the Fund.

d) BANCO PASTOR, DEUTSCHE BANK and JPMORGAN are involved as Lead Managers and Underwriters and Placement Agents of the Bond Issue, and shall be the placement agents in charge of keeping the Bond subscription orders book (*joint book runners*).

e) CIBC, BANCAJA and SCH are involved as Underwriters and Placement Agents of the Bond Issue.

f) BANCO PASTOR is involved as Paying Agent of the Bond Issue and shall be counterparty to the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Financial Swap, Servicing and Financial Intermediation Agreements.

The Management Company is not aware of the existence of any other significant link or economic interest between the aforesaid institutions involved in the offer for the Bond Issue, other than what is strictly professional derived from their involvement as detailed in this section and in section 3.2 of the Building Block.

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

4.1 Total amount of the securities and underwriting.

4.1.1 Total amount of the securities.

The total face value amount of the issue of asset-backed bonds (the "**Bond Issue**" and the "**Bonds**") is EUR five hundred and twenty million (520,000,000.00), consisting of five thousand two hundred (5,200) Bonds denominated in euros and comprised of three Classes, distributed into four Series as follows:

a) Class A comprising two Series having a face amount of EUR four hundred and sixty-five million nine hundred thousand (465,900,000.00) (either "**Class A**" or the "**Class A Bonds**"):

   i) Series A1 having a total face amount of EUR three hundred and sixty-five million nine hundred thousand (365,900,000.00) comprising three thousand six hundred and fifty-nine (3,659) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A1**" or the "**Series A1 Bonds**").

   ii) Series A2(G) having a total face amount of EUR one hundred million (100,000,000.00) comprising one thousand (1,000) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A2(G)**" or the "**Series A2(G) Bonds**").

b) Class B comprising a single Series B having a total face amount of EUR thirty-eight million seven hundred thousand (38,700,000.00) comprising three hundred and eighty-seven (387) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or the "**Series B Bonds**").

c) Class C comprising a single Series C having a total face amount of EUR fifteen million four hundred thousand (15,400,000) comprising one hundred and fifty-four (154) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series C**" or the "**Series C Bonds**").

Subscribing for or holding Bonds in one Series does not imply subscribing for or holding Bonds in the other Series.

4.1.2 Bond issue price.

The Bonds are issued at 100 percent of their face value. The issue price of the Bonds in each of Series A1, A2(G), B and C shall be EUR one hundred thousand (100,000) per Bond, clear of taxes and subscription costs for the subscriber through the Fund.

The expenses and taxes attaching to the Bond issue shall be borne by the Fund.

4.1.3 Underwriting placement of the Bond Issue.

The Bond Issue shall be underwritten and placed by BANCO PASTOR, S.A. ("**BANCO PASTOR**"), DEUTSCHE BANK AG ("**DEUTSCHE BANK**") and J.P. MORGAN SECURITIES LTD. ("**JPMORGAN**") as Lead Managers and Underwriters and Placement Agents and by CIBC WORLD MARKETS PLC ("**CIBC**"), CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA ("**BANCAJA**") and BANCO SANTANDER CENTRAL HISPANO S.A. ("**SCH**") as Underwriters and Placement Agents under the Bond Issue Management, Underwriting and Placement Agreement to be entered into between those institutions and the Management Company for and on behalf of the Fund.

The Underwriters and Placement Agents shall take on the obligations laid down in the Bond Issue Management, Underwriting and Placement Agreement, which are broadly the following: 1) securing placement for third-party subscription the Bonds in each Series; 2) an undertaking to subscribe on their own account for the Bonds in each Series not subscribed for by third parties during the Subscription Period, up to the amounts of their respective joint underwriting commitments, notwithstanding which BANCO PASTOR may be bound to underwrite all of the Bonds in certain circumstances provided for in this connection; 3) payment by each of the Underwriters and Placement Agents DEUTSCHE BANK, JPMORGAN, CIBC, BANCAJA and SCH to the Paying Agent, by 2pm (CET time) on the Closing Date, for same day value, of the face amount of the Bonds they shall each have placed and subscribed for on their own account, as the case may be, up to their respective underwriting commitments, whereupon the Paying Agent shall proceed to pay to the Fund, by 3pm (CET time), for same day value, the amount received from the other Underwriters and Placement Agents and the face amount of the Bonds it shall have placed as Underwriter and Placement Agent and subscribed for, as the case may be, on its own account up to its underwriting commitment; 4) an undertaking to pay late-payment interest covenanted in the agreement in the event of late payment of amounts due; 5) providing subscribers with a document proving subscription; 6) providing the Management Company with placement dissemination control information on the Bonds in each Series; and 7) all other aspects governing underwriting and placement.

The following is the commitment by each Underwriter and Placement Agent in regard to their involvement in underwriting placement of the Bonds in each Series:

Underwriter and Placement Agent	Face amount underwritten in each Series (EUR)			
	Series A1 Bonds	**Series A2(G) Bonds**	**Series B Bonds**	**Series C Bonds**
BANCO PASTOR	115,300,000.00	33,400,000.00	12,900,000.00	5,100,000.00
DEUTSCHE BANK	115,300,000.00	33,300,000.00	12,900,000.00	5,100,000.00
JPMORGAN	115,300,000.00	33,300,000.00	12,900,000.00	5,200,000.00
CIBC	10,000,000.00	---	---	---
BANCAJA	5,000,000.00	---	---	---
SCH	5,000,000.00	---	---	---
Total	**365,900,000.00**	**100,000,000.00**	**38,700,000.00**	**15,400,000.00**

Notwithstanding the above, the Underwriters and Placement Agents shall be released from their underwriting commitment and BANCO PASTOR shall have to underwrite all of the Bonds in each Series in the event that, by 1pm (CET time) on the Business Day before the Closing Date, December 12, 2005, DEUTSCHE BANK and JPMORGAN should give the Management Company and BANCO PASTOR written notice of the decision made to terminate the underwriting commitment upon the occurrence of any of the circumstances for which provision is made in this connection in the Bond Issue Management, Underwriting and Placement Agreement.

In the event that DEUTSCHE BANK and JPMORGAN should decide to terminate the underwriting commitment, any of the remaining Underwriters and Placement Agents may keep the underwriting commitment provided for each of them, merely by so advising the Management Company and BANCO PASTOR in writing by 1pm (CET time) on the Business Day preceding the Closing Date.

The Underwriters and Placement Agents of each Series shall altogether receive from the Fund an underwriting and placement fee on the face amount of the Bonds in the relevant Series a commission ranging between 0.02% and 0.08%, both inclusive.

The underwriting and placement fee applicable on the face amount of the Bonds in each Series shall be determined with one accord by the Lead Managers and notified in writing to the Management Company by 10am (CET time) on the day of the Subscription Period (December 7, 2005). Failing an agreement between the Lead Managers, the Management Company shall fix the underwriting and placement fee for the Series in respect of which there was no agreement at 0.02%.

The underwriting and placement fee applicable to the Bonds in each Series fixed shall be notified by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents and to the CNMV.

The Paying Agent shall pay each Underwriter and Placement Agent on the Closing Date the underwriting and placement fee amount they shall each have accrued, after they have in turn paid the face amount of the Bonds they shall each have placed and subscribed for on their own account, as the case may be, up to their respective underwriting commitments.

BANCO PASTOR, DEUTSCHE BANK and JPMORGAN shall be involved as Lead Managers in the Bond Issue. They shall not be remunerated for managing the Bond Issue.

The Management, Underwriting, Placement and Subscription Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period.

4.2 Description of the type and class of the securities.

The Bonds legally qualify as marketable fixed-income securities with an explicit yield and are subject to the system prescribed in the Securities Market Act and implementing regulations.

4.3 Legislation under which the securities have been created.

The establishment of the Fund and the Bond Issue are subject to Spanish Law and in particular are carried out in pursuance of the Ministerial Order of December 28, 2001 and in accordance with the legal system provided for by (i) Royal Decree 926/1998 and implementing regulations, (ii) Act 19/1992 failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) the Securities Market Act and applicable implementing regulations, (iv) Commission Regulation (EC) No. 809/2004 of April 29, 2004, and (v) all other legal and statutory provisions in force and applicable from time to time.

4.4 Indication as to whether the securities are in registered or bearer form and whether the securities are in certificated or book-entry form.

The Bonds issued by the Fund will be exclusively represented by means of book entries, and will become such Bonds when entered at Iberclear, the institution in charge of the accounting record, in accordance with article 11 of Royal Decree 116/1992. In this connection, and for the record, the Deed of Constitution shall have the effects prescribed by article 6 of the Securities Market Act.

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. ("**Iberclear**"), with place of business at Calle Pedro Teixeira, no. 8, Madrid, shall be the institution designated in the Deed of Constitution to account for the Bonds in order for the Bonds to be cleared and settled in accordance with the operating rules regarding securities listed on the AIAF, and represented by book entries, established now or henceforth by Iberclear or AIAF.

Bondholders shall be identified as such when entered in the accounting record kept by the members of Iberclear.

4.5 Currency of the issue.

The Bonds shall be denominated in Euros.

4.6 Ranking of the securities.

Interest payment and principal repayment on Series B Bonds is deferred with respect to Class A (Series A1 and A2(G)) Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Interest payment and principal repayment on Series C Bonds is deferred with respect to Class A (Series A1 and A2(G)) and Series B Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

4.6.1 **Simple reference to the order number of Bond interest payment in each Series in the Fund priority of payments.**

Payment of interest accrued by Series A1 and A2(G) Bonds is (i) third (3^{rd}) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block, and (ii) fourth (4^{th}) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series B Bonds is (i) fourth (4^{th}) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be ninth (9^{th}), and (ii) sixth (6^{th}) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series C Bonds is (i) seventh (7^{th}) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be twelfth (12^{th}), and (ii) tenth (10^{th}) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

4.6.2 **Simple reference to the order number of Bond principal repayment in each Series in the Fund priority of payments.**

The Amortisation Withholding amount designed for amortising the Bonds as a whole without distinction between Series is eighth (8^{th}) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block.

Bond principal repayment in each Series shall take place in accordance with the rules for Distribution of Available Funds for Amortisation contained in section 4.9.3.1.6 of this Securities Note.

Upon the Fund being liquidated, payment of Class A (Series A1 and A2(G)), Series B, and Series C Bond amortisation shall be respectively fifth (5^{th}), ninth (9^{th}) and eleventh (11^{th}) in the application of the Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

4.7 Description of the rights attached to the securities.

4.7.1 General.

In accordance with the laws in force for the time being, the Bonds subject of this Securities Note shall vest the investor acquiring the same in no present and/or future political rights in and to EdT FTPYME PASTOR 3 FTA.

The economic and financial rights for Bondholders associated with acquiring and holding the Bonds shall be as derived from the terms as to interest rate, yields and redemption terms on which they are to be issued and given in sections 4.8 and 4.9 of this Securities Note.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Loan Obligors who may have defaulted on their payment obligations or against the Originator. Any such rights shall lie with the Management Company, representing the Fund.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against the Fund or against the Management Company in the event of non-payment of amounts due by the Fund resulting from the existence of default or prepayment of the Loans, a breach by the Originator of its obligations or by the counterparties to the transactions entered into for and on behalf of the Fund, or shortfall of the financial hedging transactions for servicing the Bonds in each Series.

Bondholders and all other creditors of the Fund shall have no recourse against the Management Company other than as derived from a breach of its duties.

All matters, disagreements, actions and claims deriving from the Management Company's establishment, administration and legal representation of the Fund and the Bond Issue by the same shall be heard and ruled upon by the competent Spanish Courts and Tribunals.

4.7.2 Spanish State Guarantee for the Series A2(G) Bonds.

In a Ministerial Order, the Economy and Finance Ministry shall provide the Fund before it is established with a guarantee (the "**State Guarantee**") whereby the Spanish State will guarantee, waiving the benefit of discussion established in Civil Code article 1830, payment of such economic obligations as may be enforceable on the Fund deriving from the Series A2(G) Bonds for a face amount of EUR one hundred million (100,000,000.00).

The general characteristics of the State Guarantee and its enforcement are given in section 3.4.2.3 of the Building Block.

4.7.3 European Investment Fund Guarantee for the Series B Bonds.

The European Investment Fund (EIF) shall provide the Fund with a guarantee before or upon being established (the **EIF Guarantee**") whereby EIF shall unconditionally and irrevocably guarantee for Series B Bondholders, represented by the Management Company (the "**Representative of the Series B Bondholders**") payment of all Series B Bond interest and principal amounts due.

The EIF Guarantee amounts to (i) EUR thirty-eight million seven hundred thousand (38,700,000.00), the face amount of the Series B Bonds, plus (ii) Series B Bond interest .

The characteristics of the EIF Guarantee are given in section 3.4.2.3 of the Building Block.

4.8 Nominal interest rate and provisions relating to interest payable.

4.8.1 Bond nominal interest rate.

The Bonds in each Series shall, from the Closing Date until they mature fully, accrue a yearly nominal interest, variable and payable quarterly, which shall be the result of applying the policies established hereinafter for each of the Series.

The resultant yearly nominal interest rate (hereinafter the "**Nominal Interest Rate**") for each Series shall be payable quarterly in arrears on each Payment Date on the Outstanding Principal Balance of the Bonds in each Series on the preceding Payment Date, provided that the Fund has sufficient liquidity in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.

Withholdings, interim payments, contributions and taxes established or to be established in the future on Bond principal, interest or returns shall be borne exclusively by Bondholders, and their amount, if any, shall be deducted by the Management Company, for and on behalf of the Fund, or through the Paying Agent, as provided by law.

4.8.1.1 **Interest accrual.**

For interest accrual purposes, the duration of each Bond Series shall be divided into successive interest accrual periods ("**Interest Accrual Periods**") comprising the exact number of days elapsed between every two consecutive Payment Dates, each Interest Accrual Period including the beginning Payment Date but not including the ending Payment Date. Exceptionally, the duration of the first Interest Accrual Period shall be equivalent to the exact number of days elapsed between the Closing Date, December 12, 2005, inclusive, and the first Payment Date, April 19, 2006, exclusive.

The Nominal Interest Rate shall accrue on the exact number of days in each Interest Accrual Period for which it was determined, calculated based upon a 360-day year.

4.8.1.2 **Nominal Interest Rate.**

The Nominal Interest Rate applicable to the Bonds in each Series and determined for each Interest Accrual Period shall be the result of adding:

(i) the Reference Rate, as established in the following section, and

(ii) a margin for each Series as follows:

- **Series A1:** margin ranging between 0.06% and 0.14%, both inclusive.
- **Series A2(G):** margin ranging between -0.03% and 0.03%, both inclusive.
- **Series B:** margin ranging between 0.04% and 0.16%, both inclusive.
- **Series C:** margin ranging between 1.50% and 3.50%, both inclusive.

The margin applicable to each Series, expressed as a percentage, shall be determined with one accord among the Lead Managers within the ranges established in the preceding paragraph for each of those Series and notified in writing to the Management Company by 10am (CET time) on the day of the Subscription Period (December 7, 2005).

Failing an agreement, the Management Company shall fix the specific margin for the Series in respect of which no margin was agreed, as follows:

- **Series A1:** 0.12% margin.
- **Series A2(G):** 0.03% margin.
- **Series B:** 0.12% margin.
- **Series C:** 3.50% margin.

The final margins applicable to each Series fixed shall be notified by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV as information in addition to this Prospectus. The final margin applicable to each Series shall be set down on the notarial certificate recording payment of the Bond Issue.

The resultant Nominal Interest Rate shall be expressed as a percentage rounded to the nearest thousandth of a whole number or rounded up to the nearest one where the differences of rounding up or down to the nearest thousandths are identical.

4.8.1.3 **Reference Rate and determining the same.**

The reference rate ("**Reference Rate**") for determining the Nominal Interest Rate applicable to each Bond Series is as follows:

i) Other than for the first Interest Accrual Period, three- (3-) month Euribor, "Euro Interbank Offered Rate", calculated and distributed by the BRIDGE financial information system under an FBE ("Federation Bancaire de l'Union Europeene") mandate, fixed at 11am (CET or "Central European Time") on the Interest Rate Fixing Date described below, which is currently published on electronic pages EURIBOR01 supplied by Reuters, and 248 supplied by Dow Jones Markets (Bridge Telerate), or any other page taking their stead in providing these services.

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be the result of a straight-line interpolation between four- (4-) month Euribor and five- (5-) month Euribor, fixed at 11am (CET time) on the second Business Day preceding the Closing Date, bearing in mind the number of days in the first Interest Accrual Period. The Reference Rate for the first Interest Accrual Period shall be calculated in accordance with the following formula:

$$IR = [((D-120)/30) \times E5] + [(1-((D-120)/30)) \times E4]$$

Where:

IR = Reference Rate for the first Interest Accrual Period.
D = Number of days in the first Interest Accrual Period.
E4 = Four- (4-) month Euribor.
E5 = Five- (5-) month Euribor.

Euribor definitions approved by the FBE and the Financial Markets Association (ACI) supplementing the current definition of Euribor shall be considered included for the purpose of the Euribor Reference Rate without having to amend these Reference Rate terms or have the Management Company notify Bondholders.

ii) In the event that the Euribor rate established in paragraph (i) above should not be available or be impossible to obtain, the substitute Reference Rate shall be the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable three- (3-) month deposit transactions in euros in an amount equivalent to the Outstanding Principal Balance of the Bond Issue, declared by four (4) prime banks in the Euro zone, following a simultaneous request to each of their headquarters by the Paying Agent after and around 11am (CET time) on the Interest Rate Fixing Date.

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the rate resulting from the straight-line interpolation between the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable four- (4-) month deposit transactions in euros and the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable five- (5-) month deposit transactions in euros, both in an amount equivalent to the face amount of the Bond Issue, declared by the banks as provided for in paragraph one above, following a simultaneous request to each of their headquarters by the Paying Agent after and around 11am (CET time) on the second Business Day preceding the Closing Date.

The substitute Reference Rate shall be expressed as a percentage rounded to the nearest thousandth of a percentage point or rounded up to the nearest point where the differences of rounding up or down to the nearest thousandths are identical.

Should it be impossible to apply the above substitute Reference Rate, upon the failure by any or several of the four (4) banks to provide written quotations as provided for in paragraphs one and two of this section, the interest rate resulting from applying the simple arithmetic mean of the interest rates declared by at least two of the other banks shall be applicable.

iii) If the rates established in paragraphs i) and ii) above should not be available or be impossible to obtain, the last Reference Rate or substitute Reference Rate applied to the next preceding Interest Accrual Period shall apply, and so on for successive Interest Accrual Periods whilst matters remain the same.

On each Interest Rate Fixing Date, the Paying Agent shall notify the Management Company of the Reference Rate determined in accordance with paragraphs i) and ii) above. The Management Company shall keep the listings and supporting documents on which the Paying Agent shall notify it the Reference Rate determined.

4.8.1.4 **Interest Rate Fixing Date.**

The Management Company shall, for and on behalf of the Fund, determine the Nominal Interest Rate applicable to each Bond Series for every Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the second Business Day preceding each Payment Date (the "**Interest Rate Fixing Date**"), and it will apply for the following Interest Accrual Period.

Exceptionally, the Management Company shall determine the Nominal Interest Rate of the Bonds in each Series for the first Interest Accrual Period as provided for in sections 4.8.1.2 and 4.8.1.3 above, on the second Business Day preceding the Closing Date, and shall notify the same in writing on the same day to the Underwriters and Placement Agents in order for them to report this to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

The nominal interest rates determined for each Bond Series for successive Interest Accrual Periods shall be communicated to Bondholders within the deadline and in the manner for which provision is made in section 4.1.1.a) of the Building Block.

4.8.1.5 **Formula for calculating interest.**

Interest settlement for the Bonds in each Series, payable on each Payment Date for each Interest Accrual Period, shall be calculated for each Series in accordance with the following formula:

$$I = P \times \frac{R}{100} \times \frac{d}{360}$$

Where:

I = Interest payable on a given Payment Date, rounded up to the nearest eurocent.
P = Outstanding Principal Balance of the Bonds in the Series on the Determination Date preceding that Payment Date.
R = Nominal Interest Rate of the Series expressed as a yearly percentage.
d = Exact number of days in each Interest Accrual Period.

Informative table on the evolution of the reference rate to be used.

For merely illustrative purposes, below are details of the three- (3-) month Euribor rates published on certain dates over the last two years, which, other than the first Payment Date, would have matched the Interest Rate Fixing Dates, published on the EURIBOR01 electronic page supplied by Reuters, and the Nominal Interest Rate that would have been applicable to each Bond Series, in the event that the applicable margins should be the average margins in the range established for each Series, in accordance with section 4.8.1.2 of this Securities Note (0.10% for Series A1, 0.00 for Series A2(G), 0.10% for Series B and 2.50% for Series C):

Dates	3-month Euribor	Series A1 Bonds	Series A2(G) Bonds	Series B Bonds	Series C Bonds
16 November 2005	2.350	2.450	2.350	2.450	4.850
17 October 2005	2.187	2.287	2.187	2.287	4.687
15 September 2005	2.136	2.236	2.136	2.236	4.636
17 August 2005	2.134	2.234	2.134	2.234	4.634
15 July 2005	2.122	2.222	2.122	2.222	4.622
16 June 2005	2.116	2.216	2.116	2.216	4.616
17 May 2005	2.126	2.226	2.126	2.226	4.626
15 April 2005	2.136	2.236	2.136	2.236	4.636
17 March 2005	2.136	2.236	2.136	2.236	4.636
17 February 2005	2.135	2.235	2.135	2.235	4.635
17 January 2005	2.143	2.243	2.143	2.243	4.643
16 December 2004	2.175	2.275	2.175	2.275	4.675
17 November 2004	2.174	2.274	2.174	2.274	4.674
15 October 2004	2.146	2.246	2.146	2.246	4.646
16 September 2004	2.116	2.216	2.116	2.216	4.616
17 August 2004	2.113	2.213	2.113	2.213	4.613
15 July 2004	2.115	2.215	2.115	2.215	4.615
17 June 2004	2.122	2.222	2.122	2.222	4.622
17 May 2004	2.090	2.190	2.090	2.190	4.590
15 April 2004	2.051	2.151	2.051	2.151	4.551
17 March 2004	2.052	2.152	2.052	2.152	4.552
17 February 2004	2.066	2.166	2.066	2.166	4.566
15 January 2004	2.080	2.180	2.080	2.180	4.580

4.8.2 Dates, place, institutions and procedure for paying interest.

Interest on the Bonds in all the Series will be paid until they are finally amortised by Interest Accrual Periods in arrears on January 19, April 19, July 19 and October 19 in each year, or the following Business Day if any of those is not a Business Day (each of those dates, a "**Payment Date**"), and interest for the then-current Interest Accrual Period will accrue until said first Business Day, not inclusive, on the terms established in section 4.8.1.2 of this Securities Note.

The first interest Payment Date for the Bonds in each Series shall be April 19, 2006, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, December 12, 2005, inclusive, and April 19, 2006, exclusive.

In this Bond Issue, business days ("**Business Days**") shall be deemed to be all days other than a:

- public holidays in the city of Madrid, or
- non-business days in the TARGET calendar (Trans European Automated Real-Time Gross Settlement Express Transfer System).

Both interest resulting for Bondholders in each Series and the amount, if any, of interest accrued and not paid, shall be notified to Bondholders as described in section 4.1.1.a) of the Building Block, at least one (1) calendar day in advance of each Payment Date. Interest payments and repayments will be made to the Bondholders by the relevant institutions involved and will in return be made to the latter by Iberclear, the institution in charge of the accounting record.

Bond interest accrued shall be paid on each Payment Date provided that the Fund has sufficient liquidity to do so in the Priority of Payments or Liquidation Priority of Payments, as the case may be.

In the event that on a Payment Date the Fund should be unable to make full or partial payment of interest accrued on the Bonds in any Series, in the Priority of Payments, the amounts that Bondholders should not have received shall be accumulated on the following Payment Date to interest on the Series proper that, as the case may be, should be paid on that same Payment Date, and will be paid in the Priority of Payments and applied by order of maturity if it should be impossible once again not to pay the same fully due to a shortage of Available Funds. The foregoing shall be without prejudice to the State Guarantee and the EIF Guarantee, which respectively cover shortfalls in payment of the economic obligations enforceable on the Fund in respect of Series A2(G) and Series B Bond interest and principal,

Deferred interest amounts shall not earn for holders additional or late-payment interest and shall not be accumulated to the Outstanding Principal Balance of the Bonds.

The Fund, through its Management Company, may not defer Bond interest payment beyond January 19, 2039, the Final Maturity Date, or the following Business Day if that is not a Business Day.

The Bond issue shall be serviced through the Paying Agent, to which end the Management Company shall, for and on behalf of the Fund, enter into a Paying Agent Agreement with BANCO PASTOR.

4.9 Maturity date and amortisation of the securities.

4.9.1 Bond redemption price.

The redemption price of the Bonds in each Series shall be EUR one hundred thousand (100,000) per Bond, equivalent to 100 percent of their face value, payable as established in section 4.9.2 below.

Each and every one of the Bonds in a same Series shall be amortised in an equal amount by reducing the face amount of each of the Bonds.

4.9.2 **Characteristics specific to the Amortisation of each Bond Series.**

4.9.2.1 **Amortisation of Series A1 Bonds.**

Series A1 Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A1, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.4 and 4.9.3.5 below, pro rated between the Bonds in Series A1 proper by reducing the face amount of each Series A1 Bond.

The first partial amortisation of Series A1 Bonds shall occur on the first Payment Date (April 19, 2006).

Final amortisation of Series A1 Bonds shall occur on the Final Maturity Date (January 19, 2039 or the following Business Day if that is not a Business Day), notwithstanding the partial amortisation for which provision is made and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.2 **Amortisation of Series A2(G) Bonds.**

Series A2(G) Bonds shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A2(G), in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.4 and 4.9.3.5 below, pro rated between the Bonds in Series A2(G) proper by reducing the face amount of each Series A2(G) Bond.

The first partial amortisation of Series A2(G) Bonds shall occur once the Series A1 Bonds have been fully amortised. However, even if Series A1 has not been fully amortised, in the event that the circumstances for Pro Rata Amortisation of Class A occur, Series A2(G) Bonds shall be amortised pro rata to the Series A1 and A2(G) Bonds, in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A2(G) Bonds shall occur on the Final Maturity Date (January 19, 2039 or the following Business Day if that is not a Business Day), notwithstanding the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.3 **Amortisation of Series B Bonds.**

Series B Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series B in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.4 and 4.9.3.5 below, pro rated between the Bonds in Series B proper by reducing the face amount of each Series B Bond.

The first partial amortisation of Series B Bonds shall occur once the Class A (Series A1 and A2(G)) Bonds have been fully amortised. However, even if Class A (Series A1 and A2(G)) has not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series B to the Outstanding Principal Balance of the Bond Issue is kept at 14.885%, or higher percentage closest thereto.

The Fund shall, represented by the Management Company, if required by EIF upon exercising the Early Repayment Option for which provision is made in section 3.4.2.4 of the Building Block, be bound to proceed to an early amortisation on a Payment Date of all the Series B Bonds upon the occurrence of any of the following circumstances:

(i) EIF shall have paid to the Fund any amount upon the EIF Guarantee being enforced on any Payment Date preceding the Payment Date on which there is an early amortisation of the Series B Bonds by virtue of the exercise of that faculty.

(ii) Upon the occurrence of any Early Liquidation Event of the Fund which does not imply the mandatory early liquidation of the Fund and irrespective of whether or not the Management Company exercises its faculty to proceed to an Early Liquidation of the Fund and thereby an Early Amortisation of the Bond Issue.

(iii) If the Management Company, as Representative of the Series B Bondholders, should not have enforced the EIF Guarantee within three months from the date on which obligations of EIF arise under the EIF Guarantee.

In the event of early amortisation of all the Series B Bonds upon the EIF Early Repayment Option being exercised, EIF shall be bound to pay to the Fund on the relevant Payment Date an amount equal to the sum of the Outstanding Principal Balance of Series B plus overdue Series B Bond interest on the relevant Payment Date.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (January 19, 2039 or the following Business Day if that is not a Business Day), notwithstanding the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.4 **Amortisation of Series C Bonds.**

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series C in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.4 and 4.9.3.5 below, pro rated between the Bonds in Series C proper by reducing the face amount of each Series C Bond.

The first partial amortisation of Series C Bonds shall occur once the Class A (Series A1 and A2(G)) and the Series B Bonds have been fully amortised. However, even if Class A (Series A1 and A2(G)) and Series B have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series C on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series C to the Outstanding Principal Balance of the Bond Issue is kept at 5.923%, or higher percentage closest thereto.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (January 19, 2039 or the following Business Day if that is not a Business Day), notwithstanding the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.3 **Partial amortisation of the Bonds in each Series.**

Irrespective of the Final Maturity Date and subject to Early Amortisation of the Bond Issue in the event of Early Liquidation of the Fund, the Fund shall, through its Management Company, proceed to partial amortisation of the Bonds in each Series on the Payment Dates and on the specific amortisation terms for each Series A1, A2(G), B and C established in sections 4.9.2.1 to 4.9.2.4 of this Securities Note and on the terms described hereinafter in this section common to all seven Series.

4.9.3.1 **Determination Dates and Determination Periods.**

These will be the dates falling on the fourth (4th) Business Day preceding each Payment Date on which the Management Company on behalf of the Fund will make all necessary calculations to distribute or withhold the Available Funds and the Available Funds for Amortisation which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments. The first Determination Date shall be April 10, 2006.

Determination Periods shall be periods comprising the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date and including the ending Determination Date. Exceptionally,

(i) the duration of the first Determination Period shall be equal to the days elapsed between date of establishment of the Fund, inclusive, and the first Determination Date, April 10, 2006, inclusive and

(ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.3.4 of the Registration Document, on which the Loans and the assets remaining in the

Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a).

4.9.3.2 **Outstanding Principal Balance of the Bonds.**

The Outstanding Principal Balance of a Series shall be the sum of the principal pending repayment (outstanding balance) on a given date of all the Bonds in that Series.

By addition, the Outstanding Principal Balance of Class A shall be the sum of the Outstanding Principal Balance of Series A1 and A2(G) making up Class A. Moreover, the Outstanding Principal Balance of the Bond Issue shall be the sum of the Outstanding Principal Balance of all Series A1, A2(G), B and C making up the Bond Issue.

4.9.3.3 **Outstanding Balance of the Loans.**

The Outstanding Balance of a Loan shall be the sum of the capital or principal not yet due and the capital or principal due and not paid into the Fund on the specific Loan on a given date.

The Outstanding Balance of the Loans on a date shall be the sum of the Outstanding Balance of each and every one of the Loans on that date.

Delinquent Loans shall be deemed to be Loans that are delinquent on a given date with an arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Loans. Non-Delinquent Loans shall be deemed to be Loans that are not deemed to be Delinquent Loans on a given date.

Doubtful Loans shall be deemed to be Loans that are delinquent on a given date with a period of arrears equal to or greater than eighteen (18) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment based on indications or information received from the Servicer. Non-Doubtful Loans shall be deemed to be Loans that are not deemed to be Doubtful Loans on a given date.

4.9.3.4 **Amortisation Withholding, Available Funds for Amortisation and Amortisation Deficiency on each Payment Date.**

On each Payment Date, the Available Funds shall be used in eighth (8th) place in the priority of payments for withholding the amount altogether designed for amortising the Bonds and repaying to the State and EIF the amounts respectively paid for repaying Series A2(G) principal and for early repayment of Series B principal ("**Amortisation Withholding**"), in an amount equal to the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of the Bond Issue, increased by the amount to be repaid to the State upon the State Guarantee being enforced for amortising Series A2(G) and, if the EIF should have exercised the EIF Early Repayment Option, by the amount to be repaid to EIF of the payment it shall have made for early repayment of Series B Bond principal, and (ii) the Outstanding Balance of Non-Doubtful Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to the Amortisation Withholding (the "**Available Funds for Amortisation**") shall be applied in accordance with the rules for Distribution of Available Funds for Amortisation established hereinafter in section 4.9.3.5 below.

Additionally, and not included among the Available Funds for Amortisation, the Fund shall avail of and use for repaying Series A2(G) principal only, the amount drawn under the State Guarantee paid to the Fund from the Payment Date preceding the relevant Payment Date.

The amortisation deficiency (the "**Amortisation Deficiency**") on a Payment Date shall be the positive difference, if any, between (i) the Amortisation Withholding, and (ii) the Available Funds for Amortisation.

4.9.3.5 **Distribution of Available Funds for Amortisation.**

The Available Funds for Amortisation shall be applied on each Payment Date to amortising each Series in accordance with the following rules ("**Distribution of Available Funds for Amortisation**"):

1. The Available Funds for Amortisation shall be sequentially applied firstly to amortising Class A (Series A1 and A2(G)) and repaying amounts due to the State upon enforcing the State Guarantee for amortising Series A2(G) until fully amortised and repaid, secondly to amortising Series B (or instead and as the case may be repayment to EIF of the amount it shall have paid for early repayment of Series B Bond principal) until fully amortised, and thirdly to amortising Series C until fully amortised, notwithstanding the provisions of rules 3 and 4 below for pro rata amortisation of the different Series.

2. The Available Funds for Amortisation applied to amortising Class A (Series A1 and A2(G)) and repaying amounts due to the State upon enforcing the State Guarantee for amortising Series A2(G), both under rule 1 above and under rules 3 and 4 below, shall be applied as follows:

2.1 Ordinary application in the following order:

1. Repayment of Series A1 Bond principal.

2. Repayment of Series A2(G) Bond principal and repayment to the State of amounts paid to the Fund upon the State Guarantee being drawn down for repaying Series A2(G) Bond principal, once the Series A1 Bonds have been fully amortised.

The amount of the Available Funds for Amortisation applied on a Payment Date to both items (repayment of Series A2(G) Bond principal and repayment to the State of amounts due upon enforcing the State Guarantee for amortising Series A2(G)) shall be applied as follows:

(i) If there is an Amortisation Deficiency on the then-current Payment Date, firstly to amortising Series A2(G) and secondly, in the remaining amount, if any, to repayment to the State of amounts due upon enforcing the State Guarantee for amortising Series A2(G).

(ii) Otherwise, firstly to repayment to the State of amounts due upon enforcing the State Guarantee for amortising Series A2(G) and secondly, in the remaining amount, if any, to amortising Series A2(G).

2.2 Exceptional pro rata application of Class A ("**Pro Rata Amortisation of Class A**"): The application priority of paragraph 2.1 above shall be stopped on any Payment Date if on the Determination Date immediately preceding the relevant Payment Date the Outstanding Balance of Delinquent Loans is in excess of 1.00% of the Outstanding Balance Non-Doubtful Loans.

In that event, on the relevant Payment Date, the Available Funds for Amortisation applied to amortising Class A (Series A1 and A2(G)) and repaying amounts due to the State upon enforcing the State Guarantee for amortising Series A2(G), shall be distributed among the items set out in paragraph 2.1 above as follows:

a) They shall be prorated directly in proportion to (i) the Outstanding Principal Balance of Series A1 and (ii) the Outstanding Principal Balance of Series A2(G) increased by the balance of amounts due to the State upon enforcing the State Guarantee for amortising Series A2(G).

b) The amount assigned to the Series A1 bonds under subparagraph a) (i) above shall be applied to amortising Series A1 Bonds.

c) The amount assigned to the Series A1 and the Series A2(G) Bonds and the amounts due upon enforcing the State Guarantee for amortising Series A2(G), under subparagraph a)(i) above, shall be applied to amortising Series A2(G) Bonds and repayment to the State of the aforesaid amounts due in accordance with the provisions of subparagraph 2.1.2 above.

3. However, even if Class A (Series A1 and A2(G)) has not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B (or instead and as the case may be repayment to EIF of the amount it shall have paid for early repayment of Series B Bond principal), and/or Series C on the Payment Date which is not the last Payment Date or the Fund liquidation date on which the following circumstances are satisfied ("**Conditions for Pro Rata Amortisation**"):

a) In order to amortise Series B (or instead and as the case may be repayment to EIF of the amount it shall have paid for early repayment of Series B Bond principal), and Series C :

i) that the Pro Rata Amortisation of Class A does not apply,

ii) that on the preceding Payment Date, the Cash Reserve shall have been provisioned up to the Required Cash Reserve amount on that Payment Date; and

iii) that on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of the Loans is equal to or greater than 10 percent of the face amount of the initial Outstanding Balance upon the Fund being established.

b) In order to amortise Series B (or instead and as the case may be repayment to EIF of the amount it shall have paid for early repayment of Series B Bond principal), that on the Determination Date preceding the relevant Payment Date:

i) the Outstanding Principal Balance of Series B, or instead and as the case may be the amount to be repaid to EIF of the payment it shall have made for early repayment of Series B Bond principal, is equal to or greater than 14.885% of the Outstanding Principal Balance of the Bond Issue, and

ii) the Outstanding Balance of Delinquent Loans does not exceed 1.00% of the Outstanding Balance of Non-Doubtful Loans.

c) In order to amortise Series C, that on the Determination Date preceding the relevant Payment Date:

i) the Outstanding Principal Balance of Series C is equal to or greater than 5.923% of the Outstanding Principal Balance of the Bond Issue, and

ii) the Outstanding Balance of Delinquent Loans does not exceed 0.75% of the Outstanding Balance of Non-Doubtful Loans.

4. In the event that the amortisation of Series B (or instead and as the case may be repayment to EIF of the amount it shall have paid for early repayment of Series B Bond principal), and as the case may be Series C should apply on a Payment Date as provided for in rule 3 above, the Available Funds for Amortisation shall also be applied to amortising Series B (or instead and as the case may be repayment to EIF of the amount it shall have paid for early repayment of Series B Bond principal), and as the case may be to amortising Series C in such a way that the ratio of the Outstanding Principal Balance of Series B (or instead and as the case may be the amount to be repaid to EIF of the payment it shall have made for early repayment of Series B Bond principal), or as the case may be the Outstanding Principal Balance of Series C to the Outstanding Principal Balance of the Bond Issue is respectively kept at 14.885% and at 5.923%, or higher percentages closest thereto.

4.9.4 Early Amortisation of the Bond Issue.

Subject to the Fund's obligation, through its Management Company, to proceed to final amortisation of the Bonds on the Final Maturity Date or amortisation of each Series before the Final Maturity Date, the Management Company shall, after first notifying the CNMV, be authorised to proceed, as the case may be, to an Early Liquidation of the Fund and hence an early amortisation ("**Early Amortisation**") of the entire Bond Issue in the Early Liquidation Events and subject to the requirements established in section 4.4.4 of the Registration Document and subject to the Liquidation Priority of Payments.

4.9.5 Final Maturity Date.

The Final Maturity Date and consequently the final amortisation of the Bonds is January 19, 2039 or the following Business Day if that is not a Business Day, without prejudice to the Management Company, for and on behalf of the Fund, and in accordance with the provisions of sections 4.9.3.1 et seq. of this Securities Note, proceeding to amortise the Bond Issue before the Final Maturity Date. Final amortisation of the Bonds on the Final Maturity Date shall be made subject to the Liquidation Priority of Payments.

4.10 Indication of yield.

The average life, yield, term and final maturity of the Bonds in each Series depend on several factors, most significant among which are the following:

i) The repayment schedule and system of each Loan established in the relevant loan document.

ii) The Obligors' capacity to prepay the Loans in whole or in part and the aggregate prepayment pace throughout the life of the Fund.

iii) The floating interest rates, as the case may be, of the Loans, resulting in the repayment amount on every instalment differing.

iv) The Obligors' delinquency in payment of Loan instalments.

In this sense, Loan prepayments by Obligors, subject to continual changes, and estimated in this Prospectus using several performance assumptions of the future effective constant annual early amortisation or prepayment rate (hereinafter also "**CPR**"), are very significant and shall directly affect the pace at which the Bonds are amortised, and therefore their average life and duration.

The following assumed values have been used for the above-mentioned factors in calculating the tables contained in this section:

- Loan interest rate: 3.72% weighted average interest rate as of November 5, 2005 of the portfolio of selected loans which has been used for calculating the repayment instalments and interest of each of the selected loans;
- Loan portfolio delinquency: 0.10% of the Outstanding Balance of the Loans, with 100% recoveries within 15 months of becoming delinquent;
- Loan portfolio doubtfuls rated as bad debts: 0%;
- that the Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is December 12, 2005;
- that there is no Amortisation Deficiency, and
- that there is no extension of the term of any of the loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating interest rate. The following nominal interest rates are assumed for each Series for the first Interest Accrual Period, resulting from the straight-line interpolation bearing in mind the number of days in the First Interest Accrual Period between 4-month Euribor (2.397%) and 5-month Euribor (2.454%) on November 16, 2005 and in the event that the applicable margins should be the average margins in the range established for each Series, in accordance with section 4.8.1.2 of this Securities Note (0.10% for Series A1, 0.00% for Series A2(G), 0.10% for Series B, and 2.50% for Series C):

	Series A1 Bonds	Series A2(G) Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	2.512%	2.412%	2.512%	4.912%

For successive Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows for each Series, resulting from 3-month Euribor (2.350%) on November 16, 2005 and in the same applicable margins given for the preceding table:

	Series A1 Bonds	Series A2(G) Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	2.450%	2.350%	2.450%	4.850%

4.10.1 Estimated average life, yield or return, duration and final maturity of the Bonds.

Assuming that the Management Company shall exercise the Early Liquidation of the Fund and Early Amortisation of the Bond Issue option provided in section 4.4.3 of the Registration Document when the Outstanding Balance of the Loans is less than 10% of their initial Outstanding Balance upon the Fund being established, the average life, return (IRR) for the Bond subscriber, duration and final maturity of the Bonds for different CPRs, would be as follows:

% CPR:	2.00%	4.00%	6.00%	8.00%	10.00%
	Series A1 Bonds				
Average life (years)	1.76	1.66	1.57	1.49	1.42
IRR	2.520%	2.520%	2.520%	2.520%	2.520%
Duration (years)	1.67	1.57	1.49	1.42	1.35
Final maturity	19 10 2010	19 07 2010	19 01 2010	19 10 2009	20 07 2009
(in years)	4.85	4.60	4.11	3.85	3.61
	Series A2(G) Bonds				
Average life (years)	7.48	6.86	6.38	5.84	5.44
IRR	2.408%	2.408%	2.408%	2.408%	2.418%
Duration (years)	6.69	6.18	5.78	5.33	4.99
Final maturity	20 10 2014	20 01 2014	19 07 2013	19 10 2012	19 04 2012
(in years)	8.86	8.11	7.61	6.86	6.36
	Series B Bonds				
Average life (years)	5.35	4.94	4.60	4.25	3.97
IRR	2.511%	2.511%	2.511%	2.511%	2.511%
Duration (years)	4.84	4.50	4.21	3.92	3.67
Final maturity	20 10 2014	20 01 2014	19 07 2013	19 10 2012	19 04 2012
(in years)	8.86	8.11	7.61	6.86	6.36
	Series C Bonds				
Average life (years)	5.35	4.94	4.60	4.25	3.97
IRR	5.011%	5.011%	5.011%	5.011%	5.011%
Duration (years)	4.41	4.12	3.87	3.62	3.41
Final maturity	20 10 2014	20 01 2014	19 07 2013	19 10 2012	19 04 2012
(in years)	8.86	8.11	7.61	6.86	6.36

These figures have been calculated using the following formula:

Average life of the Bonds: *for each Series, average of the time periods between the Closing Date and each Payment Date, using for weighting purposes the weights the principal to be repaid on each Payment Date has on the total face amount of the Series, in accordance with the following expression:*

$$V = \frac{\sum (P \times d)}{T} \times \frac{1}{365}$$

Where:

- *V =* *Average life in each Bond Series issued expressed in years.*
- *P =* *Estimated principal to be repaid in each Bond Series on each Payment Date, in accordance with the amount to be amortised in each Bond Series, as described in section 4.9.2 of this Securities Note.*
- *d =* *Number of days elapsed between the Closing Date and the Payment Date at issue.*
- *T =* *Total face amount in EUR in each Bond Series.*

Internal rate of return (IRR): *for each Series, interest rate equalling the restatement at present value of the total amortisation and interest amounts received on each Payment Date with the face value of the Bond.*

$$N = \sum_{i=1}^{n} A_i (1+r)^{-(nd/365)}$$

Where:

N = *face value of the Bond in each Series.*
r = *IRR expressed as an annual rate, per unit.*
A_i = *(A_l ....A_n). Estimated total amortisation and interest amounts to be received by investors.*
nd = *Number of days comprised between the Closing Date of the issue and each of the n Payment Dates, not inclusive, during the life of the Bond.*

Duration of the Bonds (adjusted Macaulay formula): *for each Series, measure of Bond price sensitivity with respect to changes in yield.*

$$D = \frac{\sum_{j=1}^{n}(a_j \times VA_j)}{PE} \times \frac{1}{(1+i)}$$

Where:

D = *Duration in each Bond Series expressed in years.*
a_j = *Time elapsed (in years) between the Closing Date and each of the n Payment Dates at issue.*
VA_j= *Present value of each of the estimated amounts comprising principal and gross interest, payable on each of the n Payment Dates discounted at the actual interest rate (IRR) in every Series.*
PE= *Issue price in every Bond Series.*
i = *Actual interest rate (IRR) in every Series, per unit.*

The Management Company expressly states that the servicing tables described hereinafter for each Series are merely theoretical and given for illustrative purposes, and represent no payment obligation whatsoever, on the basis that:

- Whereas CPRs are assumed to be constant respectively at 4.00%, 6.00% and 8.00% throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bonds on each Payment Date and hence interest payable on each such dates shall depend on the actual Mortgage Loan prepayment, delinquency and default rates.
- Whereas Bond nominal interest rates are assumed to be constant for each Series from the second Interest Accrual Period, the interest rate in all the Series is known to be variable.
- The assumed values referred to at the beginning of this section are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation of the Fund and thereby the Early Amortisation of the Bond Issue option when the Outstanding Balance of the Mortgage Loans is less than 10% of the Initial Outstanding Balance upon the Fund being set up, as provided in section 4.4.3 of the Registration Document.

FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER (AMOUNTS IN EUR) CPR = 4%

Payment	Series A1 Bonds			Series A2(G) Bonds			Series B Bonds			Series C Bonds		
Date	Principal Repayment	Gross Interest	Total Flow	Principal Amortizado	Intereses Brutos	Flujo Total	Principal Amortizado	Intereses Brutos	Flujo Total	Principal Amortizado	Intereses Brutos	Flujo Total
TOTALS:	**100,000.00**	**4,133.41**	**104,133.41**	**100,000.00**	**16,361.85**	**116,361.85**	**100,000.00**	**12,290.60**	**112,290.60**	**100,000.00**	**24,308.73**	**124,308.73**
12-Dec-05												
19-Apr-06	7,743.90	893.16	8,637.06	0.00	857.60	857.60	0.00	893.16	893.16	0.00	1,746.49	1,746.49
19-Jul-06	10,479.12	571.35	11,050.47	0.00	594.03	594.03	0.00	619.31	619.31	0.00	1,225.97	1,225.97
19-Oct-06	11,700.62	512.01	12,212.63	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
19-Jan-07	15,000.92	438.76	15,439.68	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
19-Apr-07	13,945.18	337.34	14,282.52	0.00	587.50	587.50	0.00	612.50	612.50	0.00	1,212.50	1,212.50
19-Jul-07	5,814.69	254.72	6,069.41	0.00	594.03	594.03	0.00	619.31	619.31	0.00	1,225.97	1,225.97
19-Oct-07	4,335.74	221.11	4,556.85	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
21-Jan-08	5,975.80	193.97	6,169.77	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
21-Apr-08	3,579.63	154.85	3,734.48	0.00	594.03	594.03	13,360.03	619.31	13,979.34	13,359.60	1,225.97	14,585.57
21-Jul-08	3,423.08	132.68	3,555.76	0.00	594.03	594.03	6,083.07	536.57	6,619.64	6,083.10	1,062.19	7,145.29
20-Oct-08	2,760.03	112.71	2,872.74	0.00	600.56	600.56	4,904.77	504.38	5,409.15	4,904.80	998.46	5,903.26
19-Jan-09	3,100.37	95.43	3,195.80	0.00	600.56	600.56	5,509.59	473.67	5,983.26	5,509.62	937.67	6,447.29
20-Apr-09	2,781.65	74.36	2,856.01	0.00	587.50	587.50	4,943.20	429.62	5,372.82	4,943.22	850.48	5,793.70
20-Jul-09	2,505.20	57.96	2,563.16	0.00	594.03	594.03	4,451.93	403.78	4,855.71	4,451.96	799.33	5,251.29
19-Oct-09	2,390.24	42.91	2,433.15	0.00	600.56	600.56	4,247.64	380.35	4,627.99	4,247.66	752.93	5,000.59
19-Jan-10	2,500.10	27.95	2,528.05	0.00	600.56	600.56	4,442.86	353.75	4,796.61	4,442.88	700.29	5,143.17
19-Apr-10	1,945.40	12.03	1,957.43	0.00	587.50	587.50	3,457.13	318.85	3,775.98	3,457.15	631.19	4,088.34
19-Jul-10	18.33	0.11	18.44	6,321.86	594.03	6,915.89	3,102.92	300.98	3,403.90	3,102.93	595.82	3,698.75
19-Oct-10	0.00	0.00	0.00	5,069.35	562.59	5,631.94	2,462.04	284.86	2,746.90	2,462.06	563.91	3,025.97
19-Jan-11	0.00	0.00	0.00	6,124.93	532.14	6,657.07	2,974.71	269.45	3,244.16	2,974.72	533.40	3,508.12
19-Apr-11	0.00	0.00	0.00	4,732.44	484.59	5,217.03	2,298.41	245.37	2,543.78	2,298.43	485.73	2,784.16
19-Jul-11	0.00	0.00	0.00	4,627.16	461.87	5,089.03	2,247.28	233.86	2,481.14	2,247.30	462.95	2,710.25
19-Oct-11	0.00	0.00	0.00	4,311.86	439.15	4,751.01	2,094.15	222.36	2,316.51	2,094.16	440.18	2,534.34
19-Jan-12	0.00	0.00	0.00	5,453.53	413.26	5,866.79	2,648.63	209.25	2,857.88	2,648.64	414.23	3,062.87
19-Apr-12	0.00	0.00	0.00	3,787.51	376.37	4,163.88	1,839.49	190.57	2,030.06	1,839.50	377.25	2,216.75
19-Jul-12	0.00	0.00	0.00	3,656.91	353.87	4,010.78	1,776.06	179.18	1,955.24	1,776.07	354.70	2,130.77
19-Oct-12	0.00	0.00	0.00	2,935.92	335.80	3,271.72	1,425.90	170.03	1,595.93	1,425.90	336.59	1,762.49
21-Jan-13	0.00	0.00	0.00	2,933.76	318.17	3,251.93	1,424.85	161.10	1,585.95	1,424.85	318.91	1,743.76
19-Apr-13	0.00	0.00	0.00	2,720.80	294.01	3,014.81	1,321.42	148.87	1,470.29	1,321.42	294.70	1,616.12
19-Jul-13	0.00	0.00	0.00	2,722.62	281.12	3,003.74	1,322.30	142.34	1,464.64	1,322.31	281.78	1,604.09
21-Oct-13	0.00	0.00	0.00	2,591.54	267.86	2,859.40	1,258.64	135.63	1,394.27	1,258.65	268.49	1,527.14
20-Jan-14	0.00	0.00	0.00	42,009.81	252.29	42,262.10	20,402.98	127.75	20,530.73	20,403.07	252.89	20,655.96

FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER (AMOUNTS IN EUR) CPR = 6%

Payment	Series A1 Bonds			Series A2(G) Bonds			Series B Bonds			Series C Bonds		
Date	Principal Repayment	Gross Interest	Total Flow	Principal Amortizado	Intereses Brutos	Flujo Total	Principal Amortizado	Intereses Brutos	Flujo Total	Principal Amortizado	Intereses Brutos	Flujo Total
TOTALS:	**100,000.00**	**3,914.89**	**103,914.89**	**100,000.00**	**15,214.10**	**115,214.10**	**100,000.00**	**11,435.24**	**111,435.24**	**100,000.00**	**22,615.48**	**122,615.48**
12-Dec-05												
19-Apr-06	8,633.37	893.16	9,526.53	0.00	857.60	857.60	0.00	893.16	893.16	0.00	1,746.49	1,746.49
19-Jul-06	11,068.76	565.84	11,634.60	0.00	594.03	594.03	0.00	619.31	619.31	0.00	1,225.97	1,225.97
19-Oct-06	12,164.29	502.75	12,667.04	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
19-Jan-07	15,268.45	426.59	15,695.04	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
19-Apr-07	14,069.12	323.80	14,392.92	0.00	587.50	587.50	0.00	612.50	612.50	0.00	1,212.50	1,212.50
19-Jul-07	6,053.82	240.27	6,294.09	0.00	594.03	594.03	0.00	619.31	619.31	0.00	1,225.97	1,225.97
19-Oct-07	4,571.65	205.00	4,776.65	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
21-Jan-08	4,667.25	176.38	4,843.63	0.00	600.56	600.56	9,665.69	626.11	10,291.80	9,665.25	1,239.44	10,904.69
21-Apr-08	4,457.58	145.56	4,603.14	0.00	594.03	594.03	7,921.46	559.45	8,480.91	7,921.50	1,107.48	9,028.98
21-Jul-08	3,486.69	117.95	3,604.64	0.00	594.03	594.03	6,196.11	510.39	6,706.50	6,196.14	1,010.36	7,206.50
20-Oct-08	2,828.25	97.42	2,925.67	0.00	600.56	600.56	5,026.02	477.20	5,503.22	5,026.04	944.67	5,970.71
19-Jan-09	3,118.43	79.71	3,198.14	0.00	600.56	600.56	5,541.68	445.73	5,987.41	5,541.71	882.37	6,424.08
20-Apr-09	2,785.08	58.88	2,843.96	0.00	587.50	587.50	4,949.30	402.10	5,351.40	4,949.32	796.00	5,745.32
20-Jul-09	2,502.33	42.28	2,544.61	0.00	594.03	594.03	4,446.83	375.92	4,822.75	4,446.85	744.17	5,191.02
19-Oct-09	2,372.46	27.08	2,399.54	0.00	600.56	600.56	4,216.04	352.21	4,568.25	4,216.07	697.23	4,913.30
19-Jan-10	1,952.47	12.22	1,964.69	1,816.30	600.56	2,416.86	4,351.78	325.81	4,677.59	4,351.80	644.97	4,996.77
19-Apr-10	0.00	0.00	0.00	7,004.51	576.83	7,581.34	3,401.90	292.07	3,693.97	3,401.91	578.18	3,980.09
19-Jul-10	0.00	0.00	0.00	6,276.70	541.63	6,818.33	3,048.42	274.25	3,322.67	3,048.43	542.90	3,591.33
19-Oct-10	0.00	0.00	0.00	5,025.98	509.89	5,535.87	2,440.98	258.18	2,699.16	2,440.99	511.08	2,952.07
19-Jan-11	0.00	0.00	0.00	5,923.00	479.70	6,402.70	2,876.64	242.89	3,119.53	2,876.65	480.83	3,357.48
19-Apr-11	0.00	0.00	0.00	4,610.00	434.48	5,044.48	2,238.95	219.99	2,458.94	2,238.96	435.50	2,674.46
19-Jul-11	0.00	0.00	0.00	4,474.09	411.92	4,886.01	2,172.94	208.57	2,381.51	2,172.95	412.89	2,585.84
19-Oct-11	0.00	0.00	0.00	4,153.65	389.58	4,543.23	2,017.31	197.26	2,214.57	2,017.32	390.49	2,407.81
19-Jan-12	0.00	0.00	0.00	5,114.90	364.63	5,479.53	2,484.17	184.63	2,668.80	2,484.18	365.49	2,849.67
19-Apr-12	0.00	0.00	0.00	3,602.19	330.28	3,932.47	1,749.48	167.24	1,916.72	1,749.49	331.06	2,080.55
19-Jul-12	0.00	0.00	0.00	3,452.11	308.89	3,761.00	1,676.60	156.40	1,833.00	1,676.60	309.61	1,986.21
19-Oct-12	0.00	0.00	0.00	2,796.06	291.55	3,087.61	1,357.97	147.62	1,505.59	1,357.98	292.23	1,650.21
21-Jan-13	0.00	0.00	0.00	2,765.81	274.76	3,040.57	1,343.28	139.12	1,482.40	1,343.28	275.40	1,618.68
19-Apr-13	0.00	0.00	0.00	2,550.71	252.54	2,803.25	1,238.81	127.87	1,366.68	1,238.82	253.13	1,491.95
19-Jul-13	0.00	0.00	0.00	40,433.99	240.19	40,674.18	19,637.64	121.62	19,759.26	19,637.76	240.75	19,878.51

FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 8%

Payment	Series A1 Bonds			Series A2(G) Bonds			Series B Bonds			Series C Bonds		
Date	Principal Repayment	Gross Interest	Total Flow	Principal Amortizado	Intereses Brutos	Flujo Total	Principal Amortizado	Intereses Brutos	Flujo Total	Principal Amortizado	Intereses Brutos	Flujo Total
TOTALS:	**100,000.00**	**3,711.62**	**103,711.62**	**100,000.00**	**13,941.66**	**113,941.66**	**100,000.00**	**10,586.42**	**110,586.42**	**100,000.00**	**20,935.19**	**120,935.19**
12-Dec-05												
19-Apr-06	9,535.90	893.16	10,429.06	0.00	857.60	857.60	0.00	893.16	893.16	0.00	1,746.49	1,746.49
19-Jul-06	11,658.94	560.25	12,219.19	0.00	594.03	594.03	0.00	619.31	619.31	0.00	1,225.97	1,225.97
19-Oct-06	12,621.44	493.41	13,114.85	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
19-Jan-07	15,524.58	414.38	15,938.96	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
19-Apr-07	14,180.04	310.29	14,490.33	0.00	587.50	587.50	0.00	612.50	612.50	0.00	1,212.50	1,212.50
19-Jul-07	6,277.40	225.92	6,503.32	0.00	594.03	594.03	0.00	619.31	619.31	0.00	1,225.97	1,225.97
19-Oct-07	4,789.48	189.10	4,978.58	0.00	600.56	600.56	0.00	626.11	626.11	0.00	1,239.44	1,239.44
21-Jan-08	4,174.57	159.11	4,333.68	0.00	600.56	600.56	13,691.86	626.11	14,317.97	13,691.44	1,239.44	14,930.88
21-Apr-08	4,502.09	131.53	4,633.62	0.00	594.03	594.03	8,000.56	534.51	8,535.07	8,000.60	1,058.12	9,058.72
21-Jul-08	3,535.66	103.64	3,639.30	0.00	594.03	594.03	6,283.13	484.96	6,768.09	6,283.16	960.03	7,243.19
20-Oct-08	2,880.96	82.65	2,963.61	0.00	600.56	600.56	5,119.68	450.95	5,570.63	5,119.70	892.71	6,012.41
19-Jan-09	3,122.50	64.61	3,187.11	0.00	600.56	600.56	5,548.92	418.90	5,967.82	5,548.94	829.25	6,378.19
20-Apr-09	2,775.43	44.08	2,819.51	0.00	587.50	587.50	4,932.15	375.80	5,307.95	4,932.17	743.94	5,676.11
20-Jul-09	2,486.62	27.38	2,514.00	0.00	594.03	594.03	4,418.92	349.44	4,768.36	4,418.94	691.74	5,110.68
19-Oct-09	1,934.39	12.11	1,946.50	1,493.98	600.56	2,094.54	4,163.15	325.61	4,488.76	4,163.17	644.57	4,807.74
19-Jan-10	0.00	0.00	0.00	8,737.71	591.58	9,329.29	4,243.66	299.54	4,543.20	4,243.68	592.97	4,836.65
19-Apr-10	0.00	0.00	0.00	6,853.86	527.39	7,381.25	3,328.73	267.04	3,595.77	3,328.75	528.63	3,857.38
19-Jul-10	0.00	0.00	0.00	6,128.38	492.53	6,620.91	2,976.38	249.39	3,225.77	2,976.40	493.69	3,470.09
19-Oct-10	0.00	0.00	0.00	4,942.02	461.14	5,403.16	2,400.20	233.49	2,633.69	2,400.21	462.23	2,862.44
19-Jan-11	0.00	0.00	0.00	5,694.43	431.46	6,125.89	2,765.63	218.47	2,984.10	2,765.64	432.48	3,198.12
19-Apr-11	0.00	0.00	0.00	4,457.07	388.63	4,845.70	2,164.68	196.78	2,361.46	2,164.69	389.54	2,554.23
19-Jul-11	0.00	0.00	0.00	4,294.38	366.47	4,660.85	2,085.66	185.56	2,271.22	2,085.67	367.33	2,453.00
19-Oct-11	0.00	0.00	0.00	3,970.61	344.71	4,315.32	1,928.42	174.54	2,102.96	1,928.43	345.52	2,273.95
19-Jan-12	0.00	0.00	0.00	4,771.84	320.86	5,092.70	2,317.55	162.47	2,480.02	2,317.56	321.62	2,639.18
19-Apr-12	0.00	0.00	0.00	3,399.80	289.03	3,688.83	1,651.19	146.35	1,797.54	1,651.20	289.71	1,940.91
19-Jul-12	0.00	0.00	0.00	3,234.44	268.83	3,503.27	1,570.88	136.12	1,707.00	1,570.89	269.46	1,840.35
19-Oct-12	0.00	0.00	0.00	42,021.48	252.36	42,273.84	20,408.65	127.78	20,536.43	20,408.76	252.96	20,661.72

4.11 Representation of security holders.

No Syndicate of Bondholders will be set up for the securities included in this Bond Issue.

On the terms provided for in article 12 of Royal Decree 926/1998, it is the Management Company's duty, as the manager of third-party portfolios, to represent and enforce the interests of the holders of the Bonds issued by the Fund and of all its other ordinary creditors. Consequently, the Management Company shall make its actions conditional on their protection and observe the provisions established for that purpose from time to time.

4.12 Resolutions, authorisations and approvals for issuing the securities.

a) Corporate resolutions.

Resolution to set up the Fund and issue the Bonds:

At its meeting of July 21, 2005, the Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN resolved that:

i) EdT FTPYME PASTOR 3 FONDO DE TITULIZACIÓN DE ACTIVOS be set up in pursuance of the Ministerial Order of December 28, 2001 and in accordance with legal system for which provision is made in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and all other legal and statutory provisions in force and applicable from time to time.

ii) Credit rights assigned by BANCO PASTOR derived from mortgage and non-mortgage loans granted by BANCO PASTOR to non-financial small and medium-sized enterprises registered in Spain be pooled in the Fund.

iii) The Bonds be issued by the Fund.

Resolution to assign the Loans:

At a meeting held on May 26, 2005, the Board of Directors of BANCO PASTOR resolved that the assignment of loans granted by BANCO PASTOR to non-financial enterprises domiciled in Spain, and preferably small and medium-sized enterprises, to an asset securitisation fund established under the provisions of the Ministerial Order of December 28, 2001, and the issue of pass-through certificates for perfecting the assignment of loans with mortgage security be authorised.

b) Registration by the CNMV.

The establishment of the Fund and issue of the Bonds are subject to the condition precedent of the entry in the Official Registers of the CNMV of this Prospectus and all other supporting documents, in accordance with the provisions of article 5.1.e) of Royal Decree 926/1998.

This Prospectus regarding the establishment of the Fund and issue of the Bonds has been entered in the CNMV's Official Registers on December 2, 2005.

c) Agreements relating to the execution of the State Guarantee.

In accordance with the provisions of section Two of the Order of December 28, 2001, the Management Company entered into a standard Collaboration Agreement with the Industry, Tourism and Commerce Ministry to set up the Fund for fostering business financing on October 19, 2005.

Furthermore, in accordance with the provisions of section Three of the Order of December 28, 2001, BANCO PASTOR entered on October 19, 2005 into the Framework Collaboration Agreement with the Industry, Tourism and Commerce Ministry to determine the credits eligible for assignment to the Fund.

In a Ministerial Order, the Economy and Finance Ministry shall provide the Fund before it is established with the Guarantee whereby the Spanish State will guarantee, waiving the benefit of discussion established in Civil Code article 1830, payment of such economic obligations as may be enforceable on the Fund deriving from the Series A2(G) Bonds for a face amount of EUR one hundred million (100,000,000.00).

d) EIF.

The Board of Directors of EIF resolved on November 24, 2005 that the Fund be granted a guarantee whereby the EIF shall unconditionally and irrevocably guarantee to the Series B Bondholders, represented by the Management Company, payment of all interest and principal amounts due on the Series B Bonds, in accordance with the terms and characteristics of the EIF Guarantee.

e) Execution of the Fund public deed of constitution.

Upon the CNMV registering this Prospectus, the Management Company and BANCO PASTOR, Originator of the Loans, shall proceed to execute on December 5, 2005 the Deed of Constitution establishing the Fund, BANCO PASTOR will assign Non-Mortgage Loans and Mortgage Loans by means of the issue of Pass-Through Certificates to the Fund, and the Fund will issue the Asset-Backed Bonds, on the terms provided in article 6 of Royal Decree 926/1998.

The Management Company represents that the contents of the Deed of Constitution shall match the draft Deed of Constitution it has submitted to the CNMV and the terms of the Deed of Constitution shall at no event contradict, change, alter or invalidate the contents of this Prospectus.

The Management Company shall submit a copy of the Deed of Constitution to the CNMV to be entered in the Official Registers before the Bond Subscription Period begins.

4.13 Issue date of the securities.

The Bond issue date shall be December 12, 2005, on the Closing Date proper.

4.13.1 **Potential investors to whom the Bonds are offered**

Placement of the Bonds in each of Series A1, A2(G), B and C of the Bond Issue is targeted exclusively at qualified investors, and therefore, in accordance with article 30 bis.1 of the Securities Market Act, the Bond offering would not be considered a public offering.

Tranches.

Each of the Series consists of one tranche only.

4.13.2 **Subscription or acquisition date or period.**

The subscription period for each Series (the "**Subscription Period**") shall begin at 12 o'clock midday (CET time) on December 7, 2005 and end at 1pm (CET time) on the same day.

4.13.3 **Where and with whom may subscription or acquisition be processed?**

In order to be taken into account, subscription proposals for the Bonds in each Series shall be made during the Subscription Period established in the preceding section, with BANCO PASTOR, DEUTSCHE BANK, JPMORGAN, CIBC, BANCAJA and SCH, as Underwriters and Placement Agents, and observing the procedures established hereinafter in the following sections.

Subscribing for or holding Bonds in one Series does not imply subscribing for or holding Bonds in any of the other Series.

4.13.4 **Placement and allocation of the Bonds.**

The Underwriters and Placement Agents shall freely proceed to accept or turn down the subscription proposals received for the Bonds, making sure in any event that there is no discriminatory treatment between similarly characterised proposals. The Underwriters and Placement Agents may nevertheless give priority to proposals of those of their customers as they shall deem fit or appropriate and indeed subscribe on their own account, for themselves or group companies.

BANCO PASTOR intends to subscribe on its own account for the Series A1 Bonds.

Each Underwriter and Placement Agent agrees to subscribe in its own name, at the close of the Subscription Period, for such amount of Bonds as may be necessary to complete the figure of their underwriting commitment as determined in the Bond Issue Management, Underwriting and Placement Agreement.

4.13.5 **Payment method and dates.**

The investors to whom the Bonds are allocated shall pay the relevant Underwriter and Placement Agent by 1pm (CET time) on December 12, 2005 (the "**Closing Date**"), for same day value, the relevant issue price for each Bond allocated for subscription.

4.14 Restrictions on the free transferability of the securities.

There are no restrictions on the free transferability of the Bonds. They may be freely transferred by any means admissible at Law and in accordance with the rules of the AIAF market where they will be traded. A transfer in the accounts will convey the ownership of each Bond. The effects of entering the conveyance to the transferee in the accounting record shall be the same as handing over the certificates and the transfer shall thereupon be enforceable on third parties.

5 ADMISSION TO TRADING AND DEALING ARRANGEMENTS.

5.1 Market where the securities will be traded.

In fulfilment of the provisions of article 2.3 of Royal Decree 926/1998, the Management Company shall, upon the Bonds having been paid up, apply for this Bond Issue to be listed on AIAF Mercado de Renta Fija ("**AIAF**"), which is a qualified official secondary securities market pursuant to transitional provision six of Act 37/1998, November 16, amending the Securities Market Act. The Management Company undertakes that definitive listing will be achieved not later than one (1) month after the Closing Date.

The Management Company expressly represents that it is aware of the requirements and terms that must be observed for the securities to be eligible to be listed, remain listed and be excluded from listing on the

AIAF, in accordance with the laws in force and the requirements of its governing bodies, and the Fund agrees through its Management Company to observe the same.

In the event that, by the end of the one-month period referred to in the first paragraph of this section, the Bonds should not be so listed on the AIAF, the Management Company shall forthwith proceed to notify Bondholders thereof, moreover advising of the reasons resulting in such breach, using the extraordinary notice procedure provided for in section 4.1.2 of the Building Block. This shall be without prejudice to the Management Company being held to be contractually liable, as the case may be.

5.2 Paying agents and depository agents.

5.2.1 **Paying Agent of the Bond Issue.**

The Bond Issue will be serviced through BANCO PASTOR as Paying Agent.

The Management Company shall, for and on behalf of the Fund, enter with BANCO PASTOR into a paying agent agreement to service the Bonds issued by the Fund (the "**Paying Agent Agreement**").

The obligations to be taken on by BANCO PASTOR (the "**Paying Agent**") under this Paying Agent Agreement are summarily as follows:

(i) Paying the Fund by 3pm (CET time) on the Closing Date, by crediting the Treasury Account, for same day value, the aggregate amount of the subscription for the Bond Issue received from the other Underwriters and Placement Agents as provided for in the Bond Issue Management, Underwriting and Placement Agreement plus the face amount of the Bonds placed and subscribed for, as the case may be, on its own account, as Underwriter and Placement Agent.

(ii) Paying each Underwriter and Placement Agent on the Closing Date, as directed by the Management Company, the underwriting and placement fee amount they shall each have earned, after they have in turn paid it the face amount of the Bonds they shall each have placed and subscribed for, as the case may be, on their own account up to their respective underwriting commitment.

(iii) On each of the Bond Payment Dates, paying interest and, as the case may be, repaying Bond principal, after deducting the total amount of the interim tax withholding for return on investments to be made in accordance with applicable tax laws.

(iv) On each Interest Rate Fixing Date, notifying the Management Company of the Reference Rate determined to be used as the basis for the Management Company to calculate the Nominal Interest Rate applicable to each Bond Series.

In the event that the rating of the short-term, unsecured and unsubordinated debt of BANCO PASTOR should, at any time during the life of the Bond Issue, fall below P-1 or A-1 respectively in Moody's and S&P's rating scales, the Management Company shall within not more than thirty (30) Business Days from the time of the occurrence of any such circumstances revoke the appointment of the Paying Agent, and shall thereupon designate another institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least P-1 and A-1 respectively in Moody's and S&P's rating scales, to take its place before terminating the Paying Agent Agreement or, as the case may be, under a new paying agent agreement, and subject to prior notice being given to the Rating Agencies. Should BANCO PASTOR be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established with BANCO PASTOR under the Paying Agent Agreement.

In consideration of the services provided by the Paying Agent, the Fund shall pay it on each Payment Date during the term of the agreement a fee of EUR three thousand seven hundred and fifty (3,750.00), inclusive of taxes as the case may be. This fee shall be payable provided that the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

In the event that the Fund should not have sufficient liquidity to pay said full fee, then the amounts accrued and not paid shall be accumulated without any penalty whatsoever to the fee falling due on the following Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until fully paid on the Payment Date on which they are settled.

The Paying Agent Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period.

6 EXPENSE OF THE OFFERING AND ADMISSION TO TRADING.

The following are the expected expenses deriving from setting up the Fund and issuing and listing the Bond issue:

	EUR
• Initial Management Company fee	50,000.00
• CNMV fees (registering Prospectus and supervising listing of Bonds)	48,033.00
• AIAF and Iberclear fees for including the Bonds in the register of book entries	32,480.00
• Underwriting and placement fees	416,000.00
• Notary's, audit, rating and legal advice fees, initial EIF fee, Informa, translation, printing and other expenses	341,476.45
Total expenses	**887,989.45**

7 ADDITIONAL INFORMATION.

7.1 Statement of the capacity in which the advisors connected with the issue mentioned in the Securities Note have acted.

The law firm LOVELLS has provided legal advice for establishing the Fund and issuing the Bonds and reviewed its tax implications.

7.2 Other information in the Securities Note which has been audited or reviewed by auditors.

Not applicable.

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

Ernst & Young have audited the selected loans on the terms set forth in section 2.2 of the Building Block.

7.4 Information sourced from a third party.

Within its duties to verify the information contained in this Prospectus, the Management Company has received confirmation from BANCO PASTOR as to the truthfulness of the characteristics of BANCO PASTOR as Originator, of the Loans and of the Mortgage Loans and of the Pass-Through Certificates given in section 2.2.8 of the Building Block, and of the remaining information on BANCO PASTOR, the Loans, the Mortgage Loans and the Pass-Through Certificates given in this Prospectus.

In the Deed of Constitution, BANCO PASTOR shall reaffirm to the Management Company the fulfilment of those characteristics on the date on which the Fund is established.

The Management Company confirms that the information from BANCO PASTOR on the Loans and the Mortgage Loans has been accurately reproduced and, to the extent of its knowledge and ability to determine based on that information provided by BANCO PASTOR, no fact has been omitted which might result in the information reproduced being inaccurate or deceptive.

7.5 Credit ratings assigned to the securities by rating agencies.

Moody's Investors Service España, S.A. on November 30, 2005 and Standard & Poor's España, S.A. on November 30, 2005 have assigned the following provisional ratings to each Bond Series, and expect to assign the same final ratings by the start of the Bond Subscription Period. The Series A2(G) Bonds have been provisionally rated Aaa by Moody's and AAA by S&P, before considering the Spanish State guarantee on that Series A2(G).

Bond Series	Moody's Ratings	S&P Ratings
Series A1	Aaa	AAA
Series A2(G)	Aaa	AAA
Series B	Aaa	AAA
Series C	Ba2	BB

If the Rating Agencies should not confirm any of the assigned provisional ratings as final by the start of the Subscription Period, this circumstance would forthwith be notified to the CNMV and be publicised in the manner for which provision is made in section 4.1.2.2 of the Building Block. Furthermore, this circumstance would result in the establishment of the Fund, the Bond Issue and the assignment of the Loans terminating.

Rating scales used by Fitch, Moody's and S&P.

The following are the rating scales for long-term debt used by the agencies:

	Ratings given by		
Fitch	**Moody's**	**S&P**	**Meaning**
AAA	Aaa	AAA	Extremely strong capacity for interest payment and principal repayment
AA	Aa	AA	Very strong capacity for interest payment and principal repayment
A	A	A	Strong capacity for interest payment and principal repayment. Factors giving security are considered adequate, but may be susceptible to impairment in the future
BBB	Baa	BBB	Interest and principal payment protection may not be so large; payment capacity is considered adequate. Adverse business conditions may result in inadequate capacity to make interest and principal payments
BB	Ba	BB	Speculative grade. Their future cannot be considered as assured. Protection of interest and principal payments is very moderate
B	B	B	Assurance of interest or principal payments may be small. Highly vulnerable to adverse business conditions
CCC	Caa	CCC	Vulnerable to default. Continuity of payments dependent on favourable financial, economic and business conditions.
CC	Ca	CC	Highly speculative.
C	C	C	Denotes imminent default
DDD,DD,D		D	Speculative securities. Their value might not exceed the repayment value in the event of liquidation or reorganisation of the sector

- Fitch appends (+) or (-) to categories from AA to CCC denoting relative status within each category.

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

- S&P appends (+) or (-) to categories from AA to denoting relative standing within each category

The following are the rating scales for short-term debt used:

Ratings given by			
Fitch	**Moody's**	**S&P**	**Meaning**
F-1	P-1	A-1	The highest rating, indicating strongest capacity for timely payments. In the case of Fitch and S&P, the + sign may be appended if capacity is extremely strong.
F-2	P-2	A-2	Capacity for timely debt servicing is satisfactory, although margin of safety not as great as in the previous case.
F-3	P-3	A-3	Capacity for payment is satisfactory, but more vulnerable than the previous cases to adverse changing circumstances.
B	Not Prime	B	Normally implies an adequate payment capacity but adverse circumstances would seriously impair debt servicing capacity
C	---	C	This rating is assigned to short-term debt with a doubtful payment capacity.
D	---	D	Debt rated D is in default. This category is used when interest or principal payment is not made on the date due, even if the applicable grace period has not expired.

Rating considerations.

The ratings assigned to each Bond Series by Moody's measure the expected loss before the Final Maturity Date. In Moody's opinion, the structure allows prompt payment of interest and payment of principal during the life of the transaction and, in any event, before the Final Maturity Date.

The ratings assigned to each Bond Series by S&P measure the Fund's ability to meet interest payments as they fall due on each set Payment Date and principal repayment throughout the life of the transaction and, in any event, before the Final Maturity Date.

The rating takes into account the structure of the Bond Issue, the legal aspects thereof and of the issuing Fund, the characteristics of the loans selected to be assigned to the Fund and the regularity and continuity of the operating flows.

The Rating Agencies' ratings are not an assessment of the likelihood of obligors prepaying principal, nor indeed of the extent to which such prepayments differ from what was originally forecast. The ratings are not by any means a rating of the level of actuarial performance.

The ratings assigned, and any review or suspension of the ratings:

(i) are assigned by the Rating Agencies based on manifold information received with respect to which they give no assurance, nor even as to their accuracy or wholeness, wherefore the Rating Agencies may in no event be deemed to be responsible therefor; and

(ii) are not and cannot therefore be howsoever construed as an invitation, recommendation or encouragement for investors to proceed to carry out any transaction whatsoever on the Bonds and, in particular, acquire, keep, charge or sell those Bonds.

The Rating Agencies may review, suspend or withdraw the final ratings assigned at any time, based on any information that may come to their notice. Those events, which shall not constitute early liquidation events of the Fund, shall forthwith be notified to both the CNMV and the Bondholders, in accordance with the provisions of section 4.1 of the Building Block.

In carrying on the rating and monitoring process, the Rating Agencies rely on the accuracy and wholeness of the information provided by BANCO PASTOR, the Management Company, Lead Managers, auditors, lawyers and other experts.

ASSET-BACKED SECURITIES NOTE BUILDING BLOCK

(Annex VIII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)

1. SECURITIES

1.1 Minimum denomination of the issue.

The Fund shall be set up with the Loans which BANCO PASTOR shall assign to the Fund upon being established and their total outstanding principal or capital shall be equal to or slightly above EUR five hundred and twenty million (520,000,000).

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

Not applicable.

2. UNDERLYING ASSETS

2.1 Confirmation that the securitised assets have capacity to produce funds to service any payments due and payable on the securities.

The Management Company confirms that, based on their contractual characteristics, the flows of principal, interest and any other amounts generated by the securitised assets allow the payments due and payable on the Bonds issued to be satisfied.

Nevertheless, in order to cover for potential defaults on payment by the obligors of the securitised assets, a number of credit enhancement transactions have been arranged allowing the amounts payable on the Bonds in each Series to be covered to a different extent and mitigating interest risk due to the different terms of the interest clauses of the assets and of the Bonds in each Series. In exceptional circumstances, the enhancement transactions could actually fall short. The credit enhancement transactions are described in sections 3.4.2, 3.4.3, 3.4.4 and 3.4.7 of this Building Block.

Not all the Bonds issued have the same risk of default given the credit ratings assigned by the Rating Agencies to the Bonds in each Series, detailed in section 7.5 of the Securities Note.

Upon the occurrence of a (i) substantial alteration or permanent imbalance of the Fund due to any event or circumstance whatsoever unrelated to the Fund’s operations or (ii) default indicating a serious permanent imbalance in relation to any of the Bonds issued or suggesting that it will occur, the Management Company may proceed with an Early Liquidation of the Fund and thereby an Early Amortisation of the Bond Issue on the terms laid down in section 4.4.3 of the Registration Document.

2.2 Assets backing the issue.

The credit rights to be pooled in the Fund, represented by the Management Company, upon being established, shall exclusively consist of credit rights owned by BANCO PASTOR derived from loans (the “**Loans**”) granted by BANCO PASTOR to non-financial small and medium-sized enterprises (legal persons) registered in Spain (the “**Obligors**”).

The Obligors are non-financial legal persons registered in Spain at least 98 percent, by number of Loans and outstanding principal balance, of which are small and medium-sized enterprises as defined by the European Commission (Recommendation of May 6, 2003 replacing the Recommendation of April 3, 1996) (“**SMEs**”)

The selected loan portfolio from which the Loans to be assigned to the Fund upon being established will be taken comprises 2,270 loans, the outstanding principal of which as of November 5, 2005 amounted to EUR 557,396,550.38 and the overdue principal amounted to EUR 474,456.31.

Audit of the assets securitised through the Fund.

These selected loans have been audited by the firm Ernst & Young S.L..

That audit was made using sampling techniques consisting of analysing a number of transactions fewer (sample) than the full selection of loans (population), allowing a conclusion to be arrived at regarding that population. The verification deals with a number of both quantitative and qualitative attributes regarding the sample transactions and specifically regarding: nature of the loan and the obligor, title, identification of the obligor, transfer of the assets, SME accreditation, loan origination date, loan maturity date, repayment term (at source) not less than one year, initial loan amount, current loan balance (outstanding principal), interest rate and benchmark index, interest rate spread, arrears in payment, insolvency status, and additionally for loans with mortgage security, mortgage loan origination, mortgaged property, appraisal value, address of the mortgaged property or properties and mortgage security. Loans in respect of which errors are detected in verifying the sample shall not be assigned to the Fund by BANCO PASTOR.

2.2.1 Legal jurisdiction by which the pool of assets is governed.

The securitised assets are governed by Spanish Law.

2.2.2 Description of the general characteristics of the obligors, as well as global statistical data referred to the securitised assets.

a) Information as to number and distribution of the obligors of the selected loans.

The following table gives the concentration of the ten obligors or group weighing most in the portfolio of selected loans as of November 5, 2005.

Loan portfolio as of 05/11/2005 Classification by Obligor				
	Loans		Outstanding Principal	
		%	(EUR)	%
Obligor 1	2	0.088	8,444,665.22	1.515
Obligor 2	1	0.044	8,000,000.00	1.435
Obligor 3	1	0.044	7,677,491.24	1.377
Obligor 4	1	0.044	7,500,000.00	1.346
Obligor 5	1	0.044	6,214,000.00	1.115
Obligor 6	2	0.088	6,052,000.00	1.086
Obligor 7	1	0.044	6,000,000.00	1.076
Obligor 8	1	0.044	6,000,000.00	1.076
Obligor 9	1	0.044	5,800,000.00	1.041
Obligor 10	1	0.044	5,700,000.00	1.023
Rest: 1,976 obligors	2,258	99.471	490,008,393.920	87.910
Total	**2,270**	**100.00**	**557,396,550,38**	**100.00**

The outstanding principal of each obligor is the result of the sum of the outstanding principal of each selected loan granted to the obligor proper and, as the case may be, granted to obligors in the same group.

The number of individual obligors is 1986.

b) Information on the obligors' economic activity by economic activity sectors in accordance with the Spanish Business Activity Code (CNAE).

The following table shows the distribution of the selected loans based on the corporate obligors' CNAE activity.

Loan portfolio as of 05/11/2005
Classification by economic activity sectors

CNAE		Loans	%	Outstanding principal (EUR)	%
AA	Agriculture, Stockbreeding, Hunting and Forestry.	25	1.07	2,865,284.84	0.37
BB	Fishing.	7	0.30	12,675,603.93	1.63
CA	Extracting energy products	1	0.04	47,811.59	0.01
CB	Extracting other minerals except Energy Products.	12	0.51	1,574,715.02	0.20
DA	Food products, drinks and tobacco industry.	57	2.44	8,237,025.31	1.06
DB	Textile and textile manufacture industry.	33	1.41	3,515,279.11	0.45
DC	Leather and footwear industry.	5	0.21	961,148.41	0.12
DD	Wood and cork industry.	45	1.92	7,059,277.08	0.91
DE	Paper industry; Publishing, graphic arts and reproduction of	45	1.92	9,431,651.75	1.22
DG	Chemical industry.	17	0.73	3,519,281.06	0.45
DH	Manufacture of rubber products and plastic materials industry.	20	0.86	3,822,917.13	0.49
DI	Other non-metallic mineral products industries.	38	1.63	11,873,695.03	1.53
DJ	Metallurgy and Manufacture of Metallic Products.	90	3.85	16,463,811.23	2.12
DK	Building of machinery and mechanical equipment industry.	26	1.11	3,336,114.53	0.43
DL	Electrical, Electronic and Optical Material and Equipment Industry.	22	0.94	1,288,918.89	0.17
DM	Manufacture of Transport Material.	8	0.34	3,601,079.97	0.46
DN	Other manufacturing industries.	39	1.67	3,001,057.86	0.39
EE	Production and distribution of electric power, gas and water.	11	0.47	2,991,145.49	0.39
FF	Building.	269	11.51	73,801,991.61	9.52
GG	Retail trade; repair of motor vehicles, motorcycles and mopeds and personal and household items.	493	21.09	61,691,088.62	7.95
HH	Catering trade.	119	5.09	33,106,920.62	4.27
II	Transport, Storage and Communications.	147	6.29	19,797,128.08	2.55
JJ	Financial broking.	11	0.47	15,348,991.82	1.98
KK	Real Estate and Rental Activities; Business Services.	686	29.34	456,866,473.70	58.91
MM	Education.	5	0.21	4,642,943.16	0.60
NN	Health and Veterinary Activities, Social Services.	35	1.50	4,411,156.89	0.57
OO	Other social activities and services provided to the Community; Personal Services.	72	3.08	9,641,635.45	1.24
Total		**2,270**	**100.00**	**557,396,550.38**	**100.00**

c) Information regarding selected loan collaterals.

The selected loans may be classified according to collateral security into:

(i) Mortgage Loans: loans with real estate mortgage security, originated in a public deed, which may in addition include third-party personal guarantees.

(ii) Non-Mortgage Loans:

a) Loans exclusively secured with third-party personal guarantees (bond or surety), originated in a public document.

b) Loans with other security interests, originated in a public document, which may in addition include third-party personal guarantees.

c) Loans without a particular security, originated in a public document.

The following table shows the distribution of the selected loans having regard to their collaterals.

Loan portfolio as of 05/11/2005 Classification by type of security				
	Loans	%	Outstanding Principal (EUR)	%
Loans with real estate mortgage security *	650	28.63	340,958,212.64	61.17
Loans with third-party personal guarantee (surety or bond)	1,137	50.09	129,483,287.29	23.23
Loans with other security interests	39	1.72	15,861,637.78	2.85
loans without particular security	444	19.56	71,093,412.67	12.75
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**

d) Information regarding selected loan origination date.

The following table shows the distribution of the selected loans according to the origination date by six-monthly intervals, and the average, minimum and maximum age.

Loan portfolio as of 05/11/2005 Classification by loan origination date				
Date interval	Loans	%	Outstanding principal (EUR)	%
01/01/2004 to 30/06/2004	104	4.58	40,920,955.22	7.34
01/07/2004 to 31/12/2004	921	40.57	245,342,453.06	44.02
01/01/2005 to 30/06/2005	1,245	54.85	271,133,142.10	48.64
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**
	10.70	**Months**	**Weighted average age**	
	18.08	**Months**	**Maximum age**	
	5.19	**Months**	**Minimum age**	

e) Information regarding selected loan principal.

The following table shows the distribution of the outstanding loan principal as at November 5, 2005 in EUR 500,000 intervals, and the average, minimum and maximum amount. No details are given of intervals with no contents.

Loan portfolio as of 05/11/2005 Classification by outstanding principal					
Principal interval (EUR)		Loans No.	%	Outstanding principal (EUR)	%
0.00	499,999.99	2,029	89.38	186,982,669.60	33.55
500,000.00	999,999.99	116	5.11	80,236,907.59	14.39
1,000,000.00	1,499,999.99	53	2.33	62,918,920.19	11.29
1,500,000.00	1,999,999.99	21	0.93	34,644,073.55	6.22
2,000,000.00	2,499,999.99	12	0.53	26,370,922.54	4.73
2,500,000.00	2,999,999.99	7	0.31	18,570,165.72	3.33
3,000,000.00	3,499,999.99	10	0.44	31,835,633.00	5.71
3,500,000.00	3,999,999.99	2	0.09	7,183,112.69	1.29
4,000,000.00	4,499,999.99	5	0.22	20,706,253.07	3.71
4,500,000.00	4,999,999.99	4	0.18	18,865,735.97	3.38
5,000,000.00	5,499,999.99	3	0.13	16,190,665.22	2.90
5,500,000.00	5,999,999.99	2	0.09	11,500,000.00	2.06
6,000,000.00	6,499,999.99	3	0.13	18,214,000.00	3.27
7,500,000.00	7,999,999.99	2	0.09	15,177,491.24	2.72

Loan portfolio as of 05/11/2005 Classification by outstanding principal				
Principal interval (EUR)	Loans No.	%	Outstanding principal (EUR)	%
8,000,000.00 8,499,999.99	1	0.04	8,000,000.00	1.44
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**
	Average principal:		**245,549.14**	
	Minimum principal:		**1.18**	
	Maximum principal:		**8,000,000.00**	

f) Information regarding the nature of the benchmark rate and indices applicable for determining the floating interest rates applicable to the selected loans.

The selected loans are floating or fixed rate loans. The following table shows the distribution of the loans according to fixed or floating rate and the benchmark indices applicable to floating-rate loans for determining the nominal interest rate.

Loan portfolio as of 05/11/2005 Classification by Interest rate benchmark index					
Benchmark Index	Loans	%	Outstanding principal (EUR)	%	%Interest* Rate
TOTAL FIXED	**600**	**26.43**	**58,443,804.54**	**10.49**	**4.26**
TOTAL FLOATING	**1,670**	**73.57**	**498,952,745.84**	**89.51**	**3.65**
1-YEAR EURIBOR	1,216	53.57	396,089,300.96	71.06	3.75
3-MONTH EURIBOR	86	3.79	54,728,844.44	9.82	3.67
6-MONTH EURIBOR	73	3.22	8,789,038.91	1.58	3.40
OFFICIAL CREDIT INSTITUTE	292	12.86	38,926,695.39	6.98	2.71
ALL INSTITUTIONS MORTGAGE MARKET	3	0.13	418,866.14	0.08	3.50
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**	
	Weighted average:				**3.72**
	Simple average:				**4.13**
	Minimum:				**2.10**
	Maximum:				**8.90**

*Average nominal interest rate of the interval weighted by the outstanding principal.

g) Information regarding applicable nominal interest rates: maximum, selected loan minimum and average rates.

The following table shows the distribution of the selected loans by 0.50% nominal interest rate intervals applicable as at November 5, 2005, and their average, minimum and maximum values. No details are given of intervals with no contents.

Loan portfolio as of 05/11/2005 Classification by applicable nominal interest rate					
Interest Rate % Interval	Loans	%	Outstanding principal (EUR)	%	% Interest Rate*
2.00 - 2.49	9	0.40	1,399,029.82	0.25	2.28
2.50 - 2.99	368	16.21	51,987,945.85	9.33	2.73
3.00 - 3.49	323	14.23	132,162,022.10	23.71	3.20
3.50 - 3.99	476	20.97	183,276,090.25	32.88	3.68
4.00 - 4.49	347	15.29	119,807,918.85	21.49	4.10

Loan portfolio as of 05/11/2005 Classification by applicable nominal interest rate					
Interest Rate % Interval	**Loans**	**%**	**Outstanding principal (EUR)**	**%**	**% Interest Rate***
4.50 - 4.99	201	8.85	45,481,046.80	8.16	4.56
5.00 - 5.49	126	5.55	9,239,052.80	1.66	5.09
5.50 - 5.99	204	8.99	8,613,506.15	1.55	5.54
6.00 - 6.49	56	2.47	1,718,309.49	0.31	6.03
6.50 - 6.99	68	3.00	1,763,305.00	0.32	6.54
7.00 - 7.49	40	1.76	927,794.27	0.17	7.07
7.50 - 7.99	46	2.03	965,186.46	0.17	7.57
8.00 - 8.49	2	0.09	12,440.57	0.00	8.11
8.50 - 8.99	4	0.18	42,901.97	0.01	8.79
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**	
	Weighted average:				**3.72 %**
	Simple average:				**4.13 %**
	Minimum:				**2.10 %**
	Maximum:				**8.90 %**

*Average nominal interest rate of the interval weighted by the outstanding principal.

h) Information regarding minimum nominal interest rates applicable to the selected loans.

Part of the selected loans have had a minimum nominal interest rate floor set for applicable nominal interest rate variability. The minimum nominal interest rates applicable to the selected loans as at November 5, 2005 range between 2.25% and 6.5%.

The following table shows the distribution of loans by 0.50% minimum nominal interest rate intervals applicable for determining the nominal interest rate of the loans. Intervals with no contents are not detailed.

Loan portfolio as of 05/11/2005 Classification by applicable minimum nominal interest rates					
Minimum % Interest Rate Interval	**Loans**	**%**	**Outstanding principal (EUR)**	**%**	**Minimum % Int. Rate***
2.00 - 2.49	1	0.04	446,586.15	0,08	2,25
2.50 - 2.99	29	1.28	16,423,031.29	2,95	2,82
3.00 - 3.49	162	7.14	95,955,791.68	17,21	3,18
3.50 - 3.99	390	17.18	166,368,840.74	29,85	3,66
4.00 - 4.49	286	12.60	102,375,774.39	18,37	4,08
4.50 - 4.99	155	6.83	40,005,936.68	7,18	4,56
5.00 - 5.49	80	3.52	5,773,656.48	1,04	5,06
5.50 - 5.99	96	4.23	5,744,572.82	1,03	5,51
6.00 - 6.49	6	0.26	406,644.35	0,07	6,00
6.50 - 6.99	3	0.13	41,569.06	0,01	6,50
No minimum applicable NIR	1,075	45.98	147,100,776.64	22.22	
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**	

*Average nominal interest rate of the interval weighted by the outstanding principal.

i) Information regarding the maximum nominal interest rates applicable to the selected loans.

Part of the selected loans have had a maximum nominal interest rate floor set for applicable nominal interest rate variability. The maximum nominal interest rates applicable to the selected loans as at November 5, 2005 range between 9.00% and 19.60%.

The following table shows the distribution of loans by 0.50% maximum nominal interest rate intervals applicable for determining the nominal interest rate of the loans. Intervals with no contents are not detailed.

Loan portfolio as of 05/11/2005 Classification by applicable maximum nominal interest rates					
Maximum % Interest Rate Interval	**Loans**	**%**	**Outstanding principal (EUR)**	**%**	**Minimum % Int. Rate***
9.00 - 9.49	1	0.04	64,765.49	0,01	9,00
9.50 - 9.99	163	7.18	78,736,933.97	14,13	9,75
10.00 - 10.49	1	0.04	11,569.98	0,00	10,25
10.50 - 10.99	1	0.04	477,274.25	0,09	10,50
11.00 - 11.49	2	0.09	4,143,361.53	0,74	11,00
11.50 - 11.99	108	4.76	36,237,403.00	6,50	11,74
19.50 - 19.99	1	0.04	576,150.36	0,10	19,60
No maximum applicable NIR	2,046	87.51	437,149,091.80	78.43	-
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**	

*Average nominal interest rate of the interval weighted by the outstanding principal.

j) Initial repayment term.

The following table shows the distribution of loans by twelve-monthly initial repayment term intervals between the origination and final maturity dates of each loan. The initial repayment term of all loans is in excess of one year.

Loan portfolio as of 31/08/2005 Classification by initial loan repayment term				
Monthly intervals	**Loans**	**%**	**Outstanding Principal (EUR)**	**%**
12.01 - 24.00	77	3.39	36,884,118.11	6.62
24.01 - 36.00	150	6.61	119,554,450.10	21.45
36.01 - 48.00	266	11.72	36,994,806.00	6.64
48.01 - 60.00	161	7.09	14,570,676.15	2.61
60.01 - 72.00	645	28.41	76,338,658.08	13.70
72.01 - 84.00	112	4.93	20,486,100.43	3.68
84.01 - 96.00	268	11.81	41,279,771.02	7.41
96.01 - 108.00	67	2.95	11,379,693.30	2.04
108.01 - 120.00	5	0.22	1,016,765.30	0.18
120.01 - 132.00	110	4.85	33,225,592.06	5.96
132.01 - 144.00	6	0.26	6,477,009.05	1.16
144.01 - 156.00	114	5.02	43,277,923.21	7.76
156.01 - 168.00	5	0.22	3,254,553.29	0.58
168.01 - 180.00	5	0.22	8,038,849.56	1.44
180.01 - 192.00	157	6.92	64,772,826.70	11.62
192.01 - 204.00	4	0.18	1,267,725.89	0.23
204.01 - 216.00	1	0.04	495,258.44	0.09
216.01 - 228.00	3	0.13	931,766.23	0.17
228.01 - 240.00	3	0.13	3,571,367.60	0.64
240.01 - 252.00	52	2.29	16,973,209.02	3.05
264.01 - 276.00	3	0.13	2,283,909.09	0.41
276.01 - 288.00	1	0.04	187,255.96	0.03
300.01 - 312.00	43	1.89	8,748,652.32	1.57

Loan portfolio as of 31/08/2005 Classification by initial loan repayment term				
Monthly intervals	Loans	%	Outstanding Principal (EUR)	%
312.01 - 324.00	4	0.18	1,479,786.32	0.27
360.01 - 372.00	8	0.35	3,905,827.15	0.70
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**
	Weighted average:		**93.14**	**Months**
	Simple average:		**85.20**	**Months**
	Minimum:		**12.01**	**Months**
	Maximum:		**361.41**	**Months**

k) Information regarding the final maturity date of the selected loans.

The following table shows the distribution of the selected loans according to final maturity date by annual intervals, and the weighted average residual life and the first and last final maturity dates.

Loan portfolio as of 05/11/2005 Classification by final repayment date						
Final Repayment Year	Loans	%	Outstanding principal (EUR)	%	Total Residual Life* Months	Date
01/01/2006 to 31/12/2006	157	6.92	108,326,856.95	19.43	9.83	31/08/2006
01/01/2007 to 31/12/2007	177	7.80	67,357,134.12	12.08	17.93	5/05/2007
01/01/2008 to 31/12/2008	239	10.53	25,322,336.26	4.54	30.50	21/05/2008
01/01/2009 to 31/12/2009	332	14.63	38,835,999.48	6.97	46.01	5/09/2009
01/01/2010 to 31/12/2010	449	19.78	48,283,752.83	8.66	53.92	4/05/2010
01/01/2011 to 31/12/2011	132	5.81	32,142,075.56	5.77	69.75	29/08/2011
01/01/2012 to 31/12/2012	235	10.35	33,720,673.48	6.05	78.56	23/05/2012
01/01/2013 to 31/12/2013	26	1.15	3,515,016.36	0.63	88.56	23/03/2013
01/01/2014 to 31/12/2014	71	3.13	19,593,005.04	3.52	106.76	28/09/2014
01/01/2015 to 31/12/2015	46	2.03	20,403,648.59	3.66	114.79	31/05/2015
01/01/2016 to 31/12/2016	76	3.35	20,646,917.36	3.70	130.67	25/09/2016
01/01/2017 to 31/12/2017	43	1.89	25,725,932.65	4.62	137.47	20/04/2017
01/01/2018 to 31/12/2018	4	0.18	7,970,987.12	1.43	156.29	14/11/2018
01/01/2019 to 31/12/2019	84	3.70	31,230,288.99	5.60	167.46	20/10/2019
01/01/2020 to 31/12/2020	79	3.48	34,871,766.64	6.26	172.85	1/04/2020
01/01/2021 to 31/12/2021	3	0.13	1,368,385.26	0.25	190.41	17/09/2021
01/01/2022 to 31/12/2022	2	0.09	768,081.79	0.14	202.14	10/09/2022
01/01/2023 to 31/12/2023	3	0.13	3,620,681.65	0.65	212.77	30/07/2023
01/01/2024 to 31/12/2024	24	1.06	8,866,065.21	1.59	227.37	17/10/2024
01/01/2025 to 31/12/2025	29	1.28	8,221,514.20	1.47	232.77	30/03/2025
01/01/2026 to 31/12/2026	1	0.04	151,360.21	0.03	250.81	30/09/2026
01/01/2027 to 31/12/2027	3	0.13	2,319,804.84	0.42	258.81	1/06/2027
01/01/2029 to 31/12/2029	22	0.97	4,161,242.19	0.75	288.19	11/11/2029
01/01/2030 to 31/12/2030	23	1.01	5,832,196.45	1.05	293.41	19/04/2030
01/01/2031 to 31/12/2031	2	0.09	235,000.00	0.04	310.79	30/09/2031
01/01/2034 to 31/12/2034	3	0.13	1,203,627.56	0.22	348.61	24/11/2034
01/01/2035 to 31/12/2035	5	0.22	2,702,199.59	0.48	352.25	15/03/2035
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**		
	Weighted average:				**82.38**	**16/09/2012**
	Simple average:				**74.94**	**3/02/2012**
	Minimum:				**2.27**	**13/01/2006**
	Maximum:				**355.78**	**30/06/2035**

* Residual life (months and date) stands for averages weighted by the outstanding principal.

l) Information regarding geographical distribution by Autonomous Communities.

The following table shows loan distribution by Autonomous Communities according to the location of the corporate obligors' place of business.

Loan portfolio as of 05/11/2005 Classification by Autonomous Communities				
	Loans	%	Outstanding principal (EUR)	%
Andalusia	173	7.62	59,423,124.65	10.66
Aragón	83	3.66	15,594,529.68	2.80
Asturies	60	2.64	7,573,006.62	1.36
Balearic Isles	7	0.31	2,849,984.57	0.51
Canary Islands	33	1.45	15,990,195.17	2.87
Cantabria	16	0.70	1,035,797.70	0.19
Catalonia	365	16.08	99,476,791.28	17.85
Ceuta	1	0.04	750,000.00	0.13
Basque Country	87	3.83	24,781,337.23	4.45
Extremadura	16	0.70	3,010,380.99	0.54
Galicia	679	29.91	82,232,477.62	14.75
Castile-León	144	6.34	25,229,806.20	4.53
Madrid	284	12.51	94,539,573.12	16.96
Castile La Mancha	51	2.25	14,165,301.92	2.54
Murcia	85	3.74	34,512,153.29	6.19
Navarre	8	0.35	6,164,176.31	1.11
La Rioja	4	0.18	2,237,055.28	0.40
Valencian Community	174	7.67	67,830,858.75	12.17
Total	**2,270**	**100.00**	**557,396,550.38**	**100.00**

m) Information regarding ranking of the mortgage in loans having real estate mortgage security.

The selected loans with real estate mortgage security as at November 5, 2005 are 650 with an outstanding principal amounting to EUR 340,958,211.64, and the following are details of mortgages ranking senior or junior.

Real estate mortgage loan portfolio as of 05/11/.2005 Classification by ranking of mortgage				
	Loans	%	Outstanding Principal (EUR)	%
Loans with senior real estate mortgage	630	96.92	320,324,548.16	93.95
Loans with junior real estate mortgage ranking	20	3.08	20,633,663.48	6.05
Total	**650**	**100.00**	**340,958,211.64**	**100.00**

n) Information regarding ratio of the outstanding principal to the appraisal value for loans having senior real estate mortgage loans.

The ratio, expressed as a percentage, of the outstanding principal amount as of November 5, 2005 to the appraisal value of the mortgaged properties securing the selected mortgage loans with a senior mortgage ranged between 3.52% and 172.13%, the average ratio weighted by the outstanding principal on each mortgage loan being 60.03%.

The following table shows the distribution of the selected mortgage loans with a senior mortgage by 5.00% intervals of that ratio.

Loan portfolio with senior mortgage as of 05/11/.2005 Classification by Loan-to-Value ratio					
Ratio Intervals	Loans		Outstanding principal		Loan-to-Value* (%)
		%	(EUR)	%	
0,01 - 5,00	1	0.16	232,544.75	0.07	3.52
5,01 - 10,00	4	0.63	648,310.10	0.20	7.55
10,01 - 15,00	4	0.63	589,010.24	0.18	14.54
15,01 - 20,00	6	0.95	6,200,930.89	1.94	16.27
20,01 - 25,00	18	2.86	5,206,748.74	1.63	23.33
25,01 - 30,00	23	3.65	10,004,169.50	3.12	28.04
30,01 - 35,00	20	3.17	9,194,328.70	2.87	31.39
35,01 - 40,00	20	3.17	5,595,664.59	1.75	37.32
40,01 - 45,00	30	4.76	14,029,038.99	4.38	41.84
45,01 - 50,00	51	8.10	27,810,469.80	8.68	48.29
50,01 - 55,00	64	10.16	28,777,244.99	8.98	52.89
55,01 - 60,00	68	10.79	35,371,804.56	11.04	58.39
60,01 - 65,00	86	13.65	46,251,026.80	14.44	62.53
65,01 - 70,00	118	18.73	59,877,748.69	18.69	68.28
70,01 - 75,00	51	8.10	23,835,361.07	7.44	72.36
75,01 - 80,00	50	7.94	27,640,074.51	8.63	77.63
80,01 - 85,00	4	0.63	2,972,800.00	0.93	83.71
85,01 - 90,00	3	0.48	9,402,451.22	2.94	87.51
90,01 - 95,00	3	0.48	2,064,257.18	0.64	91.92
95,01 - 100,00	2	0.32	381,819.52	0.12	97.23
100,01 - 105,00	1	0.16	258,643.71	0.08	103.96
105,01 - 110,00	1	0.16	830,099.61	0.26	107.47
110,01 - 115,00	1	0.16	1,800,000.00	0.56	110.93
170,01 - 175,00	1	0.16	1,350,000.00	0.42	172.13
Total	**630**	**100.00**	**318,780,894.42**	**100.00**	
	Weighted average:				**60.03 %**
	Simple Average:				**57.44 %**
	Minimum:				**3.52 %**
	Maximum:				**172.13 %**

*Loan-to-Value Ratio lists averages weighted by the outstanding principal.

o) Information regarding delays, if any, in collecting selected loan interest or principal instalments and amount, if any, of the current principal of loans delayed in excess of 30, 60 and 90 days.

The following table shows the number of loans, the outstanding principal and the overdue principal on selected loans in regard to which there was any delay in payment of amounts due as at November 5, 2005.

Arrears in payment of instalments due as of 05/11/2005				
Day Interval	Loans	Outstanding Principal	Overdue Principal	
				% o/ Total Outstanding Principal
1 to 15 days	222	36,605,606.28	266,589.36	0.0478
16 to 30 days	6	609,702.79	4,963.94	0.0009
31 to 60 days	52	4,638,430.29	134,406.49	0.0241
61 to 90 days	22	3,221,398.91	68,496.52	0.0123
Total	**302**	**45,075,138.27**	**474,456.31**	**0.0851**

In accordance with section 2.2.8.2.(10) of the Building Block, none of the Loans that will finally be assigned to the Fund upon being established shall have any overdue payments on their assignment date for a period in excess of one (1) month.

2.2.3 Legal nature of the pool of assets.

The selected loans may be classified based on their collaterals into:

(i) Loans with real estate mortgage security, originated in a public deed (the "**Mortgage Loans**"), which may in addition include third-party personal guarantees.

The Mortgage Loans were originated in a public deed subject to the Mortgage Act, February 8, 1946, Mortgage Market Regulation Act 2/1981, March 25, and ancillary laws.

The Mortgage Loans shall be assigned to the Fund upon BANCO PASTOR issuing and the Fund subscribing for Pass-Through Certificates subject to the provisions of Act 2/1981 and additional provision five of Act 3/1994 as worded by article 18 of Act 44/2002, on the terms provided for in section 3.3 of this Building Block.

(ii) Loans exclusively secured with third-party personal guarantees (surety or bond), loans with security interest other than a real estate mortgage and unsecured loans, originated in a public document, which are enforceable (Civil Procedure Act article 517) (the "**Non-Mortgage Loans**").

The different security interests underlying some of the Non-Mortgage Loans are registered based on the different nature of the pledged asset, as follows:

a) Pledges underlying time and fixed-term deposits are entered in the relevant custodian institution.

b) Pledges underlying units in unit trusts and other similar products are entered in management companies of undertakings for collective investment or in the relevant custodians of those units which may, if they are in book-entry form, be either a credit institution or an investment services company or Iberclear through its members.

c) Pledges underlying shares and/or stakes in companies shall be entered according to their nature and, in the case of shares, in a manner that shall differ depending on how they are represented:

   i. Pledges underlying stakes in private companies shall be entered in the private company's relevant members register. A pledge underlying stakes in private companies may also be recorded in the public deed establishing the ownership of those stakes.

   ii. Pledges underlying shares in public limited companies in certificate form shall be entered in the relevant certificate. In addition, if the shares are registered shares, the pledge will also be entered in the public limited company's share register.

   iii. Pledges underlying shares in public limited companies in book-entry form shall be entered at the custodians of those shares, which may be either a credit institution or an investment services company or Iberclear through its members.

d) Pledges underlying other marketable securities (debentures, preference shares and promissory notes) in book-entry form are entered in Iberclear through its members.

The Non-Mortgage Loans shall be directly assigned to the Fund upon being sold by BANCO PASTOR and acquired by the Fund, on the terms provided for in section 3.3 of this Building Block.

In this Building Block and elsewhere in the Prospectus the term "Loans" shall be used to refer collectively to the Non-Mortgage Loans and the Mortgage Loans or the Pass-Through Certificates perfecting their assignment.

2.2.4 Expiry or maturity date(s) of the assets.

The selected loans each have a final maturity date without prejudice to periodic partial repayment instalments, on the specific terms applicable to each of them.

Obligors may at any time during the life of the loans prepay all or part of the outstanding capital, in which case the accrual of interest on the part prepaid will cease as of the date on which repayment occurs.

Final maturity date of the selected loans lies between January 13, 2006 and June 20, 2035. Section 2.2.2.k) above contains a table showing the distribution of the selected loans based on the final maturity date for each one.

2.2.5 Amount of the assets.

The Fund shall be set up with the Loans which BANCO PASTOR shall assign to the Fund upon being established and their total outstanding principal or capital shall be at least equal to EUR five hundred and twenty million (520,000,000), the face value amount of the Bond Issue.

The selected loan portfolio from which the Loans to be assigned to the Fund upon being established will be taken comprises 2,270 loans, the outstanding principal of which as of November 5, 2005 amounted to EUR 557,396,550.38 and the overdue principal amounted to EUR 474,456.31.

2.2.6 Loan to value ratio or level of collateralisation.

The ratio, expressed as a percentage, of the outstanding principal amount as of November 5, 2005 to the appraisal value of the mortgaged properties securing the provisional portfolio mortgage loans with a senior mortgage ranged between 3.52% and 172.13%, the average ratio weighted by the outstanding principal on each mortgage loan being 60.16%.

There is no overcollateralisation in the Fund since the total Loan principal or capital that BANCO PASTOR shall assign to the Fund upon being set up shall be equal to or slightly above EUR five hundred and twenty million (520,000,000), the face value amount of the Bond Issue.

2.2.7 Method of creation of the assets.

The loans selected for assignment to the Fund have been granted by BANCO PASTOR following its usual credit risk analysis and assessment procedures for lending to small and medium-sized enterprises. The procedures currently in place at BANCO PASTOR are described below:

1. Introduction

The Risks Management is the operating area in charge of assessing the risks taken by Banco Pastor and is entrusted with the following functions:

On the one hand, it **manages and co-ordinates management** of the credit risk of both the Bank and financial group companies, from a unique global viewpoint allowing growth plans to be approached within a stable and steady environment as a means for enhancing efficiency.

Moreover, **it proposes action lines** for defining the credit risk policy.

It also **manages and administers** the credit risk policy.

Finally, it **defines and allocates powers** for administering the credit risk using the authority conferred on it.

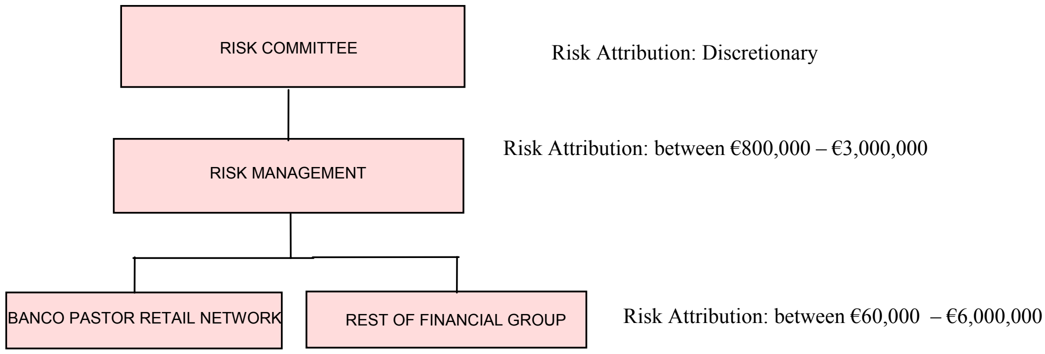
In discharging those functions, it has a risk granting unit, a risk monitoring unit and a recoveries unit. The risk management systems unit co-ordinates the three units.

2. Lending procedures

Branches are responsible for starting the risk analysis procedure after the customer's application is received. If the branch's authorities to process the application are sufficient, then the branch proper will authorise the transaction.

When a transaction, along with the risk already in place with respect to the customer or his business group is beyond the authorities allocated to a specific decision-making body (Branch, Regional Management, etc.), this body analyses the risk, gives an opinion and then submits the proposal to the decision-making body hierarchically above it, and so on until it reaches a body duly empowered to decide.

Graphically, this is the organisation structure:



3. Methodology for analysing and granting loans

All information relating to any legal or natural person carrying on any of the business activities listed in the CNAE, whatever the size of the business (self-employed workers, freelance professionals, small, medium-sized and large enterprises, etc.) is included in the system of **Resolutions and Proposals**, which is specifically designed to cover the whole range of actions required to study a risk transaction: from application to decision, including intermediate information required for transaction analysis.

The Resolutions and Proposals system comprises the following software applications:

Balance Sheets / Land and Buildings:
Analyses financial statements, comparing them to preceding years and automatically giving calculation of the ratios and rating the same.
It collects essential details on the assets owned by the person analysed (description, title, appraisal, search in registers, liens, etc.)

Business reports:
Reports available on the person and business carried on. A questionnaire is used in which answers are given to questions related to client/supplier, market and products, management and the experience obtained in the customer's relationship as such a customer, including information from external sources.

Business Groups Application:
Provides in respect of control relationship between persons (including both corporate interests and others) for business groups to be automatically listed, changed or struck off. Aggregate information is provided and broken down for each group member.

Collaterals Application:
Records the different collateral documents received by the Bank to cover the risks granted to Bank customers.

Risk Files Application:
Co-ordinates the information sourced in other applications. It automatically draws up the risks file in order that it may be simple and speedily accessed.

4. Risk control

4.1 Risk control system

The most decisive risk control action is credit selection upon admission, and scoring and rating are therefore the key elements in the risk control system. Between **May 2000 and September 2002,** assisted by a consultancy firm, an assessment system was developed based on studying the risk files of companies/businesses recorded in Banco Pastor databases and performances were studied in order to obtain algorithms, prepared using logistic regression techniques, in order to automatically assess the following Types of Enterprises:

Self-Employed Workers/Newly-formed enterprises

Individuals carrying on a business activity and without accounts, newly-formed enterprises and newly-started businesses.

Micro enterprises

Enterprises and legal persons (carrying on a business activity and having accounts) turning over not more than EUR 750,000.

Small and medium-sized enterprises

Enterprises and legal persons (carrying on a business activity and having accounts) turning over between EUR 750,000 and EUR 15 million.

Large Enterprises

Enterprises turning over in excess of EUR 15 million, and enterprises exceeding a figure of one million euros in pure risk or two million euros in global risk. For this subgroup we have prepared both an Enterprise Rating, rating and establishes a default probability for large enterprises in our portfolio, and a Transaction Scoring, adding the main transaction variables.

4.2 Characteristics of the risk control system

4.2.1 Initial opinion

The definition of arrears used for the analysis covers not only risk files that have been in arrears but also “undesired” risks. In calculating the variables and preparing the opinion the System automatically takes the information required from Risk Files and all other enterprise information related applications.

The opinion is essentially statistical, although some expert criterion is also incorporated.

The efficiency level achieved is very high, for it is based on our history, which has enabled a very low rate of refusals. In addition, more than half of the undesired transactions are concentrated in this area.

After making the assessment, an opinion is obtained classifying the transaction as: grant, doubt, probable refusal and refusal.

- **Refusal:** The power to positively clear these transactions lies exclusively with the Risk Approval Unit.
- **Probable Refusal:** From July 2004, the Offices of Regional Managers are responsible for positively clearing these transactions.
- **Doubt:** In SMEs and Large Companies, the Offices of Regional Managers shall have authority to positively clear these transactions. In smaller Types of Enterprises (Micro Enterprises and Self-Employed Workers) the branches shall approve those risks.

Adaptation of those routines to the economic cycle: The module allowing the economic cycle effect to be incorporated in issuing the opinion is currently under review.

Automatic remarks supplementing scoring opinions: The system provides information supplementing the scoring opinion as an essential decision-making element, consisting of a number of automatic short message remarks, the purpose of which is informing decision-making centres of the main weaknesses detected in the analysis, in order that they are properly weighed up before an opinion is given and certain essential aspects of the analysis are properly reflected on.

It is noteworthy that the specific model for **Real Estate Development Financing** transactions is at the programming stage. Moreover, the enterprise scoring and rating models, in operation since September 2002, are currently being reassessed.

4.2.2 Monitoring and controlling rating systems

A battery of reports are obtained monthly through Microstrategy specifically designed to check the performance of assessment systems, for monthly analysis by the steering committee, consisting of

Senior Management members and Risks Management officers, in order to adopt appropriate credit risk policy decisions, as the case may be.

Independently of the above-mentioned regular reports, timely aspects which may affect the current systems are discussed at any time as soon as they are known.

The automatic assessment systems are reassessed from time to time during the term of the loan granted.

2.2.8 Indication of representations and collaterals given to the issuer relating to the assets.

The Management Company reproduces below the representations and warranties BANCO PASTOR, as holder of the Loans and of the Mortgage Loans until assigned to the Fund and as issuer of the Pass-Through Certificates, shall give and make on the date of establishment of the Fund to the Management Company, on the Fund's behalf.

1. In relation to BANCO PASTOR.

(1) That BANCO PASTOR is a credit institution duly incorporated in accordance with the laws in force for the time being, entered in the Companies Register and in the Register of Credit Institutions of the Bank of Spain, and is authorised to grant loans to SMEs and operate in the mortgage market.

(2) That neither at today's date nor at any time since it was incorporated has BANCO PASTOR been in a position of insolvency, bankruptcy or suspension of payments, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.

(3) That BANCO PASTOR has obtained all necessary authorisations, including those required of its corporate bodies, to assign the Loans to the Fund and issue the Pass-Through Certificates, to validly execute the Fund Deed of Constitution, the agreements relating to the establishment of the Fund and to fulfil the undertakings made.

(4) That BANCO PASTOR has audited annual accounts for the last three years ending on December 31, 2004, 2003 and 2002, which have been filed with the CNMV and with the Companies Register. The audit reports on the annual accounts for those years 2004, 2003 and 2002 have no notes. The audit report to the year 2004 annual accounts has a technical objection regarding the failure to consistently apply accounting principles and policies derived from a change of policy at the Bank of Spain concerning how to report pre-retired staff commitments applicable to financial institutions in the same situation, the auditor agreeing with the change.

(5) That BANCO PASTOR has signed on October 19, 2005 a Master Co-Operation Agreement with the Industry, Tourism and Commerce Ministry in accordance with schedule II to the Order dated December 28, 2001, in order to determine the credits eligible for assignment to the Fund.

2. In relation to the Loans.

(1) That all the Loans have been duly originated in a public document, being either a public deed or a loan document, and that BANCO PASTOR keeps a first copy of the public deed or the valid loan document at the Management Company's disposal, as the case may be.

(2) That in order to be assigned to the Fund upon being established, BANCO PASTOR has chosen from among the selected loans i) loans that are in good payment standing and having no amounts more than one (1) month overdue and ii) in an aggregate outstanding principal amount for each obligor from lowest to highest up to a total principal or capital equal to or slightly above EUR five hundred and twenty million (520,000,000).

(3) That all the Loans exist and are valid and enforceable in accordance with the applicable laws, and that all applicable statutory provisions were observed in perfecting the same.

(4) That BANCO PASTOR holds legal and beneficial title to all the Loans, clear of any liens and claims, and there is no obstacle whatsoever for the Loans to be assigned. In this sense, the

respective agreements, public deed or public document underlying the Loans contain no clauses preventing their assignment or requiring any authorisation or notice for such assignment to take place.

(5) That all the Loans are denominated in euros and are payable exclusively in euros.

(6) That all the Loans have an initial repayment term of not less than one year.

(7) That all the Obligors under the Loans are non-financial companies (legal persons) registered in Spain at least 98 percent, by number of Loans and outstanding principal balance, of which are small and medium-sized enterprises as defined by BANCO PASTOR.

(8) That BANCO PASTOR has strictly adhered to the policies for granting credit in force from time to time in granting each and every one of the Loans and in accepting, as the case may be, the subrogation of subsequent borrowers in the position of the initial borrower, and in this connection the policies for granting loans to small and medium-sized enterprises currently in force are contained in section 2.2.7 of the Building Block to the Prospectus.

(9) That BANCO PASTOR is not aware of the existence of any lawsuits whatsoever in relation to the Loans that might be detrimental to their validity and enforceability.

(10) That on the date of establishment of the Fund, none of the Loans has any payments that are more than one (1) month overdue.

(11) That the Loans are clearly identified in the information system of BANCO PASTOR as from being granted or subrogated to BANCO PASTOR, and are serviced, analysed and monitored by BANCO PASTOR in accordance with the usual set procedures.

(12) That upon the Fund being established, it has not come to BANCO PASTOR's notice that any of the Loan Obligors is involved in any insolvency proceedings whatsoever.

(13) That upon the Fund being established, the sum of the Outstanding Balance of the Loans of a same Obligor is not in excess of 1.63% of the Outstanding Balance of the Loans.

(14) That the securities, if any, underlying the Loans are valid and enforceable in accordance with the applicable laws, and BANCO PASTOR is not aware of the existence of any circumstance which might prevent the securities from being enforced.

(15) That upon the Fund being established, BANCO PASTOR is not aware of having received any notice whatsoever of total prepayment of the Loans.

(16) That none of the Loans has a final maturity date extending beyond June 30, 2035.

(17) That BANCO PASTOR is not aware that the Obligors may howsoever object to paying any amount relating to the Loans.

(18) That upon the Fund being established, at least one interest instalment has matured on each Loan.

(19) That nobody has a pre-emptive right over the Fund, as holder of the Loans.

(20) That both the grant of the Loans and their assignment to the Fund and all aspects related thereto are ordinary actions in the course of business of BANCO PASTOR and are at arm's length.

(21) That the data and information relating to the loans selected to be assigned to the Fund contained in section 2 of the Building Block of the Prospectus, fairly present their status on the relevant date and are accurate.

(22) That the capital or principal of all the Loans has been fully drawn down.

(23) That based on the internal records of BANCO PASTOR none of the Loans are in the nature of financing granted to real estate developers for building or renovating homes and/or business or industrial properties designed to be sold or for finance lease transactions.

(24) That the Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.

(25) That all the Loan payment obligations are satisfied by directly debiting a bank account.

(26) That none of the Loans have clauses allowing deferment of periodic interest payment and principal repayment.

(27) That BANCO PASTOR is not aware of any of the Loan Obligors holding any credit right against BANCO PASTOR whereby the Obligor might be entitled to a set-off adversely affecting the rights attributed to the Fund upon the Loans being assigned.

(28) That none of the clauses of the public documents originating the Loans has been amended in relation to the details and information provided by BANCO PASTOR to the Management Company on the terms of the selected loans.

3. In relation to the Pass-Through Certificates and the Mortgage Loans.

(1) That the corporate bodies of BANCO PASTOR have validly adopted all necessary resolutions for the Pass-Through Certificates to be issued.

(2) That the particulars of the Mortgage Loans and the Pass-Through Certificates, represented in a multiple registered certificate, accurately reflect their current situation and are true and complete.

(3) That the Pass-Through Certificates are issued in accordance with the contents of additional provision five of Act 3/1994, as worded by article 18 of Act 44/2002, and other applicable laws.

(4) That the Mortgage Loans are all secured with a senior or, as the case may be, junior real estate mortgage on the legal and beneficial ownership of each and every one of the mortgaged properties, which are not encumbered with any restrictions on their disposal or any other limitation as to title.

(5) That the Mortgage Loans are all originated in a public deed, and the mortgages are all duly granted and entered in the relevant Land Registries. The registration of the mortgaged properties is in force and has not been howsoever opposed and, in the case of senior mortgages, is subject to no limitation whatsoever taking precedence over the mortgage, in accordance with the applicable laws.

(6) That the Mortgage Loans do not have any of the characteristics of credits excluded or restricted by article 32 of Royal Decree 685/1982.

(7) That the mortgages are established on properties wholly legally and beneficially owned by the respective mortgagor, and BANCO PASTOR is not aware of the existence of litigation over the ownership of those properties which might detract from the mortgages.

(8) That the mortgaged properties underlying the Mortgage Loans are not ineligible as assets excluded for standing as security under article 31.1.d) of Royal Decree 685/1982.

(9) That the mortgaged real properties (i) are located in Spain, (ii) have been appraised by duly qualified institutions approved by BANCO PASTOR, evidence of which appraisal has been provided in the form of an appropriate certificate, and (iii) in the case of real properties relating to constructions in general, building work has been completed.

(10) That the Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Pass-Through Certificates hereby issued for subscription by the Fund.

(11) That the Mortgage Loans are not earmarked for any issue whatsoever of mortgage bonds, mortgage certificates or pass-through certificates, other than the issue of the Pass-Through Certificates.

(12) That BANCO PASTOR is not aware of any circumstance which might prevent foreclosure of the mortgage security.

(13) That nobody has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Pass-Through Certificates.

(14) That the Pass-Through Certificates shall be issued for the same term remaining until maturity of and at the same interest rate and outstanding principal as each of the underlying Mortgage Loans.

2.2.9 Substitution of the securitised assets.

Set rules for substituting Loans or the Pass-Through Certificates or otherwise repayment to the Fund.

1. In the event of prepayment of the Loans upon prepayment of the relevant Loan capital, there will be no substitution of the Loans.

2. In the event that during the full term of the Loans it should be found that any of them or of the Pass-Through Certificates fail to conform to the characteristics given in section 2.2.8 above upon the Fund being established, BANCO PASTOR agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, substitute or, as the case may be, redeem the affected Loans not substituted, by automatically terminating the assignment of the affected Loans and, as the case may be, cancelling the relevant Pass-Through Certificate, subject to the following rules:

   a) The party becoming acquainted with the existence of a latent defect, be it the Originator or the Management Company, shall advise the other party of that circumstance in writing. The Originator shall have a period of not more than fifteen (15) Business Days from said notice to remedy that circumstance if it may be so remedied or proceed to a substitution of the affected Loans, notifying the Management Company of the characteristics of the loans and of the pass-through certificates intended to be assigned to take their stead, which shall fulfil the characteristics given in section 2.2.8 above and be of the same kind as to residual term, interest rate and outstanding principal value as the affected Loans and also credit quality in terms of collaterals, ranking of the mortgages and ratio of outstanding principal to the appraisal value of the mortgaged property or properties of the Mortgage Loan to be replaced, in order for the financial balance of the Fund not to be affected by such substitution, nor indeed the rating of the Bonds given by the Rating Agencies. Once the Management Company has checked the appropriateness of the substitute loan or loans, and after advising the Originator expressly of loans suitable for such substitution, such substitution shall be made by terminating the assignment of the affected Loans and, as the case may be, cancelling the relevant Pass-Through Certificate, and simultaneously assigning the new substitute loans and, as the case may be, issuing the new substitute pass-through certificates.

      The substitution shall be recorded in a public deed subject to the same formalities established for the acquisition of the Loans upon the Fund being established, in accordance with the specific characteristics of the new loans assigned. The Management Company shall provide the CNMV, the undertaking in charge of the Bond accounting record and the Rating Agencies with a copy of the public deed.

   b) Secondarily to the obligation undertaken under rule a) above, in the event that there should be no substitution of the affected Loans, the assignment of the affected Loans not substituted shall be terminated and, as the case may be, the relevant Pass-Through Certificate will be cancelled. That termination shall take place by a repayment in cash to the Fund by the Originator of the outstanding principal of the affected Loans not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Loans.

c) In the event of paragraphs a) and b) above occurring, BANCO PASTOR shall be vested in all the rights attaching to those Loans accruing from the substitution or repayment date or accrued and not due, and overdue amounts on that same date.

3. In particular, the amendment by the Originator during the life of the Loans of their terms without regard to the limits established in the special laws applicable and, in particular, to the terms agreed between the Fund, represented by the Management Company, and the Originator as set forth in paragraph 6 of section 3.7.2.1 of this Building Block, which would therefore be an absolutely exceptional amendment, would constitute a unilateral breach by the Originator of its duties which should not be borne by the Fund or by the Management Company.

   Upon any such breach occurring, the Fund may, through the Management Company: (i) demand payment of the relevant damages and losses and (ii) request replacement or repayment of the affected Loans, which shall not result in the Originator guaranteeing that the transaction will be successfully completed, but only the requisite redress of the effects resulting from the breach of its duties, in accordance with article 1124 of the Civil Code.

   The expenses originated by the actions to remedy the Originator's breach shall be borne by the Servicer and cannot be charged to the Fund or the Management Company. The Management Company shall forthwith notify the CNMV of each and every replacement or redemption of Non-Mortgage Loans and Pass-Through Certificates resulting from a breach by the Originator.

2.2.10 Relevant insurance policies relating to the assets.

The public deeds originating the Mortgage Loans provide that the mortgagor shall have to have taken out insurance covering the risks of damage, including fire, partial or total loss of the property, at the appraisal value for insurance purposes, and to pay the relevant premiums.

No details are included regarding concentration of the insurers because the current status of the insurance policies taken out by the corporate obligors and their data are not supported or updated in the Originator's computer records. Nevertheless, any possible concentration of insurers has not been considered significant for the credit enhancement transaction.

2.2.11 Information relating to the obligors where the securitised assets comprise obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more of the assets, or where an obligor accounts for a material portion of the assets.

Not applicable.

2.2.12 Details of the relationship, if it is material to the issue, between the issuer, guarantor and obligor.

There are no relationships between the Fund, the Originator, the Management Company and other parties involved in the transaction other than as set forth in sections 5.2 and 6.7 of the Registration Document .

2.2.13 Where the assets comprise fixed income securities, a description of the principal terms.

Not applicable.

2.2.14 Where the assets comprise equity securities, a description of the principal terms.

Not applicable.

2.2.15 If the assets comprise equity securities that are not traded on a regulated or equivalent market, where they represent more than ten (10) per cent of the securitised assets, a description of the principal terms.

Not applicable.

2.2.16 Valuation reports relating to the property and cash flow/income streams where a material portion of the assets are secured on real property.

The appraisal values of the properties securing the selected mortgage loans correspond to appraisals made by appraisers for the purpose of granting the loan and arranging the selected mortgage loans.

2.3 Actively managed assets backing the issue.

Not applicable.

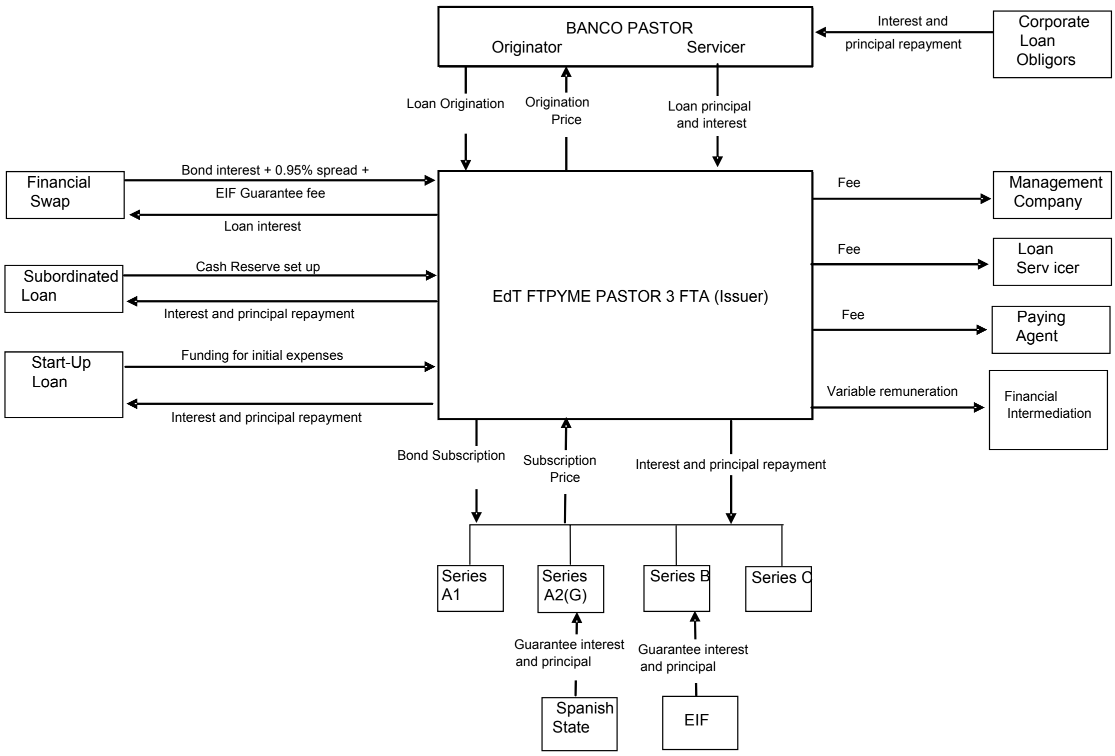
2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.

Not applicable.

3. STRUCTURE AND CASH FLOW

3.1 Description of the structure of the transaction.

Transaction structure diagram.



Initial balance sheet of the Fund.

The balance sheet of the Fund on the Closing Date will be as follows:

ASSETS		LIABILITIES	
Fixed Assets	**520,926,133.33**	**Bond Issue**	**520,000,000.00**
Loans	520,038,143.88	Series A1 Bonds	365,900,000.00
(adjustment excess to EUR 38,143.88)		Series A2(G) Bonds	100,000,000.00
		Series B Bonds	38,700,000.00
Set-up and issue expenses*	887,989.45	Series C Bonds	15,400,000.00
Current assets	**to be determined**	**Other long-term liabilities**	**18,280,000.00**
Treasury Account*	17,353,866.67	Start-Up Loan	1,900,000.00
Accrued interest receivable**	to be determined	Subordinated Loan	16,380,000.00
		Short-term creditors	**to be determined**
		Loan interest accrued **	to be determined
Total assets	**538,280,000.00**	**Total liabilities**	**538,280,000.00**

MEMORANDUM ACCOUNTS	
Cash Reserve	16,380,000.00
Financial Swap collections	to be determined
Financial Swap payments	to be determined

(Amounts in EUR)

* Assuming that all Fund set-up and Bond issue expenses are met on the Closing Date and that they amount to EUR 887,989.45 as detailed in section 6 of the Securities Note.

** As set forth in section 3.3.3 of this Building Block.

3.2 List of the financial and service transactions arranged for the Fund's structure.

(i) EUROPEA DE TITULIZACIÓN is the Management Company that will establish, manage and legally represent the Fund and was involved in structuring the financial terms of the Fund and the Bond Issue.

(ii) BANCO PASTOR is the originator of the Loans to be assigned to the Fund upon being established, shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, BANCO PASTOR was involved in structuring the financial terms of the Fund and the Bond Issue and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the public offering for Bond Issue subscription, (ii) liaising with potential investors and being one of the Bond subscription book runners, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

Moreover, BANCO PASTOR shall be the Fund's counterparty in the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Financial Swap, Loan Servicing and Pass-Through Certificate Custody, Bond Paying Agent and Financial Intermediation Agreements.

(iii) JPMORGAN shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, JPMORGAN was involved in structuring the financial terms of the Fund and the Bond Issue and will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the public offering for Bond Issue subscription, (ii) liaising with potential investors and being one of the Bond subscription book runners, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

(iv) DEUTSCHE BANK shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, DEUTSCHE BANK will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the public offering for Bond Issue subscription, (ii) liaising with potential investors and being one of the Bond subscription book runners, (iii) liaising with all other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

(v) CIBC, BANCAJA and SCH shall be Bond Issue Underwriters and Placement Agents.

(vi) The Economy and Finance Ministry shall, in a Ministerial Order, provide the Fund before it is established with a guarantee whereby the Spanish State will secure, waiving the benefit of discussion established in Civil Code article 1830, payment of such economic obligations as may be enforceable on the Fund deriving from the Series A2(G) Bonds.

(vii) EIF shall guarantee, waiving the benefit of discussion established in Civil Code article 1830, payment of such economic obligations as may be enforceable on the Fund deriving from the Series B Bonds.

(viii) Moody's and S&P are the Rating Agencies that have assigned the rating to each Bond Issue Series.

(ix) The law firm LOVELLS has provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications.

(x) Ernst & Young have audited the selected loans from BANCO PASTOR.

The description of the institutions referred to in the above paragraphs is contained in section 5.2 of the Registration Document.

The Management Company represents that the summary descriptions of those agreements, contained in the relevant sections, which it shall enter into, for and on behalf of the Fund, give the most substantial and relevant information on each of the agreements and accurately present their contents.

3.3 Description of the method and date of the sale, transfer, novation or assignment of the assets or of any rights and/or obligations in the assets to the issuer.

3.3.1 Perfecting the assignment of the Loans.

Section 2.2.2.c) of this Building Block contains a table showing how the selected loans are distributed according to the security collateral thereto.

Given the possibilities laid down in the laws in force, the Loans will be assigned differently depending on whether the Loans are Mortgage Loans or Non-Mortgage Loans, as set out below, notwithstanding the existence of other security interests or personal bonds collateral thereto.

The Management Company, for and on behalf of the Fund, and BANCO PASTOR as Originator, shall in the Deed of Constitution perfect the agreement assigning the Loans to the Fund, effective from that same date, as follows:

(i) The assignment of the Mortgage Loans shall be perfected by means of the issue by BANCO PASTOR of and the subscription by the Fund for pass-through certificates (the "**Pass-Through Certificates**") as established by Act 2/1981 and by additional provision five of Act 3/1994, as worded by article 18 of Financial System Reform Measures Act 44/2002, November 22 ("**Act 44/2002**").

The Pass-Through Certificates shall be represented by means of a registered multiple certificate which shall contain the minimum data provided in article 64 of Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981 ("**Royal Decree 685/1982**"), and specifically the registration particulars of the mortgaged properties securing the Mortgage Loans.

The Pass-Through Certificates may be transferred by a written statement on the very certificate and, in general, by any of the means admitted by Law. The transfer of the Pass-Through Certificate and the new holder's address shall be notified by the transferee to the issuer. They may only be acquired or held by institutional investors or professionals, and may not be acquired by the unspecialised public.

Both in the event that any Pass-Through Certificate should be substituted, as prescribed in section 2.2.9.2 of this Building Block, and in the event that the Management Company, acting for and on behalf of the Fund, should proceed to foreclose a Mortgage Loan, as prescribed in section 3.7.2.1.7 of this Building Block, and moreover if there should be an Early Liquidation of the Fund, in the events and on the terms of section 4.4.3 of the Registration Document, and said Pass-Through Certificates have to be sold, BANCO PASTOR agrees to split, as the case may be, any multiple certificate into such individual or multiple certificates as may be necessary, or to substitute or exchange the same for the above purposes.

BANCO PASTOR, as the issuer, shall keep a special book in which it shall enter the Pass-Through Certificates issued and the changes of address notified by the Pass-Through Certificate holders, moreover including therein (i) Mortgage Loan origination and maturity dates, Mortgage Loan amount and settlement method; and (ii) the registration particulars of the mortgages securing the Mortgage Loans.

Given that the Fund is an institutional investor and that the Fund has subscribed for the Pass-Through Certificates, for the purposes of paragraph two of article 64.6 of Royal Decree 685/1982, the issue of the Pass-Through Certificates shall not be subject to a marginal note on each entry of the mortgage underlying each of the Mortgage Loans in the Land Registry.

(ii) The Non-Mortgage Loans shall be assigned directly without any underlying security being issued by means of their sale by BANCO PASTOR and acquisition by the Fund.

In the event of BANCO PASTOR being decreed in bankruptcy, the issue of the Pass-Through Certificates and their subscription by the Fund and the assignment of the Non-Mortgage Loans may only be revoked as provided for in the bankruptcy laws if whoever exercises the relevant termination action proves that the issue by BANCO PASTOR and subscription by the Fund of the Pass-Through Certificates and the assignment of the Non-Mortgage Loans was fraudulently made, the foregoing on the terms of Additional Provision Five of Act 3/1994 and articles 10 and 15 of Act 2/1981 and the provisions of the Bankruptcy Act.

The assignment by BANCO PASTOR to the Fund of the Loans shall not be notified to the Obligors. Where the Loans have other security interests or third-party personal bonds other than a real estate mortgage, the assignment will not be initially notified either to the custodian of the assets or securities, where that is an entity other than the Servicer, or the Obligors' guarantors. In this sense, neither Iberclear nor its member institutions will be notified either of the assignment of Loans having a pledge in respect of listed securities or securities represented by book-entries in their systems.

However, in the event of insolvency, or indications thereof, of administration by the Bank of Spain, of liquidation or of substitution of the Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors and, as the case may be, the custodians of assets or securities, and guarantors, of the transfer to the Fund of the outstanding Loans, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors within five (5) Business Days of receiving the request and in the event of the Servicer becoming insolvent, the Management Company itself shall directly or, as the case may be, through a new Servicer it shall have designated, notify Obligors and, as the case may be, the custodians of assets or securities, and guarantors.

3.3.2 Loan assignment terms.

1. The Loans will be fully and unconditionally assigned for the entire term remaining from the date on which the Fund is established, which shall be the assignment date, until maturity of each Loan.

   In accordance with article 348 of the Commercial Code and 1529 of the Civil Code, the Originator will be liable to the Fund for the existence and lawfulness of the Loans, and for the personality with which the assignment is made, but shall not be liable for the solvency of the Obligors.

   The Originator shall not bear the risk of default on the Loans and shall therefore have no liability whatsoever for default by the Obligors of principal, interest or any other amount whatsoever they may owe under the Loans, and shall not be answerable either for the enforceability of the securities collateral thereto. It will not be howsoever liable either to directly or indirectly guarantee that the transaction will be properly performed, nor give any guarantees or security, nor indeed agree to repurchase or substitute the Loans, saving as provided for in section 2.2.9 of this Building Block.

2. The assignment of each Loan shall be made for all the outstanding principal pending repayment on the assignment date and for all ordinary interest on each Loan assigned.

3. The Fund shall have rights in and to the Loans from the date on which they are assigned and the Fund is established. Specifically, without limitation and for illustrative purposes only, the assignment shall, in accordance with the provisions of article 1528 of the Civil Code, comprise the assignment of all collateral rights, such as bonds, guarantees, mortgages, pledges or privileges, and shall therefore confer on the Fund the following rights in relation to each Loan:

   a) To receive all Loan capital or principal repayment amounts accrued.

   b) To receive all Loan principal ordinary interest amounts accrued. Ordinary interest will also include ordinary interest accrued and not due from the last interest settlement date of each Loan, on or before the assignment date, and overdue interest as of that same date. Late-payment interest accrued, if any, by the Loans shall not be assigned to the Fund.

   c) To receive any other amounts, assets, securities or rights received as payment of Loan principal, ordinary interest or expenses, either in the form of the auction sale price or amount determined by a court decision or notarial procedure in enforcing the mortgage or non-mortgage securities, on the sale or utilisation of properties, assets or securities awarded or, upon foreclosing, in the administration or interim possession of the properties, assets or securities in foreclosure proceedings.

   d) To receive all possible rights or compensations on the Loans accruing for the Originator and derived therefrom, including those derived from the insurance contracts, if any, attached to the Mortgage Loans in respect of which the Originator is the beneficiary which are also assigned to the Fund, and those derived from any right collateral to the Loans, saving late-payment interest and the fees established for each of the Loans, which shall remain to the benefit of the Originator, and any out-of-pocket to be borne by the Originator.

4. In the event of prepayment of the Loans upon a full or partial repayment of the principal, there will be no direct substitution of the affected Loans.

5. The rights of the Fund resulting from the Loans shall be linked to the payments made by the Obligors and are therefore directly affected by the evolution, late payments, prepayments or any other incident in connection therewith.

6. The Fund shall defray any and all expenses or costs resulting for the Originator derived from recovery actions in the event of a breach by the Obligors of their obligations, including enforcement proceedings against the same.

7. In the event of renegotiation consented to by the Management Company, for and on behalf of the Fund, of the Loans, or their due dates, the change in the terms shall affect the Fund.

3.3.3 Loan sale or assignment price.

The sale or assignment price of the Loans shall be at par. The aggregate price payable by the Fund represented by the Management Company to BANCO PASTOR for the assignment of the Loans shall be an amount equivalent to the sum of (i) the face value of the capital or principal outstanding on each Loan, and (ii) ordinary interest accrued and not due and overdue interest, as the case may be, on each of the Loans on the assignment date (the "**accrued interest**").

The Management Company shall pay the total Loan assignment price on behalf of the Fund as follows:

1. The part of the assignment price consisting of the face value of the capital of all the Loans, item (i) of the preceding paragraph, shall be paid on the Closing Date of the Bond Issue, for same day value, upon the subscription for the Bond Issue being paid up, by means of an instruction given by the Management Company to BANCO PASTOR to proceed to debit the Treasury Account opened on behalf of the Fund. BANCO PASTOR shall receive no interest on the deferment of payment until the Closing Date.

2. The part of the price consisting of interest accrued on each Loan, item (ii) of the preceding paragraph, shall be paid on the earlier of the Fund collection date falling on the first interest settlement date of ordinary interest on each Loan or the date on which they are paid by the Obligor, and will not be subject to the Fund Priority of Payments.

If the establishment of the Fund and hence the assignment of the Loans should terminate, (i) the Fund's obligation to pay the total Loan acquisition price shall terminate, and (ii) the Management Company shall be obliged to restore to BANCO PASTOR any rights whatsoever accrued for the Fund upon the Loans being assigned.

3.4 Explanation of the flow of funds.

3.4.1 Explanation of how the cash flow from the assets will meet the issuer's obligations to holders of the securities.

The securitised Loan amounts received by the Fund will be paid by the Servicer monthly to the Fund crediting the Treasury Account for calendar monthly periods, within the first seven calendar days in the next succeeding month, for value date on the date on which the amounts are received by the Servicer. Therefore, the Fund shall be receiving the Loan amounts received monthly into the Treasury Account but shall maintain a return on them given that the value date applied shall be the same as the date on which the amounts were collected.

The weighted average interest rate of the loans selected as of November 5, 2005, as detailed in section 2.2.2.g) of this Building Block, is 3.72%, which is above the 2.56% weighted average interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. Nevertheless, the Financial Swap mitigates the interest rate risk occurring in the Fund because the Loans are subject to fixed and floating interest and their benchmark indices and reset and settlement periods differ from those of the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods and the risk deriving from potential renegotiations of the Loan interest rate, which may even result in their being novated to a fixed rate.

Quarterly on each Payment Date Bondholders will be paid interest accrued and principal repayment on the Bonds in each Series on the terms set for each of them and in the Priority of Payments given in section 3.4.6.2 of this Building Block.

3.4.2 Information on any credit enhancement.

3.4.2.1 Description of the credit enhancement.

The following credit enhancement transactions are incorporated to the financial structure of the Fund:

(i) Cash Reserve set up by drawing down the Subordinated Loan.

Mitigates the credit risk derived from delinquency and default on the Loans.

(ii) Financial Swap:

Mitigates the interest rate risk occurring in the Fund because the Loans have fixed and floating interest rates and their benchmark indices and reset and settlement periods differ from those of the floating interest established for the Bonds based on 3-month Euribor with quarterly accrual and settlement periods, and the risk deriving from potential Loan interest rate renegotiations which may even result in their novation to a fixed rate. In addition, a 0.95% margin excess is included and the ongoing EIF Guarantee fee amount is covered.

(iii) Treasury Account.

Partially mitigates the loss of return on the liquidity of the Fund due to the timing difference between income received monthly on the Loans and until interest payment and principal repayment on the Bonds occurs on the next succeeding Payment Date.

(iv) Subordination and deferment in interest payment and principal repayment between the Bonds in the different Series, derived from their place in the application of the Available Funds as well as the rules for Distribution of Available Funds for Amortisation in the Priority of Payments, or in the application of the Liquidation Available Funds in the Liquidation Priority of Payments, are a means for distinctly hedging the different Series.

(v) Spanish State Guarantee for the Series A2(G) Bonds:

Guarantees payment of the economic obligations (interest payment and principal repayment) of the Series A2(G) Bonds payable by the Fund.

(vi) EIF Guarantee for the Series B Bonds.

Guarantees payment of the economic obligations (interest payment and principal repayment) of the Series B Bonds payable by the Fund.

3.4.2.2 Cash Reserve.

The Management Company shall set up on the Closing Date an Initial Cash Reserve by drawing fully the available Subordinated Loan principal and shall subsequently, on each Payment Date, keep the Required Cash Reserve amount provisioned in the Fund Priority of Payments.

The characteristics of the Cash Reserve shall be as follows:

Cash Reserve amount.

1. The Cash Reserve shall be set up on the Closing Date in an initial amount equal to EUR sixteen million three hundred and eighty thousand (16,380,000.00) (“**Initial Cash Reserve**”).

2. Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the Required Cash Reserve amount established hereinafter with the Available Funds in the Priority of Payments of the Fund.

   The required Cash Reserve amount on each Payment Date (the “**Required Cash Reserve**”) shall be the lower of the following amounts:

   (i) EUR sixteen million three hundred and eighty thousand (16,380,000.00).

   (ii) The higher of:

      a) 6.30% of the Outstanding Principal Balance of the Bond Issue.
      b) EUR eight million one hundred and ninety thousand (8,190,000.00).

3. Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the Determination Date preceding the relevant Payment Date whenever any of the following circumstances concur on the Payment Date:

   i) That, on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of Delinquent Loans is equal to or greater than 1.00% of the Outstanding Balance of Non-Doubtful Loans.

   ii) That on the Payment Date preceding the relevant Payment Date the Cash Reserve was not provisioned up to the Required Cash Reserve amount on that Payment Date.

4. Moreover, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Initial Cash Reserve amount on the Determination Date preceding the relevant Payment Date whenever three (3) years have not elapsed since the date on which the Fund was established and any of the following circumstances concur:

a) That the Outstanding Balance of the Loans is greater than 50 percent of the Outstanding Balance of the Loans upon the Fund being established.

b) That the Outstanding Balance of the Loans granted for the purpose of purchasing land and with a single repayment upon maturity is in excess of 2 percent of the Outstanding Balance of the Loans.

c) That the Outstanding Balance of the Loans of the four (4) Obligors with the highest Outstanding Balance is greater than 5.50 percent of the Outstanding Balance of the Loans.

Yield.

The Cash Reserve amount shall remain credited to the Treasury Account, and will be remunerated on the terms of the Guaranteed Interest Rate Account (Treasury Account) Agreement.

Application.

The Cash Reserve shall be applied on each Payment Date to satisfying Fund payment obligations in the Priority of Payments and in the Liquidation Priority of Payments.

3.4.2.3 Spanish State Guarantee for the Series A2(G) Bonds.

In a Ministerial Order, the Economy and Finance Ministry shall provide the Fund before it is established with a guarantee whereby the Spanish State will guarantee, waiving the benefit of discussion established in Civil Code article 1830, payment of such economic obligations as may be enforceable on the Fund deriving from the Series A2(G) Bonds for a face amount of EUR one hundred million (100,000,000.00).

3.4.2.3.1 **General characteristics of the State Guarantee.**

- The State Guarantee shall extend exclusively to Series A2(G) Bond principal and interest
- The State Guarantee shall remain in force and be fully effective until total fulfilment of the economic obligations derived from the Bonds in Series A2(G). In any event, the State Guarantee shall expire on January 19, 2039, or the next succeeding Business Day if that is not a Business Day.
- The enforceability of the State Guarantee shall be conditional on (i) this Prospectus being registered at the CNMV, (ii) execution and registration at the CNMV of the Fund Deed of Constitution during the year 2005, (iii) confirmation by the start of the Bond Subscription Period of the provisional ratings assigned by the Rating Agencies to each Bond Series as final ratings, (iv) the Bond Issue Management, Underwriting and Placement Agreement not being terminated, and (v) submission of the documents mentioned in the following paragraph.

  The Management Company shall send the Directorate-General of the Treasury and Financial Policy: (i) a copy of the Prospectus registered at the CNMV, (ii) a certified copy of the Fund Deed of Constitution entered in the register of the CNMV, (iii) a certificate by BANCO PASTOR representing that the Loans satisfy the requirements of the Master Co-Operation Agreement attached to the Order of December 28, 2001, as amended by Order ECO/1064/2003, April 29, and that they are loans granted to non-financial enterprises (legal persons) based in Spain of which at least 98 percent, in number of loans and outstanding principal balance, are small and medium-sized enterprises as defined by the European Commission (Recommendation of May 6, 2003 replacing the Recommendation of April 3, 1996), (iv) a copy of the letters from the Rating Agencies notifying the ratings assigned to each Bond Series, and (v) a certified copy of the notarial certificate recording payment of the Bond subscription executed by the Management Company.
- No fee whatsoever shall accrue upon the State Guarantee being perfected and given.
- The Management Company shall notify the Directorate-General of the Treasury and Financial Policy on each Series A2(G) Bond Payment Date of the outstanding balance of the Guaranteed Series and, at the year end, in addition to that outstanding balance, an estimate of the financial burden of the Guaranteed series for the following year. It shall also send after each Payment Date the information provided for in the Resolution dated 23rd June 2005, on the terms and with the contents therein laid down .

3.4.2.3.2 **Drawdown under the State Guarantee.**

i) The State Guarantee may be partially enforced without any limitation as to number of enforcements.

The State Guarantee shall be enforced in the following events in the amounts determined for each one:

1. On any Payment Date or on the Final Maturity Date or upon the Early Liquidation of the Fund, when the Available Funds or the Liquidation Available Funds, as the case may be, are not sufficient to pay interest due on the guaranteed Series A2(G), after making the payments in the preceding priority of payments in accordance with the application in the Priority of Payments or the Liquidation Priority of Payments.

   In that event, the State Guarantee shall be enforced in an amount equivalent to the difference between the Series A2(G) Bond interest amount payable and the amount applied to payment thereof, as the case may be, of the Available Funds on the relevant Payment Date or the Liquidation Available Funds.

   The amounts received by the Fund upon enforcing the State Guarantee to meet payment of interest due on the guaranteed Series A2(G) shall be allocated to payment of that interest, as appropriate, on the following Payment Date or on the Final Maturity Date or upon the Early Liquidation of the Fund.

2. On any Payment Date other than the Final Maturity Date or upon the Early Liquidation of the Fund when the Available Funds for Amortisation are not sufficient to repay the Outstanding Principal Balance of guaranteed Series A2(G) in the relevant amount in accordance with the rules for Distribution of Available Funds for Amortisation because there is an Amortisation Deficiency.

   In that event, the State Guarantee shall be enforced in an amount equal to the difference between the Series A2(G) Bond principal amount to be amortised should no such Amortisation Deficiency occur and the amount of the Available Funds for Amortisation actually applied to their amortisation on the relevant Payment Date.

   The amounts received by the Fund upon enforcing the State Guarantee to meet payment of the guaranteed Series A2(G) amount to be amortised shall be allocated to payment of that amortisation on the following Payment Date.

3. On the Final Maturity Date or upon the Early Liquidation of the Fund when the Liquidation Available Funds are not sufficient to fully amortise the guaranteed Series A2(G).

   In that event, the State Guarantee shall be enforced in an amount equal to the difference between the Outstanding Principal Balance of Series A2(G) and the amount actually applied of the Liquidation Available Funds to their amortisation.

   The amounts received by the Fund upon enforcing the State Guarantee to meet payment of the guaranteed Series A2(G) Bond amount to be amortised shall be allocated to payment of that amortisation, as appropriate, on the following Final Maturity Date or upon the Early Liquidation of the Fund.

ii) Each enforcement of the State Guarantee shall be effected by a written notice from the Management Company to the Directorate-General of the Treasury and Financial Policy, declaring the occurrence of the events described of shortfall of Available Funds or Available Funds for Amortisation or Liquidation Available Funds in accordance with the provisions of the preceding paragraph, specifying the amounts claimed, as the case may be, for each of such items.

iii) Payment of the required amounts under each enforcement of the State Guarantee, shall be made, after being checked, by the Directorate-General of the Treasury and Financial Policy within not more than ninety (90) days, reckoned from the date of receipt of the written request from the Management Company, by crediting the Treasury Account.

Having regard to this period for payment to the Fund of the amounts requested upon every enforcement of the State Guarantee to satisfy Series A2(G) interest payable and/or principal repayment in accordance with the provisions of paragraph i) of this section, those amounts might not be paid to the Series A2(G) Bondholders on the relevant Payment Date, and will in any event be paid to them on the Payment Date next succeeding the day on which they are paid to the Fund by the Directorate-General of the Treasury and Financial Policy.

iv) The amounts paid by the State under the State Guarantee shall constitute an obligation for the Fund in favour of the State. The amounts drawn on the State Guarantee, whether drawn for paying interest or for repaying principal on the guaranteed Series A2(G) Bonds, shall be repaid on each of the following Payment Dates, until fully repaid, respectively using the Available Funds and the Available Funds for Amortisation, or using the Liquidation Available Funds, in the places in the priority of payments respectively established in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.

In the event that, in accordance with the preceding rules, on a Payment Date, in addition to repaying the amount drawn under the State Guarantee, it should be necessary to draw a new amount for paying interest or repaying principal on the guaranteed Series A2(G) Bonds, the Management Company shall calculate and apply the net amount which, as the case may be, should be requested from or repaid to the State.

3.4.2.4 European Investment Fund Guarantee for the Series B Bonds.

3.4.2.4 European Investment Fund Guarantee for the Series B Bonds.

In accordance with the provisions of a guarantee agreement (the "**EIF Guarantee**") and counter-guarantee agreement (the "**EIF Counter-Guarantee Agreement**") to be entered into by the Fund, the Management Company, acting as Representative of the Series B Bondholders, and the EIF, before or upon the Fund being established, the EIF shall unconditionally and irrevocably guarantee to the Series B Bondholders, represented by the Management Company (the " **Representative of the Series B Bondholders**"), payment of all interest and principal amounts due on the Series B Bonds.

The amount of the EIF Guarantee is (i) thirty-eight million seven hundred thousand (38,700,000,00) the face amount of the Series B Bonds, plus (ii) Series B Bond face amount interest .

3.4.2.4.1 **EIF Guarantee.**

EIF shall unconditionally and irrevocably undertake:

(i) subject to receipt by EIF, within one Business Day (on which banks are also open for business in Luxembourg) following the Determination Date preceding the relevant Payment Date, of a Payment Demand, duly completed and signed by the Representative of the Series B Bondholders in accordance with the provisions of the EIF Guarantee, to pay without set-off entitlement whatsoever on the relevant Payment Date for the benefit of the Series B Bondholders, in the event that the Available Funds, after making the preceding payments in the Priority of Payments or the Liquidation Priority of Payments, are not sufficient to pay interest due on the Series B Bonds, an amount, in Euro, equal to the positive difference, if any, on the relevant Payment Date between (i) the amount of interest due and payable to the Series B Bondholders and (ii) the amount of the Available Funds actually applied to paying interest due and payable on the Series B Bonds; and

(ii) subject to receipt by EIF of a payment demand within the third Business Day (on which banks are also open for business in Luxembourg) preceding the Final Maturity Date or, as the case may be, the date on which there is an Early Liquidation of the Fund, duly completed and signed by the Representative of the Series B Bondholders in accordance with the provisions of the EIF Guarantee, to pay, without set-off entitlement whatsoever, on that date for the benefit of the Series B Bondholders, in the event that the Liquidation Available Funds, after making the preceding payments in the Liquidation Priority of Payments, are not sufficient to pay interest and repayment principal due on the Series B Bonds, an amount, in Euro, equal to the positive difference, if any, on the relevant date between (i) the sum of the amount of interest due and payable to the Series B Bondholders and the Outstanding Principal Balance of Series B and (ii) the sum of the amounts of the Liquidation Available Funds actually applied to paying interest due and payable on the Series B Bonds and repayment of all the Outstanding Principal Balance of Series B

Amounts received under the EIF Guarantee shall be only used for paying interest and repaying principal on the Series B Bonds and shall not be included, as the case may be, in the Available Funds, in the Available Funds for Amortisation and in the Liquidation Available Funds.

Subject to the above, the EIF Guarantee may be enforced before the Final Maturity Date if the EIF Early Repayment Option described below is exercised.

Any payment by EIF in accordance with the provisions of the EIF Guarantee shall be in satisfaction *pro tanto* of the relevant obligations of EIF under the EIF Guarantee.

EIF shall be entitled, but under no obligation, to demand the Management Company to proceed, on the Fund's behalf, to an early amortisation, on a Payment Date, of all the Series B Bonds (the "**EIF Early Repayment Option**"), upon the occurrence of any of the following circumstances:

(i) EIF shall have paid to the Fund any amount upon the EIF Guarantee being enforced on any Payment Date preceding the Payment Date on which there is an early amortisation of the Series B Bonds by virtue of the exercise of that faculty.

(ii) Upon the occurrence of any Early Liquidation Event of the Fund which does not imply the mandatory early liquidation of the Fund and irrespective of whether or not the Management Company exercises its faculty to proceed to an Early Liquidation of the Fund and thereby an Early Amortisation of the Bond Issue.

(iii) If the Management Company, as Representative of the Series B Bondholders, should not have enforced the EIF Guarantee within three months from the date on which obligations of EIF arise under the EIF Guarantee.

Should EIF decide to exercise the EIF Early Repayment Option, it shall give the Management Company not less than thirty (30) days' written notice ahead of the relevant Payment Date, indicating (i) the Payment Date on which payment is to be made and (ii) the amount to be paid which shall be equal to the sum of the Outstanding Principal Balance of Series B plus overdue Series B Bond Interest on the relevant.

Should the EIF Early Repayment Option be exercised, EIF shall pay to the Fund, for the benefit of the Series B Bondholders, by 10am (CET time) on the relevant Payment Date, for same day value, the amount of the Outstanding Principal Balance of Series B and overdue Series B Bond interest on the relevant Payment Date, by payment into the Fund's Treasury Account or transfer thereof to the account indicated by the Management Company. The amount paid by EIF shall under no circumstances be included in the Available Funds or in the Available Funds for Amortisation in the Priority of Payments.

Following payment of any principal or interest amount in accordance with the provisions of the EIF Guarantee, the EIF shall be subrogated to all the credit rights the Series B Bondholders may hold against the Fund as a result of the principal or interest amount paid by EIF upon the enforcement of the EIF Guarantee.

EIF's obligations under the EIF Guarantee shall terminate on the earlier of (i) the date on which there is full payment by EIF and (ii) the Final Maturity Date, notwithstanding which obligations accrued before those dates shall continue to be enforceable on the agreed terms.

Any right of the Series B Bondholders under the EIF Guarantee shall be exercised solely and exclusively by the Management Company, acting as Representative of the Series B Bondholders. EIF shall have the right to address any payment or communication under the EIF Guarantee to the Representative of the Series B Bondholders. No Series B Bondholder shall be entitled to individually claim against EIF or individually address a communication to EIF demanding fulfilment of the EIF Guarantee.

The EIF Guarantee shall be governed by and construed in accordance with Spanish law and the Courts and Tribunals of the City of Madrid shall have exclusive jurisdiction to settle any disputes whatsoever arising out of or in connection with the EIF Guarantee.

3.4.2.4.2 **EIF Counter-Guarantee Agreement.**

In consideration of this undertaking, the Fund shall pay to EIF a fee consisting of a fixed up-front remuneration payable on the Closing Date and a variable ongoing fee of 0.40% per annum which shall accrue quarterly on each Payment Date and be calculated (i) on the Outstanding Principal Balance of Series B on the Determination Date preceding the relevant Payment Date or, as the case may be, on the principal amount yet to be repaid to EIF of the amount it shall have paid for early repayment of Series B Bond principal upon the EIF Early Repayment Option being exercised and (ii) proportionally to the actual number of days in the Interest Accrual Period falling due based on a three-hundred-and-sixty- (360-) day year. The variable ongoing fee shall accrue interest in the event of default at the same interest rate applicable to the Series B Bonds.

The Fund, represented by the Management Company, shall be bound under the EIF Counter-Guarantee Agreement to repay to EIF any amount paid by EIF on any Payment Date in accordance with the provisions of the EIF Guarantee for the benefit of the Series B Bondholders. That repayment shall occur on the Payment Date next succeeding the date of payment by EIF or, if not repaid in full on that Payment Date, on the Payment Dates thereafter, in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

In accordance with the EIF Counter-Guarantee Agreement, any principal or interest amounts paid by EIF under the EIF Guarantee shall accrue interest at the same interest rate applicable to the Series B Bonds, from the Payment Date on which they are paid by EIF up to the Payment Date on which those amounts are repaid in full by the Fund to EIF. That interest payment shall be made in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

In accordance with the provisions of the EIF Counter-Guarantee Agreement, the Management Company, acting as Representative of the Series B Bondholders, shall acknowledge and agree that, upon EIF paying any Series B Bond principal or interest amount under the EIF Guarantee, the EIF shall be entitled to subrogate *pro quota* to all the rights, whether monetary or non-monetary, of the Series B Bondholders against the Fund, the Management Company or any third party, regarding any right which may result from the principal or interest amount paid by EIF upon enforcement of the EIF Guarantee. additionally, it undertakes to carry out any activity and sign any document, as representative of the Series B Bondholders, as EIF may reasonably request to make this subrogation effective against the Fund and any third parties.

The EIF Counter-Guarantee Agreement shall be governed by Spanish law and the Courts and Tribunals of the City of Madrid shall have exclusive jurisdiction to settle any disputes whatsoever arising out of or in connection with the EIF Counter-Guarantee Agreement.

3.4.3 Details of any subordinated finance.

3.4.3.1 Subordinated Loan.

The Management Company shall, for and on behalf of the Fund, enter with BANCO PASTOR into an agreement whereby BANCO PASTOR shall grant to the Fund a commercial subordinated loan amounting to sixteen million three hundred and eighty thousand (16,380,000.00) (the "**Subordinated Loan Agreement**"). The Subordinated Loan amount shall be delivered on the Closing Date, by payment into the Treasury Account, and shall be applied to setting up the Initial Cash Reserve on the terms for which provision is made in section 3.4.2.2 of this Building Block, although granting of the Loan by no means guarantees performance of the securitised Loans.

Subordinated Loan outstanding principal shall accrue annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Reference Rate determined for the Bonds, and (ii) a 1.50% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or the Liquidation Priority of Payments, as the case may be. Interest shall be settled and payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall fall on April 19, 2006. Interest shall be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, in the event, the Liquidation Priority of Payments.

Interest accrued and not paid on a Payment Date shall not be accumulated to the Subordinated Loan principal nor earn late-payment interest.

Subordinated Loan principal shall be repaid on each Payment Date in an amount equal to the positive difference existing between the outstanding Subordinated Loan principal on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount on the relevant Payment Date, and in the application priority established for that event in the application of Available Funds in the Priority of Payments.

The Subordinated Loan shall at all events be finally due on the Final Maturity Date or, as the case may be, on the date on which the Management Company proceeds to an Early Liquidation subject to the Liquidation Priority of Payments of the Fund.

All Subordinated Loan amounts due and not paid because of a shortfall of Available Funds shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments of the Fund. Payment of amounts not paid on preceding Payment Dates shall take precedence over amounts falling due under the Loan on that Payment Date, satisfying in the first place overdue interest and secondly principal repayment in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.

The Subordinated Loan Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period.

3.4.3.2 Start-Up Loan.

The Management Company shall, for and on behalf of the Fund, enter with BANCO PASTOR into a commercial loan agreement amounting to EUR one million nine hundred thousand (1,900,000.00) (the "**Start-Up Loan Agreement**") The Start-Up Loan amount shall be delivered on the Closing Date, by payment into the Treasury Account, and be allocated to financing the expenses of setting up the Fund and issuing the Bonds, partly financing the acquisition of the Loans, in an amount equal to the difference between the total face capital of the Loans and the face amount of the Bond Issue, and covering the timing difference existing between collection of Loan interest and payment of Bond interest on the first Payment Date.

Outstanding Start-Up Loan principal will accrue an annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Reference Rate determined for the Bonds, and (ii) a 0.30% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or Liquidation Priority of Payments of the Fund. Interest shall be settled and payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be April 19, 2006.

Interest accrued and not paid on a Payment Date shall not be accumulated to the Start-Up Loan principal nor earn late-payment interest.

Principal will be repaid quarterly on each Payment Date as follows:

(i) The portion of Start-Up Loan principal actually used to finance the Fund set-up and Bond issue expenses and cover the timing difference existing between collection of Loan interest and payment of Bond interest on the first Payment Date shall be repaid in twenty (20) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, April 19, 2006, and the following until the Payment Date falling on January 19, 2011, inclusive.

(ii) The portion of Start-Up Loan principal used to finance partially the acquisition of the Loans and the portion not used, if any, shall be repaid on the first Payment Date, April 19, 2006.

All Start-Up Loan amounts due and not paid because of a shortfall of Available Funds shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments of the Fund. Payment of amounts not paid on preceding Payment Dates shall take precedence over amounts falling due under the Start-Up Loan on that Payment Date, satisfying in the first place overdue interest and secondly principal repayment, in the Priority of Payments or Liquidation Priority of Payments of the Fund, as the case may be.

3.4.3.3 Subordination of Series B and C Bonds.

Interest payment and principal repayment on Series B Bonds is deferred with respect to Class A (Series A1 and A2(G)) Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Interest payment and principal repayment on Series C Bonds is deferred with respect to Class A (Series A1 and A2(G)) and Series B Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Sections 4.6.1 and 4.6.2 of the Securities Note detail the order numbers of Bond interest payment and principal repayment in each Series in the priority of payments of the Fund.

3.4.4 Investment parameters for the investment of temporary liquidity surpluses and parties responsible for such investment.

3.4.4.1 Treasury Account.

The Management Company, for and on behalf of the Fund, and BANCO PASTOR shall enter into a Guaranteed Interest Rate Account (Treasury Account) Agreement whereby BANCO PASTOR will guarantee a variable yield on the amounts paid by the Fund through its Management Company into a financial account. The Guaranteed Interest Rate Account (Treasury Account) Agreement shall specifically determine that all amounts received by the Fund will be paid into a financial account in euros (the "**Treasury Account**") opened at BANCO PASTOR, in the name of the Fund by the Management Company, which amounts shall mostly consist of the following items:

(i) cash amount received upon subscription for the Bond Issue being paid up;

(ii) Loan principal repayment and interest collected;

(iii) Subordinated Loan principal drawn down on the Closing Date and, subsequently, the Cash Reserve amount;

(iv) any other amounts relating to the Loans and from the sale or utilisation of the properties or assets awarded or under administration or interim possession in foreclosure proceedings;

(v) Start-Up Loan principal drawn down on the Closing Date;

(vi) Financial Swap amounts paid to the Fund;

(vii) the amounts of the returns obtained on Treasury Account and Surplus Account, if any, balances; and

(viii) the amounts of interim withholdings on the return on investments to be effected on each relevant Payment Date on the Bond interest paid by the Fund, until due for payment to the Tax Administration.

BANCO PASTOR shall pay an annual nominal interest rate, variable quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period (differing from the Interest Accrual Periods established for the Bonds) to the positive daily balances if any on the Treasury Account, equal to the Bond Reference Rate determined for each Bond Interest Accrual Period substantially matching each Treasury Account interest accrual period, converted to an interest rate based on three-hundred-and-sixty-five- (365-) day years (i.e., multiplied by 365 and divided by 360). Interest shall be settled on January 19, April 19, July 19 and October 19, and shall be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty-five- (365-) day year. The first interest accrual period shall comprise the days elapsed between the date of establishment of the Fund and the first settlement date, April 19, 2006.

1. In the event that the rating of the short-term, unsecured and unsubordinated debt of BANCO PASTOR should, at any time during the life of the Bonds, fall below P-1 or A-1 respectively in Moody's and S&P's rating scales, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstances put in place, after notifying the Rating Agencies, any of the options described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from this Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

    a) Obtaining from an institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least P-1 and A-1 respectively in Moody's and S&P's rating scales a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BANCO PASTOR of its obligation to repay the amounts deposited in the Treasury Account, during the time over which the loss of the P-1 or A-1 ratings is maintained by BANCO PASTOR.

    b) Transferring the Fund's Treasury Account to an institution whose short-term, unsecured and unsubordinated debt has a rating of at least P-1 and A-1 respectively in Moody's and S&P's rating scales, arranging the highest possible yield for its balances, which may differ from that arranged with BANCO PASTOR under this Agreement.

    c) If options a) and b) above are not possible, obtaining from BANCO PASTOR or a third party collateral security in favour of the Fund on financial assets with a rating for unsecured and unsubordinated debt obligations of at least Aaa for long-term debt obligations by Moody's and A-1 for short-term debt obligations by S&P, in an amount sufficient to guarantee the commitments established in this Agreement.

    d) Moreover, if the above options should not be feasible on the set terms, the Management Company may invest the balances for periods not extending beyond the following Payment Date, in short-term fixed-income assets in euros issued by institutions having ratings of at least P-1 and A-1 (for periods of less than 30 days or A-1+ for longer periods) for unsecured and unsubordinated short-term debt respectively in Moody's and S&P's rating scales, including short-term securities issued by the Spanish State which shall be deposited at institutions rated at least P-1 and A-1 for short-term unsecured and unsubordinated debt obligations respectively by Moody's and S&P. In that event the yield obtained may also differ from that obtained initially with BANCO PASTOR under this Agreement.

    e) In both events b) and d), the Management Company may subsequently transfer the balances back to BANCO PASTOR under the Guaranteed Interest Rate Account (Treasury Account) Agreement, in the event that BANCO PASTOR's short-term, unsecured and unsubordinated debt should again attain the P-1 and A-1 ratings respectively in Moody's and S&P's rating scales.

2. Additionally, notwithstanding the provisions of paragraph 1 of this section, if at any time during the term of this Agreement the sum of the Treasury Account and Amortisation Account balance should exceed twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue and the short-term, unsecured and unsubordinated debt of BANCO PASTOR should fall at any time during the term of this Agreement below it's A-1 in S&P's rating scale, the Management Company may, upon a request by S&P, put in place any of the options described hereinafter for the time during which the position of BANCO PASTOR resulting in A-1 rating in S&P's rating scale falling is maintained, and subject to notice being first given to the Rating Agencies in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

    a) Obtaining from an institution having a credit rating for its short-term, unsecured and unsubordinated debt of at least P-1 and A-1+ respectively in Moody's and S&P's rating scales, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BANCO PASTOR of the amount by which the sum of the Treasury Account and Amortisation Account balance exceeds the amount equivalent to twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue.

b) Transferring and crediting the amount of the excess of the sum of the Treasury Account and Amortisation Account balance of the amount equivalent to twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue to a financial account (the "Surplus Account") opened by the Management Company in the name of the Fund in an institution whose short-term, unsecured and unsubordinated debt has a rating of at least P-1 and A-1+ respectively in Moody's and S&P's rating scales, and arranging the highest possible yield for its balances, which shall at least match that arranged with BANCO PASTOR under the Treasury Account and Amortisation Account, and subject to the same settlement terms as the Treasury Account.

c) In either of events a) or b), in the event that the rating of the short-term, unsecured and unsubordinated debt of the guarantor institution or institution where the Surplus Account shall have been opened should fall below A-1 in S&P's rating scale, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstance, once again put in place either of options a) or b) described above.

3.4.5 Collection by the Fund of payments in respect of the assets.

The Servicer shall manage collection of all amounts payable by the Obligors under the Loans, and any other item including under the damage insurance contracts of the mortgaged properties securing the Mortgage Loans. The Servicer shall use every effort in order for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

The Loan amounts received by the Servicer shall be paid by the Servicer in full monthly to the Fund crediting the Treasury Account for calendar monthly periods, within the first seven calendar days in the next succeeding month, for value date on the date on which the amounts are received by the Servicer.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt should fall below P-1 or A-2 respectively in Moody's and S&P's rating scales, the Management Company shall, in a written notice to the Servicer, change the collection dates and payment method at any time during the term of the Servicing Agreement, thereby for the amounts received by the Servicer derived from the Loans to be previously paid to the Fund, weekly or indeed on the same day of being received by the Servicer.

The Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the Loans.

3.4.6 Order of priority of payments made by the issuer.

3.4.6.1 Source and application of funds on the Bond Closing Date and until the first Payment Date, exclusive.

The source and application of the amounts available for the Fund on the Bond Issue Closing Date shall be as follows:

1. **Source:** the Fund shall have the following funds:
   a) Bond subscription payment.
   b) Drawdown of the Start-Up Loan.
   c) Drawdown of the Subordinated Loan.
2. **Application:** in turn, the Fund will apply the funds described above to the following payments:
   a) Payment of the price for acquiring the Non-Mortgage Loans and subscribing for the Pass-Through Certificates.
   b) Payment of the Fund set-up and Bond issue expenses.
   c) Setting up the Initial Cash Reserve.

3.4.6.2 Source and application of funds from the first Payment Date, inclusive, until the last Payment Date or liquidation of the Fund, exclusive. Priority of Payments.

On each Payment Date, other than the Final Maturity Date or the date on which the Early Liquidation of the Fund occurs, the Management Company shall proceed to apply the Available Funds and the Available Funds for Amortisation in accordance with the payment application rules given hereinafter for each of them (the "**Priority of Payments**").

3.4.6.2.1 Available Funds: source and application.

1. **Source.**

The available funds on each Payment Date (the "**Available Funds**") to meet the payment or withholding obligations listed in section 2 below shall be the following amounts credited to the Treasury Account and, as the case may be, to the Surplus Account transferred from the Treasury Account:

a) Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.

b) Interest income received on the Loans during the Determination Period preceding the relevant Payment Date.

c) The return received on amounts credited to the Treasury Account and, as the case may be, to the Surplus Account transferred from the Treasury Account.

d) The Cash Reserve amount on the Determination Date preceding the relevant Payment Date.

e) Net amounts, if any, received by the Fund under the Financial Swap Agreement and the settlement payment amount payable by the Fund's counterparty (Party B) in the event of termination.

f) Any other amounts received by the Fund during the Determination Period preceding the relevant Payment Date, including those resulting from the sale or utilisation of assets or rights awarded to the Fund.

g) The remainder upon the Start-Up Loan being drawn down to the relevant extent for covering on the first Payment Date the timing difference between Loan interest and Bond interest.

Income under items a), b) and f) above received by the Fund and credited to the Treasury Account from the preceding Determination Date, exclusive, until the relevant Payment Date, inclusive, shall not be included in the Available Funds on the relevant Payment Date, and that amount shall remain credited to the Treasury Account to be included in the Available Funds on the following Payment Date.

Additionally, and not included among the Available Funds, the Fund shall have:

(i) The amount drawn upon enforcing the State Guarantee paid to the Fund from the Payment Date preceding the relevant Payment Date, used only for paying Series A2(G) Bond interest in 3rd place in section 2 below.

(ii) The amount drawn upon enforcing the EIF Guarantee and the interest amount paid by EIF for early repayment of the Series B Bonds upon the EIF Early Repayment Option being exercised, paid to the Fund on the relevant Payment Date, used only for paying Series B Bond interest in 4th or 9th place in section 2 below.

2. **Application.**

The Available Funds shall be applied on each Payment Date to meeting payment or withholding obligations falling due on each Payment Date in the following priority of payments, irrespective of the time of accrual, other than the application established in item number 1, which may be made at any time as and when due:

1. Payment of the Fund's properly supported taxes and ordinary(1) and extraordinary(2) expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.

2. Payment of the net amount, if any, payable by the Fund under the Financial Swap Agreement and, only in the event of termination of that Agreement following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount payable by the Fund.

3. • Payment of interest due on the Series A1 Bonds.

   • Payment of interest due on the Series A2(G) Bonds.

   • Repayment to the State of amounts paid to the Fund by drawing under the State Guarantee, for payment of interest on the guaranteed Series A2(G) Bonds.

4. Payment of interest due on the Series B Bonds (or instead and as the case may be payment to EIF of interest accrued on the amount to be repaid of the payment it shall have made for early repayment of Series B Bond principal upon the EIF Early Repayment Option being exercised on a preceding Payment Date) unless this payment is deferred to 9th place in the priority of payments.

   If there has been or there is to be on the relevant Payment Date no full amortisation of the Class A Bonds and repayment of the amount due to the State upon the State Guarantee being enforced for amortising Series A2(G), this payment shall be deferred to 9th place below if on the Determination Date preceding the relevant Payment Date, the cumulative Outstanding Balance of Doubtful Loans since the Fund was established is in excess of 7.70% of the initial Outstanding Balance of the Loans upon the Fund being established.

5. Repayment to EIF, unless this payment is deferred to 10th place in the priority of payments, of i) EIF amounts paid to the Fund upon the EIF Guarantee being enforced for payment of Series B Bond interest on preceding Payment Dates and not repaid, increased by interest accrued on those amounts from the relevant Payment Dates, and ii) ongoing EIF Guarantee fee amounts due and not paid on the preceding Payment Dates, increased by interest accrued on those amounts from the relevant Payment Dates.

   This payment will be deferred to 10th place below in the same event provided for in 4th place for deferring Series B Bond interest due.

6. Payment to EIF of the ongoing EIF Guarantee fee under the EIF Guarantee unless this payment is deferred to 11th place in the priority of payments.

   This payment will be deferred to 11th place below in the same event provided for in 4th place for deferring Series B Bond interest due.

7. Payment of interest due on the Series C Bonds unless this payment is deferred to 12th place in the priority of payments.

   If there has been or there is to be on the relevant Payment Date no full amortisation of the Class A and the Series B Bonds and repayment of the amount due to the State upon the State Guarantee being enforced for amortising Series A2(G), this payment shall be deferred to 12th place below if on Determination Date preceding the relevant Payment Date, the cumulative Outstanding Balance of Doubtful Loans since the Fund was established is in excess of 5.61% of the initial Outstanding Balance of the Loans upon the Fund being established.

8. Bond principal amortisation withholding ("**Amortisation Withholding**") in an amount equivalent to the positive difference existing between (i) the Outstanding Principal Balance of the Bond Issue, , increased by the amount to be repaid to the State upon the State Guarantee being enforced for amortising Series A2(G) and, if EIF should have exercised the EIF Early Repayment Option, by the amount to the repaid to EIF of the amount paid for early repayment of Series B Bond

principal, and (ii) the Outstanding Balance of Non-Doubtful Loans on the Determination Date preceding the relevant Payment Date.

Depending on the liquidity existing on each Payment Date, the amount actually applied to Amortisation Withholding shall be included among the Available Funds for Amortisation to be applied in accordance with the rules for Distribution of Available Funds for Amortisation established in section 4.9.3.5 of the Securities Note.

9. Payment of interest due on the Series B Bonds (or instead and as the case may be payment to EIF of interest accrued on the amount to be repaid of the payment it shall have made for early repayment of Series B Bond principal upon the EIF Early Repayment Option being exercised on a preceding Payment Date) when this payment is deferred from 4th place in the priority of payments as established therein.

10. Repayment to EIF, when this payment is deferred from 5th place in the priority of payments as established therein, of i) EIF amounts paid to the Fund upon the EIF Guarantee being enforced for payment of Series B Bond interest on preceding Payment Dates and not repaid, increased by interest accrued on those amounts from the relevant Payment Dates, and ii) ongoing EIF Guarantee fee amounts due and not paid on the preceding Payment Dates, increased by interest accrued on those amounts from the relevant Payment Dates.

11. Payment to EIF of the ongoing EIF Guarantee fee under the EIF Guarantee when this payment is deferred from 6th place in the priority of payments as established therein

12. Payment of interest due on the Series C Bonds when this payment is deferred from 7th place in the priority of payments as established therein.

13. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.

14. Payment of the settlement payment amounts, if any, payable by the Fund under the Financial Swap Agreement other than in the events provided for in 2nd place above.

15. Payment of interest due on the Start-Up Loan.

16. Payment of interest due on the Subordinated Loan.

17. Repayment of Start-Up Loan principal to the extent repaid.

18. Repayment of Subordinated Loan principal to the extent repaid.

19. Payment to BANCO PASTOR of the fee established under the Servicing Agreement.

    In the event that any other institution should replace BANCO PASTOR as Servicer of the Loans, payment of the servicing fee accrued by the other institution, to wit the new Servicer, shall take the place of paragraph 1 above, along with the other payments included therein.

20. Payment of the Financial Intermediation Margin.

When accounts payable for different items exist in a same priority order number on the Payment Date and the Available Funds are not sufficient to settle the amounts due under all of them, the application of the remaining Available Funds shall be prorated among the amounts payable under each such item, and the amount applied to each item shall be distributed in the priority in which the accounts payable fall due.

(1) The following shall be considered ordinary expenses of the Fund:

a) Any expenses deriving from mandatory administrative verifications, registrations and authorisations.

b) Rating Agency fees for monitoring and maintaining the rating of the Bonds.

c) Expenses relating to keeping the Bond accounting record representing the Bonds by means of book entries, admission to trading in organised secondary markets and maintaining all of the foregoing.

d) Expenses of auditing the annual accounts.

e) Bond amortisation expenses.

f) Expenses deriving from announcements and notices relating to the Fund and/or the Bonds.

(2) The following shall be considered extraordinary expenses of the Fund:

a) Expenses, if any, deriving from preparing and perfecting an amendment of the Deed of Constitution and of the agreements, and from entering into additional agreements.

b) Expenses required to enforce Loans and their collaterals and deriving from any recovery actions required.

c) Extraordinary expenses of audits and legal advice.

d) The remaining amount, if any, of the initial expenses of setting up the Fund and issuing the Bonds in excess of the Start-Up Loan principal.

e) In general, any other extraordinary expenses required borne by the Fund or by the Management Company for and on behalf of the Fund.

3.4.6.2.2 Available Funds for Amortisation: source and application.

1. Source.

The Available Funds for Amortisation shall be the Amortisation Withholding amount applied in eighth (8^{th}) place of the Available Funds on the relevant Payment Date.

Additionally, and not included among the Available Funds for Amortisation, the Fund shall have:

(i) The amount drawn upon enforcing the State Guarantee paid to the Fund from the Payment Date preceding the relevant Payment Date, used only for repaying Series A2(G) Bond principal.

(ii) The principal amount paid by EIF for early repayment of the Series B Bonds upon the EIF Early Repayment Option being exercised, paid to the Fund on the relevant Payment Date, used only for repaying Series B Bond principal.

2. Distribution of Available Funds for Amortisation between each Series.

The rules for Distribution of Available Funds for Amortisation are given in section 4.9.3.5 of the Securities Note.

3.4.6.3 Fund Liquidation Priority of Payments.

The Management Company shall proceed to liquidate the Fund upon the Fund being liquidated on the Final Maturity Date or when there is an Early Liquidation in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document, by applying the available funds to the following items (the "**Liquidation Available Funds**"): (i) the Available Funds, and (ii) the amounts obtained by the Fund from time to time upon disposing of the Loans and the remaining assets and, as the case may be, in the following order of priority of payments (the "**Liquidation Priority of Payments**"):

1. Reserve to meet the Fund's final tax, administrative or advertising termination and liquidation expenses.

2. Payment of the Fund's properly supported taxes and ordinary and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.

3. Payment of amounts due, if any, on the net amount payable by the Fund due upon termination of the Financial Swap and, only in the event of termination of that Agreement following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount payable by the Fund.

4. Payment of interest due on the Series A1 and the Series A2(G) Bonds and repayment to the State of amounts paid to the Fund by drawing under the State Guarantee, for payment of interest on the guaranteed Series A2(G) Bonds.

5. Repayment of Series A1 and Series A2(G) Bond principal and repayment to the State of amounts paid to the Fund upon the State Guarantee being drawn down for repaying Series A2(G) Bond principal in the same application order provided for in paragraph 2.1 of the Distribution of Available Funds for Amortisation established in section 4.9.3.5 of the Securities Note, saving upon the occurrence of the circumstance provided for in paragraph 2.2 of the Distribution of Available Funds for Amortisation in which case the same order provided for in that paragraph 2.2 shall apply.

6. Payment of interest due on the Series B Bonds (or instead and as the case may be payment to EIF of interest accrued on the amount to be repaid of the payment it shall have made for early repayment of Series B Bond principal upon the EIF Early Repayment Option being exercised on a preceding Payment Date).

7. Repayment to EIF of i) EIF amounts paid to the Fund upon the EIF Guarantee being enforced for payment of Series B Bond interest on preceding Payment Dates and not repaid, increased by interest accrued on those amounts from the relevant Payment Dates, and ii) ongoing EIF Guarantee fee amounts due and not paid on the preceding Payment Dates, increased by interest accrued on those amounts from the relevant Payment Dates.

8. Payment to EIF of the ongoing EIF Guarantee fee under the EIF Guarantee.

9. Repayment of Series B Bond principal (or instead and as the case may be repayment to EIF of the amount to be repaid it shall have paid for early repayment of Series B Bond principal upon the EIF Early Repayment Option being exercised on a preceding Payment Date).

10. Payment of interest due on the Series C Bonds.

11. Repayment of Series C Bond principal.

12. In the event of the credit facility being arranged for final amortisation of the Bond Issue as provided for in section 4.4.3.(iii) of the Registration Document, payment of interest accrued and repayment of principal of the credit facility taken out.

13. Payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in 3rd place above.

14. Payment of Start-Up Loan interest due.

15. Repayment of Start-Up Loan principal.

16. Payment of Subordinated Loan interest due.

17. Repayment of Subordinated Loan principal.

18. Payment to BANCO PASTOR of the fee established under the Servicing Agreement.

    In the event that any other institution should replace BANCO PASTOR as Servicer of the Loans, payment of the servicing fee accrued by the other institution, to wit the new Servicer, shall take the place of paragraph 1 above, along with the other payments included therein.

19. Payment of the Financial Intermediation Margin.

Other than the application in 5th place above, when accounts payable for different items exist in a same priority order number on the Final Maturity Date or on the Payment Date on which there is an Early Liquidation and the Liquidation Available Funds are not sufficient to settle the amounts due under all of them, the application of the remaining Liquidation Available Funds shall be prorated among the amounts payable under each such item, and the amount applied to each item shall be distributed in the priority in which the accounts payable fall due.

Additionally, and not included among the Liquidation Available Funds, the Fund shall have

(i) The amount drawn upon enforcing the State Guarantee used only for paying interest and repaying principal on Series A2(G).

(ii) The amount drawn upon enforcing the EIF Guarantee used only for paying interest and repaying principal on Series B Bonds.

(iii) As the case may be, in accordance with the provisions of section 4.4.3.(iii) of the Registration Document, the amount drawn under the credit facility arranged for final amortisation of the Bond Issue and repayment of amounts due to the State upon the State Guarantee being enforced for Series A2(G) and to EIF upon the EIF Guarantee being enforced for Series B or upon the EIF Early Repayment Option being exercised designed only for settling those items.

3.4.6.4 Financial Intermediation Margin.

The Management Company shall, for and on behalf of the Fund, enter with the Originator into a Financial Intermediation Agreement designed to remunerate the Originator for the financial intermediation process carried out, enabling the financial transformation defining the Fund's activity, the Fund to be assigned the Loans and the rating assigned to each Bond Series.

The Originator shall be entitled to receive from the Fund a variable subordinated remuneration which shall be determined and accrue upon the expiration of every quarterly period, comprising, other than for the first period, the three calendar months preceding each Payment Date, in an amount equal to the positive difference, if any, between the income and expenditure, including losses brought forward from previous years, if any, accrued by the Fund with reference to its accounts and before the close of the months of March, June, September and December, these being the last month in each quarterly period. The first period shall be comprised between the date of establishment of the Fund and March 31, 2006, inclusive, this being the last day of the month preceding the first Payment Date, April 19, 2006.

The variable remuneration accrued at the close of the months of March, June, September and December shall be settled on the Payment Date next succeeding the last day of each of said months, provided that the Fund has sufficient liquidity in the Priority of Payments.

If the Fund should not have sufficient liquidity on a Payment Date in the Priority of Payments to pay the full remuneration, the variable remuneration amount accrued and not paid shall accumulate without any penalty whatsoever on the variable remuneration accrued, if any, in the following quarterly period in the Priority of Payments.

The Financial Intermediation Agreement shall be fully terminated in the event that the Rating Agencies should not confirm any of the provisional ratings assigned to each Bond Series as final by the start of the Subscription Period.

3.4.7 Other arrangements upon which payments of interest and principal to investors are dependent.

3.4.7.1 Financial Swap.

The Management Company shall, for and on behalf of the Fund, enter with BANCO PASTOR, into a financial swap agreement (the "**Financial Swap Agreement**" or the "**Financial Swap**") based on the Spanish Banking Association's standard (CMOF) Master Financial Transaction Agreement (the "**Master Agreement**"), the most relevant characteristics of which are described below.

Under the Financial Swap Agreement, the Fund will make payments to BANCO PASTOR calculated on the Loan rate, and in consideration BANCO PASTOR will make payments to the Fund calculated on the weighted average Nominal Interest Rate of the Bond Series, the foregoing as described hereinafter.

Party A : The Fund, represented by the Management Company.

Party B : BANCO PASTOR.

1. Settlement dates.

The settlement dates shall fall on the Bond Payment Dates, i.e. on January 19, April 19, July 19 and October 19 in every year, or the next succeeding Business Day if any of these dates is not a Business Day. The first settlement date shall be April 19, 2006.

The variable amounts payable by Party A and by Party B for each respective settlement period shall be netted and be paid by the paying Party to the receiving Party on each Payment Date.

2. Settlement periods.

Party A:

The settlement periods for Party A shall be the exact number of days elapsed between two consecutive Determination Dates, not including the first but including the last date. Exceptionally, a) the length of the first settlement period for Party A shall be equivalent to the exact number of days elapsed between the date of establishment of the Fund, inclusive, and April 10, 2006, the first Determination Date, inclusive, and b) the length of the last settlement period for Party A shall be equivalent to the exact number of days elapsed between the Determination Date preceding the date on which the Financial Swap Agreement terminates, exclusive, and the date on which termination occurs, inclusive.

Party B:

The settlement periods for Party B shall be the exact number of days elapsed between two consecutive settlement dates, including the first but not including the last date. Exceptionally, a) the length of the first settlement period for Party B shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date, inclusive, and April 19, 2006, exclusive, and b) the length of the last settlement period for Party A shall be equivalent to the exact number of days elapsed between the Determination Date preceding the date on which the Financial Swap Agreement terminates, exclusive, and the date on which termination occurs, inclusive.

3. Face Amount.

This shall be the Outstanding Principal Balance of the Bond Issue increased, if EIF should have exercised the Early Repayment Option, by the amount yet to be repaid to EIF of the amount it shall have paid for early repayment of Series B Bond principal, on the Determination Date preceding the relevant settlement date.

4. Party A amounts payable.

This shall be the result of applying the Party A Interest Rate to the Face Amount according to the number of days in the Party A settlement period and based on a three-hundred-and-sixty- (360-) day year.

4.1 Party A Interest Rate.

On each settlement date this shall be the annual interest rate resulting from dividing (i) the sum of the total ordinary interest amount due on Non-Doubtful Loans on the relevant settlement date, paid or not by Obligors, during the Party A settlement period falling due, by (ii) the Face Amount, multiplied by the result of dividing 360 by the number of days in the Party A settlement period.

5. Party B amounts payable.

This shall be the result of adding (i) the amount resulting from applying the Party B Interest Rate to the Face Amount according to the number of days in the Party B settlement period, and based on a three-hundred-and-sixty- (360-) day year, and (ii) the amount on the relevant settlement date of the ongoing fee accrued under the EIF Guarantee.

5.1 Party B Interest Rate.

For each Party B settlement period this shall be the annual interest rate resulting from adding (i) the Nominal Interest Rate applicable to each Bond Series determined for the then-current Interest Accrual Period coinciding with each Party B settlement period, weighted by the Outstanding Principal Balance in each Series A1, A2(G), B (or instead and as the case may the amount yet to be repaid to EIF of the amount it shall have paid for early repayment of Series B Bond principal) and C during the then-current Interest Accrual Period and (ii) 0.95%.

6. Maturity Date.

This is shall be the earlier of the following dates: (i) the Final Maturity Date or (ii) the date on which Early Liquidation of the Fund concludes in accordance with the provisions of section 4.4.3.4 of the Registration Document, on which the Loans and the assets remaining in the Fund shall have been liquidated and all of the Liquidation Available Funds shall have been distributed in the Liquidation Priority of Payments of the Fund.

7. Events of default of the Financial Swap Agreement.

If on a Payment Date the Fund (Party A) should not have sufficient liquidity to make payment of the full net amount, if any, payable to Party B, the portion of this net amount not paid shall be settled on the following Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments. Should on two consecutive Payment Dates Party A not have sufficient liquidity to make payment of the amount payable to Party B under any Transaction, the Financial Swap Agreement shall be terminated early. In that event, the Amount Payable by Party A shall be paid in accordance with the Priority of Payments

If on a Settlement Date Party B should make payment of all the amount payable to Party A, the Management Company may terminate the Financial Swap Agreement early. If the Management Company should exercise that early repayment option, it shall find an alternative Financial Institution replacing Party B as soon as possible.

Only in the event of termination of the Financial Swap Agreement due to a breach by Party A and that there is a resultant settlement payment payable to Party B will that payment be made in second place in the Priority of Payments. In all other cases, the settlement payment shall be made in fourteenth place in the Priority of Payments. All expenses of replacing Party B in the Financial Swap Agreement shall moreover be borne by the Party B to be replaced.

8. Actions in the event of change of the Party B rating.

(a) Downgrade of Party B.

Party B shall irrevocably agree that, if at any time throughout the life of the Bonds, the rating of the unsubordinated and unsecured debt of Party B should fall below A2 or P-1 respectively for long-and short-term debt in Moody's rating scale or A-1 for short-term debt in S&P's rating scale, it shall put in place any of the following options within not more than ten (10) Business Days from the date of notice of any such circumstances, after notifying the Rating Agencies, in order to maintain the ratings assigned to each Series by the Rating Agencies: (i) that a third-party institution with a rating for its unsubordinated and unsecured debt equal to or in excess of A2 and P-1 respectively for its long- and short-term debt in Moody's rating scale and equal to or above A-1 for its short-term debt in S&P's rating scale, take over its contractual position and replace it under the Financial Swap Agreement or as the case may be guarantee under a new Financial Swap Agreement performance of its contractual obligations under the Financial Swap Agreement, (ii) that a third-party institution with the same ratings required for option (i) above will secure fulfilment of the contractual obligations of Party B under the Financial Swap Agreement; or (iii) that a deposit in cash or securities will be made for the benefit of the Fund, securing fulfilment of

Party B's contractual obligations based on the Financial Swap Market Value covering at least the replacement value of the Financial Swap in order for there to be no detriment to the ratings given to the Bonds by the Rating Agencies. All and any costs, expenses and taxes incurred in connection with the compliance with the foregoing obligations shall be borne by Party B.

(b) Subsequent rating event of Party B.

In the event that the unsubordinated and unsecured debt of Party B should be downgraded below A3 for long-term debt in Moody's and rating scale, or below P-2 or A-3 for short-term debt respectively in Moody's and S&P's rating scales, options (i) and (ii) provided for in section 8(a) above would be the only ones available to prevent the rating given to the Bonds by the Rating Agencies from being downgraded, making the cash or securities deposit provided for in section 8(a)(iii) above from the date of the occurrence of any such circumstances until either of options (i) or (ii) referred to is put in place within not more than 10 calendar days.

The occurrence, as the case may be, of an early termination of the Financial Swap Agreement will not in itself be an Early Amortisation event of the Bond Issue and an Early Liquidation event of the Fund referred to in sections 4.4.3 of the Registration Document and 4.9.3.2 of the Securities Note, unless in conjunction with other events or circumstances related to the net asset value of the Fund, its financial balance should be materially or permanently altered.

All matters, discrepancies, lawsuits and claims deriving from the Financial Swap Agreement shall be referred for arbitration to the Chamber of Commerce of Madrid.

The Financial Swap Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period.

3.5 Name, address and significant business activities of the originator of the securitised assets.

The originator and assignor of the Loans securitised is BANCO PASTOR, S.A.

Registered office: Cantón Pequeño, number 1 Corunna (Spain).

Significant economic activities of BANCO PASTOR.

BANCO PASTOR, a financial Group, is mainly in the banking business though it has interests in the field of insurance, unit trust and pension fund management, stock broking, asset management and broking in treasury, capital and currency markets.

The following is selected financial information of BANCO PASTOR Group for the third quarter of the years 2005 and 2004 and how they compare between them and to the year ended December 31, 2004. The information was prepared in accordance with Bank of Spain Circular 4/2004.

	30.09.2005	**30.09.2004**	**∆%**	**31.12.2004**
BALANCE SHEET (EUR thousand)				
Total Assets	**19,225,518**	14,107,908	36.3%	15,844,463
Net Assets	**1,142,265**	789,850	44.6%	1,056,675
Customer credits	**15,683,608**	11,876,141	32.1%	13,275,025
Of which: With resident security interest	**9,410,913**	6,816,025	38.1%	8,016,907
Total customer credits gross (1)	**16,679,292**	12,945,875	28.8%	14,298,463
Balance sheet customer funds	**16,700,948**	11,306,386	47.7%	12,333,270
Off-balance sheet customer funds	**2,262,370**	1,793,966	26.1%	1,886,770
Financial Volume (1)	**35,642,610**	26,046,227	36.8%	28,518,503
RISK MANAGEMENT				
Delinquency rate	**0.67**	0.58	0.09 p.p	0.57
Coverage rate	**308.60**	318.80	(10.2) p.p	337.46

	30.09.2005	30.09.2004	∆%	31.12.2004
PROFIT & LOSS ACCOUNT (EUR thousand)				
Intermediation Margin	**295,215**	229,722	28.5%	313,459
Basic Margin	**384,529**	301,069	27.7%	410,223
Ordinary Margin	**414,721**	318,214	30.3%	432,609
Operating Margin	**224,483**	140,904	59.3%	192,609
Pre-Tax Profit or Loss	**140,128**	63,333	121.3%	85,892
Profit or Loss attributed to the Consolidated Group	**94,185**	49,761	89.3%	58,951
RETURN & EFFICIENCY (%)				
Efficiency Ratio	**43.60**	53.63	(10.03) p.p	53.7
ROA	**0.70**	0.52	0.18 p.p	
ROE	**13.42**	9.56	3.86 p.p	
SHARES & CAPITALISATION				
Number of shares	**65,421,367**	54,517,806	20.0%	65,421,367
Year-end price (EUR)	**37.98**	23.65	60.6%	24.31
Stock exchange capitalisation (EUR thousand)	**2,484,704**	1,289,346	92.7%	1,590,393
Profit or loss attributed to the Group per share	**1.92**	1.22	57.7%	0.90
PER	**19.79**	19.43	1.8%	26,98
SUNDRY DATA				
Number of shareholders	**72,817**	72,441	0.5%	78.271
Number of employees	**3,959**	3,657	8.3%	3.639
Number of branches	**569**	548	3.8%	558

(1) Includes outstanding balance of securitised loans prior to 01/01/04.

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, calculation agent or equivalent.

3.7.1 Management, administration and representation of the Fund and of the holders of the securities.

The Management Company, EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, shall be responsible for the management and legal representation of the Fund, on the terms set in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and other applicable laws, and on the terms of the Deed of Constitution.

The Management Company shall discharge for the Fund the functions attributed to it in Royal Decree 926/1998.

It is also the Management Company's duty, as the manager of third-party portfolios, to represent and enforce the interests of the holders of the Bonds issued by the Fund and of all its other ordinary creditors. Consequently, the Management Company shall make its actions conditional on their protection and observe the provisions established for that purpose from time to time. Bondholders and all other ordinary creditors of the Fund shall have no recourse against the Fund Management Company, other than for a breach of its duties or failure to observe the provisions of the Deed of Constitution and the Prospectus.

3.7.1.2 Administration and representation of the Fund.

The Management Company's obligations and actions in fulfilment of its duty to manage and legally represent the Fund are the following, for illustrative purposes only and without prejudice to any other actions provided in this Prospectus:

(i) Keeping the Fund's accounts duly separate from the Management Company's own, rendering accounts and satisfying tax and any other statutory obligations of the Fund.

(ii) Making such decisions as may be appropriate in connection with the liquidation of the Fund, including the decision to proceed to an Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of this Prospectus. Moreover, making all appropriate decisions in the event of the establishment of the Fund terminating.

(iii) Complying with its formal, documentary and reporting duties to the CNMV, the Directorate-General of the Treasury and Financial Policy, the Rating Agencies and any other supervisory body.

(iv) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.

(v) Providing Bondholders, the CNMV and the Rating Agencies with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in this Prospectus.

(vi) Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and in this Prospectus and in the various Fund transaction agreements or in such others as the Management Company may enter into in due course for and on behalf of the Fund.

(vii) The Management Company may extend or amend the agreements entered into on behalf of the Fund, substitute, as the case may be, each of the Fund service providers, on the terms provided for in each of the agreements, and indeed, if necessary, enter into additional agreements, including new credit facility agreements, and amend the Deed of Constitution, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur. In any event, those actions shall require that the Management Company first notify and secure the prior authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agencies, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agencies. The Deed of Constitution or the agreements may also be corrected upon a request by the CNMV.

(viii) Exercising the rights attaching to the ownership of the Non-Mortgage Loans and the Pass-Through Certificates acquired by the Fund and, in general, carrying out all such acts of administration and disposition as may be required for properly managing and legally representing the Fund.

(ix) Checking that the amount of income actually received by the Fund matches the amounts that must be received by the Fund, on the terms of the assignment of the Loans and on the terms of their relevant agreements, and that the amounts receivable on the Loans are provided by the Servicer to the Fund within the time-periods and on the terms provided for under the Servicing Agreement.

(x) Determining on each Interest Rate Fixing Date and for each Interest Accrual Period thereafter, the Nominal Interest Rate to be applied for each Bond Series and calculating and settling the accrued interest amounts payable on each Payment Date.

(xi) Calculating and determining on each Determination Date the principal to be amortised and repaid on each Bond Series on the relevant Payment Date.

(xii) Determining the amount payable by the State for amounts due to the guaranteed Series A2(G) Bondholders and, if necessary, enforcing the State Guarantee.

(xiii) Determining the amount payable by EIF for amounts due to the guaranteed Series B Bondholders and, if necessary, enforcing the EIF Guarantee.

(xiv) Determining the interest rate applicable to each of the relevant borrowing, lending and hedge transactions and calculating and settling the interest and fee amounts receivable and payable by the Fund under the same, and the fees payable for the various financial services arranged for.

(xv) Taking the actions for which provision is made in relation to the debt ratings or the financial position of the Fund counterparties in the financial and service provision agreements listed in section 3.2 of this Building Block.

(xvi) Watching that the amounts credited to the Treasury Account return the yield set in the respective Agreement.

(xvii) Calculating the Available Funds, the Available Funds for Amortisation, the Liquidation Available Funds and the payment or withholding obligations to be complied with, and applying the same in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.

(xviii) Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the Bonds.

(xix) Notify, as the case may be, Obligors of the transfer to the Fund of outstanding Loans, directly or through the Servicer, in accordance with the provisions of the Servicing Agreement.

3.7.1.3 Resignation and substitution of the Management Company.

The Management Company shall be substituted in managing and representing the Fund, in accordance with articles 18 and 19 of Royal Decree 926/1998 set forth hereinafter and with subsequent rules statutorily established in that connection.

Resignation.

(i) The Management Company may resign its management and legal representation function with respect to all or part of the funds managed whenever it deems this fit, applying to be substituted in a letter addressed to the CNMV, including a designation of the substitute management company. That letter shall enclose a letter from the new management company, declaring its willingness to take over that function and applying for the appropriate authorisation.

(ii) The CNMV's substitution authorisation shall be subject to meeting of the following requirements:

(a) The substituted Management Company's delivery of the accounting records and data files to the new management company. That delivery will only be taken to have been made when the new management company is able to fully take over its function and that circumstance is notified to the CNMV.

(b) The rating accorded to the securities should not fall as a result of the proposed substitution.

(iii) The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.

(iv) The substitution expenses originated shall be borne by the resigning Management Company and may in no event be passed on the to Fund.

(v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the bulletin of the organised secondary market where the Bonds issued by the Fund are listed. Furthermore, the Management Company shall notify the Rating Agencies of that substitution.

Forced substitution.

(i) In the event that the Management Company should be adjudged insolvent, it shall find a substitute management company, in accordance with the provisions of the foregoing section.

(ii) In the event for which provision is made in the preceding section, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be an early liquidation of the Fund and a redemption of the Bonds issued by the same, and of the loans, in accordance with the provisions of section 4.4.3 of the Registration Document.

The Management Company agrees to execute such public and private documents as may be necessary for it to be substituted by another management company, in accordance with the system for which provision is made in the preceding paragraphs of this section. The substitute management company shall be substituted in the Management Company's rights and duties under the Deed of Constitution and this Prospectus. Furthermore, the Management Company shall hand to the substitute management company such accounting records and data files as it may have to hand in connection with the Fund.

3.7.1.4 Subcontracting.

The Management Company shall be entitled to subcontract or subdelegate to solvent and reputable third parties the provision of any of the services it has to provide as the manager and authorised representative of the Fund, as established in the Deed of Constitution, provided that the subcontractor or delegated party waives the right to take any action holding the Fund liable. In any event, subcontracting or delegating any service (i) may not result in an additional cost or expense for the Fund, (ii) shall have to be legally possible, (iii) shall not result in the rating accorded to each of the Bond Series being adversely reviewed, and (iv) shall be notified to the CNMV and, where statutorily required, first be authorised by the CNMV. Notwithstanding any subcontracting or subdelegation, the Management Company shall not be exonerated or released, under that subcontract or subdelegation, from any of the liabilities undertaken which may legally be attributed or ascribed to it.

3.7.1.5 Management Company's remuneration.

In consideration of the functions to be discharged by the Management Company, the Fund will pay it a management fee consisting of:

(i) An initial fee amounting to EUR fifty thousand (50,000.00) which shall accrue upon the Fund being established and be payable on the Closing Date.

(ii) Periodic fee: equal to 0.0180% per annum, accruing on the exact number of days elapsed in each Interest Accrual Period, from the date of establishment of the Fund until it terminates, and payable quarterly in arrears on each Payment Date, calculated on the Outstanding Principal Balance of the Bond Issue on the Payment Date preceding the relevant Payment Date. The periodic fee for the first Payment Date shall accrue from the date of establishment of the Fund and shall be calculated on the face amount of the Bond Issue.

The fee payable on a given Payment Date shall be calculated in accordance with the following formula:

$$C = B \times \frac{0.0180}{100} \times \frac{d}{360}$$

where :

C = Fee payable on a given Payment Date.
B = Outstanding Principal Balance of the Bond Issue, on the preceding Payment Date.
d = Number of days elapsed during the relevant Interest Accrual Period.

In any event, the amount of this periodic fee on each Payment Date may not be lower than EUR three thousand seven hundred and fifty (3,750.00). In the event that, during the term of the Fund, the National General Retail Price Index published by the Spanish National Institute of Statistics for each calendar year should experience a positive variation, the minimum annual amount shall be cumulatively reviewed in the same proportion, from the year 2007, inclusive, and effective as of January 1 of each year.

If on a Payment Date the Fund should not have sufficient liquidity to settle the above-mentioned fee, the amount due shall accrue interest equal to the Bond Reference Rate, payable on the following Payment Date, in the Priority of Payments.

3.7.2 Servicing and custody of the securitised assets.

BANCO PASTOR, Originator of the Loans to be assigned to the Fund, as established in article 2.2.b) of Royal Decree 926/1998, and for the Pass-Through Certificates as established in article 61.3 of Royal Decree 685/1982, shall continue as attorney for the Management Company to be responsible for servicing and managing the Loans, and the relations between BANCO PASTOR and the Fund, represented by the Management Company, shall be governed by the Loan Servicing and Pass-Through Certificate Custody

Agreement (the "**Servicing Agreement**") in relation to custody and servicing of the Loans and custody of the Pass-Through Certificates.

BANCO PASTOR (the "**Servicer**" in that Agreement) shall accept the appointment received from the Management Company and thereby agrees as follows:

(i) To service and manage the Loans acquired by the Fund subject to the system terms and ordinary servicing and management procedures established in the Servicing Agreement.

(ii) To continue servicing the Loans, devoting the same time and efforts to them as it would devote and use to service its own loans and in any event on the terms for which provision is made in the Servicing Agreement given in section 3.7.2.1 below.

(iii) That the procedures it applies and will apply to service and manage the Loans are and will continue to be in accordance with the laws and statutory regulations in force applicable thereto.

(iv) To full faithfully observe the instructions issued by the Management Company.

(v) To pay the Fund damages resulting from a breach of the obligations undertaken, although the Servicer shall not be liable for actions put in place on the Management Company's instructions.

In any event, the Servicer waives the privileges and authorities conferred on it by law as the manager of collections for the Fund and as servicer of the Loans, and custodian of the relevant agreements, and in particular those for which provision is made in articles 1730 and 1780 of the Civil Code and 276 of the Commercial Code.

The most relevant terms of the Servicing Agreement are set out hereinafter in the following subparagraphs of this section.

3.7.2.1 Ordinary system and procedures for servicing and managing the Loans.

The following is the succinct and short description of the ordinary system and procedures (hereinafter the "**services**") for service and custody of the Loans governed by said Servicing Agreement:

1. Custody of deeds, agreements, documents and files.

The Servicer shall keep all deeds, agreements, documents and data files relating to the Loans and shall not give up their possession, custody or control other than with the Management Company's prior written consent for it to do so, unless a document should be required to institute proceedings to claim a Loan, or any other competent authority should so require informing the Management Company.

The Servicer shall allow the Management Company or the auditors of the Fund duly authorised thereby reasonable access at all times to said deeds, agreements, documents and records. Furthermore, whenever it is required to do so by the Management Company, it shall provide within two (2) Business Days of that request and clear of expenses, a copy or photocopy of any of such deeds, agreements and documents.

2. Collection management.

The Servicer shall continue managing collection of all amounts payable by the Obligors under the Loans and any other item including, as the case may be, under the insurance contracts of the mortgaged properties securing the Mortgage Loans. The Servicer shall use all reasonable efforts for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Loans.

The Loan amounts received by the Servicer for the Fund shall be paid in full by the Servicer monthly to the Fund crediting the Treasury Account for calendar monthly periods, within the first seven calendar days in the next succeeding month, for value date on the date on which the amounts are received by the Servicer. The Servicer may bring forward the dates for payment to the Fund of the Loan amounts received by written notice to the Management Company not less than fifteen (15) days in advance of the first date with respect to which payment is brought forward.

In the event of a fall in the Servicer's unsubordinated and unsecured short-term debt rating below P-1 or A-2 respectively in Moody's and S&P's rating scales, the Management Company shall, in a written notice addressed to the Servicer, change the Collection Dates and payment method at any time during the term of the Servicing Agreement, thereby for the amounts received by the Servicer derived from the Loans to be previously paid to the Fund, weekly or indeed on the same day of being received by the Servicer.

The Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the Loans.

3. Fixing the interest rate.

In the case of floating-rate Loans, notwithstanding a possible renegotiation to a fixed rate, the Servicer shall continue fixing the interest rates applicable in each interest period as established in the relevant Loan documents, submitting such communications and notices as may be established therein.

4. Information.

The Servicer shall regularly communicate to the Management Company the information relating to the individual characteristics of each Loan, to fulfilment by the Obligors of their obligations under the Loans, to delinquency status and ensuing changes in the characteristics of the Loans, and to actions to demand payment in the event of late payment and court actions, the foregoing using the procedures and timing established in the Servicing Agreement.

Furthermore, the Servicer shall prepare and hand to the Management Company such additional information relating to the Loans or the rights attaching thereto as the Management Company may reasonably request, and in particular the documents required for the Management Company, as the case may be, to bring legal actions.

5. Loan subrogation.

The Servicer shall be authorised to permit substitutions in the position of the Obligor under the Loan documents, exclusively where the characteristics of the new Obligor are similar to those of the former Obligor and those characteristics observe the lending policies described in section 2.2.7 of this Building Block, and further provided that the expenses derived from that change are fully borne by the Obligors. The Management Company may fully or partially limit this authority of the Servicer or set conditions therefor, in the event that those substitutions might adversely affect the ratings accorded to the Bonds by the Rating Agencies.

In relation to the Mortgage Loans, the mortgagor may apply for subrogation to the Servicer in connection with the Mortgage Loans pursuant to Act 2/1994. Subrogation of a new creditor under the Mortgage Loan and the ensuing payment of the amount due shall, as the case may be, result in prepayment of the Mortgage Loan and early amortisation of the respective Pass-Through Certificate.

6. Authorities and actions in relation to Loan renegotiation procedures.

The Servicer may not voluntarily cancel the Loans or their securities for any reason other than payment of the Loan, relinquish or settle in regard thereto, forgive the Loans in full or in part or extend the same, or in general do anything that may diminish the status, legal effectiveness or economic value of the Loans or of the securities, without prejudice to its heeding requests by Obligors using the same efforts and procedure as if they were own loans.

Notwithstanding the above, the Management Company, as manager of third-party portfolios and having regard to Obligors' requests to the Servicer directly or under Act 2/1994, authorises or may previously instruct the Servicer to agree with the Obligor, subject to the terms and conditions for which provision is made in this section, for a novation changing the relevant Loan, either by an interest rate renegotiation or by an extension of the maturity period, and provided that those novations are not detrimental to the Mortgage Loans ranking of the mortgage.

Subject to the provisions hereinafter, any novation changing a Loan subscribed by the Servicer shall be made exclusively with the prior consent of the Management Company, on behalf of the Fund, and the Servicer agrees to seek such consent from the Management Company as soon as it is aware that an

Obligor has requested a change. The Management Company may nevertheless initially authorise the Servicer to entertain and accept Loan interest rate and term renegotiations without requiring the prior consent of the Management Company, subject to the following general enabling requirements:

a) Renegotiating the margin applicable for determining the floating interest rate.

Loan interest rate may be renegotiated subject to the following rules and limitations:

1. The Servicer may under no circumstance entertain on its own account and without being so requested by the Obligor, interest rate renegotiations which may result in a decrease in the interest rate applicable to a Loan. The Servicer shall, without encouraging the interest rate renegotiation, act in relation to such renegotiation bearing in mind the Fund's interests at all times.

2. Subject to the provisions of paragraph 3 below, the Servicer may renegotiate the interest rate clause of the Loans on terms that are deemed to be at arm's length and that do not differ from those applied by the actual Servicer in renegotiating or granting its floating- and fixed-rate credits and loans. For these purposes, the arm's length interest rate shall be deemed to be the rate offered by the Servicer in the Spanish market for loans or credits granted to SMEs in an amount and other terms substantially similar to the Loan.

3. Renegotiation of the interest rate applicable to a Loan may at no event occur in the event that (i) the change is to a floating interest rate with a benchmark index for determination other than Euribor or Mibor rate or mortgage market reference rates or benchmark indices, established in section 3 of rule six bis of Bank of Spain Circular no. 8/1990, September 7, and (ii) that the average margin or spread weighted by the outstanding principal of outstanding Loans (including the margin if any resulting from a fixed-rate renegotiation as provided for in section 4 below) is not in excess of 100 basic percentage points above the Euribor or Mibor benchmark rates or index. For the purposes prescribed in this section, the provisions of section 4 below shall govern in the case of Mortgage Loans having benchmark indices other than the Euribor or Mibor benchmark rates or indices or renegotiated to fixed-rate loans in regard to consistency in regard to margin over a Euribor or Mibor benchmark index.

4. For the purposes of paragraph 3 above:

(i) The margin or spread of a floating-rate Loan with a benchmark index other than Euribor or Mibor rates or indices shall be considered to be the result of increasing or reducing the margin applicable to the Loan by the difference between the simple averages of the values of the last three (3) months, published by the Bank of Spain, of (a) the Loan benchmark index and (b) one-year EURIBOR index (one-year Interbank reference).

(ii) The novated fixed-rate Loan margin shall be deemed to be the difference between the fixed rate applicable to the Loan and the EURIBOR BASIS fixed rate on Reuters' ISDAFIX2 screen, or any other replacement screen, at 11:00AM CET on the effective date of the new fixed rate for the term of the average life of the Loan based on its new repayment schedule. In the absence of a EURIBOR BASIS, the latter shall be calculated by a straight-line interpolation between the EURIBOR BASIS fixed rates for the lower and higher terms closest to the average life of the Loan.

Calculation of the average life of a novated fixed-rate Loan: *average of the time periods from the effective date of the novation until each Loan settlement date, using for weighting purposes the weights the principal to be repaid on each settlement date has, in accordance with the applicable repayment system, on the outstanding principal amount, in accordance with the following expression:*

$$V = \frac{\sum(P \times d)}{T} \times \frac{1}{365}$$

Where:

V = Average life of the novated fixed-rate Loan expressed in years.
P = Principal to be repaid on each settlement date under the applicable repayment system.

d = Number of days elapsed between the effective date of the novation and the relevant settlement date.
T = Outstanding principal on the effective date of the novation.

b) Extending the period of maturity.

The final maturity or final amortisation date of the Loans may be deferred ("**extending the term**") subject to the following rules and limitations:

The Servicer may in no case entertain on its own account, i.e. without it being so requested by the Obligor, a change in the final maturity date of the Loan which may result in an extension of that date. The Servicer, without encouraging an extension of the term, shall act in relation to such extension bearing in mind at all times the Fund's interests and subject to the following rules and limitations:

(i) The aggregate of the capital or principal assigned to the Funds of the Loans with respect to which the maturity date is extended may not exceed 10% of the face amount of the Bond Issue.

(ii) The term of a specific Loan may be extended provided that the following requirements are met:

a) That the periodicity of Loan interest and capital or principal repayment instalments is at all events maintained or increased, maintaining the same repayment system.

b) That the new final maturity or final amortisation date does not extend beyond June 30, 2035.

c) That the Loan was in good standing in payment of amounts due during the last six (6) months preceding the effective date of the extended term.

(iii) The Management Company may at any time during the term of the Servicing Agreement, on behalf of the Fund, cancel or suspend or change the authority for the Servicer to extend the term.

If there should be any renegotiation of the interest rate of a Loan or its due dates, the Servicer shall forthwith notify the Management Company of the terms resulting from each renegotiation. Such notice shall be made through the software or data file provided for the terms of the Loans to be updated.

In the event of a renegotiation of the interest rate of the Loans or their due dates, consented to by the Management Company, for and on behalf of the Fund, the change in the terms shall affect the Fund.

The contractual documents supporting the novation of the renegotiated Loans will be kept by the Servicer, in accordance with the provisions of paragraph 1 of this section.

7. Action against Obligors in the event of default on the Loans.

Actions in the event of late payment.

The Servicer shall use the same efforts and procedure for claiming overdue amounts on the Loans as with the rest of its portfolio loans.

In the event of default by the Obligor of the payment obligations, the Servicer shall put in place the actions described in the Servicing Agreement, taking for that purpose the steps it would ordinarily take if they were its own portfolio loans and in accordance with standard banking usage and practice for collecting overdue amounts, and shall be bound to advance such expenses as may be necessary for those actions to be taken, without prejudice to its right to be reimbursed by the Fund. Needless to say, these actions include all such legal and other actions as the Servicer may deem necessary to claim and collect the amounts due by the Obligors.

Legal actions.

The Servicer, using its fiduciary title to the Loans or using the power referred to in the following paragraph, shall take all relevant actions against Obligors failing to meet their payment obligations derived from the Loans. Such an action shall be brought using the appropriate court enforcement procedures prescribed in articles 517 et seq. of the Civil Procedure Act.

In the above connection and for the purposes prescribed in articles 581.2 and 686.2 of the Civil Procedure Act, and in the event that this should be necessary, the Management Company confers in the Deed of Constitution as full and extensive a power of attorney as may be required at Law on BANCO PASTOR in order that the latter may, acting through any of its attorneys properly empowered for those purposes, on the Management Company's instructions, for and on behalf of the Management Company, or in its own name but for the Management Company as the authorised representative of the Fund, demand by any judicial or other means the Obligor of any of the Loans to pay the debt and take legal action against the same, in addition to other authorities required to discharge its duties as Servicer.

In relation to the credit rights derived from the Loans, the Servicer shall generally commence the relevant legal proceedings, if, for a period of six (6) months, a Loan Obligor having failed to honour his payment obligations should not resume payments to the Servicer and the latter, with the Management Company's consent, should not obtain a payment commitment satisfactory to the Fund's interests. The Servicer shall in any event forthwith proceed to file a legal action if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

If six (6) months should elapse from the oldest default without the Obligor having resumed payments or arranged for a restructuring, and the Servicer should fail to file the recovery action without there being proper reasons therefor, the Management Company may, on behalf of the Fund, proceed directly to commence the appropriate legal proceedings to fully claim the debt.

In the event that the proceedings commenced by the Servicer should be stopped without there being proper reasons therefor, the Management Company may, as the case may be, on behalf of the Fund, take over from the latter and continue with the legal proceedings.

In addition to the Servicer's legal actions against Obligors as provided for above in this section, the Management Company, for the Fund, may also take action against Obligors who are in breach of their Loan payment obligations. That action shall be brought observing the formalities for the relevant legal procedure in accordance with the provisions of the Civil Procedure Act, satisfying, as the case may be, the requirements as to right of action allowing that to be done.

1. In regard to the Mortgage Loans, in the event of default by any Obligor, the Management Company, acting for and on behalf of the Fund, shall have the following remedies provided for mortgage certificates in article 66 of Royal Decree 685/1982, which also apply to the Pass-Through Certificates:

    (i) To demand the Servicer to apply for foreclosure.

    (ii) To take part on an equal standing with BANCO PASTOR, as issuer of the Pass-Through Certificates, in the foreclosure the latter shall have instituted against the Obligor, intervening to that end in any foreclosure proceedings commenced by the former.

    (iii) If the Servicer should fail to take that action within sixty (60) calendar days of a notice served through a Notary demanding payment of the debt, the Management Company, for and on behalf of the Fund, shall be secondarily entitled to bring the foreclosure action on the Mortgage Loan for both principal and interest.

    (iv) In the event that the proceedings instituted by the Servicer should come to a standstill, the Fund, duly represented by the Management Company, may be subrogated in the position of the former and continue the foreclosure proceedings, without the above period having to elapse.

In the events provided in paragraphs (iii) and (iv), the Management Company, for and on behalf of the Fund, may apply to the Judge or Notary with jurisdiction to commence or continue with the respective foreclosure proceedings, attaching to the application the original Pass-Through Certificate, the notice served though a Notary Public provided for in section (iii) above and an office certificate as to the registration and subsistence of the mortgage. The Servicer shall be bound to issue a certification of the balance outstanding on the Mortgage Loan.

The Management Company, for and on behalf of the Fund as holder of the Pass-Through Certificates, may also take part with equal rights with BANCO PASTOR in the foreclosure proceedings and may in this sense, on the terms for which provision is made in the Civil Procedure Act, request the award of the mortgaged property as payment of the Mortgage Loan. The Management Company shall proceed, directly or through the Servicer, to sell the property awarded within the shortest possible space of time and at arm's length.

2. In the event of breach of Non-Mortgage Loan payment obligations by the Obligor, and in order to enforce security interests or personal bonds other than a real estate mortgage in connection with the Mortgage Loans, the Management Company, acting for the Fund, shall have a recovery action against those Obligors, observing the formalities laid down for that procedure in the Civil Procedure Act. Moreover, and if this should be permitted by the provisions of the Loans or in the collateral security documents, in order to enforce existing pledges and other guarantees, the Management Company may, where this is deemed appropriate, notarially enforce such security interests using the procedure for which provision is made in article 1872 of the Civil Code or put in place any of the actions for which provision is made in articles eleven and twelve of Royal Decree Law 5/2005, March 11, on urgent reforms for sponsoring productivity and enhancing public procurement.

   Should this be necessary in order to enforce the aforesaid security interests (pledges) or for any other circumstance that is deemed expedient, the Management Company shall, for and on behalf of the Fund as holder of the Loan, be entitled to request Iberclear and the institutions in charge of the accounting records of the pledged securities or assets to issue such certificates as shall be deemed necessary in order to record entry of the pledge of those securities or assets in the name of the Fund. In particular, without limitation, the certificates referred to in articles 18 to 21 of Royal Decree 116/1992, February 14, on book entries and stock exchange transaction clearing and settlement, may be requested.

The Servicer agrees to promptly advise of payment demands, legal actions and all and any other circumstances affecting collection of overdue amounts on the Loans. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

8. Damage insurance for properties mortgaged under the Mortgage Loans.

The Servicer shall not take or fail to take any action resulting in cancellation of any property damage insurance policy covering the properties mortgaged under the Mortgage Loans or reducing the amount payable in any claim thereunder. The Servicer shall use all reasonable efforts and in any event use the rights conferred under the insurance policies or the Mortgage Loans.

Whenever the Servicer receives notice of non-payment of policy premiums by any Obligor the Servicer may demand the Obligor to pay the same and indeed take out fire and damage insurance on the Obligor's behalf where it is able to do so under the Mortgage Loan deed ultimately or on behalf of the Fund, advancing payment of the premiums, without prejudice to being reimbursed by the Fund for amounts so paid.

In the event of a claim, the Servicer shall coordinate actions for collecting compensations derived from the property damage insurance policies on the terms and conditions of the Mortgage Loans and the actual policies, paying the amounts received, if any, to the Fund.

9. Auction of real properties and assets.

The Servicer agrees to notify the Management Company of the places, dates, terms of the auctions scheduled and valuation of the mortgaged or attached properties and of the assets attached under the Loans and of the proposed action and bid in suitable advance in order that the Management Company may put in place such actions as it shall see fit and issue to the Servicer instructions on the subject in suitable advance.

The Servicer agrees to attend the auctions of real properties and assets, but shall thereat observe in every respect the instructions received from the Management Company, and therefore a bid will only be made or the award of the real property or asset to the Fund will only be requested strictly in observance of the instructions received from the Management Company.

In the event of real properties or other assets being awarded to the Fund, then the Servicer shall assist actively to enable their sale.

10. Set-off.

In the exceptional event that any of the Obligors under the Loans should have a liquid credit right, due and payable vis-à-vis the Servicer, and because the assignment is made without the Obligor being aware, any of the Loans should be fully or partially set-off against that credit, the Servicer shall proceed to pay to the Fund the amount set off plus accrued interest which would have been payable to the Fund until the date on which the payment is made, calculated on the terms applicable to the relevant Loan.

11. Subcontracting.

The Servicer may subcontract any of the services it may have agreed to provide under the Servicing Agreement other than those that may not be so delegated in accordance with the laws in force for the time being. That subcontracting may in no event result in an additional cost or expense for the Fund or the Management Company, and may not result in the rating assigned to each Bond Series by the Rating Agencies being adversely reviewed. Notwithstanding any subcontracting or subdelegation, the Servicer shall not be excused or released under that subcontract or subdelegation from any of the liabilities undertaken in the Servicing Agreement which may legally be attributed or ascribed to it.

3.7.2.2 Term and substitution.

The services shall be provided by the Servicer until all the obligations undertaken by the Servicer as Originator of the Loans terminate, once all the Loans acquired by the Fund have been repaid, or when the liquidation of the Fund concludes after it terminates, without prejudice to the possible early revocation of its appointment under the Servicing Agreement.

In the event of a breach by the Servicer of the obligations imposed on the Servicer under the Servicing Agreement or in the event of the Servicer's credit rating falling or being lost to an extent that may be detrimental to or place the financial structure of the Fund or Bondholders' rights and interests at risk, the Management Company shall, in addition to demanding the Servicer to fulfil the obligations laid down in the Servicing Agreement, proceed to put in place, where this is legally possible, inter alia and after notifying the Rating Agencies, any of the following actions in order for the rating assigned to the Bonds by the Rating Agencies not to be adversely affected: (i) demanding the Servicer to subcontract or subdelegate to another institution the performance of the obligations and undertakings made in the Servicing Agreement; (ii) having another institution with a sufficient credit rating and quality secure all or part of the Servicer's obligations; (iii) to set up a deposit in cash or securities in favour of the Fund in an amount sufficient to secure all or part of the Servicer's obligations in order for there to be no detriment to the rating given to the Bonds by the Rating Agencies, (iv) terminating the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer having a sufficient credit quality and accepting the obligations contained in the Servicing Agreement or, as the case may be, in a new servicing agreement. Any additional expense or cost derived from the aforesaid actions shall be covered by the Servicer and at no event by the Fund or the Management Company.

Furthermore, in the event of insolvency, or indications thereof, administration by the Bank of Spain, liquidation or substitution of the Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer to notify Obligors of the transfer to the

Fund of the outstanding Loans, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors within five (5) Business Days of receiving the request and in the event of insolvency or liquidation of the Servicer, the Management Company itself shall notify Obligors directly or, as the case may be, through a new Servicer it shall have designated.

Upon the early termination of the Servicing Agreement, the outgoing Servicer shall provide the new Servicer, on demand by the Management Company and as determined thereby, with the necessary documents and data files it may have in order for the new Servicer to carry on the relevant activities.

The Servicing Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period.

3.7.2.3 Liability of the Servicer and indemnity.

The Servicer shall at no time have any liability whatsoever in relation to the obligations of the Management Company as manager of the Fund and manager of Bondholders' interests, nor in relation to the obligations of the Obligors derived from the Loans, without prejudice to the liabilities undertaken thereby in the Deed of Constitution as Originator of the Loans acquired by the Fund.

The Servicer takes on the obligation to indemnify the Fund or its Management Company for any damage, loss or expense resulting for the same on account of any breach by the Servicer of its obligations to service, manage, custody and report on the Loans and custody the Pass-Through Certificates, established under the Servicing Agreement or in the event of breach as established in paragraph 3 of section 2.2.9 of this Building Block.

Moreover, the Management Company shall, for and on behalf of the Fund, have an action against the Servicer where the breach of the obligation to pay any and all principal repayment and interest and other amounts paid by the Obligors under the Loans corresponding to the Fund does not result from default by the Obligors and is attributable to the Servicer.

Upon the Loans terminating, the Fund shall, through its Management Company, retain a right of action against the Servicer until fulfilment of its obligations.

Neither Bondholders nor any other creditor of the Fund shall have any direct right of action whatsoever against the Servicer; that action shall lie with the Management Company, as the representative of the Fund, who shall have that action on the terms described in this section.

3.7.2.4 Servicer's remuneration.

In consideration of the custody, servicing and management of the Loans and custody of the documents representing the Pass-Through Certificates, the Servicer shall be entitled to receive in arrears on each Payment Date during the term of the Servicing Agreement, a servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the exact number of days elapsed and on the mean daily Outstanding Balance of the Loans serviced during each Determination Period. If BANCO PASTOR should be replaced in that servicing task, the Management Company will be entitled to change the above percentage fee for the new Servicer, which may be in excess of that agreed with BANCO PASTOR. The servicing fee will be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

If the Fund should, through its Management Company, due to a shortage of liquidity in the Fund Priority of Payments, fail to pay on a Payment Date the full fee due to the Servicer, the overdue amounts shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, until fully paid.

Furthermore, on each Payment Date, the Servicer shall be entitled to reimbursement of all Loan servicing and management expenses of an exceptional nature incurred, such as in connection with legal and/or recovery actions, including procedural expenses and costs, or managing and overseeing the sale of assets or properties awarded to the Fund, after first justifying the same. Those expenses will be paid whenever the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

3.8 Name, address and brief description of any swap, credit, liquidity or account counterparties.

BANCO PASTOR is the Fund's counterparty in the transactions listed below. The details relating to BANCO PASTOR and its activities are respectively given in section 5.2 of the Securities Note and in section 3.5 of this Building Block.

(i) Treasury Account:
Guaranteed Interest Rate Account (Treasury Account) Agreement
Description in section 3.4.4.1 of this Building Block.

(ii) Subordinated Loan:
Subordinated Loan Agreement
Description in section 3.4.3.1 of this Building Block.

(iii) Start-Up Loan:
Start-Up Loan Agreement
Description in section 3.4.3.2 of this Building Block.

(iv) Financial Intermediation:
Financial Intermediation Agreement
Description in section 3.4.3.4 of this Building Block.

(v) Financial Swap:
Financial Swap Agreement
Description in section 3.4.7.1 of this Building Block.

4. POST-ISSUANCE REPORTING

Obligations and deadlines set to publicise and submit to the CNMV the periodic information on the economic and financial status of the Fund.

4.1 As part of its Fund management and administration duty, the Management Company agrees to submit as promptly as possible or by the deadlines given, the information described hereinafter and such additional information as may be reasonably required of it.

4.1.1 Ordinary information.

The Management Company agrees to give the notices detailed below, observing the recurrence provided in each case.

a) Notices to Bondholders referred to each Payment Date.

1. Within the period comprised between the Interest Rate Fixing Date and not more than two (2) Business Days after each Payment Date, it shall proceed to notify Bondholders of the Nominal Interest Rate resulting for each Bond Series, and for the Interest Accrual Period after that Payment Date.

2. Quarterly, at least one (1) calendar day in advance of each Payment Date, it shall proceed to notify Bondholders of the following information:

   i) Interest resulting from the Bonds in each Series, along with the amortisation of the Bonds.

   ii) Furthermore, and if appropriate, interest and amortisation amounts accrued thereby and not settled due to a shortfall of Available Funds, in accordance with the rules of the Fund Priority of Payments.

iii) The Outstanding Principal Balances of the Bonds in each Series, after the amortisation to be settled on each Payment Date, and the percentages such Outstanding Principal Balances represent on the initial face amount of each Bond.

iv) Obligors' Loan principal prepayment rate during the calendar quarter preceding the Payment Date.

v) The average residual life of the Bonds in each Series estimated assuming that Loan principal prepayment rates shall be maintained and making all other assumptions as provided in section 4.10 of the Securities Note.

The foregoing notices shall be made in accordance with the provisions of section 4.1.3 below and will also be notified to the CNMV, the Paying Agent, AIAF and Iberclear, within not more than one (1) Business Day before each Payment Date.

b) Information referred to each Payment Date:

In relation to the Loans:

1. Outstanding Balance.
2. Interest and principal amount of instalments in arrears.
3. Interest rate and, if the interest floats, benchmark indices of the Loans.
4. Dates of maturity of the Loans.

In relation to the economic and financial position of the Fund:

- Report on the source and subsequent application of the Available Funds and the Available Funds for Amortisation in accordance with the Priority of Payments of the Fund.

This information will be sent to the CNMV.

c) Annually, in relation to the Fund's Annual Accounts:

Annual Accounts (balance sheet, profit & loss account and management report) and audit report within four (4) months of the close of each fiscal year, which shall also be filed with the CNMV.

4.1.2 Extraordinary notices.

The following shall be the subject of an extraordinary notice:

1. The final margins applicable for determining the Nominal Interest Rate, the percentage underwriting and placement fees and the Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period.

2. Other:

   Any relevant event occurring in relation to the Loans, the Bonds, the Fund and the Management Company proper, which may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, change in the Deed of Constitution, or in the event of termination of the establishment of the Fund or a decision in due course to proceed to an Early Liquidation of the Fund and an Early Amortisation of the Bond Issue in any of the events provided in this Prospectus. In the latter event, the Management Company shall send to the CNMV the notarial certificate of termination of the Fund and the liquidation procedure followed will be as referred to in section 4.4.5 of the Registration Document.

4.1.3 Procedure to notify Bondholders.

Notices to Bondholders to be made by the Management Company in accordance with the above, in regard to the Fund, shall be given as follows:

1. Ordinary notices.

   Ordinary notices shall be given by a publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by a publication in an extensively circulated business and financial or general newspaper in Spain. The Management Company or the Paying Agent may additionally disseminate that information or other information of interest to Bondholders through dissemination channels and systems typical of financial markets, such as Reuters, Bridge Telerate, Bloomberg or any other similarly characterised means.

2. Extraordinary notices.

   Extraordinary notices shall be given by publication in an extensively circulated business and financial or general newspaper in Spain, and those notices shall be deemed to be given on the date of that publication, any Business or other calendar day (as established in this Prospectus) being valid for such notices.

   Exceptionally, the final margins applicable for determining the Nominal Interest Rate for each Series and the Nominal Interest Rate determined for the Bonds in each Series for the first Interest Accrual Period shall be notified in writing by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify Underwriters and Placement Agents of the percentage underwriting and placement fee to have been set for each Series. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

3. Notices and other information.

   The Management Company may provide Bondholders with notices and other information of interest to them through its own Internet pages or other similarly characterised teletransmission means.

4.1.4 Information to the CNMV and the Rating Agencies.

The Management Company shall proceed to advise the CNMV of the periodic and extraordinary notices and information given in accordance with the provisions of the preceding sections, and of such other information as the CNMV may require of it or by the laws in force from time to time, irrespective of the above.

4.1.5 Information to the Rating Agencies.

The Management Company shall provide the Rating Agencies with periodic information as to the position of the Fund and the performance of the Loans in order that they may monitor the rating of the Bonds and extraordinary notices. The Management Company shall also provide that information when it is reasonably required to do so and, in any event, whenever there is a significant change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the interested parties.

Mario Masiá Vicente, for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN and as General Manager signs this Prospectus at Madrid, on November 30, 2005.

GLOSSARY OF DEFINITIONS

"Act 19/1992" shall mean Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7.

"Act 2/1981" shall mean Mortgage Market Regulation Act 2/1981, March 25.

"Act 2/1994" shall mean Mortgage Loan Subrogation and Amendment Act 2/1994, March 30.

"Act 3/1994" shall mean Act 3/1994, April 14, adapting Spanish laws in the matter of credit institutions to the Second Banking Coordination Directive and introducing other changes in relation to the financial system.

"Act 44/2002" shall mean Financial System Reform Measures Act 44/2002, November 22.

"AIAF" shall mean AIAF Fixed-Income Market (*AIAF Mercado de Renta Fija*).

"Amortisation Deficiency" shall mean, on a Payment Date, the positive difference, if any, between (i) the Amortisation Withholding, and (ii) the Available Funds for Amortisation.

"Amortisation Withholding" shall mean, on a Payment Date, the positive difference if any on the Determination Date preceding the relevant Payment Date between (i) the Outstanding Principal Balance of the Bond Issue, increased by the amount to be repaid to the State upon the State Guarantee being enforced for amortising Series A2(G) and, if the EIF should have exercised the EIF Early Repayment Option, by the amount to be repaid to EIF of the payment it shall have made for early repayment of Series B Bond principal, and (ii) the Outstanding Balance of Non-Doubtful Loans.

"Available Funds for Amortisation" shall mean the amount to be allocated to Bond amortisation on each Payment Date and shall be the Amortisation Withholding amount applied in 7^{th} place of the Available Funds on the Payment Date.

"Available Funds" shall mean, in relation to the Priority of Payments and on each Payment Date, the amounts to be allocated to meeting the Fund's payment or withholding obligations, which shall have been paid into the Treasury Account, as established in section 3.4.6.2.1 of the Building Block.

"BANCAJA" shall mean CAJA DE AHORROS DE VALENCIA, CASTELLÓN Y ALICANTE, BANCAJA.

"BANCO PASTOR" shall mean BANCO PASTOR, S.A.

"Bond Issue Management, Underwriting and Placement Agreement" shall mean the Bond Issue management, underwriting, placement and subscription agreement entered into between the Management Company, for and on behalf of the Fund, and BANCO PASTOR and JPMORGAN as Lead Managers and Underwriters and Placement Agents and CIBC, BANCAJA and SCH as Underwriters and Placement Agents.

"Bond Issue" shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR five hundred and twenty million (520,000,000.00), consisting of five thousand two hundred (5,200 Bonds comprised of four Series (Series A1, Series A2(G), Series B and Series C).

"Bond Paying Agent Agreement" shall mean the Bond paying agent agreement entered into by the Management Company, for and on behalf of the Fund, and BANCO PASTOR, as Paying Agent.

"Bonds" shall mean the Class A Bonds (consisting of Series A1 and A2(G)), the Series B Bonds and the Series C Bonds issued by the Fund.

"Business Day" shall mean any day other than a public holiday in the city of Madrid or non-business day in the TARGET (Trans European Automated Real-Time Gross Settlement Express Transfer System).

"Cash Reserve" shall mean the Initial Cash Reserve set up on the Closing Date at a sum of EUR sixteen million three hundred and eighty thousand (16,380,000.00).

"CET" shall mean "Central European Time".

"CIBC" shall mean CIBC WORLD MARKETS PLC.

"Class A Bonds" shall mean the Series A1 and A2(G) Bonds issued by the Fund having a face amount of EUR four hundred and sixty-five million nine hundred thousand (465,900,000.00).

"Class A" shall mean the Class A Bonds issued by the Fund, consisting of Series A1 and A2(G).

"Closing Date" shall mean December 12, 2005, the date on which the cash amount of the subscription for the Bonds shall be paid up and the face value of the Pass-Through Certificates subscribed for shall be paid

"CNMV" shall mean National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

"Conditions for Pro Rata Amortisation" shall mean the conditions set down in section 4.9.3.5 of the Securities Note for amortisation of Series A1 and/or A2(G) and/or B and/or C.

"CPR" shall mean the effective constant annual early amortisation or prepayment rate at which average lives and durations of the Bonds are estimated in this Prospectus.

"Deed of Constitution" shall mean the public deed recording the establishment of the Fund, assignment by BANCO PASTOR to the Fund of Non-Mortgage Loans and Mortgage Loans by means of the issue of Pass-Through Certificates, and issue by the Fund of the Asset-Backed Bonds.

"Delinquent Loans" shall mean Loans that are delinquent on a given date with an arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Loans.

"Determination Dates" shall mean the dates falling on the fourth (4^{th}) Business Day preceding each Payment Date.

"Determination Period" shall mean the days elapsed between every two consecutive Determination Dates, excluding in each Determination Period the beginning Determination Date and including the ending Determination Date. Exceptionally, (i) the duration of the first Determination Period shall be equal to the days elapsed between date of establishment of the Fund, inclusive, and the first Determination Date, April 10, 2006, inclusive, and (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.4.3 of the Registration Document, on which the Loans and the assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), both inclusive.

"DEUTSCHE BANK" shall mean DEUTSCHE BANK AG.

"Distribution of Available Funds for Amortisation" shall mean the rules for applying the Available Funds for Amortisation between each Series on each Payment Date established in section 4.9.3.5 of the Securities Note.

"Doubtful Loans" shall mean Loans that are delinquent on a given date with a period of arrears equal to or greater than eighteen (18) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment.

"Early Amortisation" shall mean Bond amortisation on a date preceding the Final Maturity Date in the Early Liquidation Events of the Fund and subject to the requirements established in section 4.4.3 of the Registration Document.

"Early Liquidation Events" shall mean the events contained in section 4.4.3 of the Registration Document where the Management Company, following notice duly served on the CNMV, is entitled to proceed to an Early Liquidation of the Fund on a Payment Date.

"Early Liquidation of the Fund" shall mean the liquidation of the Fund and thereby an early amortisation of the Bond Issue on a date preceding the Final Maturity Date, in the events and subject to the procedure established in section 4.4.4 of the Registration Document.

"EIF Guarantee" shall mean the guarantee the European Investment Fund (EIF) shall provide the Fund with before or upon being established whereby EIF shall unconditionally and irrevocably guarantee for Series B Bondholders, represented by the Management Company payment of all Series B Bond interest and principal amounts due. The EIF Guarantee amounts to (i) EUR thirty-eight million seven hundred thousand (38,700,000.00), the face amount of the Series B Bonds, plus (ii) interest on this face amount of Series B.

"EIF" shall mean European Investment Fund.

"Ernst & Young" shall mean the auditors Ernst & Young S.L.

"Euribor" shall mean the Euro Interbank Offered Rate which is the term interbank deposit offered rate in euros calculated as the daily average of the quotations supplied for fifteen maturity terms by a panel consisting of 57 Banks, from among the most active banks in the Euro zone. The rate is quoted based on a count of the actual days to maturity and a 360-day year, and is fixed at 11am (CET time), accurate to three decimal places.

"Final Maturity Date" shall mean the final Bond amortisation date, i.e. January 19, 2039 or the following Business Day if that is not a Business Day.

"Financial Intermediation Agreement" shall mean the financial intermediation agreement entered into between the Management Company, for and on behalf of the Fund, and BANCO PASTOR.

"Financial Intermediation Margin" shall mean, with respect to the Financial Intermediation Agreement, the variable subordinated remuneration which shall accrue upon the expiration of every quarterly period, comprising, other than for the first period, the three calendar months preceding each Payment Date, in an amount equal to the positive difference, if any, between the income and expenditure, including losses, if any, brought forward from previous years, accrued by the Fund with reference to its accounts and before the close of the months of March, June, September and December, which are the last month in each quarterly period.

"Financial Swap Agreement" shall mean the floating interest rate financial swap agreement to be entered into based on the based on the Spanish Banking Association's standard (CMOF) Master Financial Transaction Agreement between the Management Company, acting for and on behalf of the Fund, and BANCO PASTOR.

"Fund" shall mean EdT FTPYME PASTOR 3 FONDO DE TITULIZACIÓN DE ACTIVOS.

"Guaranteed Interest Rate Account (Treasury Account) Agreement" shall mean the guaranteed interest rate account (Treasury Account) agreement entered into by the Management Company, for and on behalf of the Fund, and BANCO PASTOR.

"Iberclear" shall mean Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.

"Initial Cash Reserve" shall mean the initial Cash Reserve set up on the Closing Date amounting to EUR sixteen million three hundred and eighty thousand (16,380,000.00.

"Interest Accrual Period" shall mean the days elapsed between every two consecutive Payment Dates, including the beginning Payment Date, but not including the ending Payment Date. The first Interest Accrual Period shall begin on the Closing Date, inclusive, and end on the first Payment Date, exclusive.

"Interest Rate Fixing Date" shall mean the second Business Day preceding each Payment Date.

"IRR" shall mean internal rate of return as defined in section 4.10.1 of the Securities Note.

"JPMORGAN" shall mean J.P. MORGAN SECURITIES LTD.

"Lead Managers" shall mean BANCO PASTOR, DEUTSCHE BANK and JPMORGAN.

"Liquidation Available Funds" shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or on the Payment Date on which there is an Early Liquidation, the amounts to be allocated to meeting the Fund's payment or withholding obligations, as follows: (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Loans and the assets remaining and, as the case may be, (iii) the amount drawn under the credit facility to be arranged which shall be fully allocated to final amortisation of the Bond Issue, in accordance with the provisions of section 4.4.3 of the Registration Document.

"Liquidation Priority of Payments" shall mean the priority of the Fund's payment or withholding obligations for applying the Liquidation Available Funds on the Final Maturity Date or on the Payment Date on which there is an Early Liquidation of the Fund.

"Loans" shall mean the loans owned by BANCO PASTOR granted to non-financial enterprises (legal persons) registered in Spain, at least 98 percent, by number of Loans and outstanding principal balance, of which are small and medium-sized enterprises as defined by the European Commission (Recommendation of May 6, 2003 replacing the Recommendation of April 3, 1996) to be assigned by BANCO PASTOR to the Fund upon being established.
The term "Loans" shall be used in this Prospectus to refer collectively to the Non-Mortgage Loans and the Mortgage Loans or the Pass-Through Certificates perfecting their assignment.

"Management Company" shall mean EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

"Moody's" shall mean both Moody's Investors Service España, S.A. and Moody's Investors Service Ltd., the holding company to which Moody's Investors Service España, S.A. is affiliated.

"Mortgage Loans" shall mean the Loans with real estate mortgage security assigned by BANCO PASTOR to the Fund by means of the issue by BANCO PASTOR of and subscription by the Fund for the Pass-Through Certificates.

"Nominal Interest Rate" shall mean the nominal interest rate, variable quarterly and payable quarterly, applicable to each Series and determined for each Interest Accrual Period, which shall be the result of adding (i) the Reference Rate and (ii) a margin for each Series as detailed in section 4.8.1.2 of the Securities Note.

"Non-Delinquent Loans" shall mean Loans that are not deemed to be Delinquent Loans on a given date.

"Non-Doubtful Loans" shall mean Loans that are not deemed to be Doubtful Loans on a given date.

"Non-Mortgage Loans" shall mean the Loans without real estate mortgage security assigned by BANCO PASTOR to the Fund upon being sold by BANCO PASTOR and acquired by the Fund.

"Obligors" shall mean the borrowers (non-financial small and medium-sized enterprises registered in Spain) of the Loans.

"Order of December 28, 2001" shall mean the Order of December 28, 2001 relating to Agreements for Sponsoring Asset Securitisation Funds to foster business financing, amended by Economy Ministry Order ECO/1064/2003, April 29.

"Originator" shall mean BANCO PASTOR, originator of the Loans.

"Outstanding Balance of the Loans" shall mean the sum of outstanding capital or principal and overdue capital or principal not paid into the Fund for each and every one of the Loans.

"Outstanding Principal Balance of Class A" shall mean the sum of the outstanding principal to be repaid (outstanding balance) on a given date of all the Bonds in Series A1 and Series A2(G) making up Class A.

"Outstanding Principal Balance of the Series" shall mean the sum of the outstanding principal to be repaid (outstanding balance) on a given date on all the Bonds making up the Series.

"Pass-Through Certificates" shall mean the pass-through certificates issued by BANCO PASTOR in accordance with article 18 of Act 44/2002, and subscribed for by the Fund.

"Paying Agent" shall mean the firm servicing the Bonds. The Paying Agent shall be BANCO PASTOR.

"Payment Date" shall mean January 19, April 19, July 19 and October 19 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be April 19, 2006.

"Priority of Payments" shall mean the priority for applying the Fund's payment or withholding obligations both for applying the Available Funds and for distribution of Available Funds for Amortisation.

"Pro Rata Amortisation of Class A" shall mean the exceptional application on a Payment Date of the Available Funds for Amortisation, the sequential amortisation of the Series A1 and A2(G) Bonds being stopped in certain circumstances for which provision is made in the Distribution of Available Funds for Amortisation in the Priority of Payments, given in section 4.9.3.5.2.2 of the Securities Note.

"Rating Agencies" shall mean Standard & Poor's España, S.A. and Moody's Investors Service España, S.A.

"Reference Rate" shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor fixed at 11am (CET time) on the Interest Rate Fixing Date, or, if this Euribor rate should not be available or be impossible to obtain, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note. The Reference Rate for the first Interest Accrual Period shall mean the rate resulting from a straight-line interpolation, taking into account the number of days in the first Interest Accrual Period, between four- (4-) month Euribor and five- (5-) month Euribor, fixed at 11am (CET time) on the second Business Day preceding the Closing Date, or, upon the failure or impossibility to obtain these Euribor rates, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note.

"Required Cash Reserve" shall mean, on each Payment Date, the lower of the following amounts: (i) EUR sixteen million three hundred and eighty thousand (16,380,000.00 and (ii) the higher of a) 6.30% of the Outstanding Principal Balance of the Bond Issue and b) a sum of EUR eight million one hundred and ninety thousand (8,190,000.00).

"Royal Decree 116/1992" shall mean Book Entries and Stock Exchange Transaction Clearing and Settlement Royal Decree 116/1992, February 14.

"Royal Decree 685/1982" shall mean Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981, and Royal Decree 1289/1991, August 2, amending certain of the previous Royal Decree's articles.

"Royal Decree 926/1998" shall mean Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies.

"Royal Decree 1310/2005" shall mean Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose.

"Royal Decree Law 5/2005" shall mean Royal Decree-Law 5/2005, March 11, on urgent measures for boosting productivity and improving public contracting.

"S&P" shall mean both Standard & Poor's España, S.A. and Standard & Poor's Rating Services, the holding company to which Standard & Poor's España, S.A. is affiliated.

"SCH" shall mean BANCO SANTANDER CENTRAL HISPANO S.A.

"Securities Market Act" shall mean Securities Market Act 24/1988, July 28, amended by Act 37/1998, November 16, and Act 44/2002, November 22, and Royal Decree Law 5/2005, March 11, among other amendments.

"Series A1 Bonds" shall mean the Series A1 Bonds issued by the Fund having a total face amount of EUR three hundred and sixty-five million nine hundred thousand (365,900,000.00) comprising three thousand six hundred and fifty-nine (3,659) Bonds having a unit face value of EUR one hundred thousand (100,000).

"Series A1" shall mean the Series A1 Bonds issued by the Fund.

"Series A2(G) Bonds" shall mean the Series A2(G) Bonds issued by the Fund having a total face amount of EUR one hundred million (100,000,000.00) comprising one thousand (1,000) Bonds having a unit face value of EUR one hundred thousand (100,000).

"Series A2(G)" shall mean the Series A2(G) Bonds issued by the Fund.

"Series B Bonds" shall mean the Series B Bonds issued by the Fund having a total face amount of EUR thirty-eight million seven hundred thousand (38,700,000.00) comprising three hundred and eighty-seven (387) Bonds having a unit face value of EUR one hundred thousand (100,000).

"Series B" shall mean the Series B Bonds issued by the Fund.

"Series C Bonds" shall mean the Series C Bonds issued by the Fund having a total face amount of EUR fifteen million four hundred thousand (15,400,000.00) comprising one hundred and fifty-four (154) Bonds having a unit face value of EUR one hundred thousand (100,000).

"Series C" shall mean the Series C Bonds issued by the Fund.

"Servicer" shall mean the institution in charge of custody and servicing of the Loans and custody of the certificates representing the Pass-Through Certificates under the Loan Servicing and Pass-Through Certificate Custody Agreement, i.e. BANCO PASTOR.

"Servicing Agreement" or **"Loan Servicing and Pass-Through Certificate Custody Agreement"** shall mean the Loan custody and servicing and Pass-Through Certificate document custody agreement entered into between the Management Company, acting for and on behalf of the Fund, and BANCO PASTOR, as Servicer.

"SMEs" shall mean small and medium-sized enterprises as defined by the European Commission (Recommendation of May 6, 2003, replacing the Recommendation of April 3, 1996).

"Start-Up Loan Agreement" shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BANCO PASTOR, for a sum of EUR one million nine hundred thousand (1,900,000.00).

"Start-Up Loan" shall mean the loan granted by BANCO PASTOR to the Fund, in accordance with the provisions of the Start-Up Loan Agreement.

"State Guarantee" shall mean the guarantee which the Spanish Economy and Finance Ministry shall give in a Ministerial Order amounting to (i) EUR one hundred million (100,000,000.00), equivalent to the sum of the face amount of the Series A2(G) Bonds, and (ii) the financial charges corresponding to that amount in said Series. That guarantee secures, waiving the benefit of discussion established in Civil Code article 1830, payment of the economic obligations payable by the Fund, derived from the Series A2(G) Bonds.

"Subordinated Loan Agreement" shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BANCO PASTOR, for a sum of EUR sixteen million three hundred and eighty thousand (16,380,000.00).

"Subordinated Loan" shall mean the loan granted by BANCO PASTOR to the Fund, in accordance with the provisions of the Subordinated Loan Agreement.

“Subscription Period” shall mean the Bond subscription period comprised between 12 o’clock midday (CET time) and 1pm (CET time) on December 7, 2005.

“Treasury Account” shall mean the financial account in euros opened at BANCO PASTOR in the Fund’s name, in accordance with the provisions of the Guaranteed Interest Rate Account (Treasury Account) Agreement, through which the Fund will make and receive all payments.

“Underwriters and Placement Agents” shall mean BANCO PASTOR, DEUTSCHE BANK, JPMORGAN, CIBC, BANCAJA and SCH.