

PROSPECTUS

July 2009

BBVA RMBS 8 FONDO DE TITULIZACIÓN DE ACTIVOS

**ISSUE OF ASSET-BACKED BONDS
EUR 1,220,000,000**

Series A	EUR 1,146,800,000	Aaa
Series B	EUR 48,800,000	A1
Series C	EUR 24,400,000	Ba2

Backed by pass-through certificates issued on mortgage loans by



Lead Manager and Subscriber



Paying Agent

BBVA

Fund established and managed by



Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores
on July 14, 2009

**Material Event
concerning**

BBVA RMBS 8 FONDO DE TITULIZACIÓN DE ACTIVOS

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **BBVA RMBS 8 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On April 7, 2011, once the CNMV had checked compliance with the provisions of article 7 of Act 19/1992, as worded by Act 5/2009, June 29, the Management Company amended the Fund’s Deed of Constitution, observing the procedure provided for in subparagraph 3.a) of that article, namely that the consent of all holders of the securities issued by the Fund, and of lenders and other creditors, be secured. The Deed of Constitution has been amended in order for the Bonds in each Series to be rated by Fitch Ratings España, S.A. (“**Fitch**”).
- On that same date, the Management Company, for and on behalf of the Fund, and BBVA as counterparty amended the Mortgage Loan Servicing and Pass-Through Certificate Custody, Guaranteed Interest Rate Account (Treasury Account), Financial Swap and Paying Agent Agreements (collectively the “**Agreements**”), to include Fitch’s criteria in credit rating downgrade events for the counterparties to the Agreements and the actions to be taken in those events.
- On April 8, 2011, Fitch assigned the following ratings to each Bond Series:

Series A	AA-sf
Series B	BBB+sf
Series C	BBsf

Attached hereto is the letter received from Fitch notifying assignment of the aforementioned ratings.

- On April 13, 2011, the CNMV entered the deed amending the deed of constitution of the Fund in its official records.
- The amendments to the Deed of Constitution and the Agreements have resulted in Fitch’s criteria being included, and therefore the following sections of the Fund Prospectus shall henceforth read as follows:

Section	Description
Miscellany	Generally, all references to “the Rating Agency” throughout the Prospectus, defined as Moody’s, shall be construed as made to “the Rating Agencies”, collectively defined as Moody’s and Fitch. In addition, generally, all references to the terms Bond “ratings” or “rating” shall in any event be construed as references to the ratings issued by the two Rating Agencies, i.e. both the Bond ratings given by Moody’s and the ratings given by Fitch.
4.4.3.3. (iii) Registration Document (Early Liquidation)	(iii) Be entitled to arrange for a credit facility with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody’s, and with an institution with long- and short-term unsecured and unsubordinated debt obligations respectively rated at least as high as A and F1 by Fitch, or a loan, which shall be fully allocated to early amortisation of the Bonds in the outstanding Series. In this connection the assumption is that, even if the Servicer’s long- and short-term debt obligations should be rated A and F1, if Fitch should have publicly announced that either rating is in a “Rating Watch Negative” status, the rating of the Servicer’s debt obligations will also be deemed to be below Fitch’s minimum required ratings. Financial costs due shall be paid and credit

Section	Description
	facility or loan principal shall be repaid in accordance with the Liquidation Priority of Payments of the Fund.
<p>7.5 Securities Note New Paragraphs after the third paragraph</p>	<p>The ratings assigned to each Bond Series by Fitch measure the Fund's capacity for timely Bond interest payment and principal repayment in each Series throughout the life of the transaction and at all events before the Final Maturity Date, on the terms given in this Deed.</p> <p>The aforementioned Rating Agencies have been carrying on their business in the European Union before June 7, 2010, and have applied for registration in accordance with Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies.</p>
<p>3.4.4.1 Building Block Paragraphs 3 et seq. (Treasury Account)</p>	<p>In the event that the rating of the unsecured and unsubordinated debt obligations of the institution in which the Treasury Account is opened (the "Treasury Account Provider") should, at any time during the life of the Bond Issue, be downgraded below P-1 by Moody's, for the short-term credit rating, or be downgraded below F1 or A by Fitch, respectively for the short- or long-term credit rating, the Management Company shall within not more than thirty (30) calendar days from the time of the occurrence of any such circumstances, do one of the following to allow a suitable level of guarantee to be maintained with respect to the commitments derived from the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:</p> <p>a) Obtain from an institution with unsecured and unsubordinated debt obligations rated at least as high as P-1 in the short term by Moody's, and/or F1 and A respectively in the short and long term by Fitch, an unconditional and irrevocable first demand guarantee, waiving the benefits of discussion, division and priority, securing for the Fund, merely upon the Management Company so requesting, prompt payment by the Treasury Account Provider of its obligation to repay the amounts credited to the Treasury Account, for such time as the Treasury Account Provider remains downgraded below P-1 and/or F1 and/or A as aforesaid.</p> <p>b) Transfer the Treasury Account to an institution with unsecured and unsubordinated debt obligations rated at least as high as P-1 in the short term by Moody's, and at least as high as F1 and A respectively in the short and long term by Fitch, and arranging the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.</p> <p>Options a) and b) above are included among Fitch's criteria set out in its report "Counterparty Criteria for Structured Finance Transactions", dated October 22, 2009, which may be updated, amended or replaced and is available at www.fitchratings.com. In order to determine the specific characteristics of the measures to be put in place, in accordance with the above options, amendments, updates or replacements of that document shall be taken into account, provided that they observe the laws for the time being in force. In that connection, the assumption is that, even if the Treasury Account Provider's long- and short-term debt obligations should be rated A and F1, if Fitch has publicly announced that either rating is in a "Rating Watch Negative" status, the rating of the Treasury Account Provider's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings.</p>

Section	Description
	<p>All costs, expenses and taxes incurred in connection with putting in place and arranging the above options shall be borne by BBVA or, as the case may be, the substituted Treasury Account Provider.</p> <p>The Treasury Account Provider shall agree, forthwith upon its credit rating being downgraded, to use commercially reasonable efforts in order that the Management Company may do one of (a) or (b) above.</p>
<p>3.4.7.1 Building Block Section 8 (Financial Swap Agreement)</p>	<p>8. Actions in the event of change in Party B's rating by Moody's. (...)</p> <p>8 bis. Actions in the event of change in Party B's rating by Fitch.</p> <p>(i) Fitch Criteria If the long- and short-term unsecured and unsubordinated debt obligations of Party B, or, if (i) (B) has been arranged, its credit support provider, cease to be respectively rated at least as high as A and F1 by Fitch (and in this connection the assumption is that, even if Party B's long- and short-term debt obligations should be rated at least as high as A and F1, if Fitch should have publicly announced that either rating is in a "Rating Watch Negative" status, the rating of Party B's debt obligations will also be deemed to be one step below those ratings and Party B shall therefore be considered to be ineligible) ("Fitch's Required Ratings"), then Party B will, within fourteen (14) calendar days of the date of that occurrence, at its own cost, either:</p> <p>(A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party with Fitch's Required Ratings;</p> <p>(B) obtain an unconditional, irrevocable first demand credit support document, waiving the benefits of discussion, division and priority, from a third party with Fitch's Required Ratings and guaranteeing its obligations with respect to the Financial Swap Agreement; or</p> <p>(C) post cash or securities collateral with a third party with Fitch's Required Ratings, as security for fulfilment of Party B's obligations, at an amount calculated based on the mark-to-market value of the Financial Swap and in accordance with Fitch's criteria laid down in its report "Counterparty Criteria for Structured Transactions: Derivative Addendum" dated October 23, 2009.</p> <p>(ii) Fitch Criteria (continued) If the long- and short-term unsecured and unsubordinated debt obligations of Party B or, if (i) (B) above has been arranged, of its credit support provider, cease to be respectively rated at least as high as BBB+ or F2 (and in this connection the assumption is that, even if Party B's long- and short-term debt obligations should be rated at least as high as BBB+ or F2, if Fitch should have publicly announced that either rating is in a "Rating Watch Negative" status, the rating of Party B's debt obligations will also be deemed to be one step below those ratings), then Party B will, within fourteen (14) calendar days of the date of that occurrence, at its own cost, either:</p> <p>(A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party with Fitch's Required Ratings (or rated BBB+ and F2 by Fitch, provided that the collateral referred to in (i) (C) above has been posted);</p> <p>(B) obtain an unconditional, irrevocable first demand credit support document, waiving the benefits of discussion, division and priority, from a third party with Fitch's Required Ratings (or rated BBB+ and F2 by Fitch, provided that the collateral referred to in (i) (C) above has been posted), guaranteeing its obligations with respect to the Financial Swap Agreement; or</p>

Section	Description
	<p>(C) post cash or securities collateral or, as the case may be, increase the same, with a third party with Fitch's Required Ratings, as security for fulfilment of Party B's obligations, at an amount calculated based on the mark-to-market value of the Financial Swap and in accordance with Fitch's criteria laid down in its report "Counterparty Criteria for Structured Transactions: Derivative Addendum" dated October 23, 2009.</p> <p>(iii) Fitch Criteria (continued)</p> <p>If the long- and short-term unsecured and unsubordinated debt obligations of Party B, or, if (i) (B) or (ii) (B) above have been arranged, of its credit support provider, cease to be respectively rated at least as high as BBB- or F3 (and in this connection the assumption is that, even if Party B's long- and short-term debt obligations should be rated at least as high as BBB- and F3, if Fitch should have publicly announced that any of those ratings is in a "Rating Watch Negative" status, the rating of Party B's debt obligations will also be deemed to be one step below those ratings), or if Party B's unsecured and unsubordinated debt obligations should not be rated by Fitch, then Party B will, within thirty (30) calendar days of the rating being lost or removed, at its own cost, attempt either to:</p> <p>(A) obtain a credit support document from a third party with Fitch's Required Ratings (or rated BBB+ and F2 by Fitch, provided that the collateral referred to in (i) (C) above has been posted), guaranteeing its rights and obligations with respect to the Financial Swap Agreement; or</p> <p>(B) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party with Fitch's Required Ratings (or rated BBB+ and F2 by Fitch, provided that the collateral referred to in (i) (C) above has been posted).</p> <p>The above alternatives and the timing, ratings and collateral amounts and credit support providers are set out in Fitch's reports "Counterparty Criteria for Structured Transactions" dated October 22, 2009 and "Counterparty Criteria for Structured Transactions: Derivative Addendum" dated October 23, 2009, which are available at www.fitchratings.com. The foregoing criteria may be updated, amended and/or replaced by Fitch in the future, although Party B shall at no event be howsoever bound to observe the updated, amended and/or new criteria, as the case may be. If Party B does not accept the application of the updated, amended and/or new criteria, as the case may be, then the ratings assigned by Fitch to the Bonds may be revised. Any and all costs, expenses and taxes incurred in connection with complying with the foregoing obligations shall be borne by Party B.</p>
<p>3.4.7.1 Building Block Section 9.2 (Financial Swap Agreement)</p>	<p>9.2 Party B may only assign all its rights and obligations under the Financial Swap Agreement, with Parte A's written consent, to a third party rated with Moody's First Required Rating Threshold and with Fitch's Required Ratings, following notice to the Rating Agencies.</p>
<p>3.4.7.2 Building Block Paragraph 3 (Paying Agent Agreement)</p>	<p>In the event that the rating of the Paying Agent's unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below P-1 by Moody's, for the short-term credit rating, or be downgraded respectively below F1 or A by Fitch for the short- or long-term credit rating, the Management Company shall, within not more than thirty (30) calendar days from the time of the occurrence of any such circumstances, do one of the following after notifying the Rating Agencies: (i) obtain from an institution with unsecured and unsubordinated debt obligations rated at least as high as P-1 in the short term by Moody's, and/or F1 and A respectively in the short and long term by Fitch, an unconditional and irrevocable first demand guarantee, waiving the benefits of discussion, division and priority, securing payment to the Fund, merely upon the</p>

Section	Description
	<p>Management Company so requesting, of the commitments made by the Paying Agent, for such time as any such downgrades and loss of credit ratings by the Paying Agent remain in place, or (ii) revoke the Paying Agent's designation and thereupon designate another institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 in the short term by Moody's, and F1 and A respectively in the short and long term by Fitch, to take its place before terminating the Paying Agent Agreement or as the case may be under a new paying agent agreement. In that connection, the assumption is that, even if the Paying Agent's long- and short-term debt obligations should be rated A and F1, if Fitch has publicly announced that either rating is in a "Rating Watch Negative" status, the rating of the Paying Agent's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings. The Management Company may issue the same instructions in the event that the Servicer's unsecured and unsubordinated debt obligations should not be rated by Moody's or Fitch. Should BBVA 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 BBVA under the Paying Agent Agreement. All costs, expenses and taxes incurred in connection with doing and arranging (i) above shall be borne by the guaranteed Paying Agent.</p>
<p>3.7.2.1.2 Building Block Paragraphs 3 and last but one (Collection Management of the Servicing Agreement)</p>	<p>Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below P-1 by Moody's, and that its long- and short-term unsecured and unsubordinated debt obligations should be downgraded respectively below A or F1 by Fitch, then the Mortgage Loan amounts received by the Servicer shall be paid to the Fund crediting the Treasury Account on the first day after the date on which they were received by the Servicer or the following business day, if that is not a business day, for same day value.</p> <p>In accordance with Fitch's criteria set out in its report "Counterparty Risk Criteria for Structured Finance Transactions", dated October 22, 2009, which may be updated, amended or replaced, in the event that the rating of the Servicer's long- and short-term unsecured and unsubordinated debt obligations should be downgraded respectively below A and F1 the Management Company shall, within not more than fourteen (14) calendar days from the time of the occurrence of that circumstance, request the Servicer to notify Obligors that Mortgage Loan payments should be made into the Treasury Account opened in the name of the Fund or that cash collateral or any other security be posted to the Fund at or by an institution with long- and short-term debt obligations respectively rated at least as high as A and F1 by Fitch, based on the aforementioned criteria established by Fitch. In that connection, the assumption is that, even if the Servicer's long- and short-term debt obligations should be rated A and F1, if Fitch has publicly announced that those debt ratings are in a "Rating Watch Negative" status, the rating of the Servicer's debt obligations will also be deemed to be below Fitch's aforementioned required minimum ratings. In order to determine the specific characteristics of the measures to be put in place, in accordance with the above options, amendments, updates or replacements of that document shall be taken into account, provided that they observe the laws for the time being in force.</p> <p>All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by the Servicer.</p> <p>(...)</p> <p>The Servicer shall do any of the above in the event that the Servicer's unsecured and unsubordinated debt obligations should not be rated by Moody's or by Fitch.</p>

Section	Description
3.7.2.2 Building Block Paragraph 2 (Term and Substitution of the Servicing Agreement)	<p>Notwithstanding the above provisions, in the event of the rating of the Servicer's long-term unsecured and unsubordinated debt obligations being downgraded below Baa3 by Moody's, or the rating of the Servicer's long- or short-term unsecured and unsubordinated debt obligations being downgraded respectively below BBB- or F3 by Fitch, the Servicer agrees within not more than 60 calendar days from either of the aforesaid downgrades to enter into a replacement undertaking with another institution in order for the latter to discharge the responsibilities for which provision is made in the Servicing Agreement with respect to the Mortgage Loans serviced by the Servicer, merely upon request by the Management Company if required to do so and provided that such action is not detrimental to the Rating Agencies' rating assigned to the Bonds.</p>

Issued to serve and avail as required by law, at Madrid on April 14, 2011.

Enrique Pescador Abad
Organisation and Control Manager

TABLE OF CONTENTS

	Page
RISK FACTORS	5
ASSET-BACKED SECURITIES REGISTRATION DOCUMENT	11
(Annex VII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)	
1. PERSONS RESPONSIBLE	11
1.1 Persons responsible for the information given in the Registration Document.	11
1.2 Declaration by those responsible for the contents of the Registration Document.	11
2. STATUTORY AUDITORS	11
2.1 Fund's Auditors.	11
2.2 Accounting policies used by the Fund.	11
3. RISK FACTORS	11
4. INFORMATION ABOUT THE ISSUER	12
4.1 Statement that the Issuer has been established as a securitisation fund.	12
4.2 Legal and commercial name of the Issuer.	12
4.3 Place of registration of the Issuer and registration number.	12
4.4 Date of incorporation and existence of the Issuer.	12
4.4.1 Date of establishment of the Fund.	12
4.4.2 Existence of the Fund.	13
4.4.3 Early Liquidation of the Fund.	13
4.4.4 Termination of the Fund.	15
4.5 Domicile, legal form and legislation applicable to the Issuer.	15
4.5.1 Tax system of the Fund.	16
4.6 Issuer's authorised and issued capital.	17
5. BUSINESS OVERVIEW	17
5.1 Brief description of the Issuer's principal activities.	17
5.2 Global overview of the parties to the securitisation program.	18
6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES	19
7. MAJOR SHAREHOLDERS	23
8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES	24
8.1 Statement as to commencement of operations and financial statements of the Issuer as at the date of the Registration Document.	24
8.2 Historical financial information where an issuer has commenced operations and financial statements have been drawn up.	24
8.2 bis Historical financial information for issues of securities having a denomination per unit of at least EUR 50,000.	24
8.3 Legal and arbitration proceedings.	24
8.4 Material adverse change in the Issuer's financial position.	24
9. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST	24
9.1 Statement or report attributed to a person as an expert.	24

	Page
9.2 Information sourced from a third party.	24
10. DOCUMENTS ON DISPLAY	24
10.1 Documents on display.	24
SECURITIES NOTE	27
(Annex XIII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)	
1. PERSONS RESPONSIBLE	27
1.1 Persons responsible for the information given in the Securities Note.	27
1.2 Declaration by those responsible for the Securities Note.	27
2. RISK FACTORS	27
3. KEY INFORMATION	28
3.1 Interest of natural and legal persons involved in the offer.	28
4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING	28
4.1 Total amount of the securities.	28
4.2 Description of the type and class of the securities.	29
4.3 Legislation under which the securities have been created.	29
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.	29
4.5 Currency of the issue.	30
4.6 Ranking of the securities.	30
4.7 Description of the rights attached to the securities.	31
4.7.1 General.	31
4.8 Nominal interest rate and provisions relating to interest payable.	31
4.8.1 Bond nominal interest rate.	31
4.8.2 Dates, place, institutions and procedure for paying interest.	33
4.9 Maturity date and amortisation of the securities.	34
4.10 Indication of yield.	38
4.10.1 Estimated average life, yield or return, duration and final maturity of the Bonds.	39
4.11 Representation of security holders.	44
4.12 Resolutions, authorisations and approvals for issuing the securities.	44
4.13 Issue date of the securities.	45
4.14 Restrictions on the free transferability of the securities.	45
5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS	45
5.1 Market where the securities will be traded.	45
5.2 Paying agent and depository agents.	46
6. EXPENSE OF THE OFFERING AND OF ADMISSION TO TRADING	46
7. ADDITIONAL INFORMATION	46
7.1 Statement of the capacity in which the advisors connected with the issue mentioned in the Securities Note have acted.	46
7.2 Other information in the Securities Note which has been audited or reviewed by auditors.	46
7.3 Statement or report attributed to a person as an expert.	46
7.4 Information sourced from a third party.	46
7.5 Credit ratings assigned to the securities by rating agencies.	47

	Page
ASSET-BACKED SECURITIES NOTE BUILDING BLOCK	49
(Annex VIII to Commission Regulation (EC) No. 809/2004 of April 29, 2004)	
1. SECURITIES	49
1.1 Minimum denomination of an issue.	49
1.2 Confirmation that the information relating to an undertaking or obligor not involved in the issue has been accurately reproduced.	49
2. UNDERLYING ASSETS	49
2.1 Confirmation that the securitised assets have capacity to produce funds to service any payments due and payable on the securities.	49
2.2 Assets backing the issue.	49
2.2.1 Legal jurisdiction by which the pool of assets is governed.	52
2.2.2 General characteristics of the obligors.	62
2.2.3 Legal nature of the pool of assets.	68
2.2.4 Expiry or maturity date(s) of the assets.	68
2.2.5 Amount of the assets.	68
2.2.6 Loan to value ratio or level of collateralisation.	68
2.2.7 Method of creation of the assets.	68
2.2.8 Indication of representations and collaterals given to the Issuer relating to the assets.	72
2.2.9 Substitution of the securitised assets.	75
2.2.10 Relevant insurance policies relating to the assets.	76
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.	76
2.2.12 Details of the relationship, if it is material to the issue, between the Issuer, guarantor and obligor.	76
2.2.13 Where the assets comprise fixed income securities, a description of the principal terms.	77
2.2.14 Where the assets comprise equity securities, a description of the principal terms.	77
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.	77
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.	77
2.3 Actively managed assets backing the issue.	77
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.	77
3. STRUCTURE AND CASH FLOW	77
3.1 Description of the structure of the transaction.	77
3.2 Description of the entities participating in the issue and of the functions to be performed by them.	78
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.	79
3.4 Explanation of the flow of funds.	82
3.4.1 How the cash flow from the assets will meet the Issuer's obligations to holders of the securities.	82
3.4.2 Information on any credit enhancement.	82
3.4.2.1 Description of the credit enhancement.	82
3.4.2.2 Cash Reserve.	83
3.4.3 Details of any subordinated debt finance.	84

	Page
3.4.3.1 Subordinated Loan.	84
3.4.3.2 Start-Up Loan.	84
3.4.3.3 Liquidity Facility	85
3.4.3.4 Subordination of Series B and Series C Bonds.	86
3.4.4 Investment parameters for the investment of temporary liquidity surpluses and parties responsible for such investment.	86
3.4.4.1 Treasury Account.	86
3.4.5 Collection by the Fund of payments in respect of the assets.	88
3.4.6 Order of priority of payments made by the Issuer.	89
3.4.6.1 Source and application of funds on the Bond Closing Date and until the first Payment Date, exclusive.	89
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.	89
3.4.6.3 Fund Liquidation Priority of Payments.	92
3.4.7 Other arrangements upon which payments of interest and principal to investors are dependent.	94
3.4.7.1 Financial Swap.	94
3.4.7.2 Bond Issue Paying Agent.	97
3.5 Name, address and significant business activities of the originator of the securitised assets.	98
3.6 Return on and/or repayment of the securities linked to others which are not assets of the Issuer.	99
3.7 Administrator, calculation agent or equivalent.	99
3.7.1 Management and representation of the Fund and of the holders of the securities.	99
3.7.2 Servicing and custody of the securitised assets.	102
3.8 Name, address and brief description of any swap, credit, liquidity or account counterparties.	110
4. POST-ISSUANCE REPORTING	111
GLOSSARY OF DEFINITIONS	115

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, as currently worded (“**Regulation 809/2004**”) and 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 1310/2005**”), 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**”).
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.

BBVA RMBS 8 Fondo de Titulización de Activos (the "**Fund**" and/or the "**Issuer**") is a separate closed-end fund devoid of legal personality and, in accordance with Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies ("**Royal Decree 926/1998**"), is managed by a management company, EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the "**Management Company**" or "**EUROPEA DE TITULIZACIÓN**"). 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, which include enforcing 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 or has its licence to operate as a securitisation fund management company revoked by the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the "CNMV"), 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 early liquidation of the Fund and early amortisation of the Bonds issued by the same, as provided for in the Deed of Constitution and in this Prospectus.

c) Limitation of actions.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Mortgage 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 Mortgage 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 Fund Management Company other than as derived from a breach of its obligations or inobservance of the provisions of this Prospectus and of the Deed of Constitution. Those actions shall be resolved in the relevant ordinary declaratory proceedings, depending on the claimed amount.

d) Applicability of the Bankruptcy Act.

Both the Originator of the Mortgage Loan receivables, BANCO BILBAO VIZCAYA ARGENTARIA S.A. ("**BBVA**" or the "**Originator**"), and the Fund Management Company may be declared insolvent.

Pursuant to Additional Provision 5 of Act 3/1994, April 14, as currently worded, adapting Spanish laws in the matter of Credit Institutions to the Second Banking Coordination Directive, the assignment to the Fund of the Mortgage Loan receivables by issuing Pass-Through Certificates can only be rescinded or contested as provided for in article 71 of the Bankruptcy Act by the receivers, who shall have to prove the existence of fraud.

In addition, in the event of the Originator being decreed insolvent, in accordance with the Bankruptcy Act, the Fund, acting through the Management Company, shall have a right of separation with respect to the Pass-Through Certificate supporting document or documents, on the terms provided for in articles 80 and 81 of the Bankruptcy Act. In addition, the Fund, acting through its Management Company, shall be entitled to obtain from the insolvent Originator the resulting Pass-Through Certificate amounts from the date on which insolvency is decreed, 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. This right of separation would not necessarily extend to the monies received and kept by the insolvent Originator on behalf of the Fund before that date, for they might be earmarked as a result of the insolvency, given the essential fungible nature of money.

In the event of insolvency 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.

Notwithstanding all of the above, the insolvency of any party involved (be that BBVA, the Management Company or any other Fund counterparty institution) may in any event affect its contractual relations with the Fund.

2 RISKS DERIVED FROM THE SECURITIES.

a) Issue Price.

The Bond Issue is made with the intention of being fully subscribed for by the Originator in order to have liquid assets available which may be used as security for Eurosystem transactions or be subsequently sold in the market, and, consequently, the terms of the Bond Issue are not an estimate of the prices at which those instruments could be sold in the secondary market or of the Eurosystem's valuations in due course for the purpose of using them as security instruments in its lending transactions to the banking system.

b) Liquidity.

Given that the Originator will fully subscribe for the Bond Issue and even in the event that it should hereafter fully or partially dispose of the Bonds, there is no assurance that the Bonds will be traded on the market with a minimum frequency or volume.

In addition, 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 4.4.3 of the Registration Document.

c) 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, inter alia, to assumed Mortgage Loan prepayment and delinquency rates that may not be fulfilled, and to future market interest rates, given the floating nature of the Nominal Interest Rate of each Series.

d) 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 Mortgage Loan repayment and, inter alia, to assumed Mortgage Loan prepayment rates that may not be fulfilled. Mortgage 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.

e) Late-payment interest.

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

f) Subordination of the Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, whereas Series C Bond interest payment and principal repayment is in turn deferred with respect to Series A and Series B Bonds. There is however no assurance whatsoever that these subordination rules shall protect Series A, Series B and Series C Bondholders from the risk of loss.

The subordination rules among the different Series are established in the Priority of Payments and in the Liquidation Priority of Payments in accordance with section 3.4.6 of the Building Block.

g) Deferment of interest.

This Prospectus and the other supplementary documents relating to the Bonds provide for deferment of Series B and C Bond interest payment in the event of the circumstances provided for in section 3.4.6.2.1.2 of the Building Block occurring.

Series A Bond interest is not subject to these deferment rules.

h) Bond Rating: credit risk, revision and suspension or withdrawal.

The credit risk of the Bonds issued by the Fund has been assessed by the rating agency Moody's Investors Service España S.A. (the "**Rating Agency**").

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

These ratings 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.

i) Ratings not confirmed.

The Rating Agency's failure to confirm the provisional ratings given to the Bonds by 2pm (CET) on July 17, 2009 shall be an event of termination of the establishment of the Fund and the Bond Issue.

3 RISKS DERIVED FROM THE ASSETS BACKING THE ISSUE.

a) Mortgage Loan default risk.

Holders of the Bonds issued by the Fund shall bear the risk of default on the Mortgage Loans pooled backing the issue of the Pass-Through Certificates to be pooled in the Fund.

BBVA, as Originator, shall have no liability whatsoever for the Obligors' default of principal, interest or any other amount they may owe under the Mortgage Loans. As provided for under article 348 of the Commercial Code, BBVA will be liable to the Fund exclusively for the existence and lawfulness of the Mortgage Loans and for the personality with which the Pass-Through Certificates will be issued, on the terms and conditions declared and set out in the Deed of Constitution and in this Prospectus. BBVA 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 Mortgage Loan Pass-Through Certificates, other than the undertakings contained in section 2.2.9 of the Building Block regarding substitution or redemption of Pass-Through Certificates if any of these or of the underlying Mortgage Loans fail to conform, upon the Fund being established, to the representations given in section 2.2.8 of the Building Block.

b) Limited Liability.

The Bonds issued by the Fund neither represent nor constitute an obligation of BBVA or the Management Company. No guarantees have been granted by any public or private organisation whatsoever, including BBVA, the Management Company and any of their affiliated or associated companies.

c) Limited Hedging.

A high level of delinquency of the Mortgage Loans might reduce or indeed exhaust the limited hedging against Mortgage Loan 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.

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 is a mechanism for distinctly hedging the different Series, respectively.

d) Pass-Through Certificate early amortisation risk.

There will be an early amortisation of the Pass-Through Certificates pooled in the Fund when Mortgage Loan Obligors prepay the portion of Mortgage Loan capital pending repayment, or in the event that BBVA should be substituted in the relevant Mortgage Loans by any other financial institution licensed to do so, or in any other event having the same effect.

That early amortisation risk shall pass quarterly on each Payment Date to Bondholders by the partial amortisation of the Bonds, in accordance with the terms for amortisation of each Series and with the rules for Distribution of Available Funds for Amortisation contained in sections 4.9.2. and 4.9.3.5 of the Securities Note.

e) Geographical concentration.

The number of mortgage loans selected at June 25, 2009 to be assigned to the Fund upon being established with mortgage security located, as detailed in section 2.2.m) of the Building Block, in (i) the Community of Madrid, is 6,712 (29.19% of the total), the outstanding principal being EUR 467,021,047.36 (33.31% of the total), and (ii) Andalusia, is 5,195 (22.60% of the total), the outstanding principal being EUR 277,603,620.72 (19.80% of the total).

Given this concentration level, any circumstance whatsoever having a substantial negative effect on the Communities of Madrid and Andalusia could affect payments of the Mortgage Loans backing the Bond Issue.

f) Deferment of instalments due to temporary payment stoppage triggered by the Obligor's unemployment.

As provided for in the Royal Decrees, mortgage loans taken out by those benefiting from the first-time homebuyers system shall continue to qualify as special loans and shall not fall in arrears due to temporary payment stoppage triggered by unemployment, up to not more than two years, if an agreement is arrived at between the Originator and the Obligor.

Beneficiaries exceptionally deferring instalment payments shall not be entitled to receive the subsidy during that period, in which the subsidy shall not accrue. Accrual and payment of the subsidy shall be resumed upon mortgage loan repayment being resumed. Those circumstances (instalment payment stoppage and resumption) shall in any event be notified in writing by the Originator to the Housing Ministry.

Deferred payment of the aforementioned instalments could affect the average life of Series A, B and C Bonds.

g) Delays in the Fund collecting subsidisations.

The portion of outstanding capital or principal of Mortgage Loan State Housing Plan subsidisations assigned to the Fund will be part of the Outstanding Balance of each Mortgage Loan until paid by the Housing Ministry to the Originator and duly received by the Fund. The Originator submits a settlement of State Housing Plan subsidies monthly to the Housing Ministry for payment thereby. The average time for collecting said subsidies ranges between 4 and 6 months after being claimed. The Originator submits a settlement of Community of Madrid Housing Plan subsidies quarterly, by calendar quarters, to the Community of Madrid for payment thereby. The maximum time for collecting said subsidisations can be up to 3 years after being claimed. The period of delay between the Originator's submission of the subsidisation settlement to the Housing Ministry under the State Housing Plans and receipt of such

subsidisations could affect the average life of Series A, B and C Bonds. The delay between the Originator's submission of the subsidisation settlement to the Community of Madrid under the Community of Madrid Housing Plans and receipt of such subsidisations is covered, insofar as the principals are concerned, by the Liquidity Facility drawings.

h) Selected mortgage loan portfolio assumptions.

The assumptions made in this Prospectus regarding prepayment, delinquency, default and other rates are merely theoretical and for the sake of illustration only, which means that those assumptions may in any event differ from the actual rates in the future.

This is a Certified Translation into English of the Spanish Prospectus. No document other than the Spanish Prospectus registered by the Comision Nacional del Mercado de Valores may have any legal effect whatsoever or be taken into account with respect to the Bond Issue.

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 company sponsoring BBVA RMBS 8 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Registration Document.

Mr Mario Masiá Vicente, 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, is expressly acting for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee in a resolution dated June 30, 2009.

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.

In accordance with the provisions of 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 and the CNMV.

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. The Management Company shall proceed to notify the CNMV of such designation.

2.2 Accounting policies used by the Fund.

Income and expenditure will be accounted for by the Fund in accordance with the accounting principles applicable from time to time, currently set out mainly in CNMV Circular 2/2009, March 25, on Securitisation Fund accounting rules, annual accounts, public financial statements and non-public statistical information statements.

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 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 the preceding Risk Factors section of this Prospectus.

4. INFORMATION ABOUT THE ISSUER

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

The Issuer is a closed-end assetsecuritisation fund to be established in accordance with Spanish laws.

4.2 Legal and commercial name of the Issuer.

The Issuer's name is "BBVA RMBS 8 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- BBVA RMBS 8 FTA
- BBVA RMBS 8 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 CNMV. The Fund has been entered in the Official Registers of the CNMV.

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 BBVA, as Originator, shall proceed to execute on July 16, 2009 a public deed whereby BBVA RMBS 8 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign Mortgage Loan receivables to the Fund by issuing Pass-Through Certificates subscribed for by the Fund, 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, notwithstanding the need to complete the relevant details and amounts of the Mortgage Loan Pass-Through Certificates which are to be issued and subscribed for under the Deed of Constitution.

As provided for in article seven of Act 19/1992, pursuant to Final Provision Four of Act 5/2009 amending Securities Market Act 24/1988, July 28, Credit Institution Discipline and Intervention Act 26/1988, July 29, and the consolidation of the Private Insurance Organisation and Supervision Act, approved by Legislative Royal Decree 6/2004, October 29, regarding the reform of the system of significant interests in investment services companies, in credit institutions and in insurers, the Deed of Constitution may be amended, upon request by the Management Company, provided that the amendment (i) does not alter the nature of the assets assigned to the Fund; (ii) does not result in the Fund becoming a mortgage securitisation Fund, and (c) does not de facto result in a new fund being set up.

In addition, in order to amend the Deed of Constitution, the Management Company shall have to prove:

- a) that the consent of all the holders of the securities issued by the Fund was obtained, and also of the lenders and other creditors, if any, existing, provided that they are affected by the amendment; or
- b) that the amendment is scarcely relevant, in the CNMV's opinion. In this connection, the Management Company shall have to prove that the amendment is not detrimental to the assurances and rights of

the holders of the securities issued, lays down no new obligations therefor and that the ratings given to the Bonds by the Rating Agency are upheld or improve after the amendment.

In any event, before the public deed of amendment is executed, the Management Company shall (i) inform the Rating Agency, and (ii) prove to the CNMV the satisfaction of such requirements.

Upon the CNMV checking that they are satisfied, the Management Company shall execute the deed of amendment and submit a certified copy thereof to the CNMV to be included in the relevant public record. In addition, the amendment of the Deed of Constitution shall be disclosed by the Management Company through the Fund's periodic public information and be posted at the Management Company's website. Where required, a supplement to the Prospectus shall be prepared and disclosed as material information in accordance with the provisions of article 92 of the Securities Market Act.

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 June 16, 2036 or the following Business Day if that is not a Business Day (the "**Final Maturity Date**"), other than in the event of Early Liquidation before then as set forth in section 4.4.3 of this Registration Document or if 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 early liquidation ("**Early Liquidation**") of the Fund and thereby early amortisation of the entire Bond Issue ("**Early Amortisation**"), in any of the following events (the "**Early Liquidation Events**"):

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

Payment obligations derived from the Bonds in each Series on the Early Liquidation date of the Fund shall at all events be deemed to be the Outstanding Principal Balance of the 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, as provided for in 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) Mandatorily, in the event that the Management Company should be adjudged insolvent and/or have its licence to operate as a securitisation fund management company revoked by the CNMV, 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 to this Prospectus.
- (iv) If within at least one (1) year since the Fund was established the Management Company should have the express consent and acceptance of all the Bondholders in each and every Series and all the counterparties under the agreements in force with the Fund, as regards both payment of amounts resulting from, and the procedure for, such Early Liquidation.
- (v) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.

- (vi) Upon the lapse of thirty-six (36) months from the date of the last maturity of the Mortgage Loans, even if they still have overdue amounts.

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 Early Liquidation of the Fund.
- (ii) That the Management Company previously advise the CNMV and the Rating Agency of that notice.
- (iii) The notice of the Management Company's resolution to proceed to Early Liquidation of the Fund shall contain a description (i) of the event or events triggering Early Liquidation of the Fund, (ii) of the liquidation procedure, and (iii) of the manner in which the Bond payment obligations 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 Early Liquidation of the Fund and Early Amortisation of the Bond Issue, the Management Company shall, for and on behalf of the Fund:

- (i) Proceed to sell the Pass-Through Certificates remaining in the Fund at a reasonable market price, initially not less than the sum of the principal still outstanding plus interest accrued and not paid on the relevant Mortgage Loans, subject to the provisions of paragraph (iv) below.
- (ii) Proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.
- (iii) Be entitled to arrange for a credit facility, with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or a loan, which shall be fully allocated to early amortisation of the Bonds in the Series then outstanding. Financial expenses due shall be paid and credit facility or loan principal shall be repaid in accordance with the Liquidation Priority of Payments.
- (iv) Finally, both due to the preceding actions falling short and the existence of Pass-Through Certificates or other remaining assets of the Fund, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities who may, in its view, give a reasonable market value. The Management Company shall be bound to accept the best bid received for the Pass-Through Certificates and for the assets on offer. In order to set the reasonable market value, the Management Company may secure such valuation reports as it shall deem necessary.

In (i), (iii) and (iv) above, the Originator shall have a right of first refusal on the terms established by the Management Company and will therefore have priority over third parties to voluntarily acquire the Pass-Through Certificates or other remaining assets still on the assets of the Fund, and/or may grant to the Fund the credit facility or the loan, if any, as provided for in section (iii) above. The Management Company shall therefore send the Originator a list of the assets and of third-party bids received, if any, and the Originator may use that right for all the Pass-Through Certificates or other remaining assets offered by the Management Company or the credit facility or the loan within ten (10) Business Days of receiving said notice, and provided that (i) its bid is at least equal to the best of the third-party bids, if any, and (ii) it proves to the Management Company that the exercise of the right of first refusal was subject to their usual credit revision and approval procedures and establishing therein that the exercise of that right is not designed to implicitly support securitisation.

4.4.3.4 The Management Company shall forthwith apply all proceeds from time to time from the sale of the Pass-Through Certificates and 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 or the loan arranged for early amortisation of the Bonds in the Series then outstanding, which shall be applied to honouring the payment obligations of the Bonds in these Series.

4.4.4 Termination of the Fund.

The Fund shall terminate in any case, after the relevant legal procedure is carried out, in the following events:

- (i) Upon the Pass-Through Certificates pooled therein being fully amortised.
- (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 final liquidation of the Fund on the Final Maturity Date (on June 16, 2036 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 Agency should not confirm any of the assigned provisional ratings as final ratings by 2pm (CET) on July 17, 2009. In this event, the Management Company shall terminate the establishment of the Fund, subscription for the Pass-Through Certificates by the Fund and the Bond issue.

in this case, 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 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. However, the Fund Management Company shall defray the Fund set-up and Bond issue expenses payable with the Start-Up Loan, and the Start-Up Loan agreement shall not be terminated but shall rather be cancelled after those amounts are settled, principal repayment being subordinated to fulfilment of all other obligations undertaken by the Management Company, acting for and on behalf of the Fund.

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 Liquidation Priority of Payments, that remainder shall be for the Originator on the liquidation terms established by the Management Company. If that remainder is not a liquid amount, since relating to Mortgage Loan receivables that are pending the outcome of court or out-of-court proceedings instituted as a result of default by the Mortgage Loan Obligor, both their continuation and the proceeds of their termination shall be for the Originator.

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 Pass-Through Certificates and the remaining assets of the Fund have been liquidated and the Liquidation Available Funds have been distributed, in the 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 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 the Management Company is entrusted with establishing, managing and being the authorised representative of the Fund, and, as manager of third-party portfolios, with representing and enforcing the interests of the holders of the Bonds issued by the Fund managed thereby and of all its 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 pursuant to the legal system provided for by (i) 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 financial system changes, as currently worded ("**Act 3/1994**"), (iv) Securities Market Act 24/1998, July 28, (the "**Securities Market Act**"), as worded as of the date of establishment of the Fund, (v) Act 41/2007, December 8, amending Mortgage Market Regulation Act 2/1981, March 25, and other mortgage and financial system rules, regulating reverse mortgages and dependency insurance and establishing a certain taxation rule ("**Act 41/2007**"), (vi) Royal Decree 716/2009, April 24, implementing certain aspects of Mortgage Market Regulation Act 2/1981, March 25, and other mortgage and financial system rules ("**Royal Decree 716/2009**"), (vii) 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, (viii) Regulation (EC) No. 809/2004, and (ix) 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 Royal Decree 926/1998, Act 19/1992, article 7.1.h) of the Consolidation of the Corporation Tax Act approved by Legislative Royal Decree 4/2004, March 5, article 20.One.18 of Value Added Tax Act 37/1992, December 28, article 59.k of the Corporation Tax Regulations approved by Royal Decree 1777/2004, July 30, article 45.I.B).15 of the Consolidation of the Capital Transfer and Documents Under Seal Tax Act approved by Legislative Royal Decree 1/1993, September 24, Additional Provision Five of Act 3/1994, April 14, and Personal Income Tax Act 35/2006, November 28, partly amending the Corporation, Non-Resident Income and Wealth Tax Acts, and all other applicable rules and regulations, the following are the most relevant characteristics of each tax under the current tax system of the Fund:

- (i) The establishment of the Fund, and all transactions entered into by the Fund falling under the "corporate transactions" category of Capital Transfer and Documents under Seal Tax, are exempt from the "corporate transactions" item of Capital Transfer and Documents Under Seal Tax.
- (ii) Bond issue, subscription, transfer and repayment are not subject to or exempt from, as the case may be, payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund pays Corporation Tax, the taxable income being determined in accordance with the provisions of Title IV of the Corporation Tax Act, applying the general rate in force from time to time, which currently stands at 30%, and subject to common rules regarding tax credit, set-off of losses and other substantial constituent elements of the tax.
- (iv) As for returns on the Pass-Through Certificates, loans or other receivables constituting Fund income, there shall be no Corporation Tax withholding or interim payment obligation.
- (v) The management and custody services provided to the Fund are exempt from Value Added Tax.
- (vi) Assignment of the Mortgage Loan receivables to the Fund by issuing and subscribing for the Pass-Through Certificates is a transaction exempt from and subject to Value Added Tax and Capital Transfer and Documents Under Seal Tax.

- (vii) Fulfilment of the reporting duties established by Additional Provision Two of Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985, as amended by Act 23/2005, November 18, introducing productivity boosting tax reforms, and Act 4/2008, December 23, shall apply to the Fund.

At the registration date of this Prospectus, the procedure to satisfy those reporting duties was implemented by Royal Decree 1065/2007, July 27, establishing reporting duties with respect to preferred stock and other debt instruments and certain income obtained by individuals resident in the European Union ("**Royal Decree 1065/2007**").

- (viii) Financial Swap Agreement payments received by the Fund shall pay tax based on the Corporation Tax rules and are not subject to a withholding on account.
- (ix) The posting and assignment of collateral to the Fund is subject to the general tax system, and there are no special provisions in the field of Capital Transfer and Documents Under Seal Tax Act for Securitisation Funds.

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 subscribe for a set of pass-through certificates (the "**Pass-Through Certificates**") issued by BBVA on mortgage loans owned by BBVA granted to resident individuals with real estate mortgage security ranking senior on protected housing or officially protected housing (and annexes - parking spaces or lumber rooms- if any) located in Spain (each of them a "**Mortgage Loan**" and, collectively, the "**Mortgage Loans**") and to issue asset-backed bonds (either the "**Asset-Backed Bonds**" or the "**Bonds**"), the subscription for which shall be designed to finance the acquisition of the Pass-Through Certificates.

(In this Registration Document and elsewhere in the Prospectus the term "Mortgage Loans" shall be used in some definitions to generically refer to the Pass-Through Certificates perfecting the assignment of the Mortgage Loan receivables, other than where reference is made specifically to the Pass-Through Certificates as such or to the documents representing the same.)

Mortgage Loan interest and repayment income received by the Fund shall be allocated quarterly on each Payment Date to interest payment and principal repayment on the Bonds on the specific terms of each series (collectively, the "**Series**" and each one of them individually, the "**Series**") making up the Bond Issue and in the Priority of Payments established for Fund payments.

Moreover, the Fund, represented by the Management Company, shall arrange 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 Mortgage 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 Mortgage Loans and the financial characteristics of each Bond Series.

5.2 Global overview of the parties to the securitisation program.

- EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN is the Management Company that will establish, manage and be the authorised representative of the Fund and has, together with BBVA, structured the financial terms of the Fund and of 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.

TIN: A-805144 66 Business Activity Code No.: 6612

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

- BANCO BILBAO VIZCAYA ARGENTARIA S.A. is the originator of the Mortgage Loan receivables to be assigned to the Fund upon being established by issuing and subscribing for the Pass-Through Certificates, and shall be the Lead Manager and the Subscriber of the Bond Issue.

Out of the functions and activities that lead managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, BBVA has, together with the Management Company, structured the financial terms of the Fund and the Bond Issue.

In addition, it shall discharge the functions of article 35.3 of the same Royal Decree.

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

BBVA is a bank incorporated in Spain and entered in the Bank of Spain's Special Register of Banks and Bankers under number 3, its code number being 0182.

TIN: A-48265169 Business Activity Code No.: 6419

Registered office: Plaza de San Nicolás number 4, 48005 Bilbao (Spain).

Principal places of business: Paseo de la Castellana number 81, 28046 Madrid.

Gran Vía number 1, 48001 Bilbao

Paseo de Recoletos number 10, 28001 Madrid

Ratings for BBVA's short- and long-term unsecured and unsubordinated debt obligations assigned by the Rating Agency:

	Moody's Ratings
Short-term	P-1 (June 2009)
Long-term	Aa1 * (June 2009)
Outlook	Under review for possible downgrade

- Moody's Investors Service España, S.A. shall be the Rating Agency rating each Series in the Bond Issue.

Moody's Investors Service España, S.A. is a Spanish company licensed as a rating agency by the CNMV, and is affiliated to and operates in accordance with the methodology, standards and quality control of Moody's Investors Service Limited (both of them "**Moody's**" without distinction).

TIN: A-80448475

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

- The firm CUATRECASAS, GONÇALVES PEREIRA, S.L.P. ("**CUATRECASAS**"), an independent law firm, has provided legal advice for establishing the Fund and issuing the Bonds and has been involved in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.

TIN: B-59942110

Registered Office: Paseo de Gracia number 111, 08008 Barcelona (Spain).

- Deloitte S.L. (“**Deloitte**”) has issued the audit report on certain features and attributes of a sample of all of BBVA’s selected mortgage loans from which the Mortgage Loans will be taken in order for their receivables to be mostly assigned to the Fund upon being established.

Deloitte is entered in the Official Register of Auditors (ROAC) of Spain under number S0692.

TIN: B-79104469

Registered Office: Plaza Pablo Ruiz Picasso number s/n (Torre Picasso) 28020 Madrid (Spain).

BBVA has an 87.5041% interest in the share capital of EUROPEA DE TITULIZACIÓN.

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

6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

The Management Company, EUROPEA DE TITULIZACIÓN, shall be responsible for managing and being the authorised representative 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 and this Prospectus.

6.1 Incorporation and registration at the Companies Register.

EUROPEA 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 0, folio 49, section 8, sheet M89355, 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 of the single transitional provision of Royal Decree 926/1998, 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, 2008, 2007 and 2006 have been audited by Deloitte and have no provisos.

6.3 Principal activities.

The exclusive objects of EUROPEA DE TITULIZACIÓN are to establish, manage and be the authorised representative of both asset securitisation funds and mortgage securitisation funds.

EUROPEA DE TITULIZACIÓN manages 106 securitisation funds at the registration date of this Prospectus, 22 being mortgage securitisation funds and 84 being asset securitisation funds.

The following table itemises the 106 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances as at June 30, 2009.

Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue Balance 30.06.2009 EUR	?	Bond Issue Balance 31.12.2008 EUR	?	Bond Issue Balance 31.12.2007 EUR
TOTAL		141,845,296,652.96	97,186,638,644.62	1.8%	95,428,214,189.99	38.32%	68,990,485,268.28
Mortgage (FTH)		15,117,046,652.96	6,674,986,881.99	-5.5%	7,064,807,436.13	-12.05%	8,032,640,378.73
Bankinter 15 FTH	08.10.2007	1,525,500,000.00	1,342,479,156.00	-3.8%	1,395,112,380.00		1,525,500,000.00
Bankinter 14 FTH	19.03.2007	964,000,000.00	806,142,166.13	-3.4%	834,115,075.93		910,605,771.09
Bankinter 12 FTH	06.03.2006	1,200,000,000.00	844,167,341.44	-4.5%	883,553,888.64	-10.7%	989,229,621.92
Valencia Hipotecario 2 FTH	07.12.2005	950,000,000.00	597,732,005.25	-5.2%	630,751,948.45	-11.7%	714,150,188.05
Bankinter 11 FTH	28.11.2005	900,000,000.00	631,258,508.16	-4.4%	660,398,419.92	-10.7%	739,129,526.88
Bankinter 7 FTH	18.02.2004	490,000,000.00	226,916,186.98	-5.1%	239,121,435.14	-11.4%	269,780,744.80
Bankinter 5 FTH	16.12.2002	710,000,000.00	271,284,175.39	-6.3%	289,676,798.81	-14.4%	338,235,796.10
BZ Hipotecario 4 FTH	27.11.2002	313,400,000.00	85,242,893.96	-7.8%	92,465,223.44	-15.3%	109,224,548.96
Rural Hipotecario IV FTH	14.11.2002	520,000,000.00	171,826,909.82	-7.2%	185,213,314.44	-13.1%	213,157,220.89
Bancaja 4 FTH	05.11.2002	1,000,000,000.00	281,155,091.30	-6.9%	302,038,681.15	-14.7%	354,117,610.15
Bankinter 4 FTH	24.09.2002	1,025,000,000.00	402,313,204.54	-7.1%	432,999,671.58	-14.4%	505,642,125.86
Rural Hipotecario III FTH	14.05.2002	325,000,000.00	97,092,829.00	-8.2%	105,771,208.78	-15.4%	125,077,501.09
Bankinter 3 FTH	22.10.2001	1,322,500,000.00	416,065,857.41	-7.8%	451,287,203.74	-15.5%	533,845,866.60
BZ Hipotecario 3 FTH	23.07.2001	310,000,000.00	63,594,416.60	-9.5%	70,236,608.06	-16.8%	84,455,223.08
Rural Hipotecario II FTH	29.05.2001	235,000,000.00	52,259,057.20	-10.2%	58,205,527.00	-17.8%	70,792,127.80
BZ Hipotecario 2 FTH	28.04.2000	285,000,000.00	34,527,188.50	-10.7%	38,645,672.22	-18.4%	47,380,418.96
Rural Hipotecario I FTH	22.02.2000	200,000,000.00	28,598,626.22	-12.2%	32,562,907.76	-21.2%	41,327,704.16
Bankinter 2 FTH	25.10.1999	320,000,000.00	70,949,609.43	-9.1%	78,041,823.55	-16.7%	93,704,625.41
Bankinter 1 FTH	12.05.1999	600,000,000.00	83,608,478.82	-11.6%	94,625,851.08	-20.1%	118,501,046.04
BZ Hipotecario 1 FTH	16.04.1999	350,000,000.00	32,257,963.16	-14.4%	37,673,057.52	-23.8%	49,438,391.72
Hipotecario 2 FTH	04.12.1998	1,051,771,182.67	109,372,992.66	-13.3%	126,168,514.90	-23.9%	165,880,884.18
Bancaja 2 FTH	23.10.1998	240,404,841.75	26,142,224.02	0.0%	26,142,224.02	-21.9%	33,463,434.99
Bancaja 1 FTH	18.07.1997	120,202,420.88	liquidated		liquidated		liquidated
BBV-MBS I FTH	30.11.1995	90,151,815.66	liquidated				
Hipotecario 1 FTH	20.09.1993	69,116,392.00	liquidated				
Asset (FTA)		126,728,250,000.00	90,511,651,762.63	2.4%	88,363,406,753.86	45.0%	60,957,844,889.55
FTGENVAL Bancaja 1 FTA	27.05.2009	300,000,000.00	300,000,000.00				
Bankinter 19 FTA	27.04.2009	1,650,000,000.00	1,650,000,000.00				
Bancaja - BVA VPO 1 FTA	03.04.2009	390,000,000.00	390,000,000.00				
Bankinter Empresas 1 FTA	16.03.2009	710,000,000.00	679,580,547.56				
PYME Valencia 2 FTA	13.03.2009	500,000,000.00	471,538,325.50				
BBVA Empresas 2 FTA	09.03.2009	2,850,000,000.00	2,850,000,000.00				
Rural Hipotecario XI FTA	25.02.2009	2,200,000,000.00	2,141,504,109.25				
MBS Bancaja 6 FTA	02.02.2009	1,000,000,000.00	969,795,732.80				
Financiación Bancaja 1 FTA	22.12.2008	550,000,000.00	443,862,791.35	-19.3%	550,000,000.00		
Valencia Hipotecario 5 FTA	17.12.2002	500,000,000.00	488,733,789.20	-2.3%	500,000,000.00		
Bancaja 13 FTA	09.12.2008	2,895,000,000.00	2,785,603,816.67	-3.8%	2,895,000,000.00		
BBVA RMBS 7 FTA	24.11.2008	8,500,000,000.00	7,890,303,690.40	-7.2%	8,500,000,000.00		
BBVA RMBS 6 FTA	10.11.2008	4,995,000,000.00	4,814,830,830.64	-3.6%	4,995,000,000.00		
Bankinter 18 FTA	10.11.2008	1,500,000,000.00	1,463,070,437.00	-2.5%	1,500,000,000.00		
PYME Bancaja 7 FTA	10.10.2008	1,100,000,000.00	868,615,680.32	-18.8%	1,069,150,856.96		
Bankinter 4 FTPYME FTA	15.09.2008	400,000,000.00	372,685,328.00	-6.8%	400,000,000.00		
BBVA-8 FTPYME FTA	21.07.2008	1,100,000,000.00	901,853,472.62	-10.3%	1,005,182,459.39		
Rural Hipotecario X FTA	25.06.2008	1,880,000,000.00	1,742,697,615.04	-4.3%	1,820,587,870.08		
Bankinter Leasing 1 FTA	23.06.2008	400,000,000.00	400,000,000.00	0.0%	400,000,000.00		
Bankinter 17 FTA	09.06.2008	1,000,000,000.00	935,127,415.75	-3.9%	972,781,741.00		
BBVA RMBS 5 FTA	26.05.2008	5,000,000,000.00	4,592,956,165.00	-4.8%	4,823,797,380.00		
MBS Bancaja 5 FTA	08.05.2008	1,850,000,000.00	1,616,933,170.62	-8.5%	1,767,311,250.78		
BBVA Consumo 3 FTA	14.04.2008	975,000,000.00	854,410,779.30	-12.4%	975,000,000.00		
Bancaja 12 FTA	09.04.2008	2,100,000,000.00	1,925,052,772.32	-5.3%	2,033,236,240.16		
Bankinter 16 FTA	10.03.2008	2,043,000,000.00	1,858,391,608.80	-3.3%	1,922,024,851.80		
BBVA-7 FTGENCAT FTA	11.02.2008	250,000,000.00	175,494,680.35	-16.3%	209,714,529.60		
Valencia Hipotecario 4 FTA	21.12.2007	978,500,000.00	892,290,230.76	-3.0%	919,895,774.04	-6.0%	978,500,000.00
Ruralpyme 3 FTA	19.12.2007	830,000,000.00	631,841,195.92	-10.5%	706,144,431.44	-14.9%	830,000,000.00
BBVA RMBS 4 FTA	19.11.2007	4,900,000,000.00	4,186,763,204.00	-6.1%	4,459,929,696.00	-9.0%	4,900,000,000.00
Bankinter 3 FTPYME FTA	12.11.2007	617,400,000.00	484,847,676.00	-7.7%	525,513,852.00	-14.9%	617,400,000.00
BBVA Empresas 1 FTA	05.11.2007	1,450,000,000.00	898,411,900.00	-16.3%	1,073,707,300.00	-26.0%	1,450,000,000.00
FTPYME Bancaja 6 FTA	26.09.2007	1,027,000,000.00	554,628,296.30	-22.0%	710,816,961.05	-27.0%	973,986,053.81
BBVA RMBS 3 FTA	23.07.2007	3,000,000,000.00	2,581,808,040.00	-5.8%	2,739,937,080.00	-6.6%	2,933,975,280.00
PYME Valencia 1 FTA	20.07.2007	865,300,000.00	460,786,913.68	-14.1%	536,115,603.28	-30.2%	768,500,284.00
Bancaja 11 FTA	16.07.2007	2,022,900,000.00	1,713,956,647.20	-6.8%	1,838,382,680.00	-7.1%	1,977,845,666.00
BBVA Leasing 1 FTA	25.06.2007	2,500,000,000.00	1,957,311,533.68	-21.7%	2,500,000,000.00	0.0%	2,500,000,000.00
BBVA-6 FTPYME FTA	11.06.2007	1,500,000,000.00	816,133,730.47	-16.4%	975,935,302.62	-25.9%	1,317,554,103.99
BBVA Finanzia Autos 1 FTA	30.04.2007	800,000,000.00	595,232,079.20	-14.6%	697,029,804.80	-12.9%	800,000,000.00
MBS Bancaja 4 FTA	27.04.2007	1,873,100,000.00	1,401,815,483.15	-10.9%	1,573,100,000.00	-8.9%	1,727,599,220.00
Rural Hipotecario IX FTA	28.03.2007	1,515,000,000.00	1,211,209,992.48	-4.4%	1,267,346,992.47	-9.6%	1,401,597,880.00
BBVA RMBS 2 FTA	26.03.2007	5,000,000,000.00	3,950,666,400.00	-4.9%	4,152,695,095.00	-9.5%	4,587,025,405.00

Securitisation Fund	Establishment	Initial Bond Issue EUR	Bond Issue Balance 30.06.2009		Bond Issue Balance 31.12.2008		Bond Issue Balance 31.12.2007 EUR
			EUR	%	EUR	%	
BBVA RMBS 1 FTA	19.02.2007	2,500,000,000.00	1,978,192,440.00	-4.6%	2,073,701,700.00	-8.7%	2,270,879,040.00
Bancaja 10 FTA	26.01.2007	2,631,000,000.00	2,063,232,817.80	-6.3%	2,202,073,104.00	-7.5%	2,381,068,878.00
BBVA Consumo 2 FTA	27.11.2006	1,500,000,000.00	1,094,428,254.86	-19.3%	1,356,588,688.04	-9.6%	1,500,000,000.00
Ruralpyme 2 FTPYME FTA	24.11.2006	617,050,000.00	365,829,929.90	-9.3%	403,363,458.20	-19.4%	500,199,171.30
Bankinter 13 FTA	20.11.2006	1,570,000,000.00	1,234,074,052.38	-4.2%	1,288,480,982.94	-17.9%	1,570,000,000.00
Valencia Hipotecario 3 FTA	15.11.2006	911,000,000.00	673,041,892.14	-4.6%	705,744,244.09	-9.4%	778,999,823.33
BBVA-5 FTPYME FTA	23.10.2006	1,900,000,000.00	794,500,021.76	-18.4%	974,218,142.16	-28.1%	1,354,988,445.36
PYME Bancaja 5 FTA	02.10.2006	1,178,800,000.00	359,276,017.64	-27.2%	493,376,579.84	-32.6%	732,026,693.30
Bankinter 2 PYME FTA	26.06.2006	800,000,000.00	448,003,358.80	-9.4%	494,613,353.00	-17.9%	602,635,264.80
Consumo Bancaja 1 FTA	26.06.2006	612,900,000.00	330,897,681.27	-23.3%	431,331,180.57	-29.6%	612,900,000.00
Rural Hipotecario VIII FTA	26.05.2006	1,311,700,000.00	919,286,319.76	-4.3%	960,987,411.88	-11.3%	1,082,823,864.72
BBVA Consumo 1 FTA	08.05.2006	1,500,000,000.00	938,430,939.75	-21.8%	1,199,925,867.75	-20.0%	1,500,000,000.00
MBS BANCAJA 3 FTA	03.04.2006	810,000,000.00	479,671,662.80	-5.8%	509,113,362.00	-11.7%	576,853,171.20
Bancaja 9 FTA	02.02.2006	2,022,600,000.00	1,225,834,720.00	-6.9%	1,316,933,640.00	-10.3%	1,468,344,310.00
BBVA Autos 2 FTA	12.12.2005	1,000,000,000.00	569,315,725.30	-18.3%	697,184,035.75	-30.3%	1,000,000,000.00
EdT FTPYME Pastor 3 FTA	05.12.2005	520,000,000.00	145,743,637.11	-16.0%	173,518,158.86	-25.5%	232,785,467.78
Rural Hipotecario Global I FTA	18.11.2005	1,078,000,000.00	662,248,067.66	-5.2%	698,705,903.35	-12.2%	795,789,260.08
FTPYME Bancaja 4 FTA	07.11.2005	1,524,000,000.00	282,331,118.08	-17.5%	342,336,309.04	-44.3%	614,803,420.00
BBVA-4 PYME FTA	26.09.2005	1,250,000,000.00	281,218,193.88	-22.0%	360,632,613.03	-34.5%	550,956,981.29
Bankinter 10 FTA	27.06.2005	1,740,000,000.00	1,072,333,579.28	-5.0%	1,129,269,953.14	-11.7%	1,278,975,488.94
MBS Bancaja 2 FTA	27.06.2005	809,200,000.00	376,855,849.52	-7.2%	406,244,255.92	-14.8%	476,949,943.28
BBVA Hipotecario 3 FTA	13.06.2005	1,450,000,000.00	560,799,137.51	-12.7%	642,055,733.17	-23.2%	835,495,733.83
Rural Hipotecario VII FTA	29.04.2005	1,100,000,000.00	617,564,802.30	-5.4%	652,623,985.37	-11.3%	735,608,293.92
Bancaja 8 FTA	22.04.2005	1,680,100,000.00	858,257,633.06	-5.7%	909,687,849.80	-11.4%	1,026,987,917.65
Bankinter 9 FTA	14.02.2005	1,035,000,000.00	627,283,144.14	-5.5%	663,544,032.70	-11.6%	750,388,699.40
BBVA-3 FTPYME FTA	29.11.2004	1,000,000,000.00	216,395,143.01	-19.8%	269,966,083.10	-34.7%	413,334,243.11
Ruralpyme 1 FTPYME FTA	23.11.2004	214,000,000.00	64,888,436.89	-13.4%	74,962,808.98	-24.6%	99,469,641.03
BBVA Autos 1 FTA	25.10.2004	1,000,000,000.00	255,656,855.00	-25.5%	343,148,435.00	-39.2%	564,298,650.00
FTPYME Bancaja 3 FTA	11.10.2004	900,000,000.00	151,733,422.78	-15.5%	179,663,794.99	-28.1%	249,775,984.80
Bancaja 7 FTA	12.07.2004	1,900,000,000.00	815,482,644.34	-5.8%	865,846,478.84	-12.6%	990,445,484.28
Rural Hipotecario VI FTA	07.07.2004	950,000,000.00	463,399,088.35	-5.2%	488,624,113.56	-11.9%	554,652,864.75
MBS Bancaja 1 FTA	17.05.2004	690,000,000.00	212,926,049.42	-9.8%	236,017,686.48	-19.2%	291,929,875.34
Valencia H 1 FTA	23.04.2004	472,000,000.00	215,566,973.09	-7.1%	232,007,756.74	-13.7%	268,739,092.92
Bankinter 8 FTA	03.03.2004	1,070,000,000.00	514,673,839.72	-5.9%	546,915,812.87	-12.5%	625,104,837.56
Bancaja 6 FTA	03.12.2003	2,080,000,000.00	700,240,725.08	-6.6%	749,696,558.52	-13.9%	870,772,845.80
Rural Hipotecario V FTA	28.10.2003	695,000,000.00	288,368,456.48	-6.6%	308,893,570.42	-13.2%	356,056,225.36
Bankinter 6 FTA	25.09.2003	1,350,000,000.00	651,210,739.49	-5.6%	689,596,864.79	-12.0%	783,705,979.58
FTPYME Bancaja 2 FTA	19.09.2003	500,000,000.00	87,993,446.30	-12.4%	100,471,032.89	-25.9%	135,575,823.37
Bancaja 5 FTA	14.04.2003	1,000,000,000.00	316,362,429.55	-7.3%	341,277,231.90	-13.9%	396,415,664.95
Bancaja 3 FTA	29.07.2002	520,900,000.00	310,884,205.24	-9.8%	344,588,694.79	-33.8%	520,900,000.00
FTPYME Bancaja 1 FTA	04.03.2002	600,000,000.00	liquidated	-100.0%	64,005,795.00	-74.6%	252,024,264.00
BBVA-2 FTPYME-ICO FTA	01.12.2000	900,000,000.00	38,940,437.70	-28.7%	54,615,458.88	-44.0%	97,443,577.80
BCL Municipios I FTA	21.06.2000	1,205,000,000.00	251,597,740.00	-14.7%	295,005,440.00	-22.1%	378,681,480.00
BBVA-1 FTA	24.02.2000	1,112,800,000.00	75,934,052.16	-0.8%	76,510,839.04	-32.9%	114,074,593.92

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)	31.12.2008	??%	31.12.2007	??%	31.12.2006
Equity *	6,161,104.95	99.05%	3,095,298.97	0.00%	3,095,298.97
Capital	1,803,037.50	0.00%	1,803,037.50	0.00%	1,803,037.50
Reserves	4,358,067.45	237.24%	1,292,261.47	0.00%	1,292,261.47
<i>Legal</i>	360,607.50	0.00%	360,607.50	0.00%	360,607.50
<i>Voluntary</i>	3,997,459.95	329.07%	931,653.97	0.00%	931,653.97
Year's profit	4,099,712.29	33.72%	3,065,805.98	52.95%	2,004,500.15

* 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.

Under the articles of association, the General Shareholders' Meeting and the Board of Directors are entrusted with governing and managing the Management Company. 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 Pedro María Urresti Laca (**)
Directors:	Mr Ignacio Echevarría Soriano (*) (**) Ms Ana Fernández Manrique (**) Mr Mario Masiá Vicente (*) Mr Justo de Rufino Portillo (*) (**) Mr Borja Uriarte Villalonga on behalf of Bankinter, 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.

(**) Proprietary Directors for BBVA.

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

General Manager.

The Management Company's General Manager is Mr Mario Masiá Vicente.

6.7 Principal activities of the persons referred to in section 6.6 above, performed outside the Management Company where these are significant with respect to the Fund.

Mr Roberto Vicario Montoya, Mr Pedro María Urresti Laca, Ms Ana Fernández Manrique, Mr Justo de Rufino Portillo and Mr Ignacio Echevarría Soriano are currently members of staff of BBVA, in turn the Originator of the assets to be pooled in the Fund, Lead Manager, Subscriber and Paying Agent of the Bond Issue and counterparty to the remaining agreements entered into by the Fund, represented by the Management Company. The following are the positions held in BBVA by the persons responsible for or directly involved in selecting the assets to be pooled in or financially structuring the Fund:

- Mr Ignacio Echevarría Soriano is currently Director, Capital Base Management and Securitisations Management.

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 as at the registration date of this Registration Document.

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 share capital holding of each one:

Name of shareholder company	Holding (%)
Banco Bilbao Vizcaya Argentaria, S.A.	87.5041
J.P. Morgan España, S.A.	4.0000
Bankinter, S.A.	1.5623
Caja de Ahorros del Mediterráneo	1.5420
Banco Sabadell, S.A.	1.5317
Banco Cooperativo Español, S.A.	0.7965
Banco Pastor, S.A.	0.7658
Banco de la Pequeña y Mediana Empresa, 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 III of Royal Decree 217/2008, February 15, on the legal system of investment services companies and other undertakings providing investment services and partially amending the implementing Regulations of Undertakings for Collective Investment Act 35/2003, November 4, approved by Royal Decree 1309/2005, November 4, 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 of the Issuer 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 the Fund has no financial statement as at 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 sourced from a third party is included.

10. DOCUMENTS ON DISPLAY

10.1 Documents on display.

If necessary, the following documents or copies thereof shall be on display during the life of the Fund:

- a) the Deed of Constitution of the Fund;
- b) the transcripts of the Management Company's and the Originator's corporate resolutions;
- c) this Prospectus;
- d) the audit report on certain features and attributes of a sample of all of the BBVA's selected mortgage loans from which the Mortgage Loans will be taken in order for their receivables to be mostly assigned to the Fund upon being established;

- e) the Rating Agency's letters notifying the provisional and final ratings assigned to each Series in the Bond Issue;
- f) the letter from BBVA taking responsibility, with the Management Company, for the Securities Note;
- g) the notarial certificate recording payment of the Bond Issue, once the Bond Issue is paid up;
- h) the Management Company's annual accounts and the relevant audit reports; and
- i) the Management Company's articles of association and memorandum of association.

Those documents are physically on display at the registered office of EUROPEA DE TITULIZACIÓN at Madrid, calle Lagasca number 120.

Moreover, the Prospectus is also on display at the website of EUROPEA DE TITULIZACIÓN, at www.edt-sg.es, and of the CNMV at www.cnmv.es.

The Deed of Constitution of the Fund is physically on display at the place of business of Iberclear in Madrid, Plaza de la Lealtad number 1.

In addition, the documents listed in a) to g) are on display at the CNMV.

This is a Certified Translation into English of the Spanish Prospectus. No document other than the Spanish Prospectus registered by the Comision Nacional del Mercado de Valores may have any legal effect whatsoever or be taken into account with respect to the Bond Issue.

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 BBVA RMBS 8 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note (including the Building Block).

Mr Mario Masiá Vicente, 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, is expressly acting for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee in a resolution dated June 30, 2009.

Mr Fernando Delgado Parra and Mr Álvaro Prados de Irezábal, duly authorised for these presents, for and on behalf of BANCO BILBAO VIZCAYA ARGENTARIA S.A., Lead Manager of the Bond Issue by BBVA RMBS 8 FONDO DE TITULIZACIÓN DE ACTIVOS, take responsibility for the contents of this Securities Note (including the Building Block).

Mr Fernando Delgado Parra is acting as attorney-in-fact for the Lead Manager BBVA using the powers conferred on him before Madrid Notary Public Mr Ramón Corral Beneyto on February 20, 2007, his document number 745.

Mr Álvaro de Prados Irezábal is acting as attorney-in-fact for the Lead Manager BBVA using the powers conferred on him before Madrid Notary Public Mr Ramón Corral Beneyto on June 5, 2007, his document number 2412.

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 (including the Building Block) is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

Mr Fernando Delgado Parra and Mr Álvaro Prados de Irezábal declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note (including the Building Block) is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

2 RISK FACTORS

The Bond Issue is made with the intention of being fully subscribed for by the Originator in order to have liquid assets available which may be used as security for Eurosystem transactions or be subsequently sold in the market, and, consequently, the terms of the Bond Issue are not an estimate of the prices at which those instruments could be sold in the secondary market or of the Eurosystem's valuations in due course for the purpose of using them as security instruments in its lending transactions to the banking system.

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

The risk factors linked to the assets backing the Bond Issue are described in paragraph 3 of the preceding Risk Factors section 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 or controlling interest or connection between them are detailed in section 5.2 of the Registration Document. Their interest as persons involved in the offer of the Bond Issue are as follows:

- a) EUROPEA DE TITULIZACIÓN is the Fund Management Company.
- b) BBVA and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and the Bond Issue.
- c) BBVA is the Originator of the Mortgage Loan receivables by issuing the Pass-Through Certificates to be pooled in and subscribed for by the Fund.
- d) BBVA is involved as Lead Manager and Subscriber of the Bond Issue.
- e) BBVA is involved as Bond Issue Paying Agent and shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Liquidity Facility, Financial Swap, Mortgage Loan Servicing and Pass-Through Certificate Custody and Financial Intermediation Agreements.
- f) Deloitte has audited certain features and attributes of a sample of all of BBVA's selected mortgage loans from which the Mortgage Loans will be taken to be assigned to the Fund upon being established.
- g) CUATRECASAS have been involved as legal advisers for establishing the Fund and issuing the Bonds and in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.
- h) Moody's is the Rating Agency that has rated each Bond Series.

With the exception of the existing relationship with BBVA described in section 5.2 of the Registration Document, the Management Company is not aware of the existence of any other significant link or economic interest between the aforesaid institutions involved in the Bond Issue, other than what is strictly professional derived from their involvement as detailed in this section and in section 5.2 of the Registration Document.

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

4.1 Total amount of the securities 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**") is EUR one billion two hundred and twenty million (1,220,000,000.00), consisting of twelve thousand two hundred (12,200) Bonds denominated in euros comprised of three Bond Series as follows:

- a) Series A having a total face amount of EUR one billion one hundred and forty-six million eight hundred thousand (1,146,800,000.00) comprising eleven thousand four hundred and sixty-eight (11,468) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A**" or "**Series A Bonds**").
- b) Series B having a total face amount of EUR forty-eight million eight hundred thousand (48,800,000.00) comprising four hundred and eighty-eight (488) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series B**" or "**Series B Bonds**").

- c) Series C having a total face amount of EUR twenty-four million four hundred thousand (24,400,000.00) comprising two hundred and forty-four (244) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either “**Series C**” or “**Series C Bonds**”).

4.1.2 Bond issue price.

The Bonds are issued at 100 percent of their face value. The issue price of each Bond in each Series A, B and C is EUR one hundred thousand (100,000.00) 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 Subscription for the Bond Issue.

The Bond Issue shall be exclusively subscribed for by BBVA (the “**Subscriber**”) under the management and subscription agreement (the “**Management and Subscription Agreement**”) to be entered into by the Management Company for and on behalf of the Fund.

BBVA shall receive no fee whatsoever for subscribing for Bond Issue.

BBVA shall be involved as Lead Manager in the Bond Issue and shall receive no fee whatsoever for managing the Bond Issue.

The Management and Subscription Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by 2pm (CET) on July 17, 2009 or in the events provided for by the laws in force for the time being.

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 Securities Market Act 24/1988, July 28, and implementing regulations.

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

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 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) Additional Provision Five of Act 3/1994, (iv) the Securities Market Act and applicable implementing regulations, (v) Regulation 809/2004, (vi) Royal Decree 1310/2005, and (vii) all other legal and statutory provisions in force and applicable from time to time.

The Deed of Constitution, the Bond issue and the agreements relating to transactions for hedging financial risks and provision of services on the Fund's behalf shall be subject to Spanish Law and shall be governed by and construed in accordance with Spanish Laws.

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 Plaza de la Lealtad, no. 1, 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 admitted to trading on the AIAF and represented by means of 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.

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, as provided in the Priority of Payments and in the Fund Liquidation Priority of Payments.

Series C Bond interest payment and principal repayment is deferred with respect to Series A and Series B Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

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 A Bonds is (i) fourth (4th) 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) fifth (5th) 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) fifth (5th) 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 eighth (8th), and (ii) seventh (7th) 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) sixth (6th) 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 (9th), and (ii) ninth (9th) 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 seventh (7th) 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 in each Series shall be repaid in accordance with the rules for Distribution of Available Funds for Amortisation contained in section 4.9.3.5 of this Securities Note.

Repayment of Series A Bond principal is sixth (6th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Repayment of Series B Bond principal is eighth (8th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Repayment of Series C Bond principal is tenth (10th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

4.7 Description of the rights attached to the securities.

4.7.1 General.

The economic and financial rights for Bondholders associated with acquiring and holding the Bonds shall be, for each Series, 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. 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 the Fund.

Bondholders and all other creditors of the Fund shall have no recourse whatsoever against Mortgage 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 Mortgage Loan default or prepayment, a breach by the Originator of its obligations or by the counterparties under 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 breaches of its obligations or inobservance of the provisions of this Prospectus and of the Deed of Constitution. Those actions shall be resolved in the relevant ordinary declaratory proceedings depending on the amount claimed.

All matters, disagreements, actions and claims arising out of the Management Company establishing, managing and being the authorised representative of the Fund and the Bond Issue by the same shall be heard and ruled upon by the competent Spanish Courts and Tribunals, waiving any other forum the parties might avail of.

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 yearly nominal interest, floating and payable quarterly, which shall be the result of applying the policies established hereinafter for each 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 at the preceding Determination 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 (the “**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, July 21, 2009, inclusive, and the first Payment Date, September 16, 2009, 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 A:** 0.30% margin.
 - **Series B:** 0.50% margin.
 - **Series C:** 0.80% margin.

The resultant Nominal Interest Rate shall be expressed as a percentage to three decimal spaces rounding the relevant figure to the nearest thousandth, rounding up when equidistant.

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 (“Fédération Bancaire de l’Union Européenne”) mandate, set at 11am (CET or “Central European Time”) on the Interest Rate Fixing Date described below, which is currently published on electronic page EURIBOR01 supplied by Reuters, or any other page taking its stead in providing these services.

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be two- (2-) month Euribor, set at 11am (CET) on the second Business Day preceding the Closing Date.

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 as soon as possible after 11am (CET) on the Interest Rate Fixing Date.

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the interbank offered interest rates for non-transferable two- (2-) month deposit transactions in euros 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 as soon as possible after 11am (CET) on the second Business Day preceding the Closing Date.

The substitute Reference Rate shall be expressed as a percentage to three decimal spaces rounding the relevant figure to the nearest thousandth, rounding up when equidistant.

Should it be impossible to apply the above substitute Reference Rate, upon the failure by any or several of the 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 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 subsequent Interest Accrual Periods whilst matters remain the same. For the first Interest Accrual Period, two- (2-) month Euribor available immediately before 11am (CET) on the second Business Day preceding the Closing Date shall be applied, calculated and distributed as described in (i) above.

On each Interest Rate Fixing Date, the Paying Agent shall notify the Management Company of the Reference Rate determined in accordance with paragraphs i), ii) and iii) 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 by 2pm (CET) on July 17, 2009 to the Subscriber. 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 subsequent 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 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.

P = Outstanding Principal Balance of the Bonds in the Series at 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.

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

Interest on the Bonds in each Series will be paid until finally amortised by Interest Accrual Periods in arrears on March 16, June 16, September 16 and December 16 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 September 16, 2009, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, July 21, 2009, inclusive, and September 16, 2009, exclusive.

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

- public holiday in the city of Madrid, or
- non-business day in the TARGET 2 calendar (or future replacement calendar).

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.

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, unpaid amounts shall accumulate on the following Payment Date to interest on that Series, if any, payable 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 shortfall of Available Funds.

Overdue interest amounts shall not earn additional or late-payment interest and shall not be accumulated to the Outstanding Principal Balance of the Bonds in the relevant Series.

The Fund, through its Management Company, may not defer Bond interest payment beyond June 16, 2036, 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, and therefore the Management Company shall, for and on behalf of the Fund, enter into the Paying Agent Agreement with BBVA as set out in section 5.2.1 of this Securities Note.

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 A Bonds.

Series A Bond principal shall be amortised by partial amortisation on each Payment Date after Bond 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 A, in accordance with the rules for Distribution of Available Funds for Amortisation given in section 4.9.3.5 below, prorated between the Bonds in Series A proper by reducing the face amount of each Series A Bond.

The first partial amortisation of Series A Bonds shall occur on the first Payment Date (September 16, 2009), in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A Bonds shall occur on the Final Maturity Date (June 16, 2036 or the following Business Day if that is not a Business Day), notwithstanding possible full amortisation before that date due to the partial amortisation for which provision is made or because 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 Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.2 Amortisation of Series B Bonds.

Series B Bond principal shall be amortised by partial amortisation on each Payment Date after Bond 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 section 4.9.3.5 below, prorated 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 Series A Bonds have been fully amortised. However, even if Series A 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 for Series B 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 remains at 8.000%, or higher percentage closest thereto.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (June 16, 2036 or the following Business Day if that is not a Business Day), notwithstanding possible full amortisation before that date due to the partial amortisation for which provision is made or because 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 Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.3 Amortisation of Series C Bonds.

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after Bond 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 section 4.9.3.5 below, prorated 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 Series A and Series B Bonds have been fully amortised. However, even if Series A 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 for Series C 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 remains at 4.000%, or higher percentage closest thereto.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (June 16, 2036 or the following Business Day if that is not a Business Day), notwithstanding possible full amortisation before that date due to the partial amortisation for which provision is made or because 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 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 each Payment Date other than the Final Maturity Date or upon Early Liquidation of the Fund on the specific amortisation terms for each Series established in sections 4.9.2.1 to 4.9.2.3 of this Securities Note and on the terms described hereinafter in this section, common to all three Series.

4.9.3.1 **Determination Dates and Determination Periods.**

Determination dates (the **"Determination Dates"**) will be the dates falling on the fifth (5th) 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 September 9, 2009.

Determination periods (the **"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 the date of establishment of the Fund, inclusive, and the first Determination Date, September 9, 2009, 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 Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Pass-Through Certificates 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), not including the first date but including the last date.

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

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

By addition, the Outstanding Principal Balance of the Bond Issue shall be the sum of the Outstanding Principal Balance of all three Series A, B and C making up the Bond Issue.

4.9.3.3 **Outstanding Balance of the Mortgage Loans.**

The outstanding balance (the **"Outstanding Balance"**) of a Mortgage Loan at a date 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 Mortgage Loan at that date. Only the capital or principal portion of each overdue Mortgage Loan subsidisation instalment under State Housing Plans 2002-2005 and 2005-2008 shall be included in the Outstanding Balance of each Mortgage Loan until duly collected by the Fund.

The outstanding balance of the Mortgage Loans (the **"Outstanding Balance of the Mortgage Loans"**) shall be the sum of the Outstanding Balance of each and every one of the Mortgage Loans at that date.

Delinquent Mortgage Loans (the **"Delinquent Mortgage Loans"**) shall be deemed to be Mortgage Loans that are delinquent at a date with a period of arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Mortgage Loans. Non-delinquent Mortgage Loans (the **"Non-Delinquent Mortgage Loans"**) shall be deemed to be Mortgage Loans that at a date are not deemed to be either Delinquent Mortgage Loans or Doubtful Mortgage Loans. The delay in receiving payment of Mortgage Loan subsidisations, both under State Housing Plans 2002-2005 and 2005-2008 and under Community of Madrid Housing Plans 1997-2000 and 2001-2004, referred to in section 2.2 of the Building Block, shall not be considered a delay in payment of overdue Mortgage Loan amounts.

Doubtful Mortgage Loans (the **"Doubtful Mortgage Loans"**) shall be deemed to be Mortgage Loans that are delinquent at a 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 Mortgage Loans (the **"Non-Doubtful Mortgage Loans"**) shall be deemed to be Mortgage Loans that are not deemed to be Doubtful Loans at a date. The delay in receiving payment of Mortgage Loan subsidisations, both under State Housing Plans 2002-2005 and 2005-2008 and under Community of Madrid Housing Plans 1997-2000 and 2001-2004, referred to in section 2.2 of the Building Block, shall not be considered a delay in payment of overdue Mortgage Loan amounts.

4.9.3.4 **Amortisation Withholding and Available Funds for Amortisation.**

On each Payment Date, the Available Funds shall be used in seventh (7th) place in the Priority of Payments to withhold the amount altogether designed for amortising the Bonds as a whole, making no distinction between the different Series ("**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, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

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

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 subject to the following rules ("**Distribution of Available Funds for Amortisation**"):

1. The Available Funds for Amortisation shall be sequentially applied firstly to amortising Series A until fully amortised, secondly to amortising Series B until fully amortised, and thirdly to amortising Series C until fully amortised, subject to the provisions of rule 2 below for pro rata amortisation of Series A, Series B and Series C.
2. There shall be no exception and, even if Series A has not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B and, as the case may be, Series C on the Payment Dates on which the following circumstances are all satisfied ("**Conditions for Pro Rata Amortisation**") in relation to these Series:
 - a) In order to amortise Series B, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series B is at least as high as 8.000% of the Outstanding Principal Balance of the Bond Issue, and
 - ii) the Outstanding Balance of Delinquent Mortgage Loans does not exceed 1.25% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
 - b) 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 at least as high as 4.000% of the Outstanding Principal Balance of the Bond Issue, and
 - ii) the Outstanding Balance of Delinquent Mortgage Loans does not exceed 1.00% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
 - c) Additionally, in order to amortise Series B and, as the case may be, Series C:
 - i) that the Required Cash Reserve amount is to be fully provisioned on the relevant Payment Date; and
 - ii) that on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of Non-Doubtful Mortgage Loans is at least as high as 10 percent of the face amount of the initial Outstanding Balance upon the Fund being established.

In the event that amortisation of Series B and, as the case may be, of Series C should apply on a Payment Date because the Conditions for Pro Rata Amortisation of Series B and of Series C are respectively satisfied, the Available Funds for Amortisation shall also be applied to amortising Series B 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 and, as the case may be, the Outstanding Principal Balance of Series C to the Outstanding Principal Balance of the Bond Issue respectively remain at 8.000% and 4.000%, 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 be authorised to proceed, as the case may be, to Early Liquidation of the Fund and hence Early Amortisation of the entire Bond Issue in the Early Liquidation Events, subject to the requirements established in section 4.4.3 of the Registration Document, and subject to the Liquidation Priority of Payments.

4.9.5 **Final Maturity Date.**

The final maturity date (the "**Final Maturity Date**") and consequently final amortisation of the Bonds shall be on June 16, 2036 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 4.9.2 to 4.9.4 of this Securities Note, proceeding to amortise any or all the Series in 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) Each Mortgage Loan repayment schedule and system as established in the relevant contracts.
- ii) The Obligors' capacity to prepay the Mortgage Loans in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, Mortgage 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.
- iii) The floating interest rates which shall apply to the Mortgage Loans resulting in the repayment amount on every instalment differing.
- iv) The Obligors' delinquency in payment of Mortgage Loan instalments.

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

- Mortgage Loan interest rate: 4.88% weighted average interest rate as at June 25, 2009 of the selected mortgage loan portfolio which has been used for calculating the repayment and interest instalments of each of the selected mortgage loans;
- Mortgage Loan portfolio delinquency: 0.48% of the Outstanding Balance of the Mortgage Loans (BBVA's VPO mortgage delinquency rate at March 31, 2009), with 85.71% recoveries within 18 months of becoming delinquent;
- Mortgage Loan portfolio doubtful rate: 0.08%, with 90% recovery within 18 months of becoming doubtful;
- cumulative Mortgage Loan portfolio doubtful rates from the establishment of the Fund with respect to the initial Outstanding Balance of the Mortgage Loans upon the Fund being established: 0.05% for a 5% CPR; 0.04% for an 7% CPR; and 0.03% for a 9% CPR;
- that the Mortgage Loan prepayment rate remains constant throughout the life of the Bonds;

- that the Bond Closing Date is July 21, 2009;
- that there is no deferment of Mortgage Loan instalments due to temporary payment stoppage triggered by unemployment as provided for in the Royal Decrees;
- that Mortgage Loan subsidisation ends 10 years after the date on which they are granted and the delay between submission for payment by the Housing Ministry and collection of those subsidies is 4 months; and
- that there is no extension of the term of any of the selected mortgage loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The following nominal interest rates are assumed for each Series for the first Interest Accrual Period, resulting from 2-month Euribor (0.825%) at July 9, 2009, and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	1.125%	1.325%	1.625%

For subsequent Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from 3-month Euribor (1.018%) at July 9, 2009, and the margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

	Series A Bonds	Series B Bonds	Series C Bonds
Nominal interest rate	1.318%	1.518%	1.818%

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 Mortgage 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:	5.00	7.00	9.00
	Series A		
Average life (years)	6.81	6.10	5.46
IRR	1.338%	1.338%	1.338%
Duration (years)	6.32	5.68	5.12
Final maturity	18 09 2023	16 12 2022	16 12 2021
(in years)	14.17	13.41	12.41
	Series B		
Average life (years)	10.91	9.95	9.01
IRR	1.545%	1.545%	1.545%
Duration (years)	9.88	9.06	8.26
Final maturity	18 09 2023	16 12 2022	16 12 2021
(in years)	14.17	13.41	12.41

% CPR:	5.00	7.00	9.00
---------------	-------------	-------------	-------------

	Series C		
Average life (years)	10.91	9.95	9.01
IRR	1.853%	1.853%	1.853%
Duration (years)	9.69	8.90	8.13
Final maturity	18 09 2023	16 12 2022	16 12 2021
(in years)	14.17	13.41	12.41

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 5.00%, 7.00% and 9.00% 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 float.
- The assumed values referred to at the beginning of this section 4.10 are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation option of the Fund and thereby Early Amortisation of the Bond Issue 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.
- In this scenario, the Conditions for Pro Rata Amortisation of Series B and Series C apply.
- These are all reasonable assumptions based on the historical performance of similarly characterised mortgage loans granted by BBVA to individuals.

FLows for Every Bond without Withholding for the Holder
(Amounts in EUR)
CPR = 5%

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	9,072.90	109,072.90	100,000.00	16,764.30	116,764.30	100,000.00	20,083.44	120,083.44
21/07/2009									
16/09/2009	1,215.53	178.13	1,393.65	0.00	209.79	209.79	0.00	257.29	257.29
16/12/2009	2,381.18	329.11	2,710.30	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2010	2,340.69	317.65	2,658.34	0.00	379.50	379.50	0.00	454.50	454.50
16/06/2010	2,337.63	316.82	2,654.45	0.00	387.93	387.93	0.00	464.60	464.60
16/09/2010	2,308.00	308.95	2,616.95	0.00	387.93	387.93	0.00	464.60	464.60
16/12/2010	2,264.63	297.90	2,562.54	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2011	2,226.75	287.17	2,513.91	0.00	379.50	379.50	0.00	454.50	454.50
16/06/2011	2,229.05	286.05	2,515.10	0.00	387.93	387.93	0.00	464.60	464.60
16/09/2011	2,199.83	278.54	2,478.37	0.00	387.93	387.93	0.00	464.60	464.60
16/12/2011	2,158.36	268.18	2,426.54	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2012	2,129.97	260.99	2,390.96	0.00	383.72	383.72	0.00	459.55	459.55
18/06/2012	2,113.35	262.27	2,375.62	0.00	396.37	396.37	0.00	474.70	474.70
17/09/2012	2,085.34	246.86	2,332.19	0.00	383.72	383.72	0.00	459.55	459.55
17/12/2012	2,047.02	239.91	2,286.93	0.00	383.72	383.72	0.00	459.55	459.55
18/03/2013	2,009.82	233.09	2,242.90	0.00	383.72	383.72	0.00	459.55	459.55
17/06/2013	2,004.25	226.39	2,230.65	0.00	383.72	383.72	0.00	459.55	459.55
16/09/2013	1,977.85	219.72	2,197.56	0.00	383.72	383.72	0.00	459.55	459.55
16/12/2013	1,941.99	213.13	2,155.12	0.00	383.72	383.72	0.00	459.55	459.55
17/03/2014	1,907.10	206.66	2,113.75	0.00	383.72	383.72	0.00	459.55	459.55
16/06/2014	1,900.66	200.30	2,100.96	0.00	383.72	383.72	0.00	459.55	459.55
16/09/2014	1,875.34	196.10	2,071.44	0.00	387.93	387.93	0.00	464.60	464.60
16/12/2014	1,841.93	187.72	2,029.65	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2015	1,809.51	179.59	1,989.10	0.00	379.50	379.50	0.00	454.50	454.50
16/06/2015	1,802.25	177.49	1,979.74	0.00	387.93	387.93	0.00	464.60	464.60
16/09/2015	1,778.19	171.42	1,949.61	0.00	387.93	387.93	0.00	464.60	464.60
16/12/2015	1,747.01	163.63	1,910.64	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2016	1,584.19	157.81	1,742.00	2,191.77	383.72	2,575.48	2,191.77	459.55	2,651.32
16/06/2016	1,503.48	154.21	1,657.68	3,211.98	379.43	3,591.41	3,211.98	454.42	3,666.39
16/09/2016	1,483.37	149.14	1,632.51	3,169.01	366.97	3,535.98	3,169.01	439.49	3,608.50
16/12/2016	1,457.80	142.58	1,600.38	3,114.38	350.82	3,465.21	3,114.38	420.15	3,534.54
16/03/2017	1,433.01	136.21	1,569.22	3,061.44	335.15	3,396.58	3,061.44	401.38	3,462.82
16/06/2017	1,425.29	134.41	1,559.70	3,044.94	330.72	3,375.66	3,044.94	396.08	3,441.02
18/09/2017	1,406.21	132.43	1,538.64	3,004.18	325.84	3,330.02	3,004.18	390.23	3,394.41
18/12/2017	1,382.38	123.51	1,505.89	2,953.26	303.91	3,257.17	2,953.26	363.97	3,317.23
16/03/2018	1,359.32	114.99	1,474.31	2,904.00	282.93	3,186.94	2,904.00	338.85	3,242.85
18/06/2018	1,350.98	118.15	1,469.13	2,886.19	290.72	3,176.90	2,886.19	348.17	3,234.36
17/09/2018	1,332.82	109.88	1,442.70	2,847.38	270.36	3,117.75	2,847.38	323.79	3,171.18
17/12/2018	1,310.69	105.44	1,416.12	2,800.10	259.44	3,059.54	2,800.10	310.71	3,110.81
18/03/2019	1,289.27	101.07	1,390.34	2,754.34	248.69	3,003.03	2,754.34	297.84	3,052.18
17/06/2019	1,280.34	96.78	1,377.12	2,735.27	238.12	2,973.40	2,735.27	285.18	3,020.46
16/09/2019	1,263.07	92.51	1,355.58	2,698.38	227.63	2,926.01	2,698.38	272.61	2,971.00
16/12/2019	1,242.52	88.30	1,330.82	2,654.48	217.27	2,871.75	2,654.48	260.21	2,914.69
16/03/2020	1,226.05	84.16	1,310.21	2,619.29	207.09	2,826.37	2,619.29	248.01	2,867.30
16/06/2020	1,212.99	80.96	1,293.95	2,591.39	199.20	2,790.59	2,591.39	238.57	2,829.96
16/09/2020	1,196.57	76.87	1,273.44	2,556.31	189.15	2,745.46	2,556.31	226.53	2,782.84
16/12/2020	1,177.51	72.05	1,249.56	2,515.60	177.28	2,692.88	2,515.60	212.32	2,727.92
16/03/2021	1,159.11	67.38	1,226.48	2,476.27	165.79	2,642.06	2,476.27	198.55	2,674.82
16/06/2021	1,149.08	64.97	1,214.05	2,454.85	159.87	2,614.72	2,454.85	191.46	2,646.31
16/09/2021	1,133.46	61.10	1,194.57	2,421.49	150.34	2,571.84	2,421.49	180.06	2,601.55
16/12/2021	1,115.79	56.66	1,172.46	2,383.74	139.42	2,523.16	2,383.74	166.97	2,550.71
16/03/2022	1,098.34	52.36	1,150.70	2,346.46	128.84	2,475.30	2,346.46	154.30	2,500.76
16/06/2022	1,084.71	49.83	1,134.54	2,317.34	122.60	2,439.94	2,317.34	146.83	2,464.17
16/09/2022	1,064.01	46.17	1,110.18	2,273.12	113.61	2,386.73	2,273.12	136.06	2,409.18
16/12/2022	1,037.31	42.13	1,079.44	2,216.08	103.65	2,319.73	2,216.08	124.14	2,340.22
16/03/2023	1,002.71	38.25	1,040.95	2,142.15	94.10	2,236.25	2,142.15	112.70	2,254.85
16/06/2023	978.28	35.72	1,014.00	2,089.96	87.89	2,177.85	2,089.96	105.25	2,195.22
18/09/2023	9,626.11	33.13	9,659.23	20,564.86	81.51	20,646.38	20,564.86	97.62	20,662.49

FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 7 %

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	8,117.89	108,117.89	100,000.00	15,279.83	115,279.83	100,000.00	18,305.60	118,305.60
21/07/2009									
16/09/2009	1,496.58	178.13	1,674.71	0.00	209.79	209.79	0.00	257.29	257.29
16/12/2009	2,916.29	328.18	3,244.46	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2010	2,842.59	314.96	3,157.55	0.00	379.50	379.50	0.00	454.50	454.50
16/06/2010	2,823.77	312.38	3,136.16	0.00	387.93	387.93	0.00	464.60	464.60
16/09/2010	2,767.42	302.87	3,070.30	0.00	387.93	387.93	0.00	464.60	464.60
16/12/2010	2,693.12	290.36	2,983.48	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2011	2,627.00	278.30	2,905.30	0.00	379.50	379.50	0.00	454.50	454.50
16/06/2011	2,615.64	275.63	2,891.27	0.00	387.93	387.93	0.00	464.60	464.60
16/09/2011	2,562.17	266.82	2,829.00	0.00	387.93	387.93	0.00	464.60	464.60
16/12/2011	2,493.12	255.39	2,748.51	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2012	2,442.17	247.08	2,689.25	0.00	383.72	383.72	0.00	459.55	459.55
18/06/2012	2,407.28	246.82	2,654.10	0.00	396.37	396.37	0.00	474.70	474.70
17/09/2012	2,357.48	230.92	2,588.41	0.00	383.72	383.72	0.00	459.55	459.55
17/12/2012	2,294.64	223.07	2,517.71	0.00	383.72	383.72	0.00	459.55	459.55
18/03/2013	2,233.93	215.42	2,449.35	0.00	383.72	383.72	0.00	459.55	459.55
17/06/2013	2,215.05	207.98	2,423.03	0.00	383.72	383.72	0.00	459.55	459.55
16/09/2013	2,169.09	200.60	2,369.70	0.00	383.72	383.72	0.00	459.55	459.55
16/12/2013	2,111.49	193.38	2,304.86	0.00	383.72	383.72	0.00	459.55	459.55
17/03/2014	2,055.77	186.34	2,242.11	0.00	383.72	383.72	0.00	459.55	459.55
16/06/2014	2,036.87	179.49	2,216.36	0.00	383.72	383.72	0.00	459.55	459.55
16/09/2014	1,994.04	174.60	2,168.64	0.00	387.93	387.93	0.00	464.60	464.60
16/12/2014	1,941.42	166.06	2,107.48	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2015	1,795.06	157.84	1,952.90	1,496.56	379.50	1,876.06	1,496.56	454.50	1,951.06
16/06/2015	1,647.10	155.30	1,802.40	3,518.80	382.13	3,900.93	3,518.80	457.65	3,976.45
16/09/2015	1,612.16	149.75	1,761.91	3,444.16	368.48	3,812.63	3,444.16	441.30	3,885.46
16/12/2015	1,569.82	142.76	1,712.58	3,353.71	351.26	3,704.97	3,353.71	420.67	3,774.39
16/03/2016	1,536.85	137.53	1,674.38	3,283.28	338.39	3,621.66	3,283.28	405.26	3,688.54
16/06/2016	1,512.06	133.86	1,645.92	3,230.32	329.37	3,559.69	3,230.32	394.46	3,624.78
16/09/2016	1,479.69	128.77	1,608.46	3,161.16	316.84	3,478.00	3,161.16	379.45	3,540.61
16/12/2016	1,441.04	122.44	1,563.47	3,078.58	301.26	3,379.84	3,078.58	360.80	3,439.38
16/03/2017	1,403.73	116.34	1,520.07	2,998.88	286.27	3,285.15	2,998.88	342.84	3,341.72
16/06/2017	1,387.22	114.20	1,501.42	2,963.60	281.00	3,244.59	2,963.60	336.53	3,300.13
18/09/2017	1,357.26	111.91	1,469.17	2,899.59	275.36	3,174.95	2,899.59	329.78	3,229.37
18/12/2017	1,321.96	103.82	1,425.77	2,824.18	255.45	3,079.63	2,824.18	305.93	3,130.11
16/03/2018	1,287.95	96.13	1,384.08	2,751.52	236.54	2,988.06	2,751.52	283.29	3,034.81
18/06/2018	1,271.51	98.26	1,369.77	2,716.41	241.77	2,958.17	2,716.41	289.55	3,005.95
17/09/2018	1,243.72	90.89	1,334.60	2,657.03	223.63	2,880.66	2,657.03	267.82	2,924.85
17/12/2018	1,211.59	86.74	1,298.34	2,588.41	213.43	2,801.84	2,588.41	255.61	2,844.02
18/03/2019	1,180.63	82.71	1,263.33	2,522.25	203.50	2,725.75	2,522.25	243.72	2,765.97
17/06/2019	1,164.29	78.77	1,243.06	2,487.34	193.82	2,681.16	2,487.34	232.13	2,719.47
16/09/2019	1,138.54	74.89	1,213.43	2,432.33	184.28	2,616.60	2,432.33	220.70	2,653.02
16/12/2019	1,109.31	71.10	1,180.41	2,369.89	174.94	2,544.83	2,369.89	209.52	2,579.41
16/03/2020	1,084.98	67.40	1,152.39	2,317.92	165.85	2,483.77	2,317.92	198.63	2,516.54
16/06/2020	1,064.71	64.49	1,129.20	2,274.61	158.68	2,433.29	2,274.61	190.04	2,464.65
16/09/2020	1,040.85	60.90	1,101.76	2,223.64	149.86	2,373.49	2,223.64	179.47	2,403.11
16/12/2020	1,014.30	56.77	1,071.08	2,166.92	139.70	2,306.61	2,166.92	167.30	2,334.22
16/03/2021	988.74	52.81	1,041.55	2,112.30	129.94	2,242.24	2,112.30	155.62	2,267.92
16/06/2021	972.63	50.65	1,023.28	2,077.89	124.63	2,202.52	2,077.89	149.26	2,227.15
16/09/2021	950.53	47.38	997.91	2,030.68	116.57	2,147.25	2,030.68	139.61	2,170.29
16/12/2021	926.42	43.69	970.11	1,979.17	107.51	2,086.68	1,979.17	128.76	2,107.92
16/03/2022	902.91	40.16	943.07	1,928.95	98.82	2,027.77	1,928.95	118.35	2,047.30
16/06/2022	884.59	38.01	922.60	1,889.80	93.53	1,983.33	1,889.80	112.01	2,001.81
16/09/2022	859.72	35.03	894.75	1,836.67	86.20	1,922.87	1,836.67	103.23	1,939.91
16/12/2022	9,541.20	31.79	9,572.99	20,383.47	78.21	20,461.68	20,383.47	93.67	20,477.14

FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 9%

Payment Date	Series A Bonds			Series B Bonds			Series C Bonds		
	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow	Principal Repayment	Gross Interest	Total Flow
TOTALS	100,000.00	7,269.11	107,269.11	100,000.00	13,841.04	113,841.04	100,000.00	16,582.47	116,582.47
21/07/2009									
16/09/2009	1,782.97	178.13	1,961.10	0.00	209.79	209.79	0.00	257.29	257.29
16/12/2009	3,457.08	327.22	3,784.30	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2010	3,344.18	312.23	3,656.41	0.00	379.50	379.50	0.00	454.50	454.50
16/06/2010	3,304.00	307.91	3,611.91	0.00	387.93	387.93	0.00	464.60	464.60
16/09/2010	3,215.75	296.78	3,512.53	0.00	387.93	387.93	0.00	464.60	464.60
16/12/2010	3,106.00	282.84	3,388.84	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2011	3,007.76	269.50	3,277.26	0.00	379.50	379.50	0.00	454.50	454.50
16/06/2011	2,978.50	265.36	3,243.86	0.00	387.93	387.93	0.00	464.60	464.60
16/09/2011	2,897.34	255.32	3,152.67	0.00	387.93	387.93	0.00	464.60	464.60
16/12/2011	2,798.01	242.90	3,040.91	0.00	383.72	383.72	0.00	459.55	459.55
16/03/2012	2,721.89	233.57	2,955.46	0.00	383.72	383.72	0.00	459.55	459.55
18/06/2012	2,666.06	231.91	2,897.97	0.00	396.37	396.37	0.00	474.70	474.70
17/09/2012	2,592.51	215.62	2,808.13	0.00	383.72	383.72	0.00	459.55	459.55
17/12/2012	2,503.99	206.99	2,710.97	0.00	383.72	383.72	0.00	459.55	459.55
18/03/2013	2,418.97	198.64	2,617.61	0.00	383.72	383.72	0.00	459.55	459.55
17/06/2013	2,384.83	190.58	2,575.41	0.00	383.72	383.72	0.00	459.55	459.55
16/09/2013	2,318.60	182.64	2,501.24	0.00	383.72	383.72	0.00	459.55	459.55
16/12/2013	2,239.31	174.91	2,414.23	0.00	383.72	383.72	0.00	459.55	459.55
17/03/2014	2,163.14	167.45	2,330.60	0.00	383.72	383.72	0.00	459.55	459.55
16/06/2014	2,029.96	160.25	2,190.21	1,579.56	383.72	1,963.28	1,579.56	459.55	2,039.11
16/09/2014	1,822.25	155.17	1,977.42	3,892.98	381.81	4,274.78	3,892.98	457.26	4,350.24
16/12/2014	1,759.98	147.41	1,907.39	3,759.95	362.72	4,122.67	3,759.95	434.40	4,194.35
16/03/2015	1,700.19	139.99	1,840.19	3,632.23	344.46	3,976.69	3,632.23	412.54	4,044.77
16/06/2015	1,673.19	137.38	1,810.57	3,574.55	338.03	3,912.57	3,574.55	404.83	3,979.38
16/09/2015	1,625.48	131.74	1,757.23	3,472.63	324.16	3,796.79	3,472.63	388.22	3,860.85
16/12/2015	1,569.89	124.90	1,694.78	3,353.85	307.31	3,661.16	3,353.85	368.04	3,721.90
16/03/2016	1,525.42	119.67	1,645.09	3,258.86	294.44	3,553.30	3,258.86	352.63	3,611.49
16/06/2016	1,490.53	115.84	1,606.38	3,184.32	285.04	3,469.36	3,184.32	341.37	3,525.69
16/09/2016	1,447.50	110.82	1,558.32	3,092.38	272.68	3,365.06	3,092.38	326.57	3,418.95
16/12/2016	1,397.93	104.79	1,502.73	2,986.49	257.85	3,244.34	2,986.49	308.81	3,295.30
16/03/2017	1,350.39	99.04	1,449.42	2,884.92	243.69	3,128.60	2,884.92	291.84	3,176.76
16/06/2017	1,326.09	96.69	1,422.78	2,833.02	237.91	3,070.93	2,833.02	284.93	3,117.95
18/09/2017	1,287.32	94.23	1,381.54	2,750.17	231.85	2,982.03	2,750.17	277.67	3,027.85
18/12/2017	1,243.14	86.93	1,330.07	2,655.80	213.90	2,869.70	2,655.80	256.17	2,911.97
16/03/2018	1,200.82	80.06	1,280.88	2,565.39	196.99	2,762.38	2,565.39	235.92	2,801.31
18/06/2018	1,177.77	81.39	1,259.15	2,516.14	200.26	2,716.39	2,516.14	239.83	2,755.97
17/09/2018	1,142.76	74.87	1,217.63	2,441.36	184.21	2,625.57	2,441.36	220.62	2,661.97
17/12/2018	1,103.53	71.06	1,174.58	2,357.53	174.84	2,532.37	2,357.53	209.40	2,566.93
18/03/2019	1,065.92	67.38	1,133.30	2,277.19	165.80	2,442.99	2,277.19	198.56	2,475.76
17/06/2019	1,044.03	63.83	1,107.86	2,230.43	157.06	2,387.48	2,230.43	188.10	2,418.52
16/09/2019	1,012.48	60.35	1,072.84	2,163.03	148.50	2,311.53	2,163.03	177.85	2,340.88
16/12/2019	977.65	56.98	1,034.63	2,088.62	140.20	2,228.82	2,088.62	167.91	2,256.53
16/03/2020	948.24	53.72	1,001.96	2,025.78	132.19	2,157.96	2,025.78	158.31	2,184.09
16/06/2020	923.26	51.12	974.37	1,972.41	125.78	2,098.19	1,972.41	150.64	2,123.05
16/09/2020	894.84	48.01	942.85	1,911.71	118.13	2,029.84	1,911.71	141.47	2,053.18
16/12/2020	863.99	44.51	908.49	1,845.79	109.51	1,955.30	1,845.79	131.15	1,976.94
16/03/2021	834.45	41.17	875.61	1,782.68	101.30	1,883.98	1,782.68	121.32	1,904.00
16/06/2021	814.68	39.27	853.96	1,740.46	96.64	1,837.10	1,740.46	115.73	1,856.19
16/09/2021	789.11	36.53	825.64	1,685.83	89.88	1,775.71	1,685.83	107.65	1,793.48
16/12/2021	10,056.32	33.50	10,089.82	21,483.95	82.44	21,566.39	21,483.95	98.73	21,582.68

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 12.1 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:

In a resolution dated June 30, 2009, the Executive Committee of EUROPEA DE TITULIZACIÓN's Board of Directors resolved that:

- i) BBVA RMBS 8 FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the 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) Pass-through certificates issued by BBVA on loans owned by BBVA granted to individuals with real estate mortgage on homes (and annexes -parking spaces or lumber rooms- if any) located in Spain and shown on its assets, be pooled in the Fund in accordance with the provisions of article 2.1.a) of Royal Decree 926/1998. The pass-through certificates shall fully or partially relate to loans with mortgage security consisting of protected housing or officially protected housing (VPO).
- iii) The Bonds be issued by the Fund.

Resolution to issue the Pass-Through Certificates on the Mortgage Loans:

At a meeting held on October 28, 2008, the Board of Directors of BBVA resolved that the issue of pass-through certificates and/or mortgage participation certificates on mortgage loans granted by BBVA totalling in all not more than EUR 2 billion to be subscribed for by one or several securitisation funds be made.

b) Registration by the CNMV.

There is a condition precedent for the Fund to be established and the Bonds to be issued that this Prospectus and all other supporting documents be entered in the Official Registers of the CNMV, in accordance with the provisions of article 5 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.

c) Execution of the Fund public deed of constitution.

Upon the CNMV registering this Prospectus, the Management Company shall in the presence of BBVA, as Originator, proceed to execute on July 16, 2009 a public deed whereby BBVA RMBS 8 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign Mortgage Loan receivables to the Fund upon the Pass-Through Certificates being issued by BBVA and subscribed for by 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, notwithstanding the

need to complete the respective details and amounts of the Mortgage Loan Pass-Through Certificates to be respectively issued and subscribed for under the Deed of Constitution.

The Management Company shall submit a copy of the Deed of Constitution to the CNMV to be entered in the Official Registers by July 20, 2009.

4.13 Issue date of the securities.

The Bond issue date shall be July 16, 2009.

4.13.1 Potential investors to whom the Bonds are offered.

The Bond Issue shall be fully subscribed for by BBVA.

4.13.2 Bond Issue subscription payment method and dates.

The Subscriber shall subscribe for the Bond Issue on July 20, 2009 and pay to the Fund by 2pm (CET) on July 21, 2009 (the “**Closing Date**”), for same day value, the issue price comprising the face value of all the Bonds subscribed for.

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 (book entry) 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 securities 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, and a regulated market, as contained in the Annotated Presentation of Regulated Markets and Additional Provisions under the Investment Services Directive 93/22, published in the Official Journal of the European Communities on November 4, 2008. The Management Company undertakes to do all such things as may be necessary in order that definitive admission to trading is achieved not later than one 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 admitted to trading 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, if the delay is due to events attributable to the same.

5.2 Paying agents and depository agents.

5.2.1 Bond Issue Paying Agent.

The Bond Issue will be serviced through BBVA as Paying Agent. Payment of interest and repayments shall be notified to Bondholders in the events and in such advance as may be provided for each case in section 4.1.1 of the Building Block. Interest and amortisation shall be paid to Bondholders by the relevant members and to the latter in turn by Iberclear, the institution responsible for the accounting record.

The Management Company shall, for and on behalf of the Fund, enter with BBVA into a paying agent agreement to service the Bond Issue, the most significant terms of which are given in section 3.4.7.2 of the Building Block.

6 EXPENSE OF THE OFFERING AND OF ADMISSION TO TRADING.

The expected expenses deriving from setting up the Fund and issue and admission to trading of the Bond Issue are EUR five hundred and eleven thousand five hundred and seventy-seven (511,577.00). These expenses include, inter alia, the initial Management Company fee, notary's fees, rating and legal advice fees, CNMV fees, AIAF and Iberclear fees for including the Bonds in the register of book entries, and Prospectus translation expenses.

7 ADDITIONAL INFORMATION.

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

CUATRECASAS, as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and have been involved in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.

BBVA and EUROPEA DE TITULIZACIÓN have structured the financial terms of the Fund and of the Bond Issue.

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.

Deloitte has audited the selected mortgage loans on the terms set forth in section 2.2 of the Building Block and has audited the Management Company's and BBVA's annual accounts for the years ended December 31, 2008, 2007 and 2006.

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 BBVA, as Originator, as to the truthfulness of the characteristics of BBVA as Originator 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 BBVA and the selected mortgage loans from which the Mortgage Loans will be taken given in this Prospectus.

In the Deed of Constitution of the Fund, BBVA 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 sourced from BBVA on the selected mortgage loans from which the Mortgage Loans will be taken and on the Originator proper has been accurately reproduced and, to the best of its knowledge and ability to determine based on that information provided by BBVA, 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 has, on July 13, 2009, assigned the following provisional ratings to each Bond Series, and expects to assign the same final ratings by 2pm (CET) on July 17, 2009.

Bond Series	Moody's Rating
Series A	Aaa
Series B	A1
Series C	Ba2

If the Rating Agency should not confirm any of the assigned provisional ratings as final by 2pm (CET) on July 17, 2009, 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 issue of and subscription for the Pass-Through Certificates terminating, as provided for in section 4.4.4.(v) of the Registration Document.

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 timely interest and principal payment during the life of the transaction and, in any event, before the Final Maturity Date. Moody's ratings only measure credit risks inherent in the transaction; other risk types which may materially impact investors' return are not measured.

The Rating Agency's 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 revision or suspension of the ratings:

- (i) are assigned by the Rating Agency based on manifold information received with respect to which it can give no assurance, nor even as to their accuracy or wholeness, wherefore the Rating Agency 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.

In carrying on the rating and monitoring process, the Rating Agency relies on the accuracy and wholeness of the information provided by BBVA, the Management Company, Deloitte as auditors of certain features and attributes of a sample of the selected mortgage loans, and CUATRECASAS, as independent legal advisers.

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

The Rating Agency may revise, suspend or withdraw the final ratings assigned at any time, based on any information that may come to its 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.

This is a Certified Translation into English of the Spanish Prospectus. No document other than the Spanish Prospectus registered by the Comision Nacional del Mercado de Valores may have any legal effect whatsoever or be taken into account with respect to the Bond Issue.

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 Pass-Through Certificates, representing Mortgage Loan rights, which shall be issued by BBVA and subscribed for by the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR one billion two hundred and twenty million (1,220,000,000.00), the face value amount of the Bond Issue.

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

In accordance with the Mortgage Loan information supplied by the Originator, the Management Company confirms that, based on their contractual characteristics, the flows of principal, interest and any other amounts generated by the securitised Mortgage Loan receivables allow the payments due and payable on the Bond Issue to be satisfied.

Nevertheless, in order to cover for potential payment defaults by the securitised Mortgage Loan Obligors, a number of credit enhancement transactions have been arranged allowing the amounts payable to the Bonds in each Series to be covered to a different extent and mitigating the interest risk due to the different terms of the interest clauses of the Mortgage Loans 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. Hence the different credit ratings assigned by the Rating Agency 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 financial 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 to Early Liquidation of the Fund and thereby 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 selected mortgage loan portfolio from which the Mortgage Loans will be taken in order for their receivables to be mostly assigned to the Fund when it is established, upon BBVA issuing and the Fund subscribing for the Pass-Through Certificates, comprises 22,991 mortgage loans, their outstanding principal at June 25, 2009 being EUR 1,401,904,124.89 and their overdue principal being EUR 127,860.13.

The following table sets out the details of the selected mortgage loans which have special financing for financing protected actions under the various schemes provided for in (i) State Housing Plans 2002-2005 and 2005-2008, respectively governed by Royal Decree 1/2002, January 11, relating to measures for financing protected actions in the matter of housing and land under Plan 2002-2005, and Royal Decree

801/2005, July 1, approving State Housing Plan 2005-2008 to foster home buying by citizens, as currently worded, and (ii) Community of Madrid Housing Plans 1997-2000 and 2001-2004, respectively governed by Decree 43/1997, March 13, regulating the legal system of aids in regard to publicly protected housing and publicly protected renovation in Community of Madrid Housing Plan 1997-2000, and Decree 11/2001, January 25, regulating special financing for protected housing activities and the legal system thereof for the period 2001-2004:

Mortgage loan portfolio with special financing at 25.06.2009				
Classification by Housing Plan				
Housing Plan	Mortgage loans		Outstanding principal	
	No.	%	(EUR)	%
State Housing Plan 2002-2005	19,225	83.62	1,143,317,600.80	81.55
State Housing Plan 2005-2008	1,121	4.88	92,980,151.17	6.63
Community of Madrid Housing Plan 1997-2000	1,216	5.29	60,678,218.05	4.33
Community of Madrid Housing Plan 2001-2004	1,429	6.22	104,928,154.87	7.48
Total	22,991	100.00	1,401,904,124.89	100.00

The special financing method of the selected mortgage loans with such financing is subsidisation, which consists of the Housing Ministry or the Community of Madrid paying out of their respective budgets (i) a percentage of the capital repayment and interest instalments (or interest only, in the interest-only period, as appropriate) on the special loan, for State Housing Plan 2002-2005 and Community of Madrid Housing Plans 1997-2000 and 2001-2004, or (ii) a number of Euros per annum for every 10,000 Euros of benefit loan, for State Housing Plan 2005-2008. The Obligor thereby benefits from instalment subsidisation.

Mortgage loan portfolio with special financing at 25.06.2009				
Classification by subsidisation				
Subsidisation	Mortgage loans		Outstanding principal	
	No.	%	(EUR)	%
Without subsidisation	3,274	14.24	180,139,442.39	12.85
With subsidisation	15,253	66.34	899,194,597.63	64.14
Yet to be allocated, as the case may be *	4,464	19.42	322,570,084.87	23.01
Total	22,991	100.00	1,401,904,124.89	100.00

* Mortgage loan eligibility yet to be confirmed.

Mortgage loan portfolio with special financing at 25.06.2009				
Classification by instalment percentage subsidisation or Euros p.a. for every EUR 10,000 of benefit loan				
Subsidisation	Mortgage loans		Outstanding principal	
	No.	%	(EUR)	%
State Housing Plan 2002-2005				
0%	1,273	5.54	68,263,140.21	4.87
5%	319	1.39	19,914,113.18	1.42
10%	1,182	5.14	74,130,535.69	5.29
15%	3,501	15.23	210,208,957.76	14.99
20%	7,391	32.15	428,458,647.71	30.56
25%	70	0.30	4,425,315.10	0.32
30%	805	3.50	45,047,692.74	3.21
35%	17	0.07	1,137,134.09	0.08
40%	1,388	6.04	75,402,045.55	5.38
45%	21	0.09	1,203,657.11	0.09
Yet to be allocated, as the case may be *	3,258	14.17	215,126,361.66	15.35
State Housing Plan 2005-2008				
EUR 0 for every 10,000	40	0.17	3,506,682.72	0.25
EUR 48 for every 10,000	34	0.15	2,522,414.93	0.18
EUR 82 for every 10,000	512	2.23	35,970,978.02	2.57
EUR 132 for every 10,000	5	0.02	381,000.43	0.03
Yet to be allocated, as the case may be *	530	2.31	50,599,075.07	3.61

Mortgage loan portfolio with special financing at 25.06.2009				
Classification by instalment percentage subsidisation or Euros p.a. for every EUR 10,000 of benefit loan				
Subsidisation	Mortgage loans		Outstanding principal	
	No.	%	(EUR)	%
Community of Madrid Housing Plan 1997-2000				
0%	1,115	4.85	56,312,929.62	4.02
10%	1	0.00	67,148.39	0.00
15%	5	0.02	231,366.81	0.02
Yet to be allocated, as the case may be *	95	0.41	4,066,773.23	0.29
Community of Madrid Housing Plan 2001-2004				
0%	846	3.68	52,056,689.84	3.71
15%	2	0.01	93,590.12	0.01
Yet to be allocated, as the case may be *	581	2.53	52,777,874.91	3.76
Total	22,991	100.00	1,401,904,124.89	100.00

No details are given of percentages with no contents.

* Yet to be confirmed whether the mortgage loans qualify. In the case of mortgage loans with security located in the Community of Madrid, the Community of Madrid may take up to 4 years to acknowledge the right to subsidisation from the mortgage loan origination date, the average noted being 30 months.

The Originator requests a settlement of State Housing Plan subsidies monthly from the Housing Ministry for payment thereby. The average time for collecting said subsidies ranges between 4 and 6 months after being claimed. The Originator submits a settlement of Community of Madrid Housing Plan subsidies quarterly, by calendar quarters, to the Community of Madrid for payment thereby. The maximum time for collecting said subsidisations can be up to 3 years after being claimed.

The amounts subsidised by both the Housing Ministry -State Housing Plan 2002-2005- and the Community of Madrid -Community of Madrid Housing Plans 1997-2000 and 2001-2004- are applied to capital repayment and interest payment in the same proportion they represent to capital and interest payable in each instalment based on the mortgage loan repayment system. The subsidised amounts under the State Housing Plan 2005-2008 are directly applied to interest and are only applied to mortgage loan capital repayment if those amounts exceed the interest payable by the Obligors.

Mortgage loan subsidisation is granted for an initial five-year period unless otherwise provided for in Royal Decrees 1/2002 and 801/2005 and in Community of Madrid Decrees 43/1997 and 11/2001, as specified in section 2.2.1 below.

Audit of the assets securitised through the Fund.

Deloitte has audited the most significant features of the selected mortgage loans.

That audit was made using sampling techniques consisting of analysing a number of transactions fewer (sample) than the full selection of mortgage 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: loan origination, proof of protected housing, loan purpose, identification of the obligor, holder, loan origination date, loan maturity date, initial loan amount, current loan balance, reference rate, interest rate applied, appraisal value, current loan-to-value ratio, mortgaged property, address of the mortgaged property, mortgage security, loan transfer, arrears in payment, age of loan and damage insurance. Selected mortgage loans in respect of which errors are detected in verifying the sample shall not be assigned to the Fund by BBVA.

The audit results shall be set out in a report prepared by Deloitte, which is one of the documents on display as determined in section 10 of the Registration Document.

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

A) State regulations applicable to protected or officially protected housing (VPO) and to the Mortgage Loans used to purchase the same

The laws applicable on the subject are classified as follows:

- a. State laws governing the system of both publicly and privately developed officially protected housing:
 1. Officially Protected Housing Policy Royal Decree-Law 31/1978, October 31.
 2. Royal Decree 3148/1978, November 10, implementing Officially Protected Housing Policy Royal Decree-Law 31/1978, October 31.
 3. Building Arrangement Act 38/1999, November 5.
 4. Land Act 8/2007, May 28.
 5. Co-Operatives Act 27/1999, July 16.
 6. Royal Decree 2028/1995, December 22, regulating the requirements to be eligible for special State funding for officially protected housing developed by housing co-operatives and owners' associations.
 7. General Consumer and User Defence Act 26/1984, July 19.
 8. Royal Decree 515/1989, April 21, specifically regulating consumer protection as to the information to be supplied in the sale and purchase and lease of housing.
 9. General Benefits Act 38/2003, December 17.
 10. Housing Ministry Order dated November 24, 1976, reviewing certain social housing design and quality rules.
 11. Housing Ministry Order dated May 20, 1969, adapting technical ordinances and building rules approved by a Ministerial Order dated July 12, 1955 to the consolidation and revised wording of officially protected housing laws and implementing regulations.
- b. Supplementary State law.
 1. Consolidation of officially protected housing laws. Royal Decree 2960/1976, November 12.
 2. Officially protected housing regulations. Decree 2114/1968, July 24.
- c. Autonomous Community laws.
- d. Municipal and State technical ordinances in regard to quality, design, rules on revisions for the disabled, rules on effect on projects or building and such others as may apply to this subject.
- e. State provisions on funding for privately developed housing and such others as may apply to this subject.
- f. State provisions on the assignment of housing and such others as may apply to this subject.
- g. State and Autonomous Community provisions on publicly developed officially protected housing and such others as may apply to this subject.

Out of the mortgage loans pooled in the Fund's assets, 88.53% has been allocated to funding private individuals for buying, building or renovating protected or officially protected housing (VPO), benefiting from State Housing Plans: 2002-2005 (Royal Decree 1/2002, January 11, -"Royal Decree 1/2002") and 2005-2008 (Royal Decree 801/2005, July 1, as currently worded, -"Royal Decree 801/2005" and both, collectively, the "Royal Decrees").

Protected housing typology

Royal Decree 3148/1978, November 10, implementing Royal Decree-Law 31/1978, October 31, on Officially Protected Housing Policy, defines officially protected housing as follows:

“An officially protected home shall mean any home used as a permanent usual abode with a useful surface area of not more than ninety square metres, satisfying the requirements laid down in this Royal Decree and in the rules implementing the same, and classified as such by the State through the Public Works and Planning Ministry, or by other territorial public Entities vested with this authority.”

Both laws establish the following classification for housing qualifying as officially protected housing:

- (i) Privately developed officially protected housing: designed to be (i) designed to be leased; or (ii) designed to be sold; in both cases, (i) under a special system or (ii) under a general system.
- (ii) Publicly developed officially protected housing: (i) designed to be leased; or (ii) designed to be sold; in both cases, (i) under a special system or (ii) under a general system.

In addition to the two subtypes of officially protected housing (VPO) referred to above (special system and general system), there is a third subtype of VPO, if the homes are classified based on their maximum authorised sale price and beneficiaries' maximum income, i.e. arranged system VPO, as governed by Royal Decree 801/2005.

Generally, officially protected housing shall have a useful surface area of not more than 90 square metres and shall at all events be used as a usual permanent abode by the recipients.

The maximum authorised sale price in the case of special system officially protected housing is less than in the general system and in the arranged system, and the general system maximum authorised sale price is less than in the arranged system. The maximum income required for beneficiaries is also lower in the special system than in the two other systems and in turn in the general system with respect to the arranged system.

The method for determining the maximum authorised sale price and beneficiaries' maximum income has changed during the life of the state regulations.

The maximum authorised sale price, per square metre of useful surface, has been calculated based on either (i) the weighted modulus in force from time to time, established annually in ministerial orders and which varies according to the town, or (ii) using the basic national price, established in a decree or by means of a Cabinet resolution, as a benchmark.

The beneficiaries' maximum income is calculated with reference to (i) the minimum wage (“SMI”) or (ii) the multi-purpose income public indicator (“IPREM”). In both cases, the maximum income under the general system shall not exceed 5.5 times those indices and 2.5 times under the special system. Under the arranged system, the maximum income may not exceed 6.5 times the IPREM.

The Royal Decrees provide for and regulate access to the different types of financial aids or special funding, namely as follows:

- A. Benefit or special loans granted by public and private credit institutions within the framework of cooperation agreements entered into with the Housing Ministry (formerly the Public Works Ministry or Public Works, Transport and Environment Ministry). The agreements signed by the Originator with the Ministry, for each State housing plan, shall hereinafter be referred to as the **“Cooperation Agreements”**.

All selected mortgage loans are special or benefit loans.

- B. Direct financial aids:

- a. Benefit or special loan subsidies ;
- b. Benefits; some are specific for first-time homebuyers (Royal Decree 1/2002 and Royal Decree 801/2005);
- c. Other direct financial aids designed to help make the down payment required (“**AEDE**”) for first-time homebuyers (Royal Decree 1/2002 and Royal Decree 801/2005);

- d. Other benefits designed to promote the offering of free market housing on lease and to help tenants pay the rent (Royal Decree 1/2002).

Characteristics of direct financial aids:

- Pursuant to Royal Decree 1/2002, subsidisation consists of payment of a percentage of the mortgage loan capital repayment and interest instalment and, under Royal Decree 801/2005, of a fixed amount, calculated based on the loan granted, the borrower's family income level and the form of protected action). The Originator settles the relevant mortgage loan subsidisations with the State monthly. However, there is no set frequency for payment to the Originator by the State of these amounts.
- Subsidisation levels of special or benefit loans shall depend on several factors, namely: (i) the buyers' weighted income; (ii) whether the loan is granted to first-time homebuyers; (iii) whether or not the subsidisation beneficiary has a housing account on the terms laid down in the Royal Decrees proper; or (iv) whether the beneficiaries belong to a large family. If subsidisation consists, as provided for in Royal Decree 801/2005, of a fixed amount, that shall also depend on the amount and number of benefit loan repayment instalments.

As for the Obligors, at June 25, 2009 14% in terms of outstanding selected mortgage loan portfolio principal receives instalment subsidisation on the Mortgage Loans assigned to the Fund as a direct financial aid. Therefore, the Obligor pays to the Originator the non-subsidised part of the instalment and the State pays the subsidisation to the Originator.

- For first-time homebuyers, under the Royal Decrees, the subsidy is compatible with obtaining the AEDE.
- Loan subsidisation is granted for a period of five (5) years, unless otherwise specifically established. Thus, Royal Decree 1/2002 allows beneficiaries with family income not in excess of a given ratio of the minimum wage (SMI) to extend the initial benefit period of five (5) years to another period with the same maximum duration (i.e., up to ten (10) years). In order to be eligible for an extension of the subsidisation period, the subsidisation beneficiary is required to apply for such extension and prove, within the fifth (5th) year of the first period, that the requirements to be eligible for subsidisation are still satisfied. In addition, if a large family, the percentage subsidisation is further increased by five (5) percentage points during the first five (5) years of the special loan repayment period.
- As established in the Cooperation Agreements, in the event of termination of the loan agreement because the home does not finally qualify as an officially protected home or because the mortgage is foreclosed if the Obligor is in breach of obligations, the Originator shall stop settling the subsidy, although that will be resumed if the loan is reinstated.
- As provided for in the Royal Decrees, loans taken out by those benefiting from the first-time homebuyers system shall continue to qualify as special loans and shall not fall in arrears if (principal and interest) instalment payments are exceptionally deferred by up to not more than two years upon an agreement being arrived at between the Originator and the Obligor, due to temporary payment stoppage triggered by unemployment. The first stoppage may not occur before the first three mortgage loan annual payments are fully made.
- The AEDE consist of paying the buyer once only a certain fixed amount based on the applicant's income level and personal or family circumstances, to be used by first-time homebuyers for making the down payment.

The Cooperation Agreements regulate the undertakings made by both parties, i.e. the State and the Originator, in regard to granting the benefit or special loans, the operational terms for those loans to be granted and for the AEDE benefits to be paid, and the operational terms for managing loans and refunding the AEDE benefit.

Lastly, it is noteworthy that the authority to process and resolve applications for direct financial aids and manage payment of benefits lies with the Autonomous Communities and the cities of Ceuta and Melilla, in accordance with the cooperation agreements entered into between the Housing Ministry or the Public Works Ministry and the Autonomous Communities and Ceuta and Melilla.

The following tables giving the subsidisation levels according to the state housing plan at issue sum up the foregoing requirements:

State Housing Plan 2002-2005: special loan instalment subsidisation

Income Level	Buyers/ Recipients	Option	Subsidisation			
			Large family		Not a large family	
			%	Years	%	Years
<1.5 times SMI	Buyers / Beneficiaries new and existing homes	With AEDE	25% - 20%	5 - 5	20%	10
		Without AEDE	45% - 40%	5 - 5	40%	10
> 1.5 and <= 2.5 times SMI		With AEDE	20% - 15%	5 - 5	15%	10
		Without AEDE	35% - 30%	5 - 5	30%	10
> 2.5 and <= 3.5 times SMI		With AEDE	15%	5	10%	5
		Without AEDE	20% - 15%	5 - 5	15%	10
> 3.5 and <= 4.5 times SMI		Without AEDE	10%	5	5%	5
> 4.5 and <= 5.5 times SMI			-			

State Housing Plan 2005-2008: benefit loan instalment subsidisation

Family Income Level (F.I.)	Buyers/ Recipients	Not a large family		Large family	
		Instalment subsidisation amount	Years	Instalment subsidisation amount	Years
F.I.<2.5 times Multi-Purpose Income Public Indicator (IPREM)	Buyers of new homes under a special system and general price	EUR 82 per annum for every EUR 10,000 loaned	5 (may be extended for a further 5)	132 Euros per annum for every EUR 10,000 loaned	5 (may be extended for a further 5 but the amount shall be the same as for not a large family)
2.5 times IPREM< F.I.<=3.5 times IPREM		EUR 48 per annum for every EUR 10,000 loaned	5	78 Euros per annum for every EUR 10,000 loaned	5

State Housing Plan 2005-2008: direct State aids for down payment (AEDE)

Family Income Level (F.I.)	Not a large family	Large family			Special circumstances
	0 to 2 children	3 children	4 children	5 or more children	Family units consisting of only a father or mother and children, having a disabled person, caring for a relative aged over 65, gender-based violence victims, terrorism victims, etc.
F.I.<2.5 times IPREM	EUR 7,000	EUR 10,000	EUR 10,600	EUR 11,200	EUR 7,900
2,5 times IPREM< F.I.<=3.5 times IPREM	EUR 4,000	EUR 7,000	EUR 7,600	EUR 8,200	EUR 4,900

NOTE: the aid will be increased when the home is located within a group having a declared territorial scope with a price cap: EUR 1,000 euros for group A, EUR 550 for group B and EUR 300 for group C.

a) Essential features of the legal system for protected or officially protected housing (VPO)

The legal system relating to using, conserving and making the most of officially protected housing shall last for thirty (30) years after qualification, in accordance with article 1 of Royal Decree-Law 31/1978.

A. Disposal prohibition

Royal Decree 1/2002 prevents buyers of publicly protected homes who are granted special loans from disposing of or howsoever conveying the use of the homes for a period of ten (10) years after that loan is arranged. The breach of that disposal prohibition, unless it is rendered ineffective on the following terms, shall be an event of termination of the loan agreements and may carry with it administrative penalties. Disposal prohibitions are recorded in the public deeds of sale of the homes and in the deeds originating the mortgage loan, and are entered in the relevant Land Registry, thereby preventing any disposal transaction from being entered in the Land Registry (the administration's control is indirectly carried out through notaries public and registrars).

After the lapse of ten (10) years from the origination of the special loan, the transfer or conveyance of the use howsoever described of the officially protected home shall result in the subsidy being removed and the loan no longer qualifying as a special loan, and the credit institution may decide to terminate the same. After the aforesaid ten (10) years, since a disposal prohibition no longer exists, the transfer shall not require a prior authorisation nor indeed the return of any aid whatsoever, but may simply result in termination by the credit institution.

Royal Decree 801/2005 also contains a prohibition on the sale of officially protected homes for a period of at least ten (10) years after the date on which the purchase is perfected (it is noteworthy that this is not conditional on special financing being obtained). These restrictions must also be set down in the public deed of purchase of the homes and, as the case may be, in the deeds originating the mortgage loan, and are entered in the relevant Land Registry, thereby preventing any disposal transaction from being entered in the Land Registry (the administration's control is indirectly carried out through notaries public and registrars).

Such a disposal prohibition may be rendered ineffective in the event of court auction, although in this case the relevant Autonomous Community's authorisation is not required. It will however be necessary, if financial aids have been obtained, for the benefit loan to be cancelled in the first place and for the State financial aids received to be refunded, together with statutory interest accrued from the time of receipt.

After the lapse of ten (10) years from the acquisition of the protected home, transfer or conveyance of the use, howsoever described, of officially protected homes shall result in the loan no longer qualifying as a benefit loan, and the credit institution may decide to terminate the same. After the aforesaid ten (10) years, since a disposal prohibition no longer exists, the transfer shall not require a prior authorisation nor indeed the return of any aid whatsoever, but may simply result in termination by the credit institution.

B. Set price

The sale price (or the price of any voluntary transfer howsoever described) during the term of the official protection system of the home should not exceed the price cap legally assessed for those homes.

Notwithstanding the above, as the Supreme Court has time and again had it in case law, a transfer of the home outside the set price limits and a breach of the buyer's obligation to satisfy the terms statutorily required (paragraph A above) only has administrative (penalties) and no civil implications, for that shall not be a ground for invalidity of the sale of the home made in breach of such requirements. In those events of breach, the State shall take action against whoever is liable for an administrative infringement (i.e., against the seller who shall have received a price over and above the set price or against the buyer who shall have purchased without satisfying the requirements established by the applicable laws).

C. Voluntary withdrawal and loss of VPO status of the homes

In order for a home subject to a public protection system to be transferred for a price above the legally set price, withdrawal must first have been applied for and obtained.

Royal Decree 1/2002 and Royal Decree 801/2005 prevent an application for voluntary withdrawal of the officially protected home for a period of fifteen (15) years and thirty (30) years respectively after the date on which it qualifies or on which official protection is finally declared.

D. Events of return of aids

In principle, the obligation to refund the funding granted by the State shall generally only exist where the protected homeowner voluntarily (i) transfers the home to a third party in breach of a disposal prohibition or statutorily imposed sale terms, or (ii) applies for early withdrawal thereof. Consequently, and because the owner of his or her own accord wills that the terms by which the special funding is bound no longer be complied with, the obligation to return the direct financial aids lies with the borrower and officially protected homebuyer, for it is him or her who shall have benefited therefrom and shall have decided to waive the same.

Royal Decrees 1/2002 and 801/2005 also specify that the failure to obtain a final qualification or declaration of the protected actions shall also result in the loan no longer qualifying as a special loan, in subsidisation being stopped and in the direct financial aids received being returned, together with statutory interest accrued from the time of receipt.

In addition, pursuant to the Cooperation Agreements:

1. In the event of the loan agreement terminating upon final designation as officially protected housing being refused, the borrower would be bound to return the direct aids received from the State.
2. In the event of the loan agreement terminating due to a breach by the borrower, the Originator shall stop settlement of the subsidy. And, in these cases, if the Originator should apply for mortgage foreclosure, the direct aids received by the borrower and which the Originator is able to recover in the foreclosure proceedings would have to be returned to the State.

Specifically, the Originator would only be bound to return to the State the amount of any subsidies paid by the State to the Originator from the date of the first contractual breach by the borrower (for only thereafter will the borrower be bound to pay the full mortgage loan payment) and before the Originator stops the settlement of the subsidies to the State (due to termination of the agreement) which the Originator shall have claimed and received from the borrower in the foreclosure proceedings.

The Originator shall agree in the deed of constitution of the Fund, as specified in this Prospectus, to return, on the Fund's behalf, the direct financial aids which the Fund may be bound to pay to the State if they should be claimed and should not have been previously paid in by the Obligor to the Fund, notwithstanding the Originator's right to subsequently claim from whosoever it shall see fit any direct financial aid paid to the State as refunds, other than the Fund.

E. Right of pre-emption and redemption

Royal Decree 801/2005 makes provision for rights of pre-emption and redemption (i.e. rights of first refusal respectively before and after asset transfer) in favour of the Autonomous Community (or public entity to which the same may have assigned its rights) for a period of ten (10) years, but only in respect of special system officially protected housing. Those rights will have to be entered in the Land Registry.

Royal Decree 1/2002 makes no provision for any right of pre-emption or redemption in respect of the protected homes benefiting from that Plan.

b) Foreclosure of protected or officially protected housing (VPO).

Foreclosure of a mortgage granted on an officially protected home is prosecuted as the foreclosure of any real property mortgage, observing the formalities of monetary enforcement proceedings governed by the Civil Procedure Act, with the specialities provided for in articles 681 et seq. of that Act.

However, a number of additional formalities may sometimes be necessary in such cases of foreclosure of a mortgage encumbering an officially protected home, inter alia, the request for authorisation to the competent Autonomous Community in order to render ineffective a disposal prohibition applicable to the mortgage home. These formalities may further delay the ordinary duration of foreclosure proceedings.

Moreover, in carrying out a court auction of an officially protected home, the price caps assessed for officially protected housing should in principle be observed. In addition, bidders entitled to take part in the auction shall have to satisfy the set requirements to be a beneficiary of non-financial aids and, as the case may be, special financing. Notice of the court auction should provide potential bidders with all this information as to the terms of the auction and the requirements to bid thereat.

However, there is no uniform practice in all Spanish Courts in this connection. Some Courts require the observance of these restrictions and others do not.

Lastly, foreclosure costs should be similar to those of any foreclosure proceedings, because procedural costs are calculated based on the unpaid amount of the loan subject of the foreclosure application, and that figure does not depend on whether or not the home encumbered with the foreclosed mortgage is protected.

B) Autonomous Community system.

a) Laws of the Autonomous Community of Madrid applicable to protected housing, and to the Mortgage Loans designed to purchase the same.

Autonomous Communities have sometimes established their own housing plans laying down other measures for financing publicly protected housing, and therefore State laws do not apply in those cases. Bearing in mind the makeup of the portfolio, the Autonomous Community laws applicable are the following laws of the Autonomous Community of Madrid: (i) Statute of Autonomy of the Community of Madrid approved by Organic Act 3/1983; (ii) Community of Madrid Public Protection for Housing Act 6/1997, January 8 ("**Act 6/1997**"); (iii) Decree 43/1997, March 13, regulating the legal system of aids in regard to publicly protected housing and publicly protected renovation in Community of Madrid Housing Plan 1997-2000, and supplementary or implementing regulations ("**Decree 43/1997**"); (iv) Decree 228/1998, December 30, regulating the legal system of aids in regard to publicly protected housing and publicly protected renovation in Community of Madrid Housing Plan 1997-2000, and supplementary or implementing regulations ("**Decree 228/1998**") and (v) Decree 11/2001, January 25, regulating the special financing for protected housing activities and the legal system thereof for the period 2001-2004, and supplementary or implementing regulations ("**Decree 11/2001**", and, collectively with Decree 43/1997 and Decree 228/1998, the "**Autonomous Community Decrees**" or "**Decrees**").

The object of those Autonomous Community Plans is to properly supplement State Plans and thereby provide for needs not covered by the latter, creating Publicly Protected Housing, differing from officially protected housing, inasmuch as this institution allows certain needs to be met specific to the social reality of the Community of Madrid.

The Autonomous Community Decrees provide for and regulate access to the different forms of special financing, namely as follows:

- a. Special mortgage loans granted by public and private credit institutions within the framework of cooperation agreements signed with the Department of Public Works, Town Planning and Transport, however the latter may be referred to from time to time (the agreements signed by the Originator with the Department, for each Autonomous Community housing plan, shall hereinafter be referred to as the "**Autonomous Community Cooperation Agreements**").

- b. Direct financial aids, consisting of either straightforward or reinforced subsidisation of the special loans, or benefits, some being specific, such as, for instance, (i) those provided for first-time homebuyers (Decree 228/1998 and Decree 11/2001), (ii) those designed for developers within the framework of the promotion of Social Integration Housing and Publicly Protected Renovation actions; and (iii) those designed for developers and tenants within the framework of special financing for Publicly Protected Housing designed to be let.

Characteristics of direct financial aids:

Pursuant to Decree 228/1998 and Decree 11/2001, subsidisation consists of paying to the lender credit institution a percentage of the capital repayment and interest instalments (or interest only, in interest-only periods, where appropriate) of the special loan. For its part, Decree 43/1997 provides that subsidisation shall consist of payment to the lender credit institution of the existing difference between the loan capital repayment and interest payments at the actual interest rate set by the Government Council for financing agreements and those that would be due at the subsidised interest rate applicable in each case, which shall be construed at all times as the actual rate.

The Originator shall deduct from the instalments payable by the borrower the subsidisation amounts payable by the Community of Madrid with the frequency provided for in that connection in the Autonomous Community Cooperation Agreements. However, there is no set frequency for payment to the Originator by the Autonomous Community of Madrid of those amounts.

Subsidisation levels of special or benefit loans shall depend on several factors, to wit mainly: (i) the weighted (individual or family) income of the buyers, recipients, developers for own use or tenants of Publicly Protected Housing; (ii) whether the loan is granted to first-time homebuyers; (iii) whether or not the subsidisation beneficiary has a housing account on the terms laid down in the Autonomous Community Decrees proper; (iv) the term of the special loan; (v) whether the beneficiaries belong to a large family; or (vi) the existence of disabled persons in the family unit, or that the buyer and the remaining family unit members is or are not aged over 35.

In the case of first-time homebuyers, Decree 228/1998 provides for the application of a reinforced loan subsidy system, consisting of paying twice the amount that would have been due had no such circumstance occurred. The right to receive this reinforced subsidy shall depend on the buyer's family income, the term of the special loan and whether or not there is a housing account on the terms required in Decree 228/1998 proper. Decree 228/1998 actually provides for the application of this reinforced subsidy, for a period of one (1) year and in certain cases, when the buyer does not qualify as a first-time homebuyer but does satisfy a number of requirements as to size of the home, family income and makeup and characteristics of the family unit. First-time homebuyers are also covered in Decree 11/2001 because this is a factor determining the subsidy to be received.

The subsidisation of loans granted under Decrees 43/1997 and Decree 11/2001 shall be awarded for a period of five (5) years, unless otherwise provided therein, and may be increased by periods having the same maximum duration, although the sum of subsidised periods shall at no event exceed the maximum subsidisation period established in each case. Extension of the subsidisation period shall require that the beneficiary of this aid apply for the extension and prove, within the fifth year of each period, that the subsidisation requirements are still satisfied. Similarly, pursuant to Decree 228/1998, subsidisation shall last for between five (5) and fifteen (15) years.

Additionally to subsidisation, the Autonomous Community Decrees provide for the award of a subsidy at a sum equivalent to 5 percent of the price of the home and attached annexes, if any, shown on the sale and purchase or award deed or the value of the building added to that of the land, recorded in the deed declaring a new construction in the case of an individual developer for own use.

The following tables giving the subsidisation levels according to the Community of Madrid housing plan at issue sum up the foregoing requirements:

Autonomous Community of Madrid Housing Plan 1997-2000

Special loan instalment subsidisation:

Family Income (F.I.)	Instalment subsidisation	Subsidisation term
F.I. <= ESP 2.5 million	15%	5-15
ESP 2.5 million < F.I. <= ESP 3.5 million	10%	5-10
ESP 3.5 million < F.I. <= ESP 4.5 million	10%	5-10

Reinforced special loan instalment subsidisation:

		Duration of the reinforced subsidy (years)	
Family Income (F.I.)	Beneficiaries	With housing account	Without housing account
F.I. <= ESP 2.5 million	First-time homebuyers	3	2
ESP 2.5 million < F.I. <= ESP 3.5 million		2	1
	Buyers who do not qualify as first-time homebuyers	1	1

Note: In the case of first-time homebuyers, a reinforced subsidy system shall be applied consisting of paying twice the subsidisation amount that would have been due had no such circumstance occurred

Autonomous Community of Madrid Housing Plan 2001-2004

Special loan instalment subsidisation:

Family income	Instalment subsidisation	Subsidisation term
F.I. <=2.5 times SMI	15%	5-15
2.5 times SMI < F.I. <= 3.5 times SMI	10%	5-10

b) Essential features of the Autonomous Community of Madrid legal system applicable to Publicly Protected Housing.

A. Restrictions on the power of disposal.

Pursuant to the Autonomous Community Decrees, buyers, recipients and individuals developers for own use may not howsoever transfer between the living or assign the use of homes in respect of which they shall have obtained a special loan for a term of five (5) years from the origination of that loan, without cancelling the same and securing an authorisation to sell from the competent body of the Community of Madrid, after refunding direct financial aids received to the Community of Madrid, with the relevant statutory interest.

Notwithstanding the above, after the lapse of five (5) years from the origination of the special loan to the buyer, recipient or individual developer for own use, a transfer between the living or an assignment of the use, howsoever described, of the homes referred to in the above paragraph shall not be bound to any administrative authorisation whatsoever, but will result in subsidisation being stopped and may trigger termination of the special loan.

In the case of second or subsequent transfers of the homes during the term of protection, the total maximum sale price cannot exceed the price of Publicly Protected Housing for sale or own use provisionally qualifying in the same year in which the transfer occurs and in the same town.

In any event, the restrictions referred to herein shall be specifically set down in the deed of sale and purchase, award or declaration of new construction in the case of an individual development for own use, and in the deed originating the mortgage loan, in order to be entered in the Land Registry.

B. Set price.

The sale price (or the price of any voluntary transfer howsoever described) during the term of the public protection system of the home should not exceed the legal price cap assessed for those homes.

Notwithstanding the above, as the Supreme Court has time and again had it in case law, the breach of this obligation and of the buyer's obligation to satisfy the terms statutorily required (paragraph A above) only has administrative (penalties) and no civil implications, for that shall not be a ground for invalidity of the sale of the home made in breach of such requirements. In those events of breach, the Autonomous Community shall take action against whoever is liable for an administrative infringement (i.e., against the seller who shall have received a price over and above the set price or against the buyer who shall have purchased without satisfying the requirements established by the applicable laws).

C. Voluntary withdrawal and loss of Publicly Protected Housing status of the homes .

Decree 43/1997 and Decree 228/1998 provide for withdrawal of Publicly Protected Housing at any time during the term of the protection system, upon the interested party so requesting. In that case, the Administration shall allow such withdrawal once the interested party has refunded all of the advance payments, loans and subsidies received, together with the relevant statutory interest, and, as the case may be, the amount of any tax relief, together with statutory interest thereon.

For its part, Decree 11/2001 requires that at least fifteen (15) years have elapsed since the same finally qualified and that withdrawal does not result in detriment to third parties or social interest.

D. Events of return of aids .

In principle, the obligation to refund the funding granted by the Autonomous Community shall generally only exist where the protected homeowner voluntarily (i) transfers the home to a third party in breach of a disposal prohibition or statutorily imposed sale terms, or (ii) applies for early withdrawal thereof. Consequently, and because the owner of his or her own accord wills that the terms by which the special funding is bound no longer be complied with, the obligation to return the direct financial aids lies with the borrower and officially protected homebuyer, for it is him or her who shall have benefited therefrom and shall have decided to waive the same.

Decree 228/1998 and Decree 11/2001 also specify that the failure to obtain a final qualification or declaration of the protected actions shall also result in the loan no longer qualifying as a special loan, in subsidisation being stopped and in the direct financial aids received being returned, together with statutory interest accrued from the time of receipt.

In addition, pursuant to the Autonomous Community Cooperation Agreements, in the event of the loan agreement terminating upon final designation being refused or upon mortgage foreclosure due to the beneficiary's breach of obligations, the Originator shall proceed to stop settling the subsidy, although that will be resumed if the loan is reinstated.

Moreover, if the Originator should apply for mortgage foreclosure, the direct aids received by the borrower and which the Originator is able to recover in the mortgage foreclosure proceedings would have to be returned to the Autonomous Community.

Specifically, in these events, the Originator would only be bound to return to the Autonomous Community the amount of any subsidies paid by the Autonomous Community to the Originator from the date of the first contractual breach by the borrower (for only thereafter will the borrower be bound to pay the full mortgage loan payment) and before the Originator stops the settlement of the subsidies to the Autonomous Community (due to termination of the agreement) which the Originator shall have claimed and received from the borrower in the foreclosure proceedings.

The Originator shall agree in the deed of constitution of the Fund, as specified in this Prospectus, to return, on the Fund's behalf, the direct financial aids which the Fund may be bound to pay to the Community of Madrid if they should be claimed and should not have been previously paid in by the Obligor to the Fund, notwithstanding the Originator's right to subsequently claim from whosoever it shall see fit any direct financial aid paid to the Community of Madrid as refunds, other than the Fund.

c) Compatibility of Autonomous Community aids and State aids

The aids provided for in the Autonomous Community Decrees for Publicly Protected Housing and for Publicly Protected Renovation in isolated buildings are at all events incompatible with the aids provided for in State laws.

Notwithstanding the provisions of the preceding paragraph, the aids provided for in the Autonomous Community Decrees for Publicly Protected Housing shall be compatible with those provided for certain protected actions in regard to land under State laws.

Similarly, the aids provided for in the Autonomous Community Decrees for Renovation with Public Protection in Integrated Renovation Areas shall be compatible with certain aids provided for in State laws.

d) Foreclosure of Publicly Protected Housing

The observations of section A) b) above apply in relation to foreclosure of the mortgage granted on Publicly Protected Housing.

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

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

The following table gives the concentration of the ten obligors weighing most in the portfolio of selected mortgage loans as at June 25, 2009.

Mortgage loan portfolio at 25.06.2009				
Classification by Obligor				
	Mortgage loans		Outstanding principal	
		%	(EUR)	%
Obligor 1	1	0.004	133,962.030	0.010
Obligor 2	1	0.004	133,321.650	0.010
Obligor 3	1	0.004	131,115.520	0.009
Obligor 4	1	0.004	130,958.230	0.009
Obligor 5	1	0.004	130,480.920	0.009
Obligor 6	1	0.004	130,347.530	0.009
Obligor 7	1	0.004	129,884.240	0.009
Obligor 8	1	0.004	129,884.240	0.009
Obligor 9	1	0.004	129,884.240	0.009
Obligor 10	1	0.004	129,884.240	0.009
<i>Subtotal 10 largest Obligators</i>	<i>10</i>	<i>0.043</i>	<i>1,309,722.84</i>	<i>0.093</i>
Rest: 22,981 Obligators	22,981	99.957	1,400,594,402.05	99.907
Total 22,991 obligors	22,991	100.00	1,401,904,124.89	100.00

b) Information regarding selected mortgage loan origination date.

The following table gives the selected mortgage loan distribution according to the origination date by six-monthly intervals, and the average, minimum and maximum age.

Mortgage loan portfolio at 25.06.2009				
Classification by mortgage loan origination date				
Date interval	Mortgage loans		Outstanding principal	
		%	(EUR)	%
01/01/2002 to 30/06/2002	252	1.10	10,391,872.38	0.74
01/07/2002 to 31/12/2002	810	3.52	37,240,322.94	2.66
01/01/2003 to 30/06/2003	688	2.99	33,559,639.32	2.39
01/07/2003 to 31/12/2003	958	4.17	46,744,458.32	3.33
01/01/2004 to 30/06/2004	1,700	7.39	84,475,555.52	6.03
01/07/2004 to 31/12/2004	3,366	14.64	192,057,866.54	13.70
01/01/2005 to 30/06/2005	2,346	10.20	133,831,319.16	9.55
01/07/2005 to 31/12/2005	3,668	15.95	217,895,315.42	15.54
01/01/2006 to 30/06/2006	2,962	12.88	197,664,419.43	14.10
01/07/2006 to 31/12/2006	3,335	14.51	226,871,930.26	16.18
01/01/2007 to 30/06/2007	1,203	5.23	88,878,384.33	6.34
01/07/2007 to 31/12/2007	1,702	7.40	132,207,020.30	9.43
01/01/2008 to 30/06/2008	1	0.00	86,020.97	0.01
Total	22,991	100.00	1,401,904,124.89	100.00
	44.60	Months	Weighted average age	
	88.87	Months	Maximum age	
	16.18	Months	Minimum age	

c) Information regarding selected mortgage loan principal.

The following table gives the mortgage loan outstanding principal distribution at June 25, 2009 by EUR 10,000 intervals, and the average, minimum and maximum amount. No details are given of intervals with no contents.

Mortgage loan portfolio at 25.06.2009				
Classification by outstanding principal				
Principal interval	Mortgage loans		Outstanding principal	
(EUR)	No.	%	(EUR)	%
0.00 - 9,999.99	73	0.32	482,722.23	0.03
10,000.00 - 19,999.99	165	0.72	2,584,664.88	0.18
20,000.00 - 29,999.99	377	1.64	9,774,823.55	0.70
30,000.00 - 39,999.99	1,465	6.37	52,836,919.04	3.77
40,000.00 - 49,999.99	4,357	18.95	198,764,910.24	14.18
50,000.00 - 59,999.99	5,674	24.68	313,948,902.47	22.39
60,000.00 - 69,999.99	5,011	21.80	323,865,818.87	23.10
70,000.00 - 79,999.99	2,948	12.82	219,928,701.08	15.69
80,000.00 - 89,999.99	1,285	5.59	108,732,534.14	7.76
90,000.00 - 99,999.99	816	3.55	76,948,144.28	5.49
100,000.00 - 109,999.99	265	1.15	27,757,928.73	1.98
110,000.00 - 119,999.99	296	1.29	34,125,060.08	2.43
120,000.00 - 129,999.99	253	1.10	31,362,809.42	2.24
130,000.00 - 139,999.99	6	0.03	790,185.88	0.06
Total	22,991	100.00	1,401,904,124.89	100.00
Average principal:			60,976.21	
Minimum principal:			170.58	
Maximum principal:			133,962.03	

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

Selected mortgage loan interest floats. The following table gives mortgage loan distribution according to benchmark indices applicable for determining the nominal interest rate.

Mortgage loan portfolio at 25.06.2009				
Classification by Interest rate benchmark index				
Benchmark Index	Mortgage loans		Outstanding principal	
		%	(EUR)	%
Housing Plan 1998/2001 ⁽¹⁾	1,020	4.44	50,796,939.48	3.62
Housing Plan 2002/2005 ⁽²⁾	20,748	90.24	1,251,959,669.46	89.30
Housing Plan 2005/2008 ⁽³⁾	1,223	5.32	99,147,515.95	7.07
Total	22,991	100.00	1,401,904,124.89	100.00

⁽¹⁾ Interest rates set by a resolution of the Cabinet of Ministers upon a proposal of the Government's Economic Affairs Standing Committee and based on the average of the last two Mortgage Loan Reference Rates of Banks and Savings Banks published by the Bank of Spain. The resultant interest rate, to be applied, shall have to have a difference in absolute value with respect to the previous one of at least 0.70 basis points, and the prevailing rate shall otherwise be maintained.

⁽²⁾ Interest rates set by a resolution of the Cabinet of Ministers upon a proposal by the Government's Economic Affairs Standing Committee and based on the average of the last two Mortgage Loan Reference Rates of Banks and Savings Banks published by the Bank of Spain, the result of which is applied a 91.75% coefficient.

⁽³⁾ Interest rates set by a resolution of the Cabinet of Ministers upon a proposal by the Government's Economic Affairs Standing Committee and based on the average of the last three Mortgage Loan Reference Rates of Banks and Savings Banks published by the Bank of Spain, the result of which is applied a 91.75% reduction coefficient.

Community of Madrid Housing Plans 1997-2000 and 2001-2004 respectively refer to the relevant indices of State Housing Plans 1998-2001 and 2005-2008 to determine their respective interest rates.

e) Information regarding selected mortgage loan benchmark index reset period.

The following table gives the selected mortgage loan distribution based on the benchmark index reset period for determining the nominal interest rate.

Mortgage loan portfolio at 25.06.2009				
Classification by reference rate reset period				
Interest rate reset period	Mortgage loans		Outstanding principal	
		%	(EUR)	%
VPO	22,991	100.00	1,401,904,124.89	100.00
Total	22,991	100.00	1,401,904,124.89	100.00

f) Information regarding selected mortgage loan principal repayment exclusion period.

The following table gives the selected mortgage loan distribution according to expiry of the mortgage loan principal repayment exclusion period.

Mortgage loan portfolio at 25.06.2009				
Classification by principal exclusion period				
Expiry of the principal exclusion period	Mortgage loans		Outstanding principal	
		%	(EUR)	%
No Exclusion	22,991	100.00	1,401,904,124.89	100.00
Total	22,991	100.00	1,401,904,124.89	100.00

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

The following table gives the selected mortgage loan distribution by nominal interest rates applicable as at June 25, 2009, and their average, minimum and maximum values.

Mortgage loan portfolio at 25.06.2009 Classification by applicable nominal interest rate					
Interest Rate %	Mortgage loans %		Outstanding principal (EUR) %		% Interest Rate
3.677	1,723	7.49	111,648,360.64	7.96	3.68
3.938	143	0.62	12,230,563.17	0.87	3.94
4.554	1,020	4.44	50,796,939.48	3.62	4.55
4.975 *	1,080	4.70	86,916,952.78	6.20	4.98
5.013 **	19,025	82.75	1,140,311,308.82	81.34	5.01
Total	22,991	100.00	1,401,904,124.89	100.00	
Weighted average:					4.88 %
Simple average:					4.88 %
Minimum:					3.68 %
Maximum:					5.01 %
* From the first mortgage loan due date, inclusive, occurring within one month of the new interest rate being published in the Official State Gazette (23.05.2009) this shall be 3.938%.					
** From the first mortgage loan due date, inclusive, occurring within one month of the new interest rate being published in the Official State Gazette (23.05.2009) this shall be 3.677%.					

h) Information regarding selected mortgage loan instalment frequency.

The following table gives the selected mortgage loan distribution based on mortgage loan instalment payment frequency.

Mortgage loan portfolio at 25.06.2009 Classification by instalment payment frequency				
Instalment payment frequency	Mortgage loans %		Outstanding principal (EUR) %	
MONTHLY	22,991	100.00	1,401,904,124.89	100.00
Total	22,991	100.00	1,401,904,124.89	100.00

i) Information regarding selected mortgage loan repayment system.

The following table gives the selected mortgage loan distribution based on their repayment system.

Loan portfolio at 25.06.2009 Classification by repayment system				
Repayment system	Mortgage loans %		Outstanding principal (EUR) %	
French	21,775	94.71	1,341,225,906.84	95.67
Increasing instalment (annual geometric progression)	1,216	5.29	60,678,218.05	4.33
Total	22,991	100.00	1,401,904,124.89	100.00

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

None of the selected mortgage loans have had a minimum nominal interest rate floor set for applicable nominal interest rate variability.

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

None of the selected mortgage loans have had a maximum nominal interest rate ceiling set for applicable nominal interest rate variability.

l) Information regarding final maturity date of the selected mortgage loans.

The following table gives the selected mortgage loan distribution according to final maturity date by annual intervals, and the weighted average residual life and the first and last final maturity dates. No details are given of intervals with no contents.

Mortgage loan portfolio at 25.06.2009 Classification by final repayment date						
Final repayment year	Mortgage loans %		Outstanding principal (EUR) %		Residual Life w.a.* Months Date	
2022	1,078	4.69	48,606,995.79	3.47	158.75	17/09/2022
2023	1,630	7.09	79,329,297.17	5.66	168.83	21/07/2023
2024	5,071	22.06	276,743,415.00	19.74	181.69	15/08/2024
2025	6,019	26.18	351,994,277.54	25.11	192.94	24/07/2025
2026	6,151	26.75	412,628,602.32	29.43	204.55	12/07/2026
2027	1,921	8.36	139,621,385.90	9.96	216.21	2/07/2027
2031	152	0.66	12,308,190.98	0.88	266.13	29/08/2031
2032	969	4.21	80,671,960.19	5.75	276.17	30/06/2032
Total	22,991	100.00	1,401,904,124.89	100.00		
Weighted average:					199.33	3/02/2026
Simple average:					196.10	28/10/2025
Minimum:					151.20	30/01/2022
Maximum:					279.56	11/10/2032

* Residual life to final maturity date (months and date) stands for averages weighted by the outstanding principal of mortgage loans with final maturity in the relevant year.

m) Information regarding geographical distribution by Autonomous Communities.

The following table gives the selected mortgage loan distribution by Autonomous Communities according to the location of the home securing the mortgage loan.

Mortgage loan portfolio at 25.06.2009 Classification by Autonomous Communities				
	Mortgage loans %		Outstanding principal (EUR) %	
Andalusia	5,195	22.60	277,603,620.72	19.80
Aragón	201	0.87	10,140,902.45	0.72
Asturies	446	1.94	26,924,703.11	1.92
Balearic Isles	138	0.60	10,029,718.35	0.72
Canary Islands	1,412	6.14	84,222,449.04	6.01
Catalonia	779	3.39	56,295,822.89	4.02
Extremadura	800	3.48	35,780,599.35	2.55
Galicia	1,457	6.34	89,628,322.26	6.39
Castile-León	1,140	4.96	68,284,181.06	4.87
Madrid	6,712	29.19	467,021,047.36	33.31
Castile La Mancha	1,354	5.89	78,155,145.90	5.57
Murcia	377	1.64	19,914,397.46	1.42
La Rioja	295	1.28	17,534,900.67	1.25
Valencian Community	2,685	11.68	160,368,314.27	11.44
Total	22,991	100.00	1,401,904,124.89	100.00

n) Information regarding any arrears in collecting selected mortgage loan interest or principal instalments and current principal amount, if any, of mortgage loans that are more than 30, 60 and 90 days in arrears.

The following table gives the number of mortgage loans, the outstanding principal and the overdue principal on selected mortgage loans with any arrears in payment of amounts due at June 25, 2009.

Arrears in payment of instalments due at 25.06.2009				
Interval Days	Mortgage loans	Outstanding principal	Overdue principal	
				% on total outstanding principal
In good standing	22,244	1,355,292,575.04		
1 to 15 days	557	35,296,123.01	97,072.94	0.0069
16 to 30 days	183	10,911,273.45	28,723.42	0.0020
31 to 60 days	7	404,153.39	2,063.77	0.0001
Total	22,991	1,401,904,124.89	127,860.13	0.0091

In accordance with the Originator's representation in section 2.2.8.2.(21) of the Building Block, none of the Mortgage Loans that will finally be assigned to the Fund upon being established shall have any payments overdue payable by the Obligor on their assignment date.

o) Loan to value ratio or level of collateralisation.

The selected mortgage loans have home mortgage security and the mortgages are all registered as senior mortgages.

The ratio, expressed as a percentage, of the initial outstanding principal at June 25, 2009 to the appraisal value of the selected mortgage loan mortgaged homes (and annexes, parking spaces or lumber rooms, if any) ranged between 0.15% and 77.14%, the average ratio weighted by the outstanding principal of each mortgage loan being 65.72%. The appraisal value matches the maximum legal value under the official protection system.

The following table gives the mortgage loan distribution by 5.00% intervals of that ratio.

Mortgage loan portfolio at 25.06.2009 Classification by loan to value ratio					
Ratio Intervals	Mortgage loans %		Outstanding principal (EUR) %		(%) Loan to Value*
0.01 - 5.00	17	0.07	56,550.13	0.00	3.47
5.01 - 10.00	52	0.23	423,092.73	0.03	7.97
10.01 - 15.00	63	0.27	852,903.31	0.06	12.60
15.01 - 20.00	84	0.37	1,573,923.97	0.11	17.57
20.01 - 25.00	132	0.57	3,299,139.85	0.24	22.73
25.01 - 30.00	132	0.57	3,706,054.27	0.26	27.78
30.01 - 35.00	182	0.79	6,242,525.29	0.45	32.61
35.01 - 40.00	263	1.14	10,473,770.41	0.75	37.82
40.01 - 45.00	330	1.44	14,868,355.98	1.06	42.74
45.01 - 50.00	507	2.21	23,712,937.81	1.69	47.64
50.01 - 55.00	1,375	5.98	65,610,723.32	4.68	52.92
55.01 - 60.00	2,292	9.97	124,757,064.13	8.90	57.80
60.01 - 65.00	4,125	17.94	237,472,693.44	16.94	62.88
65.01 - 70.00	7,127	31.00	446,381,843.83	31.84	67.70
70.01 - 75.00	5,193	22.59	367,157,182.44	26.19	72.05
75.01 - 80.00	1,117	4.86	95,315,363.98	6.80	76.09
Total	22,991	100.00	1,401,904,124.89	100.00	
Weighted Average:					65.72 %
Simple Average:					63.88 %
Minimum:					0.15 %
Maximum:					77.14 %

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

There is no overcollateralisation in the Fund.

2.2.3 Legal nature of the pool of assets.

The selected mortgage loans are all loans originated in a public deed granted by BBVA to private individuals residing in Spain with real estate mortgage security on protected or officially protected housing (and annexes -parking spaces and lumber rooms- if any), such being finished housing located in Spain.

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, and, as the case may be, State Housing Plans 2002-2005 and 2005-2008 and Community of Madrid Housing Plans 1997-2000 and 2001-2004. The real estate mortgage securities are entered in the relevant Land Registries in respect of the senior-ranked mortgaged properties.

The Mortgage Loan receivables shall be assigned to the Fund upon BBVA 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 Act 41/2007, and Royal Decree 716/2009, on the terms provided for in section 3.3 of this Building Block.

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

The selected mortgage 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 mortgage loans prepay all or part of the outstanding capital, in which case interest accrual on the part prepaid will cease as of the date on which repayment occurs.

The final maturity date of the selected mortgage loans at June 25, 2009 lies between January 30, 2022 and October 11, 2032.

2.2.5 Amount of the assets.

The Fund shall be set up with the Pass-Through Certificates, representing Mortgage Loan receivables, to be issued by BBVA and subscribed for by the Fund upon being established, and their Outstanding Balance shall be equal to or slightly above EUR one billion two hundred and twenty million (1,220,000,000.00), the face value amount of the Bond Issue.

The selected mortgage loan portfolio from which the Mortgage Loans will be taken in order for their receivables to be mostly assigned to the Fund when it is established, upon BBVA issuing and the Fund subscribing for the Pass-Through Certificates, comprises 22,991 mortgage loans, their outstanding principal at June 25, 2009 being EUR 1,401,904,124.89 and their overdue principal being EUR 127,860.13.

2.2.6 Loan to value ratio or level of collateralisation.

The loan to value ratio or level of collateralisation is given in section 2.2.2.o) of this Building Block.

2.2.7 Method of creation of the assets.

The mortgage loans selected to back the issue of Pass-Through Certificates to be subscribed for by the Fund have been granted by BBVA following its usual credit risk analysis and assessment procedures for granting mortgage loans to individuals. The following is a summary description of the procedures currently in place at BBVA:

1. Introduction.

BBVA's retail banking is the Group's division managing private customer, retail and small and medium-sized enterprise business. Retail banking includes commercial banking, which manages private customer, retail and small enterprise segment business. In relation to mortgage loans secured with a VPO home which are developer loan subrogations, there is no direct action to capture clients. There is no a strategy and there are no offers, nor indeed as to prices, for these loans are special and their terms are therefore stipulated by the Housing Ministry or the relevant Autonomous Community, as the case may be.

BBVA has more than 270 professionals specifically working on promoting residential properties at 38 promotion centres distributed throughout national territory.

2. Evaluation processes.

2.1 Economic risk evaluation system: Reactive scoring

Based on social and demographic, employment and financial information provided by the customer and the parties to the transaction (guarantors, if any), the risk profile of the proposed transaction is assessed. The scoring opinion may be:

- Positive: Favourable profile for the applicants / transaction.
- Negative: The risk profiles are more unstable.

In addition, the system relates the scoring opinion to risk policies and both internal and external filters in order to issue a final opinion. The main variables are therefore analysed as follows:

- The family unit's payment capacity
- The cash balance is the difference between monthly income and expenditure
- Declared and estimated income and expenditure
- The economic cover provided by the property in the event of foreclosure.

After analysing the transaction, a final automatic opinion is issued supporting decision-making according to the powers conferred on the account manager/analyst and which may be:

- Positive: satisfies risk acceptance requirements. (Authorise the transaction)
- Doubtful: positive scoring with mild default filters. (Refuse the transaction as the branch shall see fit)
- Negative: worrying filters (send to the territorial management office)

2.2 Reactive scoring variables used.

Detail of the most significant variables used in the reacting scoring evaluation process:

TRANSACTION	PERSONAL	SOCIAL & DEMOGRAPHIC	PROFESSIONAL
Use	Age	Country of residence	Salaried workers
Percentage funding	Marital status	Usual residence	Self-employed workers
Term	Dependent persons	Post code	Finance and equity

3. Risk monitoring processes

Risk monitoring in the case of mortgage loans for buying protected housing, whether or not they are developer loans subrogations, does not differ from monitoring of mortgage loans designed to buy free market housing. A two-step analysis is made of how the risk of default is monitored as described below.

Customer

The branch holding the investment is contacted in order for the branch to notify the customer of the default. The internal audit is also used to inform both of transaction marking deficiencies and of the risk

posed by certain customers and branches, which are monitored by the monitoring officers at each territorial management office.

In addition, debt recovery letters are sent centrally and overdue instalments are claimed by telephone calls made by a services company.

Branches – statistical and other monitoring

Monthly, a pattern is established for branch / area / territorial office delinquency ratios, LTV ratios and delinquent group typologies, and scoring dependability is reviewed.

The conclusions, results and action plans are discussed monthly on the risk monitoring committees which are held, both at the territorial management office, to review and analyse the areas, and within the area, to review branches and put in place remedial actions, to be implemented at the branch by the risk monitoring officer.

4. Delinquency management processes

Recovery actions at BBVA are managed, on a case-by-case basis, through IT applications and centres designed for that purpose.

The process comprises the following stages:

Recovery outline

The recovery process relies on the following tools:

- Booking delinquency: delinquency/bad debts application

Manages booking of all matters defined as doubtful assets, within the meaning of Bank of Spain Circular 4/2004, December 22, 2004.

- Recovery management agenda

Tool designed to expedite and drive recovery management, monitoring and controlling matters classified as doubtful assets/bad debts.

Allows:

- The status of a matter/procedure to be known
- The steps taken for each matter/procedure to be updated
- Personalised management portfolios to be prepared
- An alerts system to be triggered
- Access to accounting movements

It receives information from the delinquency/bad debts application and transfers information to the information centre.

The agenda consists of different modules, the following being noteworthy:

- Payment agreements: Both out-of-court and in-court payment agreements
- Telegrams: Claim telegrams automatically sent and recorded
- Credit Sale/Transfer
- Maintaining assets: Assets taken as security for the transactions until legal proceedings are resolved
- Advance payments to court attorney: court attorney procedural expenses
- Alerts menu for cases managed

- Extranet: external agent access to look up and update case files. Includes an automatic alerts system.
- Information centre
Collects information originating in the recovery management agency (delinquency and legal proceedings). Issues statistical summaries and account inventories, provides alerts and reports both daily and monthly.

Recovery before taking legal action

This is a highly personalised procedure in which the Recovery Manager is in touch with the obligor.

Steps in managing mortgage loans becoming fully delinquent before taking legal action:

- DOUBTFUL STATUS:
 - Upon becoming doubtful (four overdue monthly instalments) the application sends all borrowers and reported guarantors the doubtful status letter and a written ultimatum.
 - Next action date: 1 month
- WITHIN ONE MONTH OF BECOMING DOUBTFUL (five instalments overdue):
 - If at least one full instalment has been paid, the customer is proposed a payments scheme.
 - Otherwise, the event is notified to all the borrowers and guarantors
 - Next action date: 1 month.
- WITHIN TWO MONTHS OF BECOMING DOUBTFUL (six instalments overdue):
 - If at least one full instalment has been paid, the customer is proposed a payments scheme.
 - Otherwise, the process begins for legal action to be taken.
 - Next action date: 1 month.
- WITHIN THREE MONTHS OF BECOMING DELINQUENT (seven instalments overdue):
 - If at least one full instalment has been paid, the customer is proposed a payments scheme.
 - Otherwise, the process begins for the loan to be settled, legal proceedings to be commenced and all other tasks and procedures for the action to be brought.

Pre-judicial stage, filing the legal claim

If the above actions are not to no avail, then all documents are immediately prepared in order for legal proceedings to be commenced.

Foreclosure proceedings in court

Upon the debt collection proceedings being exhausted, BBVA files a court claim on the transaction through the relevant legal adviser.

5. Bad debts management processes

The bad debts management unit is specifically entrusted with managing/recovering all matters classified as definitive bad debts in the Group.

Foreclosure procedural stages:

A) Repossession of mortgaged property:

- Satisfactory payment request
- Filing an application for foreclosure
- Court writ giving leave for the application and clearing foreclosure

- Court letter to the Land Registry ordering the issue of a certificate of title and liens
- Request to schedule an auction
- Notice of the auction served on the obligor
- The auction is held
- The knock-down price is approved
- Tendering the knock-down price. In the case of VPO homes, Autonomous Communities have a right of pre-emption and redemption at the legal value of the home
- Payment of the mortgage credit
- Court writ approving the knock-down price and awarding the foreclosed asset
- Delivery of court possession of the property awarded at the auction.

B) Monetary enforcement proceedings: once the knock-down price of the repossessed mortgaged asset has been approved and the amount has been received by the creditor, if the same does not cover the entire debt, the court is asked to assess the interest accrued after filing of the application for foreclosure of mortgaged assets and the costs and, upon being approved, the obligor shall be requested to pay the relevant amount and, failing payment, assets will be attached.

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

Representations of the Originator.

The Management Company reproduces below the representations and warranties that BBVA shall, as holder of the Mortgage Loan receivables until assigned to the Fund and as issuer of the Pass-Through Certificates, give and make to the Fund and to the Management Company in the Deed of Constitution.

1. In relation to BBVA.

- (1) That BBVA is a credit institution duly incorporated in accordance with the laws in force for the time being, entered in the Companies Register and the Bank of Spain's Register of Credit Institutions, and is authorised to grant mortgage loans to individuals and operate in the mortgage market.
- (2) That neither as of today nor at any time since it was incorporated has BBVA been decreed to be insolvent or in receivership, bankrupt or in suspension of payments, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That BBVA has obtained all necessary authorisations, including those required of its corporate bodies and, as the case may be, third parties who may be affected by the assignment of the Mortgage Loan receivables, to 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 BBVA has audited annual accounts for the last three years ended as at December 31, 2008, 2007 and 2006 which have been filed with the CNMV and with the Companies Register. The audit report on the year 2008 annual accounts has no provisos.

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

- (1) That the Mortgage Loan receivables are assigned to the Fund by issuing the Pass-Through Certificates in the ordinary course of business of BBVA and the issue is made at arm's length in accordance with Act 2/1981, Royal Decree 716/2009, and the provisions of Additional Provision Five of Act 3/1994, as worded by Act 41/2007, and other applicable laws. The assignment of the Mortgage Loan receivables is made by issuing pass-through certificates because the Mortgage Loans do not satisfy all the requirements established in Chapter II of Royal Decree 716/2009. This information shall be consistent with the contents established in schedule I to Royal Decree 716/2009 on the special accounting register of mortgage loans and credits.

- (2) That the Outstanding Balance of Mortgage Loans with mortgage security consisting of protected or officially protected housing at the issue date is 100% of the Outstanding Balance of the Mortgage Loans.
- (3) That the Pass-Through Certificates are issued for the same term remaining until maturity and for the same interest rate of each underlying Mortgage Loan.
- (4) That all the Mortgage Loans exist and are valid and enforceable in accordance with the applicable laws.
- (5) That it is the legal and beneficial owner of each Mortgage Loan and there is no obstacle whatsoever for the Pass-Through Certificates to be issued.
- (6) That the details of the Pass-Through Certificates and the Mortgage Loans included in the schedules to the Deed of Constitution accurately reflect the current status of those Mortgage Loans and Pass-Through Certificates and are full and accurate, and match the data files sent to the Management Company on those Mortgage Loans.
- (7) That the Mortgage Loans are all secured with a real estate mortgage on protected or officially protected housing, as classified or declared under the State or Autonomous Community law applicable thereto, and established on the legal and beneficial ownership of each and every one of the mortgaged properties as a senior mortgage.
- (8) 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 is subject to no limitation whatsoever taking precedence over the mortgage, in accordance with the applicable regulations.
- (9) That the Mortgage Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (10) That the Mortgage Loans are all denominated and payable exclusively in euros, and the capital or principal has been fully drawn down.
- (11) That all the Mortgage Loan payment obligations are satisfied by directly debiting an account at BBVA, other than subsidisation payment.
- (12) That the Mortgage Loans have been granted to private individuals resident in Spain for the purpose of providing resident private individuals with funds with which to buy, build or renovate homes located in Spanish territory, or for resident private individuals to be subrogated to financing granted to builders or real estate developers for residential properties designed for sale.
- (13) That the mortgages are granted on real properties that have already been built and are wholly legally and beneficially owned by the respective mortgagor and to the best of BBVA's knowledge there is no litigation over the ownership of those properties which might detract from the mortgages.
- (14) That the mortgaged properties underlying the Mortgage Loans are not, and are not ineligible as, assets excluded for standing as security under article 11.1 of Royal Decree 716/2009, nor do the Mortgage Loans have any of the loan features excluded or restricted under articles 12.1 a), c), d) and f) and 12.2 of Royal Decree 716/2009.
- (15) That the mortgaged properties are all protected or officially protected homes (and annexes - parking spaces and lumber rooms-, if any) and those homes are finished and located in Spain.
- (16) That the appraisal value of the mortgaged property or properties reported in all respects matches or is less than: (i) the value shown on the appraisal certificate issued by the appraisal firm (entered in the Bank of Spain's Register of Appraisal Firms) that carried out the appraisal; (ii) the value shown on the certificate issued by the relevant Autonomous Community; or (iii) the value

resulting from multiplying the number of metres recorded in the Public Deed originating the mortgage loan by the price per square metre defined in the State Housing Plan or, as the case may be, the relevant Autonomous Community Housing Plan which the loans benefit from, and that such appraisal value matches the highest legal value under the official protection system.

- (17) That the outstanding principal balance of each Mortgage Loan does not exceed 100% of the appraisal value of the properties mortgaged as security for the relevant Mortgage Loan.
- (18) That, to the best of its knowledge, there has been no fall in the value of any of the properties mortgaged as security for the Mortgage Loans in excess of 20% of the appraisal value.
- (19) That the public deeds originating the Mortgage Loans provide that, until the latter are fully repaid, the Obligor is bound to have the mortgaged properties insured against the risk of fire and other damages during the contract term, at least satisfying the minimum requirements laid down by the mortgage market laws in force for the time being, and BBVA's databases do not support whether or not such damage insurance is in force.
- (20) That the Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Pass-Through Certificates issued to be pooled in the Fund.
- (21) That on the Pass-Through Certificate issue date none of the Mortgage Loans have any payments overdue, and that none of the Mortgage Loans have been in arrears in the last twelve months as defined by the Bank of Spain, in Circular 04/2004, December 22 (loans with any principal, interest or contractually agreed expense amount that is more than three months past due, unless they should be classified as bad debts, moreover including all of a client's transaction amounts when the balances classified as doubtful because they are in arrears exceed 25 percent of the amounts yet to be collected).
- (22) That, to the best of its knowledge, no Mortgage Loan Obligor holds any credit right enforceable on BBVA whereby that Obligor might be entitled to a set-off which might adversely affect the rights conferred by the Pass-Through Certificates.
- (23) That BBVA has strictly adhered to the lending policies in force at the time in granting each and every one of the Mortgage Loans and in accepting, as the case may be, the subrogation of subsequent borrowers in the initial borrower's position and in this respect the policies for granting mortgage loans to individuals are set out in section 2.2.7 of the Prospectus Building Block.
- (24) That the deeds for the mortgages granted on the properties to which the Mortgage Loans relate have all been duly filed in the records of BBVA suitable therefor, and are at the Management Company's disposal, for and on behalf of the Fund, and the Mortgage Loans are all clearly identified both in data files and by means of their deeds.
- (25) That the outstanding balance of each Mortgage Loan on the date of issue is equivalent to the capital figure of the relevant Pass-Through Certificate and that, in turn, the total capital of the Pass-Through Certificates shall be at least as high as EUR one billion two hundred and twenty million (1,220,000,000.00).
- (26) That the final maturity date of the Mortgage Loans is at no event after October 11, 2032.
- (27) That after being granted, the Mortgage Loans have been serviced and are still being serviced by BBVA in accordance with its set customary procedures.
- (28) That, to the best of its knowledge, there is no litigation whatsoever or, as the case may be, there are no circumstances which may result in subsidisation being lost, in relation to the Mortgage Loans which may detract from their validity or which may result in the application of Civil Code article 1535, nor do any circumstances exist which may result in the purchase agreement of the home mortgaged as security for the Mortgage Loans being ineffective.

- (29) That, to the best of its knowledge, no Obligor is able to make any objection whatsoever to paying any Mortgage Loan amount.
- (30) That none of the Mortgage Loans have clauses allowing deferment of periodic interest and principal payment, other than principal repayment exclusion if any existing on the origination date of each Mortgage Loan and as provided for in the Royal Decrees.
- (31) That on the issue date it has received no notice of full prepayment of the Mortgage Loans.
- (32) That the Mortgage Loan payment frequency is monthly.
- (33) That on the issue date at least two instalments have fallen due on each Mortgage Loan.
- (34) That none of the Mortgage Loans has any clauses establishing interest rate floors or ceilings limiting the interest rate amount applicable to the Mortgage Loan.
- (35) That the Pass-Through Certificate and Mortgage Loan information contained in the Prospectus is accurate and strictly true.
- (36) That, to the best of its knowledge, no circumstance whatsoever exists which might prevent the mortgage security from being enforced.
- (37) That the Mortgage Loans are not earmarked for any issue whatsoever of mortgage debentures, mortgage bonds, mortgage participation certificates or pass-through certificates, other than the issue of the Pass-Through Certificates, and during their term, the Mortgage Loans shall not be earmarked for any issue whatsoever of mortgage debentures, mortgage bonds, mortgage participation certificates or other pass-through certificates.
- (38) That to the best of its information nobody has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Pass-Through Certificates.

2.2.9 Substitution of the securitised assets.

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

1. In the event of early amortisation of the Pass-Through Certificates upon the relevant Mortgage Loan capital being prepaid, there will be no substitution of the redeemed Pass-Through Certificates.
2. In the event that during the full term of the Pass-Through Certificates it should be found that any of them or the relevant Mortgage Loan should fail to conform to the representations given in section 2.2.8 of this Building Block upon the Fund being established, BBVA 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 Pass-Through Certificates not substituted, by early amortisation of the affected Pass-Through Certificates, subject to the following rules:
 - (i) The party learning of the existence of a Pass-Through Certificate in that circumstance, be it the Originator or the Management Company, shall advise the other party. The Originator shall have not more than fifteen (15) Business Days from said notice to remedy that circumstance if it may be so remedied or proceed to substitution of the affected Pass-Through Certificates, notifying the Management Company of the characteristics of the mortgage loans intended to be assigned to take their stead, which shall fulfil the representations given in section 2.2.8 of this Building Block and be homogeneous as to mortgage ranking, residual term, interest rate, outstanding principal value with the affected Pass-Through Certificates and also credit quality, in terms of the loan to value ratio of the mortgaged property or properties of the Pass-Through Certificates 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 in connection with the provisions of section 7.5 of the Securities Note. Once the Management Company has checked the appropriateness of the substitute mortgage loan or loans, and after advising the Originator expressly of mortgage loans suitable for such substitution, such substitution shall be made by early amortisation of the affected Pass-Through Certificates and issuing the new substitute pass-through certificates.

Substitution shall be recorded in a public deed subject to the same formalities established for the issue of and subscription for the Pass-Through Certificates upon the Fund being established, in accordance with the specific characteristics of the new mortgage loans assigned. The Management Company shall provide the CNMV, the undertaking in charge of the Bond accounting record and the Rating Agency with a copy of the public deed.

- (ii) If there should be no substitution of the affected Pass-Through Certificates in accordance with rule (i) above, the affected Pass-Through Certificates not substituted shall be amortised early. That early amortisation consist of the Originator making a cash repayment to the Fund of the outstanding capital of the affected Pass-Through Certificates not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Pass-Through Certificates.
 - (iii) In the event of (i) and (ii) above occurring, BBVA shall be vested in all the rights attaching to those Pass-Through Certificates accruing from the date of substitution or repayment to the Fund 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 Mortgage 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 in this Prospectus, in the Deed of Constitution and in the Servicing Agreement, 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 Pass-Through Certificates, in accordance with the procedure provided for in paragraph 2 above of this section, 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 Originator and cannot be charged to the Fund or the Management Company. The Management Company shall notify the CNMV of Pass-Through Certificate replacements on the terms of the procedure provided for in paragraph 2 above.

2.2.10 Relevant insurance policies relating to the assets.

In accordance with BBVA's representation (19) given in section 2.2.8.2 of this Building Block, the public deeds originating the Mortgage Loans provide that until the latter are fully repaid the Obligor is bound to have the mortgaged properties insured against the risk of fire and other damages during the contract term, at least satisfying the minimum requirements laid down by the mortgage market laws in force for the time being, and the Originator's databases do not support whether or not such damage insurance is in force.

No details are included regarding concentration of the Insurers because the current status of the insurance policies taken out by the obligors and their data is not fully supported or updated in the Originator's computer records, wherefore there could be concentration in one or several insurers.

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 and in section 3.2 of this Building Block.

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, if any, of the properties securing the selected mortgage loans relate, as the case may be, to appraisals made by appraisers for the purpose of granting and arranging the same.

2.3 Actively managed assets backing the issue.

Not applicable.

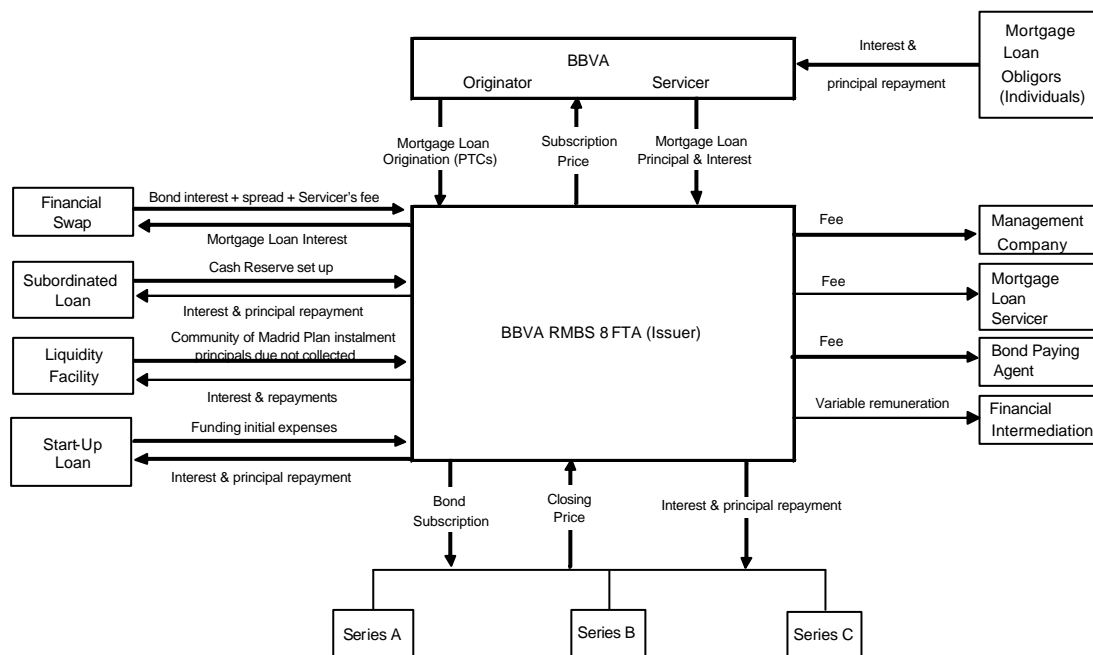
2.4 Where the Issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.

Not applicable.

3. STRUCTURE AND CASH FLOW

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

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	
Receivables	1,220,188,423.00	Obligations and securities	1,220,000,000.00
Pass-Through Certificates (adjustment excess to EUR 188,423.00)	1,220, 188,423.00	Series A Bonds	1,146,800,000.00
		Series B Bonds	48,800,000.00
		Series C Bonds	24,400,000.00
Acquisition expenses	to be determined	Set-up and issue expenses	to be determined
Liquid assets	to be determined	Credit institution liabilities	25,100,000.00
Treasury Account (Cash Reserve)*	24,400,000.00	Start-Up Loan	700,000.00
Accrued interest receivable**	to be determined	Subordinated Loan	24,400,000.00
Derivatives	to be determined	Derivatives	to be determined
Financial Swap collections	to be determined	Financial Swap payments	to be determined
		Short-term creditors	to be determined
		Mortgage Loan interest accrued **	To be determined

(Amounts in EUR)

* Assuming that all Fund set-up and Bond issue and admission expenses are met on the Closing Date, as detailed in section 6 of the Securities Note, and that they amount to EUR 511,577.00.

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

- (i) EUROPEA DE TITULIZACIÓN is the Management Company that will establish, manage and legally represent the Fund and has, jointly with BBVA, structured the financial terms of the Fund and the Bond Issue.
- (ii) BBVA is the originator of the Mortgage Loan receivables to be assigned to the Fund upon being established by issuing the Pass-Through Certificates, shall be the Lead Manager and the Subscriber of the Bond Issue and has, jointly with the Management Company, structured the financial terms of the Fund and the Bond Issue.

In addition, BBVA shall be the Fund's counterparty under the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Financial Swap, Liquidity Facility, Mortgage Loan Servicing and Pass-Through Certificate Custody, Bond Paying Agent and Financial Intermediation Agreements.

- (iii) CUATRECASAS, an independent adviser, has provided legal advice for establishing the Fund and issuing the Bonds and has been involved in reviewing this Prospectus, the transaction and financial service agreements referred to herein and the Deed of Constitution.
- (iv) Deloitte have audited the most significant features of a sample of BBVA's selected mortgage loans from which the Mortgage Loans will be taken to be assigned to the Fund upon being established.
- (v) Moody's is the Rating Agency that has assigned the rating to each Bond Issue Series.

The detailed description of the institutions referred to in the preceding paragraphs is given in section 5.2 of the Registration Document.

The Management Company represents that the summary descriptions of those agreements, given in the relevant sections of this Prospectus, which it shall enter into for and on behalf of the Fund, include the most substantial and relevant information on each agreement, and that no information has been omitted which might affect the contents of the Prospectus.

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 Mortgage Loan receivables to the Fund.

The Deed of Constitution shall perfect the issue by BBVA of the Pass-Through Certificates which shall be the instruments for assigning the Mortgage Loan receivables effective upon the very date on which the Fund is established, and their subscription by the Fund, represented by the Management Company.

The Pass-Through Certificates will be issued in accordance with the provisions of Act 2/1981 and Additional Provision Five of Act 3/1994, as currently worded, Additional Provision One of Royal Decree 716/2009 and other applicable laws.

The Pass-Through Certificates shall be represented by means of a registered multiple certificate which shall contain the minimum data currently provided in article 29 of Royal Decree 716/2009, 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. 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, 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 upon Early Liquidation of the Fund, in the events and on the terms of section 4.4.3 of the Registration Document, said Pass-Through Certificates have to be sold, BBVA agrees to split, as the case may be, any multiple certificate into such individual or multiple certificates as may be required, or to substitute or exchange the same for the above purposes.

The multiple certificate representing the Pass-Through Certificates and the multiple or individual certificates, if any, into which the same is split shall be deposited at BBVA, and relations between the Fund and BBVA shall be governed by the Mortgage Loan Servicing and Pass-Through Certificate Custody Agreement to be entered into between BBVA and the Management Company for and on behalf of the Fund. That deposit shall be made for the benefit of the Fund and BBVA shall therefore custody the documents supporting the Pass-Through Certificates deposited, observing the Management Company's instructions.

BBVA, 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 Pass-Through Certificate holders, moreover including therein (i) Mortgage Loan origination and maturity dates, initial amount and settlement method; and (ii) the registration particulars of the mortgage securing the Mortgage Loans.

Given that subscription for and holding of the Pass-Through Certificates is restricted to institutional or professional investors and that the Fund is a professional investor and that the Fund has subscribed for the Pass-Through Certificates, for the purposes of article 32.1 paragraph two of Royal Decree 716/2009, the issue of the Pass-Through Certificates shall not be subject to a marginal note on each entry of the mortgage underlying each Mortgage Loan in the Land Registry.

The assignment by BBVA to the Fund of the Mortgage Loan receivables, upon the Pass-Through Certificates being issued and subscribed for, shall not be notified to the respective Obligors, which notice is not compulsory in order for the assignment to be effective. However, in the event of insolvency, administration by the Bank of Spain, liquidation or substitution of the Servicer, subject to the consent of the Housing Ministry (or, as the case may be, any body discharging its functions) or, as the case may be, the Community of Madrid, 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, third-party guarantors, mortgaged property insurers and the Housing Ministry and the Community of Madrid insofar as the subsidies are concerned) of the transfer to the Fund of the outstanding Mortgage Loan receivables, and that payments thereunder 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 and,

as the case may be, third-party guarantors, mortgaged property insurers and the Housing Ministry and the Community of Madrid insofar as the subsidies are concerned, 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, third-party guarantors, mortgaged property insurers and the Housing Ministry and the Community of Madrid insofar as the subsidies are concerned).

3.3.2 Pass-Through Certificate issue and subscription terms.

1. The Mortgage Loan receivables will be fully and unconditionally assigned, perfected upon BBVA issuing and the Fund subscribing for the Pass-Through Certificates, from the date of establishment of the Fund and for the entire term remaining until maturity of each Mortgage 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 Mortgage Loans, and for the personality with which the assignment is made, but shall not be liable for the Obligors' solvency.

The Originator shall not bear the risk of default on the Mortgage Loans and shall therefore have no liability whatsoever for the Obligors' default of principal, interest or any other amount whatsoever they may owe under the Mortgage Loans. 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 Pass-Through Certificates, saving as provided for in section 2.2.9 of this Building Block.

2. The issue of each Pass-Through Certificate shall be made for all the outstanding principal pending repayment on the assignment date, which shall be the date of establishment of the Fund, and for all ordinary interest on each Mortgage Loan.
3. The rights attaching to the Pass-Through Certificates on the Mortgage Loans shall accrue from the date on which they are issued and the Fund is established. Specifically, without limitation and for illustrative purposes only, the issue of each Pass-Through Certificate shall confer on the Fund the following rights in relation to each Mortgage Loan:
 - a) To receive all Mortgage Loan capital or principal repayment amounts accrued, including Mortgage Loan subsidisation amounts, if any, from the Mortgage Loan instalment after the date on which the Housing Ministry or the Community of Madrid notifies the Obligor's right to subsidisation.
 - b) To receive all Mortgage Loan principal ordinary interest amounts accrued, including Mortgage Loan subsidisation amounts, if any, from the Mortgage Loan instalment after the date on which the Housing Ministry or the Community of Madrid notifies the Obligor's right to subsidisation.
 - c) To receive all late-payment interest amounts on the Mortgage Loans.
 - d) To receive any other amounts, properties, assets, securities or rights received as payment of Mortgage Loan principal, 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.
 - e) To receive all possible rights or compensations on the Mortgage Loans accruing for the Originator and derived therefrom, including those derived from the damage insurance contracts, if any, attached to the properties mortgaged by the Mortgage Loans which are also assigned to the Fund, and those derived from any right collateral to the Mortgage Loans, excluding the fees established for each Mortgage Loan, which shall remain to the benefit of the Originator.

The above-mentioned rights will all accrue for the Fund from the Pass-Through Certificate issue date. Interest shall moreover include interest accrued and not due since the last interest settlement date on each Mortgage Loan, on or before the Pass-Through Certificate issue date and overdue interest, if any, on each Mortgage Loan as of the same date.

4. In the event of Mortgage Loan prepayment upon a full or partial repayment of the principal, there will be no direct substitution of the affected Pass-Through Certificates.
5. The Fund's rights under the Pass-Through Certificates shall be linked to the payments made by the Obligors and to Mortgage Loan subsidisation payments made by the Housing Ministry and the Community of Madrid and shall therefore be 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 Mortgage Loans, or their due dates, the change in the terms shall affect the Fund.
8. Until the execution of the Deed of Constitution, BBVA shall be the beneficiary of the damage insurance contracts taken out by the Obligors in relation to the properties mortgaged as security for the Mortgage Loans, up to the insured amount.

BBVA shall thereupon perfect the assignment attached to the issue of the Pass-Through Certificates of the rights BBVA has as the beneficiary of those mortgaged property damage insurance contracts taken out by the Obligors. As the holder of the Pass-Through Certificates, the Fund shall be entitled to all the amounts BBVA would have received under these policies.

3.3.3 Pass-Through Certificate issue price.

The Pass-Through Certificate issue price shall be at par with the face value of the Mortgage Loan capital. The aggregate amount payable by the Fund represented by the Management Company to BBVA for subscribing for the Pass-Through Certificates shall be an amount equivalent to the sum of (i) the face value of the capital or principal outstanding on each Mortgage Loan, and (ii) ordinary interest accrued and not due on each Pass-Through Certificate on the issue date (the **"accrued interest"**).

The Management Company shall pay the total Pass-Through Certificate subscription amount on behalf of the Fund as follows:

1. The part of the price consisting of the face value of the capital of all the Mortgage Loans, item (i) of paragraph one of this section, shall be paid by the Fund 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 instructions given by the Management Company to BBVA to debit the Treasury Account opened in the Fund's name. BBVA 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 Mortgage Loan, item (ii) of paragraph one of this section, shall be paid by the Fund on each collection date falling, as described in section 3.4.1 below, on the earlier of the first interest settlement date of each Mortgage Loan. Payment of accrued interest shall not be made subject to the Priority of Payments.

If the establishment of the Fund and hence the issue of and subscription for the Pass-Through Certificates should terminate, in accordance with the provisions of section 4.4.4.(v) of the Registration Document, (i) the Fund's obligation to pay the total Pass-Through Certificate subscription price shall terminate, and (ii) the Management Company shall be obliged to restore to BBVA any rights whatsoever accrued for the Fund upon subscription for the Pass-Through Certificates.

3.4 Explanation of the flow of funds.

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

Mortgage Loan amounts received by the Servicer will be paid by the Servicer into the Fund's Treasury Account on the seventh day after the date on which they are received by the Servicer or the following business day if that is not a business day, and for value on the seventh calendar day after the date on which they were received by the Servicer.

The weighted average interest rate of the mortgage loans selected at June 25, 2009, as detailed in section 2.2.2.g) of this Building Block, is 4.88%, which is above the 1.34% weighted average nominal interest rate of the Bonds for the second and subsequent Interest Accrual Period 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 Mortgage Loans are subject, during the life of the Fund, to floating interest with benchmark indices and reset and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods. The Financial Swap also mitigates the delay, as concerns the interest portion, between submission for payment by the Housing Ministry and the Community of Madrid of the relevant Mortgage Loan subsidisations and collection of those subsidisations.

The Originator requests a settlement of State Housing Plan subsidies monthly from the Housing Ministry for payment thereby. The average time for collecting said subsidies ranges between 4 and 6 months after being claimed. The Originator submits a settlement of Community of Madrid Housing Plan subsidies quarterly, by calendar quarters, to the Community of Madrid for payment thereby. The maximum time for collecting said subsidisations can be up to 3 years after being claimed.

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.

The portion of capital or principal of each overdue Mortgage Loan State Housing Plan 2001-2005 and 2005-2008 subsidisation instalment will be part of the Outstanding Balance of each Mortgage Loan until paid by the Housing Ministry to the Originator and duly received by the Fund. The portion of capital or principal of each overdue Community of Madrid Housing Plan subsidisation instalment shall be funded with the Liquidity Facility drawings and shall not be part of the Outstanding Balance of the Mortgage Loan.

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 Mortgage Loan delinquency and default.

- (ii) Financial Swap:

Mitigates the interest rate risk occurring in the Fund because the Mortgage Loans are subject to floating interest with benchmark indices and reset and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor with quarterly accrual and settlement periods. In addition, a 0.40% margin excess is included and the securitised Mortgage Loan servicing fee amount is covered. The Financial Swap also mitigates the delay, as concerns the interest portion, between submission for payment by the Housing Ministry and the Community of Madrid of the relevant Mortgage Loan subsidisations and collection of those subsidisations.

- (iii) Treasury Account.

Partly mitigates the loss of return on the liquidity of the Fund due to the timing difference between Mortgage Loan income received 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) Liquidity Facility:
Funds the principals on overdue instalments subsidised by the Community of Madrid due and not received.

3.4.2.2 Cash Reserve.

The Management Company shall set up a cash reserve (the "**Cash Reserve**") on the Closing Date by drawing fully the Subordinated Loan principal and shall subsequently, on each Payment Date, keep the Required Cash Reserve amount provisioned in the 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 amount equal to EUR twenty-four million four hundred thousand (24,400,000.00) (the "**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 out of the Available Funds in the Fund Priority of Payments.

The required Cash Reserve amount on each Payment Date (the "**Required Cash Reserve**") shall be the lower of:

- (i) EUR twenty-four million four hundred thousand (24,400,000.00).
- (ii) The higher of:
 - a) 4.00% of the Outstanding Principal Balance of the Bond Issue.
 - b) EUR twelve million two hundred thousand (12,200,000.00).
- 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 preceding 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 Mortgage Loans is higher than 1.00% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
 - ii) That the Cash Reserve could not be provisioned up to the Required Cash Reserve amount on the relevant Payment Date.
 - iii) That three (3) years have not elapsed since the date of establishment of the Fund.

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.

3.4.3 Details of any subordinated finance.

3.4.3.1 Subordinated Loan.

The Management Company shall on the date of establishment of the Fund, for and on behalf of the Fund, enter with BBVA into a subordinated loan (the **"Subordinated Loan"**) agreement whereby BBVA shall grant to the Fund a commercial subordinated loan amounting to EUR twenty-four million four hundred thousand (24,400,000.00) (the **"Subordinated Loan Agreement"**). The Subordinated Loan amount shall be delivered on the Closing Date and be applied to setting up the Initial Cash Reserve on the terms for which provision is made in section 3.4.2.2 above of this Building Block, although granting of the Loan by no means guarantees performance of the securitised Mortgage Loans.

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.

In the event that the Fund should not have sufficient liquidity to proceed to the relevant Subordinated Loan repayment on a Payment Date, in the Priority of Payments, the portion of principal not repaid shall be repaid on the next succeeding Payment Date along with the amount, if any, that should be repaid on that same Payment Date, until it is fully repaid.

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 Early Liquidation subject to the Liquidation Priority of Payments of the Fund.

Outstanding Subordinated Loan principal shall earn floating annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 2.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments, as appropriate. Interest shall be settled and be payable on the expiry date 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 September 16, 2009.

Interest accrued and not paid on a Payment Date shall not be accumulated to Subordinated Loan principal and shall not earn late-payment interest.

All Subordinated Loan amounts due and not paid to BBVA 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. Payment of amounts not paid on preceding Payment Dates shall take precedence over Subordinated Loan amounts falling due on that Payment Date, 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 Agency should not confirm the provisional ratings assigned to each Series as final ratings by 2pm (CET) on July 17, 2009.

3.4.3.2 Start-Up Loan.

The Management Company shall on the date of establishment of the Fund, for and on behalf of the Fund, enter with BBVA into an agreement whereby BBVA shall grant to the Fund a commercial loan (the **"Start-Up Loan"**) totalling EUR seven hundred thousand (700,000.00) (the **"Start-Up Loan Agreement"**). The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the Fund set-up and Bond issue and admission expenses and to partly financing subscription for the Pass-Through Certificates, at the difference between their total face capital and the face amount of the Bond Issue.

Outstanding Start-Up Loan principal will earn annual nominal floating interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 2.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority

of Payments, as appropriate. Interest shall be settled and be payable on the expiry date 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 September 16, 2009.

Interest accrued and not paid on a Payment Date will not be accumulated to Start-Up Loan principal and will not accrue late-payment interest.

Start-Up Loan 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 and admission expenses shall be repaid in twelve (12) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, September 16, 2009, and the following until the Payment Date falling on June 16, 2012, inclusive.
- (ii) The portion of Start-Up Loan principal used to partly finance Pass-Through Certificate subscription and not used, as the case may be, shall be repaid on the first Payment Date, September 16, 2009.

All Start-Up Loan amounts due and not paid to BBVA 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. Payment of amounts not paid on preceding Payment Dates shall take precedence over Start-Up Loan amounts falling due on that Payment Date, in the Priority of Payments or Liquidation Priority of Payments, as the case may be.

The Start-Up Loan Agreement shall not be terminated in the event of the Fund being terminated, in accordance with the provisions of section 4.4.4.(v) of the Prospectus Registration Document. In that event, the Start-Up Loan shall be used to pay the Fund set-up and Bond issue and admission expenses and all other obligations undertaken by the Management Company, for and on behalf of the Fund, originated upon the Fund being established and which are due and payable, and principal repayment shall be deferred and subordinated to satisfaction of those obligations, out of the Fund's remaining resources.

3.4.3.3 Liquidity Facility.

The Management Company shall, for and on behalf of the Fund, enter with BBVA into an agreement whereby BBVA shall grant to the Fund a commercial credit facility (the **"Credit Facility Agreement"** or **"Credit Facility"**) designed to fund the delay in the Fund's collection of principal repayments on overdue instalments subsidised by the Community of Madrid and not received.

The maximum Liquidity Facility amount available shall, on each Payment Date, be EUR two million four hundred and forty thousand (2,440,000.00).

The Management Company may, for and on behalf of the Fund, draw on each Payment Date the available Liquidity Facility amount in the following events and in the amounts of the principals on overdue instalments subsidised by the Community of Madrid and not received during the Determination Period preceding the relevant Payment Date.

Liquidity Facility principal drawn down shall earn annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 2.00% margin. Interest shall be settled and be payable on the expiry date 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.

Liquidity Facility principal drawn down shall be repaid without being subject to the Priority of Payments or the Liquidation Priority of Payments once the Fund has been paid, through the Servicer, the principal amounts on overdue instalments subsidised by the Community of Madrid, to have been drawn.

In the event that the rating of BBVA's short-term unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below P-1 by Moody's, the Management Company shall within not more than thirty (30) calendar days from the time of the occurrence of that

circumstance do any of the things described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from the Liquidity Facility Agreement in order for the rating given to the Bonds by the Rating Agency not to be adversely affected:

- a) Obtaining from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BBVA of its obligation in the amount of the drawings up to the maximum Liquidity Facility amount available, for such time as BBVA remains downgraded below P-1.
- b) Finding an institution substituting BBVA under the Liquidity Facility Agreement with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's.
- c) Making a cash deposit for the benefit of the Fund in the maximum Liquidity Facility amount with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's.

All Liquidity Facility interest amounts due and not paid to BBVA because of a shortfall of Available Funds shall be paid on the following Payment Dates on which the Available Funds allow payment in the Fund Priority of Payments. Payment of amounts not paid on preceding Payment Dates shall take precedence over Liquidity Facility amounts falling due on that Payment Date, in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

The Liquidity Facility Agreement shall remain in force until the earlier of:

- (i) The Final Maturity Date.
- (ii) The first Payment Date, after the Payment Date falling on March 16, 2023, on which the available Liquidity Facility amount remains at the maximum available amount (EUR two million four hundred and forty thousand (2,440,000.00)) during four (4) consecutive Payment Dates.

The Liquidity Facility Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by 2pm (CET) on July 17, 2009.

3.4.3.4 Subordination of Series B and C Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Series A Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

Series C Bond interest payment and principal repayment is deferred with respect to Series A and Series B Bonds, saving the provisions of section 4.9.3.5 of this Securities Note in relation to the Conditions for Pro Rata Amortisation of Series A, B and C principal, as provided in the Priority of Payments and in the Liquidation Priority of Payments.

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 BBVA shall enter into a Guaranteed Interest Rate Account (Treasury Account) Agreement whereby BBVA will guarantee a certain variable yield on the amounts paid for the benefit of 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 BBVA, 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) Mortgage Loan principal repaid and interest collected, including subsidisation payments made by the Housing Ministry and the Community of Madrid;
- (iii) any other Mortgage Loan amounts received owing to the Fund, and on the sale or utilisation of properties, assets, securities or rights awarded, acquired or in administration or interim possession in foreclosure proceedings;
- (iv) Subordinated Loan principal drawn down and the Cash Reserve amount from time to time;
- (v) Start-Up Loan principal drawn down;
- (vi) Financial Swap Agreement amounts paid to the Fund;
- (vii) Liquidity Facility drawings;
- (viii) the amounts of the returns obtained on actual Treasury Account balances; and
- (ix) the amounts, if any, 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.

BBVA 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 Period established for the Bonds) to the positive daily balances if any on the Treasury Account, equal to the interest rate resulting from decreasing (i) the Reference Rate determined for each Bond Interest Accrual Period substantially matching each Treasury Account interest accrual period (ii) by a 0.10% margin, translated to an interest rate based on calendar years (i.e. multiplied by 365, or 366 in leap years, and divided by 360). Interest shall be settled on the expiry date of each interest accrual period on each of the Fund Determination Dates (the fifth (5th) Business Day preceding 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-five (365-) day year or a three-hundred-and-sixty-six (366-) day year if it is a leap year. The first interest accrual period shall comprise the days elapsed between the date of establishment of the Fund and the first Determination Date, September 9, 2009.

In the event that the rating of short-term unsecured and unsubordinated debt obligations of BBVA or of the institution in which the Treasury Account is opened (the **"Treasury Account Provider"**) should, at any time during the life of the Bond Issue, be downgraded below P-1 by Moody's, the Management Company shall within not more than thirty (30) calendar days from the time of the occurrence of that circumstance do any of the things described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from the Guaranteed Interest Rate Account (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating Agency not to be adversely affected:

- a) Obtaining from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BBVA of its obligation to repay the amounts credited to the Treasury Account, for such time as the Treasury Account Provider remains downgraded below P-1.
- b) Transferring the Treasury Account to an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, arranging the highest possible yield for its balances, which may differ from that arranged with the Treasury Account Provider under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

In the event of b) occurring and that BBVA's short-term unsecured and unsubordinated debt obligations should subsequently be upgraded back to P-1 by Moody's, the Management Company shall subsequently transfer the balances back to BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

All costs, expenses and taxes incurred in connection with putting in place and arranging the above options shall be borne by BBVA or, as the case may be, the substituted Treasury Account Provider.

The Treasury Account Provider shall agree, forthwith upon its credit rating being downgraded, to use commercially reasonable efforts in order that the Management Company may do any of (a) or (b) above.

3.4.5 Collection by the Fund of payments in respect of the assets.

The Servicer shall manage collection of all Mortgage Loan amounts payable by the Obligors and any other item including under the damage insurance contracts of the mortgaged properties securing the Mortgage Loans and in receiving payment of Mortgage Loan subsidisations, both under State Housing Plans 2002-2005 and 2005-2008 and under Community of Madrid Housing Plans 1997-2000 and 2001-2004. 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 Mortgage Loans.

Mortgage Loan amounts received by the Servicer owing to the Fund shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, and for value date on the seventh calendar day after the date on which they were received by the Servicer, in accordance with the terms and conditions set in the Servicing Agreement. In this connection, business days shall be taken to be all those that are business days in the banking sector in the city of Madrid.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below P-1 by Moody's, the Mortgage Loan amounts received by the Servicer shall be paid by the Servicer to the Fund crediting the Treasury Account on the first day after the day on which they were received by the Servicer or the following business day if that is not a business day, for same day value.

In the event of the Servicer's long-term credit rating being downgraded below Baa3 by Moody's, the Servicer will:

- (i) make a cash deposit for the benefit of the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or
- (ii) arrange an unconditional irrevocable credit facility upon the Management Company's first demand with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's.

The deposit amount or the maximum limit of the credit facility arranged shall be equivalent to the estimated aggregate amount of Mortgage Loan repayment and interest instalments during the month with the highest collection of repayment and interest instalments from the date of downgrade below Baa3 by Moody's, in the event that the Mortgage Loan delinquency rate should be 0.00% and the CPR should be 10.00%.

The Fund may only draw on those deposits, the collateral or the liquidity facility the Mortgage Loan amounts it shall not receive, if any, owing to the Fund and received by the Servicer.

All costs, expenses and taxes incurred in connection with putting in place and arranging the above shall be borne by the Servicer.

The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt obligations should not be rated by Moody's.

The Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors, the Housing Ministry or the Community of Madrid as payment for the Mortgage 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 Start-Up Loan principal.
- c) Drawdown of Subordinated Loan initial principal.

2. Application: in turn, the Fund will apply the funds described above to the following payments:

- a) Payment of the price for subscribing for the Pass-Through Certificates at their face value.
- b) Payment of the Fund set-up and Bond issue and admission 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 upon Early Liquidation of the Fund, the Management Company shall proceed successively to apply the Available Funds and the Available Funds for Amortisation in accordance with the order of priority of payments 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 identified as such by the Management Company (based on information received from the Servicer concerning the items applied):

- a) Mortgage Loan principal repayment income, including Mortgage Loan subsidisation principal amounts paid by the Housing Ministry and, as the case may be, by the Community of Madrid during the Determination Period preceding the relevant Payment Date. Mortgage Loan subsidisation principal repayment amounts paid by the Community of Madrid shall only be considered Available Funds if they were not drawn under the Liquidity Facility because the same was fully drawn down to its maximum limit.
- b) Mortgage Loan ordinary and late-payment interest income, including Mortgage Loan subsidisation interest amounts, if any, paid by the Housing Ministry and by the Community of Madrid during the Determination Period preceding the relevant Payment Date.
- c) The returns received on amounts credited to the Treasury Account.
- d) The Cash Reserve amount at the Determination Date preceding the relevant Payment Date.
- e) Net amounts, if any, received by the Fund under the Financial Swap Agreement and, in the event of termination of the Agreement, the settlement payment amount payable by the Fund's counterparty (Party B).

- f) The Liquidity Facility amount drawn in an amount equal to the principals on overdue instalments subsidised by the Community of Madrid and not received during the Determination Period preceding the relevant Payment Date.
- g) 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 real estate, assets, securities or rights awarded or acquired.
- h) Additionally, on the first Payment Date, the part of the Start-Up Loan principal not used.

Income under a), b) and g) above received by the Fund and credited to the Treasury Account between the Determination Date, exclusive, preceding the relevant Payment Date and the latter, 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.

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 order of priority, irrespective of the time of accrual, other than the application established in the 1st place, 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 Mortgage Loan 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 to the Servicer of the fee established in the Servicing Agreement.
3. 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.
4. Payment of interest due on Series A Bonds.
5. Payment of interest due on Series B Bonds unless this payment is deferred to 8th place in the order of priority.

This payment shall be deferred to 8th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Mortgage Loans since the Fund was established, reckoned at the amount of the Outstanding Balance as at the Doubtful Mortgage Loan classification date, is in excess of 13.70% of the initial Outstanding Balance of the Mortgage Loans upon the Fund being established and provided that Series A Bonds have not been and are not to be fully amortised on the relevant Payment Date.

6. Payment of interest due on Series C Bonds unless this payment is deferred to 9th place in the order of priority.

This payment shall be deferred to 9th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Mortgage Loans since the Fund was established, reckoned at the amount of the Outstanding Balance as at the Doubtful Mortgage Loan classification date, is in excess of 9.20% of the initial Outstanding Balance of the Mortgage Loans upon the Fund being established and provided that Series A and Series B Bonds have not been and are not to be fully amortised on the relevant Payment Date.

7. Amortisation Withholding in an amount equivalent to the positive difference existing at the Determination Date preceding the relevant Payment Date between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

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.

8. Payment of interest due on Series B Bonds when this payment is deferred from 5th place in the order of priority as established therein.
9. Payment of interest due on Series C Bonds when this payment is deferred from 6th place in the order of priority as established therein.
10. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.
11. 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.
12. Payment of Liquidity Facility interest due.
13. Payment of Subordinated Loan interest due.
14. Repayment of Subordinated Loan principal to the extent amortised.
15. Payment of Start-Up Loan interest due.
16. Repayment of Start-Up Loan principal to the extent amortised.
17. Payment of the Financial Intermediation Margin.

When accounts payable for different items exist in a same priority order number on a given 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, other than payment of the Fund set-up and Bond issue and admission expenses.
- 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.

The Fund's ordinary expenses in its first year, including the management fee due to the Management Company and those derived from the Paying Agent Agreement, are estimated at EUR two hundred thousand (200,000.00). Because most of those expenses are directly related to the Outstanding Principal Balance of the Bond Issue and that balance shall fall throughout the life of the Fund, the Fund's ordinary expenses will also fall as time goes by.

- (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 the Mortgage Loans and 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 Fund set-up and Bond issue and admission expenses in excess of the Start-Up Loan principal.
- e) In general, any other extraordinary expenses required or not determined among ordinary expenses 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 on each Payment Date shall be the Amortisation Withholding amount actually applied of the Available Funds in seventh (7th) place of the order of priority of payments on the relevant Payment Date.

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 upon Early Liquidation in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document, by applying the following available funds (the “**Liquidation Available Funds**”): (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Pass-Through Certificates and the remaining assets, and (iii) additionally, as the case may be, the credit facility or the loan, as provided for in section 4.4.3.3.(iii) of the Registration Document, which shall be fully allocated to early amortisation of Series A, B and C Bonds then outstanding, 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.⁽¹⁾
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 Mortgage Loan 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 to the Servicer of the fee established in the Servicing Agreement.
4. Payment of amounts, if any, due on the net amount payable by the Fund 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.
5. Payment of interest due on Series A Bonds.
6. Repayment of Series A Bond principal.
7. Payment of interest due on Series B Bonds.
8. Repayment of Series B Bond principal.
9. Payment of interest due on Series C Bonds.
10. Repayment of Series C Bond principal.

11. In the event of the credit facility or the loan being arranged as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of financial expenses accrued and repayment of principal on the credit facility or the loan arranged.
12. Payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in 4th place above.
13. Payment of interest due on the Liquidity Facility.
14. Payment of interest due on the Subordinated Loan.
15. Repayment of Subordinated Loan principal.
16. Payment of Start-Up Loan interest due.
17. Repayment of Start-Up Loan principal
18. Payment of the Financial Intermediation Margin.

Where payables for different items exist in a same priority order number on the Final Maturity Date or upon Early Liquidation and the Liquidation Available Funds are not sufficient to settle the amounts due under all of them, 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 payables fall due.

- ⁽¹⁾ Reserve set up as a means of assurance in order to allow the payments to be made by the Fund in connection with the expenses occurring upon the Fund terminating as described in section 4.4 of the Registration Document.

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 assignment to the Fund of the Mortgage Loan receivables and the rating assigned to each Bond Series.

The Originator shall be entitled to receive from the Fund a variable subordinated remuneration (the "**Financial Intermediation Margin**") which shall be determined and shall accrue upon expiry of every quarterly period comprised between every two consecutive Determination Dates, in an amount equal to the positive difference, if any, between the income and expenditure accrued by the Fund, including losses, if any, brought forward from previous years, with reference to its accounts and before the close of the day next preceding every Determination Date. The Financial Intermediation Margin accrued at the close of the day preceding every Determination Date shall be settled on the next succeeding Payment Date, provided that the Fund has sufficient liquidity in the Fund Priority of Payments.

Exceptionally: (i) the first accrual period for the Intermediation Margin shall be comprised between the date on which the Fund is established, inclusive, and the first Determination Date, September 9, 2009, exclusive, which is the Determination Date preceding the first Payment Date, and (ii) the last the Financial Intermediation Margin accrual period shall comprise a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Mortgage Loans and the assets remaining in the Fund shall have been liquidated and the Liquidation Available Funds shall have been distributed in the Liquidation Priority of Payments, b) from the Determination Date preceding the Payment Date before the date referred to in a), both inclusive. The first Financial Intermediation Margin settlement date shall be the first Payment Date, September 16, 2009.

If the Fund should not have sufficient liquidity on a Payment Date in the Priority of Payments to pay the full Financial Intermediation Margin, the amount not paid shall accumulate without any penalty whatsoever on the Financial Intermediation Margin accrued, as the case may be, in the following quarterly period and shall be paid on the following Payment Dates on which the Available Funds allow payment in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments. Financial

Intermediation Margin amounts not paid on preceding Payment Dates shall be paid with priority over the amount payable on the relevant Payment Date.

The Financial Intermediation Agreement shall be fully terminated in the event that the Rating Agency should not confirm any of the provisional ratings assigned to each Bond Series as final by 2pm (CET) on July 17, 2009.

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 BBVA into a financial swap agreement (the **'Financial Swap Agreement'** or the **'Financial Swap'**) based on the Spanish Banking Association's standard Master Financial Transaction Agreement (CMOF), including the Master Agreement, Schedule I, Schedule II, Schedule III and the Confirmation, the most relevant characteristics of which are described below.

Under the Financial Swap Agreement, the Fund will make payments to BBVA calculated on the Mortgage Loan rate, and in consideration BBVA will make payments to the Fund calculated on the weighted average Nominal Interest Rate of the Bond Series and other items, the foregoing as described hereinafter.

Party A : The Fund, represented by the Management Company.

Party B : BBVA

1. Payment dates.

The payment dates shall fall on the Bond Payment Dates, i.e. on March 16, June 16, September 16 and December 16 in every year, or the next succeeding Business Day if any of these dates is not a Business Day. The first payment date shall be September 16, 2009.

The variable amounts payable by Party A and by Party B for each respective calculation period shall be netted and be paid by the paying Party to the receiving Party on each Payment Date.

2. Calculation periods.

Party A:

The Party A calculation periods 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 Party A calculation period shall be equivalent to the exact number of days elapsed between the date of establishment of the Fund, inclusive, and September 9, 2009, the first Determination Date, inclusive, and b) the length of the last Party A calculation period 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 Party B calculation periods shall be the exact number of days elapsed between two consecutive payment dates, including the first but not including the last date. Exceptionally, a) the length of the first Party B calculation period shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date, inclusive, and September 16, 2009, exclusive, and b) the length of the last Party B calculation period shall be equivalent to the exact number of days elapsed between the Payment Date preceding the date on which the Financial Swap Agreement terminates, inclusive, and the date on which termination occurs, exclusive.

3. Face Amount.

This shall be on each payment date the daily average during the next preceding Party A calculation period of the Outstanding Balance of Non-Delinquent Mortgage Loans.

4. Party A amounts payable.

This shall be on each payment date the result of applying the Party A Interest Rate, determined for the next preceding Party A calculation period, to the Face Amount according to the number of days in the Party A calculation period and based on a three-hundred-and-sixty- (360-) day year.

4.1 Party A interest rate.

For each Party A calculation period this shall be the annual interest rate resulting from dividing (i) the sum of the total Mortgage Loan ordinary interest amount received and paid into the Fund, including Mortgage Loan subsidisation interest amounts received paid by the Housing Ministry and the Community of Madrid, during the Party A calculation period, decreased by the amount of Mortgage Loan assignment interest accrued paid by the Fund, as the case may be, during the same Party A calculation period, by (ii) the Face Amount, multiplied by the result of dividing 360 by the number of days in the Party A calculation period.

5. Party B amounts payable.

This shall be on each payment date the result of adding (i) the amount resulting from applying the Party B Interest Rate, determined for the Party B calculation period falling due, to the Face Amount according to the number of days in the Party B calculation period falling due, and based on a three-hundred-and-sixty- (360-) day year, and (ii) the amount on the relevant payment date of the fee accrued under the Servicing Agreement or under a new servicing agreement in the event of substitution.

5.1 Party B interest rate.

For each Party B calculation period this shall be the annual interest rate resulting from adding (i) the average Nominal Interest Rate applicable to each Series A, B and C determined for the then-current Interest Accrual Period coinciding with each Party B calculation period, weighted by the Outstanding Principal Balance of each Series A, B and C during the then-current Interest Accrual Period and (ii) 0.40%.

6. Maturity Date.

This shall be the earlier of the dates on which any of events (i) to (iv) listed for termination of the Fund occurs in accordance with the provisions of section 4.4.4 of the Registration Document.

7. Events of default specific to the Financial Swap Agreement.

If on a Payment Date the Fund (Party A) should not have sufficient liquidity to pay 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 such event of default occur on two consecutive Payment Dates, Party B may choose Termination of the Financial Swap Agreement. In this event, the Fund (Party A) shall accept the obligation to pay the settlement amount payable established to which it is bound on the terms of the Financial Swap Agreement, the foregoing in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments. Should the settlement amount payable under the Financial Swap Agreement be a payment obligation for Party B and not for the Fund (Party A), Party B shall take over the obligation to pay the settlement amount payable provided for in the Financial Swap Agreement.

It shall also be determined that if on a Payment Date Party B should not pay the full amount payable to the Fund (Party A), the Management Company, for and on behalf of the Fund, may choose Termination of the Financial Swap Agreement. In that event, Party B shall accept the obligation to pay the settlement amount payable established in the Financial Swap Agreement. Should the settlement amount under the Financial Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

Subject to the above, other than in an event of permanent financial imbalance of the Fund, the Management Company shall endeavour, for and on behalf of the Fund, to enter into a new financial swap agreement on terms substantially identical with the Financial Swap Agreement.

8. Actions in the event of change in the rating of Party B.

- (1) If at any time during the life of the Bond Issue neither Party B nor any of its Credit Support Providers has the First Required Rating Threshold ("First Rating Default"), then Party B shall post collateral in the form of cash or securities in favour of the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated P-1 by Moody's, on the terms of the Credit Support Annex, within thirty (30) Business Days of the occurrence of that circumstance.

Posting collateral in the form of cash or securities in favour of the Fund may be avoided if one of the following is done:

- a) Obtaining a replacement with at least the Second Required Rating Threshold ("Eligible Replacement").
 - b) Obtaining a Credit Support Provider with the First Required Rating Threshold.
- (2) If at any time during the life of the Bond Issue neither Party B nor any of its Credit Support Providers has at least the Second Required Rating Threshold ("**Second Rating Default**"), then Party B shall, on a best efforts basis and as soon as possible (A) obtain a Credit Support Provider with at least the Second Required Rating Threshold, or (B) obtain a replacement with at least the Second Required Rating Threshold ("Eligible Replacement"), (or an Eligible Replacement with a Credit Support Provider with at least the Second Required Rating Threshold).

While none of the actions specified above have been taken, Party B shall, within thirty (30) Business Days of the occurrence of the Second Rating Default, post collateral in the form of cash or securities in favour of the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated at least P-1 by Moody's, on the terms of the Financial Swap Agreement.

Party B's obligations under (1) and (2) above, and the Termination events deriving therefrom, shall only apply during such time as the events respectively prompting the First Required Rating Default or the Second Required Rating Default are in place. The collateral transferred by Party B pursuant to (1) and (2) above will be retransferred to Party B upon cessation of the causes resulting in the First Rating Default or the Second Rating Default, respectively.

All costs, expenses and taxes incurred in connection with fulfilment of the preceding obligations shall be payable by Party B.

In the above connection, "Credit Support Provider" shall mean an institution providing an unconditional, irrevocable and first demand guarantee with respect to present and future obligations of Party B under the Financial Swap Agreement (the "Eligible Guarantee"), and provided that (A) a law firm provides a legal opinion confirming that none of the payments made by that institution to Party A under the Guarantee results in any requirement for deduction or withholding for or on account of any tax; or (B) the Guarantee determines that, if there is any such deduction or withholding, the payment made by that institution shall be increased by whatever amount is necessary in order for the net payment received by Party A to be equal to such other amount as Party A would have received had there been no such deduction or withholding; and "Eligible Replacement" shall mean any institution taking over the contractual position of Party B under the Financial Swap Agreement or entering into a new swap agreement with Party A, on terms substantially identical with the Financial Swap Agreement (which shall be confirmed by Party A, on a best efforts basis), and provided that (A) a law firm provides a legal opinion confirming that none of the payments made by that institution to Party A results in any requirement for deduction or withholding for or on account of any tax; or (B) if there is any such deduction or withholding, the payment made by that institution shall be increased by whatever amount is necessary in order for the net payment received by Party A to be equal to such other amount as Party A would have received had there been no such deduction or withholding. That institution shall thereafter, to all intents and purposes, be considered Party B under the Financial Swap Agreements or in the new swap agreement to be entered into.

An entity shall have the “First Required Rating Threshold” (A) in the event that the short-term unsecured and unsubordinated debt obligations of that entity are rated P-1 by Moody's and its long-term unsecured and unsubordinated debt obligations are rated at least as high as A2 by Moody's, or (B) in the event that the short-term unsecured and unsubordinated debt obligations of that entity are not rated by Moody's, if its long-term unsecured and unsubordinated debt obligations are rated at least as high as A1 by Moody's.

An entity shall have the “Second Required Rating Threshold” (A) in the event that the short-term unsecured and unsubordinated debt obligations of that entity are rated at least as high as P-2 by Moody's and its long-term unsecured and unsubordinated debt obligations are rated at least as high as A3 by Moody's, or (B) in the event that the short-term unsecured and unsubordinated debt obligations of that entity are not rated by Moody's, if its long-term unsecured and unsubordinated debt obligations are rated at least as high as A3 by Moody's.

9. Other characteristics of the Financial Swap Agreement.

- 9.1 In the event of Termination, in the events set out and defined in the Financial Swap Agreement, Party B shall accept the obligation to pay the settlement amount provided for in the Financial Swap Agreement. Should the settlement amount payable under the Financial Swap Agreement be due by the Fund (Party A) and not by Party B, payment thereof by the Fund (Party A) shall be made in the Priority of Payments or in the Liquidation Priority of Payments, as the case may be.
- 9.2 Party B may only assign all its rights and obligations under the Financial Swap Agreement, subject to Party A's written consent, to a third party with a credit rating equal to Moody's Second Required Rating Threshold, subject to notice to the Rating Agency.
- 9.3 The Financial Swap Agreement shall be submitted to Spanish laws.
- 9.4 The Financial Swap Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by 2pm (CET) on July 17, 2009.
- 9.5 The occurrence, as the case may be, of 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 4.9.4 of the Securities Notes and 4.4.3 of the Registration Document, 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.

3.4.7.2 Bond Issue Paying Agent.

The Management Company shall, for and on behalf of the Fund, enter with BBVA into a paying agent agreement to service the Bond Issue (the “**Paying Agent Agreement**”).

The obligations to be taken on by BBVA (the “**Paying Agent**”) under this Paying Agent Agreement are summarily as follows:

- (i) On each Bond Payment Date, paying Bond interest and, as the case may be, repaying Bond principal through Iberclear, after deducting, as the case may be, the total amount of the interim tax withholding for return on investments to be made by the Management Company, on the Fund's behalf, in accordance with applicable tax laws.
- (ii) 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 Paying Agent's short-term unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below P-1 by Moody's, the Management Company shall, within not more than thirty (30) days, from the time of the occurrence of that circumstance, after notifying the Rating Agency, do any of the following: (i) obtain from an institution

with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, an unconditional and irrevocable first demand guarantee securing to the Fund, merely upon the Management Company so requesting, of the commitments made by the Paying Agent, for such time as the Paying Agent remains downgraded below P-1, or (ii) revoke the Paying Agent's designation as Paying Agent and thereupon designate another institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's to take its place before terminating the Paying Agent Agreement. Should BBVA 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 BBVA under the Paying Agent Agreement. All costs, expenses and taxes incurred in connection with doing and arranging the above shall be borne by the substituted institution.

BBVA shall agree, forthwith upon its credit rating being downgraded below P-1, to use commercially reasonable efforts in order that the Management Company may do either of (i) or (ii) above.

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 twelve thousand (12,000.00), inclusive of taxes as the case may be. This fee shall be paid 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, in the Priority of Payments, 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, in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

The Paying Agent Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each Series as final ratings by 2pm (CET) on July 17, 2009.

3.5 Name, address and significant business activities of the originator of the securitised assets.

The originator and assignor of the securitised Mortgage Loan receivables is BANCO BILBAO VIZCAYA ARGENTARIA S.A.

Registered office: Plaza San Nicolás number 4, 48005 Bilbao (Spain).

Principal places of business: Paseo de la Castellana number 81, 28046 Madrid.

Gran Vía number 1, 48001 Bilbao

Paseo de Recoletos number 10, 28001 Madrid

Significant economic activities of BBVA.

BBVA, 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, real estate development, global custody, asset management and broking in major cash, capital and currency markets.

The following is a comparison of the relevant consolidated information for BBVA Group for the financial years closed and audited at December 31, 2008 and December 31, 2007 and unaudited information as at March 31, 2009. That information was prepared in accordance with International Financial Reporting Standards applicable to it under Regulation EC 1606/2002 and Bank of Spain Circular 4/2004, including the changes made thereto by Circular 6/2008.

	31.03.2009	31.12.2008 (A)	31.12.2007 (B)	??% (A-B)/B
BALANCE SHEET (EUR million)				
Total assets	543,350	542,650	502,204	8.1
Customer credit (gross)	340,241	342,671	317,998	7.8
Balance-sheet customer resources	370,045	376,380	334,844	12.4
Other customer resources	122,618	119,017	150,777	-21.1
Total customer resources	492,663	495,397	485,621	2.0
Net assets	28,367	26,705	27,943	-4.4
Equity	27,742	26,586	24,811	7.2
PROFIT & LOSS ACCOUNT (EUR million)				
Interest margin	3,272	11,686	-	
Gross margin	4,889	18,978	-	
Net margin	2,819	10,523	-	
Pre-tax profit	1,834	6,926	8,495	-18.5
Profit attributed to the Group	1,238	5,020	6,126	-18.1
DATA PER SHARE AND MARKET VALUE				
Price	6.11	8.66	16.76	-48.3
Market value (EUR million)	22,900	32,457	62,816	-48.3
Earnings per share	0.34	1.35	1.70	-20.6
Book value	7.40	7.09	6.62	7.1
PBVR	0.8	1.2	2.5	
RELEVANT RATIOS (%)				
Operating margin/ATM	2.35	2.18	2.28	
ROE	19.40	21.50	34.20	
ROA	1.00	1.04	1.39	
RORWA	1.88	1.95	2.29	
Efficiency ratio with depreciation	42.30	44.60	41.30	
Delinquency rate	2.80	2.30	0.89	
Mortgage delinquency rate	2.33	1.91	0.49	
VPO mortgage delinquency rate	0.48	0.46	0.26	
Coverage rate	76.00	92.0	224.8	
CAPITAL RATIOS (BIS REGULATIONS) (%)				
BIS ratio	11.5	12.2	10.7	
Core capital	6.4	6.2	5.3	
TIER I	7.7	7.9	6.8	
ADDITIONAL INFORMATION				
Number of shares (million)	3,748	3,748	3,748	
Number of shareholders	919,195	903,897	889,734	
Number of employees	105,154	108,972	111,913	
Number of branches	7,648	7,787	8,028	

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., shall be responsible for managing and being the authorised representative 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 and of the Prospectus.

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 be the authorised representative of 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 liquidation of the Fund, including the decision to proceed to Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of the Deed of Constitution and 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 Rating Agency 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 Agency with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in the Deed of Constitution and in this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in the Deed of Constitution and 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 agreement, and indeed, if necessary, enter into additional agreements, including a credit facility agreement or a loan in the event of Early Liquidation of the Fund, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur, and amend the Deed of Constitution on the terms laid down in section 4.4.1 of the Registration Document. In any event, those actions shall require that the Management Company notify and first secure the authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agency, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agency. 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 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 being the authorised representative of the Fund.
- (ix) Checking that the Mortgage Loan income amounts actually received by the Fund matches the amounts that must be received by the Fund, on the Pass-Through Certificate issue terms and on the terms of their relevant agreements notified by the Originator, and that those amounts receivable 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 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.
- (xiii) 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.
- (xiv) Watching that the amounts credited to the Treasury Account return the yield set in the Agreement.
- (xv) 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.
- (xvi) Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the Bonds.

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 authorised representative duties 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 Bonds by the Rating Agency 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 to the 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 Agency of that substitution.

Forced substitution.

- (i) In the event that the Management Company should be adjudged insolvent or have its licence to operate as a securitisation fund management company revoked by the CNMV, 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 Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document of this Prospectus and of the Deed of Constitution.

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 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 this Prospectus, 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 Bond Series by the Rating Agency being downgraded, and (iv) shall be notified to, and, where statutorily required, will 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 in this Prospectus which may be legally 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 which shall accrue upon the Fund being established and be payable on the Closing Date.
- (ii) A periodic fee on the Outstanding Principal Balance of the Bond Issue, which shall accrue daily from the establishment of the Fund until it terminates and shall be settled and paid by Interest Accrual Periods in arrears on each Payment Date subject to the Priority of Payments or, as the case may be, the Liquidation Priority of Payments. The periodic fee amount on each Payment Date may not be respectively higher or lower than the maximum and minimum amounts determined. The minimum amount shall be reset, from the year 2010, inclusive, and effective as of January 1 of each year.

If on a Payment Date, in the Priority of Payments, 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 for the relevant Interest Accrual Period. The unpaid amount and interest due shall build up for payment on the fee payable on the following Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until fully paid, in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

3.7.2 Servicing and custody of the securitised assets.

BBVA, Originator of the Mortgage Loan receivables by issuing the Pass-Through Certificates to be subscribed for by the Fund, as established in article 2.2.b) of Royal Decree 926/1998 and article 26.3 of Royal Decree 716/2009, shall continue as attorney for the Management Company to be responsible for custody, servicing and managing the Mortgage Loans, and relations between BBVA and the Fund, represented by the Management Company, shall be governed by the Mortgage Loan Servicing and Pass-Through Certificate supporting document custody Agreement (the "**Servicing Agreement**") in relation to custody and servicing of the Mortgage Loans and custody of the Pass-Through Certificate supporting documents.

BBVA (the "**Servicer**" under the Servicing Agreement) shall accept the appointment received from the Management Company and thereby agrees as follows:

- (i) To be Mortgage Loan custodian and servicer and manager subject to the system terms and ordinary servicing and management procedures established in the Servicing Agreement.
- (ii) To continue servicing the Mortgage Loans, devoting the same time and efforts to them as it would devote and use to service its own mortgage loans and in any event on the terms for which provision is made in the Servicing Agreement.
- (iii) That the procedures it applies and will apply for servicing and custody of the Mortgage 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, provided that they observe the provisions of the Servicing Agreement, this Prospectus and the laws in force for the time being.
- (v) To pay the Fund damages and losses 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 Mortgage Loan servicer, and custodian of the relevant Pass-Through Certificates, and in particular those for which provision is made in articles 1730 and 1780 of the Civil Code and 276 of the Commercial Code.

3.7.2.1 Ordinary system and procedures for servicing and managing the Mortgage Loans.

1. Custody of deeds, policies, agreements, documents and files.

The Servicer shall keep all deeds, agreements, documents and data files relating to the Mortgage Loans and copies of the mortgaged property damage insurance policies under safe custody 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 Mortgage Loan, or any other competent authority should so require informing the Management Company.

The Servicer shall at all times allow the Management Company or the Fund auditors duly authorised thereby reasonable access to the aforesaid deeds, policies, documents and records. Furthermore, whenever 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 such deeds, policies and documents.

2. Collection management.

The Servicer shall continue managing collection of all Mortgage Loan amounts payable by the Obligors and all Mortgage Loan subsidisation amounts payable by both the Housing Ministry and the Community of Madrid, and any other item including 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 Mortgage Loans.

Mortgage Loan amounts received by the Servicer shall be paid by the Servicer in full into the Fund's Treasury Account on the seventh day after the day on which they were received by the Servicer, or the following business day if that is not a business day, and for value date on the seventh calendar day after the date on which they were received by the Servicer, in accordance with the set terms and conditions. In this connection, business days shall be taken to be all those that are business days in the banking sector in the city of Madrid.

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below P-1 by Moody's, the Mortgage Loan amounts received by the Servicer shall be paid to the Fund crediting the Treasury Account on the first day after the date on which they were received by the Servicer or the following business day, if that is not a business day, for same day value.

In the event of the Servicer's long-term credit rating being downgraded below Baa3 by Moody's, the Servicer will:

- (i) make a cash deposit for the benefit of the Fund with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's, or
- (ii) arrange an unconditional irrevocable credit facility upon the Management Company's first demand with an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody's.

The deposit amount or the maximum limit of the credit facility arranged shall be equivalent to the estimated aggregate amount of Mortgage Loan repayment and interest instalments during the month with the highest collection of repayment and interest instalments from the date of downgrade below Baa3 by Moody's, in the event that the Mortgage Loan delinquency rate should be 0.00% and the CPR should be 10.00%.

The Fund may only draw on that deposit, the collateral or the liquidity facility the Mortgage Loan amounts it shall not receive, if any, owing to the Fund and received by the Servicer.

All costs, expenses and taxes incurred in connection with putting in place and arranging the above options shall be borne by the Servicer.

The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt obligations should not be rated by Moody's.

The Servicer may in no event pay any amount whatsoever to the Fund not previously received from the Obligors, the Housing Ministry or the Community of Madrid as payment for the Mortgage Loans.

3. Fixing the interest rate.

The Servicer shall continue fixing the interest rates applicable in each interest period as established in the respective Mortgage Loan agreements, 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 Mortgage Loan, to fulfilment by the Obligors of their obligations under the Mortgage Loans, to delinquency status and ensuing changes in the characteristics of the Mortgage Loans, and to actions to demand payment in the event of late payment, court actions and auction of real properties or assets, 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 Mortgage 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. Mortgage Loan subrogation.

The Servicer shall be authorised to permit substitutions in the Obligor's position under the Mortgage Loan agreements, exclusively where the new Obligor's characteristics are not less creditworthy than those of the former Obligor and those characteristics observe the mortgage lending policies and the State or Autonomous Community system applicable to protected or officially protected homes, 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 Agency.

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 Mortgage Loan renegotiation procedures.

The Servicer may not voluntarily cancel the Mortgage Loans or their mortgages and security arrangements for any reason other than payment of the Mortgage Loan, relinquish or settle in regard thereto, forgive the Mortgage Loans in full or in part or extend the same, or in general do anything that may diminish the legal effectiveness, ranking or economic value of the Mortgage Loans or of the mortgages or security arrangements, without prejudice to its heeding requests by Obligor using the same efforts and procedure as if they were own mortgage loans.

Notwithstanding the above, the Management Company, as manager of third-party portfolios and having regard to Obligor's requests to the Servicer directly or under Act 2/1994, may instruct or first authorise 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 Mortgage Loan, by an extension of the maturity period, provided that those novations are not detrimental to mortgage ranking as a first mortgage.

Without prejudice to the provisions hereinafter, any novation changing a Mortgage 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 shall nevertheless authorise the Servicer to entertain and accept extensions of the maturity period of the Mortgage Loans, without the Management Company's prior consent being required, subject to the following general enabling requirements:

Extending the period of maturity.

The final maturity or final amortisation date of the Mortgage Loans may be extended or deferred ("**extending the term**") subject to the following rules and limitations:

- (i) 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 Mortgage Loan which may result in an extension thereof.
- (ii) The amount of the sum of the capital or principal assigned to the Fund of the Mortgage Loans in respect of which the maturity term is extended may not exceed 10% of the face amount of the Bond Issue.

In this case, the term of a specific Mortgage Loan may be extended provided that the following requirements are met:

- a) That the final maturity date of the Mortgage Loans is not after October 11, 2032.
- b) That, in any event, the Mortgage Loan capital or principal repayment instalment frequency is maintained or increased, maintaining the same repayment system.
- (iii) The Management Company may, on the Fund's behalf, at any time during the term of the Servicing Agreement, cancel or suspend or amend the Servicer's power to extend the term.

If there should be any extension of the maturity term of a Mortgage Loan, the Servicer shall forthwith notify the Management Company of the terms resulting from each extension. Such notice shall be made through the software or data file provided for the terms of the Mortgage Loans to be updated.

In the event of the Mortgage Loan due date being extended with the Management Company's consent, 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 Mortgage Loans will be kept by the Servicer, in accordance with the provisions of paragraph 1 of this section.

7. Action against Obligor in the event of Mortgage Loan default.

Actions in the event of late payment.

The Servicer shall use the same efforts and procedure for claiming overdue Mortgage Loan amounts it applies for the rest of its portfolio mortgage loans.

In the event of the Obligor's default of payment obligations, the Servicer shall do the things described in the Servicing Agreement, taking in that connection the steps it would ordinarily take if they were its own portfolio mortgage 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 court and out-of-court 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 Mortgage Loans or using the power referred to in the following paragraph, shall take all relevant actions against Obligors failing to meet their Mortgage Loan payment obligations, and against guarantors, if any. Such action shall be brought using the appropriate court enforcement procedures prescribed in articles 517 et seq. of the Civil Procedure Act and, as the case may be, in accordance with the requirements signed by the Servicer and the Public Works Ministry or the Community of Madrid.

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 shall confer in the Deed of Constitution as full and extensive a power of attorney as may be required at Law on BBVA 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 Fund, or in its own name but for the Management Company as the Fund's authorised representative, demand by any judicial or other means any Mortgage Loan Obligor and guarantors, if any, to pay the debt and take legal action against them, in addition to other authorities required to discharge its duties as Servicer. These authorities may be extended and amended in another deed if that should be necessary or appropriate.

The Servicer shall generally commence the relevant legal proceedings if, for a period of seven (7) months, a Mortgage Loan Obligor in default of payment obligations should not resume payments to the Servicer or 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 an executive action if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

If this should be legally required, and for the purposes prescribed in the Civil Procedure Act, BBVA shall confer in the Deed of Constitution as full and extensive an irrevocable power of attorney as may be required at Law in order for the Management Company, acting for and on behalf of the Fund, to demand through a notary public any Mortgage Loan Obligor to pay the debt.

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 participation certificates in article 31 of Royal Decree 716/2009, 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 the Servicer, 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 (iii) and (iv), the Management Company may, for and on behalf of the Fund, 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 through 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 the same rights as BBVA 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 properties awarded within the shortest possible space of time and at arm's length.

The Servicer agrees to promptly advise of payment demands, legal actions and any and all other circumstances affecting collection of overdue Mortgage Loan amounts. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Mortgage 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 fire and damage insurance policy covering the properties mortgaged under the Mortgage Loans or reducing the amount payable in any claim thereunder. The Servicer shall use the rights conferred under the insurance policies or the Mortgage Loans, and the Servicer shall be liable to the Fund for any losses caused to the Fund in the event that the damage insurance policies are not kept in force and fully effective and in the event that those policies are not taken out, although the Servicer's databases do not support whether or not such damage insurance is in force.

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, advancing payment of the premiums, without prejudice to being reimbursed by the Obligor 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 to the Fund.

In the event of insolvency, 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, at any time and at its cost, and for the purposes laid down in the second paragraph of article 40 of Insurance Contract Act 50/1980, October 8, as currently worded, to notify the relevant insurers of the transfer of the Mortgage Loans, and that the payments of indemnities under the relevant damage insurance policies 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 insurers within five (5) Business Days of receiving the request and in the event of insolvency or liquidation of the Servicer, the Management Company shall itself directly or, as the case may be, through a new Servicer it shall have designated, notify the insurers observing insolvency rules, as appropriate.

9. Set-off.

In the exceptional event that any Mortgage Loan Obligor should have a receivable that is liquid, due and payable by the Servicer, and because the assignment is made without the Obligor being aware, any of the Mortgage Loans should be fully or partially set-off against that receivable, the Servicer shall remedy that circumstance or, if it cannot be remedied, 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 Mortgage Loan.

10. 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 Agency being downgraded. 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.

11. Auction of real properties.

The Servicer agrees to notify the Management Company of the places, dates, terms and valuation of the real properties mortgaged as security for the Mortgage Loans and of all other assets attached as a result of the legal proceedings commenced against the Obligors, auctions scheduled, and proposed action and bid, in suitable advance in order that the Management Company may do such things as it shall see fit and submit instructions on the subject to the Servicer in suitable time.

The Servicer agrees to attend auctions of real properties or other assets, but shall thereat abide at all times by the instructions it shall have received from the Management Company, and shall therefore only tender a bid or apply for the award of the real estate or the asset to the Fund, fulfilling the instructions received from the Management Company.

In the event of real properties or other assets being awarded to the Fund, the Management Company shall proceed, directly or through the Servicer, to sell the same within the shortest possible space of time and at arm's length and the Servicer shall actively assist in expediting their disposal.

3.7.2.2 Term and substitution.

The services shall be provided by the Servicer until all obligations undertaken by the Servicer as Originator of the Mortgage Loans acquired by the Fund terminate, once all the Mortgage Loans have been repaid, or when liquidation of the Fund concludes after it terminates, without prejudice to a possible early revocation of its appointment under the Servicing Agreement.

In the event of insolvency of the Servicer, or administration by the Bank of Spain, or in the event of 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 or its financial circumstances changing 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 may, in addition to demanding the Servicer to fulfil the obligations laid down in the Servicing Agreement, where this is legally possible, inter alia and after notifying the Rating Agency, do any of the following in order for the rating assigned to the Bonds by the Rating Agency not to be adversely affected: (i) demand the Servicer to subcontract or subdelegate to another institution the performance of the obligations and undertakings made in the Servicing Agreement; or (ii) terminate 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. Replacement of the relevant Servicer shall require the consent of the Housing Ministry (or, as the case may be, any body discharging its functions) and of the Community of Madrid.

Notwithstanding the above provisions, in the event of the rating of the Servicer's long-term unsecured and unsubordinated debt obligations being downgraded below Baa3 by Moody's, the Servicer agrees within not more than 60 calendar days from the aforesaid downgrade to enter into a replacement undertaking with another institution in order for the latter to discharge the responsibilities for which provision is made in the Servicing Agreement with respect to the Mortgage Loans serviced by the Servicer, merely upon request by the Management Company if required to do so and provided that such action is not detrimental to the Rating Agency's rating assigned to the Bonds.

Furthermore, in the event of insolvency, 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 (and third-party guarantors and mortgaged property insurers, if any) of the transfer to the Fund of the Mortgage Loan receivables then outstanding, and that payments thereunder 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 and third-party guarantors and mortgaged property insurers, if any, 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 and third-party guarantors and mortgaged property insurers, if any, directly or, as the case may be, through a new Servicer it shall have designated.

Similarly, and in the same events, the Management Company may request the Servicer to do such things and satisfy such formalities as may be necessary, including third-party notices and entries in the relevant accounting records, in order to guarantee maximum efficiency of the assignment of the Mortgage Loan receivables, all on the terms given in section 3.7.2.1.7 of this Building Block.

Upon 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 Agency should not confirm the provisional ratings assigned to each Series as final ratings by 2pm (CET) on July 17, 2009.

3.7.2.3 Liability of the Servicer and indemnity.

The Servicer shall at no time have any liability whatsoever in relation to the Management Company's obligations as Fund manager and manager of Bondholders' interests, nor in relation to the Obligors' obligations under the Mortgage Loans, without prejudice to the liabilities undertaken thereby in the Deed of Constitution of the Fund as Originator of the Mortgage Loan receivables assigned to the Fund by subscribing for the Pass-Through Certificates 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 and report on the Mortgage Loans and custody the Pass-Through Certificate supporting documents, established under the Servicing Agreement, or in the event of breach of the provisions of paragraph 3 of section 2.2.9 of this Building Block.

The Management Company shall, for and on behalf of the Fund, be entitled to take executive 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 Mortgage Loans owing to the Fund does not result from the Obligors' default and is attributable to the Servicer.

Upon the Mortgage 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 Fund's representative, who shall have that action on the terms described in this section.

3.7.2.4 Servicer's remuneration.

In consideration of Mortgage Loan custody, servicing and management and Pass-Through Certificate supporting document custody, 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 in each Determination Period preceding the Payment Date and on the mean daily Outstanding Balance of the Mortgage Loans serviced during that Determination Period. If BBVA 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 BBVA. 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 liquidity shortfall in the Fund Priority of Payments, fail to pay on a Payment Date the full fee due to the Servicer, overdue amounts shall build up 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 Mortgage 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, if any, 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.

BBVA is the Fund's counterparty under the transactions listed below. The details relating to BBVA and its activities are respectively given in section 5.2 of the Registration Document 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) Liquidity Facility:
Liquidity Facility Agreement
Description in section 3.4.3.3 of this Building Block.
- (v) Financial Swap:
Financial Swap Agreement
Description in section 3.4.7.1 of this Building Block.
- (vi) Financial Intermediation:
Financial Intermediation Agreement
Description in section 3.4.6.4 of this Building Block.

4. POST-ISSUANCE REPORTING

4.1 Obligations and deadlines set to publicise and submit to the CNMV the periodic information on the economic and financial status of the Fund.

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 by the Bonds and not settled due to a shortfall of Available Funds, in accordance with the rules of the 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 ratios of such Outstanding Principal Balances to the initial face amount of each Bond.
 - iv) Obligors' Mortgage Loan principal prepayment rate during the three calendar months preceding the Payment Date.
 - v) The average residual life of the Bonds in each Series estimated assuming that Mortgage 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, Iberclear and the Rating Agency, not less than one (1) Business Day before each Payment Date.

b) Information referred to each Payment Date:

In relation to the Mortgage Loans on the Determination Date preceding the Payment Date:

1. Outstanding Balance.
2. Interest and principal amount of instalments in arrears.
3. Mortgage Loan interest rate.
4. Mortgage Loan maturity dates.
5. Outstanding Balance of Doubtful Mortgage Loans and cumulative amount of Doubtful Mortgage Loans from the date of establishment of the Fund.

In relation to the economic and financial position of the Fund:

1. 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.

From December 31, 2009 this information shall be submitted to the CNMV using the forms contained in CNMV Circular 2/2009, March 25, on Securitisation Fund accounting rules, annual accounts, public financial statements and non-public statistical information statements.

c) Annually, in relation to the Fund's Annual Accounts:

Annual Accounts (balance sheet, profit & loss account and management report) and audit report within the period provided for by law to do so or, as the case may be, 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 Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period.
2. Other:

Any relevant event occurring in relation to the Mortgage Loans or the Pass-Through Certificates, the Bonds, the Fund and the Management Company proper, which given their exceptional nature 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 Early Liquidation of the Fund and 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 4.4.4 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 publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or by 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, Bloomberg or any other similarly characterised means.

2. Extraordinary notices.

Unless otherwise provided in the Deed of Constitution and in the Prospectus, extraordinary notices shall be given by publication in the daily bulletin of AIAF Mercado de Renta Fija or any other replacement or similarly characterised bulletin, or 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 Day or other calendar day (as established in this Prospectus) being valid for such notices.

Exceptionally, 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 2pm (CET) on July 17, 2009, to the Subscriber. In addition, 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.

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 Agency.

The Management Company shall provide the Rating Agency with periodic information as to the position of the Fund and Mortgage Loan performance in order that it may monitor Bond rating 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 material 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, as General Manager for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, signs this Prospectus at Madrid, on July 13, 2009.

This is a Certified Translation into English of the Spanish Prospectus. No document other than the Spanish Prospectus registered by the Comision Nacional del Mercado de Valores may have any legal effect whatsoever or be taken into account with respect to the Bond Issue.

GLOSSARY OF DEFINITIONS

“Act 13/1985” shall mean Financial Intermediary Investment Ratios, Equity and Reporting Duties Act 13/1985.

“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, as currently worded.

“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, as currently worded.

“Act 35/2006” shall mean Personal Income Tax Act 35/2006, November 28, partly amending the Corporation, Non-Resident Income and Wealth Tax Acts

“AIAF” shall mean AIAF Mercado de Renta Fija.

“Amortisation Withholding” shall mean, on each 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, and (ii) the Outstanding Balance of Non-Doubtful Mortgage 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 actually applied out of the Available Funds in seventh (7th) place of the order of priority of payments on the relevant 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 credited to the Treasury Account, as established in section 3.4.6.2.1 of the Building Block.

“Bankruptcy Act” shall mean Bankruptcy Act 22/2003, July 9.

“BBVA” shall mean BANCO BILBAO VIZCAYA ARGENTARIA S.A.

“Bond Issue” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR one billion two hundred and twenty million (1,220,000,000.00), consisting of twelve thousand two hundred (12,200) Bonds pooled in three Series A, 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 BBVA, as Paying Agent.

“Bonds” shall mean Series A Bonds, Series B Bonds and 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 2 calendar (or replacement calendar).

“Capital Transfer and Documents Under Seal Tax Act” shall mean the Consolidation of the Capital Transfer and Documents Under Seal Tax Act, approved by Legislative Royal Decree 1/1993, September 24.

“Cash Reserve” shall mean the Initial Cash Reserve set up on the Closing Date and subsequently provisioned up to the Required Cash Reserve amount.

“Civil Procedure Act” shall mean Civil Procedure Act 1/2000, January 7.

“Closing Date” shall mean July 21, 2009, the date on which the Bond subscription cash amount shall be paid up.

“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 A and/or B and/or C Bonds.

“Corporation Tax Act” shall mean the Consolidation of the Corporation Tax Act, approved by Legislative Royal Decree 4/2004, March 5.

“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, issue by BBVA of and subscription by the Fund for the Mortgage Loan Pass-Through Certificates, and issue by the Fund of the Asset-Backed Bonds.

“Delinquent Mortgage Loans” shall mean Mortgage Loans that are delinquent with a period of arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Mortgage Loans. The delay in receiving payment of Mortgage Loan subsidisations, both under State Housing Plans 2002-2005 and 2005-2008 and under Community of Madrid Housing Plans 1997-2000 and 2001-2004, referred to in section 2.2 of the Building Block shall not be considered arrears in payment of Mortgage Loan amounts due.

“Deloitte” shall mean Deloitte S.L.

“Determination Dates” shall mean the dates falling on the fifth (5th) Business Day preceding each Payment Date.

“Determination Period” shall mean the 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 the date of establishment of the Fund, inclusive, and the first Determination Date, September 9, 2009, 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 Early Liquidation of the Fund concludes, as provided for in section 4.4.4 of the Registration Document, on which the Mortgage 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), not including the first date but including the last date.

“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 Mortgage Loans” shall mean Mortgage Loans that at a date are delinquent 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 obtained by the Servicer. The delay in receiving payment of Mortgage Loan subsidisations, both under State Housing Plans 2002-2005 and 2005-2008 and under Community of Madrid Housing Plans 1997-2000 and 2001-2004, referred to in section 2.2 of the Building Block shall not be considered arrears in payment of Mortgage Loan amounts due.

“Early Amortisation” shall mean Bond amortisation on a date preceding the Final Maturity Date in the Early Liquidation Events of the Fund in accordance with 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 in which the Management Company, following notice duly served on the CNMV, is entitled to proceed to Early Liquidation of the Fund and Early Amortisation of the Bond Issue.

“Early Liquidation of the Fund” shall mean liquidation of the Fund and thereby 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 4.4.3 of the Registration Document.

“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 43 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 set at 11am (CET), accurate to three decimal places.

“EUROPEA DE TITULIZACIÓN” shall mean EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

“Final Maturity Date” shall mean the final Bond amortisation date, i.e. June 16, 2036 or the following Business Day if that is not a Business Day.

“Financial Intermediation Agreement” shall mean the agreement designed to remunerate BBVA for the financial intermediation process carried out, enabling the financial transformation defining the Fund’s activity, subscription by the Fund for the Pass-Through Certificates and the rating assigned to each Bond Series, entered into between the Management Company, for and on behalf of the Fund, and BBVA.

“Financial Swap Agreement” shall mean the financial swap agreement to be entered into the based on the standard (CMOF) Master Financial Transaction Agreement between the Management Company, acting for and on behalf of the Fund, and BBVA.

“Fund” shall mean BBVA RMBS 8 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 BBVA.

“Iberclear” shall mean Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.

“Initial Cash Reserve” shall mean the Cash Reserve set up on the Closing Date by drawing down fully the Subordinated Loan amount totalling EUR twenty-four million four hundred thousand (24,400,000.00).

“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.

“Lead Manager” shall mean BBVA.

“Liquidation Available Funds” shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or upon 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 Pass-Through Certificates and of the assets remaining and (iii) additionally, as the case may be, the credit facility or the loan, as provided for in section 4.4.3.3.(iii) of the Registration Document.

“Liquidation Priority of Payments” shall mean the order in which the Liquidation Available Funds shall be applied to meet the payment or withholding obligations on the Final Maturity Date or upon Early Liquidation of the Fund.

“Liquidity Facility Agreement” shall mean the liquidity facility agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA, totalling EUR two million four hundred and forty thousand (2,440,000.00).

“Management and Subscription Agreement” shall mean the management and subscription agreement entered into between the Management Company, for and on behalf of the Fund, and BBVA as Lead Manager and Subscriber of the Bond Issue.

“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 Limited, the holding company to which Moody’s Investors Service España, S.A. is affiliated.

“Mortgage Act” shall mean the Mortgage Act of February 8, 1946.

“Mortgage Loan Servicing and Pass-Through Certificate Custody Agreement” or **“Servicing Agreement”** shall mean the Mortgage Loan custody and servicing and Pass-Through Certificate supporting document custody agreement entered into between the Management Company, acting for and on behalf of the Fund, and BBVA, as Servicer.

“Mortgage Loans” shall mean the mortgage loans owned by BBVA granted to individuals with real estate mortgage security ranking senior on protected or officially protected homes (and annexes -parking spaces and lumber rooms- if any) located in Spain, assigned to the Fund upon BBVA issuing and the Fund subscribing for Pass-Through Certificates.

In this Prospectus the term “Mortgage Loans” shall be used to refer collectively to the Mortgage Loans or the Pass-Through Certificates perfecting the assignment of the Mortgage Loan receivables.

“Nominal Interest Rate” shall mean the nominal interest rate, floating 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 Mortgage Loans” shall mean Mortgage Loans that are not deemed to be either Delinquent Mortgage Loans or Doubtful Mortgage Loans.

“Non-Doubtful Loans” shall mean Mortgage Loans that are not deemed to be Doubtful Mortgage Loans at a date.

“Obligors” shall mean the Mortgage Loan borrowers.

“Originator” shall mean BBVA, originator of the Mortgage Loan receivables by issuing Pass-Through Certificates.

“Outstanding Balance of the Mortgage 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 Mortgage Loans. Only the capital or principal portion of each overdue Mortgage Loan subsidisation instalment under State Housing Plans 2002-2005 and 2005-2008 shall be included in the Outstanding Balance of each Mortgage Loan until duly collected by the Fund.

“Outstanding Principal Balance of the Bond Issue” shall mean the sum of the Outstanding Principal Balance of Series A, B and C making up the Bond Issue.

“Outstanding Principal Balance of the Series” shall mean the sum of the outstanding principal to be repaid (outstanding balance) at a date on all the Bonds making up the Series.

“Pass-Through Certificates” shall mean the Mortgage Loan Pass-Through Certificates issued by BBVA and subscribed for by the Fund.

“Paying Agent” shall mean the firm servicing the Bonds. The Paying Agent shall be BBVA (or any other institution taking its stead as Paying Agent).

“Payment Date” shall mean March 16, June 16, September 16 and December 16 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be September 16, 2009.

“Priority of Payments” shall mean the order in which the Available Funds shall be applied and the Available Funds for Amortisation shall be distributed on each Payment Date to meet the Fund's payment or withholding obligations.

“Rating Agency” shall mean Moody's.

“Reference Rate” shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor fixed at 11am (CET) 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 two- (2-) month Euribor fixed at 11am (CET) on the second Business Day preceding the Closing Date, or, upon the failure or impossibility to obtain this Euribor rate, the substitute rate for which provision is made in section 4.8.1.3 of the Securities Note.

“Regulation (EC) No. 809/2004” shall mean Commission Regulation (EC) No. 809/2004, April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as currently worded.

“Required Cash Reserve” shall mean, on each Payment Date, the lower of: (i) EUR twenty-four million four hundred thousand (24,400,000.00) and (ii) the higher of a) 4.00% of the Outstanding Principal Balance of the Bond Issue and b) EUR twelve million two hundred thousand (12,200,000.00). 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 preceding Payment Date whenever the circumstances provided for in section 3.4.2.2 of the Building Block concur on the Payment Date

“Royal Decree 1065/2007” shall mean Royal Decree 1065/2007, July 27, establishing reporting duties with respect to preferred stock and other debt instruments and certain income obtained by individuals resident in the European Union.

“Royal Decree 116/1992” shall mean Book Entries and Stock Exchange Transaction Clearing and Settlement Royal Decree 116/1992, February 14.

“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 629/1993” shall mean Royal Decree 629/1993, May 3, on operating standards in securities markets and mandatory registrations.

“Royal Decree 716/2009” shall mean Royal Decree 716/2009, April 24, implementing certain aspects of Mortgage Market Regulation Act 2/1981, March 25, and other mortgage and financial system rules.

“Royal Decree 926/1998” shall mean Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies.

“Securities Market Act” shall mean Securities Market Act 24/1988, July 28, as currently worded.

“Series A Bonds” shall mean Series A Bonds issued by the Fund having a total face amount of EUR one billion one hundred and forty-six million eight hundred thousand (1,146,800,000.00) comprising eleven thousand four hundred and sixty-eight (11,468) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A” shall mean Series A Bonds issued by the Fund.

“Series B Bonds” shall mean Series B Bonds issued by the Fund having a total face amount of EUR forty-eight million eight hundred thousand (48,800,000.00) comprising four hundred and eighty-eight (488) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series B” shall mean Series B Bonds issued by the Fund.

“Series C Bonds” shall mean Series C Bonds issued by the Fund having a total face amount of EUR twenty-four million four hundred thousand (24,400,000.00) comprising two hundred and forty-four (244) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series C” shall mean Series C Bonds issued by the Fund.

“Servicer” shall mean the institution in charge of Mortgage Loan custody and servicing and Pass-Through Certificate supporting document custody under the Mortgage Loan Servicing and Pass-Through Custody Agreement, i.e. BBVA (or any other institution taking its stead as Servicer).

“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 BBVA, totalling EUR seven hundred thousand (700,000.00).

“Start-Up Loan” shall mean the loan granted by BBVA to the Fund, in accordance with the provisions of the Start-Up Loan Agreement.

“Subordinated Loan Agreement” shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA, totalling EUR twenty-four million four hundred thousand (24,400,000.00).

“Subordinated Loan” shall mean the loan granted by BBVA to the Fund, in accordance with the provisions of the Subordinated Loan Agreement.

“Subscriber” shall mean BBVA, the Bond Issue subscriber.

“Treasury Account” shall mean the financial account in euros opened at BBVA 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.