OFFERING CIRCULAR

May 14, 2002

RURAL HIPOTECARIO III

FONDO DE TITULIZACIÓN HIPOTECARIA

MORTGAGE-BACKED BONDS

EUR 325,000,000

Series A	**EUR 312,300,000**	**Aaa**	**3-M Euribor + 0.21%**
Series B	**EUR 12,700,000**	**A2**	**3-M Euribor + 0.50%**

Backed by mortgage certificates issued by

CAIXA RURAL DE BALEARS, S.C.C.
CAJA RURAL DE ASTURIAS, S.C.C.
CAJA RURAL DE NAVARRA, S.C.C.
CAJA RURAL DE SORIA, S.C.C.
CAJA RURAL DE ZAMORA, S.C.C.
CAJA RURAL DEL SUR, S.C.C.
CAJA RURAL INTERMEDITERRÁNEA, S.C.C.

Lead Managers and Underwriters

Banco Cooperativo **DZ BANK** **Société Générale**

Credit Agricole Indosuez **Caja Castilla La Mancha** **Commerzbank Securities**

EBN Banco **Natexis Banques Populaires** **Rabobank**

Tokyo-Mitsubishi International plc

Paying Agent

Banco Cooperativo

Treasury Account

Bancoval

Fund structured, constituted and managed by

edt Europea de Titulización
Sociedad Gestora de Fondos de Titulización

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

Material Event concerning **RURAL HIPOTECARIO III Fondo de Titulización Hipotecaria**

As provided for in the Offering Circular or Prospectus for **RURAL HIPOTECARIO III Fondo de Titulización Hipotecaria** (the "**Fund**") notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On July 16, 2015 the Fund's Treasury Account is to be effectively transferred to CITIBANK INTERNATIONAL LTD, Sucursal en España ("**CITIBANK**"), following the signature, on July 9, 2015, of a new Guaranteed Interest Rate Account (Treasury Account) Agreement by the Management Company, for and on behalf of the Fund, CITIBANK and BANCO COOPERATIVO ESPAÑOL, S.A. and the relevant notice to BARCLAYS BANK, PLC Sucursal en España, as the former provider of the Fund's Treasury Account. CITIBANK is to be designated on the same effective date as the Bond Paying Agent, following the signature on July 9, 2015 of a new Paying Agent Agreement by the Management Company, for and on behalf of the Fund, CITIBANK and BANCO COOPERATIVO ESPAÑOL, S.A. and the relevant notice to BARCLAYS BANK, PLC Sucursal en España, as the former Paying Agent.

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

	Moody's
Short-term	P-1
Long-term	A1

- As a result of the new Agreements referred to above, the following sections of the Fund Prospectus shall henceforth read as follows:

Section	**Description**
V.3.1 Prospectus Paragraphs 2 et seq. (Treasury Account)	CITIBANK shall pay an annual nominal interest rate, floating 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 to the positive daily balances if any on the Treasury Account, equal to the higher of (i) zero percent (0.00%); and (ii) the interest rate resulting from increasing (a) the Euribor rate currently calculated and distributed by the financial information system Global Rate Set Systems Ltd (GRSS) under a European Money Markets Institute (EMMI) mandate and three- (3-) month EURIBOR ACI, set at 11am (CET) on the second Business Day preceding the first day of each interest accrual period (b) by a 0.20% margin. That interest will be in force until July 16, 2018. Interest shall be settled on each Payment Date and 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 accrual period shall comprise the days elapsed between July 16, 2015 and September 13, 2015.

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Registro Mercantil de Madrid. Tomo 5461, Folio 49, Sección 8, Hoja M-89355, Inscripción 1ª Fecha 11/03/93 NIF A-80514466

Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Section	Description
	In the event that the short-term unsecured and unsubordinated debt obligations of CITIBANK INTERNATIONAL LTD or of the institution in which the Treasury Account is opened (the “Treasury Account Provider”) should be downgraded below P-1 by Moody’s, the Management Company shall, within not more than thirty (30) days from the occurrence of that event, after notifying Moody’s, do one of the following in order to allow a suitable level of guarantee to be maintained with respect to the commitments derived from this Agreement in order for the rating given to the Bonds by Moody’s not to be adversely affected: a) Obtain from an institution with short-term unsecured and unsubordinated debt obligations rated at least as high as P-1 by Moody’s, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by CITIBANK of its obligation to repay the amounts credited to the Treasury Account, for such time as the downgrade below P-1 remains as aforesaid. b) Obtain from the Originators, BANCO COOPERATIVO or a third party collateral security in favour of the Fund on financial assets with a credit quality of not less than that of Spanish State Government Debt (*Deuda Pública del Estado Español)*, in an amount sufficient to guarantee the commitments established in the Agreement. c) If a) and b) above are not possible, it will transfer the Fund’s Treasury Account to a credit institution with short-term 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 CITIBANK under this Agreement. d) Moreover, if the Treasury Account cannot be transferred on the terms set out above, the Management Company may invest the balances for not more than quarterly periods in short-term fixed-income assets in Euros issued by institutions rated at least as high as P-1 in the short-term by Moody’s, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with CITIBANK in this Agreement. In the event that the Treasury Account Provider’s debt obligations should be downgraded or removed by the Rating Agency, it shall notify the Management Company. All costs, expenses and taxes incurred in connection with putting in place and arranging the above options shall be borne by BANCO COOPERATIVO. BANCO COOPERATIVO shall agree, upon a credit rating downgrade of the Treasury Account Provider triggering one of a) or b) above, to use commercially reasonable efforts in order that the Management Company may do one of the above. In the event that the short-term unsecured and unsubordinated debt obligations of BANCO COOPERATIVO should subsequently be upgraded back to being at least as high as P-1 by Moody’s, before July 16, 2018, the Management Company may transfer the balances to BANCO COOPERATIVO as the new treasury account provider subject to CITIBANK and BANCO COOPERATIVO so agreeing.

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Section	Description
V.3.5 Prospectus Paragraphs 3 and 4 (Paying Agent Agreement)	Both in the event of a breach by CITIBANK of the obligations under this Agreement and of a downgrade of credit ratings of CITIBANK INTERNATIONAL LTD which may be detrimental to the ratings assigned to the Bonds by the Rating Agency, the Management Company may revoke the designation of CITIBANK as Paying Agent and designate another substitute institution, subject to notice being previously served on CITIBANK, other than in the event of termination for breach, at least thirty (30) days in advance of the closest Payment Date. BANCO COOPERATIVO shall agree, forthwith upon a credit rating downgrade of CITIBANK INTERNATIONAL LTD as set out in the preceding paragraph, to use commercially reasonable efforts in order that the Management Company may do one of (i) or (ii) above. Notwithstanding the above, the Management Company shall not be able to revoke the designation of CITIBANK as Paying Agent until July 16, 2016. In addition, CITIBANK may decline to carry on discharging its duties from July 16, 2016. The Fund shall not pay CITIBANK any fee as Paying Agent.

Madrid, July 15, 2015

Mario Masiá Vicente
General Manager

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This document is an English-language translation of the Spanish Offering Circular. No document other than the Spanish Offering Circular which has been verified and entered in the official registers of the Comisión Nacional del Mercado de Valores may be considered as having any legal effect whatsoever in respect to the Bonds.

This translation has been prepared for information purposes only. In the event of any discrepancy betwen the Spanish Offering Circular and the translation, the Spanish Offering Circular shall prevail.

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CHAPTER 0

RELEVANT CIRCUMSTANCES TO CONSIDER ON THE SECURITIES ISSUE OR OFFERING

0.1 Summary of the characteristics of the issued or offered securities covered by this full circular and of the procedure for their placement and allocation among investors.

The securities subject of this Issue are Mortgage-Backed Bonds (the "**Bonds**"), which are issued by RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA on the terms described in the Offering Circular. Two Series A and B are issued by the Fund.

The following are the main terms and conditions of this Bond Issue:

Class of Security: Mortgage-Backed Bonds represented by means of book entries.

Issuer: RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA

Upon being constituted, the Fund's assets shall consist of the Mortgage Certificates issued by Caixa Rural de Balears, S.C.C., Caja Rural de Asturias, S.C.C., Caja Rural de Navarra, S.C.C., Caja Rural de Soria, S.C.C., Caja Rural de Zamora, S.C.C., Caja Rural del Sur, S.C.C., and Caja Rural Intermediterránea, S.C.C. (the "**Originators**"), to be pooled therein.

Ratings: Provisional ratings as of the Fund constitution date have been assigned by the Rating Agency Moody's Investors Service España, S.A. ("**Moody's** ") for each of the Bond series issued by the Fund, as follows:

- **Aaa** for Series A Bonds.
- **A2** for Series B Bonds.

Moody's expects to assign those provisional ratings as final ratings by the start of the Bond Subscription Period. The Fund constitution, Bond Issue and Mortgage Certificate issue and subscription would otherwise terminate.

The final ratings may be revised, suspended or withdrawn at any time by Moody's, which would not constitute an early amortisation event of the Fund.

Issue Amount: Face value of EUR 325,000,000 consisting of two Bond Series distributed as follows:

	Face amount per Bond (EUR)	**Number of Bonds**	**Series Total Face Amount (EUR)**
Series A	100,000.00	3,123	312,300,000
Series B	100,000.00	127	12,700,000

Issue price: 100 per cent of the face value of each Bond, clear of taxes and subscription expenses for the subscriber through the Fund.

0.1.1 Interest Rate:

The Bonds in each Series will accrue a nominal annual interest variable quarterly and payable quarterly in arrears on each Payment Date, being the result of applying to the Bonds in each Series the corresponding nominal interest rate to the Outstanding Principal Balance on each Bond.

Accrual of Interest:

Interest will accrue by Interest Accrual Periods. Every Interest Accrual Period will comprise the exact number of days elapsed between each Payment Date (March 13, June 13, September 13 and December 13 in every year), including the beginning Payment Date, but not including the ending Payment Date. The duration of the first Interest Accrual Period shall be equivalent to the days elapsed between the Closing Date, inclusive, and the first Payment Date, to wit September 13, 2002, exclusive.

The nominal interest rate shall be accrued on the actual number of days which have elapsed in each Interest Accrual Period for which it was determined, on the basis of a 360-day year.

Nominal interest rate.

The nominal interest rate shall be the result of adding: (i) the Reference Rate or the substitute Reference Rate and (ii) the following margins for each of the Series, all of which shall be rounded up to the nearest thousandth of a percentage point.

- **Series A:** 0.21% margin for Series A Bonds.
- **Series B:** 0.50% margin for Series B Bonds.

The nominal interest rate for each Series shall be set the second Business Day preceding each Payment Date and shall apply for the following Interest Accrual Period.

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be the four- (4-) month Euribor rate, and shall be set on the second Business Day preceding the Closing Date. The nominal interest rate of the Bonds in each Series for the first Interest Accrual Period shall be notified in writing by the Management Company by the start of the Subscription Period to the Lead Managers and the Underwriters and Placement Agents, to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the Comisión Nacional del Mercado de Valores, the Paying Agent, the AIAF and the SCLV.

Payment of interest and repayment of principal.

Bond interest payment and principal repayment in each Series shall be made quarterly in arrears on each of the Payment Dates, which shall fall on March 13, June 13, September 13 and December 13 in each year or the following Business Day, as the case may be. The first Payment Date shall be September 13, 2002.

In this Bond Issue, Business Day shall mean any day other than a Saturday, Sunday, public holiday in Madrid or non-business day in the TARGET calendar.

Payment of amounts due on each Series shall be made on each Payment Date provided that the Fund has sufficient liquidity to do so in the Priority of Payments described hereinafter.

0.1.2 Amortisation of the Bonds.

Redemption price: 100 per cent of the face value of each Bond.

Final amortisation of the Bonds:

Final amortisation shall take place on the Final Maturity Date of the Bonds, which shall be March 13, 2032, notwithstanding the possibility of an early amortisation, on the terms and conditions established in the Offering Circular.

Partial amortisation of the Bonds:

Irrespective of the Final Maturity Date, partial amortisations of the Bonds in each Series shall be made on the terms described below.

1. ***Amortisation of Series A Bonds.***

   The Series A Bonds shall be amortised pro rata between the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, in an amount equal to the Available Funds for Amortisation distributed for Series A. The first Payment Date for the amortisation of Series A Bonds shall fall on September 13, 2002.

2. ***Amortisation of Series B Bonds.***

   The amortisation of Series B Bonds shall begin only when the Series A Bonds have been amortised in full. The Series B Bonds shall be amortised pro rata between the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, in an amount equal to the Available Funds for Amortisation distributed for Series B.

   Payment of interest and repayment of principal on the Series B Bonds are deferred with respect to the Series A Bonds, as provided in the Fund Priority of Payments.

Early amortisation of the Bonds.

Without prejudice to the Fund's obligation, through its Management Company, to amortise the Bonds on the Final Maturity Date or on each partial amortisation, as established in the preceding paragraphs, the Management Company shall be authorised, after notifying the Comisión Nacional del Mercado de Valores, to proceed to an early liquidation of the Fund and hence an early amortisation, on a Payment Date, of the entire Bond issue in the Liquidation Events in accordance with and subject to the requirements established in section III.8.1 of this Offering Circular.

0.1.3 Bond subscription and placement procedure.

Lead Managers:

· BANCO COOPERATIVO ESPAÑOL, S.A.

· DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK

· SOCIÉTÉ GÉNÉRALE, Sucursal en España.

Underwriters and Placement Agents:

- BANCO COOPERATIVO ESPAÑOL, S.A.
- DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK
- SOCIÉTÉ GÉNÉRALE, Sucursal en España
- CREDIT AGRICOLE INDOSUEZ, Sucursal en España
- CAJA DE AHORROS DE CASTILLA LA MANCHA
- COMMERZBANK AKTIENGESELLSCHAFT, Sucursal en España
- SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS PROBANCA S.A.
- NATEXIS BANQUES POPULAIRES, S.A.
- COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK, B.A. Trading as Rabobank International London Branch
- TOKYO-MITSUBISHI INTERNATIONAL PLC

Investors to whom the Bonds are offered.

The placement of the Bond Issue is targeted to institutional investors.

Subscription Period.

The Subscription Period shall commence at 12 o'clock noon (CET time) on May 16, 2002, and end at 5pm on May 17, 2002.

Manner and date of paying up.

The investors to whom the Bonds are allocated shall pay the Underwriters and Placement Agents by 12 o'clock noon (CET time) on May 20, 2002, same day value, the relevant issue price for each Bond allocated for subscription.

Secondary Bond-Trading Market: AIAF MERCADO DE RENTA FIJA).

The Management Company agrees that final listing of the Bonds in that market shall take place no later than one month after the Closing Date.

0.1.4 National laws governing the securities and jurisdiction in the event of litigation.

The constitution of the Fund and Bond issue are subject to Spanish Law, as prescribed by Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds, Securities Market Act 24/1988, July 28, as amended by Act 37/1998, November 16, and as prescribed by Royal Decree 291/1992, March 27, on Issues of and Public Offerings for the Sale of Securities, as amended by Royal Decree 2590/1998, December 7, on the amendment of the legal system of securities markets, and the Order dated July 12, 1993 on Offering Circulars and Other Implementations of Royal Decree 291/1992, March 27, and Comisión Nacional del Mercado de Valores 2/1994, March 16.

The Deed of Constitution and the agreements for transactions hedging financial risks and the rendering of services to be entered into by the Management Company on behalf of the Fund shall be governed by and construed in accordance with Spanish Laws.

All matters, disagreements, actions and claims deriving from the Management Company's constitution, administration and legal representation of RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA, and the Bond issue by the same, shall be heard and decided by the competent Spanish Courts and Tribunals.

The Bondholders and the remaining creditors of the Fund shall have no action whatsoever against Obligors of the Participated Mortgage Loans who may have defaulted on their payment obligations thereunder, for that action shall lie with the Management Company, representing the Fund owning the Mortgage Certificates under which the Participated Mortgage Loans are assigned.

The Bondholders and the remaining creditors of the Fund shall have no action whatsoever against the Fund or against the Management Company in the event of default of amounts due by the Fund resulting from the default of the Participated Mortgage Loans by the relevant obligors or breach by the other parties to the transactions arranged for and on behalf of the Fund.

The Bondholders and the remaining creditors of the Fund shall have no actions against the Fund Management Company other than as derived from a breach of its duties or failure to observe the provisions of the Deed of Constitution and of the Offering Circular. Those actions shall be heard in the relevant ordinary declaratory proceedings depending on the amount claimed. Moreover, the Management Company shall be liable to the extent prescribed in Act 19/1992.

0.2 Considerations regarding the activities, financial position and most relevant circumstances of the issuer described in this full circular.

0.2.1 Brief review of the Fund's activity.

The Bonds subject of this Issue are issued by RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA, constituted in accordance with Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds.

In accordance with this Act, the Fund is a separate closed-end estate, devoid of legal personality, its assets comprising the Mortgage Certificates pooled therein upon being constituted and the Cash Reserve credited to the Treasury Account, and its liabilities comprising the Bonds issued and the Start-Up Loan and the Subordinated Loan, thereby for the net worth of the Fund to be nil. Pursuant to Act 19/1992, the Management Company that set up the Fund shall be legally responsible for managing and representing the Fund.

0.2.2 Representation of the Fund: Management Company.

The Management Company that has constituted and therefore whose duty it is to manage and represent the Fund, and defend the interests of Bondholders, is EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.

Consequently, the Management Company shall safeguard at all times the interests of the Bondholders, making its actions conditional on defending the Bondholders and observing the provisions statutorily established for that purpose. Bondholders shall have no right of action against the Fund Management Company, other than for a breach of its duties or a failure to observe the provisions of the Deed of Constitution and of this Offering Circular.

The Management Company shall notify the Bondholders of all and any circumstances that may be relevant to them, by publishing appropriate notices on the terms established in sections III.5.2 and III.5.3 of the Offering Circular.

The Management Company may be substituted on the terms and in the events provided in the Offering Circular.

0.2.3 Mortgage certificates pooled in the Fund.

The Fund shall pool Mortgage Certificates issued upon being constituted by:

- CAIXA RURAL DE BALEARS, S.C.C.
- CAJA RURAL DE ASTURIAS, S.C.C.
- CAJA RURAL DE NAVARRA, S.C.C.
- CAJA RURAL DE SORIA, S.C.C.
- CAJA RURAL DE ZAMORA, S.C.C.
- CAJA RURAL DEL SUR, S.C.C.
- CAJA RURAL INTERMEDITERRÁNEA, S.C.C

The Mortgage Certificates refer to a 100 percent share in the principal, ordinary and late-payment interest on each Participated Mortgage Loan, and in all and any other amounts, assets or rights originating in the Participated Mortgage Loans.

The issue price of the Mortgage Certificates is at par with the face value of the capital or principal of the Participated Mortgage Loan.

The total face value of the issue of Mortgage Certificates shall be at least equal to the aggregate amount of the Bond Issue.

The Participated Mortgage Loans are part of a selection of mortgage loans whose characteristics are described in the Offering Circular. The outstanding principal on the 7,042 mortgage loans selected as of April 15, 2002 amounted as at that date to EUR 342,103,277.86.

The Fund's rights resulting from the Mortgage Certificates will all be linked to the payments made by the obligors of the Participated Mortgage Loans and shall therefore be directly affected by their progress, delays, prepayments or any other incident related thereto.

0.2.4 Financial transactions arranged on behalf of the Fund.

In order to enhance the safety of or regularity in payment of the Bonds, or, generally, consolidate the financial structure and supplement management of the Fund, the Management Company shall perfect, on behalf of the Fund, on the same date on which the Deed of Constitution is executed, the agreements established hereinafter:

(i) Guaranteed Interest Rate Account (Treasury Account) Agreement.

(ii) Start-Up Loan Agreement.

(iii) Subordinated Loan Agreement.

(iv) Participated Mortgage Loan Servicing Agreement.

(v) Mortgage Certificate Custody Agreement.

(vi) Bond Issue Management, Underwriting and Placement Agreement.

(vii) Bond Paying Agent Agreement.

(viii) Financial Intermediation Agreement.

The Management Company may, in order for the Fund to operate on the terms provided in the Deed of Constitution and in the laws in force from time to time, acting for and on behalf of the Fund, extend or amend the agreements entered into on the Fund's behalf, substitute each of the service providers to the Fund under those agreements and indeed, if necessary, enter into additional agreements; the foregoing shall be subject to the laws in force from time to time, to the prior authorisation, if necessary, of the Comisión Nacional del Mercado de Valores, or competent administrative body, and to notice thereof being given on the relevant Rating Agency, provided that those actions do not detract from Bondholders' interests.

0.2.5 Ordinary priority rules in payments by the Fund.

Applicable from the Closing Date until final liquidation of the Fund.

The Available Funds shall be applied on each Payment Date to meeting payment or withholding obligations falling due on each Payment Date in the following priority of payments (the "**Priority of Payments**"), irrespective of the time of accrual, other than application number 1, which may be made at any time as and when due:

1. 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 same, and all other expenses and service fees, including those derived from the Paying Agent Agreement and the Mortgage Certificate Custody Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicers, provided they are all properly supported, shall be made to the Servicers under the Servicing Agreement in this order.

2. Payment of interest due on the Series A Bonds.

3. Payment of interest due on the Series B Bonds.

4. Withholding of an amount sufficient for the Required Cash Reserve to be maintained.

   This application shall not be made on the Final Maturity Date or on the ending Payment Date or date of liquidation of the Fund.

5. Amortisation of Series A Bonds in the amount of the Available Funds for Amortisation.

6. Amortisation of Series B Bonds in the amount of the Available Funds for Amortisation, after the Series A Bonds have been fully amortised.

7. Payment of interest due on the Start-Up Loan.

8. Payment of interest due on the Subordinated Loan.

9. Repayment of Start-Up Loan principal.

10. Repayment of Subordinated Loan principal.

11. Payment to the Servicers under the Servicing Agreement of the fee for servicing the Participated Mortgage Loans.

    In the event that any of the Servicers should be replaced by any other institution as such a Servicer, payment of the servicing fee accrued by the other institution, to wit the new servicer, shall take the place of paragraph 7 above, and the priority of successive payments contained in paragraphs 7 et seq. shall be changed accordingly.

12. Payment of the financial intermediation margin established as a variable remuneration in the Financial Intermediation Agreement.

When accounts for different items exist in a same priority of payments and the remaining Available Funds are not sufficient to settle the amounts due under all of them, the remaining Available Funds shall be applied pro rata among the amounts payable under each such item, and the amount applied to each item shall be applied in the order in which the accounts payable fall due.

Available Funds for Amortisation on each Payment Date.

On each Payment Date the amount to be allocated for the amortisation of Bonds ("**Available Funds for Amortisation**") shall be the lower of the following amounts:

a) The positive difference existing between the Outstanding Principal Balance of the Bonds and the Outstanding Balance of the Mortgage Certificates, on the Business Day preceding each Payment Date.

b) Depending on the liquidity existing on that Payment Date, the remaining Available Funds after deducting the amounts applied to the payments numbered 1 to 4 in the Priority of Payments.

Distribution of the Available Funds for Amortisation among the Bonds in each Series.

The Available Funds for Amortisation of the Bonds shall be fully used for the amortisation of Series A Bonds and will only be used for the amortisation of the Outstanding Principal Balance of Series B when the Outstanding Principal Balance of Series A is fully settled.

0.2.6 Liquidation and termination of the Fund.

Early Liquidation of the Fund.

Following notice served on the CNMV, the Management Company shall be entitled to proceed to an Early Liquidation of the Fund and thereby an early amortisation, on a Payment Date, of the entire Bond Issue, when the Outstanding Balance of the Mortgage Certificates pending amortisation is less than 10 per cent of the initial Outstanding Balance, in accordance with the authorisation established in article 5 of Act 19/1992, in addition to the other Early Liquidation Events contained in section III.8.1 of the Offering Circular, and subject to the same requirements and procedures contained in said section.

In order to proceed to that Early Liquidation of the Fund, it shall be necessary for all the payment obligations derived from the Bonds issued by the Fund to be met and settled fully or otherwise that, before proceeding to an Early Liquidation of the Fund, the Management Company call the Bondholders purely for informative purposes. Payment obligations derived from the Bonds on the date of Early Liquidation of the Fund shall at all events be deemed to be the Outstanding Principal Balance of the Bonds on that date plus interest accrued and not paid, deducting the tax withholding, if any, which amounts shall be deemed to be due and payable on that date to all statutory intents and purposes.

Termination of the Fund.

The Fund shall terminate in any of the following events:

i) Upon the full amortisation of the Mortgage Certificates pooled therein.

ii) By the early liquidation procedure established in section III.8.1 of the Offering Circular.

iii) At all events, on the Final Maturity Date established for final Bond amortisation.

0.3 Risks inherent in the Bonds.

(i) Risk of delinquency on the Mortgage Certificates: the holders of Bonds issued by the Fund shall have the risk of delinquency of the Mortgage Certificates pooled therein. Under article 5.8 of Act 19/1992, the Originators issuing the Mortgage Certificates do not bear the risk of delinquency on the Mortgage Certificates and shall not therefore be howsoever liable for mortgagor delinquency of principal, interest or any other amount owing by the mortgagors under the Participated Mortgage Loans.

(ii) Early-amortisation risk of the Mortgage Certificates: there will be an early amortisation of the Mortgage Certificates pooled in the Fund when the borrowers of the Participated Mortgage Loans prepay the portion of principal pending repayment, on the terms set in each of the loan deeds. Similarly, there will be a full amortisation of the Mortgage Certificates in the event that CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C. should be substituted in the relevant Participated Mortgage Loans by any other financial institution licensed to do so.

The risk of that early amortisation shall pass quarterly on each Payment Date to the holders of the Bonds upon their partial amortisation.

(iii) Limited Hedging: an investment in the Bonds may be affected, inter alia, by a downturn in general economic conditions adversely affecting payments of the Participated Mortgage Loans backing the Bond issue of the Fund. A high level of delinquency might reduce or indeed eliminate the hedging against loan portfolio losses that the Bonds have as a result of the existence of the credit enhancement transactions described in the Offering Circular.

(iv) Limited Liability: the Bonds issued by the Fund neither represent nor stand as an obligation of the Management Company or of CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C. The cash flow generated by the Mortgage Certificates used to meet the obligations deriving from the Bonds is assured or guaranteed only in the specific events and up to the limits referred to in the Offering Circular. No guarantees other than these are given by any public or private institution, including among them CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and

CAJA RURAL INTERMEDITERRÁNEA, S.C.C., EUROPEA DE TITULIZACIÓN and any of their affiliated or subsidiary companies.

(v) Limited liquidity: there is no assurance that the Bonds will be traded on the market with a minimum frequency or volume.

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

(vi) Yield: prepayment of the Participated Mortgage Loans is influenced by a number of geographic, economic and social factors such as obligors' age, seasonality, market interest rates and unemployment, preventing their predictability. The calculation of the internal rate of return, average life and duration of the Bonds given in the Offering Circular is based on assumed prepayment rates that may not be fulfilled.

(vii) Late-payment interest: The late payment of interest or repayment of principal to the Bondholders shall under no circumstances result in late-payment interest accruing to their favour.

(viii) Neither the Fund nor the Bondholders shall have any right of action respectively against the Originators issuing the Mortgage Certificates or against the Management Company other than as derived from breaches of their respective duties and hence at no event as a result of the existence of default or early amortisation.

CHAPTER I

PERSONS TAKING RESPONSIBILITY FOR AND BODIES SUPERVISING THE CONTENTS OF THE CIRCULAR

I.1 Persons taking responsibility for the contents of the Circular.

I.1.1 Full name, Spanish identity or personal identification document number and position or powers of the individual(s) taking responsibility for the contents of the Circular on behalf of the Management Company.

Mr MARIO MASIÁ VICENTE, of full age, who holds Spanish Tax Identification number 50,796,768-A, acting as General Manager for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the "**Management Company**"), and using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and March 22, 2002, and by the Board's Executive Committee at its meeting held on January 19, 1993, takes responsibility for the contents of this Circular.

EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, with registered office at Madrid, Calle Lagasca, 120, having VAT Reg. no. A-80514466, sponsors RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA (hereinafter also the "**Fund**"), and shall be responsible for managing and legally representing the same.

I.1.2 Specification that the above-mentioned individual(s) believe(s) that the information contained in the Circular is truthful and that no fact has been omitted that might alter its scope.

Mr MARIO MASIÁ VICENTE confirms that the facts and figures contained in the Circular are truthful and that no relevant detail has been omitted nor has misleading information been included.

I.2 Supervisory Bodies.

The constitution of the Fund and issue of the Mortgage-Backed Bonds (hereinafter also the "**Bonds**") are subject to the condition precedent of their verification and registration in the Official Registers of the Comisión Nacional del Mercado de Valores ("**CNMV**").

This full Offering Circular regarding the constitution of the Fund and issue of the Bonds (hereinafter also the "**Circular**") has been verified and entered in the official registers of the Comisión Nacional del Mercado de Valores on May 14, 2002.

Registration of the Circular by the Comisión Nacional del Mercado de Valores does not imply recommending subscription for or purchase of the securities referred to therein, nor indeed any statement whatsoever as to the solvency of the issuer or yield of the issued or offered securities.

I.3 Name, address and qualifications of the auditors who have verified the number, amount and characteristics or features of the assets securitised through the Fund.

Appendix V to this Offering Circular contains the Audit Report prepared by the firm PricewaterhouseCoopers Auditores, S.L., on a selection of portfolio mortgage loans of CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C., part of which are the Participated Mortgage Loans to be assigned to the Fund upon being constituted issuing the Mortgage Certificates. The firm PricewaterhouseCoopers Auditores, S.L. is entered in the Official Register of Auditors (ROAC) under number S0242 and has its registered office in Madrid, Paseo de la Castellana number 43.

In addition to other matters, that Report deals with verifying fulfilment by the selected mortgage loans of the terms required by Act 2/1981, March 25, for issuing mortgage certificates. The Originators shall not include the loans with errors detected upon verifying the sample for issuing the Mortgage Certificates.

That audit was made using sampling techniques consisting of analysing a number of loans fewer (sample) than the full selection of loans (population), allowing a conclusion to be arrived at regarding that population. The verification deals with a number of both quantitative and qualitative features regarding the sample loans and specifically regarding: purpose of the loan, identification of the borrower, address of the mortgaged property, date of origination, date of maturity, initial amount, current balance, benchmark interest rate or index, interest rate applied, appraisal value, ratio current balance/appraisal value, arrears in payments, damage insurance and mortgage security.

CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C. agree in accordance with the provisions of section IV.1.d) of this Circular that, if in spite of its own enquiries and those of the above-mentioned auditor, the existence of any Participated Mortgage Loan not fully observing the characteristics contained in section IV.1.a) of this Circular and the specific characteristics of the Participated Mortgage Loans the Originators shall have communicated to the Management Company should be detected, then they will forthwith replace the relevant Mortgage Certificate or proceed to an early amortisation thereof, as the case may be, in accordance with the provisions of section IV.1.d).

CHAPTER II

INFORMATION REGARDING THE SECURITIES ISSUED BY THE MORTGAGE SECURITISATION FUND

II.1 Information on prerequisites and resolutions necessary for the Fund to be constituted and on the securities issued by the Fund, and also on the terms for the Fund to acquire the assets (Mortgage Certificate Participated Mortgage Loans) subject of the securitisation process.

II.1.1 Issue resolutions and statutory requirements.

a) Corporate resolutions.

Resolution to issue the Mortgage Certificates:

The Management Boards of CAIXA RURAL DE BALEARS, SOCIEDAD COOPERATIVA DE CRÉDITO, held on January 15, 2002, of CAJA RURAL DE ASTURIAS, SOCIEDAD COOPERATIVA DE CRÉDITO, held on February 7, 2002, of CAJA RURAL DE SORIA, SOCIEDAD COOPERATIVA DE CRÉDITO, held on December 28, 2001, of CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CRÉDITO, held on January 25, 2002, of CAJA RURAL DEL SUR , SOCIEDAD COOPERATIVA DE CRÉDITO, held on February 6, 2002 and February 19, 2002, of CAJA RURAL DE ZAMORA, SOCIEDAD COOPERATIVA DE CRÉDITO, held on February 27, 2002, and of CAJA RURAL INTERMEDITERRÁNEA, SOCIEDAD COOPERATIVA DE CRÉDITO, held on April 30, 2002 (the **"Originator(s)**"), resolved to authorise the issue of mortgage certificates (the "**Mortgage Certificates**") to be fully subscribed for by the Fund forthwith upon being constituted. The characteristics of the issue of Mortgage Certificates pooled in the Fund are described in Chapter IV.1. Attached as Appendix II to this Circular is a photocopy of the Transcript of the Resolutions of each of the Originators' Management Boards.

Resolution to set up the Fund:

At its meeting dated March 22, 2002, the Board of Directors of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, resolved that RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA be constituted in accordance with the legal system provided by Act 19/1992, to subscribe for the Mortgage Certificates issued by the Originators and that the Bonds be issued by the Fund. Attached as Appendix III hereto is a photocopy of the Transcript of the Management Company's Board of Directors.

b) Execution of the Fund public deed of constitution.

Upon the Comisión Nacional del Mercado de Valores verifying and registering this Offering Circular and by May 15, 2002, without the Bond subscription period having yet begun, the Management Company along with the Originators issuing the Mortgage Certificates to be subscribed for by the Fund, shall proceed to execute a public deed whereby RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA will be constituted, the Mortgage Certificates will be issued and subscribed for and the Mortgage-Backed Bonds will be issued the "**Deed of Constitution**"), on the terms provided in Act 19/1992.

The following will essentially be the contents of the Deed of Constitution: (i) the Mortgage Certificates pooled in the Fund will be identified, (ii) the contents of the Bonds to be issued will be precisely defined,

(iii) the rules to be observed by the Fund will be set and (iv) the operations that the Management Company may carry out on behalf of the Fund will be established in order to enhance the safety of or regularity in payment of the Bonds and cover timing differences between the scheduled flows of principal and interest on the Mortgage Certificates and on the Bonds. In this sense, the Deed of Constitution shall provide that the Fund may, through its Management Company, enter into the agreements specified in section V.3 of the Circular.

Said Deed of Constitution shall be submitted to the Comisión Nacional del Mercado de Valores to be entered in the public registers before the Bond Subscription Period begins.

II.1.2 Information on prerequisites and resolutions for listing on the Stock Exchange or on an organised secondary market.

In accordance with article 5.9 of Act 19/1992, the Bonds issued by the Fund shall be exclusively represented by means of book entries and the Fund Deed of Constitution shall have the effects provided in article 6 of the Securities Market Act. The Management Company shall, for and on behalf of the Fund, forthwith upon the execution of the Deed of Constitution, apply for the issue to be included in the Servicio de Compensación y Liquidación de Valores, S.A. ("**SCLV**") or any other institution hereafter taking its stead, and, once the Bonds have been paid up, for this Bond issue to be included in AIAF Mercado de Renta Fija ("**AIAF**").

II.2 Administrative authorisation prior to the issue or offering, specifying resultant details or restrictions. Specification of the warnings and considerations made by the Comisión Nacional del Mercado de Valores pursuant to article 1.9 of the Economy and Finance Ministry's Order dated July 12, 1993 on Offering Circulars.

No prior administrative authorisation other than prior verification and registration by the CNMV is required.

The CNMV has made no warning or consideration concerning the constitution of the Fund and issue of the Bonds.

II.3 Assessment of the risk inherent in the securities issued by the Fund by a rating firm recognised by the Comisión Nacional del Mercado de Valores.

Act 19/1992 requires that a rating firm recognised by the Comisión Nacional del Mercado de Valores assess the credit risk of the Bonds issued by the Fund.

The Management Company has entrusted the assessment of the credit risk of the Bonds to Moody's Investors Service España, S.A. (hereinafter "**Moody's**" or the "**Rating Agency**"), a rating agency recognised by the Comisión Nacional del Mercado de Valores, for the purposes of the provisions of article 5.8 of Act 19/1992, which is wholly-owned by Moody's Investors Service Limited and operates in accordance with the methodology, standards and quality control of Moody's Investors Service Limited.

Rating assigned to the Bond issue.

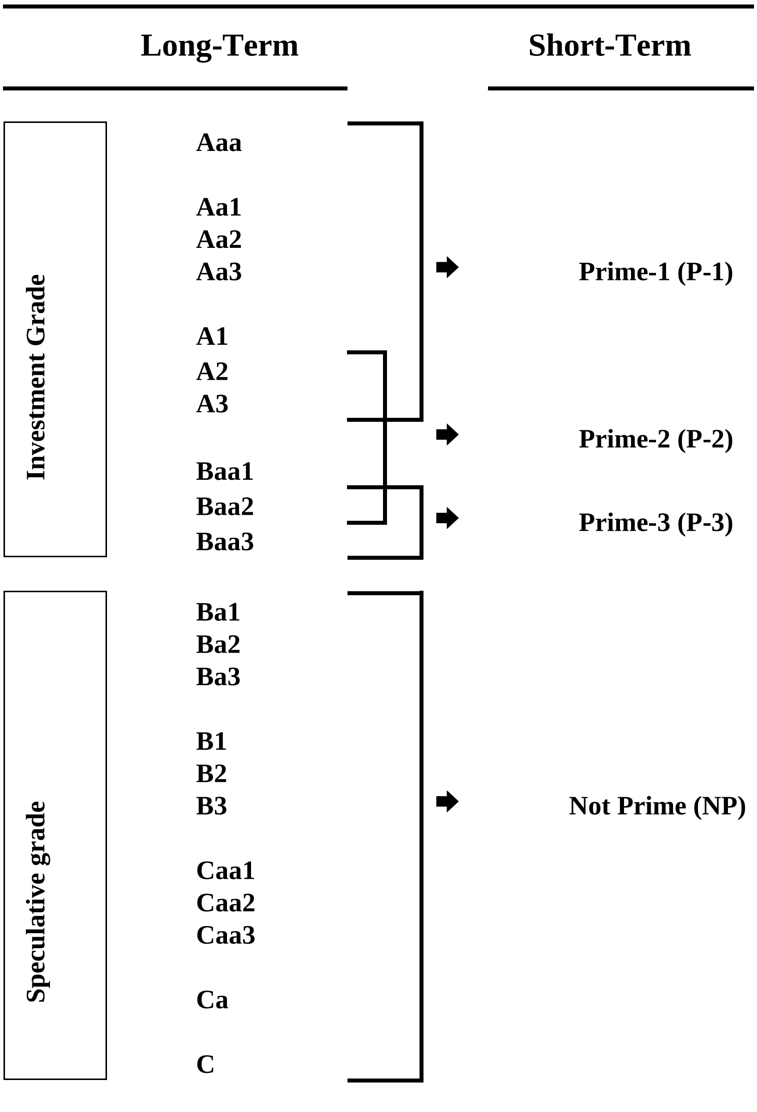
On May 9, 2002 Moody's assigned the following provisional ratings to each of the Bond Series as follows, and expects to assign the same final ratings by the start of the Bond Subscription Period. Appendix IV to this Circular contains a copy of the letter from Moody's notifying the provisional ratings assigned.

Bond Series	Moody's Rating
Series A	Aaa
Series B	A2

If the Rating Agency should not confirm the assigned provisional ratings as final ratings by the start of the Subscription Period, this circumstance would forthwith be notified to the Comisión Nacional del Mercado de Valores and be publicised in the manner for which provision is made in section III.5.3.b).2. Furthermore, this circumstance would result in the Fund constitution, Bond issue and issue of and subscription for the Mortgage Certificates being terminated.

Rating considerations.

The following are Moody’s rating scales for long- and short-term debt issues:



The following is the meaning ascribed by Moody’s to the long- and short-term ratings used in this Offering Circular.

Long-Term

Aaa Bonds which are rated “Aaa” are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as “gilt-edged”. Interest payments are protected by a large or by an exceptionally stable margin and the principal is secure.

A Bonds which are rated “A” possess many favourable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest payments are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Short-Term

P-1 Superior ability to repay short-term debt obligations.

Moody’s applies numerical modifiers 1, 2, and 3 in each long-term rating category from Aa through Caa, inclusive. Modifier 1 indicates that the security ranks in the higher end of its rating category; modifier 2 indicates a mid-range ranking; and modifier 3 indicates a ranking in the lower end.

Rating considerations.

The rating is the Rating Agency’s opinion about the level of credit risk, the Fund’s capacity to meet payments of interest as they fall due on each set Payment Date and of the principal of the issue throughout the life of the transaction. The rating takes into account the structure of the Bond issue, its legal aspects and the issuing Fund, the characteristics of the mortgage loans selected for issuing the Mortgage Certificates and the regularity and continuity of the operating flows.

The Rating Agency’s ratings are not an assessment of the likelihood of mortgagors 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 Moody’s based on manifold information received with respect to which Moody’s give no assurance, nor even as to their accuracy or wholeness, wherefore Moody’s may at no event be deemed to be responsible therefor; and

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

The ratings may be revised, suspended or withdrawn at any time by Moody’s, based on any information they may come to know. Those events, which shall not constitute early liquidation events of the Fund, shall forthwith be notified to both the Comisión Nacional del Mercado de Valores and the bondholders, in accordance with the provisions of section III.5.3.

In carrying on the rating and monitoring process, Moody’s rely on the accuracy and wholeness of the information provided by the Originators, the Management Company, the auditors, the lawyers and other experts.

Undertakings by the Management Company.

The Management Company, on behalf of the Fund, agrees to report regularly to Moody's as to the status of the Fund and the performance of the Mortgage Certificates. It shall also report when reasonably required to do so and in any event whenever there is a change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the parties concerned.

II.4 Nature and denomination of the securities offered specifying the issue or series number.

The amount of the issue of Mortgage-Backed Bonds (the "**Bond Issue**" or generically the "**Bonds**") totals a face value of EUR three hundred and twenty-five million (325,000,000) and consists of 3,250 Bonds pooled in two Series A and B, as described in section II.6 hereinafter.

II.4.1 Legal system of the securities, specifying the procedures guaranteeing the certainty and effectiveness of the rights of their first and subsequent holders. Servicing implications in each of the series of securities issued by the Fund of the compulsory connection between the schedule of principal and interest payments on those securities and the cash flows of the assets securitised through the Fund.

The constitution of the Fund and the Bond Issue by the same are carried out pursuant to Act 19/1992.

Bondholders will be identified as such when entered in the accounting record kept by SCLV or any other institution taking its stead, as provided by section II.5 of this chapter, and the relevant clearing member may issue certificates of title when so requested by the Bondholder and at the Bondholder's expense; the provisions of Title I, Chapter I, section four of the Book Entries Royal Decree will apply in this connection.

The Bonds may be freely conveyed by any means admissible at Law. A transfer in the accounts will convey the ownership of each Bond. The effects of entering the conveyance to the transferee in the accounting record shall be the same as handing over the certificates and the transfer shall thereupon be enforceable on third parties.

The Bondholders are bound in respect of Bond interest payment and principal repayment by the Fund Priority of Payments contained in section V.4.2.1 of this Offering Circular.

In order to cover timing differences between the scheduled flows of repayment of principal and interest on the Mortgage Certificates and on the Bonds issued by the Fund, the Management Company, on behalf of the Fund, shall enter into a Guaranteed Interest Rate Account (Treasury Account) Agreement with BANCOVAL whereby the amounts received by the Fund from the Mortgage Certificates, both as repayment of principal and interest, as well as the amounts referred to in section V.3.1 of the Circular, will be invested until the next Bond Payment Date, on which the principal repayment and interest payment on the Bonds shall fall due.

II.4.2 Other implications and risks that might, due to the legal and economic nature of the assets pooled in the Fund, affect servicing of the securities issued by the Fund as a result of the process for securitising those assets.

a) Risk of default on the Mortgage Certificates:

In accordance with the provisions of article 5.8 of Act 19/1992, the holders of Bonds issued against the Fund shall bear with the risk of default on the Mortgage Certificates pooled therein.

Consequently, the Originators shall have no liability whatsoever for the mortgagors' default of principal, interest or any other amount they may owe under the Participated Mortgage Loans. They will not take on any other responsibility whatsoever to directly or indirectly guarantee that the transaction will be properly performed nor give any guarantees or securities, nor indeed agree to repurchase the Mortgage Certificates, other than where any of the relevant Mortgage Certificates or Participated Mortgage Loans fail to conform to the representations contained in section IV.1.a) of this Circular, and the specific characteristics of the Participated Mortgage Loans notified by the Originators to the Management Company.

b) Early Amortisation Risk of the Mortgage Certificates:

There will be an early amortisation of the Mortgage Certificates pooled in the Fund when the borrowers of the Participated Mortgage Loans prepay the portion of principal pending repayment, on the terms set in each of the loan deeds. Similarly, there will be a full amortisation of the Mortgage Certificates in the event that the Originators should be substituted in the relevant Participated Mortgage Loans by another financial institution licensed to do so, subject to Mortgage Loan Subrogation and Amendment Act 2/1994, March 30 ("**Act 2/1994**").

That early-amortisation risk shall pass quarterly on each Payment Date to the Bondholders upon the partial amortisation of the Bonds, in accordance with the provisions of section II.11.3.2 of this Circular.

c) Other considerations:

Limited hedging.

An investment in the Bonds may be affected, inter alia, by a downturn in general economic conditions adversely affecting payments of the Participated Mortgage Loans backing the Bond issue of the Fund. A high level of default might reduce or indeed eliminate the hedging against loan portfolio losses that the Bonds have as a result of the existence of the credit enhancement transactions described in section V.3 of this Circular.

Limited liability.

The Bonds issued by the Fund neither represent nor stand as an obligation of the Management Company or of the Originators. The cash flow generated by the Mortgage Certificates used to meet the obligations deriving from the Bonds is assured or guaranteed only in the specific events and up to the limits referred to in the Circular. No guarantees other than these are given by any public or private institution whatsoever, including among the same the Originators, Europea de Titulización and any of their affiliated or subsidiary companies.

In the Deed of Constitution, the Originators will make a number of representations and warranties as to the characteristics of the Loans and the Mortgage Certificates, as to the existence of the Loans and the mortgage securities related thereto, and the absence of any obstacle whatsoever for issuing the Mortgage Certificates and that they conform to the characteristics of the Loans defined therein. In any event, the Originators do not guarantee the solvency of the Loan obligors. Furthermore, these guarantees do not allow the Bondholders to enforce against the Originators any right whatsoever they may have against the Fund, the Management Company being the only institution authorised to represent the Bondholders in relations with third parties or in any legal action related to the Fund.

Limited liquidity.

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

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

Furthermore, the Fund may at no event repurchase the Bonds from their holders, though they may be fully subject to early amortisation in the event of early liquidation of the Fund on the terms established in section III.8.1 of this Circular.

Yield.

Prepayment of the Participated Mortgage Loans is influenced by a number of geographic, economic and social factors such as obligors' age, seasonality, market interest rates and unemployment, preventing their predictability.

Calculation of the internal rate of return, average life and duration of the Bonds is based on assumed prepayment rates that may not be fulfilled.

Late-payment interest.

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

II.5 Form of representation and name and place of business of the institution in charge of the accounting record.

The Bonds issued by the Fund will be exclusively represented by means of book entries, in accordance with the provisions of article 5.9 of Act 19/1992, and will become such Bonds when entered in the appropriate accounting record. In this connection, and for the record, the Deed of Constitution shall have the effects prescribed by article 6 of the Securities Market Act.

Servicio de Compensación y Liquidación de Valores, S.A. shall be the institution designated in the Deed of Constitution to account for the Bonds in order for the Bonds to be cleared and settled in accordance with the operating rules regarding securities listed on the AIAF, and represented by book entries, now established or approved in the future by the SCLV or any other institution taking its stead. Such designation shall be notified to the CNMV. Bondholders shall be identified as such when entered in the accounting record kept by the clearing members of the SCLV.

SCLV has its place of business at calle Orense, no. 34, Madrid.

II.6 Face amount of the securities altogether issued by the Fund, number of securities comprised and their numbering, as the case may be, itemised by the various constituent series.

The amount of the Bond Issue totals a face value of EUR three hundred and twenty-five million (325,000,000) and consists of 3,250 Bonds represented by means of book entries, pooled in two Bond series distributed as follows:

i) Series A having a total face amount of EUR three hundred and twelve million three hundred thousand (312,300,000) comprising three thousand one hundred and twenty three (3,123) Bonds having a unit face value of EUR one hundred thousand (100,000).

ii) Series B having a total face amount of EUR twelve million seven hundred thousand (12,700,000) comprising one hundred and twenty seven (127) Bonds having a unit face value of EUR one hundred thousand (100,000).

Payment of interest and repayment of principal on the Series B Bonds is deferred with respect to the Series A Bonds, as provided in the Fund Priority of Payments.

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

II.7 Face and actual amounts of each security, specifying, where it exists, the issue premium expressed in proportion to the face value and in monetary units per security. Currency in which each of the Series of securities issued by the Fund is denominated.

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

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

II.8 Fees and related expenses of every description that must be borne by the investors upon subscribing for the securities issued by the Fund.

The Fund, as Bond issuer, shall neither shift to nor charge the investor any expense item whatsoever for subscribing for the Bonds.

II.9 Specification, as appropriate, of the existence, as the case may be, of fees to be borne by the holders of the securities issued by the Fund, mandatorily represented as book entries, for entering and maintaining a balance.

The expenses of including the Bond issue in the accounting record of the SCLV shall be borne by the Fund and may not be shifted to the Bondholders. This institution has established no fee whatsoever for maintaining a balance.

In accordance with the laws in force for the time being, the members of the SCLV may nevertheless establish such fees and expenses to be charged to the Bondholder, for managing securities, as they may freely determine, and duly notified to the Bank of Spain or the Comisión Nacional del Mercado de Valores, being their supervisory bodies.

II.10 Interest rate clause:

II.10.1 Nominal interest rate.

The Bonds in each Series shall accrue a yearly nominal interest, variable and payable quarterly, which shall be the result of applying the policies established hereinafter.

Said resultant yearly nominal interest rate (hereinafter "nominal interest rate") shall be payable quarterly in arrears on each Payment Date on the Outstanding Principal Balance of the Bonds in each Series, provided that the Fund has sufficient liquidity in the Priority of Payments.

The withholdings, contributions and taxes established or to be established in the future on the principal, interest or return of the Bonds, shall be borne exclusively by the Bondholders, and their amount shall be deducted, as the case may be, by the Management Company, for and on behalf of the Fund, as provided by law.

a) Interest accrual.

The duration of this issue shall be divided into successive interest accrual periods comprising the exact number of days elapsed between each Payment Date, 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 days elapsed between the Closing Date, inclusive, and the first Payment Date, to wit September 13, 2002, 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.

b) Nominal interest rate.

The nominal interest rate applicable to each of the Series determined for each Interest Accrual Period shall be the result of adding: (i) the Reference Rate, as established in section c) below, and (ii) the following margins for each Series, all of which shall be rounded up to the nearest thousandth of a percentage point.

- **Series A:** 0.21% margin.
- **Series B:** 0.50% margin.

c) Reference Rate and determining the same.

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

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

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be the four (4) Euribor rate.

Said Euribor rate is currently the term interbank deposit offered rate in euros calculated as the daily average of the quotations supplied by a panel consisting of 57 Banks, from among the most active banks in the Euro zone. The rate is quoted based on a count of the actual days to maturity and a 360-day year, and is fixed at 11am (CET time), accurate to three decimal places.

(ii) In the event that the 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 deposit transactions in euros with a three (3) month maturity, on the Interest Rate Fixing Date, declared by the banks listed below, following a simultaneous request to each of them:

- Banco Bilbao Vizcaya Argentaria, S.A.
- Banco Santander Central Hispano, S.A.
- Credit Agricole Indosuez
- DZ BANK AG Deutsche Zentral-Genossenschaftsbank
- Rabobank Nederland N.V.

In the event that it should be impossible to apply the above substitute Reference Rate, due to the failure by any of said banks to provide a statement of quotations, the interest rate resulting from applying the simple arithmetic mean of the interest rates declared by at least two of the other banks shall be applicable.

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

On each of the Interest Rate Fixing Dates, 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 printouts of the contents of the Reuters or Bridge Telerate screens or, as the case may be, of the statements of quotations of the above banks, as documents supporting the Reference Rate determined.

d) Interest Rate Fixing Date.

The nominal interest rate applicable to each of the Bond Series for every Interest Accrual Period shall be determined by the Management Company, for and on behalf of the Fund, as provided in sections b) and c) above, based upon the Reference Rate or its substitute, on the second Business Day before each Payment Date (the "**Interest Rate Fixing Date**") and will apply for the following Interest Accrual Period.

Exceptionally, the nominal interest rate of the Bonds in each of the Series for the first Interest Accrual Period shall be determined as provided in section c) above, based upon the Reference Rate (four (4) month Euribor rate), albeit referred to the second Business Day preceding the Closing Date, and shall be notified in writing by the Management Company by the start of the Subscription Period to the Lead Managers and the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the Comisión Nacional del Mercado de Valores, the Paying Agent, the AIAF and the SCLV.

The nominal interest rates determined for each of the Bond Series for successive Interest Accrual Periods shall be communicated to the Bondholders within the time period and in the manner for which provision is made in sections III.5.3. a) and c).

e) Formula for calculating the interest.

Calculation of the interest settlement payable on each Payment Date for each Interest Accrual Period, shall be made in accordance with the following formula:

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

Where:

I = Interest payable on a given Payment Date, rounded up to the nearest euro cent.
P = Outstanding Principal Balance of the Bonds in the Series at the beginning of the Interest Accrual Period falling on that Payment Date.
R = Nominal interest rate expressed as a yearly percentage.
d = Exact number of days in each Interest Accrual Period.

f) Example for fixing the nominal interest rate.

As established in this section and for an easier understanding by the subscriber of the system for fixing the nominal interest rate and the amount of the interest to be received for each Bond in each Series on each Payment Date, the manner of calculating the same for the following event is shown below:

		Series A Bonds	**Series B Bonds**
1	Outstanding Principal Balance per Bond	EUR 100,000	EUR 100,000
2	Interest Accrual Period Days	90	90
3	3-month Euribor Rate	3.414%	3.414%
4	Margin	0.21%	0.50%
5	Nominal interest rate: rounded to the nearest ten thousandth of a percentage point	3.624%	3.914%
6	Calculation of the interest accrued per Bond (1)*(2)*(5)/36000	906.0000	978.5000
7	Amount of interest payable per Bond: rounded up to the nearest euro cent	EUR 906.00	EUR 978.50

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

For merely illustrative purposes, below are details of the three (3) month Euribor rates published on certain dates over the last two years on the EURIBOR01 electronic page supplied by Reuters, and the nominal interest rates that would result if applied to each of the Bond Series:

Dates	3-M Euribor	Series A Bonds	Series B Bonds
7 May 2002	3.414	3.624	3.914
15 April 2002	3.408	3.618	3.908
13 March 2002	3.374	3.584	3.874
13 February 2002	3.358	3.568	3.858
14 January 2002	3.331	3.541	3.831
13 December 2001	3.342	3.552	3.842
13 November 2001	3.351	3.561	3.851
15 October 2001	3.636	3.846	4.136
13 September 2001	4.165	4.375	4.665
13 August 2001	4.362	4.572	4.862
13 July 2001	4.484	4.694	4.984
13 June 2001	4.470	4.680	4.970
14 May 2001	4.572	4.782	5.072
17 April 2001	4.765	4.975	5.265
13 March 2001	4.783	4.993	5.283
13 February 2001	4.733	4.943	5.233
15 January 2001	4.815	5.025	5.315
13 December 2000	4.966	5.176	5.466
13 November 2000	5.106	5.316	5.606
13 October 2000	4.990	5.200	5.490
13 September 2000	4.846	5.056	5.346
14 August 2000	4.784	4.994	5.284
13 July 2000	4.548	4.758	5.048
13 June 2000	4.548	4.758	5.048
15 May 2000	4.329	4.539	4.829
13 April 2000	3.923	4.133	4.423
13 March 2000	3.779	3.989	4.279

II.10.2 Simple confirmation of the priority of the interest payment of the securities issued by the Fund in the Fund priority of payments, and specification of the section and pages of this circular in which the rules of priority established in the Fund's payments are described, and specifically those affecting interest payments on those securities.

Payment of interest accrued by the Series A Bonds is second (2^{nd}) in the Priority of Payments established in section V.4.1.B).2, page 109 of this Circular.

Payment of interest on the Series B Bonds is third (3^{rd}) in the Priority of Payments established in said section, page 109 thereof.

II.10.3 Dates, place, institutions and procedure for paying interest.

The interest on the Bonds in all the Series will be paid in arrears on March 13, June 13, September 13 and December 13 of each year until they are fully amortised (each of those dates, a "**Payment Date**"), on the terms established in section II.10.1 of this Circular.

In the event that any of the dates established in the preceding paragraph should not be a Business Day, the Payment Date shall be the following Business Day, and interest for the ongoing Interest Accrual Period will accrue until said first Business Day, not inclusive.

The first interest Payment Date for the Bonds in all the Series shall be September 13, 2002, and interest will accrue at the relevant nominal interest rate between the Closing Date, inclusive, and September 13, 2002, exclusive.

For the purposes of this Bond Issue, Business Days shall be deemed to be all days other than a:

- Saturday,
- Sunday,
- public holiday in Madrid, or
- non-business day in the TARGET calendar (Trans European Automated Real-Time Gross Settlement Express Transfer System).

Both the interest resulting for the Bondholders in both Series and, being the case, the amount of the interest accrued and not paid shall be notified to the Bondholders as described in section III.5.3 of this Circular, at least one (1) calendar day in advance of each Payment Date.

The interest accrued on the Bonds shall be paid on each Payment Date provided that the Fund has sufficient liquidity to do so in the Priority of Payments.

In the event that on a Payment Date the Fund should be unable to make full or partial payment of the interest accrued by the Bonds in any of the Series, in the relevant Priority of Payments, the amounts that the Bondholders should not have received shall be accumulated on the next Payment Date to the interest on the actual Series that, as the case may be, should be paid on that same Payment Date, and will be paid in the Priority of Payments and applied by order of maturity if it should be impossible once again not to pay the same fully due to a shortage of Available Funds.

Deferred interest amounts shall accrue for the holders an interest equivalent to that applied to the Bonds in their respective Series for the Interest Accrual Period(s) until the Payment Date on which they are paid, without late-payment interest and without this entailing a capitalisation of the debt.

The Fund, through its Management Company, may not defer Bond interest payment beyond March 13, 2032, the Final Maturity Date, or the next Business Day if that date is not a Business Day.

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

II.11 Amortisation of securities.

II.11.1 Redemption price, specifying the existence of premiums, rewards, lots or any other financial advantage.

The redemption price of the Bonds in both Series A and B shall be EUR one hundred thousand (100,000) per Bond, equivalent to 100 percent of their face value, payable partially on each Payment Date as established in section II.11.3.2 of this Chapter.

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.

Amortisation of the Bonds in each Series shall be made pro rata among the Bonds in the actual Series by reducing the face value of each Bond, until completing the same, on each Payment Date, in an amount equal to the Available Funds for Amortisation distributed for the Series in accordance with the rules established in section II.11.3 of this Chapter.

II.11.2 Simple specification of the order number the payment of principal on the securities issued by the Fund has in the Fund payment priority, and specification of the section and pages of this Circular in which the rules of priority established in the Fund's payments are described, and specifically those affecting principal payments on those securities.

Repayment of principal in the Series A Bonds is fifth (5^{th}) in the Priority of Payments established in section V.4.1.B).2, page 109 of this Circular.

Repayment of principal in the Series B Bonds is sixth (6^{th}) in the Priority of Payments established in section V.4.1.B).2, page 109 of this Circular.

II.11.3 Amortisation modes specifying dates, place, institutions, procedure and advertising for the same.

II.11.3.1 Final amortisation.

The Final Maturity Date and consequently the final amortisation of the Bonds is March 13, 2032 or the next Business Day if the same 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 section II.11.3.3 below, proceeding to an early amortisation of this issue, in which case the Payment Date on which the same is to take place will be the final amortisation date of the Bonds.

II.11.3.2 Partial amortisation.

Irrespective of the Final Maturity Date, the Fund shall, through its Management Company, proceed to make partial amortisations of the Bonds in each Series on the terms described hereinafter in this section.

1. **Amortisation Payment Dates.**

   The Amortisation Payment Dates shall fall on the interest Payment Dates, i.e. on March 13, June 13, September 13 and December 13 of each year or the next Business Day, as the case may be, until they are fully amortised.

   The first amortisation Payment Date of the Bonds in each Series, in accordance with the rules contained in this section, shall fall on the following dates for each Series:

   - Series A Bonds: September 13, 2002.
   - Series B Bonds: shall fall on the Payment Date on which the Series A Bonds have been fully amortised.

2. **Determination Dates.**

   These will be the dates falling on the third Business Day preceding each of the Payment Dates on which the Management Company on behalf of the Fund will make all necessary calculations to distribute or withhold the Available Funds which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments.

3. Outstanding Principal Balance of the Bonds.

The Outstanding Principal Balance of a Bond shall be the outstanding principal balance pending amortisation of the Bond, such balance to include the principal amounts that should have been repaid, as the case may be, and were not paid due to a shortage of Available Funds for Amortisation, in the Fund Priority of Payments.

Moreover, the Outstanding Principal Balance of the Bonds in one Series shall be the sum of the Outstanding Principal Balance of all the Bonds in the Series, and the Outstanding Principal Balance of the Bonds shall be the sum of the Outstanding Principal Balance of both Series.

4. Outstanding Balance of the Mortgage Certificates.

The Outstanding Balance of the Mortgage Certificates shall be the sum of the capital not yet due and the capital due and not paid into the Fund on each and every one of the Mortgage Certificates.

5. Available Funds for Amortisation on each Payment Date.

The amount to be allocated to amortising the Bonds ("**Available Funds for Amortisation**") on each Payment Date shall be the lower of the following amounts:

a) The positive difference existing between the Outstanding Principal Balance of the Bonds and the Outstanding Balance of the Mortgage Certificates, on the Business Day preceding each Payment Date.

b) Depending on the liquidity existing on that Payment Date, the Available Funds remaining after deducting the amounts applied to numbers 1 to 4 in the Priority of Payments.

In order to illustrate this concept, let us assume the following example on a given Payment Date:

	EUR
1 *Outstanding Principal Balance of the Bonds in all the Series the preceding Business Day:*	*163,000,000*
2 *Outstanding Balance of the Mortgage Certificates the preceding Business Day:*	*151,700,000*
3.a *Difference (1-2):*	*11,300,000*
3.b *Available Funds remaining after applying numbers 1 to 4 in the Fund Priority of Payments:*	*11,000,000*
4 *Available Funds for Amortisation of Bonds, the lower amount in a) and b):*	*11,000,000*

6. Distribution of the Available Funds for Amortisation among the Bonds in each Series.

The Available Funds for Amortisation of Bonds shall be fully used for amortising the Series A Bonds and shall only be used for amortising the Outstanding Principal Balance of Series B when the Outstanding Principal Balance of Series A has been fully repaid.

Notwithstanding the above, in the event that on a Payment Date, in consequence of the Priority of Payments, the Fund should not have sufficient liquidity to proceed to the relevant amortisation of Bonds, the difference shall not entitle to any additional interest or late-payment interest whatsoever since it will in any event be part of the Outstanding Principal Balance of the Bonds in the relevant Series, on which interest settlement shall be calculated as provided in section II.10.3 above, since amortisation of the Bonds was not made for that amount.

The Management Company shall proceed to notify the Bondholders as provided in section III.5.3 of the amortisation amount resulting for the Bonds in each Series, the Outstanding Principal Balance of each Series, and the actual prepayment rates on the Participated Mortgage Loans and the average residual life estimated for the Bonds in each Series.

7. **Notices.**

Within seven (7) Business Days of each Payment Date, the Management Company shall issue a notice, signed by a duly empowered individual, establishing: the Outstanding Principal Balance of each Series, as provided in this section and, where appropriate, the amount of the interest accrued and not settled to the bondholders as established in section II.10.3 of this Circular.

That notice shall be filed with the Comisión Nacional del Mercado de Valores, with the Institution in charge of the Accounting Record and with AIAF Mercado de Renta Fija, to be made available to the public along with the Deed of Constitution.

II.11.3.3 Early amortisation.

Without prejudice to the Fund's obligation, through its Management Company, to amortise the Bonds on the Final Maturity Date or on each partial amortisation on each Payment Date, as established in the preceding paragraphs, the Management Company shall be authorised, after notifying the Comisión Nacional del Mercado de Valores, to proceed to an early liquidation of the Fund and hence an early amortisation, on a Payment Date, of the entire Bond issue in the Early Liquidation Events in accordance with and subject to the requirements established in section III.8.1 of this Circular.

II.12 Loan servicing table, including both interest payments and principal amortisation, for each of the Series of Mortgage-Backed Bonds to be issued by the Fund.

The issue will be serviced through BANCO COOPERATIVO as the Paying Agent. Payment of interest and amortisations shall be notified to the Bondholders in the events and in such advance as may be provided for each case in section III.5.3. Interest and amortisations shall be paid to the lawful Bondholders by the relevant clearing members and to the latter in turn by the SCLV, the institution responsible for the accounting record, or any other institution taking its stead.

a) **Loan servicing tables.**

The main characteristic of the Bonds lies in that their regular amortisation and hence their average life and duration depend mainly on the pace at which mortgagors decide to repay the Participated Mortgage Loans.

In this sense, the prepayments decided by the obligors, subject to continual changes, and estimated in this Circular by using several performance assumptions of the future effective constant annual early amortisation or prepayment rate (hereinafter "**CPR**"), shall directly affect the pace at which Participated Mortgage Loans are repaid, and therefore the average life and duration of the Bonds.

There are also other variables, also subject to continual changes, affecting said average life and duration of the Bonds. These variables and their assumed values in all the tables contained in this section are:

- interest rate of the Mortgage Certificate portfolio: 5.30% (average weighted % interest rate as of April 15, 2002 of the portfolio of selected loans);
- Mortgage Certificate portfolio delinquency: 0% per annum;
- Mortgage Certificate portfolio defaults: 0%;
- that the prepayment rate remains constant throughout the life of the Bonds;
- and that the Bond Closing Date is May 20, 2002.

Finally, the true adjusted duration of the Bonds will also depend on their floating interest rate, which is assumed to be constant at 3.624% for Series A and at 3.914% for Series B in all the tables contained in this section.

Assuming that the Management Company shall exercise the early amortisation option provided in section III.8.1 of this Circular (i.e. when the Outstanding Balance of the Mortgage Certificates is less than 10% of their initial amount) the average life and duration of the Bonds for different CPRs shall be as follows:

% CPR:	**4%**	**6%**	**8%**	**10%**	**12%**
	Series A Bonds				
Average life (years)	6.97	6.15	5.48	4.92	4.44
IRR	3.725%	3.725%	3.725%	3.725%	3.725%
Duration	5.68	5.09	4.60	4.18	3.81
Final maturity	13-12-2017	13-06-2016	15-06-2015	13-06-2014	13-06-2013
(in years)	15.58	14.08	13.08	12.07	11.07
	Series B Bonds				
Average life (years)	15.58	14.08	13.08	12.07	11.07
IRR	4.028%	4.028%	4.028%	4.028%	4.028%
Duration	11.24	10.43	9.87	9.28	8.67
Final maturity	13-12-2017	13-06-2016	15-06-2015	13-06-2014	13-06-2013
(in years)	15.58	14.08	13.08	12.07	11.07

These figures have been calculated using the following formula:

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

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

Where:

V = *Average life in each Bond Series issued expressed in years.*
P = *Principal to be repaid in each Bond Series on each Payment Date, in accordance with the amount to be amortised in each Bond Series, as described in section II.11.3.2 of this Circular.*
d = *Number of days elapsed between the Closing Date and the Payment Date at issue.*
T = *Total face amount in euros in each Bond Series.*

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

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

Where:

N = face value of the Bond in each Series.

r = IRR expressed as an annual rate, per unit.

A_i = (A_l ....A_n). Total amortisation and interest amounts to be received by the investors.

nd = Number of days comprised between the Closing Date of the issue and each of the n Payment Dates, not inclusive, during the life of the Bond.

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

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

Where:

D = Duration in each Bond Series expressed in years.

a_j = Time elapsed (in years) between the Closing Date and each of the n Payment Dates at issue.

VA_j= Present value of each of the amounts comprising principal and gross interest, payable on each of the n Payment Dates discounted at the actual interest rate (IRR) in every Series.

PE= Issue price in every Bond Series.

i = Actual interest rate (IRR) in every Series, per unit.

Finally, the Management Company expressly states that the loan servicing tables described hereinafter are merely theoretical and given for illustrative purposes, and represent no payment obligation whatsoever, recalling that:

- The CPRs are assumed to be constant respectively at 6% and 10% throughout the life of the loan and, as noted, actual prepayment rates change continually.
- The Outstanding Principal Payment Balance on each Payment Date and hence the interest payable on each such dates shall depend on the actual prepayment rate of the Mortgage Certificate portfolio.
- The Bond interest rates are assumed to be constant for each Series whereas the interest rate of all the Series is known to be variable.
- The assumed values referred to at the beginning of this section are at all events taken for granted.
- It is assumed that the Management Company will exercise the early liquidation option provided in the first paragraph of section III.8.1 of this Circular.

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

	Series A Bonds			Series B Bonds		
Payment Date	**Principal Repayment**	**Interest (gross)**	**Total Flow**	**Principal Repayment**	**Interest (gross)**	**Total Flow**
20 May 2002						
13 Sep 2002	3,421.81	1,167.73	4,589.54	0.00	1,261.18	1,261.18
13 Dec 2002	2,743.08	884.72	3,627.80	0.00	989.37	989.37
13 Mar 2003	2,682.32	850.15	3,532.47	0.00	978.50	978.50
13 Jun 2003	2,670.74	844.20	3,514.94	0.00	1,000.24	1,000.24
15 Sep 2003	2,626.60	837.28	3,463.88	0.00	1,021.99	1,021.99
15 Dec 2003	2,568.32	786.49	3,354.81	0.00	989.37	989.37
15 Mar 2004	2,526.40	762.97	3,289.37	0.00	989.37	989.37
14 Jun 2004	2,499.13	739.82	3,238.95	0.00	989.37	989.37
13 Sep 2004	2,455.21	716.93	3,172.14	0.00	989.37	989.37
13 Dec 2004	2,398.90	694.44	3,093.34	0.00	989.37	989.37
14 Mar 2005	2,342.84	672.46	3,015.30	0.00	989.37	989.37
13 Jun 2005	2,327.92	651.00	2,978.92	0.00	989.37	989.37
13 Sep 2005	2,285.57	636.59	2,922.16	0.00	1,000.24	1,000.24
13 Dec 2005	2,230.58	608.74	2,839.32	0.00	989.37	989.37
13 Mar 2006	2,175.80	581.84	2,757.64	0.00	978.50	978.50
13 Jun 2006	2,156.99	574.62	2,731.61	0.00	1,000.24	1,000.24
13 Sep 2006	2,114.52	554.64	2,669.16	0.00	1,000.24	1,000.24
13 Dec 2006	2,063.67	529.24	2,592.91	0.00	989.37	989.37
13 Mar 2007	2,015.01	504.73	2,519.74	0.00	978.50	978.50
13 Jun 2007	1,993.59	497.28	2,490.87	0.00	1,000.24	1,000.24
13 Sep 2007	1,951.82	478.82	2,430.64	0.00	1,000.24	1,000.24
13 Dec 2007	1,899.39	455.74	2,355.13	0.00	989.37	989.37
13 Mar 2008	1,855.95	438.34	2,294.29	0.00	989.37	989.37
13 Jun 2008	1,819.92	425.96	2,245.88	0.00	1,000.24	1,000.24
15 Sep 2008	1,778.89	418.00	2,196.89	0.00	1,021.99	1,021.99
15 Dec 2008	1,733.33	388.37	2,121.70	0.00	989.37	989.37
13 Mar 2009	1,685.58	360.21	2,045.79	0.00	956.76	956.76
15 Jun 2009	1,660.81	368.82	2,029.63	0.00	1,021.99	1,021.99
14 Sep 2009	1,620.75	341.83	1,962.58	0.00	989.37	989.37
14 Dec 2009	1,576.02	326.99	1,903.01	0.00	989.37	989.37
15 Mar 2010	1,531.62	312.55	1,844.17	0.00	989.37	989.37
14 Jun 2010	1,505.30	298.52	1,803.82	0.00	989.37	989.37
13 Sep 2010	1,464.97	284.73	1,749.70	0.00	989.37	989.37
13 Dec 2010	1,415.37	271.31	1,686.68	0.00	989.37	989.37
14 Mar 2011	1,362.77	258.34	1,621.11	0.00	989.37	989.37
13 Jun 2011	1,324.47	245.86	1,570.33	0.00	989.37	989.37
13 Sep 2011	1,271.72	236.29	1,508.01	0.00	1,000.24	1,000.24
13 Dec 2011	1,229.37	222.08	1,451.45	0.00	989.37	989.37
13 Mar 2012	1,200.76	210.81	1,411.57	0.00	989.37	989.37
13 Jun 2012	1,174.43	202.01	1,376.44	0.00	1,000.24	1,000.24
13 Sep 2012	1,145.03	191.13	1,336.16	0.00	1,000.24	1,000.24
13 Dec 2012	1,108.08	178.57	1,286.65	0.00	989.37	989.37
13 Mar 2013	1,066.06	166.56	1,232.62	0.00	978.50	978.50
13 Jun 2013	1,037.77	160.39	1,198.16	0.00	1,000.24	1,000.24
13 Sep 2013	1,004.97	150.78	1,155.75	0.00	1,000.24	1,000.24
13 Dec 2013	972.57	139.94	1,112.51	0.00	989.37	989.37
13 Mar 2014	942.51	129.59	1,072.10	0.00	978.50	978.50
13 Jun 2014	922.72	123.74	1,046.46	0.00	1,000.24	1,000.24
15 Sep 2014	889.65	117.70	1,007.35	0.00	1,021.99	1,021.99
15 Dec 2014	855.56	105.79	961.35	0.00	989.37	989.37
13 Mar 2015	822.66	94.72	917.38	0.00	956.76	956.76
15 Jun 2015	794.03	93.40	887.43	0.00	1,021.99	1,021.99
14 Sep 2015	762.71	83.14	845.85	0.00	989.37	989.37
14 Dec 2015	722.24	76.16	798.40	0.00	989.37	989.37
14 Mar 2016	670.04	69.54	739.58	0.00	989.37	989.37
13 Jun 2016	6,921.16	63.40	6,984.56	100,000.00	989.37	100,989.37
	100,000.00	**22,586.00**	**122,586.00**	**100,000.00**	**55,861.37**	**155,861.37**

FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER

(AMOUNTS IN EUR)

CPR = 10%

Payment Date	Series A Bonds Principal Repayment	Series A Bonds Interest (gross)	Series A Bonds Total Flow	Series B Bonds Principal Repayment	Series B Bonds Interest (gross)	Series B Bonds Total Flow
20 May 2002						
13 Sep 2002	4,757.48	1,167.73	5,925.21	0.00	1,261.18	1,261.18
13 Dec 2002	3,749.68	872.48	4,622.16	0.00	989.37	989.37
13 Mar 2003	3,610.68	828.93	4,439.61	0.00	978.50	978.50
13 Jun 2003	3,554.53	813.91	4,368.44	0.00	1,000.24	1,000.24
15 Sep 2003	3,446.23	797.96	4,244.19	0.00	1,021.99	1,021.99
15 Dec 2003	3,317.35	740.93	4,058.28	0.00	989.37	989.37
15 Mar 2004	3,216.90	710.54	3,927.44	0.00	989.37	989.37
14 Jun 2004	3,141.02	681.07	3,822.09	0.00	989.37	989.37
13 Sep 2004	3,042.10	652.30	3,694.40	0.00	989.37	989.37
13 Dec 2004	2,926.04	624.43	3,550.47	0.00	989.37	989.37
14 Mar 2005	2,813.74	597.62	3,411.36	0.00	989.37	989.37
13 Jun 2005	2,763.73	571.85	3,335.58	0.00	989.37	989.37
13 Sep 2005	2,674.66	552.54	3,227.20	0.00	1,000.24	1,000.24
13 Dec 2005	2,569.80	522.03	3,091.83	0.00	989.37	989.37
13 Mar 2006	2,468.34	493.01	2,961.35	0.00	978.50	978.50
13 Jun 2006	2,419.34	481.11	2,900.45	0.00	1,000.24	1,000.24
13 Sep 2006	2,337.99	458.70	2,796.69	0.00	1,000.24	1,000.24
13 Dec 2006	2,245.81	432.30	2,678.11	0.00	989.37	989.37
13 Mar 2007	2,158.22	407.20	2,565.42	0.00	978.50	978.50
13 Jun 2007	2,111.22	396.26	2,507.48	0.00	1,000.24	1,000.24
13 Sep 2007	2,037.57	376.71	2,414.28	0.00	1,000.24	1,000.24
13 Dec 2007	1,952.40	353.95	2,306.35	0.00	989.37	989.37
13 Mar 2008	1,881.48	336.06	2,217.54	0.00	989.37	989.37
13 Jun 2008	1,822.35	322.33	2,144.68	0.00	1,000.24	1,000.24
15 Sep 2008	1,756.03	312.09	2,068.12	0.00	1,021.99	1,021.99
15 Dec 2008	1,683.85	286.04	1,969.89	0.00	989.37	989.37
13 Mar 2009	1,612.28	261.70	1,873.98	0.00	956.76	956.76
15 Jun 2009	1,570.73	264.28	1,835.01	0.00	1,021.99	1,021.99
14 Sep 2009	1,511.11	241.46	1,752.57	0.00	989.37	989.37
14 Dec 2009	1,446.27	227.62	1,673.89	0.00	989.37	989.37
15 Mar 2010	1,383.69	214.37	1,598.06	0.00	989.37	989.37
14 Jun 2010	1,344.65	201.69	1,546.34	0.00	989.37	989.37
13 Sep 2010	1,290.30	189.38	1,479.68	0.00	989.37	989.37
13 Dec 2010	1,228.26	177.56	1,405.82	0.00	989.37	989.37
14 Mar 2011	1,166.10	166.30	1,332.40	0.00	989.37	989.37
13 Jun 2011	1,122.66	155.62	1,278.28	0.00	989.37	989.37
13 Sep 2011	1,065.47	146.94	1,212.41	0.00	1,000.24	1,000.24
13 Dec 2011	1,014.51	135.58	1,150.09	0.00	989.37	989.37
13 Mar 2012	976.14	126.28	1,102.42	0.00	989.37	989.37
13 Jun 2012	942.05	118.63	1,060.68	0.00	1,000.24	1,000.24
13 Sep 2012	904.72	109.91	1,014.63	0.00	1,000.24	1,000.24
13 Dec 2012	861.85	100.42	962.27	0.00	989.37	989.37
13 Mar 2013	817.14	91.51	908.65	0.00	978.50	978.50
13 Jun 2013	786.81	85.98	872.79	0.00	1,000.24	1,000.24
13 Sep 2013	751.18	78.69	829.87	0.00	1,000.24	1,000.24
13 Dec 2013	715.36	70.95	786.31	0.00	989.37	989.37
13 Mar 2014	682.07	63.69	745.76	0.00	978.50	978.50
13 Jun 2014	6,348.11	58.79	6,406.90	100,000.00	1,000.24	101,000.24
	100,000.00	**18,077.43**	**118,077.43**	**100,000.00**	**47,913.78**	**147,913.78**

b) Example for applying dates and time periods defined in sections II.10 and II.11 of this Offering Circular for determining and paying Bond interest and amortisation.

For an easier understanding by the subscriber of the definitions and rules for the application of dates and periods described in sections II.10 and II.11 relating to Bond interest and amortisation, the following example is given hereinafter, dividing it into characteristics for the first Payment Date (given its atypical nature) and for the second and successive Payment Dates:

1. ***First Payment Date: September 13, 2002.***

   (Execution of the Deed of Constitution: May 14, 2002)

   a) Interest Rate Fixing Date applicable for the first Interest Accrual Period:
      - 11am on the second Business Day immediately preceding the Closing Date: May, 16 2002.

   b) Notices:
      - Extraordinary notice of constitution of the Fund and of the Bond Issue -press insert, as per section III.5.3.c): May 15/16, 2002.

      - Ordinary notice of the resultant interest rate for the primer Interest Accrual Period: May 16, 2002. The Management Company shall notify this in writing by the start of the Subscription Period to the Lead Managers and the Underwriters and Placement Agents, for investors interested in subscribing for the Bonds to be notified thereof.

   c) First Interest Accrual Period:
      - From May 20, 2002 (Closing Date), inclusive, until September 13, 2002, exclusive.

   d) Determination Date (or date on which the Management Company makes the calculations for the distribution and withholding of Available Funds): September 10, 2002.

   e) Ordinary periodic notices (inserts as per section III.5.3.c):
      - Of all other periodic information: until September 12, 2002.

2. ***Second Payment Date: December, 13 2002***

   a) Interest Rate Fixing Date applicable for the second Interest Accrual Period:
      - 11am on the second Business Day preceding the first Payment Date: September 11, 2002.

   b) Ordinary periodic notices (inserts, as per section III.5.3.c):
      - Of the resultant interest rate for the second Interest Accrual Period: until September 17, 2002, inclusive.

   c) Second Interest Accrual Period:
      - From September 13, 2002 (first Payment Date), inclusive, until December 13, 2002, exclusive.

   d) Determination Date (or date on which the Management Company makes the calculations for the distribution and withholding of Available Funds): December 10, 2002.

   e) Ordinary periodic notices (inserts, as per section III.5.3.c):
      - Of all other periodic information: until December 12, 2002, inclusive.

II.13 Actual interest forecast for the holder, bearing in mind the characteristics of the issue, specifying the calculation method used and the expenses expected by items having regard to its true nature.

In the event that the nominal annual interest rates applicable to both Series, Series A and Series B, variable quarterly, should remain constant throughout the life of the loan, at the rates of the table contained in section II.12.a) of the Circular, these rates would result in Internal Rates of Return ("**IRR**") for the holder in each of the Series as shown in the following table, given the effect of quarterly interest payment, calculated without considering the tax effect, and assuming at all events the values and assumptions contained in said section for constant prepayment rates (CPR) of 6% and 10%.

	Series A Bonds	**Series B Bonds**
Nominal interest rate	3.624%	3.914%
Actual interest forecast (IRR)	3.725%	4.028%

II.14 Actual interest forecast for the Fund at the time of issue of the securities, considering all the structuring and placement expenses incurred by the Fund, specifying the calculation method.

The actual interest has been calculated using the internal rate of return (IRR) formula described in section II.12.a) above, making the following assumptions:

a) that the floating nominal interest rate of the Bonds should remain constant throughout the life of the loan at the rates of the table contained in section II.12.a)

b) that the assumptions mentioned in section II.12.a) are made, and

c) that the expected Fund constitution and Bond issue expenses are deducted from the face value of the Bond issue.

The actual interest forecast for the Fund would be 3.782% or 3.791% for CPRs respectively of 6% and 10%, in the assumptions contained in the preceding paragraph.

The following are the expected expenses for setting up the Fund and issuing the Bonds:

	EUR
• CNMV fees (registering the offering circular and supervising listing)	45,810.73
• AIAF and SCLV fees	19,803.52
• Audit, legal advice and rating	136,886.15
• Notary's fees and advertising, printing and other expenses	29,053.40
• Management Company Fee	90,150.00
• Bond issue underwriting and placement fees	249,840.00
Total set-up and issue expenses	**571,543.80**

II.15 Existence or not of special guarantees on the mortgage certificates pooled in the Fund or on the securities issued against the Fund, which may have been given by any of the institutions involved in the securitisation process covered by this circular.

There are no special guarantees covering the Bonds issued by or on the Mortgage Certificates pooled in the Fund, beyond the undertakings by the Originators issuing the Mortgage Certificates contained hereinafter and in section IV.1.d) of this Circular in relation to the substitution of the Mortgage Certificates derived from Participated Mortgage Loans failing to conform on that date to the representations contained in section IV.1.a) of this Circular or the specific characteristics of the Participated Mortgage Loans notified by the Originators to the Management Company.

II.16 Securities circulation law, particularly noting whether there are restrictions on the free conveyance of the securities or mentioning that such exist.

The Bonds subject of this issue are not subject to any restrictions on their free conveyance, and may be freely conveyed subject to the statutory provisions applicable thereto and to the provisions of sections II.4.1, II.5 and II.17 of this Chapter.

II.17 Organised secondary markets for which there is an undertaking to apply for listing of the securities and specific deadline by which that application shall be filed and all other documents required for listing to be achieved.

In accordance with article 5.9 of Act 19/1992, the Management Company shall, upon the Bonds having been paid up, apply for this Bond issue to be listed on the AIAF Mercado de Renta Fija, which is a qualified official secondary securities market pursuant to Transitional Provision six of Act 37/1998, November 16, amending the Securities Market Act. The Management Company undertakes that definitive listing will be achieved not later than one month after the Closing Date.

The Management Company expressly declares that it is acquainted with 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 above deadline, the Bonds should not be so listed on the AIAF, the Management Company shall forthwith proceed to notify the Bondholders thereof, moreover advising of the reasons for such inobservance, all in accordance with the provisions of section III.5.3 of the Circular. This shall be without prejudice to the Management Company being held to be liable, as the case may be.

II.18 Subscription or acquisition proposals.

II.18.1 Potential investors to whom the securities are offered, and reasons for electing the same.

The placement of the Bond issue in both Series is targeted to institutional investors, both legal persons or estates devoid of legal personality, such as Pension Funds, Collective-Investment Undertakings, insurance companies or such institutions as credit institutions, or Firms of Broker-Dealers or undertakings qualified under articles 64 and 65 of the Securities Market Act (as worded by Act 37/1998) to manage third-party portfolios, in the business of regularly and professionally investing in marketable securities. In the case of undertakings qualified to manage securities portfolios, subscription or acquisition proposals shall be made by those undertakings on behalf of investors having previously signed with such undertakings an appropriate securities portfolio management agreement.

In addition to his own analysis as to the quality of the securities offered to be subscribed in this Circular, the potential investor also has the rating assigned by the Rating Agency Moody's set forth in section II.3 of this Chapter.

Once the issue has been fully placed and the Bonds are listed on the official AIAF secondary securities market, the Bonds may be freely purchased on that market in accordance with its own trading rules.

Effects of the subscription for Bondholders.

Subscription for the Bonds implies for each Bondholder an acceptance of the terms of the Deed of Constitution.

Tranches.

Each of the Series consists of only one placement tranche.

II.18.2 Legal status of the Bonds.

The following legal considerations apply to the Bonds subject of this issue in connection with their subscription by certain investors:

(i) The Series A Bonds have a 50 per 100 weighting on the solvency ratio that Credit Institutions and Firms of Brokers and Broker-Dealers must observe, in accordance with the provisions respectively of the Ministerial Orders dated December 30, 1992 and December 29, 1992, amended by a Ministerial Order dated April 13, 2000.

On the date of registration of the Circular, the Comisión Nacional del Mercado de Valores accorded the Series A Bonds the weighting mentioned in the preceding paragraph, bearing the following elements in mind: (i) that the Participated Mortgage Loans upon the issue of Mortgage Certificates pooled in the Fund have been granted with a first mortgage security in residential homes located in Spain; (ii) that the Participated Mortgage Loans and the Mortgage Certificates meet the requirements of the laws in force for the time being regulating the Mortgage Market; (iii) that the principal of each of the Participated Mortgage Loans does not exceed 80 per 100 of the appraisal value of the relevant home mortgaged as security; (iv) the representations made by the Originators set forth in Chapter IV of this Circular; and (v) the rating given by Moody's as an assessment of the Bond credit risk, contained in section II.3 of this Chapter.

(ii) The Series B Bonds have no 50 per 100 weighting on the solvency ratio of the Credit Institutions and Firms of Brokers and Broker-Dealers referred to in the Orders mentioned in the preceding section.

(iii) The Series A Bonds meet the selection policies to be admitted as assets securing transactions with the European Central Bank.

Upon being listed on the AIAF, the Bonds may be:

(i) Eligible for investment by insurance companies in observance of their technical provision obligations, pursuant to article 50.5 of the Private Insurance Arrangement and Supervision Regulations approved by Royal Decree 2486/1998, November 20.

(ii) Eligible for investment by the Mutual Guarantee Company Technical Provision Fund, in accordance with Act 1/1994, March 11, on the Legal System of Mutual Guarantee Companies, and Royal Decree 2345/1996, November 8, relating to the rules for the administrative authorisation of and solvency requirements for Mutual Guarantee Companies.

(iii) Eligible for investment by Pension Funds in accordance with the provisions of article 34 of Royal Decree 1307/1988, September 30, approving the Pension Plans and Funds Regulations.

(iv) Eligible for investing the assets of Collective-Investment Undertakings, in accordance with the specific rules established for each of them in articles 4, 10, 18 and 25 of Act 46/1984, December 26, regulating Collective-Investment Undertakings, and its subsequent implementing regulations.

II.18.3 Subscription or acquisition date or period.

The Subscription Period (the "**Subscription Period**") shall begin at 12 o'clock noon (CET time) on May 16, 2002 and end at 5pm (CET time) on May 17, 2002.

II.18.4 Where and with whom may subscription or acquisition be processed?

In order to be taken into account, subscription proposals shall be made by any means admissible at Law during the Subscription Period established in the preceding section, with BANCO COOPERATIVO ESPAÑOL, S.A., DZ BANK DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK, SOCIÉTÉ GÉNÉRALE, SUCURSAL EN ESPAÑA, CREDIT AGRICOLE INDOSUEZ, SUCURSAL EN ESPAÑA**,** CAJA DE AHORROS DE CASTILLA LA MANCHA, COMMERZBANK AKTIENGESELLSCHAFT, SUCURSAL EN ESPAÑA**,** SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS PROBANCA S.A.**,** NATEXIS BANQUES POPULAIRES, S.A.**,** COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK, B.A. TRADING AS RABOBANK INTERNATIONAL LONDON BRANCH and TOKYO-MITSUBISHI INTERNATIONAL PLC, who are the Bond issue Underwriters and Placement Agents (the "**Underwriters and Placement Agents**"), observing the procedures established hereinafter in this section.

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

II.18.5 Method and dates for paying up.

The investors to whom the Bonds shall have been allocated shall pay the relevant Underwriter and Placement Agent by 12 o'clock noon (CET time) on May 20, 2002 (the "**Closing Date**"), same day value, the issue price for each Bond allocated for subscription.

In turn, each Underwriter and Placement Agent shall pay to BANCO COOPERATIVO, as the Paying Agent, by 1pm (CET time) on the Closing Date, same day value, the Bond subscription amount underwritten thereby, deducting the sum of the relevant underwriting and placement fee.

II.18.6 Method and deadline for delivery to the subscribers of copies of the subscription certificates or provisional slips, specifying the chances of their being traded and their maximum term of validity.

The Underwriters and Placement Agents shall provide the Bond subscribers with a document proving their subscription for the Bonds allocated and the actual amount paid for such subscription, though title to the Bonds taken shall be established by means of the appropriate entry in the accounting record.

That confirmation document shall not be marketable and will only be valid to justify subscription for the relevant Bonds, until and unless an entry is made in the accounting record as determined in section II.5 of this Circular.

II.19 Placement and allocation of the securities:

The Underwriters and Placement Agents shall freely proceed to accept or turn down the subscription proposals received, making sure that there is no discriminatory treatment between similarly characterised proposals. The Underwriters and Placement Agents may nevertheless give priority to proposals of those of their customers as they shall deem fittest. Those proposals shall not be final subscription orders until they are confirmed by the investor or customer and accepted by the relevant Underwriter and Placement Agent, with the Subscription Period under way.

Each Underwriter and Placement Agent agrees to subscribe in its own name, at the close of the Subscription Period, such amount of Bonds as may be necessary to complete the figure of their underwriting commitment as determined in section II.19.1 of this Chapter.

II.19.1 Institutions involved in the placement or marketing, giving their respective roles, describing the same specifically. Overall amount of the fees agreed between the various placement agents and the Management Company.

Placement of the Bonds shall be undertaken by the following Underwriters and Placement Agents, each of them underwriting the following amounts:

Underwriters and Placement Agents	Face amount underwritten (EUR)			
	Series A Bonds		Series B Bonds	
	Number	Face Amount	Number	Face Amount
• BANCO COOPERATIVO ESPAÑOL, S.A.	395	39,500,000	127	12,700,000
• DZ BANK AG Deutsche Zentral-Genossenschaftsbank	1,128	112,800,000		
• SOCIÉTÉ GÉNÉRALE Sucursal en España	1,250	125,000,000		
• CREDIT AGRICOLE INDOSUEZ, Sucursal en España	50	5,000,000		
• CAJA DE AHORROS DE CASTILLA LA MANCHA	50	5,000,000		
• COMMERZBANK AKTIENGESELLSCHAFT, Sucursal en España	50	5,000,000		
• SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS PROBANCA S.A.	50	5,000,000		
• NATEXIS BANQUES POPULAIRES, S.A.	50	5,000,000		
• COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK, B.A. Trading as Rabobank International London Branch	50	5,000,000		
• TOKYO-MITSUBISHI INTERNATIONAL PLC	50	5,000,000		
Total	**3,123**	**312,300,000**	**127**	**12,700,000**

Under the Management, Underwriting and Placement Agreement, the Underwriters and Placement Agents of the Series A Bonds shall each receive from the Fund a 0.08% underwriting and placement fee on the face amount underwritten by each of them of the Series A Bonds:

The Series B Bond Underwriter and Placement agent shall receive no fee whatsoever for underwriting and placing the Bonds.

II.19.2 Lead Managers of the issue.

BANCO COOPERATIVO, DZ BANK and SOCIÉTÉ GÉNÉRALE shall be involved in the Bond issue underwriting and placement as Lead Managers of the Bond Issue, and a statement by each of them is reproduced hereinafter signed by a duly authorised person, containing the representations referred to in Comisión Nacional del Mercado de Valores Circular 2/1994, March 16, approving the standard Offering Circular for constituting Mortgage Securitisation Funds:

Statement by BANCO COOPERATIVO.

We Messrs Ignacio Benlloch Fernández-Cuesta andRamón Carballás Varela, acting for and on behalf of BANCO COOPERATIVO ESPAÑOL, S.A.., with place of business for the purposes hereof at c/ Virgen de las Peligros number 4, Madrid, duly authorised for these presents, and in connection with the constitution of RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA and the Bond issue amounting to EUR three hundred and twenty-five million (325,000,000), notice of which for verification by and registration at the Comisión Nacional del Mercado de Valores was given on April 8, 2002, in pursuance of Royal Decree 291/1992, March 27, on issues and public offerings for the sale of securities, as amended by Royal Decree 2590/1998, December 7,

HEREBY DECLARE

· That the necessary checks have been made to verify that the information contained in the Circular is truthful and complete.

· That those checks have not revealed any circumstances contradicting or altering the information contained in the Circular, or that the latter has omitted any material facts or figures which might be relevant to the investor.

In witness whereof, to serve and avail as and where appropriate, this statement has been made at Madrid, on May 9, 2002.

Statement by DZ BANK.

We Messrs Patricio Bustos-Heppe and Christian Fuhrmann-Kempe, acting for and on behalf of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, with place of business for the purposes hereof at Platz der Republik , Frankfurt am Main, duly authorised for these presents, and in connection with the constitution of RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA and the Bond issue amounting to EUR three hundred and twenty-five million (325,000,000), notice of which for verification by and registration at the Comisión Nacional del Mercado de Valores was given on April 8, 2002, in pursuance *of Royal Decree 291/1992, March 27, on issues and public offerings for the sale of securities, as amended by Royal Decree 2590/1998, December 7,*

HEREBY DECLARE

· That the necessary checks have been made to verify that the information contained in the Circular is truthful and complete.

· That those checks have not revealed any circumstances contradicting or altering the information contained in the Circular, or that the latter has omitted any material facts or figures which might be relevant to the investor.

In witness whereof, to serve and avail as and where appropriate, this statement has been made at Frankfurt am Main, on May 7, 2002.

Statement by SOCIÉTÉ GÉNÉRALE.

We Messrs Álvaro Huete Gómez and Demetrio Salorio Simonet, acting for and on behalf of Société Générale, Sucursal en España, with place of business for the purposes hereof at c/Génova número 26, Madrid, duly authorised for these presents, and in connection with the constitution of RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA and the Bond issue amounting to EUR three hundred and twenty-five million (325,000,000), notice of which for verification by and registration at the Comisión Nacional del Mercado de Valores was given on April 8, 2002, in pursuance of Royal Decree 291/1992, March 27, on issues and public offerings for the sale of securities, as amended by Royal Decree 2590/1998, December 7,

HEREBY DECLARE

· That the necessary checks have been made to verify that the information contained in the Circular is truthful and complete.

· That those checks have not revealed any circumstances contradicting or altering the information contained in the Circular, or that the latter has omitted any material facts or figures which might be relevant to the investor.

In witness whereof, to serve and avail as and where appropriate, this statement has been made at Madrid, on May, 7, 2002.

Attached as Appendix VI to this Circular are photocopies of the letters from BANCO COOPERATIVO, DZ BANK and SOCIÉTÉ GÉNÉRALE making those statements.

The Lead Managers shall not be remunerated for managing the Bond Issue.

II.19.3 Institutions underwriting the issue, describing the characteristics of the relationship or Management, Underwriting and Placement Agreement, guarantees required of the issuer or offeror, types of risks taken, type of consideration agreed by the underwriter in the event of breach, and other relevant elements.

The Management Company shall, for and on behalf of the Fund, enter into a Bond Issue Management, Underwriting and Placement Agreement with BANCO COOPERATIVO, DZ BANK, SOCIÉTÉ GÉNÉRALE, CREDIT AGRICOLE INDOSUEZ, SUCURSAL EN ESPAÑA**,** CAJA DE AHORROS DE CASTILLA LA MANCHA, COMMERZBANK AKTIENGESELLSCHAFT, SUCURSAL EN ESPAÑA**,** SOCIEDAD ESPAÑOLA DE BANCA DE

NEGOCIOS PROBANCA S.A., NATEXIS BANQUES POPULAIRES, S.A., COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK, B.A. Trading as Rabobank International London Branch and TOKYO-MITSUBISHI INTERNATIONAL PLC as Underwriters and Placement Agents, whereby those institutions shall proceed to place the entire Bond Issue and, upon the Subscription Period being closed, to subscribe in their own name for the amount of Bonds yet to be subscribed for under their respective underwriting commitments specified in section II.19.1 of this Circular.

The Bond Issue Underwriters and Placement Agents take on the obligations contained in the Management, Underwriting and Placement Agreement, which are basically the following: 1) securing placement by a third-party subscription for the Bond Issue; 2) an undertaking to subscribe for the Bonds not subscribed when the Subscription Period is closed, up to the set amounts; 3) paying to the Paying Agent by 1pm on the Closing Date, same day value, the Bond subscription amount underwritten by each of them, deducting the sum of the underwriting and placement fee accrued by them, whereupon the Paying Agent shall pay to the Fund by 2pm on that same day, same day value, the total amount for subscribing for the Bond Issue, deducting the sum of the total underwriting and placement fees; 4) an undertaking to pay late-payment interest as covenanted in the Agreement in the event of late payment of the amounts due; 5) providing subscribers with a document proving subscription; and 6) other aspects governing the underwriting and placement. The underwriting and placement fees in each of the Bond are specified in section II.19.1 of this Circular.

BANCO COOPERATIVO, DZ BANK and SOCIÉTÉ GÉNÉRALE shall be involved as Lead Managers in the Bond Issue. They shall not be remunerated for managing the Bond Issue.

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

II.19.4 Pro rata placement, method and date, manner of publicising the results and, as the case may be, returning to the requestors the amounts settled in excess of the securities allocated, along with such interest payments as may be appropriate.

Not applicable.

II.20 Term and method for providing the subscribers with certificates or documents establishing the subscription for the securities.

The Bonds, represented by means of book entries, shall become such bonds upon being entered in the relevant accounting record, as provided in the Book Entries Royal Decree, with the usual timing and procedures of the institution in charge of so doing, to wit the SCLV.

Bond subscribers may request the Underwriters and Placement Agents to provide a document certifying their subscription for the Bonds allocated, and the actual amount paid up on that subscription, though title to the Bonds subscribed for shall be established by means of an appropriate entry in the accounting record.

II.21 National laws governing the securities and jurisdiction in the event of litigation.

The constitution of the Fund and the Bond issue are subject to Spanish Law, as prescribed by Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds, Securities

Market Act 24/1988, July 28, as amended by Act 37/1998, November 16, and as prescribed by Royal Decree 291/1992, March 27, on Issues of and Public Offerings for the Sale of Securities, as amended by Royal Decree 2590/1998, December 7, on the amendment of the legal system of securities markets, and the Order dated July 12, 1993 on Offering Circulars and Other Implementations of Royal Decree 291/1992, March 27, and Comisión Nacional del Mercado de Valores Circular 2/1994, March 16.

The Deed of Constitution and agreements for financial risk hedging and service provision transactions to be entered into by the Management Company on behalf of the Fund shall be governed by and construed in accordance with Spanish Laws.

All matters, disagreements, actions and claims deriving from the Management Company's constitution, administration and legal representation of RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA, and the Bond issue by the same, shall be heard and decided by the competent Spanish Courts and Tribunals.

The Bondholders and the remaining creditors of the Fund shall have no action whatsoever against Participated Mortgage Loan obligors who may have defaulted on their payment obligations, for that action shall lie with the Management Company, representing the Fund owning the Mortgage Certificates under which the Participated Mortgage Loans are assigned.

The Bondholders and the remaining creditors of the Fund shall have no action whatsoever against the Fund or against the Management Company in the event of default of amounts due by the Fund resulting from the default of the Participated Mortgage Loans by the relevant obligors or breach by the other parties to the transactions arranged for and on behalf of the Fund.

The Bondholders and the remaining creditors of the Fund shall have no actions against the Management Company other than as derived from a breach of its duties or a failure to observe the provisions of the Deed of Constitution and the Offering Circular. That action shall be heard in the relevant ordinary declaratory proceedings depending on the amount claimed. Moreover, the Management Company shall be liable for such penalties as may be levied upon it in pursuance of Act 19/1992.

II.22 Personal taxation of income from the securities offered, distinguishing between resident and non-resident subscribers.

A brief account is given hereinafter of the tax system applicable to the investments derived from this offering, in which connection only State laws in force for the time being and general aspects that might affect investors are taken into account; investors must bear in mind both their possible special tax circumstances and the rules applied territorially and contained in the laws in force at the time when the relevant income is obtained and returned.

Because this offering will be represented by book entries and an application will be made for the securities to be listed and traded on an official Spanish secondary securities market, which circumstances are relevant to determining taxation, the assumption made is that these requirements shall be met. It has moreover been considered that, upon being issued, the Bonds will be considered financial assets with an explicit yield, when this qualification is relevant for tax purposes.

The withholdings, contributions and taxes established now or in the future on the Bond principal, interest or income shall be payable by the bondholders, and their amount shall be deducted, as the case may be, by the Management Company in the manner statutorily prescribed.

During the life of the Bonds, their tax system shall be as derived from the laws in force from time to time.

II.22.1 Natural or legal persons resident in Spain.

Personal Income Tax.

Income obtained by Bondholders who are Personal Income Tax (IRPF) payers, both as interest and in connection with the transfer, repayment or amortisation of the Bonds, shall be considered income on investments obtained from the assignment of own capital to third parties, as defined in article 23.2 of the Personal Income Tax and Other Tax Rules Act 40/1998, December 9.

Interest income received shall be subject to an 18% withholding tax on account of the beneficiary's IRPF, as prescribed by Royal Decree 214/1999, February 5, approving the Personal Income Tax Regulations (RIRPF).

There is no withholding tax obligation on income derived from the transfer or repayment of the Bonds, because these are represented by means of book entries and are traded on an official Spanish securities market, other than for the part of the price equivalent to the matured coupon in transfers made within thirty days immediately preceding coupon maturity where (i) the transferee is a person or undertaking not resident in Spanish territory or a Corporation Tax obligor, and (ii) this income is exempt from the obligation to withhold from the transferee.

Corporation Tax.

Both interest income and income derived from the transfer, repayment or amortisation of the Bonds obtained by undertakings considered to be Corporation Tax obligors, shall be added to the tax base as prescribed under Title IV of Corporation Tax Act 43/1995, December 27.

The aforesaid income shall be excluded from withholding tax as provided by article 57.q) of Royal Decree 537/1997, April 14, approving the Corporation Tax Regulations, amended by the wording provided in Royal Decree 2717/1998, December 18. Nevertheless, in accordance with the Ministerial Order of December 22, 1999, the procedure for the exclusion of withholding tax or prepayment to be effective shall be subject to the following requirements:

1. The Management Company, for and on behalf of the Fund as the issuer, shall pay the custodians, through the Paying Agent, the liquid amount resulting from applying the general withholding rate in force on that date to all the interest.

2. By the 10^{th} of the month after the month of maturity of each coupon, the custodians shall provide the Management Company or the Paying Agent with an itemised list of the holders who must pay Tax, along with their identification particulars, the number of securities they held at the date of maturity of each coupon, the respective gross income and the amount withheld.

3. Bondholders shall certify that circumstance with the custodians by the 10^{th} of the month after coupon maturity in order that the custodians may draw up the list specified in the preceding paragraph.

4. Forthwith upon receiving that list, the Management Company shall promptly pay all the custodians through the Paying Agent the amount withheld from those obligors or taxpayers.

5. The custodians shall forthwith pay the amount withheld to the obligor or taxpaying holders.

II.22.2 Natural or legal persons not resident in Spain.

Income obtained by Bondholders who are Non-Resident Income Tax payers, both on interest and in connection with the transfer, repayment or amortisation of the Bonds, shall be considered to be income obtained in Spain, with or without a permanent establishment, on the terms of article 11 of Act 41/1998, December 9, on Non-Resident Income and Tax Rules.

Income obtained through a permanent establishment.

Bond income obtained by a permanent establishment in Spain shall pay tax in accordance with the rules of Chapter III of the aforesaid Act 41/1998, without prejudice to the double-taxation Agreements signed by Spain, which may determine that the relevant income need pay no tax or, as the case may be, that reduced rates apply. The aforesaid income shall be subject to a Non-Resident Income Tax withholding in the same events and on the same terms mentioned for Corporation Tax payers resident in Spain.

Income obtained other than through a permanent establishment.

Bond income obtained by persons or undertakings not resident in Spain acting without a permanent establishment shall pay tax in accordance with the rules of Chapter IV of the aforesaid Act 41/1998, the following elements of the system of that Act being noteworthy, without prejudice to the double-taxation Agreements signed by Spain, which may determine that the relevant income need pay no tax or, as the case may be, that reduced rates apply:

- The tax base shall be quantified as the full amount of the income obtained, calculated with reference to the rules of Act 40/1998, whereas the reductions of that Act will not apply.

- In the event of transfer, repayment or amortisation, expenses attaching to acquisition and disposition shall be taken into account for calculating the income, provided that they are properly supported. Taxation shall be separately effected for each total or partial taxable accrual of income, which may under no circumstances be set off against one another.

- The Tax will be calculated applying an 18 per 100 rate to the tax base comprising Bond interest and income.

- The above-mentioned income shall be subject to a Non-Resident Income Tax withholding, other than where evidence is produced of Tax payment or that an exemption is appropriate.

The amount of the withholding will be equivalent to the Tax payable based upon the above policies.

Income obtained on the Bond issue, both as interest and in connection with the transfer, repayment or amortisation of the Bonds, by persons or undertakings not resident in Spain acting in this connection without a permanent establishment shall be exempt when the beneficiary is a resident of another European Union Member State.

This exemption shall by no means apply where the income is obtained through countries or territories statutorily qualified as tax havens.

Income derived from the transfer of such securities in official Spanish secondary securities markets obtained by non-resident natural persons or undertakings other than through a permanent establishment in Spanish territory, resident in a State having signed a double-taxation agreement with Spain with an information-exchange clause, will also be exempt.

In accordance with the Ministerial Order of April 13, 2000, in connection with the application of the exclusion from withholding tax or withholding at a reduced rate by applying the taxation limits established in double-taxation Agreements, the custodians shall provide the Paying Agent or the Management Company, by day 10 of the month after the month of coupon maturity, with a detailed list of the Bondholders not residing in Spanish territory having no permanent establishment, with details of the Series and maturity, identification of the holder, number of securities held on the coupon maturity date, relevant gross income and withholding to be applied. Non-resident Bondholders shall have in turn certified to the custodians their tax residence by submitting a residence certificate issued by the tax authorities of the country of residence, bearing in mind that said certificate is valid for one (1) year after being issued.

Upon the failure to certify tax residence for these purposes, the income obtained on the Bonds both as interest and upon their transfer, repayment or amortisation by non-resident holders shall be taxable under the general system aforesaid, though they may apply for the excess withholding or taxation to be returned availing of the procedure established in the laws in force for the time being.

II.22.3 Indirect taxation on the transfer of the Bonds.

The conveyance of transferable securities is exempt from paying Capital Transfer and Documents Under Seal Tax and Value Added Tax.

II.22.4 Wealth Tax.

Natural persons whose personal obligation it is to pay this Tax and who are Bondholders at December 31 of each year, shall include the Bonds in that Tax Base at their average trading value in the fourth quarter of each year.

Non-resident natural persons whose real obligation it is to pay this Tax will also have to pay Wealth Tax, other than as provided in the double-taxation Agreements. Nevertheless, residents in other European Union countries shall be exempt in connection with Bonds whose income is exempt in regard to Non-Resident Income Tax, on the terms set forth above.

II.22.5 Inheritance and Gift Tax.

The conveyance of the Bonds to natural persons by inheritance or donation shall be subject to the general rules of Inheritance and Gift Tax. In the event that the beneficiary should be a body corporate, the income obtained would be taxed in accordance with the Corporation Tax rules.

II.23 Purpose of the transaction.

The net amount of the Bond issue will be fully allocated to paying for the acquisition of the Mortgage Certificates issued by CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL

DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C. pooled in the Fund assets.

II.24 Institutions that have agreed, as the case may be, to be involved in secondary trading, providing liquidity by offering consideration, specifying the extent and manner of their involvement.

There are no commitments for any institution to be involved in the secondary market of the Bonds, providing liquidity by offering consideration.

II.25 Natural or legal persons with a relevant involvement in structuring or providing advice for the constitution of the Fund or in connection with any item of the significant information contained in the circular, including, as the case may be, underwriting the placement:

II.25.1 Specification of natural and legal persons.

a) The Fund and the Bond Issue were financially structured by EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, which is the sponsoring institution and the Fund Management Company.

b) LINKLATERS & ALLIANCE, who are involved as independent legal advisers, have provided legal advice for the transaction.

c) CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C. are the Originators of the Participated Mortgage Loans issuing the Mortgage Certificates fully subscribed for by the Fund upon being constituted.

d) BANCO COOPERATIVO ESPAÑOL, S.A., DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK and SOCIÉTÉ GÉNÉRALE, Sucursal en España are involved as Lead Managers and Underwriters and Placement Agents of the Bond Issue.

e) CREDIT AGRICOLE INDOSUEZ, Sucursal en España**,** CAJA DE AHORROS DE CASTILLA LA MANCHA, COMMERZBANK AKTIENGESELLSCHAFT, Sucursal en España**,** SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS PROBANCA S.A.**,** NATEXIS BANQUES POPULAIRES, S.A., COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK, B.A. TRADING AS RABOBANK INTERNATIONAL LONDON BRANCH andTOKYO-MITSUBISHI INTERNATIONAL PLC are involved as Underwriters and Placement Agents of the Bond Issue.

f) BANCO COOPERATIVO ESPAÑOL, S.A is involved as Paying Agent of the Bond Issue.

g) PRICEWATERHOUSECOOPERS AUDITORES, S.L are involved as auditor checking a number of features of the selection of mortgage loans which shall serve to issue the Mortgage Certificates.

II.25.2 Statement by the person responsible for the Circular on behalf of the Management Company, specifying whether he is aware of the existence of any relationship whatsoever (political rights, employment, family, etc.) or economic interest of those experts, advisers, and of other institutions involved, with both the Management Company and the former holders of assets (Mortgage Certificates) acquired by the Fund.

"I, Mr MARIO MASIÁ VICENTE, for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, with place of business at Madrid, Calle Lagasca no. 120, and in connection with the constitution of the Fund RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA, amounting to EUR three hundred and twenty-five million (325,000,000), notice of which for verification by and registration at the Comisión Nacional del Mercado de Valores was given on April 8, 2002, in pursuance of point II.25.2. of Comisión Nacional del Mercado de Valores Circular 2/94, March 16, approving the standard Offering Circular for constituting Mortgage Securitisation Funds (implementing the Order dated July 12, 1993, in turn implementing Royal Decree 291/92, March 27),

HEREBY DECLARE

That Banco Cooperativo Español, S.A., Lead Manager and Underwriter and Placement Agent of the Bond Issue, has a 0.77% interest in the Management Company's share capital.

That CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C., the Originators, have a joint 31.94% interest in the share capital of BANCO COOPERATIVO ESPAÑOL, S.A.

ThatDZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK, Lead Manager and Underwriter and Placement Agent of the Bond Issue, has a 15.00% in the share capital of BANCO COOPERATIVO ESPAÑOL, S.A.

And that there is no other relationship or economic interest whatsoever between the experts who were involved in structuring or providing advice for the constitution of the Fund, and other undertakings involved, or certain significant information contained in the Circular, either with the actual Management Company or with the Originators issuing the Mortgage Certificates."

II.25.3 Statements by the Originators.

We, Messrs Joan Perelló Gual, for and on behalf of CAIXA RURAL DE BALEARS, Sociedad Cooperativa de Crédito, José María Quirós Rodríguez, for and on behalf of CAJA RURAL DE ASTURIAS, Sociedad Cooperativa de Crédito, Alberto Ugarde Alberdi, for and on behalf of CAJA RURAL DE NAVARRA, Sociedad Cooperativa de Crédito, José Antonio Carrizosa Valverde, for and on behalf of CAJA RURAL DE SORIA, Sociedad Cooperativa de Crédito, Cipriano Julián García Rodríguez, for and on behalf of CAJA RURAL DE ZAMORA, Sociedad Cooperativa de Crédito , Francisco Pérez Medina, for and on behalf of CAJA RURAL DEL SUR , Sociedad Cooperativa de Crédito and Ángel Lirola Suárez, for and on behalf of CAJA RURAL INTERMEDITERRÁNEA, Sociedad Cooperativa de Crédito, hereby declare having made all necessary checks to verify that the information contained in the Offering Circular in connection with each of these institutions and the mortgage loans selected for the issue of the Mortgage Certificates they have assigned to RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA is truthful and complete. We moreover declare that those checks have not revealed any circumstances contradicting or altering the information contained in the Circular, or that the latter has omitted any material facts or figures which might be relevant to the investor. The letters from the Originators containing those statements are attached as Appendix VII to this Offering Circular.

CHAPTER III

GENERAL INFORMATION ON THE MORTGAGE SECURITISATION FUND

III.1 Legal background and purpose of the Fund.

The constitution of the Fund and the Bond issue by the same is subject to Spanish Law, and specifically to the provisions of Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds.

In accordance with article 5.1 of Act 19/1992, the Fund is a separate closed-end estate, devoid of legal personality, its assets comprising the Mortgage Certificates pooled therein upon being constituted and the Cash Reserve credited to the Treasury Account, and its liabilities comprising the Bonds issued and the Start-Up Loan, thereby for the net worth of the Fund to be nil.

The Mortgage Certificates issued backed by the Participated Mortgage Loans comprising the assets of the Fund are governed by Mortgage Market Regulation Act 2/1981, March 25, and Royal Decree 685/1982, March 17, implementing certain aspects of Act 2/1981.

The Fund is set up to serve as a vehicle for subscribing for the Mortgage Certificates issued by CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C., pooling and issuing the Bonds backed by those Certificates.

The Deed of Constitution and the agreements for transactions hedging financial risks and the rendering of services to be entered into by the Management Company on behalf of the Fund shall be governed by and construed in accordance with Spanish Laws.

All matters, disagreements, actions and claims deriving from the Management Company’s constitution, administration and legal representation of RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA, and the Bond issue by the same, shall be heard and decided by the competent Spanish Courts and Tribunals.

The Bondholders and the remaining creditors of the Fund shall have no action whatsoever against obligors of the Participated Mortgage Loans who may have defaulted on their payment obligations thereunder, for that action shall lie with the Management Company, representing the Fund owning the Mortgage Certificates under which the Participated Mortgage Loans are assigned.

The Bondholders and the remaining creditors of the Fund shall have no action whatsoever against the Fund or against the Management Company in the event of default of amounts due by the Fund resulting from the default of the Participated Mortgage Loans by the relevant obligors or breach by the other parties to the transactions arranged for and on behalf of the Fund.

III.2 Full name of the Fund and, as the case may be, short or trade name to identify the same or its securities on secondary markets.

The name of the Fund is "RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA" and the following short names may also be used without distinction to identify the Fund:

- RURAL HIPOTECARIO III FTH
- RURAL HIPOTECARIO III F.T.H.

The constitution of the Fund and Bond issue by the same are subject to the prior requirement of verification by and registration at the official registers of the Comisión Nacional del Mercado de Valores, in accordance with the provisions of article 5, paragraph three, of Act 19/1992 and articles 26 et seq. of the Securities Market Act.

After the date on which the Comisión Nacional del Mercado de Valores verifies and registers this Offering Circular, with the Bond Subscription Period not yet open, the Management Company shall, along with CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C., as issuers of the Mortgage Certificates to be subscribed for by the Fund, proceed to execute a public deed constituting RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA, issuing and subscribing for the Mortgage Certificates and issuing the Mortgage-Backed Bonds, on the terms for which provision is made in Act 19/1992.

In accordance with Act 19/1992, the Deed of Constitution shall have the effects provided by article 6 of the Securities Market Act and shall therefore be the Bond issue deed and the deed recording the representation of the Bonds by means of book entries.

In accordance with article five, paragraph three, of Act 19/1992, the Deed of Constitution will not be entered in the Companies Register.

III.3 Management and representation of the Fund and of the holders of the securities issued against the same.

III.3.1 Description of the duties and responsibilities taken on by the Management Company in managing and legally representing the Fund and the holders of securities issued against the same.

In accordance with article five, paragraph two, of Act 19/1992, the management and legal representation of the Fund lies with the Management Company, on the terms set in Act 19/1992, in Royal Decree 926/1998 and other applicable laws, without prejudice to the provisions of the Deed of Constitution. The Economy and Finance Ministry authorised the incorporation of the Management Company as a Mortgage Securitisation Fund Management Company and its re-registration as a Securitisation Fund Management Company by means of Ministerial Orders respectively dated on December 17, 1992 and October 4, 1999. It is moreover entered in the special register purposely kept by the Comisión Nacional del Mercado de Valores under number 2. The information on the Management Company is contained in Chapter VI of this Circular.

In accordance with the provisions of paragraph 1 of article six of Act 19/1992 and article 12.1 of Royal Decree 926/1998, it is the Management Company's duty, as the manager of third-party business, to represent and defend the interests of the holders of Bonds issued by the Fund. Consequently, the Management

Company shall safeguard at all times the interests of the Bondholders, making its actions conditional on their defence and observing the provisions statutorily prescribed for that purpose.

The Bondholders shall have no right of action against the Fund Management Company other than as derived from a breach of its duties or failure to observe the provisions of the Deed of Constitution and of the Offering Circular. That actions shall be heard in the relevant ordinary declaratory proceedings depending on the amount claimed. Moreover, the Management Company shall be liable for such penalties as may be levied upon it in pursuance of Act 19/1992.

The Management Company shall notify the Bondholders of all and any circumstances they may be interested in by publishing the appropriate notices on the terms established in sections III.5.2 and III.5.3 of this Chapter.

III.3.1.1 Administration and representation of the Fund.

The Management Company's policies and actions in fulfilment of its duty to manage and legally represent the Fund are the following, for illustrative purposes only and without prejudice to any other actions provided in the Deed of Constitution and/or in this Offering Circular:

The Management Company's action policies.

1. Due diligence.

The Management Company shall perform its activity due diligently, as prescribed by Royal Decree 926/1998, representing the Fund and defending the interests of the Bondholders and of the Fund's other ordinary creditors as if they were its own interests, stepping up the standards of diligence, reporting and defence of their interests and avoiding situations which might result in conflicts of interest, giving the interests of the Bondholders and all other ordinary creditors of the Fund priority over third-party and its own interests.

2. Availability of means.

The Management Company has the necessary means, including suitable information systems, to discharge the Fund management functions prescribed by Royal Decree 926/1998.

3. Code of Conduct.

The Management Company shall comply with the code of conduct applicable to it. The Management Company has established an Internal Code of Conduct in pursuance of the provisions of Chapter II of Royal Decree 629/1993, May 3, regarding the rules of conduct in securities markets and mandatory registrations, which has been communicated to the CNMV.

Obligations and actions of the Management Company for administering the Fund.

1. Fund Management.

(i) Managing the Fund in order that its net asset value is nil at all times.

(ii) 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.

(iii) Doing no things that might impair the ratings assigned by the Rating Agency to each Series in the Bond Issue, and endeavouring to take such steps as may reasonably be in its hand for said ratings not to be adversely affected at any time.

(iv) Entering into such agreements as are provided in the Deed of Constitution, or as may be necessary in the future, on behalf of the Fund, in relation to its assets and liabilities, bearing in mind, however, that the execution on behalf of the Fund of any agreement not provided in the Deed of Constitution shall require a change of the Fund Priority of Payments, with the prior consent of the Rating Agency, and a prior notice to the CNMV in order to be made publicly available, as the case may be, being a relevant fact, or by means of a verification and registration of a supplement to the Offering Circular.

(v) Making such decisions as may be appropriate in connection with the liquidation of the Fund, including the decision to proceed to an early liquidation of the Fund and early maturity of the Bond Issue, in accordance with the provisions of the Deed of Constitution and this Offering Circular. Moreover, making all appropriate decisions in the event of the constitution of the Fund terminating.

(vi) Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agency and any other supervisory body.

(vii) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.

(viii) Preparing and submitting to the Comisión Nacional del Mercado de Valores and any other competent administrative body all documents and information to be submitted as established in the laws in force for the time being, in the Deed of Constitution and in this Circular, or which may be required of it, and preparing and submitting to the Rating Agency such information as may reasonably be required of it.

(ix) Providing the holders of Bonds issued by the Fund, the Comisión Nacional del Mercado de Valores and the public at large 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 Circular.

(x) Complying with the calculation duties laid down in the Deed of Constitution and in this Offering Circular and in the various Fund transaction agreements described in section V.3 of the Circular, or in such others as the Management Company may enter into in due course for and on behalf of the Fund.

(xi) In order to allow the Fund to operate on the terms provided in the Deed of Constitution, in this Offering Circular and in the regulations in force from time to time, extending or amending the agreements entered into on behalf of the Fund, substituting, as the case may be, each of the Fund service providers thereunder and, indeed, if necessary, entering into additional agreements, including new credit facility agreements, all of which shall be subject to the laws in force for the time being, to the prior authorisation, if necessary, of the Comisión Nacional del Mercado de Valores or competent administrative body and to notice thereof being served on the rating agency, and provided that those actions do not detract from Bondholders' interests.

2. In relation to the Mortgage Certificates and the Participated Mortgage Loans.

(i) Exercising the rights attaching to the ownership of the Mortgage Certificates subscribed for by the Fund and, in general, carrying out all such acts of administration and disposition as may be required for properly managing and legally representing the Fund.

(ii) Checking that the amount of income actually received by the Fund matches the amounts that must be received by the Fund, in accordance with the terms of each Mortgage Certificate.

(iii) Validating and controlling the information received from the Servicers on the Participated Mortgage Loans, both as regards collection of ordinary instalments, early redemptions of principal, payments received on unpaid instalments and delinquency status and control.

(iv) Ensuring that the Servicers renegotiate the terms of the Participated Mortgage Loans, as the case may be, in accordance with the general or specific instructions communicated by the Management Company.

(v) Supervising the actions agreed with the Servicers for recovering defaults, issuing instructions, where appropriate, for an execution to be levied and as to the stand to be taken at real estate auction sales. Bringing a foreclosure action where the concurrent circumstances so require.

3. In relation to the Bond Issue.

(i) Preparing and notifying the Bondholders of the information established in this Circular, and all other statutorily required information.

(ii) Determining on each Interest Rate Fixing Date and for every subsequent Interest Accrual Period, the nominal interest rate to be applied for each Bond Series, resulting from the determination made in accordance with the provisions of section II.10, to be published as provided in section III.5.3.a) and c).

(iii) Calculating and settling the amounts payable on each Payment Date for interest accrued on each of the Bond Series in accordance with the provisions of section II.10, to be published as provided in section III.5.3.a) and c).

(iv) Calculating and determining on each Determination Date the principal to be amortised and paid on each Bond Series on the relevant Payment Date in accordance with the provisions of section II.11.3.2, to be published as provided in section III.5.3.a) and c).

4. In relation to the remaining financial or service transactions.

(i) Determining the interest rate applicable to each borrowing and lending transaction.

(ii) Calculating and settling the interest amounts and fees receivable and payable by the Fund on each of the borrowing and lending transactions, and the fees payable for the various financial services arranged for.

(iii) Opening on behalf of the Fund a financial account ("**Treasury Account**") initially at BANCOVAL.

(iv) In the event of (i) of the long-term debt rating of BANQUE INTERNATIONALE A LUXEMBOURG, Société Anonyme, of which BANCOVAL is a group member, since the former has a share in the latter's capital of 50.17%, as of April 22, 2002, falling below A1 in Moody's rating scale, (ii) of the solvency ratio of BANCOVAL being less than the solvency ratio required from time to time, as established in Bank of Spain Circular no. 5/1993, March 26, to Credit Institutions on determining and controlling the required equity, or any rule taking its stead, or (iii) of the share of DEXIA BIL in the capital of BANCOVAL dropping to a level below the level set forth in paragraph (i) above, the Management Company shall take the actions for which provision is made in relation to the Guaranteed Interest Rate Account (Treasury Account) Agreement described in section V.3.1.

(v) Paying into the Treasury Account the amounts received from the Participated Mortgage Loan Servicer as both principal and interest and otherwise howsoever owing to the Fund on account of the same.

(vi) Watching that the amounts credited to the Treasury Account return the yield set in the Guaranteed Interest Rate Account (Treasury Account) Agreement.

5. In relation to managing the Fund's collections and payments.

(i) Calculating the Available Funds and the payment or withholding obligations to be complied with, and applying the same in the Priority of Payments.

(ii) Instructing transfers of funds between the various asset and liability accounts, and issuing all relevant payment instructions, including those designed for servicing the Bonds.

III.3.2 Resignation and substitution of the Management Company.

The Management Company shall be substituted in managing and representing the Fund, in accordance with articles 18 and 19 of Royal Decree 926/1998 set forth hereinafter and with subsequent rules statutorily established in that connection.

Resignation.

(i) The Management Company may resign its management and legal representation function with respect to all or part of the securitisation funds managed whenever it deems this fit, applying to be substituted in a letter addressed to the Comisión Nacional del Mercado de Valores, 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 Comisión Nacional del Mercado de Valores'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 Comisión Nacional del Mercado de Valores.

(b) In the event that the securities issued by the securitisation funds managed by the substituted Management Company have been rated by a rating agency, the rating accorded to the securities should not fall as a result of the proposed substitution.

(iii) The Management Company may at no event resign its duties until and unless all the 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 at no event be passed on the to Fund.

(v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the bulletin of the organised secondary market on which the securities issued by the securitisation fund managed by the company are listed.

Forced substitution.

(i) In the event that the Management Company should be adjudged a bankrupt or insolvent, it shall find a substitute management company, in accordance with the provisions of the foregoing section.

(ii) In the event for which provision is made in the preceding section, if four months should have elapsed from the occurrence determining the substitution and no new management company should have been found willing to take over management, there shall be an early liquidation of the Fund and an amortisation of the Bonds issued by the same, and of the loans, in accordance with the provisions of the public 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 the Deed of Constitution and this Circular. 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.

III.3.3 The Management Company's remuneration for discharging its functions.

In consideration of the functions to be discharged by the Management Company, the Fund will pay it a management fee consisting of:

(i) An initial fee amounting to EUR ninety thousand one hundred and fifty (90,150) payable on the Closing Date.

(ii) A periodic fee: equal to 0.0335% per annum, accruing on the exact number of days elapsed in each Interest Accrual Period, from the date of constitution of the Fund until it terminates, and payable quarterly in arrears on each of the Payment Dates, calculated on the Outstanding Principal Balance of the Bonds on the Payment Date preceding the ongoing Payment Date. The fee accrued from the date of constitution of the Fund until the first Payment Date and shall be adjusted in proportion to the days elapsed between both dates, calculated on the face amount of the Bonds issued.

The fee payable on a given Payment Date shall be calculated in accordance with the following formula:

$$C = B \times \frac{0{,}0335}{100} \times \frac{d}{360}$$

where :

C = *Fee payable on a given Payment Date.*
B = *Outstanding Principal Balance of the Bonds, on the preceding Payment Date.*
d = *Number of days elapsed during the relevant accrual period.*

In any event, the annual amount of this periodic fee may not be less than EUR twenty-three thousand (23,000) or the proportional equivalent to the exact number of days elapsed in each of the Interest Accrual Periods. In the event that, during the term of the Fund, the National General Retail Price Index published by the Spanish National Institute of Statistics for each calendar year should experience a positive variation, the minimum annual amount would be reviewed cumulatively in the same proportion, from the year 2004, inclusive, and effective as of January 1 of each year.

If on a Payment Date the Fund should not have sufficient liquidity to settle the above-mentioned fee, the amount due shall accrue an interest equal to the Reference Rate of the Bonds, payable on the next Payment Date, in the Priority of Payments.

III.4 Net worth of the Fund and succinct specification of the assets and liabilities making up that net worth both at source and upon its operations commencing.

The Fund is a separate closed-end estate, devoid of legal personality, its assets comprising the Mortgage Certificates pooled upon being constituted and the Cash Reserve credited to the Treasury Account, and its liabilities comprising the Bonds issued, Start-Up Loan and the Subordinated Loan, thereby for the net worth of the Fund to be nil.

The Fund shall be in existence until March 13, 2032, the Final Maturity Date of the Bond Issue.

The net worth elements making up the assets and liabilities of the Fund and the financial transactions and services arranged on behalf of the Fund are determined hereinafter in this section.

III.4.1 Fund Assets.

a) At source.

(i) The Mortgage certificates subscribed for and pooled in the Fund, represented by registered unit certificates, relating to a 100% participation in the principal and ordinary and late-payment interest of the Participated Mortgage Loans, as detailed in Chapter IV of this Circular.

The characteristics of the mortgage loans selected from the Originators' portfolio, which shall be mostly assigned to the Fund issuing the Mortgage Certificates, are detailed in section IV.4 of this Circular.

(ii) The amount receivable upon the payment of the subscription underwritten for each Bond Series, deducting the underwriting and placement fees.

(iii) The initial expenses for constituting the Fund and issuing the Bonds booked as assets.

(iv) The balance existing on the Treasury Account under the Guaranteed Interest Rate Account (Treasury Account) Agreement comprising the amounts obtained under the Start-Up Loan and the Subordinated Loan, as detailed in section V.3.1 of this Circular.

b) During the life of the Fund.

(i) The Outstanding Balance of the Mortgage Certificates.

(ii) The balance pending amortisation of initial expenses booked as assets.

(iii) The balances over time of ordinary and late-payment interest accrued and not paid on the Mortgage Certificates corresponding to those applicable to the Participated Mortgage Loans, and the remaining rights accorded to the Fund.

(iv) The homes awarded to the Fund upon foreclosing in due course the real estate mortgages securing the Participated Mortgage Loans, any amounts or assets received upon the judicial or notarial foreclosure of the mortgage securities, or from the sale or operation of homes awarded to the Fund upon enforcing the mortgage securities, or in connection with the administration or interim possession of the property (in foreclosure proceedings), purchase for the auction sale price or amount determined by a court decision.

(v) All other balances existing on the Treasury Account and interest thereon accrued over time and not due, in accordance with the Guaranteed Interest Rate Account (Treasury Account) Agreement.

III.4.2 Fund Liabilities.

a) At source

(i) The Bond Issue amounting to a face value of EUR three hundred and twenty-five million (325,000,000) represented by means of book entries and consisting of two Bond series distributed as follows:

- Series A having a total face amount of EUR three hundred and twelve million three hundred thousand (312,300,000) comprising three thousand one hundred and twenty-three (3,123) Bonds having a unit face value of EUR one hundred thousand (100,000).

- Series B having a total face amount of EUR twelve million seven hundred thousand (12,700,000) comprising one hundred and twenty-seven (127) Bonds having a unit face value of EUR one hundred thousand (100,000).

The characteristics of the Bond Issue are established in Chapter II of this Circular.

(ii) The amount payable for subscribing for the Mortgage Certificates issued by CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C..

(iii) The Start-Up Loan established in section V.3.2.1 of this Circular, designed to finance the initial expenses for constituting the Fund and issuing the Bonds, partially finance the acquisition of the Mortgage Certificates and as to the balance to make up for the timing difference between collection of interest on the Mortgage Certificates and payment of interest on the Bonds on the first Payment Date.

(iv) The Subordinated Loan established in section V.3.2.2 of this Circular, designed to initially set up the Cash Reserve.

b) During the life of the Fund.

(i) The Outstanding Principal Balance of the Bonds in Series A and B and time-apportioned interest accrued and not due.

(ii) The principal pending repayment and time-apportioned interest accrued and not due on the Start-Up Loan and the Subordinated Loan.

(iii) The balances over time for fees and other expenses established in the various transaction agreements and any others incurred by the Fund.

III.4.3 Cash Reserve.

The Management Company shall set up a Cash Reserve on behalf of the Fund, initially using the Subordinated Loan, and shall subsequently maintain a Required Cash Reserve in the Fund Priority of Payments.

The characteristics of the Cash Reserve are as follows:

(i) Amount:

It shall be set up on the Closing Date with an initial amount equal to EUR six million five hundred thousand (6,500,000).

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

The amount of the Cash Reserve (hereinafter the “**Required Cash Reserve**”) shall be the lower of the following amounts:

i) EUR six million five hundred thousand (6,500,000).

ii) 6.00% of the Outstanding Balance of the Mortgage Certificates.

In any event, the Required Cash Reserve may not be less than 1.00% of the initial outstanding balance of the Mortgage Certificates pooled in the Fund.

In relation to the Required Cash Reserve, and even if all of the events provided in the above rules are met, the provisioning shall not be reduced in an amount corresponding to an Originator whenever any of the following circumstances concur on a given Payment Date in relation to that Originator:

i) The figure of the amount of the Outstanding Balance of the Mortgage Certificates issued by that Originator with an arrears in excess of ninety (90) days in payment of amounts due on the Determination Date preceding the ongoing Payment Date is in excess of 3% of the Outstanding Balance of the Mortgage Certificates on that same date.

ii) The figure of the amount of the Outstanding Balance of the Mortgage Certificates issued by that Originator with an arrears in excess of twelve (12) months in payment of amounts due on the Determination Date preceding the ongoing Payment Date is in excess of the amount resulting from multiplying by 0.025% the result of the product of the total initial capital or principal of the Mortgage Certificates by the number of Payment Dates elapsed since the Closing Date.

iii) The figure of the amount of the Outstanding Balance of the Mortgage Certificates issued by that Originator is less than the Outstanding Principal on the Bonds attributable to that Originator.

iv) The weighted average interest rate of the Mortgage Certificates issued by that Originator on the Determination Date preceding the ongoing Payment Date is less than the weighted average interest rate of the Series A and B Bonds in the preceding Interest Accrual Period anterior plus a 0.33% spread.

Nevertheless, both the amount of the Cash Reserve and Required Cash Reserve may be reduced on a Payment Date and throughout the life of the Fund following an express discretionary authorisation of the Rating Agency.

(ii) Yield:

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

(iii)Application:

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

III.4.4. Risk hedging and service transactions.

In order to enhance the safety of or regularity in payment of the Bonds, cover the timing differences between the scheduled principal and interest flows on the Mortgage Certificates and the Bonds, or, generally, transform the financial characteristics of the Bonds issued, and supplement management of the Fund, the Management Company shall, on behalf of the Fund, upon the execution of the Deed of Constitution, proceed to formally enter into the agreements established hereinafter.

In order for the operation of the Fund to meet the terms set in the Deed of Constitution and in the laws in force from time to time, the Management Company, acting for and on behalf of the Fund, may extend or amend the agreements entered into on behalf of the Fund, substitute each of the Fund service providers under those agreements and indeed, if necessary, enter into additional agreements; the foregoing shall be subject to the laws in force from time to time, to the prior authorisation, if necessary, of the Comisión Nacional del Mercado de Valores or competent administrative body, and to notice being served on the relevant Rating Agency, provided that such actions do not detract from the interests of Bondholders.

The following transactions are to be arranged on behalf of the Fund for hedging financial risks and provision of services:

(i) Guaranteed Interest Rate Account (Treasury Account) Agreement.

(ii) Start-Up Loan Agreement.

(iii) Subordinated Loan Agreement.

(iv) Participated Mortgage Loan Servicing Agreement.

(v) Bond Issue Management, Underwriting and Placement Agreement.

(vi) Bond Paying Agent Agreement.

(vii) Financial Intermediation Agreement.

(viii) Mortgage Certificate Custody Agreement.

An itemised description of the most relevant terms of each of said agreements is given in section V.3 of this Offering Circular, in addition to the more thorough description of the Participated Mortgage Loan Servicing Agreement given in section IV.2.

III.4.5 Fund Income.

The Fund shall have the following income credited to the Treasury Account.

The following income may be used to satisfy the Fund’s payment obligations:

a) The amount of the Start-Up Loan and the Subordinated Loan.

b) The amounts received as repayment of the principal of the Mortgage Certificates.

c) Ordinary and late-payment interest on the Mortgage Certificates.

d) The yield obtained by investing the amounts credited to the Treasury Account.

e) Any other amounts received by the Fund, including those resulting from the sale of properties awarded to the Fund or from their operation.

III.4.6 Expenses payable by the Fund.

The Management Company shall settle on the Fund's behalf such expenses as may be necessary for the Fund to operate, being both initial expenses and ordinary periodic and extraordinary expenses accrued throughout its life.

Value Added Tax (VAT) payable by the Fund shall be deemed to be a deductible expense for Corporation Tax purposes.

Initial expenses.

The estimated initial expenses for setting up the Fund and issuing the Bonds are itemised in section II.14 of the Circular. Payment of the initial expenses shall be made with the amount drawn on the Start-Up Loan and shall not be subject to the Fund Priority of Payments.

Expenses throughout the life of the Fund.

The Management Company shall pay on behalf of the Fund all expenses necessary for the Fund to operate, being both ordinary periodic and extraordinary expenses accruing throughout its life, which shall be settled in their relevant Fund Priority of Payments. For illustrative purposes only, the Management Company shall satisfy the following expenses:

a) The balance, if any, of the initial expenses for setting up the Fund and issuing the Bonds exceeding the amount of the Start-Up Loan.

b) Any expenses arising from mandatory verifications, registrations and administrative authorisations.

c) Expenses, if any, derived from drafting and executing the amended Deed of Constitution and the Agreements.

d) Rating fees for monitoring and maintaining the Bond rating.

e) Bond amortisation expenses.

f) Expenses relating to the keeping of the Bond accounting record, for the Bonds to be represented by means of book entries, listing the Bonds on organised securities markets and maintenance of all of the foregoing.

g) Any expenses derived from the sale of the Mortgage Certificates and the remaining assets of the Fund to liquidate the same, including those derived from obtaining a credit facility.

h) Expenses required for applying for foreclosure of the Participated Mortgage Loans and derived from such recovery actions as may be necessary.

i) Expenses derived from managing the Fund and the Participated Mortgage Loans.

j) Financial expenses of the Bond Issue.

k) Fees and expenses payable by the Fund under the service and financial transaction agreements made.

l) Expenses derived from inserts and notices relating to the Fund and/or the Bonds.

m) Expenses of audits and legal advice.

n) In general, any other expenses borne by the Fund or the Management Company for and on behalf of the Fund.

III.5 Drawing up, auditing and approving annual accounts and other accounting documents of the Fund.

III.5.1 Obligations and deadlines for drawing up, auditing and approving annual accounts and management reports.

The Fund's annual accounts shall be audited and reviewed every year by auditors.

The Management Company shall submit to the Comisión Nacional del Mercado de Valores the Fund's annual accounts, along with an audit report on the accounts, within four (4) months of the close of the Fund's fiscal year, which shall match the calendar year.

The Management Company shall proceed to designate, for periods of not more than three (3) years, the Auditor who is for that period of time to audit the Fund's annual accounts, reporting that appointment to the Comisión Nacional del Mercado de Valores. The designation of an auditor for a given period shall not preclude the designation of that auditor for subsequent periods.

III.5.2 Obligations and deadlines set to publicise and submit to the Comisión Nacional del Mercado de Valores 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 quarterly to the Comisión Nacional del Mercado de Valores, as promptly as possible, the information described hereinafter, with the exception of that contained in section e) which shall be annual, in relation to each of the Bond Series, the performance of the Mortgage Certificates, prepayments, and economic and financial status of the Fund, moreover advising it of all ordinary periodic or extraordinary notices contained in section III.5.3 of this Circular, and of such additional information as may be required of it.

a) In relation to each of the Bond Series on each Payment Date:

1. Outstanding Principal Balance and percentages represented by each of them on the initial face amount of each Series.
2. Interest accrued and paid.
3. Interest, if any, accrued and not paid.
4. Amortisation accrued and paid.
5. Estimated average life of the Bonds in each of the Series if the Participated Mortgage Loan prepayment rate is maintained, as determined in paragraph d) below.

b) In relation to the Mortgage certificates:

1. Outstanding Balance.
2. Interest accrued and not collected on the reporting date.
3. Amount of the instalments in arrears on the Participated Mortgage Loans on the reporting date.

c) In relation to the economic and financial status of the Fund on each Payment Date:

Report on the amount of the Available Funds and their application in the Fund Priority of Payments.

d) In relation to Participated Mortgage Loan prepayment:

Printout showing the true Participated Mortgage Loan prepayment rate.

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

Balance sheet, profit & loss account, management report and audit report within four (4) months of the close of each fiscal year.

III.5.3 Ordinary, extraordinary and relevant event notification obligations.

For a proper compliance with the issue terms, the Management Company agrees to give the notices detailed below, observing the recurrence provided in each case.

a) Ordinary periodic notices:

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 rates resulting for each of the Bond Series, for the following Interest Accrual Period.

2. Quarterly, at least one (1) calendar day in advance of each Payment Date, the Fund shall, through its Management Company, proceed to notify the Bondholders of the interest resulting from the Bonds in each of the Series, along with their amortisation, as appropriate, and moreover of:

   i) The actual Participated Mortgage Loan prepayment rate during the calendar quarter preceding the Payment Date.

   ii) The average residual life of the Bonds estimated assuming that such actual prepayment rate shall be maintained as provided in sections II.11.3.3 and III.8.1.(i).

   iii) The Outstanding Principal Balances for each Bond in each Series, after the amortisation to be settled on each Payment Date, and the percentages such Outstanding Principal Balances represent on the initial face amount of each Bond.

   iv) Furthermore, and if appropriate, the Bondholders shall be advised of the interest and amortisation amounts accrued thereby and not settled due to a shortage of Available Funds, in accordance with the rules governing the Fund Priority of Payments.

The foregoing notices shall be made in accordance with the provisions of section c) below and will also be notified to the Comisión Nacional del Mercado de Valores, the Paying Agent, AIAF Mercado de Renta Fija and the SCLV, within not more than one (1) Business Day before each Payment Date.

b) Extraordinary notices:

The following shall be the subject of an extraordinary notice:

1. The constitution of the Fund and the Bond issue, and the nominal interest rates in each of the Bond Series determined for the first Interest Accrual Period.

2. Other:

   Any relevant event occurring in relation to the Mortgage Certificates, the Bonds, the Fund and the actual Management Company, which may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, or in the event of termination of the constitution of the Fund or a decision in due course to proceed to an early amortisation of the Bonds in any of the events provided in this Circular, in which case the Comisión Nacional del Mercado de Valores will be sent the Notarial Certificate of Liquidation and the procedure followed will be as referred to in section III.8.1 of this Circular.

c) Procedure to notify Bondholders:

Notices to bondholders to be made by the Management Company in accordance with the above, in regard to the Fund, shall be given as follows:

1. Ordinary notices.
   Ordinary notices shall be given by a publication in the official bulletin of the AIAF Mercado de Renta Fija or any other institution taking its stead or similarly characterised, or by means of a publication in an extensively circulated business and financial or general newspaper in Spain. The Management Company or the Paying Agent may additionally disseminate that information or other information of interest to Bondholders through dissemination channels and systems typical of financial markets, such as Reuters, Bridge Telerate, Bloomberg or any other similarly characterised means.

2. Extraordinary notices.

   Extraordinary notices shall be given by publication in an extensively circulated business and financial or general newspaper in Spain, and those notices shall be deemed to be given on the date of that publication, any Business or other calendar day (as established in this Circular) 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 prior to the start of the Subscription Period to the Lead Managers and the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the Comisión Nacional del Mercado de Valores, the Paying Agent, the AIAF and the SCLV.

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 online means.

d) Information to the Comisión Nacional del Mercado de Valores:

The Management Company shall proceed to advise the Comisión Nacional del Mercado de Valores of both ordinary periodic and extraordinary publications made in accordance with the provisions of the preceding sections, and of such other information as may be required of it, irrespective of the above.

III.6 Tax system of the Fund.

In accordance with the provisions of article 5.10 of Act 19/1992, article 7.1.g) of Corporation Tax Act 43/1995, December 27, and Royal Decree 537/1997, April 14, amended by Royal Decree 2717/1998, December 18, approving the Regulations of that Tax, the following are the characteristics peculiar to the tax system of the Fund:

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

(ii) The Fund is liable to pay Corporation Tax at the general rate in force from time to time, which currently stands at 35%.

(iii) As for returns on the Mortgage Certificates, loans or other credit rights constituting Fund income, there shall be no tax withholding or advance payment obligation.

(iv) The management of the Fund by the Management Company shall be exempt from Value Added Tax.

(v) Considerations paid to the holders of the securities issued by the Fund are deemed to be return on investments.

III.7 Amendment of the Fund Deed of Constitution.

The Deed of Constitution may not be howsoever amended other than in exceptional events, and, as the case may be, in accordance with the terms established by the laws in force for the time being, and provided that the amendment does not impair the rating assigned to the Bonds by the Rating Agency, and has previously been notified to the relevant Rating Agency and the Comisión Nacional del Mercado de Valores or competent administrative body. The Deed of Constitution can also be corrected as requested by the Comisión Nacional del Mercado de Valores.

III.8 Liquidation and termination of the Fund.

III.8.1 Early liquidation of the Fund.

Following notice served on the Comisión Nacional del Mercado de Valores, the Management Company shall be entitled to proceed to an early liquidation of the Fund and thereby an early maturity, on a Payment Date, of the entire Bond Issue, in the following Early Liquidation Events:

(i) When the amount of the Outstanding Balance of the Mortgage Certificates pending amortisation is less than 10 percent of the initial Outstanding Balance, in accordance with the entitlement for which provision is made in article 5.3 of Act 19/1992.

(ii) Where any event or circumstance whatsoever unrelated to the actual operation of the Fund occurs which results in the financial balance of the Fund required by article 5.6 of Act 19/1992 being substantially changed or permanently invalidated. This event includes such circumstances as the occurrence of a change in or supplementary enactments of laws, or the establishment of withholding obligations that might permanently affect the financial balance of the Fund..

(iii) In the event that the Management Company should be declared insolvent or bankrupt, or the statutory term to do so, or failing that term four months, should elapse without a new management company being designated in accordance with the provisions of section III.3.2 of this Circular.

The following requirements shall be necessary to proceed to that early liquidation of the Fund:

(i) That all the payment obligations derived from the Bonds issued by the Fund may be met and settled or otherwise that, before proceeding to an early liquidation of the Fund, the Management Company calls the Bondholders purely for informative purposes.

Payment obligations derived from the Bonds on the date of early liquidation of the Fund shall at all events be deemed to be the Outstanding Principal Balance on that date plus interest accrued and not paid, deducting the tax withholding, if any, which amounts shall be deemed to be due and payable on that date to all statutory intents and purposes.

(ii) That the Bondholders are notified, as prescribed in section III.5.3 of this Circular and thirty (30) Business Days in advance, of the resolution by the Management Company to proceed to an early liquidation of the Fund.

That notice, previously made available to the Comisión Nacional del Mercado de Valores, shall contain a description (i) of the event or events for which an early liquidation of the Fund is effected, (ii) of the liquidation procedure, as described in the following section, and (iii) of the manner in which the payment obligations derived from the Bonds are to be met and settled in the Priority of Payments.

In order for the Fund, through its Management Company, to proceed to an early liquidation of the Fund and an early amortisation of the Bond Issue in the events and subject to the requirements defined in this section, the Management Company, for and on behalf of the Fund, shall proceed to:

(i) Sell the Mortgage Certificates for a price not below the sum of the value of the principal plus the interest accrued and not paid on the Mortgage Certificates pending amortisation.

(ii) Terminate such agreements as are not necessary for the Fund liquidation procedure.

(iii) It will be entitled to arrange for a credit facility with the Originators or with a third party, which shall be fully and forthwith allocated to the early amortisation of the Bond Issue. Repayment of that credit facility shall be guaranteed solely with the interest and principal flows derived from the Mortgage Certificates pending amortisation and the proceeds from the sale of the other properties remaining on the assets of the Fund.

(iv) Finally, both due to an insufficiency of the preceding actions and the existence of remaining assets, it shall proceed to sell the assets and properties remaining on the assets of the Fund. The Management Company shall be authorised to accept such offers as shall in its opinion cover the market value of the goods at issue. In order for the market value to be fixed, the Management Company may commission such valuation reports as it shall see fit.

In events (i) and (iv) above, each of the Originators issuing the Mortgage Certificates shall have a pre-emptive right and may therefore have priority over third parties to acquire the Mortgage Certificates issued by each of them or any other assets originating therein and remaining on the assets of the Fund. The Management Company shall therefore send each Originator a list of the assets and third-party bids received, and they may each use that right for all the assets offered by the Management Company being the Mortgage Certificates they may each have issued within ten days of receiving said notice, and provided that their bid is at least equal to the best of the third-party bids.

Upon provisioning the reserve referred to in section III.8.2 below, the Management Company shall immediately apply all the proceeds from the sale of the Fund's assets to paying the various items, in such manner, amount and order as shall be requisite in the Priority of Payments, other than the obligation to provision the Cash Reserve, and other than the amounts, if any, drawn on the credit facility arranged, which shall be fully allocated to the early amortisation of the Bond Issue.

III.8.2 Termination of the Fund.

The Fund shall terminate in the following events:

(i) Upon the full amortisation of the Mortgage Certificates pooled therein.

(ii) By the early liquidation procedure established in section III.8.1 above.

(iii) At all events, on the Final Maturity Date established for final Bond amortisation.

In the event that there should be any remainder upon the Fund being liquidated and after making all payments by distributing the Available Funds in the set Priority of Payments, that remainder shall be for the Originators issuing the Mortgage Certificates.

In any event, the Management Company, acting for and on behalf of the Fund, shall not proceed to terminate the Fund and strike it off the relevant administrative registers until the Fund's remaining assets have been liquidated and the Fund's Available Funds have been distributed, in the Priority of Payments, with the exception of the appropriate reserve to meet final tax, administrative or advertising expenses related to termination and liquidation.

Upon a period of six (6) months elapsing from the liquidation of the Fund's remaining assets and the distribution of the 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 the Bondholders and the Comisión Nacional del Mercado de Valores were given notice, and (iii) how the Fund's available funds were distributed, in the Fund 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 Comisión Nacional del Mercado de Valores.

The Fund shall also terminate upon its constitution terminating in the event that the Rating Agency should fail to confirm the ratings provisionally assigned as the final ratings by the start of the Subscription Period. In that event, the Fund constitution, Bond Issue and Mortgage Certificate issue and subscription shall be terminated.

Termination of the constitution of the Fund shall be notified to the Comisión Nacional del Mercado de Valores as soon as such termination is confirmed, and be publicised by means of the procedure specified in section III.5.3.b) and c) of this Circular. Within not more than one month after the occurrence of the event of termination, the Management Company shall execute a Notarial Certificate declaring that the Fund's obligations have been settled and terminated and that the Fund has terminated. Notwithstanding the above, the Fund Management Company shall defray the Fund constitution expenses payable and specified in section

II.14 with the Start-Up Loan, which agreement shall not be terminated but shall rather be cancelled after those obligations are satisfied, the repayment of principal being subordinated to fulfilment of all other obligations undertaken by the Management Company, acting for and on the Fund's behalf.

CHAPTER IV

INFORMATION ON THE CHARACTERISTICS OF THE ASSETS SECURITISED THROUGH THE FUND

IV.1 Description of the mortgage certificates pooled in the Fund.

CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C. shall proceed to issue Mortgage Certificates as established in Act 2/1981, March 25, Royal Decree 685/1982, March 17, and Royal Decree 1289/1991, August 2, amending certain of the former previous Royal Decree's articles, in order for the Management Company to proceed to pool the same in the Fund as established in Act 19/1992 and other applicable laws. Given that the Fund is an institutional investor, the issue of the Mortgage Certificates shall not be subject to a marginal note on each entry of the mortgages in the Land Registry.

The total face value of the issue of Mortgage Certificates shall be at least equal to the aggregate amount of the Bond Issue. Each Mortgage Certificate represents 100 percent of the principal and interest respectively pending amortisation and accrual on each of the Participated Mortgage Loans to which they are related.

The Participated Mortgage Loans assigned upon the issue of the Mortgage Certificates are part of a selection of mortgage loans the characteristics of which are described in section IV.4 of this Chapter. The outstanding principal on the 7,042 mortgage loans selected as of April 15, 2002 amounted to EUR 342,103,277.86 as of that date.

a) Identification of the Credit Institutions issuing those certificates:

The issuers of said Mortgage Certificates are CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C., holders of the Participated Mortgage Loans.

As holder of the Participated Mortgage Loans until the Mortgage Certificates are issued, each of their issuers shall warrant as follows in the Fund Deed of Constitution to the Management Company and the Fund in relation to the Participated Mortgage Loans:

(1) That it is a credit institution duly incorporated in accordance with the laws in force for the time being and entered in the Companies Register, and that it is authorised to operate in the mortgage market.

(2) That neither at today's date nor at any time since it was incorporated has it been insolvent, under receivership or bankrupt, or in any other circumstance resulting in a liability leading to a revocation of the authorisation to operate as a credit institution.

(3) That the Mortgage Certificates are issued at arm's length and in accordance with Act 2/1981, Royal Decree 685/1982, Royal Decree 1289/1991, Act 19/1992 and other applicable regulations, meet all the requirements established therein and may be made part of a Mortgage Securitisation Fund.

(4) That its corporate bodies have validly passed all resolutions required to issue the Mortgage Certificates and to validly execute the Fund Deed of Constitution, the agreements and additional undertakings made.

(5) That the Participated Mortgage Loans exist and are valid and enforceable in accordance with the applicable laws.

(6) That it holds absolute title to all the Participated Mortgage Loans and there is no obstacle whatsoever for the Mortgage Certificates to be issued.

(7) That the details of the Mortgage Certificates and the Participated Mortgage Loans to be included in Schedule 5 to the Deed of Constitution accurately reflect the current status of those Loans and Certificates and are full and accurate.

(8) That the Participated Mortgage Loans are all secured with a real estate mortgage ranking first on the fee absolute of each and every one of the mortgaged properties, which are not encumbered with any prohibitions on their disposal, conditions subsequent or any other limitation as to title.

(9) That the Participated Mortgage Loans are all originated in a public deed, and the mortgages are all duly 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.

(10) That the mortgagors are all individuals resident or not in Spain.

(11) That the Participated Mortgage Loans have been granted in order to finance with real estate mortgage security the purchase, building or renovation of residential homes located in Spain, or are subrogations by private individuals of financings granted to home developers.

(12) That the mortgages are granted on properties wholly owned in fee absolute by the respective mortgagor, and the Originator is not aware of the existence of litigation over the ownership of those properties which might detract from the mortgages.

(13) That the mortgaged homes have all been appraised by duly qualified institutions approved by the Originator, evidence of which appraisal has been provided in the form of an appropriate certificate. The appraisals made meet all the requirements established in the mortgage market laws.

(14) That the principal on each of the Participated Mortgage Loans does not exceed 80% of the appraisal value of the mortgaged properties as security for the relevant Participated Mortgage Loan.

(15) That it is not aware of there having been any fall in the value of any of the mortgaged properties in excess of 20% of the appraisal value.

(16) That the properties on which mortgage security has been granted are all covered by a valid damage insurance, in which the insured capital covers at least the appraisal value of the mortgaged property, excluding elements that cannot by nature be insured.

(17) That the Participated Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Mortgage Certificates hereby issued.

(18) That none of the Participated Mortgage Loans have any overdue payments in excess of one (1) month on the date of issue of the Mortgage Certificates.

(19) That it is not aware that any of the obligors of the Participated Mortgage Loans holds any credit right against the Originator whereby that obligor might be entitled to a set-off.

(20) That the policies contained in the Memorandum on Policies for Granting the Mortgage Loans to be attached as Schedule 7 to the Deed of Constitution have been strictly adhered to in granting each and every one of the Participated Mortgage Loans and in accepting, as the case may be, the subrogation of subsequent borrowers in the position of the initial borrower.

(21) That the deeds for the mortgages granted on the homes to which the Participated Mortgage Loans relate have all been duly filed in the records of the Originator suitable therefor, and are at the Management Company's disposal, for and on behalf of the Fund, and the Participated Mortgage Loans are all clearly identified both in data files and by means of their deeds.

(22) That the outstanding balance of principal on each of the Participated Mortgage Loans on the date of issue is equivalent to the principal figure of the relevant Mortgage Certificate, and in turn the total principal of the Mortgage Certificates shall be at least equivalent to the face value of the Bond Issue.

(23) That after being granted, the Participated Mortgage Loans have been serviced and are still being serviced by the Originator proper in accordance with set customary procedures.

(24) That it has no knowledge of the existence of any litigation whatsoever in relation to the Participated Mortgage Loans which may detract from their validity.

(25) That it is not aware of the premiums accrued heretofore by the insurance taken out referred to in paragraph (16) above not having been fully paid.

(26) That it has received no notice whatsoever of full prepayment of the Participated Mortgage Loans on the date of issue.

(27) That it is not aware of the existence of any circumstance whatsoever which might prevent the mortgage security from being enforced.

(28) That the Participated Mortgage Loans are written off the assets of the Originator on the date of the Deed of Constitution, in the participated amount, in accordance with the provisions of Bank of Spain Circular 4/91, without prejudice to the effects that partial or full subscription for the Bond Issue may have for the Originator pursuant to that Circular.

(29) That there is no outstanding issue whatsoever of mortgage debentures or mortgage bonds made by the Originator proper.

(30) That the Mortgage Certificate and Participated Mortgage Loan portfolio information contained in the Offering Circular concerning the constitution of the Fund and the Bond issue is accurate and strictly true.

(31) That the Participated Mortgage Loans are not earmarked for any issue whatsoever of mortgage bonds or mortgage certificates, other than the issue of the Mortgage Certificates, and after their issue the Participated Mortgage Loans shall not be earmarked for any issue whatsoever of mortgage debentures, mortgage bonds or other mortgage certificates.

b) Number and amount of the Mortgage Certificates pooled in the Fund:

The Mortgage Certificates that CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C. are to issue upon the Fund being constituted to be subscribed for will make up an as yet indeterminate number of Mortgage Certificates whose total capital shall amount to a value at least equal to the aggregate amount of this Bond Issue.

The issue price of the Mortgage Certificates will be at par. The total price payable by the Fund for subscribing for the Mortgage Certificates shall be the amount equivalent to the sum of (i) the face value of the capital or principal of each of the Mortgage Certificates, and (ii) the ordinary interest accrued and not due on each of the Participated Mortgage Loans from the last interest settlement date of each of the loans until the date of issue of the Mortgage Certificates (the “**accrued interest**”).

The Management Company shall pay the aggregate subscription price for the Mortgage Certificates on behalf of the Fund as follows:

(i) The part of the issue price consisting of the face value of the capital of all the Mortgage Certificates shall be paid on the Bond Closing Date.

(ii) The part of the price consisting of the interest accrued on each of the Participated Mortgage Loans shall be paid on the Collection Date falling on the first interest settlement date of each of the loans, after the issue date of the Mortgage Certificates, and will not be subject to the Fund Priority of Payments.

If the Fund constitution and hence the Mortgage Certificate issue and subscription should terminate, (i) the Fund’s obligation to pay the Mortgage Certificates shall terminate, (ii) the Management Company shall be obliged to restore to the Originators any rights whatsoever accrued for the Fund upon subscribing for the Mortgage Certificates, and (iii) the Originators shall once again enter the Participated Mortgage Loans among their balance-sheet assets.

c) Description of rights in the underlying loans conferred by the certificates on the holder:

The Mortgage Certificates represent a 100 percent participation in the principal, ordinary and late-payment interest of each Participated Mortgage Loan.

In accordance with article 5.8 of Act 19/1992, the Originators issuing the Mortgage Certificates shall not bear the risk of delinquency on the Mortgage Certificates and shall therefore have no liability whatsoever for mortgagor delinquency of principal, interest or any other amount they may owe under the Participated

Mortgage Loans. They will not take on any other responsibility whatsoever to directly or indirectly guarantee a proper performance of the arrangement, nor give any guarantees or securities, nor indeed agree to repurchase the Mortgage Certificates, other than for the provisions of section IV.1.d) below.

Specifically, the Mortgage Certificates confer the following rights in relation to each of the Participated Mortgage Loans:

a) to receive all amounts accrued as repayment of Loan capital or principal;

b) to receive all amounts accrued as ordinary interest on the Loans;

c) to receive all amounts accrued as late-payment interest on the Loans;

d) to receive any other amounts, assets or rights received as payment of the Participated 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 foreclosing the mortgage, on the sale or operation of properties awarded or, upon foreclosing, in the administration or interim possession of the properties in foreclosure proceedings;

e) to receive all possible rights or compensations accruing for the Originators under the Participated Mortgage Loans, including those derived from the insurance contracts attached to the Loans which are also assigned to the Fund, and those derived from any ancillary right attached to the Loan, excluding the fees established for each of the Loans.

The above-mentioned rights will all accrue for the Fund from the date of execution of the Deed of Constitution and issue of the Mortgage Certificates, with the exception of ordinary interest, which shall accrue from the last interest settlement date on each of the Participated Mortgage Loans, on or before the date of issue of the Mortgage Certificates.

The rights of the Fund resulting from the Mortgage Certificates are linked to the payments made by the debtors of the Participated Mortgage Loans, and are hence directly affected by the evolution, delays, prepayments or any other incident relating thereto.

Until the execution of the Deed of Constitution, the Originators issuing Mortgage Certificates shall be the beneficiaries of the property damage insurance contracts taken out by the mortgagors in relation to the mortgaged properties as security for the Participated Mortgage Loans, up to the insured amount, and each of the mortgage loan deeds shall, in the event of default on the relevant premium by the obligor (holder) of the insurance, authorise the mortgagee, to wit the Originator, to pay the premium amount for the obligor in order that the premiums are always paid. Under the Fund Deed of Constitution, the Originators shall perfect the assignment attached to the issue of the Mortgage Certificates of the rights they have as the beneficiary of those property damage insurance contracts taken out by the mortgagors or any other insurance policy providing equivalent cover. As the holder of the Mortgage Certificates, the Fund shall be entitled to all the amounts the Originators would have received in this connection.

Payments to the Fund of both interest and other returns on the Mortgage Certificates shall not be subject to withholding tax as established in Royal Decree 537/1997, April 14, approving the Corporation Tax Regulations.

The Fund shall bear with all and any expenses or costs arising for each of the Originators issuing the Mortgage Certificates derived from the recovery actions in the event of a breach of obligations by the debtors of the Participated Mortgage Loans, including foreclosing against the same.

d) Set rules for substituting Mortgage Certificates in the event of early amortisation of those initially pooled in the Fund.

a) In the event of early amortisation of the Mortgage Certificates due to a prepayment of the Loan capital, there will be no substitution of the Mortgage Certificates affected thereby.

b) In the event that it should be observed throughout their life that any of the Mortgage Certificates fails to meet the terms and characteristics contained in section IV.1.a) of this Circular or the specific characteristics of the Participated Mortgage Loans notified by the Originators to the Management Company, each of the Originators issuing the Mortgage Certificates agrees, subject to the Management Company's consent, to proceed forthwith to substitute the Mortgage Certificate in that situation, subject to the following rules:

1. The party becoming aware of the existence of a non-conforming Mortgage Certificate, whether an Originator or the Management Company, shall notify the other party of this circumstance in writing. The Originator shall forthwith proceed to remedy that circumstance if it may be remedied or, in order to proceed to a substitution thereof, notify the Management Company of the characteristics of the mortgage loans proposed to be assigned under new mortgage certificates similarly characterised as to residual term, interest rate, outstanding principal value, and credit quality construed as the existing ratio between the outstanding principal of the certificate and the appraisal value of the property securing the participated loan, in order for the financial balance of the Fund, and indeed its rating in accordance with the provisions of section II.3 of this Circular, to be unaffected by the substitution. Once the Management Company has checked that the substitute loan is appropriate and expressly agreed to it, the Originator shall proceed to cancel the affected Mortgage Certificate, rubber-stamp the certificate representing the same, and issue another or other mortgage certificates taking its stead.

2. The substitution shall be recorded in a Notarial Certificate setting forth all the particulars both of the Mortgage Certificate to be replaced and the Participated Mortgage Loan attached thereto, and the new mortgage certificate or mortgage certificates issued, along with details of the Participated Mortgage Loans, and the reason for substituting and characteristics determining the homogenous nature of both Mortgage Certificates as described in the paragraph immediately preceding, a copy of which shall be filed by the Management Company with the Comisión Nacional del Mercado de Valores, the organisation in charge of the accounting record for the Bonds and the AIAF Governing Body and Moody's.

c) Secondarily to the obligation undertaken under section b) above, in the event that there should be call to substitute any Mortgage Certificate and that no new mortgage certificates should be issued on the homogeneity and suitability terms set in rule 1 of said section, the Originator shall proceed to an early amortisation of the Mortgage Certificate. That early amortisation shall take place by a repayment in cash to the Fund of the outstanding principal, the interest accrued and not paid, and any other amount owing to the Fund until that date under the relevant Mortgage Certificate and by rubber-stamping the certificate representing the same.

e) Other terms established in the issue of those certificates and in their subscription by the Fund and the system established, as the case may be, for transferring those Mortgage Certificates.

The issue price and terms for subscribing for and paying up the Mortgage Certificates and the description of the rights conferred thereby have been provided above in paragraphs b) and c) of this section.

As prescribed by Mortgage Market Regulation Royal Decree 685/1982, amended by Royal Decree 1289/1991, the Mortgage Certificates may be transferred by a written statement on the very certificate and, in general, by any of the means admitted by Law. The transfer of the certificate and the new holder's address shall be notified by the transferee to the issuer.

The transferor shall not be liable for the solvency of the issuer or of the obligor of the participated credit, nor indeed of the sufficiency of the mortgage securing it.

The Originators issuing the Mortgage Certificates shall keep a special book in which they shall enter the Mortgage Certificates issued on each Participated Mortgage Loan, and the transfers of such Certificates notified to it, the Mortgage Certificates being applied the provisions of article 53 of the above-mentioned Royal Decree for registered certificates. The same book shall include the changes of address notified to it by the certificate holders.

The book shall moreover include the following particulars:

a) Participated Mortgage Loan origination and maturity date, initial amount and settlement method.

b) Mortgage registration particulars.

f) Representation of the Mortgage Certificates and custodians or institutions in charge of keeping their accounting record in the case of book entries:

The Mortgage Certificates shall be represented by registered unit certificates which shall contain at least the particulars prescribed in article 64 of Royal Decree 685/1982, March 17, amended by Royal Decree 1289/1991, August 2, and specifically the registration particulars of the properties securing the Participated Mortgage Loans.

The Mortgage Certificates subscribed for by the Fund and represented by means of registered certificates shall be deposited at BANCO COOPERATIVO, and the relations between the Fund and BANCO COOPERATIVO shall be governed by the Mortgage Certificate Custody Agreement to be entered into between BANCO COOPERATIVO and the Management Company for and on behalf of the Fund. That deposit shall be established for the benefit of the Fund and BANCO COOPERATIVO shall therefore custody the Mortgage Certificates deposited following the Management Company's instructions.

g) Servicing and custody of the Participated Mortgage Loans referred to in section IV.2 below.

CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C., Originators of the Participated Mortgage Loans issuing the Mortgage Certificates to be subscribed for by the Fund, in accordance with the provisions of article 61.3 of Royal Decree 685/1982, each agree to custody and service the Participated Mortgage Loans, and the Participated Mortgage Loan Servicing Agreement shall govern the relations between the Originators (hereinafter in regard to this Agreement the "**Servicer(s)**"), BANCO COOPERATIVO as surety for some of the Servicers' obligations, and the Fund, represented by the Management Company. In consideration of the servicing of the Participated Mortgage Loans and custody of the Mortgage Certificates, each of the Servicers shall be entitled to receive in arrears on each of the Payment Dates and during the term of the Servicing Agreement, a subordinated servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the exact number of days elapsed and on the average daily Outstanding Balance of the Mortgage Certificates serviced during each Interest Accrual Period. If the Servicers should be substituted in that servicing task, because that may be done following a change of the laws in force for the time being, and is appropriate in view of circumstances of the Servicer which might prevent or make it difficult for that servicing to be properly performed, the Management Company will be entitled to change the above percentage fee in favour of the substitute institution by up to not more than 0.10% per annum.

If due to a shortage of liquidity in the Fund Priority of Payments, the Fund should, through its Management Company, fail on a Payment Date to pay the full fee due, the amounts overdue shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, whereupon they shall be paid.

Furthermore, on each Payment Date, the Servicer shall be entitled to a reimbursement of all expenses of an exceptional nature incurred, such as in connection with foreclosures, sale of properties, etc and after first justifying the same in relation to the servicing of the Participated Mortgage Loans. Those expenses will be paid whenever the Fund has sufficient liquidity and in the Fund Priority of Payments.

The Servicing Agreement shall be fully terminated in the event that the Rating Agency should fail by the start of the Subscription Period to confirm the ratings provisionally assigned to each of the Bond Series as the final ratings.

IV.2 Succinct and short description of the ordinary Participated Mortgage Loan servicing and custody system and procedures, focusing particularly on the set procedures relating to late payment and delinquency on principal or interest, prepayments, foreclosure and amendment or renegotiation, as the case may be, of the loans.

IV.2.1 Servicing of the Participated Mortgage Loans.

The Servicers shall continue servicing the Participated Mortgage Loans, devoting the same time and effort to them and the same degree of skill, care and diligence in servicing the same as they would devote and use to service mortgage loans with respect to which no mortgage certificates shall have been issued, and will in any event exercise a suitable degree of skill, care and diligence in providing the services for which provision is made in said Participated Mortgage Loan Servicing Agreement (the "**Servicing Agreement**").

In any event, the Servicers waive the privileges and authorities conferred on them by law as the managers of collections for the Fund, as servicers of the Participated Mortgage Loans, and in particular those for which provision is made in articles 1730 and 1780 of the Civil Code and 276 of the Commercial Code.

The succinct and short description of the ordinary system and procedures (hereinafter the "services") for service and custody of the Participated Mortgage Loans governed by said Servicing Agreement are as follows:

1. **Term.**

   The services shall be provided by each of the Servicers until all the obligations undertaken by the relevant Servicer as issuer of the Mortgage Certificates terminate, once all the Participated Mortgage Loans they service have been repaid.

2. **Custody of deeds, documents and files.**

   Each Servicer shall keep all deeds, documents and data files relating to the Participated Mortgage Loans and property damage insurance policies of the mortgaged properties 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 foreclose a Participated Mortgage Loan.

   The Servicers shall allow the Management Company or the auditors of the Fund duly authorised thereby reasonable access at all times to said deeds, documents and records. Furthermore, whenever it is required to do so by the Management Company, it shall provide within two Business Days of that request and clear of expenses, a copy or photocopy of any of such deeds and documents.

3. **Collection management.**

   Each Servicer shall continue managing collection of all amounts payable by the mortgagors under the Participated Mortgage Loans, and any other item including the relevant insurance contracts assigned to the Fund. Each Servicer shall act due diligently for payments to be made by the borrowers to be collected in accordance with the terms and conditions of those Participated Mortgage Loans.

   Provided that those payments are received by each Servicer, the latter shall proceed to pay them fully to the Fund, on days 6, 16 and 26 of each month, or the next business day in they are not a business day (the "**Collection Dates**"), in such amounts as may have been received in the day intervals respectively on day 22 of the preceding month and on day 1 of the ongoing month, and days 2 to 11 and 12 to 21 of the ongoing month, on the set terms and conditions. Notwithstanding the above, the Management Company may change the time periods, Collection Dates and manner of payment at any time during the term of the Servicing Agreement if that is necessary to better defend Bondholders' interests.

4. **Fixing the interest rate.**

   In connection with Participated Mortgage Loans having a floating interest rate, the Servicers will continue fixing those interest rates in accordance with the provisions of the relevant Participated Mortgage Loans, submitting such relevant communications and notices as may be established in the respective agreements.

5. **Extended mortgage.**

   If any Servicer should become aware at any time that for any reason the value of a mortgaged property securing a Participated Mortgage Loan has fallen in excess of the percentages permitted by law, it shall, in accordance with the provisions of articles 26 and 29 del Royal Decree 685/1982, request the borrower at issue to the extent legally required to:

   i) extend the mortgage to other assets sufficient to cover the required ratio between the value of the asset and the credit secured thereby, or

   ii) repay all or such portion of the loan as may be in excess of the amount resulting from applying to the current appraisal the percentage used to initially determine its amount.

If within two months of being requested to extend the mortgagor should fail to do so or repay the portion of the Participated Mortgage Loan referred to in the preceding paragraph, the mortgagor shall be deemed to have chosen to repay the full Loan, which the Servicer shall forthwith require the mortgagor to do.

6. Mortgaged property damage insurance.

No Servicer shall take or fail to take any action resulting in the cancellation of any property damage insurance policy covering the properties or reducing the amount payable in any claim thereunder. The Servicers shall act due diligently and in any event use the rights conferred under the insurance policies or the Participated Mortgage Loans in order to keep those policies (or any other policy granting equivalent cover) in full force and effect in relation to each Participated Mortgage Loan and the respective property subject of the Participated Mortgage Loan.

Each Servicer shall be bound to advance payment of policy premiums not paid by the borrowers whenever it is fully acquainted with this circumstance, without prejudice to its right to be reimbursed by the Fund for amounts so paid.

In the event of a claim, each Servicer shall coordinate actions for collecting compensations derived from the property damage insurance policies on the terms and conditions of the Participated Mortgage Loans and the actual policies, paying the amounts received, if any, to the Fund.

7. Information.

Each Servicer shall regularly communicate to the Management Company the information relating to the individual characteristics of each of the Participated Mortgage Loans, to fulfilment by the borrowers of their obligations under the Participated Mortgage Loans, to the status of arrears and ensuing changes in the characteristics of the Participated Mortgage Loans, and to actions in the event of late payment and auction sale of properties.

The Servicer shall prepare and hand to the Management Company such additional information relating to the Participated Mortgage Loans or the rights attaching thereto as the Management Company may reasonably request.

8. Liabilities.

The Servicers shall be liable to compensate the Fund or its Management Company for any damage, loss or expense incurred by the latter due to a breach by the Servicers of their duties to custody, service and report on the Participated Mortgage Loans.

9. Subrogation of the Loan obligor.

The Servicers shall be authorised to permit subrogations in the position of the obligor under Participated Mortgage Loan agreements, exclusively where the characteristics of the new mortgagor are at least similar to those of the former mortgagor and those characteristics observe the policies for granting mortgage loans described in the relevant Memorandum on Policies for Granting Mortgage Loans attached to the Fund Deed of Constitution, and provided that the expenses derived from that change are fully borne by the mortgagors. The Management Company may fully or partially limit this authority of the Servicers or lay down conditions therefor, in the event that there might be consequences being howsoever detrimental to the rating accorded to the Bonds by the Rating Agency.

10. Authorities and actions in relation to Participated Mortgage Loan renegotiation procedures.

No Servicer may voluntarily cancel the mortgages securing the Participated Mortgage Loans for any reason other than payment of the Participated Mortgage Loan, relinquish or settle in regard thereto, forgive the Participated Mortgage Loans in full or in part or extend the same, or in general do anything that may diminish the status, legal effectiveness or economic value of the mortgage or of the Participated Mortgage Loans, without prejudice to its proceeding to heed requests by the mortgagors with the same diligence and procedure as if the loans were not participated.

Notwithstanding the above, the Management Company may in exceptional circumstances, to avoid the costs and uncertainties attaching to any foreclosure proceedings and maintain the economic balance of the Fund, and in any event safeguarding the interests of Bondholders, as manager of third-party business, issue instructions to or authorise the Servicer previously to agree with the obligor, subject to the terms and conditions of this section, and further bearing in mind Mortgage Loan Subrogation and Amendment Act 2/1994, a novation changing the relevant Participated Mortgage Loans, as regards either an interest rate renegotiation or an extension of the maturity period.

a) Renegotiating the interest rate.

The Servicer may under no circumstance entertain on its own account and without being so requested by the obligor, interest rate renegotiations which may result in a decrease in the interest rate applicable to a Participated Mortgage Loan.

Without prejudice to the provisions hereinafter, any renegotiation subscribed by the Servicer shall be made exclusively with the prior written 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 a mortgagor has requested a renegotiation. The Management Company may nevertheless authorise the Servicer to entertain and accept renegotiations of the interest rate applicable to the Participated Mortgage Loans, requested by the mortgagors, without requiring the prior consent of the Management Company, subject to a number of general requirements relating to (i) each of the Participated Mortgage Loan benchmark rates or indices, which indices are described in section IV.4.d) of this Circular, and/or (ii) the margin over the Participated Mortgage Loan benchmark index.

The Management Company may at any time during the term of the Agreement, on behalf of the Fund, cancel, suspend or change the requirements for the Servicer’s authorisation to renegotiate which it may previously have given the Servicer. In any event, whether or not it was generically authorised, any Participated Mortgage Loan interest rate renegotiation shall be taken on and settled bearing in mind the interests of the Fund.

Additionally, in the event of a renegotiation of the interest rate applicable to the Participated Mortgage Loans, the Servicer agrees to pay the Fund, with respect to each Participated Mortgage Loan whose interest was changed and on each Collection Date, the negative difference between (a) the interest accrued by the Participated Mortgage Loan during the relevant interest settlement period, and (b) the interest accrued by the Participated Mortgage Loan in the same settlement period applying to the loan principal on the settlement date a yearly nominal interest rate equal to the sum of (i) the Bond Reference Rate, as determined in section 11.10.1.c), in force at the beginning of the relevant Interest Accrual Period, and (ii) a 0.55% spread.

b) Extending the period of maturity.

The final maturity or final amortisation date of the Participated Mortgage Loans may be extended (hereinafter “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 there being so requested by the mortgagor, a change in the final maturity date of the Participated Mortgage Loan which may result in an extension of that date. The Servicer, without encouraging an extension of the term, shall act in relation to such extension bearing in mind at all times the Fund’s interests.

(ii) For every Servicer, the aggregate of the initial capital or principal of the Mortgage Certificates issued on the Participated Mortgage Loans with respect to which the maturity date is extended may not exceed 5.00% of the total initial capital or principal of the Mortgage Certificates issued by the Servicer.

(iii) The term of a specific Participated Mortgage Loan may be extended provided that the following requirements are met:

a) That the periodicity of repayment instalments of the capital or principal of the Participated Mortgage Loan is at all events maintained or reduced, albeit keeping the same repayment system in place.

b) That the new final maturity or final amortisation date does not extend beyond July 31, 2031.

c) That there was no delay in payment of amounts due on the Participated Mortgage during the last six (6) months before the effective date of the extension of the term.

(iv) The Management Company may at any time during the term of this agreement, on the Fund’s behalf, cancel or suspend the Servicer’s authorisation to extend the term.

If there should be any renegotiation of a Participated Mortgage Loan or its due dates, the Servicer shall forthwith notify the Management Company of the terms resulting from each renegotiation. Such notice shall be made through the software or data file provided for the terms of the Participated Mortgage Loans to be updated. Both the public deeds and the private agreements pertaining to a novation of the terms of the Participated Mortgage Loans will be kept by the Servicer, in accordance with the provisions of paragraph 2 of this section.

In the event of a renegotiation of the Participated Mortgage Loans, or their due dates, consented to by the Management Company, for and on behalf of the Fund, the change in the terms shall affect the Fund in accordance with rule fifteen, section 2d) of Bank of Spain Circular 4/91, June 16.

11. Remedies of the holder of the Mortgage Certificates in the event of breach of obligations by the mortgagor.

Each Servicer shall apply the same diligence and the same procedure for claiming amounts due on the Participated Mortgage Loans as those applied to the rest of its portfolio loans. The Servicer shall as a general rule apply for foreclosure, advancing all necessary expenses to do so, if, for a period of six (6) months, an obligor under a Participated Mortgage Loan in default of payment obligations should fail to resume payments or the Servicer, with the Management Company’s consent, should fail to obtain a payment undertaking satisfactory to the interests of the Fund, and shall in any event forthwith proceed to apply for such foreclosure if the Management Company, on behalf of the Fund, should deem this fit after analysing the specific circumstances of the case.

In the event of delinquency by any mortgagor, the Management Company, acting for and on behalf of the Fund, shall have the following remedies provided in article 66 of Royal Decree 685/1982, amended by Royal Decree 1289/1991:

(i) To demand the Servicer to apply for foreclosure.

(ii) To take part on an equal standing with the Servicer, as issuer of the Mortgage 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 participated credit in the amount of its percentage participation in 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 cases provided in paragraphs (iii) and (iv), the Management Company, for and on behalf of the Fund, may apply to the Judge or Notary with jurisdiction to commence or continue with the respective foreclosure proceedings, attaching to the application the original Mortgage Certificate document, the notice served though a Notary Public provided in section (iii) above and an office certificate as to the registration and subsistence of the mortgage.

If this should be required by law, and for the purposes of the provisions of the Civil Procedure Act, each of the Servicers shall confer in the Deed of Constitution an irrevocable and as extensive and sufficient a power of attorney as may be required by Law in order for the Management Company, acting for and on behalf of the Servicers, to demand through a Notary Public payment of the debt by a mortgagor under any of the Participated Mortgage Loans.

The Management Company, for and on behalf of the Fund as holder of the Mortgage Certificates, may also take part with equal rights with the Servicers 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 its credit. The Management Company shall proceed to sell the property awarded within the shortest possible space of time and at arm’s length.

Additionally, each Servicer will provide the Management Company with all such documents as the latter may request in relation to the Participated Mortgage Loans and in particular the documents required for the Management Company to take legal recovery actions, as the case may be.

12. Recovery action against the Servicer.

The Management Company shall, for and on behalf of the Fund, be entitled to file a recovery action against the Servicers claiming the principal and interest falling due under the Mortgage Certificates, where the breach of the obligation to pay those amounts does not result from a default by the obligors of the Participated Mortgage Loans.

Upon the Participated Mortgage Loans terminating, the Fund shall, through its Management Company, retain a right of action against the Servicers until fulfilment of their obligations.

13. Set-off.

In the event that any of the obligors under the Participated Mortgage Loans should have a liquid credit right, due and payable vis-à-vis a Servicer, and any of the Participated Mortgage Loans should therefore be fully or partially set-off against that credit, the Servicer shall remedy such circumstance or, if it cannot be remedied, the Servicer shall proceed to pay to the Fund the amount set off plus the 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 Participated Mortgage Loan.

IV.2.2 Guarantee for the Servicers' obligations.

BANCO COOPERATIVO shall irrevocably, unconditionally and jointly and severally, expressly waiving its right to discussion, order and division, stand surety for fulfilment of the following of the Servicers' obligations:

1. That all amounts received by each Servicer (i) from the obligors of the Participated Mortgage Loans derived therefrom, and (ii) all amounts received from the damage insurance contracts attached to the Participated Mortgage Loans assigned to the Fund upon the issue of the Mortgage Certificates, shall be delivered by the Servicer to the Fund, on the terms established in section IV.2.1.3 of this Circular.

2. That in the event of liquidation, receivership or bankruptcy of a Servicer being decreed, it shall hold the Fund harmless for damages deriving for the Fund from such a decree, including specifically all and any damages resulting from a breach by the Servicer of its obligation to service and manage the Participated Mortgage Loans, and shall specifically proceed to pay directly to the Fund all amounts owing to it as principal and interest on the Participated Mortgage Loans backing the Mortgage Certificates included among its assets.

   In that event, BANCO COOPERATIVO shall, upon a written request by the Management Company, where that is permitted by Law, take on the duties of servicing and managing the Participated Mortgage Loans theretofore serviced by the Servicer, after duly serving notice on the relevant mortgagors, on terms and conditions identical to those established in this Agreement. The parties agree to execute such documents as may be necessary for that purpose. The substituted Servicer shall provide BANCO COOPERATIVO, upon a request by the Management Company, and as the same may determine, with such documents and data files as may be necessary for the latter to carry on the relevant activities.

3. None of the above guarantees shall be construed as a guarantee to pay in the event of default of the obligors under the Participated Mortgage Loans.

Nevertheless, in the event of a breach by the Servicer of any of the obligations imposed on the Servicer under this undertaking, the Management Company shall be entitled to demand the Servicer to perform as agreed and in both cases to pay the damages so caused.

BANCO COOPERATIVO shall receive no remuneration whatsoever from the Fund for providing the above guarantees.

In the event of a breach by any of the Servicers of the obligation to deliver to the Fund the amounts referred to in paragraph 1 above, the Management Company shall, on the Business Day after the date on which it becomes acquainted with this circumstance, properly demand BANCO COOPERATIVO within seven (7) Business Days thereafter, or at all events within that period of time, until the following Payment Date, inclusive, to fulfil the obligations derived from this guarantee, and specifically hand to the Fund the amounts the Servicer shall have received in accordance with paragraph 1 above. Upon the failure within that period by BANCO COOPERATIVO in turn to fulfil the obligations derived from this guarantee, the Management Company shall proceed to take such legal actions as may be available to it.

IV.3 Succinct and short description of the general policies for granting and terms for perfecting established in regard to mortgage loans by the institutions issuing the certificates pooled in the Fund.

IV.3.1 Succinct description of the procedures established by the Originators issuing the Mortgage Certificates for analysing risks and granting mortgage loans.

The Participated Mortgage Loans have been granted by the Originators issuing the Mortgage Certificates in accordance with their usual procedures, which are described in Schedule 7 to the Fund Deed of Incorporation, in the relevant "Memorandum on the Policies for Granting the Mortgage Loans".

IV.3.2 Statistical information on the evolution of the amounts and number, balances outstanding, average amount, average interest, and average term, of the mortgage loan portfolio.

The following table shows the evolution over the last three years of the credit investment of the Originators issuing the Mortgage Certificates, granted to finance residential homes, detailing the number of outstanding loans granted for such purpose, the nominal interest rate as an average percentage weighted on the principals pending repayment, and the delinquency on this investment.

CAIXA RURAL DE BALEARS

Date	Net residential credit investment			Doubtful	Gross	% Delinquency	Suspended Assets (balance)
	Loans	Balance	% Nominal Interest Rate	Assets (balance)	Credit Investment(balance)	Rate	
1	2	3	4	5	6	7	8
31.12.2001	757	48.42	6.22	0.02	48.44	0.04	0.00
31.12.2000	596	31.68	6.07	0.09	31.76	0.28	0.00
31.12.1999	527	23.19	5.45	0.12	23.31	0.51	0.00

Balances in EUR millions
4: Nominal interest rate weighted by the outstanding principal
5: Asset qualifying as doubtful in accordance with Bank of Spain Circular 4/1991
6: 3+5 / 7: 5/6*100
8: Suspended asset written off the balance sheet, in pursuance of Bank of Spain Circular 4/1991..

CAJA RURAL DE ASTURIAS

Date	Net residential credit investment			Doubtful Assets (balance)	Gross Credit Investment (balance)	% Delinquency Rate	Suspended Assets (balance)
	Loans	Balance	% Nominal Interest Rate				
1	2	3	4	5	6	7	8
31.12.2001	9,243	267.02	5.489	2.33	269.35	0.86	0
31.12.2000	8,433	222.07	5.591	1.66	223.73	0.74	0
31.12.1999	7,314	172.70	4.694	1.70	174.39	0.98	0

Balances in EUR millions
4: Nominal interest rate weighted by the outstanding principal
5: Asset qualifying as doubtful in accordance with Bank of Spain Circular 4/1991
6: 3+5 / 7: 5/6*100
8: Suspended asset written off the balance sheet, in pursuance of Bank of Spain Circular 4/1991..

CAJA RURAL DE NAVARRA

Date	Net residential credit investment			Doubtful Assets (balance)	Gross Credit Investment (balance)	% Delinquency Rate	Suspended Assets (balance)
	Loans	Balance	% Nominal Interest Rate				
1	2	3	4	5	6	7	8
31.12.2001	12,440	689.90	5.212	0.7	690.60	0.10	0
31.12.2000	9,404	493.73	5.210	0.21	493.94	0.04	0
31.12.1999	8,197	417.48	4.230	0.18	417.66	0.04	0

Balances in EUR millions
4: Nominal interest rate weighted by the outstanding principal
5: Asset qualifying as doubtful in accordance with Bank of Spain Circular 4/1991
6: 3+5 / 7: 5/6*100
8: Suspended asset written off the balance sheet, in pursuance of Bank of Spain Circular 4/1991..

CAJA RURAL DE SORIA

Date	Net residential credit investment			Doubtful Assets (balance)	Gross Credit Investment	% Delinquency Rate	Suspended Assets (balance)
	Loans	Balance	% Nominal Interest Rate				
1	2	3	4	5	6	7	8
31.12.2001	1,467	57.0	5.89	0.2	57.2	0.35	0
31.12.2000	1,442	59.0	5.77	0.0	59.0	0.00	0
31.12.1999	1,431	52.0	5.92	0.4	52.4	0.76	0

Balances in EUR millions
4: Nominal interest rate weighted by the outstanding principal
5: Asset qualifying as doubtful in accordance with Bank of Spain Circular 4/1991
6: 3+5 / 7: 5/6*100
8: Suspended asset written off the balance sheet, in pursuance of Bank of Spain Circular 4/1991..

CAJA RURAL DEL SUR

Date	Net residential credit investment			Doubtful Assets (balance)	Gross Credit Investment (balance)	% Delinquency Rate	Suspended Assets (balance)
	Loans	Balance	% Nominal Interest Rate				
1	2	3	4	5	6	7	8
31.12.2001	14,132	572.0	5.476	4.0	576.0	0.69	0
31.12.2000	12,356	474.0	5.555	1.1	475.1	0.23	0
31.12.1999	10,241	371.0	4.743	1.4	372.4	0.38	0

Balances in EUR millions
4: Nominal interest rate weighted by the outstanding principal
5: Asset qualifying as doubtful in accordance with Bank of Spain Circular 4/1991
6: 3+5 / 7: 5/6*100
8: Suspended asset written off the balance sheet, in pursuance of Bank of Spain Circular 4/1991..

CAJA RURAL DE ZAMORA

Date	Net residential credit investment			Doubtful Assets (balance)	Gross Credit Investment (balance)	% Delinquency Rate	Suspended Assets (balance)
	Loans	Balance	% Nominal Interest Rate				
1	2	3	4	5	6	7	8
31.12.2001	3,120	128.0	5.737	0.8	128.8	0.62	0
31.12.2000	2,405	107.0	5.890	0.8	107.8	0.74	0
31.12.1999	2,017	89.0	5.185	0.9	89.9	1.00	0

Balances in EUR millions
4: Nominal interest rate weighted by the outstanding principal
5: Asset qualifying as doubtful in accordance with Bank of Spain Circular 4/1991
6: 3+5 / 7: 5/6*100
8: Suspended asset written off the balance sheet, in pursuance of Bank of Spain Circular 4/1991..

CAJA RURAL INTERMEDITERRÁNEA

Date	Net residential credit investment			Doubtful Assets (balance)	Gross Credit Investment (balance)	% Delinquency Rate	Suspended Assets (balance)
	Loans	Balance	% Nominal Interest Rate				
1	2	3	4	5	6	7	8
31.12.2001	37,722	1,538.42	5.5	5.33	1,543.75	0.34	1.16
31.12.2000	34,389	1,183.23	5.6	4.94	1,188.18	0.42	0.81
31.12.1999	24,314	646.10	5.2	3.93	650.03	0.61	0.26

Balances in EUR millions
4: Nominal interest rate weighted by the outstanding principal
5: Asset qualifying as doubtful in accordance with Bank of Spain Circular 4/1991
6: 3+5 / 7: 5/6*100
8: Suspended asset written off the balance sheet, in pursuance of Bank of Spain Circular 4/1991..

IV.4 Description of the mortgage loan portfolios used for the Mortgage Certificates pooled in the Fund.

a) Number of mortgage loans and amount or balance pending maturity thereon at present.

The provisional mortgage loan portfolio which shall back the issue of Mortgage Certificates comprises 7,042 mortgage loans, the outstanding principal of which amounted to EUR 342,103,277.86 as of April 15, 2002.

The following table shows the distribution of the outstanding principal of the provisional portfolio mortgage loans for every Originator.

Mortgage loan portfolio as of 15.04.2002 Classification by outstanding principal				
Originator	**Loans**		**Outstanding Principal**	
	No.	**%**	**(EUR)**	**%**
CAIXA RURAL DE BALEARS	213	3.02	12,552,475.42	3.67
CAJA RURAL DE ASTURIAS	371	5.27	19,364,243.12	5.66
CAJA RURAL DE NAVARRA	1,319	18.73	85,913,970.22	25.11
CAJA RURAL DE SORIA	162	2.30	7,064,390.40	2.06
CAJA RURAL DE ZAMORA	662	9.40	30,773,970.65	9.00
CAJA RURAL DEL SUR	1,140	16.19	33,691,523.58	9.85
CAJA RURAL INTERMEDITERRÁNEA	3,175	45.09	152,742,704.47	44.65
Total Portfolio	**7,042**	**100.00**	**342,103,277.86**	**100.00**

b) Maximum, minimum and average mortgage loan principal values.

The outstanding principal of the mortgage loans as of April 15, 2002 ranges between EUR 1,510.98 and 294,922.82.

The following table shows the distribution of the outstanding principal balance of the mortgage loans in EUR 12,000 intervals.

Mortgage loan portfolio as of 15.04.2002 Classification by outstanding principal				
Outstanding principal interval (in EUR)	**Loans**		**Outstanding Principal**	
	No.	**%**	**(EUR)**	**%**
0.00 - 11,999.99	54	0.77	521,882.48	0.15
12,000.00 - 23,999.99	1,206	17.13	22,464,623.78	6.57
24,000.00 - 35,999.99	1,578	22.41	47,324,019.85	13.83
36,000.00 47,999.99	1,463	20.78	61,269,545.26	17.91
48,000.00 59,999.99	969	13.76	52,293,486.36	15.29
60,000.00 71,999.99	573	8.14	37,871,277.06	11.07
72,000.00 - 83,999.99	426	6.05	33,192,009.71	9.70
84,000.00 - 95,999.99	279	3.96	24,902,344.82	7.28
96,000.00 - 107,999.99	159	2.26	16,136,607.37	4.72
108,000.00 - 119,999.99	122	1.73	13,954,037.88	4.08
120,000.00 - 131,999.99	63	0.89	7,881,131.55	2.30
132,000.00 - 143,999.99	45	0.64	6,200,385.62	1.81
144,000.00 - 155,999.99	38	0.54	5,654,230.80	1.65
156,000.00 - 167,999.99	22	0.31	3,537,562.54	1.03
168,000.00 - 179,999.99	17	0.24	2,945,503.18	0.86

Mortgage loan portfolio as of 15.04.2002 Classification by outstanding principal				
Outstanding principal interval (in EUR)	Loans No.	%	Outstanding Principal (EUR)	%
180,000.00 - 191,999.99	6	0.09	1,118,565.43	0.33
192,000.00 - 203,999.99	5	0.07	985,509.18	0.29
204,000.00 - 215,999.99	7	0.10	1,477,218.81	0.43
216,000.00 - 227,999.99	6	0.09	1,328,670.61	0.39
228,000.00 - 239,999.99	1	0.01	235,662.65	0.07
240,000.00 - 251,999.99	1	0.01	248,252.39	0.07
264,000.00 - 275,999.99	1	0.01	265,827.71	0.08
288,000.00 - 299,999.99	1	0.01	294,922.82	0.09
Total Portfolio	**7,042**	**100.00**	**342,103,277.86**	**100.00**
	Average principal:		**48,580.41**	
	Minimum principal:		**1,510.98**	
	Maximum principal:		**294,922.82**	

c) Actual interest rate applicable at present: maximum, minimum and average mortgage loan rates.

The provisional portfolio mortgage loans are all floating interest rate loans. The nominal interest rates applicable to the mortgage loans as of April 15, 2002 range between 3.50% and 8.25%, and the average nominal interest rate weighted by the outstanding principal is 5.30%.

The following table shows the distribution of the mortgage loans in 0.50% nominal interest rate intervals.

Mortgage loan portfolio as of 15.04.2002 Classification by Nominal Interest Rates					
% Interest Rate Interval	Loans	%	Outstanding Principal (EUR)	%	%Interest Rate*
3.50 - 3.99	143	2.03	8,754,827.34	2.56	3.86%
4.00 - 4.49	693	9.84	38,560,961.46	11.27	4.23%
4.50 - 4.99	1,250	17.75	66,146,545.68	19.34	4.70%
5.00 - 5.49	1,665	23.64	80,826,908.66	23.63	5.17%
5.50 - 5.99	1,473	20.92	70,586,161.29	20.63	5.61%
6.00 - 6.49	986	14.00	45,068,417.15	13.17	6.14%
6.50 - 6.99	660	9.37	26,625,070.79	7.78	6.57%
7.00 - 7.49	133	1.89	4,315,997.75	1.26	7.09%
7.50 - 7.99	33	0.47	938,601.32	0.27	7.56%
8.00 - 8.49	6	0.09	279,786.42	0.08	8.02%
Total Portfolio	**7,042**	**100.00**	**342,103,277.86**	**100.00**	
	Weighted average:				**5.30%**
	Simple average:				**5.38%**
	Minimum:				**3.50%**
	Maximum:				**8.25%**

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

d) Actual interest rate applicable at present: mortgage loan benchmark indices.

The following table shows the distribution of mortgage loans according to the benchmark index applicable to them for determining the nominal interest rate.

Mortgage loan portfolio as of 15.04.2002 Classification by Interest Rate Benchmark Index					
Benchmark Index	**Loans**	**%**	**Outstanding Principal (EUR)**	**%**	**%Margin * o/index**
1-year EURIBOR/MIBOR	3,501	49.72	174,683,279.53	51.06	0.89
Active rate CECA indicator	51	0.72	1,424,873.11	0.42	0.54
TMPH BANKS	208	2.95	9,230,175.91	2.70	0.32
TMPH SAVINGS BANKS	2,390	33.94	109,466,921.76	32.00	0.36
TMPH ALL INSTITUTIONS	892	12.67	47,298,027.55	13.83	0.09
Total Portfolio	**7,042**	**100.00**	**342,103,277.86**	**100.00**	
*Margin over average benchmark index weighted by the outstanding principal.					

e) Mortgage loan origination dates and first and last final maturity dates, specifying the residual life of the mortgage loans as a whole.

Origination date

The provisional portfolio mortgage loans were originated on dates comprised between March 10, 1992 and July 31, 2001, average portfolio seniority being 24.89 months as of April 15, 2002.

The following table shows the distribution of the mortgage loans arranged by six-monthly origination intervals.

Mortgage loan portfolio as of 15.04.2002 Classification by loan origination year				
Origination Year	**Loans**	**%**	**Outstanding Principal (EUR)**	**%**
From 01/01/1992 to 30/06/1992	3	0.04	64,867.32	0.02
From 01/07/1992 to 31/12/1992	2	0.03	64,780.48	0.02
From 01/01/1993 to 30/06/1993	2	0.03	57,384.49	0.02
From 01/07/1993 to 31/12/1993	4	0.06	130,255.18	0.04
From 01/01/1994 to 30/06/1994	5	0.07	301,025.42	0.09
From 01/07/1994 to 31/12/1994	12	0.17	443,568.71	0.13
From 01/01/1995 to 30/06/1995	49	0.70	1,709,518.60	0,50
From 01/07/1995 to 31/12/1995	63	0.89	1,576,794.29	0.46
From 01/01/1996 to 30/06/1996	69	0.98	2,603,444.91	0.76
From 01/07/1996 to 31/12/1996	93	1.32	3,259,185.86	0.95
From 01/01/1997 to 30/06/1997	235	3.34	7,842,337.35	2.29
From 01/07/1997 to 31/12/1997	403	5.72	14,813,991.08	4.33
From 01/01/1998 to 30/06/1998	332	4.71	12,897,907.74	3.77
From 01/07/1998 to 31/12/1998	296	4.20	11,929,367.25	3.49
From 01/01/1999 to 30/06/1999	482	6.84	20,984,742.38	6.13
From 01/07/1999 to 31/12/1999	532	7.55	25,882,011.77	7.57
From 01/01/2000 to 30/06/2000	816	11.59	41,535,357.17	12.14
From 01/07/2000 to 31/12/2000	1,394	19.80	73,297,433.09	21.43
From 01/01/2001 to 30/06/2001	1,940	27.55	105,204,808.43	30.75
From 01/07/2001 to 31/12/2001	310	4.40	17,504,496.34	5.12
Total Portfolio	**7,042**	**100.00**	**342,103,277.86**	**100.00**

Final maturity date and residual life.

The final maturity of provisional portfolio mortgage loans falls on dates comprised between May 5, 2004 and July 31, 2031.

The amortisation of loans takes place throughout the life remaining until full amortisation, during which period mortgagors must pay monthly instalments comprising capital repayment and interest.

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

The following table shows the distribution of mortgage loans according to year of final maturity.

Mortgage loan portfolio as of 15.04.2002
Classification by Final Amortisation Year

Amortisation Year	Loans	%	Outstanding Principal (EUR)	%	Residual Life* Months	Residual Life* Date
2004	20	0.28	311,223.37	0.09	28.86	9/09/2004
2005	39	0.55	852,182.76	0.25	40.29	23/08/2005
2006	78	1.11	1,446,556.28	0.42	50.56	2/07/2006
2007	144	2.04	3,168,955.29	0.93	63.44	29/07/2007
2008	187	2.66	4,610,227.12	1.35	74.34	25/06/2008
2009	215	3.05	5,739,521.04	1.68	86.93	13/07/2009
2010	345	4.90	10,269,960.69	3.00	99.52	31/07/2010
2011	389	5.52	13,830,781.08	4.04	109.40	28/05/2011
2012	294	4.17	10,610,463.96	3.10	123.88	11/08/2012
2013	307	4.36	12,106,354.30	3.54	134.02	15/06/2013
2014	374	5.31	15,049,142.85	4.40	147.18	21/07/2014
2015	655	9.30	29,224,666.24	8.54	159.79	9/08/2015
2016	704	10.00	33,437,749.49	9.77	168.53	1/05/2016
2017	125	1.78	6,549,953.49	1.91	183.57	1/08/2017
2018	162	2.30	9,237,087.01	2.70	194.54	1/07/2018
2019	344	4.88	19,220,422.55	5.62	206.96	14/07/2019
2020	686	9.74	38,159,839.39	11.15	219.56	1/08/2020
2021	886	12.58	50,112,832.62	14.65	228.50	30/04/2021
2022	40	0.57	2,676,942.88	0.78	242.46	29/06/2022
2023	52	0.74	3,356,018.58	0.98	255.23	22/07/2023
2024	75	1.07	5,003,996.05	1.46	267.19	20/07/2024
2025	344	4.88	24,868,228.18	7.27	280.09	17/08/2025
2026	540	7.67	38,348,459.34	11.21	288.44	28/04/2026
2027	7	0.10	455,880.04	0.13	301.83	10/06/2027
2029	3	0.04	354,452.30	0.10	330.24	22/10/2029
2030	8	0.11	910,097.56	0.27	340.57	1/09/2030
2031	19	0.27	2,191,283.40	0.64	349.48	30/05/2031
Total portfolio	**7,042**	**100.00**	**342,103,277.86**	**100,00**		
	Weighted average:				**199.23**	**21/11/2018**
	Simple average:				**179.82**	**9/04/2017**
	Minimum				**24.67**	**5/05/2004**
	Maximum:				**351.51**	**31/07/2031**

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

f) Specification of the maximum, minimum and average value of the ratio: "present loan amount/ appraisal value".

The ratio between the amount of outstanding principal and the appraisal value of the home securing the provisional portfolio mortgage loans as of April 15, 2002 ranged between 2.62% and 79.69%, the average ratio weighted by the outstanding principal on each loan being 57.56%.

The following table shows the distribution of mortgage loans according to 5.00% ratio intervals.

Mortgage loan portfolio as of 15.04.2002
Classification by Ratio Outstanding Principal /Appraisal Value

Ratio Intervals	Loans	%	Outstanding Principal (EUR)	%	Outstanding Principal / Appraisal V.
0.01 - 5.00	4	0.06	94,234.66	0.03	4.03 %
5.01 - 10.00	33	0.47	486,109.11	0.14	8.28 %
10.01 - 15.00	89	1.26	1,804,277.36	0.53	13.07 %
15.01 - 20.00	186	2.64	4,547,756.78	1.33	17.63 %
20.01 - 25.00	263	3.73	7,443,534.90	2.18	22.65 %
25.01 - 30.00	342	4.86	10,261,494.43	3.00	27.60 %
30.01 - 35.00	453	6.43	15,868,959.14	4.64	32.51 %
35.01 - 40.00	493	7.00	19,578,496.63	5.72	37.60 %
40.01 - 45.00	521	7.40	22,242,198.80	6.50	42.64 %
45.01 - 50.00	633	8.99	29,308,082.20	8.57	47.52 %
50.01 - 55.00	593	8.42	30,005,524.39	8.77	52.53 %
55.01 - 60.00	455	6.46	25,548,631.44	7.47	57.53 %
60.01 - 65.00	534	7.58	31,545,883.56	9.22	62.46 %
65.01 - 70.00	602	8.55	35,462,412.91	10.37	67.63 %
70.01 - 75.00	807	11.46	46,408,972.26	13.57	72.66 %
75.01 - 80.00	1,034	14.68	61,496,709.29	17.98	77.26 %
Total Portfolio	**7,042**	**100.00**	**342,103,277.86**	**100.00**	

Weighted average:	**57.56 %**
Simple average:	**53.29 %**
Minimum:	**2.52 %**
Maximum:	**79.69 %**

*Ratio Outstanding Principal /Appraisal are averages weighted by the outstanding principal.

g) Specification of the geographical distribution of the current mortgage loan amount.

The following table shows the geographical distribution of the mortgage loans, arranged by Autonomous Communities in which the homes securing the same are located.

In addition to the number of loans and the outstanding principal, the table contains the ratio outstanding principal / weighted average appraisal value for the loans with security located in each of the Autonomous Communities.

Mortgage loan portfolio as of 15.04.2002 Geographical Classification					
Autonomous Community	**Loans**	**%**	**Outstanding Principal (EUR)**	**%**	**Outstanding Principal / Appraisal V. ***
Andalusia	3,119	44.29	128,775,228.38	37.64	56.54 %
Aragón	10	0.14	428,596.75	0.13	66.36 %
Asturies	359	5.10	18,764,072.35	5.48	59.05 %
Balearic Isles	213	3.02	12,552,005.90	3.67	56.96 %
Canaries	1	0.01	72,240.73	0.02	48.46 %
Cantabria	4	0.06	270,310.32	0.08	52.40 %
Catalonia	142	2.02	8,476,048.85	2.48	58.84 %
Ceuta	4	0.06	197,164.36	0.06	62.26 %
Basque Country	194	2.75	16,408,013.90	4.80	55.15 %
Galicia	16	0,23	864,454.79	0.25	60.59 %
Castile and León	798	11.33	36,389,166.48	10.64	56.18 %
Madrid	39	0.55	2,675,678.62	0.78	59.70 %
Castile-La Mancha	3	0.04	94,042.08	0.03	60.73 %
Melilla	40	0.57	3,656,129.83	1.07	55.06 %
Murcia	979	13.90	43,454,268.93	12.70	63.36 %
Navarre	1,033	14.67	63,895,586.59	18.68	56.08 %
La Rioja	70	0.99	4,374,758.32	1.28	63.23 %
Valencian Community	18	0.26	755,510.68	0.22	63.04 %
Total Portfolio	**7,042**	**100,00**	**342,103,277.86**	**100,00**	

*Ratio Outstanding Principal /Appraisal are averages weighted by the outstanding principal.

h) Specification as to whether there are delays in collecting mortgage loan principal or interest instalments and, as the case may be, amount of the current principal of the delayed loans in excess of 30, 60 and 90 days.

The following table shows the number of loans, the outstanding principal and the outstanding principal on provisional portfolio loans in regard to which there was any delay in payment of amounts due as of April 15, 2002.

Mortgage loan portfolio as of 15.04.2002 Arrears in payment of instalments due			
Months in arrears	**Loans**	**Principal not yet due***	**Principal due and not paid***
Up to 1 month	428	19,749,366.05	52,112.89
1 to 2 months	75	3,651,829.60	20,318.38
2 to 3 months	20	885,028.63	7,417.12

* In EUR.

As declared by the Originators issuing the Mortgage Certificates in section IV.1.a) (18), none of the Participated Mortgage Loans that will finally back the issue of Mortgage Certificates for the Fund to be constituted shall have overdue payments on the date of issue in excess of one (1) month.

i) Specification of the current amount of mortgage loans considered by the issuers of the Mortgage Certificates to be assets with a 50% weighting, for the purposes provided in the Order dated December 30, 1992 on Credit Institution solvency rules.

The provisional portfolio mortgage loans are all considered by the Originators issuing the Mortgage Certificates to be risk assets with a 50% weighting in the solvency ratio Credit Institutions must have for the purposes provided in the Order dated December 30, 1992.

CHAPTER V

INFORMATION ON THE ECONOMIC AND FINANCIAL OPERATION OF THE MORTGAGE SECURITISATION FUND

V.1 Synoptic chart describing the various assumptions and most likely estimated performance of the economic and financial flows of the Fund:

Initial balance sheet of the Fund.

The balance sheet of the Fund, in euros, on the Closing Date will be as follows assuming that all set-up and Bond issuance expenses are met that day:

ASSETS		LIABILITIES	
Fixed Assets	**325,600,000.00**	**Bond Issue**	**325,000,000.00**
Mortgage certificates	325,028,456.20	Series A Bonds	312,300,000.00
(adjustment excess to 28,456.20)		Series B Bonds	12,700,000.00
Set-up and issuance expenses	571,543.80		
		Long-term liabilities	**7,700,000.00**
Current Assets	**to be determined**	Start-Up Loan	1,200,000.00
Treasury Account *	7,100,000.00	Subordinated Loan	6,500,000.00
Accrued interest receivable **	to be determined	**Short-term creditors**	**to be determined**
		Participated Mortgage Loan interest accrued **	to be determined
Total assets	**332,700,000.00**	**Total liabilities**	**332,700,000.00**
MEMORANDUM ACCOUNTS			
Cash Reserve	6,500,000		

(Amounts in EUR)

* Assuming that all set-up and Bond issuance expenses are met on the Closing Date.

** As set forth in section IV.1.b) of the Circular.

V.1.1 Assumptions made in relation to the main or most likely rates of such factors as early amortisation, late payments, delinquencies and defaults, with respect to the Mortgage Certificates pooled in the Fund.

The tables shown in section V.1.3 below relate to one of the possible scenarios that could, in relation to the income and payments made and received by the Fund, arise during the term of the Fund and this Bond issue.

The following assumptions have been made in preparing said Bond servicing and Fund cash flow tables:

a) Participated Mortgage Loans.

(i) Amount of the portfolio as of April 15, 2002 from which the loans subject of the issue of Mortgage Certificates will be taken: EUR 342,103,277.86.

(ii) Interest rate: 5.30% (% weighted average interest rate of the selected loan portfolio as of April 15, 2002).

(iii) CPR: 10% per annum.

(iv) Delinquency Rate: 0% per annum.

(v) Defaults: 0%.

b) Mortgage Certificates.

(i) Principal: 100% participation.

(ii) Interest: participation calculated on the same interest rate applicable to a Participated Mortgage Loan.

c) Bonds.

(i) Amount: EUR 325,000,000.

	EUR
Series A Bonds	312,300,000
Series B Bonds	12,700,000
Total	**325,000,000**

(ii) Interest rate: floating interest rate for the outstanding balances of each of Bond Series A and B, assuming that the interest rates in each Series remain constant as follows.

	Series A Bonds	**Series B Bonds**
Nominal interest rate	3.624%	3.914%

(iii) Exercise by the Management Company of the early amortisation option of the Bonds in both Series when the Outstanding Balance of the Mortgage Certificates is less than 10% of their initial amount.

d) Ancillary agreements.

(i) Guaranteed Interest Rate Account (Treasury Account) Agreement.

It is assumed that the Treasury Account shall be maintained at BANCOVAL**.**

Interest rate: it is assumed to remain constant at 3.334% for remunerating all the amounts credited to the Treasury Account.

(ii) Start-Up Loan Agreement.

- Amount: EUR one million two hundred thousand (1,200,000) which shall be allocated to financing the expenses of setting up the Fund and issuing the Bonds (approximately EUR 571,543.80) and to partially financing the subscription for the Mortgage Certificates and the balance for covering the timing differences between collection of interest on the Mortgage Certificates and payment of interest on the Bonds (EUR 600,000).
- Interest rate: it is assumed to remain constant at 4.414%.
- Repayment: it shall be repaid quarterly for the first five (5) years after the Fund is constituted.

(iii) Subordinated Loan Agreement.

- Amount: EUR 6,500,000 which shall be used for provisioning the Cash Reserve.
- Interest rate: it is assumed to remain constant at 4.414%.
- Repayment: it shall be repaid on each of the Payment Dates in the same amount of the Cash Reserve reduction.

(iv) Cash Reserve.

Cash Reserve: EUR 6,500,000 to be reduced on each Payment Date, thereby for its amount to be equal to the lower of EUR 6,500,000 and an amount equivalent to 6% of the Outstanding Balance of the Mortgage Certificates up to EUR 3,250,000.

e) Expenses, fees and margin.

(i) Loan servicing fee: 0.01% per annum on the mean daily Outstanding Balance of the Mortgage Certificates during each Interest Accrual Period corresponding to the ongoing Payment Date, inclusive of VAT.

(ii) Financial Intermediation Margin: variable remuneration settled quarterly on each Payment Date, to be accrued every year in an amount equal to the positive difference, if any, between the income and expenditure of the Fund before its official accounts are closed.

(iii) Management Company Fee: 0.0335% per annum on the Outstanding Principal Balance of the Bonds, with a minimum annual amount of EUR 23,000 euros, and an assumed yearly Retail Price Index of 2.50%.

(iv) Mortgage Certificate Custody Fee: 0.01 per thousand, inclusive of taxes, if any, on the mean daily Outstanding Balance of the Mortgage Certificates during each Interest Accrual Period, payable on each Payment Date.

(v) Expenses of auditing the Fund’s annual accounts, monitoring the Bond rating, and publishing notices: approximately EUR 9,635 per annum, and an assumed yearly Retail Price Index of 2.50%.

(vi) Bond Paying Agent Fee: EUR 75 on each Payment Date.

V.1.2 Analysis of and comments on the impact that potential changes in the assumptions described in the preceding point would have on the financial balance of the Fund.

In order to cover the possible credit risk due to delinquency and default on the Participated Mortgage Loans, it has been resolved to set up a Cash Reserve, initially provisioned drawing on the Subordinated Loan, in order to fulfil on each Payment Date, upon a shortage of Available Funds, certain of the Fund's payment obligations, which include Bond interest payment and amortisation upon final maturity. Furthermore, the deferred interest payment and principal repayment of the Series B Bonds with respect to the Series A Bonds is a means of hedging Series A.

As for the incidence the prepayment of the Participated Mortgage Loans might have on the Bonds, section II.12.a) of this Circular contains a table showing the performance as to average life and duration of the Bonds for different effective constant annual early amortisation or prepayment rates (CPRs).

In general, the quality of the Mortgage Certificates and the mechanisms in place for maintaining the financial balance of the Fund are such that no extreme prepayment, or delinquency and default rates should reasonably be considered resulting, upon both the prepayment risk and the risk of delinquency on the loans being properly transferred, in the financial structure of the Fund being imbalanced. Nevertheless, the ratings assigned by the Rating Agency to each of the Bond Series express the Rating Agency's opinion about the Fund's capacity to meet payments of interest as they fall due on each set Payment Date and of the principal during the life of the transaction.

V.1.3 Number outline of the cash flow of the Fund.

The number outline set forth hereinafter relates to collections and payments derived from the application of a cash policy, for ease of understanding of the investor, though in accordance with the provisions of section V.2 of this Circular, the Fund will apportion income and expenditure in time in accordance with the accruals principle.

Said outline is based not only on the assumptions referred to in section V.1.1 above but also on those assumptions remaining constant throughout the life of the Fund, whereas it is well-known that the relevant variables, particularly interest rates of the Bonds in all Series, and actual prepayment rates on the Participated Mortgage Loans backing the Mortgage Certificates are subject to continual changes.

Now, therefore, the value of that number outline is merely illustrative.

FUND CASH FLOWS

(AMOUNTS IN EUR)

20-May-2002 325,000,000.00 **Bond Issue (MBBs)** CPR = 10% 325,000,000.00 **Mortgage Certificate Acquisition Payment**

6,500,000.0 **Subordinated Loan** 1,171,543.80 **Set-Up and Issue Expenses & timing difference cover**

			COLECTIONS					**PAGOS**									
Cash Reserve Balance	**MC Outs. Bal.**	**Date**	**MC Principal Amort.**	**MC Int.**	**Reinvest. Interest**	**Cash Reserve Reduct.**	**Total**	**Current Expenses**	**MBB Interest**	**MBB Principal Amort.**	**Start-Up Loan Interest**	**Subordinat. Loan Interest**	**Start-Up Loan Repayment**	**Subordinated Loan Repayment**	**MC Servicing Fee**	**Financial Intermed. Margin**	**Total**
(0)	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	**(12)**	**(13)**	**(14)**	**(15)**	**(16)**	**(17)**
		TOTALS:	325,000,000.00	87,506,846.34	4,006,389.16	6,500,000.00	423,013,235.50	773,581.19	62,540,842.69	325,000,000.00	141,252.61	2,815,492.00	1,171,543.80	6,500,000.00	165,242.82	23,796,493.67	423,013,235.50
6,500,000.00	310,142,383.04	13-Sep-2002	14,857,616.96	5,056,043.79	185,890.00	0.00	**20,099,550.75**	47,257.99	3,807,000.78	14,857,616.96	16,662.74	92,448.78	58,577.19	0.00	10,610.19	1,209,376.13	**20,099,550.75**
6,500,000.00	298,432,140.70	13-Dec-2002	11,710,242.34	4,040,869.56	127,297.47	0.00	**15,878,409.38**	26,734.78	2,850,420.80	11,710,242.34	12,418.05	72,524.47	58,577.19	0.00	7,565.15	1,139,926.60	**15,878,409.38**
6,500,000.00	287,156,000.87	13-Mar-2003	11,276,139.83	3,887,212.44	122,530.91	0.00	**15,285,883.19**	25,446.03	2,713,002.69	11,276,139.83	11,635.19	71,727.50	58,577.19	0.00	7,197.14	1,122,157.62	**15,285,883.19**
6,500,000.00	276,055,194.68	13-Jun-2003	11,100,806.19	3,740,292.40	124,398.83	0.00	**14,965,497.42**	25,029.79	2,668,859.55	11,100,806.19	11,232.98	73,321.44	58,577.19	0.00	7,078.07	1,020,592.20	**14,965,497.42**
6,500,000.00	265,292,629.82	15-Sep-2003	10,762,564.86	3,595,647.32	126,225.73	0.00	**14,484,437.92**	34,400.91	2,621,835.01	10,762,564.86	10,802.05	74,915.39	58,577.19	0.00	6,803.86	914,538.64	**14,484,437.92**
6,500,000.00	254,932,547.07	15-Dec-2003	10,360,082.75	3,455,065.06	120,898.42	0.00	**13,936,046.23**	22,879.04	2,439,567.16	10,360,082.75	9,803.72	72,524.47	58,577.19	0.00	6,466.50	966,145.40	**13,936,046.23**
6,500,000.00	244,886,170.56	15-Mar-2004	10,046,376.51	3,319,102.07	118,311.03	0.00	**13,483,789.61**	22,520.56	2,344,661.89	10,046,376.51	9,150.14	72,524.47	58,577.19	0.00	6,211.55	923,767.29	**13,483,789.61**
6,500,000.00	235,076,771.01	14-Jun-2004	9,809,399.55	3,188,207.89	116,383.46	0.00	**13,113,990.90**	21,131.17	2,252,630.39	9,809,399.55	8,496.56	72,524.47	58,577.19	0.00	6,031.47	885,200.10	**13,113,990.90**
6,500,000.00	225,576,300.32	13-Sep-2004	9,500,470.69	3,060,410.41	113,345.89	0.00	**12,674,226.99**	30,362.54	2,162,769.75	9,500,470.69	7,842.98	72,524.47	58,577.19	0.00	5,789.26	835,890.12	**12,674,226.99**
6,500,000.00	216,438,288.44	13-Dec-2004	9,138,011.88	2,936,349.18	110,299.01	0.00	**12,184,660.07**	19,464.65	2,075,739.10	9,138,011.88	7,189.40	72,524.47	58,577.19	0.00	5,493.93	807,659.45	**12,184,660.07**
6,500,000.00	207,650,967.28	14-Mar-2005	8,787,321.16	2,816,511.03	108,058.15	0.00	**11,711,890.34**	19,125.13	1,992,028.82	8,787,321.16	6,535.82	72,524.47	58,577.19	0.00	5,211.56	770,566.20	**11,711,890.34**
6,500,000.00	199,019,849.99	13-Jun-2005	8,631,117.28	2,702,038.97	107,413.72	0.00	**11,440,569.98**	17,929.13	1,911,531.10	8,631,117.28	5,882.23	72,524.47	58,577.19	0.00	5,110.07	737,898.51	**11,440,569.98**
6,500,000.00	190,666,872.63	13-Sep-2005	8,352,977.36	2,589,615.87	106,375.19	0.00	**11,048,968.42**	27,696.36	1,852,601.28	8,352,977.36	5,286.11	73,321.44	58,577.19	0.00	4,897.02	673,611.66	**11,048,968.42**
6,500,000.00	182,641,388.96	13-Dec-2005	8,025,483.68	2,480,595.79	103,051.88	0.00	**10,609,131.34**	16,463.56	1,755,945.47	8,025,483.68	4,575.07	72,524.47	58,577.19	0.00	4,639.62	670,922.29	**10,609,131.34**
6,500,000.00	174,932,771.48	13-Mar-2006	7,708,617.48	2,375,410.93	99,502.02	0.00	**10,183,530.42**	15,978.23	1,663,938.48	7,708,617.48	3,878.40	71,727.50	58,577.19	0.00	4,393.82	656,419.33	**10,183,530.42**
6,500,000.00	167,377,188.10	13-Jun-2006	7,555,583.38	2,275,028.76	101,013.56	0.00	**9,931,625.70**	15,276.13	1,629,522.82	7,555,583.38	3,303.82	73,321.44	58,577.19	0.00	4,300.98	591,739.94	**9,931,625.70**
6,500,000.00	160,075,636.28	13-Sep-2006	7,301,551.82	2,176,660.22	99,523.09	0.00	**9,577,735.13**	25,204.43	1,559,548.04	7,301,551.82	2,643.05	73,321.44	58,577.19	0.00	4,114.63	552,774.52	**9,577,735.13**
6,500,000.00	153,061,974.67	13-Dec-2006	7,013,661.61	2,081,379.80	96,536.12	0.00	**9,191,577.53**	13,833.75	1,475,709.35	7,013,661.61	1,960.74	72,524.47	58,577.19	0.00	3,891.48	551,418.93	**9,191,577.53**
6,500,000.00	146,321,839.40	13-Mar-2007	6,740,135.27	1,989,467.91	93,368.19	0.00	**8,822,971.37**	13,402.27	1,395,948.99	6,740,135.27	1,292.80	71,727.50	58,577.19	0.00	3,678.48	538,208.88	**8,822,971.37**
6,500,000.00	139,728,492.26	13-Jun-2007	6,593,347.14	1,901,729.43	94,783.60	0.00	**8,589,860.16**	12,789.55	1,364,547.44	6,593,347.14	660.76	73,321.44	58,577.19	0.00	3,593.78	483,022.85	**8,589,860.16**
6,500,000.00	133,365,152.16	13-Sep-2007	6,363,340.11	1,815,905.10	93,458.27	0.00	**8,272,703.48**	23,066.11	1,303,484.25	6,363,340.11	0.00	73,321.44	0.00	0.00	3,431.24	506,060.33	**8,272,703.48**
6,500,000.00	127,267,810.05	13-Dec-2007	6,097,342.11	1,732,937.71	90,717.60	0.00	**7,920,997.42**	11,537.59	1,231,023.51	6,097,342.11	0.00	72,524.47	0.00	0.00	3,238.64	505,331.09	**7,920,997.42**
6,500,000.00	121,391,950.71	13-Mar-2008	5,875,859.34	1,653,119.45	89,078.15	0.00	**7,618,056.93**	11,279.13	1,175,167.79	5,875,859.34	0.00	72,524.47	0.00	0.00	3,089.16	480,137.04	**7,618,056.93**
6,500,000.00	115,700,757.76	13-Jun-2008	5,691,192.95	1,576,722.41	89,072.05	0.00	**7,356,987.41**	10,622.98	1,133,663.43	5,691,192.95	0.00	73,321.44	0.00	0.00	2,978.44	445,208.17	**7,356,987.41**
6,500,000.00	110,216,691.17	15-Sep-2008	5,484,066.59	1,502,689.18	90,372.17	0.00	**7,077,127.94**	21,461.57	1,104,454.43	5,484,066.59	0.00	74,915.39	0.00	0.00	2,838.29	389,391.67	**7,077,127.94**
6,297,481.25	104,958,020.84	15-Dec-2008	5,258,670.33	1,431,186.21	86,673.84	202,518.75	**6,979,049.12**	9,547.72	1,018,968.17	5,258,670.33	0.00	72,524.47	0.00	202,518.75	2,673.61	414,146.07	**6,979,049.12**
5,995,372.50	99,922,875.01	13-Mar-2009	5,035,145.84	1,362,387.09	79,979.06	302,108.75	**6,779,620.74**	9,015.77	938,791.01	5,035,145.84	0.00	67,948.42	0.00	302,108.75	2,516.88	424,094.06	**6,779,620.74**
5,701,049.26	95,017,487.67	15-Jun-2009	4,905,387.34	1,296,892.85	82,060.69	294,323.24	**6,578,664.12**	8,940.61	955,153.58	4,905,387.34	0.00	69,099.33	0.00	294,323.24	2,448.68	343,311.33	**6,578,664.12**
5,417,897.70	90,298,295.07	14-Sep-2009	4,719,192.60	1,233,105.19	76,258.49	283,151.56	**6,311,707.83**	19,642.51	879,733.34	4,719,192.60	0.00	63,610.09	0.00	283,151.56	2,327.96	344,049.78	**6,311,707.83**
5,146,895.32	85,781,588.60	14-Dec-2009	4,516,706.47	1,171,605.24	72,240.33	271,002.39	**6,031,554.42**	7,835.52	836,502.39	4,516,706.47	0.00	60,450.80	0.00	271,002.39	2,187.58	336,869.28	**6,031,554.42**
4,887,619.49	81,460,324.87	15-Mar-2010	4,321,263.73	1,112,553.31	68,696.28	259,275.82	**5,761,789.15**	7,624.06	795,126.34	4,321,263.73	0.00	57,427.06	0.00	259,275.82	2,054.26	319,017.86	**5,761,789.15**
4,635,659.44	77,260,990.66	14-Jun-2010	4,199,334.20	1,056,427.99	66,003.84	251,960.05	**5,573,726.09**	7,280.16	755,540.69	4,199,334.20	0.00	54,534.16	0.00	251,960.05	1,993.46	303,083.36	**5,573,726.09**
4,393,882.21	73,231,370.08	13-Sep-2010	4,029,620.58	1,001,848.76	62,453.70	241,777.23	**5,335,700.28**	18,953.60	717,071.99	4,029,620.58	0.00	51,722.89	0.00	241,777.23	1,890.21	274,663.78	**5,335,700.28**
4,163,731.56	69,395,525.93	13-Dec-2010	3,835,844.15	949,427.80	58,952.76	230,150.65	**5,074,375.37**	7,257.99	680,157.98	3,835,844.15	0.00	49,025.23	0.00	230,150.65	1,771.70	270,167.67	**5,074,375.37**
3,945,228.48	65,753,808.04	14-Mar-2011	3,641,717.89	899,412.01	55,830.57	218,503.07	**4,815,463.54**	7,421.95	645,019.09	3,641,717.89	0.00	46,457.30	0.00	218,503.07	1,659.84	254,684.41	**4,815,463.54**
3,734,865.33	62,247,755.46	13-Jun-2011	3,506,052.58	852,202.95	53,424.10	210,363.15	**4,622,042.79**	7,416.71	611,658.52	3,506,052.58	0.00	44,019.33	0.00	210,363.15	1,607.46	240,925.03	**4,622,042.79**
3,535,218.13	58,920,302.24	13-Sep-2011	3,327,453.22	806,797.54	51,050.79	199,647.19	**4,384,948.74**	19,384.00	585,909.32	3,327,453.22	0.00	42,130.11	0.00	199,647.19	1,521.74	208,903.15	**4,384,948.74**
3,345,118.49	55,751,974.87	13-Dec-2011	3,168,327.37	763,548.76	47,796.27	190,099.64	**4,169,772.04**	7,398.40	549,059.05	3,168,327.37	0.00	39,444.59	0.00	190,099.64	1,424.36	214,018.63	**4,169,772.04**
3,250,000.00	52,703,497.17	13-Mar-2012	3,048,477.70	722,133.50	45,305.50	95,118.49	**3,911,035.20**	7,570.17	520,035.06	3,048,477.70	0.00	37,323.53	0.00	95,118.49	1,346.82	201,163.42	**3,911,035.20**
3,250,000.00	49,761,477.19	13-Jun-2012	2,942,019.98	682,504.37	44,458.35	0.00	**3,668,982.70**	7,564.15	497,516.77	2,942,019.98	0.00	36,660.72	0.00	0.00	1,286.60	183,934.48	**3,668,982.70**
3,250,000.00	46,936,021.55	13-Sep-2012	2,825,455.64	644,253.72	43,807.87	0.00	**3,513,517.23**	19,832.17	470,269.74	2,825,455.64	0.00	36,660.72	0.00	0.00	1,214.24	160,084.73	**3,513,517.23**
3,250,000.00	44,244,479.15	13-Dec-2012	2,691,542.40	607,493.10	42,488.32	0.00	**3,341,523.82**	7,548.72	439,275.05	2,691,542.40	0.00	36,262.24	0.00	0.00	1,132.34	165,763.07	**3,341,523.82**
3,250,000.00	41,692,554.04	13-Mar-2013	2,551,925.11	572,427.99	41,044.22	0.00	**3,165,397.32**	7,725.01	410,062.48	2,551,925.11	0.00	35,863.75	0.00	0.00	1,055.15	158,765.81	**3,165,397.32**
3,250,000.00	39,235,337.18	13-Jun-2013	2,457,216.86	539,325.72	41,543.34	0.00	**3,038,085.93**	7,721.10	395,540.75	2,457,216.86	0.00	36,660.72	0.00	0.00	1,016.02	139,930.47	**3,038,085.93**
3,250,000.00	36,889,407.81	13-Sep-2013	2,345,929.37	507,446.68	40,930.84	0.00	**2,894,306.89**	20,297.22	372,783.65	2,345,929.37	0.00	36,660.72	0.00	0.00	955.78	117,680.15	**2,894,306.89**
3,250,000.00	34,655,331.90	13-Dec-2013	2,234,075.91	476,945.34	39,775.06	0.00	**2,750,796.31**	7,708.34	347,241.37	2,234,075.91	0.00	0.00	0.00	0.00	888.39	124,620.06	**2,750,796.31**
3,250,000.00	32,525,241.57	13-Mar-2014	2,130,090.33	447,799.75	38,571.20	0.00	**2,616,461.29**	7,890.59	323,184.81	2,130,090.33	0.00	0.00	0.00	0.00	824.75	118,607.06	**2,616,461.29**
0.00	0.00	13-Jun-2014	32,525,241.57	420,107.78	39,139.22	3,250,000.00	**36,234,488.57**	11,111.35	310,639.22	32,525,241.57	0.00	0.00	0.00	3,250,000.00	790.66	100,045.05	**36,234,488.57**

Key to the number outline.

(0) Cash Reserve balance.

(1) Outstanding Balance of the portfolio of Mortgage certificates on each quarterly Payment Date, upon the principal being amortised (3).

(2) Quarterly Payment Dates for the various transactions and services arranged by the Fund until Final Maturity.

a) Collections.

(3) Amount of Mortgage Certificate portfolio capital or principal repaid from the immediately preceding quarterly date until the date given.

(4) Net interest collected by the Fund from the immediately preceding quarterly Payment Date until the Payment Date given. Such is the interest received on the Mortgage Certificates, other than on the first Payment Date which includes the drawdown on the Start-Up Loan to the extent necessary to cover the timing difference between the interest on the Mortgage Certificates and on the Bonds.

(5) Return of the Fund’s Treasury Account, under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

(6) Reduction of the Cash Reserve balance.

(7) Total income on each Payment Date, being the sum of amounts (3), (4), (5) and (6).

b) Payments.

(8) Amounts for the Fund’s current expenses.

(9) Amount of interest payable to the Bondholders.

(10) Amount of principal amortised on the Bonds.

(11) Interest payment amounts on the Start-Up Loan.

(12) Interest payment amounts on the Subordinated Loan.

(13) Periodic repayment of Start-Up Loan principal.

(14) Periodic repayment of Subordinated Loan principal.

(15) Participated Mortgage Loan servicing fee.

(16) Variable Financial Intermediation Margin according to the Fund’s other income and expenditure.

(17) Total payments on each Payment Date, being the sum of amounts (8), (9), (10), (11), (12), (13), (14), (15) and (16).

V.2 Accounting policies used by the Fund.

The income and expenditure will be booked by the Fund in accordance with the accruals principle, i.e. according to the actual flow of such income and expenditure, irrespective of the time when they are collected and paid.

The expenses of setting up the Fund and issuing the Bonds described in section II.14 will be subject to a straight-line amortisation during the months elapsing since the constitution of the Fund until May 31, 2007, inclusive.

The Fund’s fiscal year shall match a calendar year. However, the first fiscal year will exceptionally begin on the date of constitution of the Fund and the last fiscal year will end on the date on which the Fund terminates.

V.3 Description of the purpose or object of the financial transactions and services arranged by the Management Company on behalf of the Fund, in order to enhance the risk, increase payment regularity, neutralise interest rate differences on the Mortgage Certificates, or, in general, transform the financial characteristics of all or part of said securities.

In order to consolidate its financial structure and secure as extensive a cover as possible for the risks inherent in the issue, the Management Company will, on behalf of the Fund, proceed upon the execution of the Deed of Constitution to enter into the agreements referred to hereinafter.

The Management Company may, in order for the Fund to operate on the terms provided in the Deed of Constitution and in the laws in force from time to time, acting for and on behalf of the Fund, extend or amend the agreements entered into on the Fund’s behalf, substitute each of the service providers to the Fund under those agreements and indeed, if necessary, enter into additional agreements; the foregoing shall be subject to the laws in force from time to time, to the prior authorisation, if necessary, of the Comisión Nacional del Mercado de Valores, or competent administrative body and to notice thereof being given on the Rating Agency, provided that those actions do not detract from Bondholders’ interests.

V.3.1 Guaranteed Interest Rate Account (Treasury Account) Agreement.

The Management Company, acting for and on behalf of the Fund, and BANCOVAL shall enter into a Guaranteed Interest Rate Account (Treasury Account) Agreement whereby BANCOVAL will guarantee a variable yield on the amounts paid by the Fund through its Management Company into a financial account. The Guaranteed Interest Rate Account (Treasury Account) Agreement shall specifically determine that all amounts received by the Fund will be paid into a financial account in euros (the “**Treasury Account**”) opened at BANCOVAL, in the name of the Fund by the Management Company, which amounts shall mostly consist of the following items:

(i) cash amount, net of underwriting and placement fees, from payment of the subscription for the Bond Issue;

(ii) drawdown of Start-Up Loan principal;

(iii) principal and interest on the Mortgage Certificates;

(iv) drawdown of Subordinated Loan principal and amounts making up the Cash Reserve from time to time;

(v) any other amounts, assets or rights received as payment of principal, interest or expenses on the Participated Mortgage Loans upon enforcing the mortgage securities, or on the sale or operation of the properties awarded, or as a result thereof in connection with administration or interim possession of the properties in foreclosure proceedings, and all and any rights or indemnities including not only those derived from the damage insurance contracts on the mortgaged properties, but also those derived from any right attached to the Participated Mortgage Loans, including the set fees for each loan;

(vi) the amounts of the returns obtained on the balances existing on the actual Treasury Account; and

(vii) the amounts of withholdings on account of 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.

BANCOVAL guarantees an annual nominal interest rate, variable quarterly and settled quarterly, applicable on each interest accrual period, equivalent to the interest rate resulting from decreasing (i) the Reference Rate determined for the Bonds (ii) by a 0.08% margin. The accrued interest to be settled on March 13, June 13, September 13 and December 13 of each year or, as the case may be, the following Business Day, 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.

In the event of (i) of the long-term debt rating of BANQUE INTERNATIONALE A LUXEMBOURG, Société Anonyme (hereinafter "**DEXIA BIL**"), of which BANCOVAL is a group member, since the former has a share in the latter's capital of 50.17%, as of April 22, 2002, falling below A1 in Moody's rating scale, (ii) of the solvency ratio of BANCOVAL being less than the solvency ratio required from time to time, as established in Bank of Spain Circular no. 5/1993, March 26, to Credit Institutions on determining and controlling the required equity, or any rule taking its stead, or (iii) of the share of DEXIA BIL in the capital of BANCOVAL dropping to a level below the level set forth in paragraph (i) above, the Management Company shall within not more than thirty (30) Business Days from the time of that occurrence put in place, after consulting with Moody's, any of the options described hereinafter allowing a suitable level of guarantee to be maintained with respect to the commitments derived from the Guaranteed Interest Rate Account Agreement:

a) Obtaining from an institution having a credit rating for its short-term debt of at least P-1 in Moody's rating scale, a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BANCOVAL of its obligation to repay the amounts deposited in the Treasury Account, during the time over which any of those events is maintained.

b) Obtaining from the Originators, BANCOVAL or a third party collateral security in favour of the Fund on financial assets with a credit quality of not less than that of Spanish State Government Debt (*Deuda Pública del Estado Español)*, in an amount sufficient to guarantee the commitments established in this Agreement.

c) If options a) and b) above are not possible, the Fund's Treasury Account will be transferred to a credit institution whose short-term debt has a rating of at least P-1 in Moody's rating scale, and the highest possible yield shall be arranged for its balances, which may differ from that arranged with BANCOVAL under the Guaranteed Interest Rate Account Agreement.

d) In that same event and if it should not be possible to transfer the Treasury Account on the terms set forth above, the Management Company may invest the balances for not more than quarterly periods, in short-term fixed-income assets in euros issued by institutions having a short-term rating of at least P-1 in

Moody's rating scale, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with BANCOVAL under the Guaranteed Interest Rate Account Agreement.

Moreover, BANCOVAL agrees to notify Moody's and the Management Company forthwith upon the occurrence of any of the events related to the solvency ratio of BANCOVAL, as established in Bank of Spain Circular no. 5/1993, or to the share held by DEXIA BIL in its capital, listed as (ii) and (iii) above.

The Guaranteed Interest Rate Account (Treasury Account) Agreement mitigates the risk relating to the timing difference between the Fund's receipts of principal and interest on the Participated Mortgage Loans, which is mostly monthly, and the amortisation and payment of interest on the Bonds, which is quarterly.

V.3.2 Loan Agreements.

The Management Company shall, for and on behalf of the Fund, enter with CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C. into two Loan Agreements, referred to as the Start-Up Loan Agreement and the Subordinated Loan Agreement, the characteristics of which are as follows.

V.3.2.1 Start-Up Loan Agreement.

Start-Up Loan amounting to EUR one million two hundred thousand (1,200,0000), distributed among those Institutions as lenders in proportion to the face value of the Mortgage Certificates issued by each Originator and pooled in the Fund.

The Start-Up Loan amount shall be allocated to financing the expenses of setting up the Fund and issuing the Bonds, to partially financing the subscription for the Mortgage Certificates and the balance for covering the timing differences between collection of interest on the Mortgage Certificates and payment of interest on the Bonds on the first Payment Date.

The loan will accrue an annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Reference Rate determined for the Bonds, and (ii) a 1.00% margin. The interest accrued shall be payable on a given 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. This interest will only be paid if the Fund has sufficient liquidity in the Fund Priority of Payments.

Interest accrued and not paid on a Payment Date will be accumulated and accrue a late-payment interest at the same rate as that of the loan and will be paid, provided that the Fund has sufficient liquidity, and in the Priority of Payments, on the following Payment Date.

Repayment will be effected quarterly on each of the Payment Dates as follows:

(i) The Loan principal actually used for financing the expenses of setting up the Fund and issuing the Bonds shall be repaid quarterly on each Payment Date, the first of which shall be the first Payment Date, September 13, 2002, and the following until the Payment Date falling on June 13, 2007, inclusive, in an amount equivalent to the monthly amortisation of those expenses in the Fund's official accounts since it is set up until May 31, 2007, inclusive.

(ii) The balance of the Loan principal shall be repaid in twenty (20) consecutive quarterly equal instalments on each Date, the first of which shall be the first Payment Date, September 13, 2002, and the following until the Payment Date falling on June 13, 2007, inclusive.

In the event that the Fund should not have sufficient liquidity, in the Priority of Payments, on a Payment Date to proceed to the repayment falling due on the Start-Up Loan, then the portion of principal not repaid shall be repaid on the following Payment Date along with the amount that should be repaid on that same Payment Date, as the case may be, until it is fully repaid.

Amounts not paid on preceding Payment Dates shall be paid with priority over amounts falling due under the Loan on that Payment Date, satisfying in the first place overdue interest and secondly repayment of principal, in the Fund Priority of Payments.

V.3.2.2 Subordinated Loan Agreement.

Subordinated Loan amounting to EUR six million five hundred thousand (6,500,000), distributed among those Institutions as lenders in proportion to the face value of the Mortgage Certificates issued by each Originator and pooled in the Fund.

The Subordinated Loan amount shall be used for initially provisioning the Cash Reserve on the terms established in section III.4.3 of the Offering Circular .

The loan will accrue an annual nominal interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Reference Rate determined for the Bonds, and (ii) a 1.00% margin. The interest accrued shall be payable on a given 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. This interest will only be paid if the Fund has sufficient liquidity in the Fund Priority of Payments.

Interest accrued and not paid on a Payment Date will be accumulated and accrue a late-payment interest at the same rate as that of the loan and will be paid, provided that the Fund has sufficient liquidity, and in the Priority of Payments, on the following Payment Date.

Repayment shall be made on each of the Payment Dates in an amount equal to the existing difference between the amount of the Required Cash Reserve on the preceding Payment Date and the amount of the Required Cash Reserve on the ongoing Payment Date. In the event that the Fund should not have sufficient liquidity, in the Priority of Payments, on a Payment Date to proceed to the repayment falling due on the Subordinated Loan, then the portion of principal not repaid shall be repaid on the following Payment Date along with the amount that should be repaid on that same Payment Date, as the case may be, until it is fully repaid.

Amounts not paid on preceding Payment Dates shall be paid with priority over amounts falling due under the Loan on that Payment Date, satisfying in the first place overdue interest and secondly repayment of principal, in the Fund Priority of Payments.

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

V.3.3 Participated Mortgage Loan Servicing Agreement.

CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C., Originators of the Participated Mortgage Loans issuing the Mortgage Certificates to be subscribed for by the Fund (hereinafter in regard to this Agreement the "**Servicer(s)**"), and BANCO COOPERATIVO as surety for some of the Servicers' obligations, shall enter with the Management Company, for and on behalf of the Fund, into the Participated Mortgage Loan Servicing Agreement (the "**Servicing Agreement**") whereby each of said Servicers, in accordance with the provisions of the Deed of Constitution and in accordance with Royal Decree 685/1982, March 17, regulating certain aspects of the Mortgage Market, amended by Royal Decree 1289/1991, August 2, shall as attorneys for the Management Company on behalf of the Fund, (i) custody and service the Participated Mortgage Loans backing the Mortgage Certificates; and (iii) manage collection of and receive, on behalf of the Fund, such amounts as may be paid by the mortgagors under the Participated Mortgage Loans backing the Mortgage Certificates, proceeding to pay the amounts owing to the Fund, as established in section IV.2.1.3 of the Circular, into the Treasury Account.

In consideration of the services to be rendered under this agreement, the Servicers shall be entitled to receive in arrears on each of the Payment Dates and during the term of the Agreement, a subordinated servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the exact number of days elapsed and on the average daily Outstanding Balance of the Mortgage Certificates serviced during each Interest Accrual Period, provided that the Fund has sufficient liquidity and after honouring the payment obligations in the Priority of Payments. If any of the Servicers should be substituted in that servicing task, because that may be done following a change of the laws in force for the time being, and is appropriate in view of circumstances of the Servicer which might prevent or make it difficult for that servicing to be properly performed, the Management Company will be entitled to change the above percentage fee in favour of the substitute institution by up to not more than 0.10% per annum.

If due to a shortage of liquidity in the Fund Priority of Payments, the Fund should, through its Management Company, fail on a Payment Date to pay the full fee due, the amounts not paid shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, whereupon they shall be paid.

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

V.3.4 Bond Issue Management, Underwriting and Placement Agreement.

The Management Company shall, for and on behalf of the Fund, enter into a Bond Issue Management, Underwriting and Placement Agreement with BANCO COOPERATIVO ESPAÑOL, S.A., DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK, SOCIÉTÉ GÉNÉRALE SUCURSAL EN ESPAÑA, CREDIT AGRICOLE INDOSUEZ, SUCURSAL EN ESPAÑA, CAJA DE AHORROS DE CASTILLA LA MANCHA, COMMERZBANK AKTIENGESELLSCHAFT, SUCURSAL EN ESPAÑA, SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS PROBANCA S.A., NATEXIS BANQUES POPULAIRES, S.A., COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK, B.A. TRADING AS RABOBANK INTERNATIONAL LONDON BRANCH and TOKYO-MITSUBISHI INTERNATIONAL PLC as Underwriters and Placement Agents, whereby those institutions shall proceed to place the entire Bond issue and, upon the Subscription Period being closed, to subscribe in their own name for the amount of Bonds yet to be subscribed for under their respective underwriting commitments specified in section II.19.1 of this Circular.

The Bond Issue Underwriters and Placement Agents take on the obligations contained in the Management, Underwriting and Placement Agreement, which are basically the following: 1) securing placement by a third-party subscription for the Bond Issue; 2) an undertaking to subscribe for the Bonds not subscribed when the Subscription Period is closed, up to the set amounts; 3) paying to the Paying Agent by 1pm on the Closing Date, same day value, the Bond subscription amount underwritten by each of them, deducting the sum of the underwriting and placement fee accrued by them, whereupon the Paying Agent shall pay to the Fund by 2pm on that same day, same day value, the total amount for subscribing for the Bond Issue, deducting the sum of the total underwriting and placement fees; 4) an undertaking to pay late-payment interest as covenanted in the Agreement in the event of late payment of the amounts due; 5) providing subscribers with a document proving subscription; and 6) other aspects governing the underwriting and placement. The underwriting and placement fees in each of the Bond are specified in section II.19.1 of this Circular.

BANCO COOPERATIVO ESPAÑOL, S.A., DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK and SOCIÉTÉ GÉNÉRALE Sucursal en España shall be involved as Lead Managers in the Bond Issue. They shall not be remunerated for managing the Bond Issue.

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

V.3.5 Bond Paying Agent Agreement.

The Management Company shall, for and on behalf of the Fund, enter with BANCO COOPERATIVO into a Paying Agent agreement to service the Bonds issued by the Fund.

The obligations contained in the Paying Agent Agreement are summarily as follows:

(i) paying to the Fund by 2pm on the Closing Date, crediting the Treasury Account, same day value, the aggregate amount of the subscription for the Bond Issue received from the Underwriters and Placement Agents, as established in the Bond Issue Management, Underwriting and Placement Agreement;

(ii) on each of the Bond Payment Dates, paying interest and repaying principal on the Bonds, deducting the total amount of the tax withholding for return on investments that should be made in accordance with applicable tax laws; and

(iii) on each of the Interest Rate Fixing Dates, notifying the Management Company of the Reference Rate determined to be used as the basis for calculating the nominal interest rate applicable to each of the Bond Series.

In consideration of the services to be provided by the Paying Agent, the Fund shall pay to it during the term of the agreement a fee of EUR seventy-five (75), inclusive of taxes, if any, payable on each Bond Payment Date, provided that the Fund has sufficient liquidity and in the Priority of Payments.

In the event that the Fund should not have sufficient liquidity to pay said full fee, then the amounts accrued and not paid shall be accumulated without any penalty whatsoever to the fee falling due on the next Payment Date, unless that absence of liquidity should continue, in which case the amounts due shall build up until the Payment Date on which that situation is no longer current.

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

V. 3.6 Financial Intermediation Agreement.

The Management Company shall, for and on behalf of the Fund, enter with CAIXA RURAL DE BALEARS, S.C.C., CAJA RURAL DE ASTURIAS, S.C.C., CAJA RURAL DE NAVARRA, S.C.C., CAJA RURAL DE SORIA, S.C.C., CAJA RURAL DE ZAMORA, S.C.C., CAJA RURAL DEL SUR, S.C.C., and CAJA RURAL INTERMEDITERRÁNEA, S.C.C., into a Financial Intermediation Agreement designed to remunerate these institutions for the financial intermediation process carried out, enabling the financial transformation defining the Fund's activity, the subscription by the Fund of the Mortgage Certificates and the satisfactory rating assigned to each of the Bond Series.

Those institutions shall be entitled to receive from the Fund a variable subordinated remuneration which shall be determined annually as an amount equal to the positive difference, if any, between the income and expenditure accrued by the Fund with reference to its accounts and before the close of each fiscal year, reduced, as the case may be, by the amount of losses brought forward from preceding years, which may be set off to adjust the year's book profit or loss for the purposes of settling the annual Corporation Tax. Part payments in this connection, which may be made on each Payment Date, calculated on the last day of the month preceding the Payment Date and in the Fund Priority of Payments, shall be considered to be payments on account of the annual remuneration.

Furthermore, when the amount of the annual remuneration at the close of a fiscal year of the Fund is less than the aggregate amount of the quarterly interim payments made during that fiscal year on each of the Payment Dates, those institutions shall be bound, upon the Management Company so requesting, to reimburse to the Fund the difference between the quarterly interim payments received and the annual remuneration due to it. The reimbursement to the Fund may under no circumstances exceed the amount of the interim payment theretofore made in the relevant fiscal year.

If the Fund should not have sufficient liquidity on a Payment Date in the Fund Priority of Payments to pay the full remuneration, the amount not paid shall accumulate without any penalty whatsoever on the remuneration payable on the following Payment Date until it is paid in full.

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

V.3.7 Mortgage Certificate Custody Agreement.

The Management Company shall, for and on behalf of the Fund, enter with BANCO COOPERATIVO into a Mortgage Certificate Custody Agreement. That custody shall be established for the benefit of the Fund and BANCO COOPERATIVO shall therefore custody the Mortgage Certificates deposited following instructions received from the Management Company.

In consideration of the services to be provided by the Custodian, the Fund shall pay to it during the term of the agreement a fee of 0.01 per thousand, inclusive of taxes, if any, on the mean daily Outstanding Balance of the Mortgage Certificates during each Interest Accrual Period, payable on each Bond Payment Date, provided that the Fund has sufficient liquidity and in the Priority of Payments.

If due to a shortage of liquidity in the Fund Priority of Payments, the Fund should, through its Management Company, fail on a Payment Date to pay the full fee due, the amounts not paid shall accumulate without any penalty whatsoever on the fee payable on the following Payment Dates, whereupon they shall be paid.

The Mortgage Certificate Custody Agreement shall be fully terminated in the event that the Rating Agency should not confirm the provisional ratings assigned to each of the Bond Series as final by the start of the Subscription Period.

V.4 Priority rules established in Fund payments.

V.4.1 Ordinary priority rules in payments by the Fund.

Source and application of funds.

A) On the Bond Closing Date.

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 funds under the following items:
   a) Payment of subscription for the Bonds.
   b) Drawdown on the Start-Up Loan and the Subordinated Loan.

2. **Application:** in turn, the Fund will apply the funds described above to the following payments:
   a) Payment of the price for acquiring the Mortgage Certificates.
   b) Payment of the expenses of setting up the Fund and issuing the Bonds.
   c) Provisioning of the Cash Reserve.
   d) Balance on the Treasury Account upon the Start-Up Loan being drawn down for covering the timing difference between the interest on the Mortgage Certificates and on the Bonds on the first Payment Date.

B) From the Closing Date until the final liquidation of the Fund.

1. **Source**: the available funds (the "**Available Funds**") on each Payment Date to meet the Fund payment or withholding obligations listed in section 2 below shall be as follows:

   a) Income received upon repayment of the principal of the Mortgage Certificates during the relevant Interest Accrual Period. Those amounts shall have been paid into the Treasury Account.

   b) Ordinary and late-payment interest received on the Mortgage Certificates during the relevant Interest Accrual Period. Those amounts shall have been paid into the Treasury Account.

   c) The return received on the amounts paid into the Treasury Account, including the amount of the provisioning of the Cash Reserve.

   d) The amount for provisioning the Cash Reserve.

e) Any other amounts received by the Fund during the relevant Interest Accrual Period, including those resulting from the sale of properties awarded to the Fund, or their operation.

2. **Application**: The Available Funds shall be applied to meeting payment or withholding obligations falling due on each Payment Date in the following priority of payments (the "**Priority of Payments**"), irrespective of the time of accrual, other than application number 1, which may be made at any time as and when due:

   1. 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 same, and all other expenses and service fees, including those derived from the Paying Agent Agreement and the Mortgage Certificate Custody Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and amounts reimbursable to the Servicers, provided they are all properly supported, shall be made to the Servicers under the Servicing Agreement in this order.

   2. Payment of interest due on the Series A Bonds.

   3. Payment of interest due on the Series B Bonds.

   4. Withholding of an amount sufficient for the Required Cash Reserve to be maintained.

      This application shall not be made on the Final Maturity Date or on the ending Payment Date or date of liquidation of the Fund.

   5. Amortisation of Series A Bonds in the amount of the Available Funds for Amortisation.

   6. Amortisation of Series B Bonds in the amount of the Available Funds for Amortisation, after the Series A Bonds have been fully amortised.

   7. Payment of interest due on the Start-Up Loan.

   8. Payment of interest due on the Subordinated Loan.

   9. Repayment of Start-Up Loan principal.

   10. Repayment of Subordinated Loan principal.

   11. Payment to the Servicers under the Servicing Agreement of the fee for servicing the Participated Mortgage Loans.

       In the event that any of the Servicers should be replaced by any other institution as such a Servicer, payment of the servicing fee accrued by the other institution, to wit the new servicer, shall take the place of paragraph 7 above, and the priority of successive payments contained in paragraphs 7 et seq. shall be changed accordingly.

   12. Payment of the financial intermediation margin established as a variable remuneration in the Financial Intermediation Agreement.

When accounts for different items exist in a same priority of payments and the remaining Available Funds are not sufficient to settle the amounts due under all of them, the remaining Available Funds shall be applied pro rata among the amounts payable under each such item, and the amount applied to each item shall be applied in the order in which the accounts payable fall due.

Available Funds for Amortisation on each Payment Date.

On each Payment Date the amount to be allocated for the amortisation of Bonds ("Available Funds for Amortisation") shall be the lower of the following amounts:

a) The positive difference existing between the Outstanding Principal Balance of the Bonds and the Outstanding Balance of the Mortgage Certificates, on the Business Day preceding each Payment Date.

b) Depending on the liquidity existing on that Payment Date, the remaining Available Funds after deducting the amounts applied to the payments numbered 1 to 4 in the Priority of Payments.

CHAPTER VI

GENERAL INFORMATION ON THE MORTGAGE SECURITISATION FUND MANAGEMENT COMPANY

In accordance with Act 19/1992, July 7, on the System of Investment Trusts and Companies and on Mortgage Securitisation Funds, the latter have no own legal personality, and Mortgage Securitisation Fund Management Companies are entrusted with constituting, managing and legally representing those Funds, and representing and defending the interests of the holders of the securities issued by the Funds they manage.

Accordingly, this Chapter itemises the information relating to EUROPEA DE TITULIZACIÓN S.A., S.G.F.T., as the Management Company constituting, managing and representing RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA.

VI.1 In relation to the company, other than its share capital.

VI.1.1 Name and registered office.

- **Company name:** EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN.
- **Registered office:** Madrid, Lagasca, 120
- **VAT REG. No.:** A-80514466
- **Business Activity Code No.:** 6713

VI.1.2 Incorporation and registration in the Companies Register, and information relating to administrative authorisations by and registration at the Comisión Nacional del Mercado de Valores.

EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN was incorporated in a public deed executed on January 19, 1993 before a Notary Public of Madrid, Mr Roberto Blanquer Uberos, his document number 117, with the prior authorisation of the Economy and Finance Ministry, given on December 17, 1992, entered in the Companies Register of Madrid, volume 5,461, book O, folio 49, section 8, sheet M-89355, entry 1, dated March 11, 1993; and re-registered as a Securitisation Fund Management Company in accordance with the provisions of chapter II and in the single transitional provision of Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies, pursuant to an authorisation granted by a Ministerial Order dated October 4, 1999 and in a deed executed on October 25, 1999 before a Notary Public of Madrid, 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. It is also entered in the special register of the Comisión Nacional del Mercado de Valores, under number 2.

The Management Company has perpetual existence, other than in any of the events of dissolution provided by the laws and the articles of association.

VI.1.3 Objects.

In accordance with statutory requirements, article two of its Articles of Association establishes that: "The Company's exclusive objects shall be to constitute, manage and legally represent both asset securitisation funds and mortgage securitisation funds. Furthermore, and in accordance with the applicable statutory regulations, the Company shall, as the manager of third party business, be responsible for representing and defending the interests of the holders of securities issued on the Funds it manages and of all their other ordinary creditors."

VI.1.4 Place where the documents referred to in the Circular or the existence of which may be inferred from its contents may be found.

The Articles of Association, accounting, economic and financial statements of the Management Company and any other document referred to in this Circular, including the latter, or the existence of which may be inferred from its contents, may be found at the Management Company's registered office at Calle Lagasca number 120, Madrid.

This Offering Circular was verified and entered in the official registers of the Comisión Nacional del Mercado de Valores on May 14, 2002. It is publicly available, free of charge, at the Management Company's registered office and at the Underwriters. It may also be found at the Comisión Nacional del Mercado de Valores in Madrid, Paseo de la Castellana, 19, and at the AIAF governing body, of Madrid, Plaza Pablo Ruiz Picasso, s/n, Edificio Torre Picasso, planta 43.

Upon the Deed of Constitution being executed and before the Bond Subscription Period begins, the Management Company shall deliver a certified copy of the Deed of Constitution to the Comisión Nacional del Mercado de Valores. Furthermore, the Management Company, SCLV, or the affiliated undertaking to which the latter delegates its functions, and the AIAF governing body shall at all times make copies of the Deed of Constitution available to the Bondholders and the public at issue in order that they may be examined.

VI.2 In relation to the share capital.

VI.2.1 Face amount subscribed for and paid up.

The wholly subscribed for, paid up share capital amounts to one million eight hundred and three thousand and thirty-seven euros and fifty cents (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, each having a face value of EUR 276.17.
- Series B comprising 1,250 shares, numbers 1,251 to 2,500, both inclusive, each having a face value of EUR 1,166.26.

VI.2.2 Classes of shares.

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

VI.2.3 Evolution of the share capital over the last three years.

During the last three years there has been no change in the share capital of the Management Company, other than the rounding up of the face value of the shares in Series A and the rounding down of the face value of the shares in Series B, to the nearest euro cent upon the redenomination of the share capital in euros pursuant to a resolution of the Board of Directors at a meeting held on March 27, 2001 in accordance with the provisions of article 21 of Act 46/1998, December 17, on the changeover to the euro.

VI.3 Information relating to shareholdings.

VI.3.1 Existence or not of shareholdings in other companies.

There are no shareholdings in any other company.

VI.3.2 Group of companies in which the company has membership.

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

VI.3.3 Significant shareholders.

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

Name of shareholder company	**Holding * (%)**
Banco Bilbao Vizcaya Argentaria, S.A.	82.9703
J.P. Morgan España, S.A.	4.0000
Caja de Ahorros del Mediterráneo	1.5420
Bankinter, S.A	1.5317
Barclays Bank, S.A.	1.5317
Citibank España, S.A.	1.5317
Deutsche Bank Credit, S.A.	0.7658
Deutsche Bank, S.A.E.	0.7658
Banco Atlántico, S.A.	0.7658
Banco Cooperativo Español, S.A.	0.7658
Banco Pastor, S.A.	0.7658
Banco de la Pequeña y Mediana Empresa, S.A.	0.7658
Banco Urquijo, S.A.	0.7658
BNP 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
	100.00

***** Rounded to 4 decimal places.

VI.4 Corporate bodies.

The government and management of the Management Company are entrusted in the Articles of Association to the General Shareholders' Meeting and the Board of Directors. Its duties and authorities are as prescribed for those bodies in the Public Limited Companies Act and in Act 19/1992, July 7, in relation to the objects.

Among the other bodies for which provision is made in the Articles of Association, an Executive Committee has been set up with delegated authorities of the Board. There is also a General Manager vested with extensive authorities within the organisation and vis-à-vis third parties.

VI.4.1 Officers.

Board of Directors

The Board of Directors has the following membership:

Chairwoman:	Ms Rosario Martín Gutiérrez de Cabiedes
Vice-Chairman:	Mr José Antonio Álvarez Álvarez
Directors:	Mr José Manuel Aguirre Larizgoitia
	Mr José Mª. Castellón Leal on behalf of Barclays Bank, S.A.
	Mr Alberto Charro Pastor
	Mr Vicente Esparza Olcina
	Ms Ana Fernández Manrique
	Mr Mario Masiá Vicente
	Ms Carmen Pérez de Muniaín
	Mr David Pérez Renovales on behalf of Bankinter, S. A.
	Mr Jesús del Pino Durán
	Mr Jorge Sáenz de Miera, on behalf of Deutsche Bank Credit, S.A.
	Mr Rafael Salinas Martínez de Lecea
	Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A
	Mr Xavier Tintoré Belil, on behalf of J.P. Morgan España, S.A.
	Banco Atlántico, S.A.*

Non-Director Secretary: Ms Belén Rico Arévalo

(*Appointment made by the Shareholders' Meeting at the meeting held on June 28, 2001 which is pending registration at the Companies Register.)

VI.4.2 General Manager.

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

VI.5 Aggregate interests in the Management Company by the persons referred to in section VI.4.

The persons referred to in section VI.4.1 above are not the direct or indirect holders or representatives of any share or obligation, other than the persons specifically referred to as representing a shareholder company, and only as such.

VI.6 Lenders of the Management Company in excess of 10 per 100.

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

VI.7 Specification as to whether or not the management company has any bankruptcy proceedings under way and the possible existence of significant lawsuits and matters which might affect its economic and financial position or, in the future, its ability to carry out the management and administration functions for which provision is made in this Offering Circular.

There are none.

CHAPTER VII

RECENT EVOLUTION AND PROSPECTS OF THE MORTGAGE MARKET IN GENERAL AND OF THE MORTGAGE LOAN MARKET IN PARTICULAR WHICH COULD AFFECT THE FINANCIAL PROSPECTS OF THE MORTGAGE SECURITISATION FUND

VII.1 Most recent significant trends in the Mortgage Market in general and of the mortgage loan market in particular in relation to the legal framework, with the development of interest rates, and prepayment and delinquency rates:

The Spanish mortgage market has in recent years undergone a major transformation in regard to both its laws and the prevailing interest credit institutions have developed in the market.

The object of most recent regulations has been to provide mortgagors with a greater power to negotiate the terms of loans, and reduce certain costs attached to loan renegotiation. In this sense, in addition to Mortgage Loan Subrogation and Amendment Act 2/94, March 30 (making provision for the possibility of substituting and renegotiating the economic terms of loans, reducing both tax and fee costs, and reducing floating interest rate loan prepayment charges), two measures were taken designed to cheapen transaction costs in mortgage loan subrogation and amendment and novation transactions: on the one hand, the agreement made between the Economy Ministry and banks and savings banks, lowering charges; and on the other the approval of Royal Decree 2616/1996, December 20, modifying both notarial and registration fees in mortgage loan subrogation and novation transactions under that Act 2/94.

Moreover, the substantial cut in interest rates in recent years along with an enhanced competitiveness among Credit Institutions in this segment of financing given its strategic character with a view to fidelising customers, has fostered a considerable increase in prepayment rates of mortgage loans remaining with interest rates in excess of those prevailing in the mortgage market from time to time, upon the failure by the lenders to renegotiate the financial terms.

In any event, it should therefore be borne in mind that mortgage loan prepayment shall take place irrespective of such Mortgage Loan Subrogation and Amendment Act, for the possibility or advisability of so doing shall be prompted not only by the facilities given in that connection but by such more determinant factors as mainly seniority and higher interest rate of the loans in relation to those offered from time to time.

VII.2 Implications that might derive from the trends remarked in the preceding point Vll.1 (prepayment rate, default rate, et cetera):

The Participated Mortgage Loans backing the Mortgage Certificates subscribed for by the Fund have a floating interest rate and are adjusted from time to time to market interest rate variations. Because of this, a high prepayment rate of the Participated Mortgage Loans is not to be expected. The provisions established for the renegotiation for determining the interest rate of loans that might be in upper ranges in relation to the market level from time to time should also be borne in mind.

As for the mortgagor creditworthiness, as set forth in section IV.4.h), some of the provisional portfolio mortgage loans which shall back the issue the Mortgage Certificates were liable at April 15, 2002 for arrears of up to 90 days in payment of amounts due, which situation was checked, as explained in section II.12 of the audit report attached as Appendix V to this Circular. Nevertheless, the Participated Mortgage Loans that will finally back the issue of Mortgage Certificates for the Fund to be set up shall have no overdue amounts on the date of issue with an arrears in excess of one (1) month.

Signature: MARIO MASIÁ VICENTE
General Manager
EUROPEA DE TITULIZACIÓN, S.A., S.G.F.T.

APPENDIX I

DEFINITIONS

APPENDIX I

Definitions

“AIAF” shall mean AIAF Mercado de Renta Fija.

“Available Funds for Amortisation on each Payment Date” shall mean the amount to be allocated to the amortisation of Bonds on each Payment Date.

“Available Funds” shall mean on each Payment Date the sum of (i) the balance on the Treasury Account and (ii) the amount, if any and where appropriate, deriving from the liquidation of the Fund’s assets.

“Banco Cooperativo” shall mean Banco Cooperativo Español, S.A.

“Bancoval” shall mean Bancoval, S.A..

“Bond Issue Management, Underwriting and Placement Agreement” shall mean the Bond Issue Management, Underwriting and Placement Agreement entered into between the Management Company, acting for and on behalf of the Fund, and Credit Agricole Indosuez, Sucursal en España, Caja de Ahorros de Castilla La Mancha, Commerzbank Aktiengesellschaft, Sucursal en España, Sociedad Española de Banca de Negocios Probanca S.A., Natexis Banques Populaires, S.A., Coöperatieve Centrale Raiffeisen-Boerenleenbank, B.A. Trading as Rabobank International London Branch and Tokyo-Mitsubishi International plc.

“Bond Issue” shall mean the Mortgage-Backed Bonds issued by the Fund having a face value of EUR three hundred and twenty-five million (325,000,000), and consisting of 3,250 Bonds pooled in two Series A and B.

“Bond Paying Agent Agreement” shall mean the Bond Paying Agent Agreement entered into between the Management Company, acting for and on behalf of the Fund, and Banco Cooperativo.

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

“Business Day” shall mean any day other than a Saturday, Sunday, public holiday in Madrid or non-business day in the TARGET calendar.

“Caixa Rural de Balears” shall mean Caixa Rural de Balears, Sociedad Cooperativa de Crédito.

“Caja Castilla La Mancha” shall mean Caja de Ahorros de Castilla La Mancha.

“Caja Rural de Asturias” shall mean Caja Rural de Asturias, Sociedad Cooperativa de Crédito.

“Caja Rural de Navarra” shall mean Caja Rural de Navarra, Sociedad Cooperativa de Crédito.

“Caja Rural de Soria” shall mean Caja Rural de Zaragoza, Sociedad Cooperativa de Crédito.

Definitions

“Caja Rural de Zamora” shall mean Caja Rural de Zamora, Sociedad Cooperativa de Crédito.

“Caja Rural del Sur” shall mean Caja Rural del Sur, Sociedad Cooperativa de Crédito.

“Caja Rural Intermediterránea” shall mean Caja Rural Intermediterránea, Sociedad Cooperativa de Crédito.

“Cash Reserve” shall mean the Cash Reserve initially provisioned on the Closing Date drawing on the Subordinated Loan and subsequently provisioned up to the Required Cash Reserve.

“Closing Date” shall mean the date on which the cash amount of the subscription for the Bonds is paid up and the nominal price of the Mortgage Certificates is paid, i.e. May 20, 2002.

“CNMV” shall mean the Comisión Nacional del Mercado de Valores.

“Commerzbank Securities” shall mean Commerzbank Aktiengesellschaft, Sucursal en España.

“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 Circular.

“Credit Agricole Indosuez” shall mean Credit Agricole Indosuez Sucursal en España.

“Deed of Constitution” shall mean the public deed recording the constitution of the Fund, issue of and subscription for the Mortgage Certificates and issue of the Mortgage-Backed Bonds.

“Determination Dates” shall mean the dates falling on the third Business Day preceding each Payment Date.

“DZ BANK”, shall mean DZ BANK AG Deutsche Zentral – Genossenschaftsbank.

“Early Liquidation Events” shall mean the events contained in section III.8.1 where the Management Company, following notice duly served on the Comisión Nacional del Mercado de Valores, is entitled to proceed to an early liquidation of the Fund on a Payment Date.

“EBN Banco”, shall mean Sociedad Española de Banca de Negocios Probanca S.A.

“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 by a panel consisting of 57 Banks, from among the most active banks in the Euro zone. The rate is quoted based on a count of the actual days to maturity and a 360-day year, and is fixed at 11am (CET time), accurate to three decimal places.

“Final Maturity Date” shall mean the final Bond amortisation date, i.e. March 13, 2032.

Definitions

"Financial Intermediation Agreement" shall mean the Financial Intermediation Agreement entered into between the Management Company, acting for and on behalf of the Fund, Caixa Rural de Balears, S.C.C., Caja Rural de Asturias, S.C.C., Caja Rural de Navarra, S.C.C., Caja Rural de Soria, S.C.C., Caja Rural de Zamora, S.C.C., Caja Rural del Sur, S.C.C., and Caja Rural Intermediterránea, S.C.C..

"Financial Intermediation Margin" shall mean, under the Financial Intermediation Agreement, the variable subordinated remuneration to be accrued every year in an amount equal to the positive difference, if any, between the income and expenditure of the Fund before its official accounts are closed and before the fiscal year is closed, reduced by the amount, if any, of the tax losses brought forward yet to be set off in settling the Corporation Tax, and which shall be settled quarterly on each Payment Date, by means of part payments on account of the annual remuneration.

"Fund" shall mean RURAL HIPOTECARIO III FONDO DE TITULIZACIÓN HIPOTECARIA.

"Guaranteed Interest Rate Account (Treasury Account) Agreement" shall mean the Guaranteed Interest Rate Account and Treasury Account Agreement entered into between the Management Company, acting for and on behalf of the Fund, and Bancoval.

"Interest Accrual Period" shall mean shall mean the exact number of days elapsed between each Payment Date, including the beginning Payment Date, but not including the ending Payment Date. The first Interest Accrual Period shall being 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 and exceptionally for the first Interest Accrual Period, the second Business Day preceding the Closing Date.

"IRR" shall mean the internal rate of return.

"Lead Managers" shall mean the firms Banco Cooperativo Español, S.A., DZ BANK AG Deutsche Zentral-Genossenschaftsbank and Société Générale Sucursal en España.

"Management Company" shall mean Europea de Titulización, S.A., Sociedad Gestora de Fondos de Titulización.

"Moody's" shall mean Moody's Investors Service España, S.A.

"Mortgage Certificate Custody Agreement" shall mean the Mortgage Certificate Custody Agreement entered into between the Management Company, acting for and on behalf of the Fund, and Banco Cooperativo.

"Mortgage Certificates" shall mean the Mortgage Certificates issued by the Originators and pooled in the Fund.

"Natexis Banques Populaires" shall mean Natexis Banques Populaires, S.A.

Definitions

"Originators" shall mean the institutions issuing the Mortgage Certificates, Caixa Rural de Balears, S.C.C., Caja Rural de Asturias, S.C.C., Caja Rural de Navarra, S.C.C., Caja Rural de Soria, S.C.C., Caja Rural de Zamora, S.C.C., Caja Rural del Sur, S.C.C., and Caja Rural Intermediterránea, S.C.C..

"Outstanding Balance of the Mortgage Certificates" shall mean the sum of the capital pending maturity and the capital due and not paid into the Fund for each and every one of the Mortgage Certificates.

"Outstanding Principal Balance of the Bonds" shall mean the sum of the outstanding principal balances to be amortised on the Bonds in both Series, such balances including the principal amounts that should, as the case may be, have been amortised and were not so settled due to a shortage of Available Funds for Amortisation of Bonds in the Priority of Payments.

"Participated Mortgage Loan Servicing Agreement" shall mean the Participated Mortgage Loan Servicing Agreement entered into between the Management Company, acting for and on behalf of the Fund, and Caixa Rural de Balears, S.C.C., Caja Rural de Asturias, S.C.C., Caja Rural de Navarra, S.C.C., Caja Rural de Soria, S.C.C., Caja Rural de Zamora, S.C.C., Caja Rural del Sur, S.C.C., and Caja Rural Intermediterránea, S.C.C., as Servicers and Banco Cooperativo as surety for fulfilment of the Servicers' obligations.

"Participated Mortgage Loan" shall mean the Participated Mortgage Loans backing the Mortgage Certificates.

"Paying Agent" shall mean the firm servicing the Bonds. The Paying Agent shall be Banco Cooperativo.

"Payment Date" shall mean March 13, June 13, September 13 and December 13 of each year or the next Business Day, as the case may be. The first Payment Date shall be September 13, 2002.

"Priority of Payments" shall mean the priority of payments for applying the Available Funds on each Payment Date to fulfilment of the Fund's payment or withholding obligations, irrespective of the time of accrual, in the same priority given.

"Rabobank" shall mean Coöperatieve Centrale Raiffeisen-Boerenleenbank, B.A. Trading as Rabobank International London Branche.

"Rating Agency" shall mean Moody's Investors Service España, S.A.

"Reference Rate" shall mean the three (3) month Euribor Reference Rate, other than for the first Interest Accrual Period, in which it shall be the four-]) month Euribor rate, or the substitute Reference Rate.

"Required Cash Reserve" shall mean the lower of the following amounts: (i) EUR six million five hundred thousand (6,500,000) and (ii) 6% of the Outstanding Balance of the Mortgage Certificates. In any event, the Required Cash Reserve may not be less than 1.00% of the initial outstanding balance of the Mortgage Certificates pooled in the Fund.

"SCLV" shall mean Servicio de Compensación y Liquidación de Valores, S.A.

Definitions

"Series A Bonds" shall mean the Series A Bonds issued by the Fund having a total face amount of EUR three hundred and twelve million three hundred thousand (312,300,000) comprising three thousand one hundred and twenty-three (3,123) Bonds having a unit face value of EUR one hundred thousand (100,000).

"Series B Bonds" shall mean the Series B Bonds issued by the Fund having a total face amount of EUR twelve million seven hundred thousand (12,700,000) comprising one hundred and twenty-seven (127) Bonds having a unit face value of EUR one hundred thousand (100,000).

"Servicer(s)" shall mean each of the Originators issuing the Mortgage Certificates with reference to the Participated Mortgage Loan Servicing Agreement, Caixa Rural de Balears, S.C.C., Caja Rural de Asturias, S.C.C., Caja Rural de Navarra, S.C.C., Caja Rural de Soria, S.C.C., Caja Rural de Zamora, S.C.C., Caja Rural del Sur, S.C.C., and Caja Rural Intermediterránea, S.C.C..

"Société Générale" shall mean Société Générale, Sucursal en España.

"Start-Up Loan Agreement" shall mean the Start-Up Loan Agreement entered into between the Management Company, acting for and on behalf of the Fund, and Caixa Rural de Balears, S.C.C., Caja Rural de Asturias, S.C.C., Caja Rural de Navarra, S.C.C., Caja Rural de Soria, S.C.C., Caja Rural de Zamora, S.C.C., Caja Rural del Sur, S.C.C., and Caja Rural Intermediterránea, S.C.C..

"Start-Up Loan" shall mean the Subordinated Loan granted by the Originators to the Fund, in accordance with the provisions of the Start-Up Loan Agreement.

"Subordinated Loan Agreement" shall mean the Subordinated Loan Agreement entered into between the Management Company, acting for and on behalf of the Fund, and Caixa Rural de Balears, S.C.C., Caja Rural de Asturias, S.C.C., Caja Rural de Navarra, S.C.C., Caja Rural de Soria, S.C.C., Caja Rural de Zamora, S.C.C., Caja Rural del Sur, S.C.C., and Caja Rural Intermediterránea, S.C.C..

"Subordinated Loan" shall mean the Subordinated Loan granted by the Originators to the Fund, in accordance with the provisions of the Subordinated Loan Agreement.

"Subscription Period" shall mean the period comprised between 12 o'clock noon (CET time) on May 16, 2002 and at 5pm(CET time) on May 17, 2002.

"Treasury Account" shall mean the financial account opened at Bancoval, under the Guaranteed Interest Rate Account (Treasury Account) Agreement, through which all of the Fund's receipts and payments shall be made.

"Underwriters and Placement Agents" shall mean the firms Banco Cooperativo Español, S.A., DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Société Générale Sucursal en España, CREDIT AGRICOLE INDOSUEZ, Sucursal en España, CAJA DE AHORROS DE CASTILLA LA MANCHA, Commerzbank Aktiengesellschaft, Sucursal en España, SOCIEDAD ESPAÑOLA DE BANCA DE NEGOCIOS PROBANCA S.A., NATEXIS BANQUES POPULAIRES, S.A., COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK, B.A. TRADING AS RABOBANK INTERNATIONAL LONDON BRANCH and TOKYO-MITSUBISHI INTERNATIONAL PLC.