

PROSPECTUS

March 15, 2007

BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS

ISSUE OF ASSET-BACKED BONDS EUR 5,000,000,000

| | | |
|-----------|-------------------|---------------|
| Series A1 | EUR 950,000,000 | AAA/Aaa/AAA |
| Series A2 | EUR 2,400,000,000 | AAA/Aaa/AAA |
| Series A3 | EUR 387,500,000 | AAA/Aaa/AAA |
| Series A4 | EUR 1,050,000,000 | AAA/Aaa/AAA |
| Series B | EUR 112,500,000 | A+/Aa3/A |
| Series C | EUR 100,000,000 | BBB+/Baa3/BBB |

Backed by pass-through certificates issued on mortgage loans by

BBVA

Lead Managers

BBVA

 **ABN-AMRO Bank**

 **BNP PARIBAS**

 **citigroup**

 **RBS**
The Royal Bank of Scotland Group

Underwriters and Placement Agents

BBVA

ABN AMRO

**BNP
PARIBAS**

CITIGROUP

RBS

BARCLAYS

CALYON

IXIS CIB

WACHOVIA SECURITIES

Paying Agent

BBVA

Fund established and managed by

 **Europea de
Titulización**
Sociedad Gestora de Fondos de Titulización

Prospectus entered in the Registers of the Comisión Nacional del Mercado de Valores
on March 22, 2007

Material Event concerning

BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS

As provided for in the Prospectus for **BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS** the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- On June 1, 2016, the Management Company, for and on behalf of the Fund, SOCIÉTÉ GÉNÉRALE, SUCURSAL EN ESPAÑA (“SG”) and BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (“BBVA”) entered into an agreement amending but not terminating the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- As a result of the aforementioned amendment agreement, the second paragraph of section 3.4.4.1 of the Fund Prospectus Securities Note Building Block shall henceforth read as follows:

| Section | Description |
|---|---|
| <p>3.4.4.1 Securities Note Building Block (Treasury Account): 2nd paragraph</p> | <p>Positive balances, if any, on the Treasury Account opened at SG (the “Account Provider”) will accrue daily interest at an annual nominal interest rate to be calculated based on the daily EONIA interest rate published by the Bank of Spain at its official site (the “EONIA”).</p> <p>(i) If the EONIA should be above zero, interest shall be deemed to have accrued for the Fund, and the applicable interest rate shall be EONIA. The resultant nominal interest rate shall be expressed as a percentage rounded to four decimal spaces, rounding up when equidistant.</p> <p>(ii) If the EONIA should be above or equal to -0.06% and below or equal to 0%, no interest shall accrue for either party (the Fund and SG).</p> <p>(iii) If the EONIA should be below -0.06%, interest shall be deemed to have accrued for SG and the applicable interest rate shall be the absolute value resulting from adding a 0.06% (6 basis points) margin per annum (the “Margin”) to the EONIA. The resultant nominal interest rate shall be expressed as a percentage rounded to four decimal spaces, rounding up when equidistant.</p> <p>That annual nominal interest rate shall be determined by SG as provided for in the above paragraphs, and be calculated based on a 365-day calendar year.</p> <p>That yield may be reset following a proposal by the Account Provider on June 1 of each year (the “Reset Date”) starting from June 1, 2017. The reset shall be notified by SG to the Management Company 60 days in advance of each Reset Date.</p> <p>The Management Company may decide to terminate this Agreement if it disagrees with the reset notified, effective as of the Reset Date, and SG shall transfer the amount credited to the Treasury Account (together with interest, if any, accrued until the termination date) to the new treasury account opened in the name of the Fund specified by the Management Company.</p> |

| Section | Description |
|---------|--|
| | <p>Notwithstanding the above, during the period de time between termination of the Agreement and transfer of the amount credited to the Treasury Account (together with interest, if any, accrued until the termination date) to the new treasury account specified by the Management Company, SG shall hold the amount credited to the Treasury Account, on the understanding that the same shall be applied the new terms as to yield starting from the relevant Reset Date.</p> <p>In the above connection, BBVA agrees to use commercially reasonable efforts in order that the Management Company may transfer the Treasury Account to an entity with sufficient credit ratings in order for the Bond ratings given by the Rating Agencies not to be adversely affected.</p> <p>The Parties unconditionally agree to execute such public or private documents as may be necessary or appropriate in order to transfer the Treasury Account as provided for in the preceding paragraphs. SG shall bear no cost whatsoever resulting from the substitution described in the preceding paragraph.</p> <p>Interest shall be settled and paid monthly on the first business day of each month. The calculation formula for obtaining the daily interest shall be as follows: daily balance on the Treasury Account multiplied by the relevant annual nominal interest rate, divided by 36,500.</p> |

Madrid, June 1, 2016

Mario Masiá Vicente
General Manager

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

1. A description of the major risk factors linked to the issuer, the securities and the assets backing the issue (the “**Risk Factors**”);
2. An asset-backed securities registration document, prepared using the outline provided in Annex VII to Regulation 809/2004 (the “**Registration Document**”);
3. A securities note, prepared using the outline provided in Annex XIII to Regulation 809/2004 (the “**Securities Note**”);
4. A Securities Note building block, prepared using the block provided in Annex VIII to Regulation 809/2004 (the “**Building Block**”); and
5. A glossary of definitions.

RISK FACTORS

1 RISKS DERIVED FROM THE ISSUER'S LEGAL NATURE AND OPERATIONS.

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

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

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

b) Forced substitution of the Management Company.

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

c) Limitation of actions against the Management Company.

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

d) Applicability of the Bankruptcy Act

Both BBVA and the Management Company and any of the Fund's other counterparties may be declared bankrupt.

In particular, bankruptcy of BBVA could affect its contractual relationships with the Fund, in accordance with the provisions of Bankruptcy Act 22/2003, July 9.

Specifically, the issue of and subscription for the Pass-Through Certificates cannot be the subject of restitution other than by a restitution action brought by the receivers of BBVA, in accordance with the provisions of the Bankruptcy Act and after proving the existence of fraud in those transactions, all as set down in section 4 of Additional Provision Five of Act 3/1994, April 14.

In the event of BBVA being decreed in bankruptcy, in accordance with the Bankruptcy Act, the Fund, acting through the Management Company, shall have a right of separation with respect to the multiple or individual certificates representing the Pass-Through Certificates, on the terms provided for in articles 80 and 81 of the Bankruptcy Act. Moreover, the Fund, acting through its Management Company, shall be entitled to obtain from BBVA the resulting Pass-Through Certificate amounts from the date on which bankruptcy is decreed, for those amounts will be considered to be the Fund's property, through its Management Company and must therefore be transferred to the Management Company, representing the Fund. This right of separation would not necessarily extend to the monies received and kept by BBVA on behalf of the Fund before that date, for they might be earmarked for bankruptcy, based on the most widespread construction of article 80 of the Bankruptcy Act for the time being in force, given the essential fungible nature of money. The means mitigating that risk are described in sections 3.4.4.1 (Treasury Account), 3.4.5 (Collection by the Fund of payments in respect of the assets) and 3.7.2.1.2 (Collection management) of the Building Block.

In the event of bankruptcy of the Management Company, it must be replaced by another management company in accordance with the provisions of paragraph 1.b) above and articles 18 and 19 of Royal Decree 926/1998.

2 RISKS DERIVED FROM THE SECURITIES.

a) Liquidity

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

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

Moreover, the Fund may in no event repurchase the Bonds from Bondholders. Nevertheless, the Bonds may be fully subject to early amortisation in the event of Early Liquidation of the Fund, on the terms laid down in section 4.4.3 of the Registration Document.

b) Yield.

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

c) Duration.

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

d) Late-payment interest.

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

e) Subordination of the Bonds.

Series A1, A2, A3 and A4 Bond interest payment is in the same order in both the Priority of Payments and the Liquidation Priority of Payments. Series A4 Bond principal repayment is deferred with respect to Series A3, Series A2 and Series A1 Bonds. Series A3 Bond principal repayment is deferred with respect to Series A2 and Series A1 Bonds. Series A2 Bond principal repayment is deferred with respect to Series A1 Bonds. Nevertheless, in the event of the circumstances for Pro Rata Amortisation of Class A occurring, as set out in section 4.9.3.6.2.2 of the Securities Note, Series A1 Bonds shall be repaid pro rata to the Series A2, the Series A3 and the Series A4 Bonds. Series B Bond interest payment and principal repayment is deferred with respect to Class A (Series A1, A2, A3 and A4) Bonds, whereas Series C Bond interest payment and principal repayment is in turn deferred with respect to Class A (Series A1, A2, A3 and A4) and Series B Bonds. However, there is no certainty that these subordination rules will protect Series A1, A2, A3, A4, B and C Bondholders from the risk of loss.

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

f) Deferment of interest.

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

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

g) Bond Rating.

The credit risk of the Bonds issued by the Fund has been assessed by the following rating agencies: Fitch Ratings España S.A., Moody's Investors Service España S.A. and Standard & Poor's España, S.A.

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

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

The failure by the Rating Agencies to confirm by the start of the Subscription Period the provisional ratings assigned to the Bonds shall be an event of termination of the establishment of the Fund and of the Bond Issue.

h) Fulfilment of formal obligations by investors.

In accordance with Spanish laws for the time being in force, returns on the Bonds obtained by an investor who is not a resident of Spain shall be either (i) exempt from a withholding on account of Non-Residence Income Tax (in the case of investors acting through a permanent establishment), or (ii) exempt on the same terms established for returns on public debt (in the case of investors acting in Spain without a permanent establishment and provided that they are not obtained through countries or territories statutorily considered to be tax havens).

Notwithstanding the above, in order for the above withholding exclusion to be effective, it is necessary for those investors to satisfy certain formal obligations, currently provided for in the Order of December 22, 1999 and in Royal Decree 2281/1998, October 23, amended by Royal Decree 1778/2004, though specific laws may be passed for securitisation funds in the future.

Where pursuant to the abovementioned laws the exemption right is not satisfactorily established (that is to say, proof is not produced that the non-resident is not acting through a tax haven or the Fund is not provided, through the Paying Agent, with the relevant certificates of the Bond clearing institution and custodian), returns on the Bonds shall be subject to a withholding that is currently set at 18%.

The tax implications described above are based on the laws in force at the time of issue and do not purport to be comprehensive. Consequently, they should not be considered in lieu of the requisite tax advice suited to each investor's particular situation.

3 RISKS DERIVED FROM THE ASSETS BACKING THE ISSUE.

a) Risk of default on the Mortgage Loans.

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

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

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

b) Limited Hedging.

A high level of delinquency of the Mortgage Loans might reduce or indeed exhaust the limited hedging against Mortgage Loan portfolio losses that the Bonds in each Series distinctly have as a result of the existence of the credit enhancement transactions described in section 3.4.2 of the Building Block.

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

c) Mortgage Loan prepayment risk.

There will be a prepayment of the Mortgage Loans pooled in the Fund when the Obligors prepay the portion of principal not yet due on the Mortgage Loans, or in the event that BBVA should be substituted in the relevant Mortgage Loans by any other financial institution licensed to do so, or in any other event having the same effect.

That prepayment risk shall pass quarterly on each Payment Date to Bondholders by the partial amortisation of the Bonds, in accordance with the provisions of the rules for Distribution of Available Funds for Amortisation contained in section 4.9.3.6 of the Securities Note.

d) Regulatory change.

A bill modernising the mortgage market, regulating the system of reverse mortgages and dependency insurance is currently pending which, if approved, will result in certain partial amendments of Mortgage Market Regulation Act 2/1981, March 25, the Mortgage Act of February 8, 1946 and Mortgage Loan Subrogation and Amendment Act 2/1994, March 30, which laws described throughout this Prospectus might affect the assets backing the Issue.

SECURITIES REGISTRATION DOCUMENT

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

1. PERSONS RESPONSIBLE

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

Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (the “**Management Company**”), the company sponsoring BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS (the “**Fund**” and/or the “**Issuer**”), takes responsibility for the contents of this Registration Document.

Mr Mario Masiá Vicente is acting as General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors’ Executive Committee at its meeting held on February 23, 2007.

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

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

2. STATUTORY AUDITORS

2.1 Fund’s Auditors.

In accordance with the provisions of section 4.4.2 of this Registration Document, the Fund has no historical financial information.

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

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

2.2 Accounting policies used by the Fund.

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

The expenses of setting up the Fund and issue and admission of the Bonds will be subject to a straight-line depreciation during the months elapsing since the establishment of the Fund until February 28, 2010, inclusive.

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

3. RISK FACTORS

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

4. INFORMATION ABOUT THE ISSUER

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

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

4.2 Legal and commercial name of the issuer.

The issuer's name is "BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS" and the following short names may also be used without distinction to identify the Fund:

- BBVA RMBS 2 FTA
- BBVA RMBS 2 F.T.A.

4.3 Place of registration of the issuer and registration number.

The place of registration of the Fund is in Spain at the Comisión Nacional del Mercado de Valores (*National Securities Market Commission*) (the "CNMV"). The Fund was entered in the Official Registers of the CNMV on March 22, 2007.

Companies Register

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

4.4 Date of establishment and existence of the issuer.

4.4.1 Date of establishment of the Fund.

The Management Company and BBVA, Originator of the Mortgage Loans, shall proceed to execute on March 26, 2007 a public deed whereby BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign to the Fund Mortgage Loans by issuing Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds (the "**Deed of Constitution**"), on the terms provided in article 6 of Royal Decree 926/1998.

The Management Company represents that the contents of the Deed of Constitution shall match the draft Deed of Constitution it has submitted to the CNMV and the terms of the Deed of Constitution shall at no event contradict, change, alter or invalidate the contents of this Prospectus, notwithstanding the need to complete the respective details and amounts of the Mortgage Loans to be assigned under the Deed of Constitution.

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

4.4.2 Existence of the Fund.

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

The Fund shall be in existence until September 17, 2050 or the following Business Day if that is not a Business Day, the Final Maturity Date of the Bond Issue, unless there should previously have been an Early Liquidation as set forth in section 4.4.3 of this Registration Document or any of the events laid down in section 4.4.4 of this Registration Document should occur.

4.4.3 Early Liquidation of the Fund.

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

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

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

- (ii) Where, in any event or circumstance whatsoever unrelated to the Fund's operations, a substantial alteration occurs or the financial balance of the Fund required by article 11.b) of Royal Decree 926/1998 is permanently damaged. This event includes such circumstances as the existence of any change in the law or supplementary implementing regulations, the establishment of withholding obligations or other situations which might permanently affect the financial balance of the Fund.
- (iii) In the event that the Management Company should be adjudged insolvent or have its licence revoked and the statutory term to do so or otherwise four months should elapse without a new management company being designated in accordance with the provisions of section 3.7.1.3 of the Building Block.
- (iv) When a default occurs indicating a major permanent imbalance in relation to any of the Bonds issued or that it is about to occur.
- (v) Upon the lapse of thirty-six (36) months from the date of the last maturity of the Mortgage Loans, even if amounts are still due and payable.

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

- (i) That Bondholders be given not less than fifteen (15) Business Days' notice, as prescribed in section 4.1.3.2 of the Building Block, of the Management Company's resolution to proceed to an Early Liquidation of the Fund.
- (ii) That the Management Company previously advise the CNMV and the Rating Agencies of that notice.
- (iii) The notice of the Management Company's resolution to proceed to an Early Liquidation of the Fund shall contain a description of (i) the event or events for which an Early Liquidation of the Fund is effected, (ii) the liquidation procedure, and (iii) the manner in which the payment obligations derived from the Bonds are to be honoured and settled in the Liquidation Priority of Payments.

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

- (i) Proceed to sell the Pass-Through Certificates remaining in the Fund at a reasonable market price, initially not less than the sum of the principal still outstanding plus interest accrued and not paid on

the relevant Mortgage Loans, subject to the provisions of paragraph (iv) below if that price cannot be achieved.

- (ii) Proceed to terminate such agreements as are not necessary for the Fund liquidation procedure.
- (iii) Be entitled to arrange for a credit facility, which shall be fully allocated to the early amortisation of the Bonds in the outstanding Series, the financial cost of which (interest and fees and expenses, if any) may not exceed the average Nominal Interest Rate of Series A1, A2, A3, A4, B and C then outstanding, weighted by the Outstanding Principal Balance of each Series A1, A2, A3, A4, B and C. The financial expenses due shall be paid and credit facility principal shall be repaid in accordance with the Liquidation Priority of Payments of the Fund.
- (iv) Finally, both due to an insufficiency of the preceding actions and the existence of Pass-Through Certificates or other remaining assets of the Fund, because the provisions of paragraph (i) above are not met, the Management Company shall proceed to sell them and shall therefore invite a bid from at least five (5) entities who may, in its view, give a market value. The Management Company shall be bound to accept the best bid received for the Pass-Through Certificates and for the assets on offer. In order to set the market value, the Management Company may secure such valuation reports as it shall deem necessary.

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

The Management Company shall forthwith apply all the proceeds from the sale of the Fund's assets to paying the various items, in such manner, amount and order as shall be requisite in the Liquidation Priority of Payments, other than the amounts, if any, drawn under the credit facility arranged for early amortisation of Bonds in the outstanding Series, which shall be fully applied to Early Amortisation of these Series.

4.4.4 Termination of the Fund.

The Fund shall terminate in any of the following events:

- (i) Upon the Pass-Through Certificates pooled therein being fully amortised.
- (ii) Upon the Bonds issued being fully amortised.
- (iii) When the Early Liquidation procedure established in section 4.4.3 above is over.
- (iv) Upon the final liquidation of the Fund on the Final Maturity Date on September 17, 2050 or the following Business Day if that is not a Business Day.
- (v) Upon the establishment of the Fund terminating in the event that the Rating Agencies should not confirm any of the assigned provisional ratings as final ratings by the start of the Subscription Period. In this event, the Management Company shall terminate the establishment of the Fund, subscription for the Pass-Through Certificates by the Fund and the Bond issue.

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

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

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

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

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

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

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

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

The establishment of the Fund is subject to Spanish Law and in particular is carried out in accordance with the legal system provided for by (i) Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies ("**Royal Decree 926/1998**") and implementing regulations, (ii) Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7 ("**Act 19/1992**"), failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) Act 3/1994, April 14, adapting Spanish law in regard to credit institutions to the Second Banking Co-ordination Directive and introducing other changes relating to the financial system ("**Act 3/1994**"), (iv) Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose, (v) Commission Regulation (EC) No. 809/2004, April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, and (vi) all other legal and statutory provisions in force and applicable from time to time.

4.5.1 Tax system of the Fund.

In accordance with the provisions of article 1.2 of Royal Decree 926/1998; of article 5.10 of Act 19/1992; of article 7.1.h) of the Consolidation of the Corporation Tax Act approved by Legislative Royal Decree 4/2004, March 5; of article 20.One.18 of Value Added Tax Act 37/1992, December 28; of article 59.k of the Corporation Tax Regulations approved by Royal Decree 1777/2004, July 30; of article 45.I.B).15 of the Consolidation of the Capital Transfer and Documents Under Seal Tax Act approved by Legislative Royal

Decree 1/1993, September 24; additional provision five of Act 3/1994, April 14, and Personal Income Tax Act 35/2006, November 28, partly amending the Corporation, Non-Resident Income and Wealth Tax Acts, the following are the characteristics of the current tax system of the Fund:

- (i) The establishment of the Fund is exempt from the “corporate transactions” item of Capital Transfer and Documents Under Seal Tax.
- (ii) Bond issue, subscription and amortisation is exempt from payment of Value Added Tax and Capital Transfer and Documents Under Seal Tax.
- (iii) The Fund is liable to pay Corporation Tax, determining the taxable income in accordance with the provisions of Title IV of the Corporation Tax Act, applying the general rate in force from time to time, which currently stands at 32.5%, effective from 1st January 2007, and 30% for tax periods starting on 1st January 2008, and subject to common rules regarding tax credit, set-off of losses and other substantial constituent elements of the tax.
- (iv) As for returns on the Pass-Through Certificates, or other credit rights constituting Fund income, there shall be no Corporation Tax withholding or interim payment obligation.
- (v) Fund management and custody shall be exempt from Value Added Tax.
- (vi) The transfer to the Fund of the Pass-Through Certificates is a transaction subject to and exempt from Value Added Tax.
- (vii) The Fund is subject to the general information obligations and to the obligations provided for in Royal Decree 2281/1998, October 23, as worded by Royal Decree 1778/2004, July 30.

Notwithstanding the above description, it should be borne in mind that, other than the interim payments provisions of Royal Decree 1576/2006, December 22, the implementing regulations of Personal Income Tax Act 35/2006, November 28, partly amending the Corporation and Wealth Tax Act, have not been approved as yet and might affect some aspects contained in the tax system description.

4.6 Issuer’s authorised and issued capital.

Not applicable.

5. BUSINESS OVERVIEW

5.1 Brief description of the issuer’s principal activities.

The Fund’s activity is to acquire a set of pass-through certificates (the “**Pass-Through Certificates**”) issued by BANCO BILBAO VIZCAYA ARGENTARIA S.A. (“**BBVA**”) on mortgage loans owned by BBVA granted to individuals with real estate mortgage security ranking senior or, as the case may be, ranking junior although BBVA has documents relating to cancellation of the debts originated by previous mortgages which are yet to be struck off the registers, on finished homes located in Spain (each of them a “**Mortgage Loan**” and, collectively, the “**Mortgage Loans**”) and to issue asset-backed bonds (either the “**Asset-Backed Bonds**” or the “**Bonds**”) designed to finance the acquisition of the Pass-Through Certificates, the underwritten placement of which is targeted at qualified investors.

In this Registration Document and elsewhere in the Prospectus the term “Mortgage Loans” shall be used to refer to the Mortgage Loans or to the Pass-Through Certificates perfecting their assignment.

Mortgage Loan interest and repayment income received by the Fund shall be allocated quarterly on each Payment Date to interest payment and principal repayment on the Bonds issued on the specific terms of each of the series (the “**Series**”) making up the Bond issue and in the Priority of Payments established for Fund payments.

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

5.2 Global overview of the parties to the securitisation program.

- EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN (“**EUROPEA DE TITULIZACIÓN**”) is the Management Company that will establish, manage and legally represent the Fund and has, together with BBVA, structured the financial terms of the Fund and the Bond Issue.

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

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

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

- BANCO BILBAO VIZCAYA ARGENTARIA S.A. (“**BBVA**” or “**Originator**”) is the originator of the Mortgage Loans to be assigned to the Fund upon being established, shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

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

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

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

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

VAT REG. No.: A-48265169 Business Activity Code No.: 65121

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

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

Gran Vía number 1, 48001 Bilbao

Paseo de Recoletos number 10, 28001 Madrid

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

| | Fitch Ratings | Moody's Ratings | S&P Ratings |
|-------------------|----------------------|------------------------|------------------------|
| Short-term | F1+ (November 2006) | P-1 (December 2006) | A-1+ (March 2007) |
| Long-term | AA- (November 2006) | Aa2 (December 2006) | AA- (March 2007) |

- ABN AMRO BANK N.V., SUCURSAL EN ESPAÑA (“**ABN AMRO**”) shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

Out of the functions and activities that Lead Managers may discharge in accordance with article 35.1 of Royal Decree 1310/2005, ABN AMRO will, together with the other Lead Managers, do the following: (i) temporary and marketing actions and activities in connection with the offering for Bond Issue

subscription, (ii) liaising with potential investors and being a Bond subscription book runner, (iii) coordinating the other Underwriters and Placement Agents, and (iv) all other actions and activities provided for in respect of the Lead Managers in the Securities Note.

ABN AMRO is a bank incorporated and registered in Holland acting through its Spanish Branch that is entered in the Bank of Spain as a branch of a foreign Community credit institution under code number 0156.

VAT REG. No.: A-00310211

Registered office: José Ortega y Gasset number 29, 28006 Madrid (Spain).

- BNP PARIBAS SUCURSAL EN ESPAÑA (“**BNP PARIBAS**”) shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

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

BNP PARIBAS is a bank incorporated and registered in France acting through its Spanish Branch that is entered in the Bank of Spain as a branch of a foreign Community credit institution under code number 0149.

VAT REG. No.: A-00111171

Registered office: Ribera del Loira number 28, 28042 Madrid (Spain).

- CITIGROUP GLOBAL MARKETS LIMITED (“**CITIGROUP**”) shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

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

CITIGROUP is a company incorporated in accordance with English laws in the United Kingdom and is entered in the register of companies of England and Wales under number 1763297. It is also entered in the CNMV as a European Economic Area Investment Services Firm under the rules governing the Freedom to Provide Services under number 152 dated January 5, 1996, having identification number B429625629, and with place of business at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

- THE ROYAL BANK OF SCOTLAND PLC (“**RBS**”) shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent.

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

RBS is a credit institution with registered office at Edinburgh (United Kingdom), registered under number SC090312 and operating from its establishment in the United Kingdom at 135 Bishopsgate, London EC2M 3UR. In addition, RBS is registered with the Bank of Spain as a Community credit institution under code number 1477, operating in Spain with an establishment, and is also registered with the CNMV.

- BARCLAYS BANK PLC (“**BARCLAYS**”) shall be one of the Bond Issue Underwriters and Placement Agents.

BARCLAYS is a bank incorporated in accordance with English laws, with registered office at 1 Churchill Place, E14 5HP, London (United Kingdom), and operates in Spain as a Community credit institution without an establishment, and is registered with the CNMV.

- CALYON Sucursal en España (“**CALYON**”) shall be one of the Bond Issue Underwriters and Placement Agents.

CALYON is a bank incorporated and registered in France operating through its Spanish Branch, which is registered with the Bank of Spain as a branch of a foreign Community credit institution under code number 0154.

VAT REG. No.: A-0011043-G

Registered Office of the Spanish Branch: Paseo de la Castellana number 1, 28046 Madrid (Spain).

- IXIS CORPORATE & INVESTMENT BANK (“**IXIS CIB**”) shall be one of the Bond Issue Underwriters and Placement Agents.

IXIS CIB is a incorporated and registered in France which is also registered with the Bank of Spain as a Community credit institution operating in Spain without an establishment.

IXIS CIB, as a Community credit institution, is operating in Spain under the rules governing the freedom to provide services.

VAT REG. No.: FR66340 706 4007

Registered Office: 47 quai d’Austerlitz, 75658 Paris cedex 13 (France).

- WACHOVIA SECURITIES INTERNATIONAL LIMITED (“**WACHOVIA SECURITIES**”) shall be one of the Bond Issue Underwriters and Placement Agents.

WACHOVIA SECURITIES is an investment services firm incorporated and registered in the United Kingdom under number 3426903, which is also registered with the CNMV under registration number 715 as a European Economic Area investment services firm under the rules governing the freedom to provide services and with place of business at 1 Plantation Place, 30 Fenchurch Street, London EC3M 3BD (United Kingdom).

- Fitch Ratings España, S.A. is one of the three rating agencies (collectively, the “**Rating Agencies**”) of each Series in the Bond Issue.

Fitch Ratings España, S.A. is a Spanish company licensed as a rating agency by the CNMV, and is affiliated to and operates in accordance with the methodology, standards and quality control of Fitch Ratings Limited (each of them “**Fitch**” without distinction).

VAT REG. No.: A-58090655

Registered Office: Paseo de Gracia number 85, 7th floor, 08008 Barcelona (Spain)

- Moody’s Investors Service España, S.A. is one of the three Rating Agencies of each Series in the Bond Issue.

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

VAT REG. No.: A-80448475

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

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

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

VAT REG. No.: A-80310824

Registered Office: Marqués de Villamejor number 5, 28006 Madrid (Spain)

- The law firm J&A Garrigues, S.L. ("**GARRIGUES**"), as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.

VAT Reg. Number: B-81709081

Registered Office: Hermosilla 3, 28001 Madrid (Spain)

- Deloitte S.L. ("**Deloitte**") has issued the audit report on certain characteristics and attributes of a sample of all the selected loans of BBVA from which the Mortgage Loans will be taken to be assigned to the Fund upon being established.

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

VAT Reg. Number: B-79104469

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

BANCO BILBAO VIZCAYA ARGENTARIA S.A. has an 82.97% interest in the share capital of EUROPEA DE TITULIZACIÓN.

CITIGROUP GLOBAL MARKETS LIMITED and CITIBANK ESPAÑA S.A. are affiliated to the same group, and CITIBANK ESPAÑA S.A. has a 1.5317% interest in the share capital of EUROPEA DE TITULIZACIÓN.

BARCLAYS BANK PLC is affiliated to the same Group as BARCLAYS BANK, S.A. and the latter in turn has a 1.5317% interest in the Management Company's share capital.

BNP PARIBAS SUCURSAL EN ESPAÑA and BNP PARIBAS ESPAÑA, S.A. are affiliated to the same group, and BNP PARIBAS ESPAÑA, S.A. has a 0.7658% interest in the share capital of EUROPEA DE TITULIZACIÓN.

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

6. ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

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

6.1 Incorporation and registration at the Companies Register.

EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN was incorporated in a public deed executed on January 19, 1993 before Madrid Notary Public Mr Roberto Blanquer Uberos, his document number 117, with the prior authorisation of the Economy and Finance Ministry, given on December 17, 1992, and entered in the Companies Register of Madrid at volume 5,461, book 0, folio 49, section 8, sheet M-89355, entry 1, on March 11, 1993; the company was re-registered as a Securitisation Fund Management Company in accordance with the provisions of chapter II and of the single transitional provision of Royal Decree 926/1998, May 14, regulating asset securitisation funds and securitisation fund management companies, pursuant to an authorisation granted by a Ministerial Order dated October 4, 1999 and in a deed executed on October 25, 1999 before Madrid Notary Public Mr Luis Felipe Rivas Recio, his document number 3,289, which was entered under number 33 of the sheet opened for the Company in said Companies Register.

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

6.2 Audit.

The annual accounts of EUROPEA DE TITULIZACIÓN for the years ended on December 31, 2005 and 2004 have been audited by Deloitte.

The audit reports on the annual accounts for the years 2005 and 2004 have no provisos.

6.3 Principal activities.

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

EUROPEA DE TITULIZACIÓN manages 65 securitisation funds as at the registration date of this Registration Document, 21 being mortgage securitisation funds and 44 being asset securitisation funds.

The following table itemises the 65 securitisation funds managed, giving their date of establishment and the face amount of the bonds issued by those funds and their outstanding principal balances at February 28, 2007.

| Securitisation Fund | Establishment | Initial | Issue | Bonds | Issue | Bonds | Bond Issue |
|----------------------------|---------------|--------------------------|--------------------------|--------------|--------------------------|---------------|--------------------------|
| | | Bond Issue | Balance 28.02.2007 | | Balance 31.12.2006 | | Balance 31.12.2005 |
| | | EUR | EUR | Δ% | EUR | Δ% | EUR |
| TOTAL | | 63,838,596,652.96 | 45,732,359,627.99 | 9.9% | 41,622,450,971.95 | 28.11% | 32,490,363,122.22 |
| Mortgage (FTH) | | 12,627,546,652.96 | 6,607,235,531.99 | -2.0% | 6,739,243,850.52 | 4.08% | 6,475,261,178.18 |
| Bankinter 12 FTH | 06.03.2006 | 1,200,000,000.00 | 1,200,000,000.00 | 0.0% | 1,200,000,000.00 | | |
| Valencia Hipotecario 2 FTH | 07.12.2005 | 950,000,000.00 | 830,584,559.95 | 0.0% | 830,584,559.95 | -12.6% | 950,000,000.00 |
| Bankinter 11 FTH | 28.11.2005 | 900,000,000.00 | 900,000,000.00 | 0.0% | 900,000,000.00 | 0.0% | 900,000,000.00 |
| Bankinter 7 FTH | 18.02.2004 | 490,000,000.00 | 310,601,446.96 | 0.0% | 310,601,446.96 | -12.9% | 356,717,443.60 |
| Bankinter 5 FTH | 16.12.2002 | 710,000,000.00 | 375,483,993.30 | -4.8% | 394,326,433.24 | -15.3% | 465,770,758.79 |
| BZ Hipotecario 4 FTH | 27.11.2002 | 313,400,000.00 | 126,725,959.34 | -5.1% | 133,590,667.48 | -21.8% | 170,910,609.60 |
| Rural Hipotecario IV FTH | 14.11.2002 | 520,000,000.00 | 240,657,882.78 | -4.9% | 253,138,797.81 | -18.7% | 311,312,202.68 |
| Bancaja 4 FTH | 05.11.2002 | 1,000,000,000.00 | 426,542,491.90 | 0.0% | 426,542,491.90 | -19.6% | 530,288,384.35 |
| Bankinter 4 FTH | 24.09.2002 | 1,025,000,000.00 | 564,049,921.06 | -5.2% | 594,725,493.56 | -14.5% | 695,988,565.76 |
| Rural Hipotecario III FTH | 14.05.2002 | 325,000,000.00 | 151,223,912.92 | 0.0% | 151,223,912.92 | -17.3% | 182,884,293.55 |
| Bankinter 3 FTH | 22.10.2001 | 1,322,500,000.00 | 602,491,710.31 | -5.3% | 636,195,596.86 | -15.4% | 752,104,867.20 |
| BZ Hipotecario 3 FTH | 23.07.2001 | 310,000,000.00 | 98,813,287.57 | -5.7% | 104,762,637.42 | -20.2% | 131,343,594.55 |
| Rural Hipotecario II FTH | 29.05.2001 | 235,000,000.00 | 82,167,430.00 | -5.8% | 87,231,827.20 | -19.8% | 108,722,959.00 |
| BZ Hipotecario 2 FTH | 28.04.2000 | 285,000,000.00 | 56,964,129.34 | -6.6% | 61,003,530.94 | -23.1% | 79,335,648.86 |
| Rural Hipotecario I FTH | 22.02.2000 | 200,000,000.00 | 49,393,819.88 | -6.6% | 52,894,964.42 | -23.0% | 68,686,186.28 |
| Bankinter 2 FTH | 25.10.1999 | 320,000,000.00 | 102,571,767.76 | -9.6% | 113,458,270.94 | -17.1% | 136,877,163.99 |
| Bankinter 1 FTH | 12.05.1999 | 600,000,000.00 | 149,656,739.58 | 0.0% | 149,656,739.58 | -20.6% | 188,428,409.46 |
| BZ Hipotecario 1 FTH | 16.04.1999 | 350,000,000.00 | 64,073,530.22 | 0.0% | 64,073,530.22 | -24.7% | 85,068,186.20 |
| Hipotecario 2 FTH | 04.12.1998 | 1,051,771,182.67 | 218,421,786.82 | 0.0% | 218,421,786.82 | -23.4% | 285,097,903.72 |
| Bancaja 2 FTH | 23.10.1998 | 240,404,841.75 | 45,073,251.00 | 0.0% | 45,073,251.00 | -24.8% | 59,937,667.99 |
| Bancaja 1 FTH | 18.07.1997 | 120,202,420.88 | 11,737,911.30 | 0.0% | 11,737,911.30 | -25.6% | 15,786,332.60 |
| BBV-MBS I FTH | 30.11.1995 | 90,151,815.66 | liquidated | | | | |
| Hipotecario 1 FTH | 20.09.1993 | 69,116,392.00 | liquidated | | | | |
| Asset (FTA) | | 51,211,050,000.00 | 39,125,124,096.00 | 12.2% | 34,883,207,121.43 | 34.1% | 26,015,101,944.04 |
| BBVA RMBS 1 FTA | 19.02.2007 | 2,500,000,000.00 | 2,500,000,000.00 | | | | |
| Bancaja 10 FTA | 26.01.2007 | 2,631,000,000.00 | 2,631,000,000.00 | | | | |
| BBVA Consumo 2 FTA | 27.11.2006 | 1,500,000,000.00 | 1,500,000,000.00 | 0.0% | 1,500,000,000.00 | | |
| Ruralpyme 2 FTPYME FTA | 24.11.2006 | 617,050,000.00 | 617,050,000.00 | 0.0% | 617,050,000.00 | | |
| Bankinter 13 FTA | 20.11.2006 | 1,570,000,000.00 | 1,570,000,000.00 | 0.0% | 1,570,000,000.00 | | |
| Valencia Hipotecario 3 FTA | 15.11.2006 | 911,000,000.00 | 911,000,000.00 | 0.0% | 911,000,000.00 | | |
| BBVA-5 FTPYME FTA | 23.10.2006 | 1,900,000,000.00 | 1,900,000,000.00 | 0.0% | 1,900,000,000.00 | | |
| PYME Bancaja 5 FTA | 02.10.2006 | 1,178,800,000.00 | 1,041,565,058.00 | -11.6% | 1,178,800,000.00 | | |
| Bankinter 2 PYME FTA | 26.06.2006 | 800,000,000.00 | 800,000,000.00 | 0.0% | 800,000,000.00 | | |
| Consumo Bancaja 1 FTA | 26.06.2006 | 612,900,000.00 | 612,900,000.00 | 0.0% | 612,900,000.00 | | |
| Rural Hipotecario VIII FTA | 26.05.2006 | 1,311,700,000.00 | 1,311,700,000.00 | 0.0% | 1,311,700,000.00 | | |
| BBVA Consumo 1 FTA | 08.05.2006 | 1,500,000,000.00 | 1,500,000,000.00 | 0.0% | 1,500,000,000.00 | | |
| MBS BANCAJA 3 FTA | 03.04.2006 | 810,000,000.00 | 703,043,514.80 | 0.0% | 703,043,514.80 | | |
| Bancaja 9 FTA | 02.02.2006 | 2,022,600,000.00 | 1,744,997,380.00 | 0.0% | 1,744,997,380.00 | | |
| BBVA Autos 2 FTA | 12.12.2005 | 1,000,000,000.00 | 1,000,000,000.00 | 0.0% | 1,000,000,000.00 | 0.0% | 1,000,000,000.00 |
| EdT FTPYME Pastor 3 FTA | 05.12.2005 | 520,000,000.00 | 329,511,325.71 | -13.5% | 380,805,675.83 | -26.8% | 520,000,000.00 |

| Securitisation Fund | Establishment | Initial | Issue | Bonds | Issue | Bonds | Bond Issue |
|--------------------------------|---------------|------------------|--------------------|--------|--------------------|--------|--------------------|
| | | Bond Issue | Balance 28.02.2007 | | Balance 31.12.2006 | | Balance 31.12.2005 |
| | | EUR | EUR | Δ% | EUR | Δ% | EUR |
| Rural Hipotecario Global I FTA | 18.11.2005 | 1,078,000,000.00 | 893,229,685.83 | -4.2% | 932,164,120.79 | -13.5% | 1,078,000,000.00 |
| FTPYME Bancaja 4 FTA | 07.11.2005 | 1,524,000,000.00 | 886,807,378.01 | -10.1% | 986,887,779.41 | -35.2% | 1,524,000,000.00 |
| BBVA 4 PYME FTA | 26.09.2005 | 1,250,000,000.00 | 1,250,000,000.00 | 0.0% | 1,250,000,000.00 | 0.0% | 1,250,000,000.00 |
| Bankinter 10 FTA | 27.06.2005 | 1,740,000,000.00 | 1,466,558,997.10 | 0.0% | 1,466,558,997.10 | -15.7% | 1,740,000,000.00 |
| MBS Bancaja 2 FTA | 27.06.2005 | 809,200,000.00 | 557,419,980.72 | -4.7% | 585,069,193.36 | -21.5% | 745,472,663.52 |
| BBVA Hipotecario 3 FTA | 13.06.2005 | 1,450,000,000.00 | 981,438,911.30 | -5.9% | 1,042,844,698.00 | -21.1% | 1,321,621,631.30 |
| Rural Hipotecario VII FTA | 29.04.2005 | 1,100,000,000.00 | 853,742,668.37 | 0.0% | 853,742,668.37 | -14.8% | 1,002,428,919.05 |
| Bancaja 8 FTA | 22.04.2005 | 1,680,100,000.00 | 1,185,537,636.11 | -5.4% | 1,253,797,200.56 | -18.6% | 1,539,361,229.38 |
| Bankinter 9 FTA | 14.02.2005 | 1,035,000,000.00 | 828,178,757.16 | -3.8% | 860,813,028.16 | -16.8% | 1,035,000,000.00 |
| BBVA-3 FTPYME FTA | 29.11.2004 | 1,000,000,000.00 | 538,273,729.88 | -8.7% | 589,349,210.82 | -41.1% | 1,000,000,000.00 |
| Ruralpyme 1 FTPYME FTA | 23.11.2004 | 214,000,000.00 | 132,892,833.40 | 0.0% | 132,892,833.40 | -23.2% | 173,024,296.72 |
| BBVA Autos 1 FTA | 25.10.2004 | 1,000,000,000.00 | 897,434,960.00 | 0.0% | 897,434,960.00 | -10.3% | 1,000,000,000.00 |
| FTPYME Bancaja 3 FTA | 11.10.2004 | 900,000,000.00 | 375,133,008.09 | 0.0% | 375,133,008.09 | -58.3% | 900,000,000.00 |
| Bancaja 7 FTA | 12.07.2004 | 1,900,000,000.00 | 1,129,528,716.96 | -5.1% | 1,190,508,554.06 | -32.0% | 1,750,000,000.00 |
| Rural Hipotecario VI FTA | 07.07.2004 | 950,000,000.00 | 622,468,906.54 | -4.4% | 651,118,829.40 | -16.7% | 781,477,860.25 |
| MBS Bancaja 1 FTA | 17.05.2004 | 690,000,000.00 | 346,127,703.18 | -6.2% | 369,020,564.16 | -46.5% | 690,000,000.00 |
| Valencia H 1 FTA | 23.04.2004 | 472,000,000.00 | 301,824,989.61 | -4.8% | 316,993,112.58 | -14.6% | 371,107,375.09 |
| Bankinter 8 FTA | 03.03.2004 | 1,070,000,000.00 | 718,061,846.93 | 0.0% | 718,061,846.93 | -14.3% | 837,970,768.01 |
| Bancaja 6 FTA | 03.12.2003 | 2,080,000,000.00 | 1,016,147,527.72 | -5.7% | 1,077,852,239.88 | -21.3% | 1,369,610,139.04 |
| Rural Hipotecario V FTA | 28.10.2003 | 695,000,000.00 | 415,711,778.28 | 0.0% | 415,711,778.28 | -16.8% | 499,528,194.12 |
| Bankinter 6 FTA | 25.09.2003 | 1,350,000,000.00 | 866,756,211.56 | -4.2% | 904,534,542.77 | -13.3% | 1,043,250,162.72 |
| FTPYME Bancaja 2 FTA | 19.09.2003 | 500,000,000.00 | 171,560,959.48 | -9.8% | 190,138,306.78 | -29.7% | 270,480,639.80 |
| Bancaja 5 FTA | 14.04.2003 | 1,000,000,000.00 | 452,175,034.75 | -5.6% | 478,827,993.55 | -20.7% | 604,031,954.00 |
| Bancaja 3 FTA | 29.07.2002 | 520,900,000.00 | 520,900,000.00 | 0.0% | 520,900,000.00 | 0.0% | 520,900,000.00 |
| FTPYME Bancaja 1 FTA | 04.03.2002 | 600,000,000.00 | 254,278,888.20 | -0.5% | 255,514,370.40 | -2.1% | 260,899,034.40 |
| BBVA-2 FTPYME ICO | 01.12.2000 | 900,000,000.00 | 150,529,745.61 | -14.0% | 175,048,960.77 | -42.9% | 306,595,443.42 |
| BCL Municipios I FTA | 21.06.2000 | 1,205,000,000.00 | 437,367,280.00 | -4.8% | 459,377,520.00 | -22.9% | 595,672,530.00 |
| BBVA-1 FTA | 24.02.2000 | 1,112,800,000.00 | 202,268,682.70 | -0.2% | 202,614,233.18 | -28.8% | 284,669,103.22 |

6.4 Share capital and equity.

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

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

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

| (EUR) | 31.12.2006** | Δ% | 31.12.2005 | Δ% | 31.12.2004 |
|----------------------|---------------------|---------------|---------------------|--------------|---------------------|
| Equity * | 3,095,298.97 | 0.00% | 3,095,298.97 | 0.00% | 3,095,298.97 |
| Capital | 1,803,037.50 | 0.00% | 1,803,037.50 | 0.00% | 1,803,037.50 |
| Reserves | 1,292,261.47 | 0.00% | 1,292,261.47 | 0.00% | 1,292,261.47 |
| <i>Legal</i> | 360,607.50 | 0.00% | 360,607.50 | 0.00% | 360,607.50 |
| <i>Voluntary</i> | 931,653.97 | 0.00% | 931,653.97 | 0.00% | 931,653.97 |
| Year's profit | 2,004,500.15 | 12.02% | 1,789,429.69 | 0.14% | 1,786,915.94 |

* Does not include year's profit

** Yet to be audited

6.5 Existence or not of shareholdings in other companies.

There are no shareholdings in any other company.

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

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

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

Board of Directors

The Board of Directors has the following membership:

| | |
|-------------------|---|
| Chairman: | Mr Roberto Vicario Montoya ^(*) ^(**) |
| Directors: | Mr Ignacio Aldonza Goicoechea ^(**) |
| | Mr Luis Bach Gómez ^(*) ^(**) |
| | Mr José M ^a . Castellón Leal on behalf of Barclays Bank, S.A. |
| | Mr Ignacio Echevarría Soriano ^(**) |
| | Ms Ana Fernández Manrique ^(*) ^(**) |
| | Mr Juan Gortázar Sánchez-Torres ^(**) |
| | Mr Mario Masiá Vicente ^(*) |
| | Mr Arturo Miranda Martín on behalf of J.P. Morgan España, S.A. ^(*) |
| | Ms Carmen Pérez de Muniaín Marzana ^(*) ^(**) |
| | Mr Jesús del Pino Durán ^(**) |
| | Mr José Miguel Raboso Díaz on behalf of Citibank España, S.A. ^(*) |
| | Mr Jorge Sáenz de Miera on behalf of Deutsche Bank Credit, S.A. |
| | Mr José Manuel Tamayo Pérez ^(**) |
| | Mr Borja Uriarte Villalonga on behalf of Bankinter, S.A. |
| | Mr Thierry Loiseau on behalf of BNP Paribas España, S.A. |

Non-Director Secretary: Ms Belén Rico Arévalo

(*) Member of the Board of Directors' Executive Committee.

(**) Proprietary Directors for BBVA

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

General Manager.

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

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

Roberto Vicario Montoya, Ignacio Aldonza Goicoechea, Luis Bach Gómez, Ana Fernández Manrique, Juan Gortázar Sánchez-Torres, Carmen Pérez de Muniaín Marzana and Ignacio Echevarría Soriano are currently members of staff of BBVA, in turn the Originator of the assets to be pooled in the Fund, Lead Manager, Underwriter and Placement Agent and Paying Agent of the Bond Issue and counterparty to the remaining agreements entered into by the Fund, represented by the Management Company. The following are the positions held in BBVA by the persons responsible for or directly involved in selecting the assets to be pooled in or financially structuring the Fund:

- Ana Fernández Manrique is currently Director, Capital Base Management and Securitisation.
- Ignacio Echevarría Soriano is currently Team Leader, Capital Base Management and Securitisations.

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

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

6.9 Litigation in the Management Company.

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

7. MAJOR SHAREHOLDERS

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

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

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

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

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

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

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

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

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

Not applicable.

8.2 bis Historical financial information for issues of securities having a denomination per unit of at least EUR 50,000.

Not applicable.

8.3 Legal and arbitration proceedings.

Not applicable.

8.4 Material adverse change in the issuer's financial position.

Not applicable.

9. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

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

No statement or report is included.

9.2 Information sourced from a third party.

No information is included.

10. DOCUMENTS ON DISPLAY

10.1 Documents on display.

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

- a) the Deed of Constitution of the Fund;
- b) the transcripts of the Management Company's and the Originator's corporate resolutions;
- c) this Prospectus;
- d) the agreements to be entered into by the Management Company for and on behalf of the Fund;
- e) the audit report on certain characteristics and attributes of a sample of all loans selected of BBVA from which the Mortgage Loans will be taken to be assigned to the Fund upon being established;
- f) the letters from the Rating Agencies notifying the ratings assigned to each Series in the Bond Issue;
- g) the letter statements from the Lead Managers of the Bond Issue;
- h) the letter statement from the Originator;
- i) the letter from BBVA taking responsibility, with the Management Company, for the Securities Note;
- j) the notarial certificate of payment of the Bond Issue, once the Bond Issue is paid up;
- k) the Management Company's annual accounts and the relevant audit reports; and
- l) the Management Company's articles of association and memorandum of association.

Those documents may be physically obtained at the registered office of EUROPEA DE TITULIZACIÓN at Madrid, calle Lagasca number 120.

Moreover, the Prospectus can also be accessed at the website of EUROPEA DE TITULIZACIÓN at www.edt-sg.es, of AIAF at www.aiaf.es and of the CNMV at www.cnmv.es, and is available to investors interested in the offer at the registered offices of the Underwriters and Placement Agents.

The Deed of Constitution of the Fund may be physically accessed at the place of business of Iberclear in Madrid, Plaza de la Lealtad number 1.

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

SECURITIES NOTE

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

1 PERSONS RESPONSIBLE

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

- 1.1.1 Mr Mario Masiá Vicente, acting for and on behalf of EUROPEA DE TITULIZACIÓN S.A. SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, the company sponsoring BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS, takes responsibility for the contents of this Securities Note (including the Building Block).

Mr Mario Masiá Vicente is acting as General Manager of the Management Company using the authorities conferred by the Board of Directors at its meetings held on January 19, 1993 and January 28, 2000, and expressly for establishing the Fund pursuant to authorities conferred by the Board of Directors' Executive Committee at its meeting held on February 23, 2007.

- 1.1.2 Mr Fernando Delgado Parra and Ms Sandra de las Cavadas Quevedo, duly authorised for these presents, for and on behalf of BANCO BILBAO VIZCAYA ARGENTARIA S.A., Lead Manager of the Bond Issue by BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS, take responsibility for the contents of this Securities Note.

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

Ms Sandra de las Cavadas Quevedo is acting as attorney-in-fact for the Lead Manager BBVA using the powers conferred on her before Madrid Notary Public Mr Ramón Corral Beneyto on February 23, 2006, his document number 929.

1.2 Declaration by those responsible for the Securities Note.

- 1.2.1 Mr Mario Masiá Vicente declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note (including the Building Block) is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.
- 1.2.2 Mr Fernando Delgado Parra and Ms Sandra de las Cavadas Quevedo declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

2 RISK FACTORS

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

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

3 KEY INFORMATION

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

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

- a) EUROPEA DE TITULIZACIÓN is the Fund Management Company.
- b) BBVA and EUROPEA DE TITULIZACIÓN have financially structured the Fund and the Bond Issue.
- c) BBVA is the Originator of the Mortgage Loans by issuing the Pass-Through Certificates to be pooled in the Fund.
- d) BBVA, ABN AMRO, BNP PARIBAS, CITIGROUP and RBS are involved as Bond Issue Lead Managers and Underwriters and Placement Agents, and shall be the institutions in charge of keeping the Bond subscription orders book (*joint book runners*).
- e) BARCLAYS, CALYON, IXIS CIB and WACHOVIA SECURITIES are involved as Bond Issue Underwriters and Placement Agents.
- f) BBVA is involved as Paying Agent of the Bond Issue and shall be the Fund's counterparty in the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Financial Swap, Mortgage Loan Servicing and Pass-Through Certificate Custody and Financial Intermediation Agreements.

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

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

4.1 Total amount of the securities and underwriting.

4.1.1 Total amount of the securities.

The total face value amount of the issue of Asset-Backed Bonds (the "**Bond Issue**") is EUR five billion (5,000,000,000.00) consisting of fifty thousand (50,000) Bonds denominated in euros and comprised of three Bond Classes, distributed into six Series as follows:

- a) Class A comprising four Series having a face amount of EUR four billion seven hundred and eighty-seven million five hundred thousand (4,787,500,000.00) (either "**Class A**" or the "**Class A Bonds**"):
 - i) Series A1 having a total face amount of EUR nine hundred and fifty million (950,000,000.00) comprising nine thousand five hundred (9,500) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A1**" or the "**Series A1 Bonds**").
 - ii) Series A2 having a total face amount of EUR two billion four hundred million (2,400,000,000.00) comprising twenty-four thousand (24,000) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A2**" or the "**Series A2 Bonds**").
 - iii) Series A3 having a total face amount of EUR three hundred and eighty-seven million five hundred thousand (387,500,000.00) comprising three thousand eight hundred and seventy-five (3,875) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A3**" or the "**Series A3 Bonds**").
 - iv) Series A4 having a total face amount of EUR one billion and fifty million (1,050,000,000.00) comprising ten thousand five hundred (10,500) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either "**Series A4**" or the "**Series A4 Bonds**").

- b) Class B comprising a single Series B having a total face amount of EUR one hundred and twelve million five hundred thousand (112,500,000.00) comprising one thousand one hundred and twenty-five (1,125) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either “**Series B**” or the “**Series B Bonds**”).
- c) Class C comprising a single Series C having a total face amount of EUR one hundred million (100,000,000.00) comprising one thousand (1,000) Bonds having a unit face value of EUR one hundred thousand (100,000), represented by means of book entries (either “**Series C**” or the “**Series C Bonds**”).

The Bonds are issued at 100 percent of their face value. The issue price of each Bond in each of Series A1, A2, A3, A4, B and C shall be EUR one hundred thousand (100,000) per Bond, clear of taxes and subscription costs for the subscriber through the Fund.

The expenses and taxes inherent in the issue of the Bonds shall be borne by the Fund.

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

4.1.2 Underwriting placement of the Bond Issue.

The Bond Issue shall be underwritten and placed by BANCO BILBAO VIZCAYA ARGENTARIA S.A. (“**BBVA**”), ABN AMRO BANK N.V., SUCURSAL EN ESPAÑA (“**ABN AMRO**”), BNP PARIBAS SUCURSAL EN ESPAÑA (“**BNP PARIBAS**”), CITIGROUP GLOBAL MARKETS LIMITED (“**CITIGROUP**”) and THE ROYAL BANK OF SCOTLAND PLC (“**RBS**”) as Lead Managers and Underwriters and Placement Agents, and by BARCLAYS BANK PLC (“**BARCLAYS**”), CALYON Sucursal en España (“**CALYON**”), IXIS CORPORATE & INVESTMENT BANK (“**IXIS CIB**”) and WACHOVIA SECURITIES INTERNATIONAL LIMITED (“**WACHOVIA SECURITIES**”) as Underwriters and Placement Agents, under the Bond Issue Management, Underwriting and Placement Agreement to be entered into by the Management Company for and on behalf of the Fund.

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

The following is the commitment by each Underwriter and Placement Agent in relation to its joint involvement in underwriting placement of the Series A1, A2, A3, A4, B and C Bonds:

| Underwriter and Placement Agent | Face amount underwritten in each Series (EUR) | | | | | |
|---------------------------------|---|-------------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| | Series A1 Bonds | Series A2 Bonds | Series A3 Bonds | Series A4 Bonds | Series B Bonds | Series C Bonds |
| BBVA | 190,000,000.00 | 472,000,000.00 | 77,500,000.00 | 210,000,000.00 | 22,500,000.00 | 20,000,000.00 |
| ABN AMRO | 190,000,000.00 | 472,000,000.00 | 77,500,000.00 | 210,000,000.00 | 22,500,000.00 | 20,000,000.00 |
| BNP PARIBAS | 190,000,000.00 | 472,000,000.00 | 77,500,000.00 | 210,000,000.00 | 22,500,000.00 | 20,000,000.00 |
| CITIGROUP | 190,000,000.00 | 472,000,000.00 | 77,500,000.00 | 210,000,000.00 | 22,500,000.00 | 20,000,000.00 |
| RBS | 190,000,000.00 | 472,000,000.00 | 77,500,000.00 | 210,000,000.00 | 22,500,000.00 | 20,000,000.00 |
| BARCLAYS | 0.00 | 10,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CALYON | 0.00 | 10,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| IXIS CIB | 0.00 | 10,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| WACHOVIA SECURITIES | 0.00 | 10,000,000.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 950,000,000.00 | 2,400,000,000.00 | 387,500,000.00 | 1,050,000,000.00 | 112,500,000.00 | 100,000,000.00 |

The Underwriters and Placement Agents of each Bond Series shall altogether receive an underwriting and placement fee from the Fund, based on the face amount of the Bonds in the relevant Series, of not more than 0.08%, inclusive.

The underwriting and placement fee applicable to the face amount of the Bonds in each Series shall be determined with one accord by the Lead Managers and notified in writing to the Management Company by 10am (CET time) on the day of the Subscription Period (March 27, 2007). Failing an agreement between the Lead Managers, the Management Company shall fix the underwriting and placement fee in respect of Series for which there was no agreement at a fee of 0.00%.

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

BBVA, ABN AMRO, BNP PARIBAS, CITIGROUP and RBS shall be involved as Lead Managers in the Bond Issue. They shall not be howsoever remunerated for managing the Bond Issue.

The Bond Issue Management, Underwriting and Placement Agreement shall be fully terminated in the event that the Rating Agencies should not confirm the provisional ratings assigned to each Series as final ratings by the start of the Subscription Period, or in the events for which provision is made in the prevailing laws.

4.2 Description of the type and class of the securities.

The Bonds legally qualify as marketable fixed-income securities with an explicit yield and are subject to the system prescribed in Securities Market Act 24/1988, July 28, and implementing regulations.

4.3 Legislation under which the securities have been created.

The establishment of the Fund and the Bond Issue are subject to Spanish Law and in particular in accordance with the legal system provided for by (i) Royal Decree 926/1998 and implementing regulations, (ii) Act 19/1992 failing a provision in Royal Decree 926/1998 and to the extent applicable, (iii) the Securities Market Act, (iv) Regulation (EC) No. 809/2004, (v) Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose, and (vi) all other legal and statutory provisions in force and applicable from time to time.

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

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

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A. (“**Iberclear**”), with place of business at Plaza de la Lealtad, no. 1, Madrid, shall be the institution designated in the Deed of Constitution to account for the Bonds in order for the Bonds to be cleared and settled in accordance with the operating rules regarding securities listed on the AIAF and represented by means of book entries, established now or henceforth by Iberclear or AIAF.

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

4.5 Currency of the issue.

The Bonds shall be denominated in Euros.

4.6 Ranking of the securities.

Series A1, A2, A3 and A4 Bond interest payment is in the same order in both the Priority of Payments and the Liquidation Priority of Payments. Series A4 Bond principal repayment is deferred with respect to Series A3, Series A2 and Series A1 Bonds. Series A3 Bond principal repayment is deferred with respect to Series A2 and Series A1 Bonds. Series A2 Bond principal repayment is deferred with respect to Series A1 Bonds. Nevertheless, in the event of the circumstances for Pro Rata Amortisation of Class A occurring, as set out in section 4.9.3.6.2.2 of the Securities Note, Series A1 Bonds shall be repaid pro rata to the Series A2, the Series A3 and the Series A4 Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Class A (Series A1, A2, A3 and A4) Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Series C Bond interest payment and principal repayment is deferred with respect to Class A (Series A1, A2, A3 and A4) and Series B Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

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

Payment of interest accrued by Series A1, A2, A3 and A4 Bonds is (i) fourth (4th) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block, and (ii) fifth (5th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

Payment of interest accrued by Series B Bonds is (i) fifth (5th) in the application of Available Funds in the Priority of Payments established in said section 3.4.6.2.1.2 of the Building Block, other than in the event provided for in that same section for the same to be deferred, in which case it shall be eighth (8th), and (ii) seventh (7th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

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

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

The Amortisation Withholding amount designed for amortising the Bonds as a whole without distinction between Series is seventh (7th) in the application of Available Funds in the Priority of Payments established in section 3.4.6.2.1.2 of the Building Block.

Repayment of Bond principal shall take place in accordance with the rules for Distribution of Available Funds for Amortisation contained in section 4.9.3.6 of this Securities Note.

Repayment of Series A1, A2, A3 and A4 Bond principal is sixth (6th) in the application of Liquidation Available Funds in the Liquidation Priority of Payments established in section 3.4.6.3 of the Building Block.

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

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

4.7 Description of the rights attached to the securities.

The economic and financial rights for Bondholders associated with acquiring and holding the Bonds shall be as derived from the terms as to interest rate, yields and redemption terms on which they are to be issued and given in sections 4.8 and 4.9 of this Securities Note. In accordance with the laws in force for the time being, the Bonds subject of this Securities Note shall vest the investor acquiring the same in no present and/or future political rights in and to the Fund.

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

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

Bondholders and all other creditors of the Fund shall have no recourse against the Management Company other than as derived from a breach of its duties. Those actions shall be resolved in the relevant ordinary declaratory proceedings depending on the amount claimed.

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

4.8 Nominal interest rate and provisions relating to interest payable.

4.8.1 Bond nominal interest rate.

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

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

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

4.8.1.1 **Interest accrual.**

For interest accrual purposes, the duration of each Bond Series shall be divided into successive interest accrual periods (“**Interest Accrual Periods**”) comprising the exact number of days elapsed between every two consecutive Payment Dates, each Interest Accrual Period including the beginning Payment Date but not including the ending Payment Date. Exceptionally, the duration of the first Interest Accrual Period shall be equivalent to the exact number of days elapsed between the Closing Date, March 29, 2007, inclusive, and the first Payment Date, June 18, 2007, because June 17, 2007 is not a Business Day, exclusive.

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

4.8.1.2 **Nominal Interest Rate.**

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

- (i) the Reference Rate, as established in the following section, and
- (ii) a margin for each Series as follows:

- **Series A1:** margin not more than 0.10%, inclusive.
- **Series A2:** margin not more than 0.20%, inclusive.
- **Series A3:** margin not more than 0.25%, inclusive.
- **Series A4:** margin not more than 0.30%, inclusive.
- **Series B:** margin not more than 0.45%, inclusive.
- **Series C:** margin not more than 0.85%, inclusive.

The margin applicable to each Series, expressed as a percentage, shall be determined with one accord among the Lead Managers and may not exceed the maximum margins set in the preceding paragraph for each Series by 10am (CET time) on the day of the Subscription Period (March 27, 2007) and notified in writing to the Management Company.

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

- **Series A1:** 0.06% margin.
- **Series A2:** 0.13% margin.
- **Series A3:** 0.18% margin.
- **Series A4:** 0.24% margin.
- **Series B:** 0.33% margin.
- **Series C:** 0.58% margin.

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

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

4.8.1.3 Reference Rate and determining the same.

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

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

Exceptionally, the Reference Rate for the first Interest Accrual Period shall be the result of a straight-line interpolation between two- (2-) month Euribor and three- (3-) month Euribor, fixed at 11am (CET time) on the second Business Day preceding the Closing Date, which is the day of the Subscription Period, bearing in mind the number of days in the first Interest Accrual Period. The Reference Rate for the first Interest Accrual Period shall be calculated in accordance with the following formula:

$$IR = [(D-60)/30] \times E3 + [1 - ((D-60)/30)] \times E2$$

Where:

- IR = Reference Rate for the first Interest Accrual Period.
- D = Number of days in the first Interest Accrual Period.
- E2 = Two- (2-) month Euribor.
- E3 = Three- (3-) month Euribor.

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

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

Exceptionally, the substitute Reference Rate for the first Interest Accrual Period shall be the rate resulting from the straight-line interpolation between the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable two- (2-) month deposit transactions in euros and the interest rate resulting from finding the simple arithmetic mean of the interbank offered interest rates for non-transferable three- (3-) month deposit transactions in euros, both in an amount equivalent to the face amount of the Bond Issue, declared by the banks as provided for in paragraph one above, following a simultaneous request to each of their headquarters by the Paying Agent after and around 11am (CET time) on the second Business Day preceding the Closing Date.

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

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

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

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

4.8.1.4 Interest Rate Fixing Date.

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

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

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

4.8.1.5 Formula for calculating interest.

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

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

Where:

I = Interest payable on a given Payment Date, rounded up to the nearest eurocent.

P = Outstanding Principal Balance of the Series on the Determination Date preceding that Payment Date.

R = Nominal Interest Rate of the Series expressed as a yearly percentage.

d = Exact number of days in each Interest Accrual Period.

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

Interest on the Bonds in all the Series will be paid until they are finally amortised by Interest Accrual Periods in arrears on March 17, June 17, September 17 and December 17 in each year, or the following Business Day if any of those is not a Business Day (each of those dates, a "**Payment Date**"), and interest for the then-current Interest Accrual Period will accrue until said first Business Day, not inclusive, on the terms established in section 4.8.1.2 of this Securities Note.

The first interest Payment Date for the Bonds in each Series shall be June 18, 2007, because June 17, 2007 is not a Business Day, and interest will accrue at the applicable Nominal Interest Rate between the Closing Date, March 29, 2007, inclusive, and June 18, 2007, because June 17, 2007 is not a Business Day, exclusive.

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

- public holiday in the city of Madrid, or

- non-business day in the TARGET calendar (Trans European Automated Real-Time Gross Settlement Express Transfer System).

Both interest resulting for Bondholders in each Series and the amount, if any, of interest accrued and not paid, shall be notified to Bondholders as described in section 4.1.1.a) of the Building Block, at least one (1) calendar day in advance of each Payment Date.

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

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

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

The Fund, through its Management Company, may not defer Bond interest payment beyond September 17, 2050, the Final Maturity Date, or the following Business Day if that is not a Business Day.

The Bond issue shall be serviced through the Paying Agent, to which end the Management Company shall, for and on behalf of the Fund, enter into the Paying Agent Agreement with BBVA, as established in section 5.2.1 of this Securities Note.

4.9 Maturity date and amortisation of the securities.

4.9.1 Bond redemption price.

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

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

4.9.2 Characteristics specific to the amortisation of each Bond Series.

4.9.2.1 Amortisation of Series A1 Bonds.

Series A1 Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A1, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, prorated between the Bonds in Series A1 proper by reducing the face amount of each Series A1 Bond.

The first partial amortisation of Series A1 Bonds shall occur on the first Payment Date, June 18, 2007, because June 17, 2007 is not a Business Day. However, in the event that the circumstances for Pro Rata Amortisation of Class A occur, Series A1 Bonds shall be amortised pro rata to the Series A2, A3 and A4 Bonds, all in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A1 Bonds shall occur on the Final Maturity Date (September 17, 2050 or the following Business Day if that is not a Business Day), notwithstanding their full amortisation before that date due to the partial amortisation for which provision is made and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.2 Amortisation of Series A2 Bonds.

Series A2 Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A2, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, prorated between the Bonds in Series A2 proper by reducing the face amount of each Series A2 Bond.

The first partial amortisation of Series A2 Bonds shall occur once the Series A1 Bonds have been fully amortised. However, even if Series A1 has not been fully amortised, in the event that the circumstances for Pro Rata Amortisation of Class A occur, Series A2 Bonds shall be amortised pro rata to the Series A1, A3 and A4 Bonds, all in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A2 Bonds shall occur on the Final Maturity Date (September 17, 2050 or the following Business Day if that is not a Business Day), notwithstanding their full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.3 Amortisation of Series A3 Bonds.

Series A3 Bonds shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A3, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, prorated between the Bonds in Series A3 proper by reducing the face amount of each Series A3 Bond.

The first partial amortisation of Series A3 Bonds shall occur once the Series A1 and Series A2 Bonds have been fully amortised. However, even if Series A1 and Series A2 have not been fully amortised, in the event that the circumstances for Pro Rata Amortisation of Class A occur, Series A3 Bonds shall be amortised pro rata to the Series A1, A2 and A4 Bonds, all in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A3 Bonds shall occur on the Final Maturity Date (September 17, 2050 or the following Business Day if that is not a Business Day), notwithstanding their full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.4 Amortisation of Series A4 Bonds.

Series A4 Bonds shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series A4, in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, prorated between the Bonds in Series A4 proper by reducing the face amount of each Series A4 Bond.

The first partial amortisation of Series A4 Bonds shall occur once the Series A1, Series A2 and Series A3 Bonds have been fully amortised. However, even if Series A1, Series A2 and Series A3 have not been fully amortised, in the event that the circumstances for Pro Rata Amortisation of Class A occur, Series A4 Bonds shall be amortised pro rata to the Series A1, A2 and A3 Bonds, all in accordance with the rules for Distribution of Available Funds for Amortisation.

Final amortisation of Series A4 Bonds shall occur on the Final Maturity Date (September 17, 2050 or the following Business Day if that is not a Business Day), notwithstanding their full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.5 Amortisation of Series B Bonds.

Series B Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series B in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, prorated between the Bonds in Series B proper by reducing the face amount of each Series B Bond.

The first partial amortisation of Series B Bonds shall occur once the Series A1, A2, A3 and A4 Bonds have been fully amortised. However, even if Series A1, A2, A3 and A4 have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series B in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series B to the Outstanding Principal Balance of the Bond Issue is kept at 4.50%, or higher percentage closest thereto.

Final amortisation of Series B Bonds shall occur on the Final Maturity Date (September 17, 2050 or the following Business Day if that is not a Business Day), notwithstanding their full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.2.6 Amortisation of Series C Bonds.

Series C Bond principal shall be amortised by partial amortisation on each Payment Date after their amortisation begins until their total face amount has been fully amortised, in an amount equal to the Available Funds for Amortisation applied on each Payment Date to amortising Series C in accordance with the rules for Distribution of Available Funds for Amortisation given in sections 4.9.3.5 and 4.9.3.6 below, prorated between the Bonds in Series C proper by reducing the face amount of each Series C Bond.

The first partial amortisation of Series C Bonds shall occur once the Series A1, A2, A3, A4 and B Bonds have been fully amortised. However, even if Series A1, A2, A3, A4 and B have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series C on the Payment Date on which the Conditions for Pro Rata Amortisation are satisfied for Series C in accordance with the rules for Distribution of Available Funds for Amortisation, in such a way that the ratio of the Outstanding Principal Balance of Series C to the Outstanding Principal Balance of the Bond Issue is kept at 4.00%, or higher percentage closest thereto.

Final amortisation of Series C Bonds shall occur on the Final Maturity Date (September 17, 2050 or the following Business Day if that is not a Business Day), notwithstanding their full amortisation before that date due to the partial amortisation for which provision is made, and the fact that the Management Company may, for and on behalf of the Fund, and in accordance with the provisions of section 4.9.4 below, proceed to the Early Amortisation of the Bond Issue before the Final Maturity Date.

4.9.3 Partial amortisation of the Bonds in each Series.

Irrespective of the Final Maturity Date and subject to Early Amortisation of the Bond Issue in the event of Early Liquidation of the Fund, the Fund shall, through its Management Company, proceed to partial amortisation of the Bonds in each Series on each Payment Date other than the Final Maturity Date or when Early Liquidation of the Fund occurs on the specific amortisation terms for each Series established in sections 4.9.2.1 to 4.9.2.5 of this Securities Note and on the terms described hereinafter in this section common to all six Series.

4.9.3.1 Determination Dates and Determination Periods.

These will be the dates falling on the fourth (4th) Business Day preceding each Payment Date on which the Management Company on behalf of the Fund will make all necessary calculations to distribute or withhold the Available Funds and the Available Funds for Amortisation which the Fund shall dispose of on the relevant Payment Date, in the Priority of Payments. The first Determination Date shall be June 12, 2007.

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

- (i) the duration of the first Determination Period shall be equal to the days elapsed between the date of establishment of the Fund, inclusive, and the first Determination Date, June 12, 2007, inclusive, and
- (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which the Early Liquidation of the Fund concludes, as provided for in section 4.4.4.3 of the Registration Document, on which the Mortgage Loans and the assets remaining in the Fund have been liquidated and all the Liquidation Available Funds have been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

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

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

By addition, the Outstanding Principal Balance of Class A shall be the sum of the Outstanding Principal Balance of Series A1, A2, A3 and A4 making up Class A. Moreover, the Outstanding Principal Balance of the Bond Issue shall be the sum of the Outstanding Principal Balance of all six Series A1, A2, A3, A4, B and C making up the Bond Issue.

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

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

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

Delinquent Mortgage Loans shall be deemed to be Mortgage Loans that are delinquent on a given date with an arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Mortgage Loans. Non-Delinquent Mortgage Loans shall be deemed to be Mortgage Loans that are not deemed to be Delinquent Mortgage Loans on a given date, also excluding Doubtful Mortgage Loans. The possible deferment of instalments referred to in section 2.2 of the Building Block shall not be considered a delay in payment of Mortgage Loan amounts due.

Doubtful Mortgage Loans shall be deemed to be Mortgage Loans that are delinquent on a given date with a period of arrears equal to or greater than twelve (12) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment based on indications or information received from the Servicer. Non-Doubtful Mortgage Loans shall be deemed to be Mortgage Loans that are not deemed to be Doubtful Mortgage Loans on a given date.

4.9.3.4 **Amortisation Withholding on each Payment Date.**

On each Payment Date, the Available Funds shall be used in seventh (7th) place in the Priority of Payments for withholding the amount altogether designed for amortising the Bonds and without distinguishing among the various Series ("**Amortisation Withholding**"), in an amount equal to the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied of the Available Funds to the Amortisation Withholding shall be included in the Available Funds for Amortisation to be applied in accordance with the rules for Distribution of Available Funds for Amortisation established hereinafter in section 4.9.3.6 below.

4.9.3.5 Available Funds for Amortisation on each Payment Date.

The available funds for amortisation on each Payment Date (the “**Available Funds for Amortisation**”) shall be the Amortisation Withholding amount applied out of the Available Funds in seventh (7th) place in the Priority of Payments on the relevant Payment Date.

4.9.3.6 Distribution of Available Funds for Amortisation.

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

1. The Available Funds for Amortisation shall be sequentially applied firstly to amortising Class A (Series A1, A2, A3 and A4) until fully amortised, as provided for in rule 2 below, secondly to amortising Series B until fully amortised and thirdly to amortising Series C until fully amortised, notwithstanding the provisions of rule 3 below for pro rata amortisation of the different Series.

2. The amounts of the Available Funds for Amortisation applied to amortising Class A (Series A1, A2, A3 and A4), both under rule 1 above and under rule 3 below, shall be applied as follows:

2.1 Ordinary application in the following order:

1. Repayment of Series A1 Bond principal.
2. Repayment of Series A2 Bond principal, once the Series A1 Bonds have been fully amortised.
3. Repayment of Series A3 Bond principal, once the Series A1 and A2 Bonds have been fully amortised.
4. Repayment of Series A4 Bond principal, once the Series A1, A2 and A3 Bonds have been fully amortised.

2.2 Exceptional pro rata application of Class A (“**Pro Rata Amortisation of Class A**”): if Series A1 and/or Series A2 and/or Series A3 have not been fully amortised, the application priority of paragraph 2.1 above shall be stopped in the event that on the Determination Date preceding the relevant Payment Date the ratio of (i) the Outstanding Balance of Non-Delinquent Mortgage Loans, increased by the Mortgage Loan principal repayment income amount received during the Determination Period preceding the relevant Payment Date, to (ii) the sum of the Outstanding Principal Balance of Class A is less than or equal to 1.

In that event, on the relevant Payment Date, the amount of the Available Funds for Amortisation applied to amortising Class A (Series A1, A2, A3 and A4) shall be applied to amortising Series A1 and to amortising Series A2 and to amortising Series A3 and to amortising Series A4, and shall be prorated among the same directly in proportion to (i) the Outstanding Principal Balance of Series A1, (ii) the Outstanding Principal Balance of Series A2, (iii) the Outstanding Principal Balance of Series A3, and (iv) the Outstanding Principal Balance of Series A4 on the Determination Date preceding the relevant Payment Date.

3. There shall be no exception and, even if Series A1, A2, A3 and A4 have not been fully amortised, the Available Funds for Amortisation shall also be applied to amortising Series B and, as the case may be, Series C, on the Payment Dates on which the following circumstances are all satisfied with respect to amortisation of Series B and/or C (“**Conditions for Pro Rata Amortisation**”):

a) In order to amortise Series B and Series C:

- i) that the Pro Rata Amortisation of Class A does not apply,
- ii) that the Required Cash Reserve amount shall have been fully provisioned on the relevant Payment Date; and
- iii) that on the Determination Date preceding the relevant Payment Date, the amount of the Outstanding Balance of Non-Doubtful Mortgage Loans is equal to or greater than 10 percent of the face amount of the initial Outstanding Balance upon the Fund being established.

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

- i) the Outstanding Principal Balance of Series B is equal to or greater than 4.50% of the Outstanding Principal Balance of the Bond Issue, and

- ii) the Outstanding Balance of Delinquent Mortgage Loans does not exceed 1.25% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
- c) In order to amortise Series C, that on the Determination Date preceding the relevant Payment Date:
 - i) the Outstanding Principal Balance of Series C, is equal to or greater than 4.00% of the Outstanding Principal Balance of the Bond Issue, and
 - ii) the Outstanding Balance of Delinquent Mortgage Loans does not exceed 1.00% of the Outstanding Balance of Non-Doubtful Mortgage Loans.

In the event that the amortisation of Series B and, as the case may be, Series C should apply on a Payment Date because the Conditions for Pro Rata Amortisation of Series B and Series C are respectively satisfied, the Available Funds for Amortisation shall also be applied to amortising Series B and, as the case may be, to amortising Series C, in such a way that the ratio of the Outstanding Principal Balance of Series B and, as the case may be, the Outstanding Principal Balance of Series C to the Outstanding Principal Balance of the Bond Issue is respectively kept at 4.50% and at 4.00%, or higher percentages closest thereto.

4.9.4 **Early Amortisation of the Bond Issue.**

Subject to the Fund's obligation, through its Management Company, to proceed to final amortisation of the Bonds on the Final Maturity Date or amortisation of each Series before the Final Maturity Date, the Management Company shall, after first notifying the CNMV, be authorised to proceed, as the case may be, to an Early Liquidation of the Fund and hence an Early Amortisation of the entire Bond Issue in the Early Liquidation Events and subject to the requirements established in section 4.4.3 of the Registration Document and subject to the Liquidation Priority of Payments.

4.9.5 **Final Maturity Date.**

The Final Maturity Date and consequently the final amortisation of the Bonds is September 17, 2050 or the following Business Day if that is not a Business Day, without prejudice to the Management Company, for and on behalf of the Fund, and in accordance with the provisions of sections 4.9.2 to 4.9.4 of this Securities Note, proceeding to amortise any or all the Series in the Bond Issue before the Final Maturity Date. Final amortisation of the Bonds on the Final Maturity Date shall be made subject to the Liquidation Priority of Payments.

4.10 **Indication of yield.**

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

- i) The repayment schedule and system of each Mortgage Loan established in the relevant agreements.
- ii) The Obligors' capacity to prepay the Mortgage Loans in whole or in part and the aggregate prepayment pace throughout the life of the Fund. In this sense, Mortgage Loan prepayments by Obligors, subject to continual changes, and estimated in this Prospectus using several performance assumptions of the future effective constant annual early amortisation or prepayment rate (hereinafter also "CPR"), are very significant and shall directly affect the pace at which the Bonds are amortised, and therefore their average life and duration.
- iii) The floating interest rates which shall apply to the Mortgage Loans, resulting in the repayment amount on every instalment differing.
- iv) The Obligors' delinquency in payment of Mortgage Loan instalments.

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

- Mortgage Loan interest rate: 4.36% weighted average interest rate as of March 6, 2007 of the portfolio of selected mortgage loans which has been used for calculating the repayment and interest instalments of each of the selected mortgage loans;

- Mortgage Loan portfolio delinquency: 0.82% of the Outstanding Balance of the Mortgage Loans, with 100% recoveries within 15 months of becoming delinquent;
- Mortgage Loan portfolio doubtfuls: 0%;
- that the Mortgage Loan prepayment rate remains constant throughout the life of the Bonds;
- that the Bond Closing Date is March 29, 2007; and
- that there is no extension of the term or deferment of instalments of any of the selected mortgage loans.

The actual adjusted life and the yield or return on the Bonds will also depend on their floating rate. The following nominal interest rates are assumed for each Series for the first Interest Accrual Period, resulting from the straight-line interpolation bearing in mind the number of days in the First Interest Accrual Period between 2-month Euribor (3.873%) and 3-month Euribor (3.896%) on March 15, 2007 and in the event that the applicable margins should be the maximum margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

| | Series A1 Bonds | Series A2 Bonds | Series A3 Bonds | Series A4 Bonds | Series B Bonds | Series C Bonds |
|------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|
| Nominal interest rate | 3.988% | 4.088% | 4.138% | 4.188% | 4.338% | 4.738% |

For successive Interest Accrual Periods, the floating interest rate of the Bonds in each Series is assumed to be constant as follows, resulting from 3-month Euribor (3.896%) on March 15, 2007 and in the event that the applicable margins should be the maximum margins set for each Series in accordance with section 4.8.1.2 of this Securities Note:

| | Series A1 Bonds | Series A2 Bonds | Series A3 Bonds | Series A4 Bonds | Series B Bonds | Series C Bonds |
|------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|
| Nominal interest rate | 3.996% | 4.096% | 4.146% | 4.196% | 4.346% | 4.746% |

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

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

| % CPR: | 6.00% | 8.00% | 10.00% | 12.00% | 14.00% |
|---------------|--------------|--------------|---------------|---------------|---------------|
|---------------|--------------|--------------|---------------|---------------|---------------|

| | Series A1 Bonds | | | | |
|-----------------------------|------------------------|------------|------------|------------|------------|
| Average life (years) | 1.39 | 1.14 | 0.97 | 0.84 | 0.76 |
| IRR | 4.112% | 4.112% | 4.112% | 4.112% | 4.112% |
| Duration (years) | 1.29 | 1.07 | 0.91 | 0.80 | 0.72 |
| Final maturity | 17 12 2009 | 17 06 2009 | 17 12 2008 | 17 09 2008 | 17 09 2008 |
| (in years) | 2.72 | 2.22 | 1.72 | 1.47 | 1.47 |

| | Series A2 Bonds | | | | |
|-----------------------------|------------------------|------------|------------|------------|------------|
| Average life (years) | 6.95 | 5.70 | 4.80 | 4.14 | 3.62 |
| IRR | 4.218% | 4.218% | 4.218% | 4.218% | 4.218% |
| Duration (years) | 5.71 | 4.81 | 4.14 | 3.62 | 3.21 |
| Final maturity | 17 09 2019 | 18 09 2017 | 17 03 2016 | 17 12 2014 | 17 12 2013 |
| (in years) | 12.48 | 10.48 | 8.98 | 7.73 | 6.73 |

| % CPR: | 6.00% | 8.00% | 10.00% | 12.00% | 14.00% |
|---------------|--------------|--------------|---------------|---------------|---------------|
|---------------|--------------|--------------|---------------|---------------|---------------|

| Series A3 Bonds | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|
| Average life (years) | 13.81 | 11.62 | 9.93 | 8.60 | 7.55 |
| IRR | 4.270% | 4.270% | 4.270% | 4.270% | 4.270% |
| Duration (years) | 10.11 | 8.87 | 7.83 | 6.96 | 6.24 |
| Final maturity | 17 06 2022 | 17 03 2020 | 19 03 2018 | 19 09 2016 | 17 09 2015 |
| (in years) | 15.23 | 12.98 | 10.98 | 9.48 | 8.48 |

| Series A4 Bonds | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|
| Average life (years) | 19.18 | 16.73 | 14.60 | 12.90 | 11.37 |
| IRR | 4.322% | 4.322% | 4.322% | 4.322% | 4.322% |
| Duration (years) | 12.62 | 11.51 | 10.46 | 9.55 | 8.67 |
| Final maturity | 17 03 2028 | 17 09 2025 | 19 06 2023 | 17 09 2021 | 17 12 2019 |
| (in years) | 20.98 | 18.48 | 16.24 | 14.48 | 12.73 |

| Series B Bonds | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|
| Average life (years) | 14.92 | 12.77 | 11.02 | 9.65 | 8.49 |
| IRR | 4.480% | 4.480% | 4.480% | 4.480% | 4.480% |
| Duration (years) | 10.32 | 9.21 | 8.23 | 7.42 | 6.70 |
| Final maturity | 17 03 2028 | 17 09 2025 | 19 06 2023 | 17 09 2021 | 17 12 2019 |
| (in years) | 20.98 | 18.48 | 16.24 | 14.48 | 12.73 |

| Series C Bonds | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|
| Average life (years) | 14.92 | 12.77 | 11.02 | 9.65 | 8.49 |
| IRR | 4.899% | 4.899% | 4.899% | 4.899% | 4.899% |
| Duration (years) | 10.01 | 8.95 | 8.03 | 7.25 | 6.56 |
| Final maturity | 17 03 2028 | 17 09 2025 | 19 06 2023 | 17 09 2021 | 17 12 2019 |
| (in years) | 20.98 | 18.48 | 16.24 | 14.48 | 12.73 |

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

- Whereas CPRs are assumed to be constant respectively at 8.00%, 10.00% and 12.00% throughout the life of the Bond Issue, as explained above actual prepayment changes continually.
- The Outstanding Principal Balance of the Bond Issue on each Payment Date and hence interest payable on each such dates shall depend on the actual Mortgage Loan prepayment, delinquency and default rates.
- Whereas Bond nominal interest rates are assumed to be constant for each Series from the second Interest Accrual Period, the interest rate in all the Series is known to be variable.
- The assumed values referred to at the beginning of this section are at all events taken for granted.
- It is assumed that the Management Company will exercise the Early Liquidation of the Fund and thereby the Early Amortisation of the Bond Issue option when the Outstanding Balance of the Mortgage Loans is less than 10% of the Initial Outstanding Balance upon the Fund being set up, as provided in section 4.4.3 of the Registration Document.
- In this scenario, Pro Rata Amortisation of Class A does not apply and the Conditions for Pro Rata Amortisation of Series B and C do.
- These are all reasonable assumptions based on the historical performance of the securitised mortgage loans granted by BBVA to individuals.

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

| Payment Date | Series A1 Bonds | | | Series A2 Bonds | | | Series A3 Bonds | | | Series A4 Bonds | | | Series B Bonds | | | Series C Bonds | | |
|--------------|---------------------|----------------|------------|---------------------|----------------|------------|---------------------|----------------|------------|---------------------|----------------|------------|---------------------|----------------|------------|---------------------|----------------|------------|
| | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow |
| TOTALS | 100,000.00 | 4,604.46 | 104,604.46 | 100,000.00 | 23,668.92 | 123,668.92 | 100,000.00 | 48,839.06 | 148,839.06 | 100,000.00 | 71,167.84 | 171,167.84 | 100,000.00 | 56,247.07 | 156,247.07 | 100,000.00 | 61,424.14 | 161,424.14 |
| 29/03/2007 | | | | | | | | | | | | | | | | | | |
| 18/06/2007 | 10,319.47 | 897.30 | 11,216.77 | 0.00 | 919.80 | 919.80 | 0.00 | 931.05 | 931.05 | 0.00 | 942.30 | 942.30 | 0.00 | 976.05 | 976.05 | 0.00 | 1,066.05 | 1,066.05 |
| 17/09/2007 | 13,157.70 | 905.86 | 14,063.56 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/12/2007 | 12,749.37 | 772.96 | 13,522.33 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2008 | 12,463.70 | 644.18 | 13,107.88 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/06/2008 | 12,291.57 | 523.98 | 12,815.55 | 0.00 | 1,046.76 | 1,046.76 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/09/2008 | 12,102.57 | 398.45 | 12,501.02 | 0.00 | 1,046.76 | 1,046.76 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/12/2008 | 11,755.91 | 271.87 | 12,027.79 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2009 | 11,398.38 | 151.45 | 11,549.82 | 0.00 | 1,024.00 | 1,024.00 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 0.00 | 1,086.50 | 1,086.50 | 0.00 | 1,186.50 | 1,186.50 |
| 17/06/2009 | 3,761.32 | 38.41 | 3,799.74 | 2,999.06 | 1,046.76 | 4,045.81 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/09/2009 | 0.00 | 0.00 | 0.00 | 4,387.58 | 1,015.36 | 5,402.94 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/12/2009 | 0.00 | 0.00 | 0.00 | 4,251.56 | 958.90 | 5,210.46 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2010 | 0.00 | 0.00 | 0.00 | 4,119.84 | 904.82 | 5,024.66 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 0.00 | 1,086.50 | 1,086.50 | 0.00 | 1,186.50 | 1,186.50 |
| 17/06/2010 | 0.00 | 0.00 | 0.00 | 4,094.30 | 881.81 | 4,976.11 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/09/2010 | 0.00 | 0.00 | 0.00 | 4,000.55 | 838.95 | 4,839.50 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/12/2010 | 0.00 | 0.00 | 0.00 | 3,876.22 | 788.41 | 4,664.63 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2011 | 0.00 | 0.00 | 0.00 | 3,756.16 | 740.05 | 4,496.22 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 0.00 | 1,086.50 | 1,086.50 | 0.00 | 1,186.50 | 1,186.50 |
| 17/06/2011 | 0.00 | 0.00 | 0.00 | 3,731.42 | 717.18 | 4,448.61 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 19/09/2011 | 0.00 | 0.00 | 0.00 | 3,645.50 | 692.86 | 4,338.36 | 0.00 | 1,082.57 | 1,082.57 | 0.00 | 1,095.62 | 1,095.62 | 0.00 | 1,134.79 | 1,134.79 | 0.00 | 1,239.23 | 1,239.23 |
| 19/12/2011 | 0.00 | 0.00 | 0.00 | 3,532.21 | 633.01 | 4,165.22 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 19/03/2012 | 0.00 | 0.00 | 0.00 | 3,450.74 | 596.44 | 4,047.17 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 19/06/2012 | 0.00 | 0.00 | 0.00 | 3,398.15 | 560.71 | 3,958.86 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/09/2012 | 0.00 | 0.00 | 0.00 | 3,319.39 | 525.52 | 3,844.91 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/12/2012 | 0.00 | 0.00 | 0.00 | 3,216.24 | 491.16 | 3,707.40 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 18/03/2013 | 0.00 | 0.00 | 0.00 | 3,116.71 | 457.86 | 3,574.57 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/06/2013 | 0.00 | 0.00 | 0.00 | 3,093.80 | 425.59 | 3,519.39 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/09/2013 | 0.00 | 0.00 | 0.00 | 2,985.08 | 397.88 | 3,382.96 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 410.41 | 1,110.64 | 1,521.05 | 410.41 | 1,212.87 | 1,623.27 |
| 17/12/2013 | 0.00 | 0.00 | 0.00 | 2,878.53 | 362.65 | 3,241.18 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 2,810.26 | 1,094.06 | 3,904.32 | 2,810.26 | 1,194.76 | 4,005.02 |
| 17/03/2014 | 0.00 | 0.00 | 0.00 | 2,596.82 | 331.23 | 2,928.06 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 2,723.28 | 1,051.51 | 3,774.79 | 2,723.28 | 1,148.29 | 3,871.57 |
| 17/06/2014 | 0.00 | 0.00 | 0.00 | 2,575.02 | 311.42 | 2,886.44 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,701.66 | 1,044.63 | 3,746.29 | 2,701.66 | 1,140.77 | 3,842.43 |
| 17/09/2014 | 0.00 | 0.00 | 0.00 | 2,514.28 | 284.47 | 2,798.75 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,637.94 | 1,014.62 | 3,652.56 | 2,637.94 | 1,108.01 | 3,745.94 |
| 17/12/2014 | 0.00 | 0.00 | 0.00 | 2,436.04 | 255.35 | 2,691.39 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 2,555.85 | 974.61 | 3,530.46 | 2,555.85 | 1,064.32 | 3,620.16 |
| 17/03/2015 | 0.00 | 0.00 | 0.00 | 2,360.77 | 227.59 | 2,588.37 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 2,478.88 | 936.14 | 3,415.01 | 2,478.88 | 1,022.30 | 3,498.17 |
| 17/06/2015 | 0.00 | 0.00 | 0.00 | 2,340.56 | 207.94 | 2,548.50 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,455.67 | 929.43 | 3,385.10 | 2,455.67 | 1,014.97 | 3,470.64 |
| 17/09/2015 | 0.00 | 0.00 | 0.00 | 2,285.34 | 183.44 | 2,468.78 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,397.73 | 902.16 | 3,299.88 | 2,397.73 | 985.19 | 3,382.92 |
| 17/12/2015 | 0.00 | 0.00 | 0.00 | 2,213.20 | 157.78 | 2,370.98 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 2,322.04 | 866.01 | 3,188.05 | 2,322.04 | 945.71 | 3,267.76 |
| 17/03/2016 | 0.00 | 0.00 | 0.00 | 2,161.19 | 134.87 | 2,296.06 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 2,267.47 | 840.50 | 3,107.97 | 2,267.47 | 917.86 | 3,185.33 |
| 17/06/2016 | 0.00 | 0.00 | 0.00 | 2,124.54 | 113.73 | 2,238.27 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,229.03 | 824.55 | 3,053.58 | 2,229.03 | 900.44 | 3,129.47 |
| 19/09/2016 | 0.00 | 0.00 | 0.00 | 2,072.57 | 93.48 | 2,166.05 | 0.00 | 1,082.57 | 1,082.57 | 0.00 | 1,095.62 | 1,095.62 | 2,174.50 | 817.18 | 2,991.68 | 2,174.50 | 892.39 | 3,066.89 |
| 19/12/2016 | 0.00 | 0.00 | 0.00 | 2,007.76 | 69.04 | 2,076.80 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 2,106.51 | 767.21 | 2,873.72 | 2,106.51 | 873.83 | 2,944.33 |
| 17/03/2017 | 0.00 | 0.00 | 0.00 | 1,945.39 | 46.66 | 1,992.05 | 0.00 | 1,013.47 | 1,013.47 | 0.00 | 1,025.69 | 1,025.69 | 2,041.06 | 719.54 | 2,760.60 | 2,041.06 | 785.77 | 2,826.83 |
| 19/06/2017 | 0.00 | 0.00 | 0.00 | 1,926.95 | 29.03 | 1,955.99 | 0.00 | 1,082.57 | 1,082.57 | 0.00 | 1,095.62 | 1,095.62 | 2,021.72 | 745.44 | 2,767.16 | 2,021.72 | 814.05 | 2,835.77 |
| 18/09/2017 | 0.00 | 0.00 | 0.00 | 787.73 | 8.16 | 795.89 | 6,767.37 | 1,048.02 | 7,815.39 | 0.00 | 1,060.66 | 1,060.66 | 1,972.86 | 699.44 | 2,672.30 | 1,972.86 | 763.81 | 2,736.68 |
| 18/12/2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,287.38 | 977.09 | 12,264.47 | 0.00 | 1,060.66 | 1,060.66 | 1,912.07 | 677.77 | 2,589.83 | 1,912.07 | 740.15 | 2,652.22 |
| 19/03/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,931.79 | 858.80 | 11,790.59 | 0.00 | 1,060.66 | 1,060.66 | 1,851.83 | 656.76 | 2,508.59 | 1,851.83 | 717.21 | 2,569.04 |
| 18/06/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,822.94 | 744.23 | 11,567.17 | 0.00 | 1,060.66 | 1,060.66 | 1,833.39 | 636.42 | 2,469.81 | 1,833.39 | 694.99 | 2,528.39 |
| 17/09/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,554.85 | 630.81 | 11,185.66 | 0.00 | 1,060.66 | 1,060.66 | 1,787.98 | 616.28 | 2,404.26 | 1,787.98 | 673.00 | 2,460.98 |
| 17/12/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,223.78 | 520 | | | | | | | | | | |

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

**FLows FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER
(AMOUNTS IN EUR)
CPR = 10%**

| Payment Date | Series A1 Bonds | | | Series A2 Bonds | | | Series A3 Bonds | | | Series A4 Bonds | | | Series B Bonds | | | Series C Bonds | | |
|---------------|---------------------|----------------|------------|---------------------|----------------|------------|---------------------|----------------|------------|---------------------|----------------|------------|---------------------|----------------|------------|---------------------|----------------|------------|
| | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow |
| TOTALS | 100,000.00 | 3,912.67 | 103,912.67 | 100,000.00 | 19,949.96 | 119,949.96 | 100,000.00 | 41,719.99 | 141,719.99 | 100,000.00 | 62,131.76 | 162,131.76 | 100,000.00 | 48,561.64 | 148,561.64 | 100,000.00 | 53,031.36 | 153,031.36 |
| 29/03/2007 | | | | | | | | | | | | | | | | | | |
| 18/06/2007 | 12,352.34 | 897.30 | 13,249.64 | 0.00 | 919.80 | 919.80 | 0.00 | 931.05 | 931.05 | 0.00 | 942.30 | 942.30 | 0.00 | 976.05 | 976.05 | 0.00 | 1,066.05 | 1,066.05 |
| 17/09/2007 | 15,853.20 | 885.33 | 16,738.53 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/12/2007 | 15,262.35 | 725.20 | 15,987.55 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2008 | 14,830.25 | 571.03 | 15,401.29 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/06/2008 | 14,541.69 | 425.86 | 14,967.55 | 0.00 | 1,046.76 | 1,046.76 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/09/2008 | 14,231.36 | 277.36 | 14,508.71 | 0.00 | 1,046.76 | 1,046.76 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/12/2008 | 12,928.81 | 130.59 | 13,059.41 | 319.39 | 1,035.38 | 1,354.77 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2009 | 0.00 | 0.00 | 0.00 | 5,237.25 | 1,020.73 | 6,257.98 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 0.00 | 1,086.50 | 1,086.50 | 0.00 | 1,186.50 | 1,186.50 |
| 17/06/2009 | 0.00 | 0.00 | 0.00 | 5,181.53 | 988.59 | 6,170.12 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/09/2009 | 0.00 | 0.00 | 0.00 | 5,034.18 | 934.35 | 5,968.54 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/12/2009 | 0.00 | 0.00 | 0.00 | 4,846.24 | 872.07 | 5,718.32 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2010 | 0.00 | 0.00 | 0.00 | 4,665.61 | 812.87 | 5,478.48 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 0.00 | 1,086.50 | 1,086.50 | 0.00 | 1,186.50 | 1,186.50 |
| 17/06/2010 | 0.00 | 0.00 | 0.00 | 4,612.12 | 782.09 | 5,394.21 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/09/2010 | 0.00 | 0.00 | 0.00 | 4,478.71 | 733.81 | 5,212.53 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/12/2010 | 0.00 | 0.00 | 0.00 | 4,310.98 | 679.47 | 4,990.44 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2011 | 0.00 | 0.00 | 0.00 | 4,150.10 | 627.86 | 4,777.95 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 0.00 | 1,086.50 | 1,086.50 | 0.00 | 1,186.50 | 1,186.50 |
| 17/06/2011 | 0.00 | 0.00 | 0.00 | 4,100.87 | 598.37 | 4,699.24 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 19/09/2011 | 0.00 | 0.00 | 0.00 | 3,981.56 | 567.51 | 4,549.07 | 0.00 | 1,082.57 | 1,082.57 | 0.00 | 1,095.62 | 1,095.62 | 0.00 | 1,134.79 | 1,134.79 | 0.00 | 1,239.23 | 1,239.23 |
| 19/12/2011 | 0.00 | 0.00 | 0.00 | 3,832.22 | 508.18 | 4,340.40 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 19/03/2012 | 0.00 | 0.00 | 0.00 | 3,720.62 | 468.50 | 4,189.12 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 18/06/2012 | 0.00 | 0.00 | 0.00 | 3,642.68 | 429.98 | 4,072.66 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/09/2012 | 0.00 | 0.00 | 0.00 | 3,445.33 | 392.26 | 3,837.59 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 1,024.06 | 1,098.57 | 2,122.63 | 1,024.06 | 1,199.68 | 2,223.74 |
| 17/12/2012 | 0.00 | 0.00 | 0.00 | 3,113.88 | 356.59 | 3,470.47 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 3,267.02 | 1,087.32 | 4,354.35 | 3,267.02 | 1,187.40 | 4,454.42 |
| 18/03/2013 | 0.00 | 0.00 | 0.00 | 2,997.36 | 324.35 | 3,321.71 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 3,144.78 | 1,051.43 | 4,196.21 | 3,144.78 | 1,148.20 | 4,292.98 |
| 17/06/2013 | 0.00 | 0.00 | 0.00 | 2,959.47 | 293.32 | 3,252.78 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 3,105.01 | 1,016.88 | 4,121.90 | 3,105.01 | 1,110.48 | 4,215.49 |
| 17/09/2013 | 0.00 | 0.00 | 0.00 | 2,871.98 | 265.56 | 3,137.54 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 3,013.22 | 993.57 | 4,006.79 | 3,013.22 | 1,085.02 | 4,098.24 |
| 17/12/2013 | 0.00 | 0.00 | 0.00 | 2,763.75 | 232.94 | 2,996.69 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 2,899.67 | 948.67 | 3,849.34 | 2,899.67 | 1,037.08 | 3,936.75 |
| 17/03/2014 | 0.00 | 0.00 | 0.00 | 2,660.13 | 202.08 | 2,862.21 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 2,790.96 | 907.73 | 3,698.69 | 2,790.96 | 991.28 | 3,782.24 |
| 17/06/2014 | 0.00 | 0.00 | 0.00 | 2,624.90 | 178.72 | 2,803.62 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,753.99 | 896.90 | 3,650.89 | 2,753.99 | 979.45 | 3,733.44 |
| 17/09/2014 | 0.00 | 0.00 | 0.00 | 2,546.73 | 151.25 | 2,697.97 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,671.97 | 866.32 | 3,538.29 | 2,671.97 | 946.05 | 3,618.03 |
| 17/12/2014 | 0.00 | 0.00 | 0.00 | 2,450.60 | 123.23 | 2,573.84 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 2,571.12 | 827.55 | 3,398.67 | 2,571.12 | 903.71 | 3,474.94 |
| 17/03/2015 | 0.00 | 0.00 | 0.00 | 2,358.66 | 96.79 | 2,455.45 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 2,474.66 | 790.52 | 3,265.18 | 2,474.66 | 863.28 | 3,337.94 |
| 17/06/2015 | 0.00 | 0.00 | 0.00 | 2,325.94 | 74.25 | 2,400.19 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,440.34 | 780.60 | 3,220.94 | 2,440.34 | 852.45 | 3,292.78 |
| 17/09/2015 | 0.00 | 0.00 | 0.00 | 2,256.47 | 49.90 | 2,306.37 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,367.44 | 753.50 | 3,120.94 | 2,367.44 | 822.85 | 3,190.29 |
| 17/12/2015 | 0.00 | 0.00 | 0.00 | 2,170.28 | 26.00 | 2,196.27 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 2,277.01 | 719.30 | 2,996.31 | 2,277.01 | 785.50 | 3,062.51 |
| 17/03/2016 | 0.00 | 0.00 | 0.00 | 340.47 | 3.53 | 343.99 | 10,932.53 | 1,048.02 | 11,980.54 | 0.00 | 1,060.66 | 1,060.66 | 2,209.17 | 694.28 | 2,903.45 | 2,209.17 | 758.18 | 2,967.35 |
| 17/06/2016 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,744.69 | 943.70 | 13,688.39 | 0.00 | 1,072.31 | 1,072.31 | 2,158.94 | 677.38 | 2,836.31 | 2,158.94 | 739.72 | 2,898.66 |
| 19/09/2016 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,353.53 | 826.25 | 13,179.78 | 0.00 | 1,095.62 | 1,095.62 | 2,092.68 | 667.60 | 2,760.28 | 2,092.68 | 729.05 | 2,821.72 |
| 19/12/2016 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,883.80 | 670.41 | 12,554.20 | 0.00 | 1,060.66 | 1,060.66 | 2,013.10 | 623.31 | 2,636.41 | 2,013.10 | 680.68 | 2,693.78 |
| 17/03/2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,434.39 | 527.87 | 11,962.26 | 0.00 | 1,025.69 | 1,025.69 | 1,936.97 | 581.37 | 2,518.35 | 1,936.97 | 634.88 | 2,571.85 |
| 19/06/2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,264.64 | 440.07 | 11,704.72 | 0.00 | 1,095.62 | 1,095.62 | 1,908.22 | 599.03 | 2,507.25 | 1,908.22 | 654.17 | 2,562.38 |
| 18/09/2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,920.42 | 307.97 | 11,228.40 | 0.00 | 1,060.66 | 1,060.66 | 1,849.91 | 558.95 | 2,408.86 | 1,849.91 | 610.39 | 2,460.30 |
| 18/12/2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,508.40 | 193.53 | 10,701.93 | 0.00 | 1,060.66 | 1,060.66 | 1,780.11 | 538.63 | 2,318.74 | 1,780.11 | 588.20 | 2,368.31 |
| 19/03/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7,957.60 | 83.40 | 8,040.99 | 792.94 | 1,060.66 | 1,853.59 | 1,711.98 | 519.07 | 2,231.05 | 1,711.98 | 566.85 | 2,278.83 |
| 18/06/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,672.23 | 1,052.25 | 4,724.48 | 1,685.61 | 500.26 | 2,185.88 | 1,685.61 | 546.31 | 2,231.92 |
| 17/09/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,557.81 | 1,013.30 | 4,571.11 | 1,633.10 | 481.75 | 2,114.84 | 1,633.10 | 526.09 | 2,159.18 |
| 17/12/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,421.58 | 975.56 | 4,397.14 | | | | | | |

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

FLOWS FOR EVERY BOND WITHOUT WITHHOLDING FOR THE HOLDER (AMOUNTS IN EUR) CPR = 12%

| Date | Series A1 Bonds | | | Series A2 Bonds | | | Series A3 Bonds | | | Series A4 Bonds | | | Series B Bonds | | | Series C Bonds | | |
|------------|------------------------|-------------------|---------------|------------------------|-------------------|---------------|------------------------|-------------------|---------------|------------------------|-------------------|---------------|------------------------|-------------------|---------------|------------------------|-------------------|---------------|
| | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow | Principal Repayment | Gross Interest | Total Flow |
| TOTALS | 100,000.00 | 3,420.28 | 103,420.28 | 100,000.00 | 17,183.83 | 117,183.83 | 100,000.00 | 36,137.33 | 136,137.33 | 100,000.00 | 54,894.89 | 154,894.89 | 100,000.00 | 42,531.43 | 142,531.43 | 100,000.00 | 46,446.13 | 146,446.13 |
| 29/03/2007 | | | | | | | | | | | | | | | | | | |
| 18/06/2007 | 14,422.54 | 897.30 | 15,319.84 | 0.00 | 919.80 | 919.80 | 0.00 | 931.05 | 931.05 | 0.00 | 942.30 | 942.30 | 0.00 | 976.05 | 976.05 | 0.00 | 1,066.05 | 1,066.05 |
| 17/09/2007 | 18,571.28 | 864.42 | 19,435.70 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/12/2007 | 17,766.58 | 676.83 | 18,443.41 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2008 | 17,159.97 | 497.37 | 17,657.34 | 0.00 | 1,035.38 | 1,035.38 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/06/2008 | 16,728.70 | 327.60 | 17,056.30 | 0.00 | 1,046.76 | 1,046.76 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/09/2008 | 15,350.92 | 156.76 | 15,507.68 | 0.00 | 1,046.76 | 1,412.11 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/12/2008 | 0.00 | 0.00 | 0.00 | 6,178.72 | 1,031.60 | 7,210.31 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2009 | 0.00 | 0.00 | 0.00 | 5,913.87 | 966.99 | 6,870.86 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 0.00 | 1,086.50 | 1,086.50 | 0.00 | 1,186.50 | 1,186.50 |
| 17/06/2009 | 0.00 | 0.00 | 0.00 | 5,818.68 | 916.35 | 6,735.03 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/09/2009 | 0.00 | 0.00 | 0.00 | 5,618.44 | 855.44 | 6,473.88 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/12/2009 | 0.00 | 0.00 | 0.00 | 5,374.23 | 787.97 | 6,162.20 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2010 | 0.00 | 0.00 | 0.00 | 5,141.20 | 724.28 | 5,865.48 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 0.00 | 1,086.50 | 1,086.50 | 0.00 | 1,186.50 | 1,186.50 |
| 17/06/2010 | 0.00 | 0.00 | 0.00 | 5,054.44 | 686.56 | 5,741.00 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/09/2010 | 0.00 | 0.00 | 0.00 | 4,878.22 | 633.65 | 5,511.88 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 17/12/2010 | 0.00 | 0.00 | 0.00 | 4,665.45 | 576.26 | 5,241.71 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 0.00 | 1,098.57 | 1,098.57 | 0.00 | 1,199.68 | 1,199.68 |
| 17/03/2011 | 0.00 | 0.00 | 0.00 | 4,462.73 | 522.15 | 4,984.88 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 0.00 | 1,086.50 | 1,086.50 | 0.00 | 1,186.50 | 1,186.50 |
| 17/06/2011 | 0.00 | 0.00 | 0.00 | 4,365.64 | 487.04 | 4,852.68 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 0.00 | 1,110.64 | 1,110.64 | 0.00 | 1,212.87 | 1,212.87 |
| 19/09/2011 | 0.00 | 0.00 | 0.00 | 4,231.85 | 450.72 | 4,682.58 | 0.00 | 1,082.57 | 1,082.57 | 0.00 | 1,095.62 | 1,095.62 | 0.00 | 1,134.79 | 1,134.79 | 0.00 | 1,239.23 | 1,239.23 |
| 19/12/2011 | 0.00 | 0.00 | 0.00 | 3,914.89 | 392.52 | 4,307.42 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 1,490.22 | 1,098.57 | 2,588.79 | 1,490.22 | 1,199.68 | 2,689.90 |
| 19/03/2012 | 0.00 | 0.00 | 0.00 | 3,573.00 | 351.99 | 3,924.99 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 3,748.73 | 1,082.20 | 4,830.93 | 3,748.73 | 1,181.81 | 4,930.53 |
| 18/06/2012 | 0.00 | 0.00 | 0.00 | 3,477.72 | 315.00 | 3,792.71 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 3,648.75 | 1,041.02 | 4,689.77 | 3,648.75 | 1,136.83 | 4,785.58 |
| 17/09/2012 | 0.00 | 0.00 | 0.00 | 3,354.99 | 278.99 | 3,633.98 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 3,519.99 | 1,000.93 | 4,520.92 | 3,519.99 | 1,093.06 | 4,613.04 |
| 17/12/2012 | 0.00 | 0.00 | 0.00 | 3,207.94 | 244.25 | 3,452.19 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 3,365.70 | 962.26 | 4,327.97 | 3,365.70 | 1,050.83 | 4,416.53 |
| 18/03/2013 | 0.00 | 0.00 | 0.00 | 3,067.91 | 211.04 | 3,278.94 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 3,218.79 | 925.29 | 4,144.08 | 3,218.79 | 1,010.45 | 4,229.24 |
| 17/06/2013 | 0.00 | 0.00 | 0.00 | 3,012.47 | 179.27 | 3,191.74 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 3,160.62 | 889.93 | 4,050.55 | 3,160.62 | 971.84 | 4,132.46 |
| 17/09/2013 | 0.00 | 0.00 | 0.00 | 2,905.20 | 149.71 | 3,054.91 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 3,048.08 | 864.61 | 3,912.68 | 3,048.08 | 944.18 | 3,992.26 |
| 17/12/2013 | 0.00 | 0.00 | 0.00 | 2,777.40 | 118.00 | 2,895.40 | 0.00 | 1,048.02 | 1,048.02 | 0.00 | 1,060.66 | 1,060.66 | 2,913.99 | 821.72 | 3,735.71 | 2,913.99 | 897.35 | 3,811.34 |
| 17/03/2014 | 0.00 | 0.00 | 0.00 | 2,655.81 | 88.27 | 2,744.08 | 0.00 | 1,036.50 | 1,036.50 | 0.00 | 1,049.00 | 1,049.00 | 2,786.43 | 781.03 | 3,567.46 | 2,786.43 | 852.92 | 3,639.34 |
| 17/06/2014 | 0.00 | 0.00 | 0.00 | 2,606.20 | 62.43 | 2,668.62 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,734.37 | 767.44 | 3,501.81 | 2,734.37 | 838.08 | 3,572.44 |
| 17/09/2014 | 0.00 | 0.00 | 0.00 | 2,512.76 | 35.15 | 2,547.91 | 0.00 | 1,059.53 | 1,059.53 | 0.00 | 1,072.31 | 1,072.31 | 2,636.34 | 737.07 | 3,373.41 | 2,636.34 | 804.91 | 3,441.25 |
| 17/12/2014 | 0.00 | 0.00 | 0.00 | 844.91 | 8.75 | 853.66 | 9,643.45 | 1,048.02 | 10,691.47 | 0.00 | 1,060.66 | 1,060.66 | 2,520.05 | 700.10 | 3,220.15 | 2,520.05 | 764.53 | 3,284.59 |
| 17/03/2015 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14,223.85 | 936.55 | 15,160.40 | 0.00 | 1,049.00 | 1,049.00 | 2,409.50 | 665.02 | 3,074.53 | 2,409.50 | 726.23 | 3,135.74 |
| 17/06/2015 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13,949.26 | 806.65 | 14,755.91 | 0.00 | 1,072.31 | 1,072.31 | 2,362.99 | 653.04 | 3,016.03 | 2,362.99 | 713.15 | 3,076.14 |
| 17/09/2015 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13,447.01 | 658.85 | 14,105.86 | 0.00 | 1,072.31 | 1,072.31 | 2,277.91 | 626.80 | 2,904.71 | 2,277.91 | 684.49 | 2,962.40 |
| 17/12/2015 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,847.67 | 510.77 | 13,358.44 | 0.00 | 1,060.66 | 1,060.66 | 2,176.38 | 594.96 | 2,771.34 | 2,176.38 | 649.72 | 2,826.10 |
| 17/03/2016 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,386.04 | 376.12 | 12,762.16 | 0.00 | 1,060.66 | 1,060.66 | 2,098.18 | 571.05 | 2,669.23 | 2,098.18 | 623.61 | 2,721.79 |
| 17/06/2016 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,032.81 | 249.02 | 12,281.83 | 0.00 | 1,072.31 | 1,072.31 | 2,038.34 | 554.02 | 2,592.37 | 2,038.34 | 605.01 | 2,643.36 |
| 19/09/2016 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11,469.91 | 124.17 | 11,594.08 | 44.35 | 1,095.62 | 1,139.98 | 1,963.35 | 542.94 | 2,506.29 | 1,963.35 | 592.91 | 2,556.26 |
| 19/12/2016 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,086.96 | 1,060.19 | 5,147.15 | 1,875.98 | 504.04 | 2,380.02 | 1,875.98 | 550.43 | 2,426.41 |
| 17/03/2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,906.01 | 983.31 | 4,889.33 | 1,792.92 | 467.49 | 2,260.42 | 1,792.92 | 510.52 | 2,303.45 |
| 19/06/2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,826.63 | 1,007.56 | 4,834.19 | 1,756.49 | 479.02 | 2,235.51 | 1,756.49 | 523.11 | 2,279.60 |
| 18/09/2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,685.87 | 934.82 | 4,620.69 | 1,691.88 | 444.44 | 2,136.31 | 1,691.88 | 485.34 | 2,177.22 |
| 18/12/2017 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,522.48 | 895.73 | 4,418.20 | 1,616.87 | 425.85 | 2,042.72 | 1,616.87 | 465.05 | 2,081.92 |
| 19/03/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,364.82 | 858.36 | 4,223.19 | 1,544.51 | 408.09 | 1,952.80 | 1,544.51 | 445.65 | 1,990.16 |
| 18/06/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,294.38 | 822.67 | 4,117.06 | 1,512.18 | 391.12 | 1,903.30 | 1,512.18 | 427.12 | 1,939.30 |
| 17/09/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,171.22 | 787.73 | 3,958.95 | 1,455.64 | 374.51 | 1,830.15 | 1,455.64 | 408.98 | 1,864.62 |
| 17/12/2018 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,028.81 | 754.10 | 3,782.91 | 1,390.27 | 358.52 | 1,748.79 | 1,390.27 | 391. | |

4.11 Representation of security holders.

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

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

4.12 Resolutions, authorisations and approvals for issuing the securities.

a) Corporate resolutions.

Resolution to set up the Fund and issue the Bonds:

At its meeting of February 23, 2007, the Executive Committee of the Board of Directors of EUROPEA DE TITULIZACIÓN resolved that:

- i) BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS be set up in accordance with the legal system for which provision is made in Royal Decree 926/1998, Act 19/1992, failing a provision in Royal Decree 926/1998 and to the extent applicable, and all other legal and statutory provisions in force and applicable from time to time.
- ii) Pass-through certificates issued by BBVA on loans owned by BBVA and shown on its assets granted to individuals with real estate mortgage security on homes, be pooled in the Fund.
- iii) The Bonds be issued by the Fund.

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

At meetings held on November 24, 2006 and February 27, 2007, the Board of Directors of BBVA resolved that the issue of pass-through certificates on mortgage loans granted by BBVA to be subscribed for by one or more securitisation funds be authorised.

b) Registration by the CNMV.

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

This Prospectus regarding the establishment of the Fund and issue of the Bonds has been entered in the CNMV's Official Registers on March 22, 2007.

c) Execution of the Fund public deed of constitution.

Upon the CNMV registering this Prospectus, the Management Company and BBVA, Originator of the Mortgage Loans, shall proceed to execute on March 26, 2007 a public deed whereby BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS will be established, BBVA will assign to the Fund Mortgage Loans, by issuing Pass-Through Certificates, and the Fund will issue the Asset-Backed Bonds, on the terms provided in article 6 of Royal Decree 926/1998.

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

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

4.13 Issue date of the securities.

The Bond issue date shall be March 26, 2007.

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

Placement of the Bonds in each of Series A1, A2, A3, A4, B and C of the Bond Issue is targeted at qualified investors and, therefore, in accordance with the Securities Market Act and applicable implementing regulations, the Bond offering shall not be considered a public offering.

Tranches.

Each of the Series consists of one tranche only.

4.13.2 **Bond subscription or acquisition date or period.**

The Bond subscription period (the "**Subscription Period**") shall begin at 1pm (CET time) on March 27, 2007 and end at 2pm (CET time) on the same day.

4.13.3 **Subscription payment method and dates.**

The investors to whom the Bonds are allocated shall pay the relevant Underwriter and Placement Agent, by 1pm (CET time) on March 29, 2007 (the "**Closing Date**"), for same day value, the relevant issue price for each Bond allocated for subscription.

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

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

5 ADMISSION TO TRADING AND DEALING ARRANGEMENTS.

5.1 Market where the securities will be traded.

In fulfilment of the provisions of article 2.3 of Royal Decree 926/1998, the Management Company shall, upon the Bonds having been paid up, apply for this Bond Issue to be listed on AIAF Mercado de Renta Fija ("**AIAF**"), which is a qualified official secondary securities market pursuant to transitional provision six of Act 37/1998, November 16, amending the Securities Market Act, and a regulated market, in accordance with the Annotated List of Regulated Markets and Additional Provisions under the Investment Services Directive 93/22, published in the Official Journal of the European Communities on May 12, 2005. The Management Company undertakes to do all such things as may be necessary in order that definitive admission to trading is achieved not later than one month after the Closing Date.

The Management Company expressly represents that it is aware of the requirements and terms that must be observed for the securities to be eligible to be listed, remain listed and be excluded from listing on the AIAF, in accordance with the laws in force and the requirements of its governing bodies, and the Fund agrees through its Management Company to observe the same.

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

5.2 Paying agents and depository agents.

5.2.1 Paying Agent of the Bond Issue.

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

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

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

- (i) Paying to the Fund by 3pm (CET time) on the Closing Date, by crediting the Treasury Account, for same day value, the aggregate amount of the subscription for the Bond Issue received from the other Underwriters and Placement Agents as provided for in the Bond Issue Management, Underwriting and Placement Agreement plus the face amount of the Bonds placed and subscribed for, as the case may be, on its own account, as Underwriter and Placement Agent.
- (ii) Paying each Underwriter and Placement Agent on the Closing Date, as directed by the Management Company, the Bond underwriting and placement fee amount they shall each have earned, after they have in turn paid it the face amount of the Bonds they shall each have placed and subscribed for, as the case may be, on their own account up to their respective underwriting commitment.
- (iii) Handing to the Management Company Bond Issue placement dissemination control information based on the Bond information provided in that connection by the Underwriters and Placement Agents, using for that purpose the form duly established by the CNMV.
- (iv) On each Bond Payment Date, paying interest and, as the case may be, repaying Bond principal through Iberclear, after deducting the total amount of the interim tax withholding for return on investments to be made by the Management Company, on behalf of the Fund, in accordance with applicable tax laws.
- (v) On each Interest Rate Fixing Date, notifying the Management Company of the Reference Rate determined to be used as the basis for the Management Company to calculate the Nominal Interest Rate applicable to each Bond Series.

In the event that the rating of BBVA's short-term, unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below F1, P-1 or A-1 respectively by Fitch, Moody's and S&P, the Management Company shall within not more than thirty (30) Business Days from the time of the occurrence of any such circumstances revoke the appointment of BBVA as Paying Agent and thereupon designate another institution with short-term, unsecured and unsubordinated debt obligations rated at least as high as F1, P-1 and A-1 respectively by Fitch, Moody's and S&P, to take its place before terminating the Paying Agent Agreement or, as the case may be, under a new paying agent agreement, and subject to prior notice being given to Fitch and S&P. Should BBVA be replaced as Paying Agent, the Management Company shall be entitled to change the fee payable to the substitute institution, which may be higher than that established with BBVA under the Paying Agent Agreement. All costs, expenses and taxes incurred in connection with putting in place and arranging the above shall be borne by BBVA.

In consideration of the services provided by the Paying Agent, the Fund shall pay it on each Payment Date during the term of the agreement, a fee of EUR twelve thousand (12,000.00), inclusive of taxes as the case may be. This fee shall be paid provided that the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, the Liquidation Priority of Payments.

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

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

6 EXPENSE OF THE OFFERING AND OF ADMISSION TO TRADING.

The following are the expected expenses deriving from setting up the Fund and issue and admission to trading of the Bond issue:

| | EUR |
|---|---------------------|
| • Initial Management Company fee, notary's, rating and legal advice fees * | 511,613.00 |
| • CNMV fees (registering Prospectus and supervising Bond admission to trading) | 48,993.66 |
| • AIAF and Iberclear fees for including the Bonds in the register of book entries | 55,680.00 |
| • Underwriting and placement fees ** | 4,000,000.00 |
| • Translation, printing and other expenses | 74,410.00 |
| Total expenses | 4,690,696.66 |

(* The audit fees for the specimen selected mortgage loans shall be paid by BBVA)

(** In the event that the fee percentages applicable should be the highest percentage set for each Series under section 4.1 of this Securities Note)

7 ADDITIONAL INFORMATION.

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

GARRIGUES, as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications contained in section 4.5.1 of the Registration Document.

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

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

Not applicable.

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

Deloitte have audited the selected mortgage loans on the terms set forth in section 2.2 of the Building Block and have audited the Management Company's and BBVA's annual accounts for the years ended December 31, 2005, 2004 and 2003.

7.4 Information sourced from a third party.

Mr Fernando Delgado Parra and Ms Sandra de las Cavadas Quevedo, duly empowered to act for and on behalf of BBVA as Lead Manager of the Bond Issue and in accordance with article 35.3 of Royal Decree 1310/2005, declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

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

The Management Company confirms that the information from BBVA on the Mortgage Loans and on the Originator proper has been accurately reproduced and, to the best of its knowledge and ability to determine based on that information provided by BBVA, no fact has been omitted which might result in the

information reproduced being inaccurate or deceptive, or that the Prospectus has omitted any material facts or figures which might be relevant to the investor.

7.5 Credit ratings assigned to the securities by rating agencies.

On March 20, 2007, Fitch, Moody's and S&P assigned the following provisional ratings to each Bond Series, and expect to assign the same final ratings by the start of the Bond Subscription Period.

| Bond Series | Fitch Rating | Moody's Rating | Moody's Rating |
|-------------|--------------|----------------|----------------|
| Series A1 | AAA | Aaa | AAA |
| Series A2 | AAA | Aaa | AAA |
| Series A3 | AAA | Aaa | AAA |
| Series A4 | AAA | Aaa | AAA |
| Series B | A+ | Aa3 | A |
| Series C | BBB+ | Baa3 | BBB |

If the Rating Agencies should not confirm any of the assigned provisional ratings as final by the start of the Subscription Period, this circumstance would forthwith be notified to the CNMV and be publicised in the manner for which provision is made in section 4.1.2.2 of the Building Block. Furthermore, this circumstance would result in the establishment of the Fund, the Bond Issue and subscription for the Pass-Through Certificates terminating, as provided for in section 4.4.4.(v) of the Registration Document.

Rating considerations.

The ratings assigned to each Bond Series by Fitch measure the Fund's capacity for timely payment of interest and payment of Bond principal throughout the life of the transaction and at all events before the Final Maturity Date, on the terms stipulated in the Prospectus. The structure allows Series B and C interest payment to be deferred in certain circumstances. This implies that those Series might not receive interest on some Payment Dates if the deferment circumstances occur, without that being a default on payment of those Bonds.

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

The ratings assigned to each Bond Series by S&P measure the Fund's capacity for timely payment of interest on each set Payment Date and repayment of principal throughout the life of the transaction and at all events before the Final Maturity Date.

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

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

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

- (i) are assigned by the Rating Agencies based on manifold information received with respect to which they give no assurance, nor even as to their accuracy or wholeness, wherefore the Rating Agencies may in no event be deemed to be responsible therefor; and
- (ii) are not and cannot therefore be howsoever construed as an invitation, recommendation or encouragement for investors to proceed to carry out any transaction whatsoever on the Bonds and, in particular, acquire, keep, charge or sell those Bonds.

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

In carrying on the rating and monitoring process, the Rating Agencies rely on the accuracy and wholeness of the information provided by BBVA, the Management Company, the auditors of the selected mortgage loans and lawyers.

ASSET-BACKED SECURITIES NOTE BUILDING BLOCK

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

1. SECURITIES

1.1 Minimum denomination of the issue.

The Fund shall be set up with the Mortgage Loans which BBVA shall assign to the Fund upon being established by issuing the Pass-Through Certificates and their Outstanding Balance shall be equal to or slightly above EUR five billion (5,000,000,000.00), the face value amount of the Bond Issue.

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

Not applicable.

2. UNDERLYING ASSETS

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

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

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

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

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

2.2 Assets backing the issue.

The portfolio of selected mortgage loans from which the Mortgage Loans to be assigned to the Fund upon being established will be taken comprises 38,780 mortgage loans, their outstanding principal as of March 6, 2007 being EUR 5,605,776,550.67 and the overdue principal being 309,810.04.

The contract terms of some of the selected mortgage loans provide that an agreement may be arrived at with the obligor or borrower in order to:

- (i) Change the maturity date on the terms given in section 2.2.4.1 of this Building Block.
- (ii) Defer payment of up to two instalments in each calendar year, not more than ten instalments to be deferred throughout the mortgage loan term, subject to the following limitations:

- a) That not less than twelve months have elapsed since the due date of the last instalment in respect of which payment was deferred in a previous calendar year.
- b) That there were no overdue loan payments on the due dates during the year next preceding the date of the monthly instalment in respect of which payment is to be deferred.
- c) That the mortgage cover is less than 80 percent.

The amount of the deferred instalments shall be accumulated to the outstanding capital on the day after the instalments fall due and shall as a capital increase earn interest from that date at the current loan interest rate.

- (iii) Change the nature of the interest rate, after the first twelve months of the loan term have elapsed, to one of the following interest rate modes:

- a) To the “constant interest” mode: Whenever the loan is in a “constant interest” loan, the fixed interest period shall comprise 36 months and the benchmark index used shall be the Mortgage Loan Benchmark Index (MLBI) All Institutions.
- b) To the “floating interest” mode: Whenever the loan is a “floating interest” loan, there shall be successive floating interest periods, each of which shall comprise six months and the benchmark index used shall be one-year EURIBOR published in the Official State Gazette.

The obligor may choose to change the mode during the mortgage loan term, provided that the obligor is in good standing in respect of the obligor’s loan obligations, and with the following frequency: (i) once every year if “floating interest” is the applicable mode or within 36 months of electing the “constant interest” mode

- (iv) Additionally, and provided that the obligor is in good standing in respect of the obligor’s mortgage loan obligations and has no payments overdue with BBVA under other transactions, the mortgage loan interest rate may have rebates, of up to not more than 0.25% of the annual nominal ordinary interest rate, where the obligor has arranged with BBVA or BBVA group any or some of the following product or service groups:

- Group A: Direct salary payment, credit card and household comprehensive insurance.
- Group B: Life insurance or current loan repayment insurance.
- Group C: Individual social insurance or pension plan.

Audit of the assets securitised through the Fund.

The most significant characteristics of the selected mortgage loans have been audited by Deloitte.

That audit was made using sampling techniques consisting of analysing a number of transactions fewer (sample) than the full selection of mortgage loans (population), allowing a conclusion to be arrived at regarding that population. The verification deals with a number of both quantitative and qualitative attributes regarding the sample transactions and specifically regarding: origination of the loan, purpose of the loan, identification of the obligor, mortgage loan holder, loan origination date, loan maturity date, initial loan amount, current loan balance (outstanding principal), reference rate, interest rate spread, interest rate applied, appraisal value, current loan-to-value ratio, type of mortgaged property, address of the mortgaged property, mortgage security, asset transfer, arrears in payment and existence of damage insurance. Selected mortgage loans in respect of which errors are detected in verifying the sample shall not be assigned to the Fund by BBVA.

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

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

The securitised assets are governed by Spanish Law.

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

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

The following table gives the concentration of the ten obligors weighing most in the portfolio of selected mortgage loans as of March 6, 2007.

| Mortgage loan portfolio as of 06.03.2007 | | | | |
|--|----------------|---------------|-------------------------|---------------|
| Classification by Obligor | | | | |
| | Mortgage loans | | Outstanding principal | |
| | | % | (EUR) | % |
| Obligor 1 | 1 | 0.0026 | 534,775.81 | 0.010 |
| Obligor 2 | 1 | 0.0026 | 510,476.96 | 0.009 |
| Obligor 3 | 1 | 0.0026 | 501,258.87 | 0.009 |
| Obligor 4 | 1 | 0.0026 | 498,910.05 | 0.009 |
| Obligor 5 | 1 | 0.0026 | 483,028.32 | 0.009 |
| Obligor 6 | 1 | 0.0026 | 469,197.61 | 0.008 |
| Obligor 7 | 1 | 0.0026 | 466,488.76 | 0.008 |
| Obligor 8 | 1 | 0.0026 | 462,068.90 | 0.008 |
| Obligor 9 | 1 | 0.0026 | 456,800.00 | 0.008 |
| Obligor 10 | 1 | 0.0026 | 454,778.62 | 0.008 |
| Rest: 38,770 obligors | 38,770 | 99.974 | 5,600,938,766.77 | 99.914 |
| Total obligors: 38,780 | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 |

The number of obligors matches the number of mortgage loans because the selected portfolio has no Obligor with more than one mortgage loan.

b) Information regarding selected mortgage loan origination date.

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

| Mortgage loan portfolio as of 06.03.2007 | | | | |
|--|----------------|---------------|-----------------------------|---------------|
| Classification by loan origination date | | | | |
| Date interval | Mortgage loans | | Outstanding principal | |
| | | % | (EUR) | % |
| 01/01/2003 to 30/06/2003 | 351 | 0.91 | 40,956,202.22 | 0.73 |
| 01/07/2003 to 31/12/2003 | 2,967 | 7.65 | 347,681,058.98 | 6.20 |
| 01/01/2004 to 30/06/2004 | 6,652 | 17.15 | 851,315,673.11 | 15.19 |
| 01/07/2004 to 31/12/2004 | 7,072 | 18.24 | 970,532,268.55 | 17.31 |
| 01/01/2005 to 30/06/2005 | 7,132 | 18.39 | 1,037,430,925.29 | 18.51 |
| 01/07/2005 to 31/12/2005 | 7,095 | 18.30 | 1,109,782,116.55 | 19.80 |
| 01/01/2006 to 30/06/2006 | 6,346 | 16.36 | 1,040,499,858.29 | 18.56 |
| 01/07/2006 to 31/12/2006 | 1,165 | 3.00 | 207,578,447.68 | 3.70 |
| Total | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 |
| | 23.02 | Months | Weighted average age | |
| | 49.84 | Months | Maximum age | |
| | 2.99 | Months | Minimum age | |

c) Information regarding selected mortgage loan principal.

The following table gives the distribution of the outstanding mortgage loan principal as at March 6, 2007 in EUR 25,000 intervals, and the average, minimum and maximum amount.

| Mortgage loan portfolio as of 06.03.2007 | | | | |
|---|-----------------------|---------------|------------------------------|---------------|
| Classification by outstanding principal | | | | |
| Principal interval (EUR) | Mortgage loans | | Outstanding principal | |
| | No. | % | (EUR) | % |
| 25,000.00 - 49,999.99 | 622 | 1.60 | 27,391,670.75 | 0.49 |
| 50,000.00 - 74,999.99 | 3,058 | 7.89 | 198,125,964.78 | 3.53 |
| 75,000.00 - 99,999.99 | 5,792 | 14.94 | 511,067,886.61 | 9.12 |
| 100,000.00 - 124,999.99 | 6,963 | 17.96 | 783,381,640.16 | 13.97 |
| 125,000.00 - 149,999.99 | 6,798 | 17.53 | 934,614,888.74 | 16.67 |
| 150,000.00 - 174,999.99 | 5,526 | 14.25 | 895,745,804.64 | 15.98 |
| 175,000.00 - 199,999.99 | 3,930 | 10.13 | 733,371,563.37 | 13.08 |
| 200,000.00 - 224,999.99 | 2,420 | 6.24 | 511,408,720.59 | 9.12 |
| 225,000.00 - 249,999.99 | 1,462 | 3.77 | 345,367,314.35 | 6.16 |
| 250,000.00 - 274,999.99 | 819 | 2.11 | 213,728,309.77 | 3.81 |
| 275,000.00 - 299,999.99 | 561 | 1.45 | 160,930,880.64 | 2.87 |
| 300,000.00 - 324,999.99 | 276 | 0.71 | 86,024,117.34 | 1.53 |
| 325,000.00 - 349,999.99 | 200 | 0.52 | 67,290,054.53 | 1.20 |
| 350,000.00 - 374,999.99 | 139 | 0.36 | 50,134,667.72 | 0.89 |
| 375,000.00 - 399,999.99 | 99 | 0.26 | 38,175,422.99 | 0.68 |
| 400,000.00 - 424,999.99 | 67 | 0.17 | 27,590,911.53 | 0.49 |
| 425,000.00 - 449,999.99 | 33 | 0.09 | 14,326,854.55 | 0.26 |
| 450,000.00 - 474,999.99 | 10 | 0.03 | 4,571,427.60 | 0.08 |
| 475,000.00 - 499,999.99 | 2 | 0.01 | 981,938.37 | 0.02 |
| 500,000.00 - 524,999.99 | 2 | 0.01 | 1,011,735.83 | 0.02 |
| 525,000.00 - 549,999.99 | 1 | 0.00 | 534,775.81 | 0.01 |
| Total | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 |
| Average principal: | | | 144,553.29 | |
| Minimum principal: | | | 34,701.54 | |
| Maximum principal: | | | 534,775.81 | |

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

The following table gives the distribution of the mortgage loans according to benchmark indices applicable to the loans for determining the nominal interest rate.

| Mortgage loan portfolio as of 06.03.2007 | | | | |
|--|-----------------------|---------------|------------------------------|---------------|
| Classification by Interest rate benchmark index | | | | |
| Benchmark Index | Mortgage loans | | Outstanding principal | |
| | | % | (EUR) | % |
| 1-year Euribor | 37,236 | 96.02 | 5,388,760,283.38 | 96.13 |
| MLBI All Institutions | 1,379 | 3.56 | 198,527,021.26 | 3.54 |
| MLBI Banks | 165 | 0.43 | 18,489,246.03 | 0.33 |
| Total | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 |

As explained in section 2.2 of this Building Block, the contract terms of some mortgage loans allow the obligor to choose between floating or constant interest.

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

The following table gives the distribution of the selected mortgage loans by 0.50% nominal interest rate intervals applicable as at March 6, 2007, and their average, minimum and maximum values. The nominal interest rates applicable to the mortgage loans range between 2.250% and 5.949%.

| Mortgage loan portfolio as of 06.03.2007 | | | | | |
|--|------------------|---------------|-------------------------------|---------------|------------------|
| Classification by applicable nominal interest rate | | | | | |
| Interest Rate % Interval | Mortgage loans % | | Outstanding principal (EUR) % | | % Interest Rate* |
| 2.00 - 2.49 | 119 | 0.31 | 22,073,200.35 | 0.39 | 2.25 |
| 2.50 - 2.99 | 12 | 0.03 | 2,099,367.35 | 0.04 | 2.79 |
| 3.00 - 3.49 | 398 | 1.03 | 55,895,286.21 | 1.00 | 3.41 |
| 3.50 - 3.99 | 5,185 | 13.37 | 738,149,625.19 | 13.17 | 3.79 |
| 4.00 - 4.49 | 16,945 | 43.70 | 2,534,783,676.26 | 45.22 | 4.29 |
| 4.50 - 4.99 | 15,371 | 39.64 | 2,141,799,302.21 | 38.21 | 4.66 |
| 5.00 - 5.49 | 704 | 1.82 | 103,684,324.65 | 1.85 | 5.11 |
| 5.50 - 5.99 | 46 | 0.12 | 7,291,768.45 | 0.13 | 5.67 |
| Total | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 | |
| Weighted average: | | | | | 4.366 % |
| Simple average: | | | | | 4.373 % |
| Minimum: | | | | | 2.250 % |
| Maximum: | | | | | 5.949 % |

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

f) Information regarding maximum and minimum nominal interest rates applicable to the selected mortgage loans.

Part of the selected mortgage loans have had a minimum nominal interest rate floor set for applicable nominal interest rate variability. The minimum nominal interest rates applicable to the selected mortgage loans as at March 6, 2007 range between 1.00% and 3.50%.

The following table gives the selected mortgage loan distribution by 0.50% minimum nominal interest rate intervals applicable for determining the nominal interest rate.

| Mortgage loan portfolio as of 06.03.2007 | | | | | |
|---|---------------|---------------|-------------------------------|---------------|----------------------|
| Classification by applicable minimum nominal interest rates | | | | | |
| Minimum % Interest Rate Interval | Loans % | | Outstanding principal (EUR) % | | Minimum % Int. Rate* |
| 1.00 - 1.49 | 5 | 0,01 | 958.162,06 | 0,02 | 1,00 |
| 1.50 - 1.99 | 5 | 0,01 | 822.831,94 | 0,01 | 1,50 |
| 2.00 - 2.49 | 324 | 0,84 | 48.736.048,63 | 0,87 | 2,16 |
| 2.50 - 2.99 | 993 | 2,56 | 137.108.954,78 | 2,45 | 2,63 |
| 3.00 - 3.49 | 1.153 | 2,97 | 154.391.490,65 | 2,75 | 3,00 |
| 3.50 - 3.99 | 102 | 0,26 | 10.615.964,40 | 0,19 | 3,50 |
| No minimum applicable NIR | 36,198 | 93.34 | 5,253,143,098.21 | 93.71 | |
| Total | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 | |

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

The selected mortgage loans have had a maximum nominal interest rate ceiling set for applicable nominal interest rate variability. The maximum nominal interest rates applicable to the selected loans as at March 6, 2007 range between 12.00% and 30.00%.

The following table gives the selected mortgage loan distribution by 0.50% maximum nominal interest rate intervals applicable for determining the nominal interest rate. Intervals with no contents are not detailed.

| Mortgage loan portfolio as of 06.03.2007 | | | | | |
|---|---------------|---------------|-----------------------------|---------------|----------------------|
| Classification by applicable maximum nominal interest rates | | | | | |
| Maximum % Interest Rate Interval | Loans | | Outstanding principal (EUR) | | Maximum % Int. Rate* |
| | | % | | % | |
| 12.00 - 12.49 | 668 | 1.72 | 81,297,121.66 | 1.45 | 12.00 |
| 13.00 - 13.49 | 1 | 0.00 | 162,482.87 | 0.00 | 13.00 |
| 15.00 - 15.49 | 38,099 | 98.24 | 5,522,257,940.06 | 98.51 | 15.00 |
| 20.00 - 20.49 | 1 | 0.00 | 91,761.86 | 0.00 | 20.00 |
| 30.00 - 30.49 | 11 | 0.03 | 1,967,244.22 | 0.04 | 30.00 |
| Total | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 | |

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

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

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

| Mortgage loan portfolio as of 06.03.2007 | | | | | | |
|--|----------------|-------|-----------------------------|-------|-------------------|------------|
| Classification by final repayment date | | | | | | |
| Final Repayment Year | Mortgage loans | | Outstanding principal (EUR) | | Residual Life wa* | |
| | | % | | % | Months | Date |
| 2012 | 1 | 0.00 | 66,319.09 | 0.00 | 63.84 | 30/06/2012 |
| 2013 | 3 | 0.01 | 358,643.93 | 0.01 | 77.91 | 1/09/2013 |
| 2014 | 12 | 0.03 | 1,113,114.92 | 0.02 | 88.28 | 14/07/2014 |
| 2015 | 31 | 0.08 | 3,359,909.34 | 0.06 | 101.36 | 16/08/2015 |
| 2016 | 49 | 0.13 | 5,105,203.50 | 0.09 | 111.68 | 25/06/2016 |
| 2017 | 28 | 0.07 | 3,085,202.67 | 0.06 | 125.18 | 10/08/2017 |
| 2018 | 76 | 0.20 | 7,512,094.18 | 0.13 | 137.69 | 26/08/2018 |
| 2019 | 216 | 0.56 | 19,041,754.86 | 0.34 | 148.68 | 26/07/2019 |
| 2020 | 234 | 0.60 | 24,362,742.47 | 0.43 | 161.10 | 8/08/2020 |
| 2021 | 180 | 0.46 | 20,618,291.07 | 0.37 | 171.19 | 10/06/2021 |
| 2022 | 98 | 0.25 | 10,404,015.42 | 0.19 | 184.50 | 21/07/2022 |
| 2023 | 404 | 1.04 | 39,749,616.81 | 0.71 | 198.19 | 10/09/2023 |
| 2024 | 927 | 2.39 | 98,527,205.14 | 1.76 | 208.49 | 20/07/2024 |
| 2025 | 911 | 2.35 | 111,878,774.64 | 2.00 | 220.45 | 19/07/2025 |
| 2026 | 564 | 1.45 | 73,042,765.45 | 1.30 | 230.77 | 29/05/2026 |
| 2027 | 237 | 0.61 | 30,156,954.88 | 0.54 | 245.06 | 7/08/2027 |
| 2028 | 819 | 2.11 | 92,872,987.14 | 1.66 | 258.05 | 5/09/2028 |
| 2029 | 1,796 | 4.63 | 209,750,722.90 | 3.74 | 268.54 | 22/07/2029 |
| 2030 | 1,585 | 4.09 | 212,601,387.59 | 3.79 | 280.28 | 14/07/2030 |
| 2031 | 940 | 2.42 | 136,361,691.52 | 2.43 | 290.91 | 3/06/2031 |
| 2032 | 441 | 1.14 | 64,158,399.74 | 1.14 | 304.45 | 19/07/2032 |
| 2033 | 2,331 | 6.01 | 299,735,002.10 | 5.35 | 318.44 | 17/09/2033 |
| 2034 | 9,710 | 25.04 | 1,352,246,293.05 | 24.12 | 328.80 | 30/07/2034 |
| 2035 | 10,141 | 26.15 | 1,573,525,525.66 | 28.07 | 340.43 | 19/07/2035 |
| 2036 | 5,360 | 13.82 | 890,578,124.42 | 15.89 | 350.22 | 12/05/2036 |
| 2037 | 3 | 0.01 | 551,634.17 | 0.01 | 363.63 | 24/06/2037 |
| 2038 | 10 | 0.03 | 1,531,196.93 | 0.03 | 379.29 | 14/10/2038 |
| 2039 | 18 | 0.05 | 2,774,499.46 | 0.05 | 389.99 | 4/09/2039 |
| 2040 | 127 | 0.33 | 22,990,463.58 | 0.41 | 402.18 | 9/09/2040 |
| 2041 | 98 | 0.25 | 16,969,300.18 | 0.30 | 410.29 | 14/05/2041 |

| Mortgage loan portfolio as of 06.03.2007 | | | | | | |
|--|--------------------------|---------------|-------------------------|---------------|-------------------|-------------------|
| Classification by final repayment date | | | | | | |
| Final Repayment Year | Mortgage loans | | Outstanding principal | | Residual Life wa* | |
| | | % | (EUR) | % | Months | Date |
| 2042 | 4 | 0.01 | 677,206.09 | 0.01 | 423.51 | 21/06/2042 |
| 2043 | 22 | 0.06 | 3,317,531.96 | 0.06 | 438.74 | 27/09/2043 |
| 2044 | 60 | 0.15 | 9,784,106.85 | 0.17 | 448.79 | 29/07/2044 |
| 2045 | 504 | 1.30 | 97,253,973.73 | 1.73 | 463.53 | 21/10/2045 |
| 2046 | 840 | 2.17 | 169,713,895.23 | 3.03 | 470.50 | 21/05/2046 |
| Total | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 | | |
| | Weighted average: | | | | 326.06 | 8/05/2034 |
| | Simple average: | | | | 319.30 | 14/10/2033 |
| | Minimum: | | | | 63.84 | 30/06/2012 |
| | Maximum: | | | | 477.86 | 31/12/2046 |

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

As set out in section 2.2.4.1 of this Building Block, the contract terms of some mortgage loans allow the due date to be changed.

h) Information regarding geographical distribution by Autonomous Communities.

The following table gives mortgage loan distribution by Autonomous Communities according to where the mortgage loan security is located.

| Mortgage loan portfolio as of 06.03.2007 | | | | |
|--|----------------|---------------|-------------------------|---------------|
| Classification by Autonomous Communities | | | | |
| | Mortgage loans | | Outstanding principal | |
| | | % | (EUR) | % |
| Andalusia | 7,061 | 18.21 | 894,190,009.40 | 15.95 |
| Aragón | 711 | 1.83 | 101,616,617.47 | 1.81 |
| Asturies | 745 | 1.92 | 86,631,681.06 | 1.55 |
| Balearic Isles | 1,439 | 3.71 | 229,041,326.15 | 4.09 |
| Canary Islands | 3,293 | 8.49 | 403,874,377.98 | 7.20 |
| Cantabria | 523 | 1.35 | 71,922,795.50 | 1.28 |
| Catalonia | 6,724 | 17.34 | 1,163,309,964.56 | 20.75 |
| Ceuta | 174 | 0.45 | 21,214,213.78 | 0.38 |
| Basque Country | 1,009 | 2.60 | 174,067,055.41 | 3.11 |
| Extremadura | 781 | 2.01 | 80,041,969.71 | 1.43 |
| Galicia | 1,811 | 4.67 | 213,678,110.49 | 3.81 |
| Castile-León | 1,776 | 4.58 | 219,330,526.36 | 3.91 |
| Madrid | 4,315 | 11.13 | 829,850,200.51 | 14.80 |
| Castile La Mancha | 1,520 | 3.92 | 202,232,891.91 | 3.61 |
| Melilla | 184 | 0.47 | 19,216,696.26 | 0.34 |
| Murcia | 953 | 2.46 | 126,099,952.36 | 2.25 |
| Navarre | 216 | 0.56 | 34,458,715.33 | 0.61 |
| La Rioja | 209 | 0.54 | 28,688,503.32 | 0.51 |
| Valencian Community | 5,336 | 13.76 | 706,310,943.11 | 12.60 |
| Total | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 |

i) Information regarding delays, if any, in collecting selected mortgage loan interest or principal instalments.

The following table gives the number of mortgage loans, the outstanding principal and the overdue principal on selected mortgage loans in regard to which there was any delay in payment of amounts due as at March 6, 2007.

| Arrears in payment of instalments due as of 06.03.2007 | | | | |
|--|----------------|-----------------------|-------------------|----------------------------------|
| Day Interval | Mortgage Loans | Outstanding Principal | Overdue Principal | |
| | | | | % o/ Total Outstanding Principal |
| 1 to 15 days | 1,338 | 200,611,377.54 | 309,273.26 | 0.00552 |
| 16 to 30 days | 4 | 572,426.89 | 536.78 | 0.00001 |
| Total | 1,342 | 201,183,804.43 | 309,810.04 | 0.00553 |

In accordance with BBVA's representation in section 2.2.8.2.(19) of the Building Block, none of the Mortgage Loans that will finally be assigned to the Fund upon being established shall have any payments more than one (1) month overdue on their assignment date.

j) Loan to value ratio or level of collateralisation.

The selected mortgage loans all have real estate mortgage security and the mortgages are all registered as senior mortgages or, as the case may be, as junior mortgages although BBVA has documents supporting cancellation of the debts originated by previous mortgages, which are however yet to be struck off the register.

The ratio, expressed as a percentage, of the initial outstanding principal as of March 6, 2007 to the appraisal value of the selected mortgage loan mortgaged properties ranged between 65.10% and 100.00%, and the average ratio weighted by the outstanding principal of each mortgage loan is 77.15%.

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

| Mortgage loan portfolio as of 06.03.2007 | | | | | |
|--|----------------|---------------|-------------------------|---------------|--------------------|
| Classification by loan to value ratio | | | | | |
| Ratio Intervals | Mortgage loans | | Outstanding principal | | (%) Loan to Value* |
| | | % | (EUR) | % | |
| 65.01 - 70.00 | 4,743 | 12.23 | 616,050,802.98 | 10.99 | 68.48 |
| 70.01 - 75.00 | 10,237 | 26.40 | 1,361,436,529.48 | 24.29 | 72.77 |
| 75.01 - 80.00 | 15,171 | 39.12 | 2,246,510,222.95 | 40.07 | 77.44 |
| 80.01 - 85.00 | 6,338 | 16.34 | 990,202,611.01 | 17.66 | 82.41 |
| 85.01 - 90.00 | 1,036 | 2.67 | 175,677,759.04 | 3.13 | 86.84 |
| 90.01 - 95.00 | 798 | 2.06 | 135,502,756.77 | 2.42 | 92.89 |
| 95.01 - 100.00 | 457 | 1.18 | 80,395,868.44 | 1.43 | 97.32 |
| Total | 38,780 | 100.00 | 5,605,776,550.67 | 100.00 | |
| Weighted Average: | | | | | 77.15 % |
| Simple Average: | | | | | 76.68 % |
| Minimum: | | | | | 65.10 % |
| Maximum: | | | | | 100.00 % |

*Loan to Value Ratio are averages weighted by the initial principal.

There is no overcollateralisation in the Fund since the Outstanding Balance of Mortgage Loans that BBVA shall assign to the Fund upon being set up shall be equal to or slightly above EUR five billion (5,000,000,000.00), the face value amount of the Bond Issue.

2.2.3 Legal nature of the pool of assets to be securitised.

The selected mortgage loans are all loans with real estate mortgage security, originated in a public deed (the "**Mortgage Loans**") granted by BBVA to individuals with real estate mortgage security on finished homes located in Spain.

The Mortgage Loans were originated in a public deed subject to the Mortgage Act, February 8, 1946, Mortgage Market Regulation Act 2/1981, March 25, as currently worded, and ancillary laws, although they do not necessarily satisfy all the requirements laid down in Section Two of said Act 2/1981, which is why they are transferred to the Fund by issuing Pass-Through Certificates currently in accordance with article 18 of Act 44/2002. The real estate mortgage securities are entered in the relevant Land Registries in respect of the senior-ranked mortgaged real estate or, as the case may be, BBVA has documents relating to cancellation of the debts originated by previous mortgages which are yet to be struck off the registers.

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

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

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

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

The final maturity date of the selected mortgage loans at March 6, 2007 lies between June 30, 2012 and December 31, 2046.

2.2.4.1 Changing the asset maturity date.

The public deeds originating some of the mortgage loans provide that the obligor or borrower and BBVA may agree to change the loan maturity date if the obligor or borrower is in good standing in respect of all payments due and is not in breach of any of the obligations established in the public deed, subject to the following limitations:

- a) That the requested extension or reduction is for not more than sixty or not less than twelve monthly payments.
- b) That the due date of the last instalment after the requested extension of the term is at no event more than 10 years after the initially agreed maturity date and does not reduce the initially agreed term by more than 10 years.
- c) That the mortgage cover is less than 80 percent.

Based on those terms for changing the maturity date, the last maximum final maturity date of the loans selected as of March 6, 2007 if changed could actually be December 31, 2046.

2.2.5 Amount of the assets.

The Fund shall be set up with the Mortgage Loans which BBVA shall assign to the Fund upon being established by issuing the Pass-Through Certificates and their Outstanding Balance shall be equal to or slightly above EUR five billion (5,000,000,000.00), the face value amount of the Bond Issue.

The portfolio of selected mortgage loans from which the Mortgage Loans to be assigned to the Fund upon being established will be taken comprises 38,780 mortgage loans, their outstanding principal as of March 6, 2007 being EUR 5,605,776,550.67 and the overdue principal being 309,810.04.

2.2.6 Loan to value ratio or level of collateralisation.

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

2.2.7 Method of creation of the assets.

The mortgage loans selected for assignment to the Fund have been granted by BBVA following its usual credit risk analysis and assessment procedures for granting mortgage loans to individuals. The procedures currently in place at BBVA are described below:

1. Introduction.

BBVA's retail banking is the Group's division managing private customer, retail and small and medium-sized enterprise business. Retail Banking includes Commercial Banking, which manages private customer, retail and small enterprise segment business.

Origination channels.

Commercial banking has 3,362 branches nation-wide, which are specialised to some extent as follows:

- 630 business environment branches
- 325 rural environment branches

In order to deal with this wide-ranging, heterogeneous group as best as possible, there are 7 territorial management offices with a specific field of business and with a private customer promotion officer who coordinates, drives and supports the various priority actions and procedures in that environment.

2. Evaluation processes.

2.1 Economic risk evaluation system: Reactive scoring

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

- Positive: Favourable profile for the applicants / transaction.
- Doubtful: Weak points in the borrowers and/or the transaction.
- Negative: The risk profiles are more unstable.

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

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

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

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

2.2 Reactive scoring variables used.

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

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

3. Risk monitoring processes

A three-step analysis is made of how the risk of default is monitored as described below.

Customer

The branch holding the investment is contacted in order for the branch to notify the customer of the arrears. The internal audit is also used to inform both of transaction marking deficiencies and of the risk posed by certain customers and branches, which are monitored by the monitoring officers at each territorial management office.

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

Transactions referred by estate agents (APIS)

Referrers with high delinquency rates are revised monthly. Estate agents are cross-checked every six months using BBVA's various quality files in order to see how they are each progressing.

Branches – statistical and other monitoring

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

The conclusions, results and action plans are discussed monthly on the risk monitoring committees.

Samplings are made to check that upon completion mortgaged properties are valued at market, and in addition appraisers have to be recognised by the Bank of Spain, etc.

4. Delinquency management processes

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

The process comprises the following stages:

Recovery outline

The recovery process relies on the following tools:

- **Booking delinquency: delinquency/bad debts application**
Manages booking of all matters defined as doubtful assets, within the meaning of Bank of Spain Circular 4/2004, December 22, 2004.
- **Recovery management agenda**
Tool designed to expedite and drive recovery management, monitoring and controlling matters classified as doubtful assets/bad debts.

Allows:

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

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

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

- **Payment agreements: Both out-of-court and in-court payment agreements**

- Telegrams: Claim telegrams automatically sent and recorded
 - Credit Sale/Transfer
 - Maintaining assets: Assets taken as security for the transactions
 - Advance payments to court attorney: court attorney procedural expenses
 - Alerts menu for cases managed
 - Extranet: external agent access to look up and update case files. Includes an automatic alerts system.
- Information centre
Collects information originating in the recovery management agency (delinquency and legal proceedings). Issues statistical summaries and account inventories, provides alerts and reports both daily and monthly.

Recovery before taking legal action

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

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

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

Pre-judicial stage, filing the legal claim

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

5. Bad debts management processes

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

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

Representations of the Originator.

BBVA shall, as holder of the Mortgage Loans until assigned to the Fund and as issuer of the Pass-Through Certificates, declare and represent as follows to the Fund, the Management Company and the other Underwriters and Placement Agents in the Deed of Constitution.

1. In relation to BBVA.

- (1) That it is a credit institution duly incorporated in accordance with the laws in force for the time being, entered in the Companies Register and the Bank of Spain's Register of Credit Institutions, and is authorised to operate in the mortgage market.
- (2) That neither at today's date nor at any time since it was incorporated has it been decreed to be bankrupt or insolvent, nor in any circumstance generating a liability which might result in the credit institution authorisation being revoked.
- (3) That it has obtained all necessary authorisations, including those required of its corporate bodies and, as the case may be, third parties who may be affected by the assignment of the Mortgage Loans, to issue the Pass-Through Certificates, to validly execute the Fund Deed of Constitution, the agreements relating to the establishment of the Fund and to fulfil the undertakings made.
- (4) That it has audited annual accounts for the last three years ended as of December 31, 2005, 2004 and 2003 which have been filed with the CNMV and with the Companies Register. The audit report on the year 2005 annual accounts has no provisos.

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

- (1) That the Mortgage Loans are assigned to the Fund by issuing the Pass-Through Certificates in the ordinary course of business of BBVA and they are issued at arm's length and in accordance with Act 2/1981, Royal Decree 685/1982, amended by Royal Decree 1289/1991, and the provisions of additional provision 5 of Act 3/1994, as worded by article 18 of Act 44/2002, and other applicable laws.
- (2) That the Pass-Through Certificates are issued for the same term remaining until maturity and for the same interest rate of each of the underlying Mortgage Loans.
- (3) That all the Mortgage Loans exist and are valid and enforceable in accordance with the applicable laws.
- (4) That it is the legal and beneficial owner of all the Mortgage Loans and there is no obstacle whatsoever for the Pass-Through Certificates to be issued.
- (5) That the details of the Pass-Through Certificates and the Mortgage Loans included in the schedules to the Deed of Constitution accurately reflect the current status of those Mortgage Loans and Pass-Through Certificates and are full and accurate, and match the data files sent to the Management Company on those Mortgage Loans.
- (6) That the Mortgage Loans are secured with a real estate mortgage on the legal and beneficial ownership of each and every one of the mortgaged properties ranking senior, or, where appropriate, ranking junior although BBVA has the documents regarding cancellation of debts originated by previous mortgages, even though their registration cancellation procedure is pending.
- (7) That the Mortgage Loans are all originated in a public deed, and the mortgages are all duly granted and entered in the relevant Land Registries. The registration of the mortgaged properties is in force and has not been howsoever opposed and is subject to no limitation whatsoever taking precedence over the mortgage, in accordance with the applicable regulations.
- (8) That the Mortgage Loans all stand as a valid and binding payment obligation for the relevant Obligor and are enforceable on their own terms.
- (9) That the Mortgage Loans are all denominated and payable exclusively in euros, and the capital or principal has been fully drawn down.
- (10) That all the Mortgage Loan payment obligations are satisfied by directly debiting an account at BBVA.

- (11) That the Mortgage Loans have been granted to private individuals residing in Spain in order to finance the purchase, building or renovation of homes.
- (12) That the mortgages are granted on real properties already built wholly legally and beneficially owned by the respective mortgagor and to the best of BBVA's knowledge there is no litigation over the ownership of those properties which might detract from the mortgages.
- (13) That the properties mortgaged under the Mortgage Loans are not ineligible as assets excluded for standing as security under article 31.1.d) of Royal Decree 685/1982, nor do the Mortgage Loans have any of the credit features excluded or restricted under article 32 of Royal Decree 685/1982.
- (14) That the mortgaged properties are all finished homes located in Spain and have been appraised by duly qualified institutions approved by BBVA, evidence of which appraisal has been duly provided in the form of a certificate. The appraisals made satisfy all the requirements established in the mortgage market laws.
- (15) That the outstanding principal balance of each Mortgage Loan does not exceed 100% of the appraisal value of the properties mortgaged as security for the relevant Mortgage Loan.
- (16) That, to the best of its knowledge, there has been no fall in the value of any of the properties mortgaged as security for the Mortgage Loans in excess of 20% of the appraisal value.
- (17) That the properties mortgaged as security for the Mortgage Loans all have at least damage risk cover under valid insurance policies naming BBVA as the beneficiary and the insured sum thereunder is not less than the appraisal value of the mortgaged property or mortgaged properties, excluding elements that cannot by nature be insured, or that BBVA has taken out a secondary general insurance policy ensuring damage insurance in the event of that insurance not existing or of the insured sums falling short of the lower of the following amounts: (i) the current Mortgage Loan balance, or (ii) the appraisal value of the mortgaged property or properties, excluding elements that are uninsurable by nature.
- (18) That in the case of Mortgage Loans secured with officially protected homes, the appraisal value considered and reported for all calculation purposes was the highest legal value of the official protection system.
- (19) That the Mortgage Loans are not perfected in registered, negotiable or bearer securities, other than the Pass-Through Certificates issued to be pooled in the Fund.
- (20) That on the date of issue of the Pass-Through Certificates none of the Mortgage Loans have any payments that are more than one (1) month overdue.
- (21) That, to the best of its knowledge, no Mortgage Loan Obligor holds any credit right against BBVA whereby that Obligor might be entitled to a set-off which might adversely affect the rights conferred by the Pass-Through Certificates.
- (22) That BBVA has strictly adhered to the policies for granting credit in force at the time in granting each and every one of the Mortgage Loans and in accepting, as the case may be, the subrogation of subsequent borrowers in the position of the initial borrower.
- (23) That the deeds for the mortgages granted on the properties to which the Mortgage Loans relate have all been duly filed in the records of BBVA suitable therefor, and are at the Management Company's disposal, for and on behalf of the Fund, and the Mortgage Loans are all clearly identified both in data files and by means of their deeds.
- (24) That the outstanding capital balance of each Mortgage Loan on the date of issue is equivalent to the principal figure of the relevant Pass-Through Certificate and that, in turn, the total capital of the Pass-Through Certificates shall be at least equivalent to EUR five billion (5,000,000,000.00).
- (25) That the final maturity date of the Mortgage Loans is at no event after December 31, 2046.

- (26) That after being granted, the Mortgage Loans have been serviced and are still being serviced by BBVA in accordance with its set customary procedures.
- (27) That, to the best of its knowledge, there is no litigation whatsoever in relation to the Mortgage Loans which may detract from their validity or which may result in the application of Civil Code article 1535, nor do any circumstances exist which may result in the purchase agreement of the home mortgaged as security for the Mortgage Loans being ineffective.
- (28) That, to the best of its knowledge, there has been no failure to pay in full the premiums accrued heretofore by the insurance taken out referred to in paragraph (17) above.
- (29) That, to the best of its knowledge, no Obligor is able to make any objection whatsoever to paying any Mortgage Loan amount.
- (30) That on the date of issue it has received no notice of full prepayment of the Mortgage Loans.
- (31) That the capital or principal of all Mortgage Loans has been fully drawn down.
- (32) That the Mortgage Loan payment frequency is monthly.
- (33) That, on the date of the issue, at least two instalments have fallen due on each of the Mortgage Loans.
- (34) That the Pass-Through Certificate and Mortgage Loan information contained in the Prospectus is accurate and strictly true.
- (35) That, to the best of its knowledge, no circumstance whatsoever exists which might prevent the mortgage security from being enforced.
- (36) That the Mortgage Loans are not earmarked for any issue whatsoever of mortgage bonds, mortgage certificates or pass-through certificates, other than the issue of the Pass-Through Certificates, and after their issue the Mortgage Loans shall not be earmarked for any issue whatsoever of mortgage debentures, mortgage bonds, mortgage certificates or other pass-through certificates.
- (37) That upon the issue of the Pass-Through Certificates being made, the outstanding principal balance of the mortgage debentures issued by BBVA is not in excess of 90 percent of the sum of the capitals not repaid on its portfolio mortgage loans, deducting those earmarked for other mortgage securities and there is no issue whatsoever of mortgage bonds outstanding made by BBVA.
- (38) That nobody has a preferred right over the Fund in and to the Mortgage Loans, as holder of the Pass-Through Certificates.

2.2.9 Substitution of the securitised assets.

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

1. In the event of early amortisation of the Pass-Through Certificates upon the relevant Mortgage Loan capital being prepaid, there will be no substitution of the Pass-Through Certificates.
2. In the event that during the full term of the Pass-Through Certificates it should be found that any of them or the relevant Mortgage Loan fail to conform to the representations given in section 2.2.8 above upon the Fund being established, BBVA agrees, subject to the Management Company's consent, to proceed forthwith to remedy and, if that is not possible, substitute or, as the case may be, redeem the affected Pass-Through Certificates not substituted, by early amortisation of the affected Pass-Through Certificates, subject to the following rules:

- (i) The party becoming acquainted with the existence of a latent defect, be it the Originator or the Management Company, shall advise the other party of that circumstance in writing. The Originator shall have a period of not more than fifteen (15) Business Days from said notice to remedy that circumstance if it may be so remedied or proceed to a substitution of the affected Pass-Through Certificates, notifying the Management Company of the characteristics of the mortgage loans intended to be assigned to take their stead, which shall fulfil the representations given in section 2.2.8 above and be of the same kind as to ranking, residual term, interest rate and outstanding principal value as the affected Pass-Through Certificates and also credit quality in terms of ratio of outstanding principal to the appraisal value of the mortgaged property or properties of the Pass-Through Certificates to be replaced, in order for the financial balance of the Fund, nor indeed the rating of the Bonds in connection with the provisions of section 7.5 of the Securities Note, not to be affected by such substitution. Once the Management Company has checked the appropriateness of the substitute mortgage loan or loans, and after advising the Originator expressly of mortgage loans suitable for such substitution, such substitution shall be made by early amortisation of the affected Pass-Through Certificates and, as the case may be, issuing the new substitute pass-through certificates.

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

- (ii) In the event that there should be no substitution of the affected Pass-Through Certificates in accordance with rule (i) above, the affected Pass-Through Certificates not substituted shall be amortised early. That early amortisation shall take place by a repayment in cash to the Fund by the Originator of the outstanding principal of the affected Pass-Through Certificates not substituted, interest accrued and not paid, calculated until the repayment date, and any other amount owing to the Fund under those Pass-Through Certificates.

Early amortisation of the Pass-Through Certificates shall be notified to the CNMV and to the Rating Agencies.

- (iii) If the events of paragraphs (i) and (ii) above should occur, BBVA shall be vested in all the rights attaching to those Pass-Through Certificates accruing from the date of substitution or repayment to the Fund or accrued and not due, and overdue amounts on that same date.

3. In particular, the amendment by the Originator during the life of the Mortgage Loans of their terms without regard to the limits established in the special laws applicable and, in particular, to the terms agreed between the Fund, represented by the Management Company, and the Originator in this Prospectus, in the Deed of Constitution and in the Servicing Agreement, which would therefore be an absolutely exceptional amendment, would constitute a unilateral breach by the Originator of its duties which should not be borne by the Fund or by the Management Company.

Upon any such breach occurring, the Fund may, through the Management Company: (i) demand payment of the relevant damages and losses and (ii) request replacement or repayment of the affected Pass-Through Certificates, in accordance with the procedure provided for in paragraph 2 above of this section, which shall not result in the Originator guaranteeing that the transaction will be successfully completed, but only the requisite redress of the effects resulting from the breach of its duties, in accordance with article 1124 of the Civil Code.

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

2.2.10 Relevant insurance policies relating to the assets.

In accordance with BBVA's representation (17) given in section 2.2.8.2 of this Building Block, all properties mortgaged as security for the Mortgage Loans have at least valid damage insurance, and the insured sum thereunder is not less than the appraisal value of the mortgaged property or mortgaged properties, excluding elements that cannot by nature be insured, or BBVA has taken out a secondary general insurance policy ensuring damage insurance cover in the event of that insurance not existing or of the insured sums falling short of the lower of the following amounts: (i) the current Mortgage Loan balance, or (ii) the appraisal value of the mortgaged property or properties, excluding elements that are uninsurable by nature.

As of March 6, 2007, 81.78% of the damage insurance policies of the properties mortgaged as security for the selected portfolio mortgage loans were in force and had been taken out by the Obligors with BBVA SEGUROS, S.A. de Seguros y Reaseguros. No details are included regarding concentration of the other insurers because the current status at that date of the insurance policies taken out by the Obligors and their data are not supported or updated in the Originator's computer records.

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

Not applicable.

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

There are no relationships between the Fund, the Originator, the Management Company and other parties involved in the transaction other than as set forth in sections 5.2 and 6.7 of the Registration Document and in section 3.2 of this Building Block.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

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

2.3 Actively managed assets backing the issue.

Not applicable.

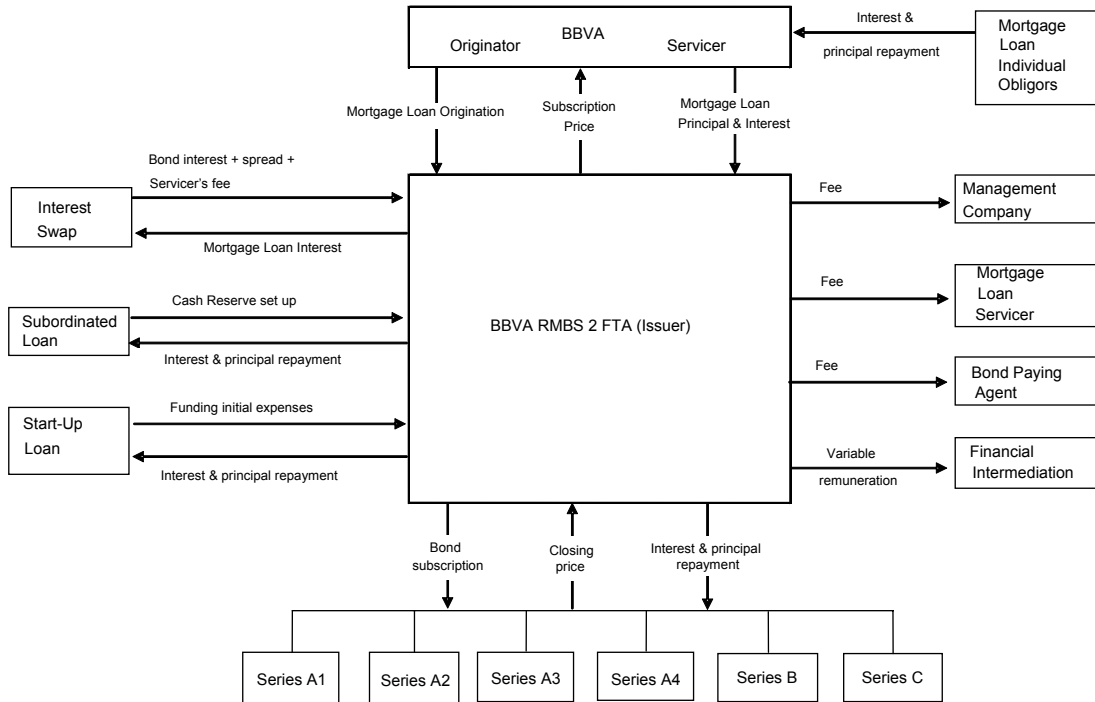
2.4 Where the issuer proposes to issue further securities backed by the same assets, statement to that effect and description of how the holders of that class will be informed.

Not applicable.

3. STRUCTURE AND CASH FLOW

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

Transaction structure diagram.



Initial balance sheet of the Fund.

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

| ASSETS | | LIABILITIES | |
|---|-------------------------|------------------------------------|-------------------------|
| Fixed Assets | 5,004,900,000.00 | Bond Issue | 5,000,000,000.00 |
| Mortgage Loans (adjustment excess to EUR 209,303.34) | 5,000,209,303.34 | Series A1 Bonds | 950,000,000.00 |
| | | Series A2 Bonds | 2,400,000,000.00 |
| | | Series A3 Bonds | 387,500,000.00 |
| | | Series A4 Bonds | 1,050,000,000.00 |
| | | Series B Bonds | 112,500,000.00 |
| Set-up, issue and admission expenses* | 4,690,696.66 | Series C Bonds | 100,000,000.00 |
| Current assets | to be determined | Other long-term liabilities | 44,900,000.00 |
| Treasury Account* | 40,000,000.00 | Start-Up Loan | 4,900,000.00 |
| | | Subordinated Loan | 40,000,000.00 |
| Accrued interest receivable** | To be determined | Short-term creditors | to be determined |
| | | Mortgage Loan interest accrued ** | To be determined |
| Total assets | 5,044,900,000.00 | Total liabilities | 5,044,900,000.00 |
| MEMORANDUM ACCOUNTS | | | |
| Cash Reserve | 40,000,000.00 | | |
| Financial Swap collections | 0.00 | | |
| Financial Swap payments | 0.00 | | |

(Amounts in EUR)

* Assuming that all Fund set-up and Bond issue and admission expenses are met on the Closing Date and that they amount to EUR 4,690,696.66 as detailed in section 6 of the Securities Note.

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

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

- (i) EUROPEA DE TITULIZACIÓN is the Management Company that will establish, manage and legally represent the Fund and was involved in structuring the financial terms of the Fund and the Bond Issue.
- (ii) BBVA is the originator of the Mortgage Loans to be assigned to the Fund upon being established by issuing the Pass-Through Certificates, shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent, was involved in structuring the financial terms of the Fund and the Bond Issue and shall be one of the Bond subscription book runners.

Moreover, BBVA shall be the Fund's counterparty in the Guaranteed Interest Rate Account (Treasury Account), Subordinated Loan, Start-Up Loan, Financial Swap, Mortgage Loan Servicing and Pass-Through Certificate Custody, Bond Paying Agent and Financial Intermediation Agreements.
- (iii) ABN AMRO shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent, and one of the Bond subscription book runners.
- (iv) BNP PARIBAS shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent and one of the Bond subscription book runners.
- (v) CITIGROUP shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent and one of the Bond subscription book runners.
- (vi) RBS shall be a Lead Manager and a Bond Issue Underwriter and Placement Agent and one of the Bond subscription book runners.
- (vii) BARCLAYS, CALYON, IXIS CIB and WACHOVIA SECURITIES shall be Bond Issue Underwriters and Placement Agents.
- (viii) GARRIGUES, as independent advisers, have provided legal advice for establishing the Fund and issuing the Bonds and reviewed the tax implications thereof.

- (ix) Deloitte have audited the selected mortgage loans of BBVA.
- (x) Fitch, Moody's and S&P are the Rating Agencies that have assigned the rating to each Bond Issue Series.

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

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

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

3.3.1 Perfecting the assignment of the Mortgage Loans to the Fund.

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

The Pass-Through Certificates will be issued in accordance with the provisions of Act 2/1981 and additional provision five of Act 3/1994, as worded by article 18 of Act 44/2002, and other applicable laws.

The Pass-Through Certificates shall be represented by means of a multiple registered certificate which shall contain the minimum data provided for pass-through certificates in article 64 of Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981, March 25 ("**Royal Decree 685/1982**"), and the registration particulars of the properties mortgaged as security for the Mortgage Loans.

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

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

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

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

Given that subscription for and holding of the Pass-Through Certificates is restricted to institutional or professional investors and that the Fund is an institutional investor and has subscribed for the Pass-Through Certificates, for the purposes of paragraph two of article 64.6 of Royal Decree 685/1982, the

issue of the Pass-Through Certificates shall not be subject to a marginal note on each entry of the mortgage underlying each of the Mortgage Loans in the Land Registry.

The assignment by BBVA to the Fund of the Mortgage Loans shall not be notified to the respective Obligors, which notice is not compulsory in order for the assignment to be effective. However, in the event of insolvency, or indications thereof, of administration by the Bank of Spain, of liquidation or of substitution of the Servicer, or because the Management Company deems it reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors and insurers, if any), of the transfer to the Fund of the outstanding Mortgage Loans, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors and third-party guarantors and insurers, if any, within five (5) Business Days of receiving the request and in the event of the Servicer becoming insolvent, the Management Company itself shall directly or, as the case may be, through a new Servicer it shall have designated, notify Obligors and third-party guarantors and insurers, if any.

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

3.3.2 Pass-Through Certificate issue and subscription terms.

1. The Mortgage Loans will be fully and unconditionally assigned, perfected by issuing the Pass-Through Certificates, from the date of establishment of the Fund and for the entire term remaining until maturity of each Mortgage Loan.

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

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

2. The issue of each Pass-Through Certificate shall be made for all the outstanding principal pending repayment on the assignment date, which shall be the date of establishment of the Fund, and for all ordinary interest on each Loan.
3. The Fund shall have rights in and to the Mortgage Loans from the date on which they are assigned and the Fund is established. Specifically, without limitation and for illustrative purposes only, the issue of each Pass-Through Certificate shall confer on the Fund the following rights in relation to each Mortgage Loan:
 - a) To receive all Mortgage Loan capital or principal repayment amounts accrued.
 - b) To receive all Mortgage Loan principal ordinary interest amounts accrued. Ordinary interest will also include interest accrued and not due on each Mortgage Loan from the last interest settlement date, on or before the date of issue of each Pass-Through Certificate, and overdue interest, if any, on that same date.
 - c) To receive all late-payment interest amounts on the Mortgage Loans.
 - d) To receive any other amounts, assets, securities or rights received as payment of Mortgage Loan principal, interest or expenses, either in the form of the auction sale price or amount determined by a court decision or notarial procedure in enforcing the mortgage or non-mortgage securities, on the sale or utilisation of properties, assets or securities awarded or, upon foreclosing, in the

administration or interim possession of the properties, assets or securities in foreclosure proceedings.

- e) To receive all possible rights or compensations on the Mortgage Loans accruing for the Originator and derived therefrom, including those derived from the insurance contracts, if any, attached to the Mortgage Loans which are also assigned to the Fund, and those derived from any right collateral to the Mortgage Loans, excluding the fees established for each Mortgage Loan, which shall remain to the benefit of the Originator.
4. In the event of Mortgage Loan prepayment upon a full or partial repayment of the principal, there will be no direct substitution of the affected Mortgage Loans.
 5. The rights of the Fund resulting from the Pass-Through Certificates shall be linked to the payments made by the Obligor and are therefore directly affected by the evolution, late payments, prepayments or any other incident in connection therewith.
 6. The Fund shall defray any and all expenses or costs resulting for the Originator derived from recovery actions in the event of a breach by the Obligor of their obligations, including enforcement proceedings against the same.
 7. In the event of renegotiation consented to by the Management Company, for and on behalf of the Fund, of the Mortgage Loans, or their due dates, the change in the terms shall affect the Fund.
 8. Until the execution of the Deed of Constitution, BBVA shall be the beneficiary of the damage insurance contracts taken out by the Obligor in relation to the properties mortgaged as security for the Mortgage Loans, up to the insured amount.

BBVA shall thereupon perfect the assignment attached to the issue of the Pass-Through Certificates of the rights BBVA has as the beneficiary of those damage insurance contracts taken out by the Obligor and the general damage insurance policy taken out by BBVA. As the holder of the Pass-Through Certificates, the Fund shall be entitled to all the amounts BBVA would have received in this connection.

3.3.3 Pass-Through Certificate issue price.

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

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

1. The part of the price consisting of the face value of the capital of all the Mortgage Loans, item (i) of paragraph one, shall be paid on the Closing Date of the Bond Issue, for same day value, upon the subscription for the Bond Issue being paid up, by means of instructions given by the Management Company to BBVA to debit the Treasury Account opened in the Fund’s name. BBVA shall receive no interest on the deferment of payment until the Closing Date.
2. The part of the price consisting of interest accrued on each Mortgage Loan, item (ii) of paragraph one, shall be paid by the Fund on each collection date falling, as described in section 3.4.1 below, on the earlier of the first interest settlement date of each Mortgage Loan. If the date on which interest is paid by the Obligor is before the date of first settlement and after the Mortgage Loan assignment date, accrued interest shall be paid by the Fund on the date on which they were paid by the same. Payment of accrued interest shall not be made subject to the Fund Priority of Payments.

If the establishment of the Fund and hence the issue of and subscription for the Pass-Through Certificates should terminate, in accordance with the provisions of section 4.4.4.(v) of the Registration Document, (i) the Fund’s obligation to pay the total Pass-Through Certificate subscription price shall terminate, and (ii)

the Management Company shall be obliged to restore to BBVA any rights whatsoever accrued for the Fund upon the Mortgage Loans being assigned.

3.4 Explanation of the flow of funds.

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

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

The weighted average interest rate of the mortgage loans selected as of March 6, 2007, as detailed in section 2.2.2.e) of this Building Block, is 4.36%, which is above the 4.08% weighted average nominal interest rate of the Bonds that has been presumed for hypothetical purposes in the table contained in section 4.10 of the Securities Note. Nevertheless, the Financial Swap mitigates the interest rate risk occurring in the Fund because the Mortgage Loans are subject, during the life of the Fund, to constant or fixed, as the case may be, and floating interest with different benchmark indices and different reset and settlement periods at the floating interest established for the Bonds based on 3-month Euribor and with quarterly accrual and settlement periods and the risk deriving from potential Mortgage Loan interest rate renegotiations which may even result in their novation to a fixed rate.

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

3.4.2 Information on any credit enhancement.

3.4.2.1 Description of the credit enhancement.

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

- (i) Cash Reserve set up by drawing down the Subordinated Loan.
Mitigates the credit risk derived from Mortgage Loan delinquency and default.
- (ii) Financial Swap:
Mitigates the interest rate risk occurring in the Fund because the Mortgage Loans have constant or fixed, as the case may be, and floating interest rates with different benchmark indices and reset and settlement periods differing from the floating interest established for the Bonds based on 3-month Euribor with quarterly accrual and settlement periods, and the risk deriving from potential Mortgage Loan interest rate renegotiations which may even result in their novation to a fixed rate. In addition, a 0.65% margin excess is included and the securitised Mortgage Loan servicing fee amount is covered.
- (iii) Treasury Account.
Partly mitigates the loss of return on the liquidity of the Fund due to the timing difference between income received on the Mortgage Loans and until interest payment and principal repayment on the Bonds occurs on the next succeeding Payment Date.
- (iv) Subordination and deferment in interest payment and principal repayment between the Bonds in the different Series, derived from their place in the application of the Available Funds as well as the rules for Distribution of Available Funds for Amortisation in the Priority of Payments, or in the application of the Liquidation Available Funds in the Liquidation Priority of Payments, are a means for distinctly hedging the different Series.

3.4.2.2 Cash Reserve.

The Management Company shall set up a cash reserve (the "**Cash Reserve**") on the Closing Date by drawing fully the available Subordinated Loan principal and shall subsequently, on each Payment Date, keep the Required Cash Reserve amount provisioned in the Fund Priority of Payments.

The characteristics of the Cash Reserve shall be as follows:

Cash Reserve amount.

1. The Cash Reserve shall be set up on the Closing Date in an initial amount equal to EUR forty million (40,000,000.00) (the “**Initial Cash Reserve**”).
2. Subsequently to being set up, on each Payment Date, the Cash Reserve shall be provisioned up to the Required Cash Reserve amount established hereinafter with the Available Funds in the Priority of Payments of the Fund.

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

- (i) EUR forty million (40,000,000.00).
 - (ii) The higher of:
 - a) 1.60% of the Outstanding Principal Balance of the Bond Issue.
 - b) EUR twenty-seven million five hundred thousand (27,500,000.00).
3. Notwithstanding the above, the Required Cash Reserve shall not be reduced on the relevant Payment Date and shall remain at the Required Cash Reserve amount on the preceding Payment Date whenever any of the following circumstances concur on the Payment Date:
- i) That on the Determination Date preceding the relevant Payment Date the amount of the Outstanding Balance of Delinquent Mortgage Loans is equal to or greater than 1.00% of the Outstanding Balance of Non-Doubtful Mortgage Loans.
 - ii) That the Cash Reserve was not provisioned up to the Required Cash Reserve amount on the relevant Payment Date.
 - ii) That three (3) years have not elapsed since the date of establishment of the Fund.

Yield.

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

Application.

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

3.4.3 Details of any subordinated finance.

3.4.3.1 Subordinated Loan.

The Management Company shall, for and on behalf of the Fund, enter with BBVA into an agreement whereby BBVA shall grant to the Fund a commercial subordinated loan amounting to EUR forty million (40,000,000.00) (the “**Subordinated Loan Agreement**”). The Subordinated Loan amount shall be delivered on the Closing Date and shall be applied to setting up the Initial Cash Reserve on the terms for which provision is made in section 3.4.2.2 of this Building Block, although granting of the Loan by no means guarantees performance of the securitised Mortgage Loans.

Subordinated Loan principal shall be repaid on each Payment Date in an amount equal to the positive difference existing between the outstanding Subordinated Loan principal on the Determination Date preceding the relevant Payment Date and the Required Cash Reserve amount on the relevant Payment Date, and in the application priority established for that event in the application of Available Funds in the Priority of Payments.

In the event that the Fund should not have sufficient liquidity to proceed to the relevant Subordinated Loan repayment on a Payment Date, in the Priority of Payments, the portion of principal not repaid shall

be repaid on the next succeeding Payment Date along with the amount that should be repaid, as the case may be, on that same Payment Date, until it is fully repaid.

The Subordinated Loan shall at all events be finally due on the Final Maturity Date or, as the case may be, on the date on which the Management Company proceeds to an Early Liquidation subject to the Liquidation Priority of Payments of the Fund.

Outstanding Subordinated Loan principal shall accrue a floating annual nominal interest, determined quarterly in each Interest Accrual Period, which shall be the result of adding: (i) the Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 3.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or the Liquidation Priority of Payments, as the case may be. Interest shall be settled and payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall fall on June 18, 2007, because June 17, 2007 is not a Business Day.

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

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

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

3.4.3.2 Start-Up Loan.

The Management Company shall, for and on behalf of the Fund, enter with BBVA into a commercial loan agreement amounting to EUR four million nine hundred thousand (4,900,000.00) (the "**Start-Up Loan Agreement**"). The Start-Up Loan amount shall be delivered on the Closing Date and be allocated to financing the expenses of setting up the Fund and issue and admission of the Bonds and to partly financing Mortgage Loan assignment, at the difference between the total face capital of the Mortgage Loans and the face amount of the Bond Issue.

Outstanding Start-Up Loan principal will accrue an annual nominal floating interest, determined quarterly for each Interest Accrual Period, which shall be the result of adding: (i) the Bond Reference Rate determined for each Interest Accrual Period, and (ii) a 2.00% margin. This interest will be payable only if the Fund should have sufficient liquidity in the Priority of Payments or Liquidation Priority of Payments, as the case may be. Interest shall be settled and payable on the date of expiration of each Interest Accrual Period on each Payment Date, and shall be calculated based on: (i) the exact number of days in each Interest Accrual Period and (ii) a three-hundred-and-sixty- (360-) day year. The first interest settlement date shall be June 18, 2007, because June 17, 2007 is not a Business Day.

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

Start-Up Loan principal will be repaid quarterly on each Payment Date as follows:

- (i) The portion of Start-Up Loan principal actually used to finance the Fund set-up and Bond issue and admission expenses shall be repaid in twelve (12) consecutive quarterly instalments in an equal amount, on each Payment Date, the first of which shall be the first Payment Date, June 18, 2007, because June 17, 2007 is not a Business Day, and the following until the Payment Date falling on March 17, 2010, inclusive.

- (ii) The portion of Start-Up Loan principal used to partly finance Mortgage Loan assignment and not used, as the case may be, shall be repaid on the first Payment Date, June 18, 2007, because June 17, 2007 is not a Business Day.

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

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

3.4.3.3 Subordination of Series B and Series C Bonds.

Series A1, A2, A3 and A4 Bond interest payment is in the same order in both the Priority of Payments and the Liquidation Priority of Payments. Series A4 Bond principal repayment is deferred with respect to Series A3, Series A2 and Series A1 Bonds. Series A3 Bond principal repayment is deferred with respect to Series A2 and Series A1 Bonds. Series A2 Bond principal repayment is deferred with respect to Series A1 Bonds. Nevertheless, in the event of the circumstances for Pro Rata Amortisation of Class A occurring, as set out in section 4.9.3.6.2.2 of the Securities Note, Series A1 Bonds shall be repaid pro rata to the Series A2, the Series A3 and the Series A4 Bonds.

Series B Bond interest payment and principal repayment is deferred with respect to Class A (Series A1, A2, A3 and A4) Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Series C Bond interest payment and principal repayment is deferred with respect to Class A (Series A1, A2, A3 and A4) and Series B Bonds, as provided in the Priority of Payments and in the Liquidation Priority of Payments of the Fund.

Sections 4.6.1 and 4.6.2 of the Securities Note detail the order numbers of Bond interest payment and principal repayment in each Series in the priority of payments of the Fund.

3.4.4 Investment parameters for the investment of temporary liquidity surpluses and parties responsible for such investment.

3.4.4.1 Treasury Account.

The Management Company, for and on behalf of the Fund, and BBVA shall enter into a Guaranteed Interest Rate Account (Treasury Account) Agreement whereby BBVA will guarantee a certain variable yield on the amounts paid for the benefit of the Fund through its Management Company into a financial account. The Guaranteed Interest Rate Account (Treasury Account) Agreement shall specifically determine that all amounts received by the Fund will be paid into a financial account in euros (the "**Treasury Account**") opened at BBVA, in the name of the Fund by the Management Company, which amounts shall mostly consist of the following items:

- (i) cash amount received upon subscription for the Bond Issue being paid up;
- (ii) Mortgage Loan principal repaid and interest collected;
- (iii) any other Mortgage Loan amounts payable to the Fund;
- (iv) Subordinated Loan principal drawn down and the Cash Reserve amount from time to time;
- (v) Start-Up Loan principal drawn down;
- (vi) Financial Swap amounts paid to the Fund;

- (vii) the amounts of the returns obtained on Treasury Account and the Surplus Account, if any, balances; and
- (viii) the amounts of interim withholdings on the return on investments to be effected on each relevant Payment Date on the Bond interest paid by the Fund, until due for payment to the Tax Administration.

BBVA shall pay an annual nominal interest rate, variable quarterly and settled quarterly, other than for the first interest accrual period, the duration of and the interest settlement for which shall be based on the duration of that period, applicable for each interest accrual period (differing from the Interest Accrual Period established for the Bonds) to the positive daily balances if any on the Treasury Account, equal to the interest rate resulting from decreasing (i) the Reference Rate determined for each Bond Interest Accrual Period substantially matching each Treasury Account interest accrual period (ii) by a 0.10% margin, translated to an interest rate based on calendar years (i.e. multiplied by 365, or 366 in leap years, and divided by 360). Interest shall be settled on the date of expiration of each interest accrual period on each of the Fund Determination Dates (the fourth (4th) Business Day preceding each Payment Date), and shall be calculated based on: (i) the exact number of days in each interest accrual period, and (ii) a three-hundred-and-sixty-five (365-) day year or a three-hundred-and-sixty-six (366-) day year if it is a leap year. The first interest accrual period shall comprise the days elapsed between the date of establishment of the Fund and the first Determination Date, June 12, 2007.

In the event that the rating of BBVA's short-term, unsecured and unsubordinated debt obligations should, at any time during the life of the Bond Issue, be downgraded below F1, P-1 or A-1 respectively by Fitch, Moody's and S&P, the Management Company shall within not more than thirty (30) days from the time of the occurrence of any such circumstances put in place 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 (Treasury Account) Agreement in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected:

- a) Obtaining from an institution with short-term, unsecured and unsubordinated debt obligations rated at least as high as F1, P-1 and A-1 respectively by Fitch, Moody's and S&P a first demand guarantee securing for the Fund, merely upon the Management Company so requesting, prompt payment by BBVA of its obligation to repay the amounts deposited in the Treasury Account, for such time as BBVA remains downgraded below F1, P-1 or A-1.
- b) Transferring the Treasury Account to an institution with short-term, unsecured and unsubordinated debt obligations rated at least as high as F1, P-1 and A-1 respectively by Fitch, Moody's and S&P, arranging the highest possible yield for its balances, which may differ from that arranged with BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- c) If options a) and b) above are not possible, obtaining from BBVA 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*) on the Closing Date, in an amount sufficient to guarantee the commitments established in the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- d) Moreover, if the above options are not possible on the terms provided for, the Management Company may invest the balances for periods not extending beyond the following Payment Date, in short-term fixed-income assets in euros issued by institutions with short-term, unsecured and unsubordinated debt obligations rated at least as high as F1 (for periods of less than 30 days) or F1+ (for longer periods), P-1 and A-1 (for periods of less than 30 days) or A-1+ (for longer periods) respectively by Fitch, Moody's and S&P, including short-term securities issued by the Spanish State, in which case the yield obtained could also differ from that obtained initially with BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.
- e) In events b) or d), and in the event that BBVA's short-term, unsecured and unsubordinated debt obligations should subsequently be upgraded back to F1, P-1 and A-1 respectively by Fitch, Moody's and S&P, the Management Company shall subsequently transfer the balances back to BBVA under the Guaranteed Interest Rate Account (Treasury Account) Agreement.

In addition, notwithstanding the provisions of the preceding paragraphs of this section, if at any time during the term of this Agreement the Treasury Account balance should exceed twenty percent (20.00%) of the Outstanding Principal Balance of the Bond Issue and the rating of the short-term, unsecured and unsubordinated debt obligations of the institution in which that account was opened should have been downgraded to A-1 by S&P, the Management Company shall, once S&P has verified that it is appropriate to do so, transfer and credit that surplus to a financial account (the "**Surplus Account**") opened by the Management Company in an institution with short-term, unsecured and unsubordinated debt obligations rated at least as high as F1, P-1 and A-1+ respectively by Fitch, Moody's and S&P, and arranging the highest possible yield for its balances, which shall at least match that arranged with BBVA under the Treasury Account, and on the same settlement terms as the Treasury Account, and subject to notice being first given to Fitch and S&P in order for the rating given to the Bonds by the Rating Agencies not to be adversely affected.

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

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

The Servicer shall manage collection of all Mortgage Loan amounts payable by the Obligor and any other item including under the damage insurance contracts of the mortgaged properties securing the Mortgage Loans. The Servicer shall use every effort in order for payments to be made by the Obligor to be collected in accordance with the contractual terms and conditions of the Mortgage Loans.

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

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt obligations should be downgraded below F1, P-1 or A-2 respectively by Fitch, Moody's and S&P, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the day next succeeding the day on which they were received by the Servicer. In addition, should the rating of the Servicer's short-term unsecured and unsubordinated debt obligations be downgraded below F2 by Fitch, the Servicer shall make a cash deposit in favour of the Fund at a sum in line with Fitch's criteria described in its report "*Commingling Risk in Structured Finance Transactions: Servicer and Account Bank Criteria*" dated June 9, 2004 or Fitch document or report hereafter taking its stead.

The Management Company may issue the same instructions in the event that the Servicer's short-term unsecured and unsubordinated debt obligations should cease to be rated by Fitch, Moody's or S&P.

The Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligor as payment for the Mortgage Loans.

3.4.6 Order of priority of payments made by the issuer.

3.4.6.1 Source and application of funds on the Bond Closing Date and until the first Payment Date, exclusive.

The source and application of the amounts available for the Fund on the Bond Issue Closing Date shall be as follows:

1. **Source:** the Fund shall have the following funds:
 - a) Bond subscription payment.
 - b) Drawdown of Start-Up Loan principal.

- c) Drawdown of Subordinated Loan principal.

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

- a) Payment of the price for subscribing for the Pass-Through Certificates at their face value.
- b) Payment of the Fund set-up and Bond issue and admission expenses.
- c) Setting up the Initial Cash Reserve.

3.4.6.2 Source and application of funds from the first Payment Date, inclusive, until the last Payment Date or liquidation of the Fund, exclusive. Priority of Payments.

On each Payment Date, other than the Final Maturity Date or when Early Liquidation of the Fund occurs, the Management Company shall proceed successively to apply the Available Funds and the Available Funds for Amortisation in accordance with the order of priority of payments given hereinafter (the “**Priority of Payments**”).

3.4.6.2.1 Available Funds: source and application.

1. Source.

The available funds on each Payment Date (the “**Available Funds**”) to meet the payment or withholding obligations listed in section 2 below shall be the following amounts credited to the Treasury Account and the Surplus Account, if any, transferred from the Treasury Account:

- a) Mortgage Loan principal repayment income received during the Determination Period preceding the relevant Payment Date.
- b) Mortgage Loan ordinary and late-payment interest income received during the Determination Period preceding the relevant Payment Date.
- c) The return received on amounts credited to the Treasury Account and the Surplus Account, if any.
- d) The Cash Reserve amount on the Determination Date preceding the relevant Payment Date.
- e) Net amounts, if any, received by the Fund under the Financial Swap Agreement and, in the event of termination of the Agreement, the settlement payment amount payable by the Fund’s counterparty (Party B).
- f) Any other amounts received by the Fund during the Determination Period preceding the relevant Payment Date, including those resulting from the sale or utilisation of assets, securities or rights awarded to the Fund.

Income under items a), b) and f) above received by the Fund and credited to the Treasury Account between the Determination Date, exclusive, preceding the relevant Payment Date and the latter, shall not be included in the Available Funds on the relevant Payment Date, and that amount shall remain credited to the Treasury Account, to be included in the Available Funds on the following Payment Date.

2. Application.

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

- 1. Payment of the Fund’s properly supported taxes and ordinary⁽¹⁾ and extraordinary⁽²⁾ expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund’s behalf by and amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.

2. Payment to the Servicer of the fee established in the Servicing Agreement.
3. Payment of the net amount, if any, payable by the Fund under the Financial Swap Agreement and, only in the event of termination of that Agreement following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount payable by the Fund.
4. Payment of interest due on the Series A1, Series A2, Series A3 and Series A4 Bonds.
5. Payment of interest due on the Series B Bonds unless this payment is deferred to 8th place in the priority of payments.

This payment shall be deferred to 8th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Mortgage Loans since the Fund was established is in excess of 12.00% of the initial Outstanding Balance of the Mortgage Loans upon the Fund being established and provided that the Series A1, the Series A2, the Series A3 and the Series A4 Bonds have not been and are not to be fully amortised on the relevant Payment Date.
6. Payment of interest due on the Series C Bonds unless this payment is deferred to 9th place in the priority of payments.

This payment shall be deferred to 9th place when on the Determination Date preceding the relevant Payment Date the cumulative Outstanding Balance of Doubtful Mortgage Loans since the Fund was established is in excess of 10.00% of the initial Outstanding Balance of the Mortgage Loans upon the Fund being established and provided that the Series A1, the Series A2, the Series A3, the Series A4 and the Series B Bonds have not been and are not to be fully amortised on the relevant Payment Date.
7. Amortisation withholding in an amount equivalent to the positive difference existing on the Determination Date preceding the relevant Payment Date between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

Depending on the liquidity existing on each Payment Date, the amount actually applied to Amortisation Withholding shall be included among the Available Funds for Amortisation to be applied in accordance with the rules for Distribution of Available Funds for Amortisation established in sections 4.9.3.5 and 4.9.3.6 of the Securities Note.
8. Payment of interest due on the Series B Bonds when this payment is deferred from 5th place in the priority of payments as established therein.
9. Payment of interest due on the Series C Bonds when this payment is deferred from 6th place in the priority of payments as established therein.
10. Withholding of an amount sufficient for the Required Cash Reserve amount to be maintained.
11. Payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in 3rd place above.
12. Payment of Subordinated Loan interest due.
13. Repayment of Subordinated Loan principal to the extent repaid.
14. Payment of Start-Up Loan interest due.
15. Repayment of Start-Up Loan principal to the extent repaid.
16. Payment of the Financial Intermediation Margin.

When accounts payable for different items exist in a same priority order number on a given Payment Date and the Available Funds are not sufficient to settle the amounts due under all of them, the

application of the remaining Available Funds shall be prorated among the amounts payable under each such item, and the amount applied to each item shall be distributed in the priority in which the accounts payable fall due.

- (1) The following shall be considered ordinary expenses of the Fund:
- a) Any expenses deriving from mandatory administrative verifications, registrations and authorisations, other than payment of the expenses of setting up the Fund and issue and admission of the Bonds.
 - b) Rating Agency fees for monitoring and maintaining the rating of the Bonds.
 - c) Expenses relating to keeping the Bond accounting record representing the Bonds by means of book entries, admission to trading in organised secondary markets and maintaining all of the foregoing.
 - d) Expenses of auditing the annual accounts.
 - e) Bond amortisation expenses.
 - f) Expenses deriving from announcements and notices relating to the Fund and/or the Bonds.

The Fund's ordinary expenses in its first year, including the management fee due to the Management Company and those derived from the Paying Agent Agreement, are estimated at EUR six hundred and fifty thousand (650,000.00). Because most of those expenses are directly related to the Outstanding Principal Balance of the Bond Issue and the Outstanding Balance of the Mortgage Loans and those balances shall fall throughout the life of the Fund, the Fund's ordinary expenses will also fall as time goes by.

- (2) The following shall be considered extraordinary expenses of the Fund:
- a) Expenses, if any, deriving from preparing and perfecting an amendment of the Deed of Constitution and of the agreements, and from entering into additional agreements.
 - b) Expenses required to enforce Mortgage Loans and collaterals and deriving from any recovery actions required.
 - c) Extraordinary expenses of audits and legal advice.
 - d) The remaining amount, if any, of the initial expenses of setting up the Fund and issue and admission of the Bonds in excess of the Start-Up Loan principal.
 - e) In general, any other extraordinary expenses or not determined among ordinary expenses required borne by the Fund or by the Management Company for and on behalf of the Fund.

3.4.6.2.2 Available Funds for Amortisation: source and application.

1. Source.

The Available Funds for Amortisation on each Payment Date shall be the Amortisation Withholding amount applied in seventh (7th) place of the Priority of Payments on the relevant Payment Date.

2. Distribution of Available Funds for Amortisation between each Series.

The rules for Distribution of Available Funds for Amortisation are given in section 4.9.3.6 of the Securities Note.

3.4.6.3 Fund Liquidation Priority of Payments.

The Management Company shall proceed to liquidate the Fund upon the Fund being liquidated on the Final Maturity Date or when there is an Early Liquidation in accordance with the provisions of sections 4.4.3 and 4.4.4 of the Registration Document, by applying the available funds to the following items (the "**Liquidation Available Funds**"): (i) the Available Funds, (ii) the amounts obtained by the Fund from time to time upon disposing of the Pass-Through Certificates and the remaining assets, and (iii) additionally, as the case may be, the credit facility, as provided for in section 4.4.3.3.(iii) of the Registration Document, which shall be fully allocated to early amortisation of the Series A1, A2, A3, A4, B and C Bonds, in the following order of priority of payments (the "**Liquidation Priority of Payments**"):

1. Reserve to meet the final tax, administrative or advertising termination and liquidation expenses.
2. Payment of the Fund's properly supported taxes and ordinary and extraordinary expenses, whether or not they were disbursed by the Management Company, including the management fee due to the latter, and all other expenses and service fees, including those derived from the Paying Agent Agreement. Only expenses prepaid or disbursed on the Fund's behalf by and Mortgage Loan

amounts reimbursable to the Servicer, provided they are all properly supported, shall be made to the Servicer under the Servicing Agreement in this priority.

3. Payment to the Servicer of the fee established in the Servicing Agreement.
4. Payment of amounts due, if any, on the net amount payable by the Fund upon termination of the Financial Swap and, only in the event of termination of that Agreement following a breach by the Fund or because the Fund is the party affected by objective circumstances subsequently occurring, payment of the settlement payment amount payable by the Fund.
5. Payment of interest due on the Series A1, the Series A2, the Series A3 and the Series A4 Bonds.
6. Repayment of Series A1, Series A2, Series A3 and Series A4 Bond principal.
7. Payment of interest due on the Series B Bonds.
8. Repayment of Series B Bond principal.
9. Payment of interest due on the Series C Bonds.
10. Repayment of Series C Bond principal.
11. In the event of the credit facility being arranged as provided for in section 4.4.3.3.(iii) of the Registration Document, payment of the financial expenses accrued and repayment of principal of the credit facility taken out.
12. Payment of the settlement payment amount payable by the Fund under the Financial Swap Agreement other than in the events provided for in 4th place above.
13. Payment of Subordinated Loan interest due.
14. Repayment of Subordinated Loan principal.
15. Payment of Start-Up Loan interest due.
16. Repayment of Start-Up Loan principal.
17. Payment of the Financial Intermediation Margin.

When accounts payable for different items exist in a same priority order number on the Final Maturity Date or when there is an Early Liquidation and the Liquidation Available Funds are not sufficient to settle the amounts due under all of them, the application of the remaining Liquidation Available Funds shall be prorated among the amounts payable under each such item, and the amount applied to each item shall be distributed in the priority in which the accounts payable fall due.

3.4.6.4 Financial Intermediation Margin.

The Management Company shall, for and on behalf of the Fund, enter with the Originator into a Financial Intermediation Agreement designed to remunerate the Originator for the financial intermediation process carried out, enabling the financial transformation defining the Fund's activity, the assignment to the Fund of the Mortgage Loans and the rating assigned to each Bond Series.

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

Exceptionally: (i) the first accrual period of the Intermediation Margin shall be comprised between the date on which the Fund is established, inclusive, and the first Determination Date, June 12, 2007, exclusive, which is the Determination Date preceding the first Payment Date, and (ii) the last accrual period of the Financial Intermediation Margin shall comprise a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the Mortgage Loans and the assets remaining in the Fund shall have been liquidated and the Liquidation Available Funds shall have been distributed in the Liquidation Priority of Payments, b) from the Determination Date preceding the Payment Date before the date referred to in a), both inclusive. The first settlement date of the Financial Intermediation Margin shall be on the first Payment Date, June 18, 2007, because June 17, 2007 is not a Business Day.

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

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

3.4.7 Other arrangements upon which payments of interest and principal to investors are dependent.

3.4.7.1 Financial Swap.

The Management Company shall, for and on behalf of the Fund, enter with BBVA into a financial swap agreement (the “**Financial Swap Agreement**” or the “**Financial Swap**”) based on the Spanish Banking Association’s standard Master Financial Transaction Agreement (CMOF), the most relevant characteristics of which are described below.

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

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

Party B : BBVA.

1. Settlement dates.

The settlement dates shall fall on the Bond Payment Dates, i.e. on March 17, June 17, September 17 and December 17 in every year, or the next succeeding Business Day if any of these dates is not a Business Day. The first settlement date shall be June 18, 2007, because June 17, 2007 is not a Business Day.

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

2. Settlement periods.

Party A:

The Party A settlement periods shall be the exact number of days elapsed between two consecutive Determination Dates, not including the first but including the last date. Exceptionally, a) the length of the first Party A settlement period shall be equivalent to the exact number of days elapsed between the date of establishment of the Fund, inclusive, and June 12, 2007, the first Determination Date, inclusive, and b) the length of the last Party A settlement period shall be equivalent to the exact number of days elapsed between the Determination Date preceding the date on which the Financial Swap Agreement terminates, exclusive, and the date on which termination occurs, inclusive.

Party B:

The Party B settlement periods shall be the exact number of days elapsed between two consecutive settlement dates, including the first but not including the last date. Exceptionally, a) the length of the first Party B settlement period shall be equivalent to the exact number of days elapsed between the Bond Issue Closing Date, inclusive, and June 18, 2007, because June 17, 2007 is not a Business Day, exclusive, and b) the length of the last Party B settlement period shall be equivalent to the exact number of days elapsed between the Payment Date preceding the date on which the Financial Swap Agreement terminates, inclusive, and the date on which termination occurs, exclusive.

3. Face Amount.

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

4. Party A amounts payable.

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

4.1 Party A Interest Rate.

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

5. Party B amounts payable.

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

5.1 Party B Interest Rate.

For each Party B settlement period this shall be the annual interest rate resulting from adding (i) the average Nominal Interest Rate applicable to each Series A1, A2, A3, A4, B and C determined for the then-current Interest Accrual Period coinciding with each Party B settlement period, weighted by the Outstanding Principal Balance of each Series A1, A2, A3, A4, B and C during the then-current Interest Accrual Period and (ii) 0.65%.

6. Maturity Date.

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

7. If on a Payment Date the Fund (Party A) should not have sufficient liquidity to pay the full net amount, if any, payable to Party B, the portion of this net amount not paid shall be settled on the following Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments. Should such event of non-payment occur on two consecutive Payment Dates, Party B may choose to terminate the Financial Swap Agreement. In this event, the Fund (Party A) shall accept the obligation to pay the settlement amount established to which it is bound on the terms of the Financial Swap Agreement, all in the Priority of Payments. Should the settlement amount under the Financial Swap Agreement be a payment obligation for Party B and not for the Fund (Party A), Party B shall take over the obligation to pay the settlement amount provided for in the Financial Swap Agreement.

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

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

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

(i) Moody's Criteria

In the event that:

- (1) (a) the long-term, unsecured and unsubordinated debt obligations of Party B cease to be rated at least as high as A2 by Moody's; or

(b) the short-term, unsecured and unsubordinated debt obligations of Party B cease to be rated at least as high as P-1 by Moody's,
- (2) (a) the short-term, unsecured and unsubordinated debt obligations of Party B cease to be rated by Moody's; and

(b) the long-term, unsecured and unsubordinated debt obligations of Party B cease to be rated at least as high as A1 by Moody's,

(either event (1) or (2) being Moody's "First Required Rating Threshold")

(such being a "First Rating Default", then Party B will within 30 Business Days and at its own cost, do one of the following:

- (A) obtain a Replacement with the First Required Rating Threshold (or a Replacement with a Credit Support Provider having the First Required Rating Threshold),
- (B) obtain a Credit Support Provider with the First Required Rating Threshold,
- (C) post collateral in the form of cash or securities in favour of the Fund with an institution with short-term, unsecured and unsubordinated debt obligations rated P-1 by Moody's, as set out in the Credit Support Annex, calculated based on the market value of the Financial Swap Agreement, at a sum allowing the rating of the Bonds given by Moody's and in force at the time to be maintained.

(ii) Moody's Criteria (continued)

In the event that:

- (1) (a) the long-term, unsecured and unsubordinated debt obligations of Party B or of all Credit Support Providers of Party B cease to be rated at least as high as A3 by Moody's; or

(b) the short-term, unsecured and unsubordinated debt obligations of Party B or of all Credit Support Providers of Party B cease to be rated at least as high as P-2 by Moody's, or
- (2) (a) the short-term, unsecured and unsubordinated debt obligations of Party B and of all credit support providers of Party B cease to be rated by Moody's; or

(b) the long-term, unsecured and unsubordinated debt obligations of Party B and of all Credit Support Providers of Party B cease to be rated at least as high as A3 by Moody's,

(either event (1) or (2) being Moody's "Second Required Rating Threshold")

(such being a "Second Rating Default", then Party B will, as soon as reasonably practicable, on a best efforts basis and in any case as soon as possible and at its own cost, do one of the following:

- (A) obtain a Credit Support Provider with the Second Required Rating Threshold, or
- (B) obtain a Replacement with the Second Required Rating Threshold, (or a Replacement with a Credit Support Provider having the Second Required Rating Threshold),
- (C) and, additionally, if none of the actions specified above have been taken, Party B shall, within thirty (30) Business Days of the occurrence of the Second Rating Default, post collateral in the form of cash or securities in favour of the Fund with an institution with short-term, unsecured and unsubordinated debt obligations rated at least P-1 by Moody's, as set out in the Credit Support Annex, calculated based on the market value of the Financial Swap Agreement, at a sum allowing the rating of the Bonds given by Moody's and in force at the time to be maintained.

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

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

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

(iii) **Fitch Criteria**

If either the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) or any credit support provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as A (or its equivalent) by Fitch or the short-term, unsecured and unsubordinated debt obligations of Party B (or its successor) or any credit support provider from time to time in respect of Party B cease to be rated at least as high as F1 (or its equivalent) by Fitch (both Fitch's "Required Ratings") and, as a result of such cessation, the then current rating of the Bonds is downgraded or placed under review for possible downgrade by Fitch (an "Initial Fitch Rating Event") then Party B will, on a reasonable efforts basis within 30 days of the occurrence of such Initial Fitch Rating Event, at its own cost, either:

- (A) put in place a collateral agreement in favour of Party A in an amount making Party A receive confirmation from Fitch that with such collateral the Bond rating would be unaffected;
- (B) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party satisfactory to Party A;
- (C) obtain a third party credit support document guaranteeing Party B's rights and obligations with respect to the Financial Swap Agreement satisfactory to Party A; or
- (D) take such other action as Party B may agree with Fitch as will result in the rating of the Bonds following the taking of such action being maintained or restored to the level next preceding the Initial Fitch Rating Event.

If any of (iii)(B), (iii)(C) or (iii) (D) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party B pursuant to (i)(A) will be retransferred to Party B and Party B will not be required to transfer any additional collateral.

(iv) **Fitch Criteria (continued)**

If either the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) or any credit support provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as BBB+ (or its equivalent) by Fitch or the short-term debt, unsecured and unsubordinated obligations of Party B (or its successor) or any credit support provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as F2 (or its equivalent) by Fitch and, as a result of such cessation, the then current rating of the Bonds is downgraded or placed under review for possible downgrade by Fitch (a "First Subsequent Fitch Rating Event") then Party B will, within 30 days of the occurrence of such First Subsequent Fitch Rating Event, either:

- (A) put in place a collateral agreement to Party A based on the signature date of the Financial Swap Agreement as described in paragraph (iii)(A) above and provide any collateral required to be provided thereunder, provided that in either case the mark-to-market calculations and the correct and timely posting of collateral thereunder are verified weekly by an independent third party (with the costs of such independent verification being borne by Party B); or
- (B) on a reasonable efforts basis, with preference over option (A) above and at its own cost, attempt either to:
 - 1. transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such transfer would maintain the rating of the Bonds by Fitch at, or restore the rating of the Bonds by Fitch to, the level it would have been at immediately prior to such First Subsequent Fitch Rating Event);
 - 2. obtain a third party credit support document guaranteeing its rights and obligations with respect to the Financial Swap Agreement satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such guarantee would maintain the rating of the Bonds at, or restore the rating of the Bonds to, the level it would have been at immediately prior to such First Subsequent Fitch Rating Event); or
 - 3. take such other action as Party B may agree with Fitch as will result in the rating of the Bonds following the taking of such action being maintained at, or restored to, the level it would have been at immediately prior to such First Subsequent Fitch Rating Event.

If any of paragraphs (iv)(B)(1), (2) or (3) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party B pursuant to a collateral agreement put in place in accordance with paragraph (iii) (A) above or paragraph (iv) (A) will be retransferred to Party B and Party B will not be required to transfer any additional collateral.

The market value for Fitch's purposes shall be calculated in line with Fitch's criteria set out in its report "*Counterparty Risk in Structured Finance: Swap Criteria*", dated September 13, 2004, or Fitch document or report hereafter taking its stead, proposing a formula for estimating the Swap market value, within fifteen (15) days after the loss of the A rating by Party B. If that formula should not be validated by Fitch, the market value calculation will be increased by an amount equivalent to the result of multiplying (i) 1.00% of the Outstanding Balance of the Mortgage Loans by (ii) the average life of the Mortgage Loans assuming a CPR of 0%.

(v) **Fitch Criteria (continued)**

If either the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) or any credit support provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as BBB- (or its equivalent) by Fitch or the short-term debt obligations of Party B (or its successor) or any credit support provider from time to time in respect of Party B (or its successor) cease to be rated at least as high as F3 (or its equivalent) by Fitch and, as a result of such cessation, the then current rating of the Bonds is downgraded or placed under review for possible downgrade by Fitch (a "Second Subsequent Fitch Rating Event") then Party B will, on a reasonable efforts basis within 30 days of the occurrence of such Second Subsequent Fitch Rating Event, at its own cost, attempt either to:

- (A) transfer all of its rights and obligations with respect to the Financial Swap Agreement to a replacement third party satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such transfer would maintain the rating of the Bonds by Fitch at, or restore the rating of the Bonds by Fitch to, the level it would have been at immediately prior to such Second Subsequent Fitch Rating Event);
- (B) obtain a third party credit support document guaranteeing its rights and obligations with respect to the Financial Swap Agreement satisfactory to Party A (whose consent, not to be unreasonably withheld, will be given if Fitch confirms that such guarantee would maintain the rating of the Bonds at, or restore the rating of the Bonds to, the level it would have been at immediately prior to such Second Subsequent Fitch Rating Event); or
- (C) take such other action as Party B may agree with Fitch as will result in the rating of the Bonds following the taking of such action being maintained at, or restored to, the level it would have been at immediately prior to such Second Subsequent Fitch Rating Event.

All and any costs, expenses and taxes incurred in connection with the compliance with the foregoing obligations shall be borne by Party B.

(vi) **S&P Criteria**

In the event that:

- (1) the short-term, unsecured and unsubordinated debt obligations of Party B (or its successor) cease to be rated at least as high as A-1+ (or its equivalent) by S&P, and
- (2) if relevant, the short-term, unsecured and unsubordinated debt obligations of any credit support provider of Party B cease to be rated at least as high as A-1+ (or its equivalent) by S&P,

(both, the "Required Ratings" by S&P)

each of the above being an "Initial Rating Event", then Party B will, within 30 days, at its own cost, do one of the following:

- (A) transfer all of its rights and obligations with respect to the Interest Swap Agreement (i) to a replacement third party having S&P's Required Ratings or (ii) to a third party which S&P has confirmed would not be in an Initial Rating Event providing that such transfer does not result in any requirement for deduction or withholding for or on account of any tax; or
- (B) procure a third party to become co-obligor in respect of the obligations of Party B under the Interest Swap Agreement provided that such third party (i) has S&P's Required Ratings or (ii) S&P has confirmed that the same is not in an Initial Rating Event providing that such does not result in any requirement for deduction or withholding for or on account of any tax; or
- (C) put in place any other action which S&P shall confirm to Party B may remedy S&P's Initial Rating Event.

While any of (vi)(A), (vi)(B) and (vi)(C) above are outstanding, then Party B will at its own cost

- (D) within not more than ten (10) days, post collateral in the form of cash or securities to Party A in an amount calculated, among other factors, based on the Interest Swap market value, in accordance with the criteria in force then published by S&P.

(vii) S&P Criteria (continued) ("Subsequent Rating Event")

In the event that:

- (a) the short-term, unsecured and unsubordinated debt obligations of Party B (or its successor) and, as the case may be, any credit support provider of Party B, cease to be rated at least as high as A-2 (or its equivalent) by S&P,
- (b) the long-term, unsecured and unsubordinated debt obligations of Party B (or its successor) and, as the case may be, any Credit Support Provider of Party B, cease to be rated at least as high as BBB- (or its equivalent) by S&P, or
- (c) all the ratings assigned to Party B by S&P are completely withdrawn,

the above being a "Subsequent Rating Event", then Party B will, as soon as reasonably practicable, on a best efforts basis, in any case within 10 days of the Subsequent Rating Event and at its own cost, do one of (vii)(A) or (vii)(B) below for the above events:

- (A) transfer all of its rights and obligations with respect to the Interest Swap Agreements (i) to a replacement third party having S&P's Required Ratings or (ii) to a third party which S&P has confirmed would not be in a Subsequent Rating Event providing that such transfer does not result in any requirement for deduction or withholding for or on account of any Tax; or
- (B) procure a third party to become co-obligor in respect of the obligations of Party B under the Interest Swap Agreement provided that such third party (i) has S&P's Required Ratings or (ii) S&P has confirmed that the same is not in a Subsequent Rating Event providing that such does not result in any requirement for deduction or withholding for or on account of any Tax; or

While any of (vii)(A) and (vii) (B) above are outstanding, then Party B will, in the interim, at its own cost

- (C) immediately after the occurrence of the Subsequent Rating Event post collateral in the form of cash or securities to Party A in an amount calculated, among other factors, based on the Interest Swap market value, in accordance with the criteria in force then published by S&P.

For the purposes of (vi) and (vii) above, "Required Rating" means in respect of the relevant entity that its short-term unsecured and unsubordinated debt obligations are rated at least as high as A-1+ by S&P or such other ratings as may be agreed with S&P from time to time, based on the criteria then in force published by S&P.

9. The occurrence, as the case may be, of an early termination of the Financial Swap Agreement will not in itself be an Early Amortisation event of the Bond Issue and an Early Liquidation event of the Fund referred to in sections 4.4.3 of the Registration Document and 4.9.4 of the Securities Note, unless in conjunction with other events or circumstances related to the net asset value of the Fund, its financial balance should be materially or permanently altered.

All matters, discrepancies, lawsuits and claims deriving from the Financial Swap Agreement shall be referred for arbitration to the Chamber of Commerce of Madrid.

Party B agrees not to take any action whatsoever holding Party A liable.

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

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

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

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

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

Gran Vía number 1, 48001 Bilbao

Paseo de Recoletos number 10, 28001 Madrid

Significant economic activities of BBVA.

BBVA, a financial Group, is mainly in the Banking business though it has interests in the field of insurance, unit trust and pension fund management, stock broking, real estate development, global custody, asset management and broking in major treasury, capital and currency markets.

The following are the relevant consolidated data of BBVA Group for the fourth quarter of the years 2006 and 2005 and how they compare between them. That information was prepared in accordance with International Financial Reporting Standards applicable to it under Regulation EC 1606/2002 and Bank of Spain Circular 4/2004.

| | 31.12.2006 | 31.12.2006 without singular items ⁽¹⁾ | Δ% ⁽²⁾ | 31.12.2005 |
|--|------------|--|-------------------|------------|
| BALANCE SHEET (EUR million) | | | | |
| Total assets | 411,916 | | 5.0 | 392,389 |
| Customer credit (gross) | 262,969 | | 18.2 | 222,413 |
| Balance-sheet customer resources | 283,645 | | 9.4 | 259,200 |
| Other customer resources | 142,064 | | -0.5 | 142,707 |
| Total customer resources | 425,709 | | 5.9 | 401,907 |
| Net assets | 22,318 | | 29.0 | 17,302 |
| Equity | 18,210 | | 39.7 | 13,036 |
| PROFIT & LOSS ACCOUNT (EUR million) | | | | |
| Intermediation margin | 8,374 | 8,374 | 16.2 | 7,208 |
| Basic margin | 13,667 | 13,667 | 16.3 | 11,756 |
| Ordinary margin | 15,701 | 15,178 | 16.5 | 13,024 |
| Operating margin | 8,883 | 8,360 | 22.5 | 6,823 |
| Pre-tax profit | 7,030 | 6,533 | 16.8 | 5,592 |
| Profit attributed to the Group | 4,736 | 4,580 | 20.3 | 3,806 |

| | 31.12.2006 | 31.12.2006 without singular items ⁽¹⁾ | Δ% ⁽²⁾ | 31.12.2005 |
|---|------------|--|-------------------|------------|
| DATA PER SHARE AND MARKET VALUE | | | | |
| Price | 18.24 | | 21.0 | 15.08 |
| Market value (EUR million) | 64,788 | | 26.7 | 51,134 |
| Profit attributed to the Group | 1.39 | 1.34 | 19.8 | 1.12 |
| Book value | 13.7 | | | 13.4 |
| PER ⁽²⁾ | 3.6 | | | 3.9 |
| PBVR | 18.24 | | 21.0 | 15.08 |
| RELEVANT RATIOS (%) | | | | |
| Operating margin/ATM | 2.24 | | | 1.87 |
| ROE | 37.6 | | | 37 |
| ROA | 1.26 | | | 1.12 |
| RORWA | 2.12 | | | 1.91 |
| Efficiency ratio | 39.6 | | | 43.2 |
| Efficiency ratio with depreciation | 42.6 | | | 46.7 |
| Delinquency rate | 0.83 | | | 0.94 |
| Coverage rate | 272.8 | | | 252.5 |
| CAPITAL RATIOS (BIS REGULATIONS) (%) | | | | |
| Total | 12 | | | 12 |
| Core capital | 6.2 | | | 5.6 |
| TIER I | 7.8 | | | 7.5 |
| | 12 | | | 12 |
| ADDITIONAL INFORMATION | | | | |
| Number of shares (million) | 3,552 | | | 3,391 |
| Number of shareholders | 864,226 | | | 984,891 |
| Number of employees | 98,553 | | | 94,681 |
| , Spain | 30,582 | | | 31,154 |
| , America ⁽³⁾ | 66,146 | | | 61,604 |
| , Rest of the World | 1,825 | | | 1,923 |
| Number of branches | 7,585 | | | 7,410 |
| , Spain | 3,635 | | | 3,578 |
| , America ⁽³⁾ | 3,797 | | | 3,658 |
| , Rest of the World | 153 | | | 174 |

General note: the details of this Quarterly Report have not been audited. The consolidated quarterly accounts of the Bank and BBVA Group companies have been prepared in accordance with International Financial Reporting Standards adopted by the European Union and taking into account Bank of Spain Circular 4/2004.

(1) BNL, Repsol and Andorra capital gains and extraordinary provisions for early retirements and corporation tax in the second and fourth quarters of 2006.

(2) The percentage variations in the profit and loss account and earnings per share, without the singular operating results for 2006.

(3) Includes those of banks, pension managers and insurers in BBVA Group in all American countries in which it is present.

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

Not applicable.

3.7 Administrator, calculation agent or equivalent.

3.7.1 Management, administration and representation of the Fund and of the holders of the securities.

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

The Management Company shall discharge for the Fund the functions attributed to it in Royal Decree 926/1998.

It is also the Management Company's duty, as the manager of third-party portfolios, to represent and enforce the interests of the holders of the Bonds issued by the Fund and of all its other ordinary creditors.

Consequently, the Management Company shall make its actions conditional on their protection and observe the provisions established for that purpose from time to time. Bondholders and all other ordinary creditors of the Fund shall have no recourse against the Fund Management Company, other than for a breach of its duties or failure to observe the provisions of the Deed of Constitution and the Prospectus.

3.7.1.2 Administration and representation of the Fund.

The Management Company's obligations and actions in fulfilment of its duty to manage and legally represent the Fund are the following, for illustrative purposes only and without prejudice to any other actions provided in this Prospectus:

- (i) Keeping the Fund's accounts duly separate from the Management Company's own, rendering accounts and satisfying tax and any other statutory obligations of the Fund.
- (ii) Making such decisions as may be appropriate in connection with the liquidation of the Fund, including the decision to proceed to an Early Liquidation of the Fund and Early Amortisation of the Bond Issue, in accordance with the provisions of this Prospectus. Moreover, making all appropriate decisions in the event of the establishment of the Fund terminating.
- (iii) Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agencies and any other supervisory body.
- (iv) Appointing and, as the case may be, replacing and dismissing the auditor who is to review and audit the Fund's annual accounts.
- (v) Providing Bondholders, the CNMV and the Rating Agencies with all such information and notices as may be prescribed by the laws in force for the time being and specifically as established in the Deed of Constitution and in this Prospectus.
- (vi) Complying with the calculation duties provided for and taking the actions laid down in this Prospectus and in the various Fund transaction agreements or in such others as the Management Company may enter into in due course for and on behalf of the Fund.
- (vii) The Management Company may extend or amend the agreements entered into on behalf of the Fund, and substitute, as the case may be, each of the Fund service providers on the terms provided for in each agreement, and indeed, if necessary, enter into additional agreements, including a credit facility agreement in the event of Early Liquidation of the Fund, provided that circumstances preventing the foregoing in accordance with the laws and regulations in force from time to time do not occur. In any event, those actions shall require that the Management Company notify and first secure the authorisation, if necessary, of the CNMV or competent administrative body and notify the Rating Agencies, and provided that such actions are not detrimental to the rating assigned to the Bonds by the Rating Agencies. The Deed of Constitution or the agreements may also be corrected upon a request by the CNMV.
- (viii) Exercising the rights attaching to the ownership of the Pass-Through Certificates acquired by the Fund and, in general, carrying out all such acts of administration and disposition as may be required for properly managing and being the authorised representative of the Fund.
- (ix) Checking that the income amount actually received by the Fund matches the amounts that must be received by the Fund, on the terms of assignment of the Mortgage Loans and on the terms of their respective agreements communicated by the Originator, and that the Mortgage Loan amounts receivable are provided by the Servicer to the Fund within the time-periods and on the terms provided for under the Servicing Agreement.
- (x) Determining on each Interest Rate Fixing Date and for each Interest Accrual Period thereafter, the Nominal Interest Rate to be applied for each Bond Series and calculating and settling the accrued interest amounts payable on each Payment Date.
- (xi) Calculating and determining on each Determination Date the principal to be amortised and repaid on each Bond Series on the relevant Payment Date.

- (xii) Determining the interest rate applicable to each of the relevant borrowing, lending and hedge transactions and calculating and settling the interest and fee amounts receivable and payable by the Fund under the same, and the fees payable for the various financial services arranged for.
- (xiii) Taking the actions for which provision is made in relation to the debt ratings or the financial position of the Fund counterparties in the financial and service provision agreements listed in section 3.2 of this Building Block.
- (xiv) Watching that the amounts credited to the Treasury Account and the Surplus Account, if any, return the yield set in the respective Agreements.
- (xv) Calculating the Available Funds, the Available Funds for Amortisation, the Liquidation Available Funds and the payment or withholding obligations to be complied with, and applying the same in the Priority of Payments or the Liquidation Priority of Payments, as the case may be.
- (xvi) Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions, including those allocated to servicing the Bonds.

3.7.1.3 Resignation and substitution of the Management Company.

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

Resignation.

- (i) The Management Company may resign its duties to manage and be the authorised representative of all or part of the funds managed whenever it deems this fit, applying to be substituted in a letter addressed to the CNMV, including a designation of the substitute management company. That letter shall enclose a letter from the new management company, declaring its willingness to take over those duties and applying for the appropriate authorisation.
- (ii) The CNMV's substitution authorisation shall be subject to meeting of the following requirements:
 - (a) The substituted Management Company's delivery of the accounting records and data files to the new management company. That delivery will only be taken to have been made when the new management company is able to fully take over its duties and that circumstance is notified to the CNMV.
 - (b) The rating accorded to the securities should not fall as a result of the proposed substitution.
- (iii) The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.
- (iv) The substitution expenses originated shall be borne by the resigning Management Company and may in no event be passed on to the Fund.
- (v) The substitution shall be published within fifteen days by means of a notice inserted in two nationwide newspapers and in the bulletin of the organised secondary market where the Bonds issued by the Fund are listed. Furthermore, the Management Company shall notify the Rating Agencies of that substitution.

Forced substitution.

- (i) In the event that the Management Company should be adjudged insolvent or have its licence revoked, 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 this Prospectus.

The Management Company agrees to execute such public and private documents as may be necessary for it to be substituted by another management company, in accordance with the system for which provision is made in the preceding paragraphs of this section. The substitute management company shall be substituted in the Management Company's rights and duties under this Prospectus. Furthermore, the Management Company shall hand to the substitute management company such accounting records and data files as it may have to hand in connection with the Fund.

3.7.1.4 Subcontracting.

The Management Company shall be entitled to subcontract or subdelegate to solvent and reputable third parties the provision of any of the services it has to provide as the manager and authorised representative of the Fund, as established in this Prospectus, provided that the subcontractor or delegated party waives the right to take any action holding the Fund liable. In any event, subcontracting or delegating any service (i) may not result in an additional cost or expense for the Fund, (ii) shall have to be legally possible, (iii) shall not result in the rating accorded to each of the Bond Series being adversely revised, and (iv) shall be notified to the CNMV and, where statutorily required, first be authorised by the CNMV. Notwithstanding any subcontracting or subdelegation, the Management Company shall not be exonerated or released, under that subcontract or subdelegation, from any of the liabilities undertaken in this Prospectus which may legally be attributed or ascribed to it.

3.7.1.5 Management Company's remuneration.

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

- (i) An initial fee which shall accrue upon the Fund being established and be payable on the Closing Date.
- (ii) A periodic fee on the sum of the Outstanding Principal Balance of Series A1, A2, A3, A4, B and C, which shall accrue daily from the establishment of the Fund until it terminates and shall be settled and paid by Interest Accrual Periods in arrears on each Payment Date subject to the Priority of Payments or, as the case may be, the Liquidation Priority of Payments. The periodic fee amount on each Payment Date may not be respectively higher or lower than the maximum and minimum amounts determined. The minimum amount shall be cumulatively reset in the same proportion, from the year 2008, inclusive, and effective as of January 1 of each year.

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

3.7.2 Servicing and custody of the securitised assets.

BBVA, Originator of the Mortgage Loans by issuing the Pass-Through Certificates to be subscribed for by the Fund, as established in article 61.3 of Royal Decree 685/1982, shall continue as attorney for the Management Company to be responsible for servicing and managing the Mortgage Loans, and relations between BBVA and the Fund, represented by the Management Company, shall be governed by the Mortgage Loan Servicing and Pass-Through Certificate Custody Agreement (the "**Servicing Agreement**") in relation to custody and servicing of the Mortgage Loans and custody of the Pass-Through Certificates.

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

- (i) To service and manage the Mortgage Loans assigned to the Fund subject to the system terms and ordinary servicing and management procedures established in the Servicing Agreement.
- (ii) To continue servicing the Mortgage Loans, devoting the same time and efforts to them as it would devote and use to service its own loans and in any event on the terms for which provision is made in the Servicing Agreement.

- (iii) That the procedures it applies and will apply to service and manage the Mortgage Loans are and will continue to be in accordance with the laws and statutory regulations in force applicable thereto.
- (iv) To full faithfully observe the instructions issued by the Management Company.
- (v) To pay the Fund damages resulting from a breach of the obligations undertaken, although the Servicer shall not be liable for actions put in place on the Management Company's instructions.

In any event, the Servicer waives the privileges and authorities conferred on it by law as the manager of collections for the Fund and as servicer of the Mortgage Loans, and custodian of the relevant agreements, and in particular those for which provision is made in articles 1730 and 1780 of the Civil Code and 276 of the Commercial Code.

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

1. Custody of deeds, documents and files.

The Servicer shall keep all deeds, documents and data files relating to the Mortgage Loans and the copies of the damage insurance policies of the mortgaged properties in safe custody and shall not give up their possession, custody or control other than with the Management Company's prior written consent for it to do so, unless a document should be required to institute proceedings to claim a Mortgage Loan, or any other competent authority should so require informing the Management Company.

The Servicer shall allow the Management Company or the auditors of the Fund duly authorised thereby reasonable access at all times to said deeds, agreements, documents and files. Furthermore, whenever it is required to do so by the Management Company, it shall within two (2) Business Days of that request and clear of expenses, provide a copy or photocopy of any of such deeds, agreements and documents.

2. Collection management.

The Servicer shall continue managing collection of all Mortgage Loan amounts payable by the Obligors and any other item including under the insurance contracts of the mortgaged properties securing the Mortgage Loans. The Servicer shall use all reasonable efforts for payments to be made by the Obligors to be collected in accordance with the contractual terms and conditions of the Mortgage Loans.

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

Nevertheless, in the event that the rating of the Servicer's short-term unsecured and unsubordinated debt should be downgraded below F2, P-1 or A-2 respectively by Fitch, Moody's and S&P, the Management Company shall, in a written notice to the Servicer, issue instructions for those amounts to be previously paid into the Treasury Account which may indeed be on the day next succeeding the day on which they were received by the Servicer. In addition, should the rating of the Servicer's short-term unsecured and unsubordinated debt be downgraded below F2 by Fitch, the Servicer shall make a cash deposit in favour of the Fund at a sum in line with Fitch's criteria described in its report "*Commingling Risk in Structured Finance Transactions: Servicer and Account Bank Criteria*" dated June 9, 2004 or Fitch document or report hereafter taking its stead.

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

The Servicer may at no event pay any amount whatsoever to the Fund not previously received from the Obligors as payment for the Mortgage Loans.

3. Fixing the interest rate.

Notwithstanding a possible renegotiation of Mortgage Loans to a fixed rate, the Servicer shall continue fixing the interest rates applicable in each interest period as established in the respective Mortgage Loan agreements, submitting such communications and notices as may be established therein.

4. Information.

The Servicer shall regularly communicate to the Management Company the information concerning the individual characteristics of each Mortgage Loan, fulfilment by the Obligors of their Mortgage Loan obligations, delinquency status, changes in the characteristics of the Mortgage Loans, and actions for payment in the event of late payment, legal actions and auction of real estate or assets, the foregoing subject to the procedures and timing established in the Servicing Agreement.

Furthermore, the Servicer shall prepare and hand to the Management Company such additional information concerning the Mortgage Loans or the rights attaching thereto as the Management Company may request, and in particular the documents required for the Management Company, as the case may be, to bring legal actions.

5. Mortgage Loan subrogation.

The Servicer shall be authorised to allow substitutions in the Obligor's position under the Mortgage Loan agreements, exclusively where the characteristics of the new Obligor are similar to those of the former Obligor and those characteristics observe the mortgage lending policies, and further provided that the expenses derived from that change are fully borne by the Obligors. The Management Company shall deprive the Servicer of this authority in the event that those substitutions might adversely affect the ratings accorded to the Bonds by the Rating Agencies.

The mortgagor may apply for subrogation to the Servicer in connection with the Mortgage Loans pursuant to Act 2/1994. Subrogation of a new creditor under the Mortgage Loan and the ensuing payment of the amount due shall, as the case may be, result in prepayment of the Mortgage Loan and early amortisation of the respective Pass-Through Certificate.

6. Authorities and actions in relation to Mortgage Loan renegotiation procedures.

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

Notwithstanding the above, the Management Company, as manager of third-party portfolios and having regard to Obligors' requests to the Servicer directly or under Act 2/1994, may instruct or first authorise the Servicer to agree with the Obligor, subject to the terms and conditions for which provision is made in this section, for a novation changing the relevant Mortgage Loan, either by an interest rate renegotiation or by an extension of the maturity period, provided in the case of Mortgage Loans that those novations are not detrimental to their ranking as a senior mortgage.

Without prejudice to the provisions hereinafter, any novation changing a Mortgage Loan entered into by the Servicer shall be made exclusively with the prior consent of the Management Company, on behalf of the Fund, and the Servicer agrees to seek such consent from the Management Company as soon as it is aware that an Obligor has requested a change. The Management Company may nevertheless initially authorise the Servicer to entertain and accept Mortgage Loan interest rate and term renegotiations, without requiring the Management Company's prior consent, subject to the following general enabling requirements:

a) Renegotiating the interest rate.

Mortgage Loan interest rate may be renegotiated subject to the following rules and limitations:

1. The Servicer may under no circumstance entertain on its own account and without being so requested by the Obligor, interest rate renegotiations which may result in a decrease in the interest rate applicable to a Mortgage Loan. The Servicer shall, without encouraging the interest rate renegotiation, act in relation to such renegotiation bearing in mind the Fund's interests at all times.
2. Subject to the provisions of paragraph 3 below, the Servicer may renegotiate the interest rate clause of the Mortgage Loans on terms that are deemed to be at arm's length and that do not differ from those applied by the actual Servicer in renegotiating or granting its floating- and fixed-rate mortgage credits and loans. For these purposes, the arm's length interest rate shall be deemed to be the rate offered by the Servicer in the Spanish market for loans or credits granted to individuals with real estate mortgage security on finished homes located in Spanish territory in an amount and on terms substantially similar to the renegotiated Mortgage Loan.

The Management Company may, on the Fund's behalf, at any time during the term of the Servicing Agreement, cancel, suspend or modify the Servicer's authorisation to renegotiate the interest rate.

3. Renegotiation of the interest rate applicable to a Mortgage Loan may at no event occur in the event that (i) the change is to a floating interest rate with a benchmark index for determination other than the Euribor or Mibor rate or mortgage market reference rates or benchmark indices, established in section 3 of rule six bis of Bank of Spain Circular no. 8/1990, September 7, and (ii) that the average margin or spread weighted by the outstanding principal of outstanding Mortgage Loans (including the margin if any resulting from a fixed-rate renegotiation as provided for in section 4.(ii) below) is not in excess of 40 percentage basis points above the Euribor or Mibor benchmark rates or index. For the purposes prescribed in this section, the provisions of section 4 below shall govern in the case of Mortgage Loans having benchmark indices other than the Euribor or Mibor benchmark rates or indices or which are fixed-rate loans in regard to consistency with reference to margin over a Euribor or Mibor benchmark index.
4. For the purposes of paragraph 3 above:
 - (i) The margin or spread of a floating-rate Mortgage Loan with a benchmark index other than Euribor or Mibor rates or indices shall be considered to be the result of increasing or reducing the margin applicable to the Mortgage Loan by the difference between the simple averages of the values of the last three (3) months, published by the Bank of Spain, of (a) the Loan benchmark index and (b) one-year EURIBOR index (one-year Interbank reference).
 - (ii) The novated fixed-rate Mortgage Loan margin shall be deemed to be the difference between the fixed rate applicable to the Mortgage Loan and the EURIBOR BASIS fixed rate on Reuters' ISDAFIX2 screen, or any other replacement screen, at 11:00AM CET on the effective date of the new fixed rate for the term of the average life of the Mortgage Loan based on its new repayment schedule. In the absence of a EURIBOR BASIS, the latter shall be calculated by a straight-line interpolation between the EURIBOR BASIS fixed rates for the lower and higher terms closest to the average life of the Loan.

Calculation of the average life of a novated fixed-rate Mortgage Loan: average of the time periods from the effective date of the novation until each Mortgage Loan settlement date, using for weighting purposes the weights the principal to be repaid on each settlement date has, in accordance with the applicable repayment system, on the outstanding principal amount, in accordance with the following expression:

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

Where:

V = Average life of the novated fixed-rate Mortgage Loan expressed in years.

P = Principal to be repaid on each settlement date under the applicable repayment system.

d = Number of days elapsed between the effective date of the novation and the relevant settlement date.

T = Outstanding principal on the effective date of the novation.

b) Extending the period of maturity.

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

- (i) The Servicer may in no case entertain on its own account, i.e. without it being so requested by the Obligor, a change in the final maturity date of the Mortgage Loan which may result in an extension thereof. 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) The term of a specific Mortgage Loan may be extended, solely and exclusively, on the terms laid down in the public deeds originating the Mortgage Loans to change the maturity date if the obligor or borrower is in good standing in respect of all payments due and is not in breach of any of the obligations established in the public deed, a summary of which terms is given in section 2.2.4.1 of this Building Block.

Based on the terms for changing the maturity date, the final maturity date of the Mortgage Loans may not be extended beyond December 31, 2046.

In any event, the Mortgage Loan term may be extended provided that the Mortgage Loan capital or principal repayment instalment frequency is maintained or increased, maintaining the same repayment system.

- (iii) The Management Company may, on the Fund’s behalf, at any time during the term of the Servicing Agreement, cancel or suspend or amend the Servicer’s power to extend the term.

If there should be any renegotiation of the interest rate of a 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 Mortgage Loans to be updated.

In the event of a renegotiation of the interest rate of the 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.

The contractual documents supporting the novation of the renegotiated Mortgage Loans will be kept by the Servicer, in accordance with the provisions of paragraph 2 of this section.

7. Action against Obligors in the event of default on the Mortgage Loans.

Actions in the event of late payment.

The Servicer shall use the same efforts and procedure for claiming overdue amounts on the Mortgage Loans as with the rest of its portfolio loans.

In the event of default by the Obligor of the payment obligations, the Servicer shall put in place the actions described in the Servicing Agreement, taking for that purpose the steps it would ordinarily take if they were its own portfolio mortgage loans and in accordance with standard banking usage and practice for collecting overdue amounts, and shall be bound to advance such expenses as may be necessary for those actions to be taken, without prejudice to its right to be reimbursed by the Fund. Needless to say, these actions include all such legal and other actions as the Servicer may deem necessary to claim and collect the amounts due by the Obligors.

Legal actions.

The Servicer shall, using its fiduciary title to the Mortgage Loans or using the power referred to in the following paragraph, take all relevant actions against Obligor failing to meet their Mortgage Loan payment obligations and against guarantors, if any. Such action shall be brought using the appropriate court enforcement procedures prescribed in articles 517 et seq. of the Civil Procedure Act.

In the above connection and for the purposes prescribed in articles 581.2 and 686.2 of the Civil Procedure Act, and in the event that this should be necessary, the Management Company shall confer in the Deed of Constitution as full and extensive a power of attorney as may be required at Law on BBVA in order that the latter may, acting through any of its attorneys properly empowered for those purposes, on the Management Company's instructions, for and on behalf of the Fund, or in its own name but for the Management Company as the authorised representative of the Fund, demand by any judicial or other means the Obligor of any of the Mortgage Loans and against guarantors, if any, to pay the debt and take legal action against the same, in addition to other authorities required to discharge its duties as Servicer. These authorities may be extended and amended in another deed if necessary or appropriate.

The Servicer shall generally commence the relevant legal proceedings, if, for a period of six (6) months, a Mortgage Loan Obligor having failed to honour his payment obligations should not resume payments to the Servicer and the latter, with the Management Company's consent, should not obtain a payment commitment satisfactory to the Fund's interests. The Servicer shall in any event forthwith proceed to file an executive action if the Management Company, acting for the Fund, and after analysing the specific circumstances of the case, should deem this necessary.

If six (6) months should elapse from the oldest default without the Obligor having resumed payments or the Servicer, with the Management Company's consent, securing a payment commitment satisfactory to the Fund's interests, and the Servicer should fail to file the recovery action without there being proper reasons therefor, the Management Company may, on behalf of the Fund, proceed directly to commence the appropriate legal proceedings to fully claim the debt.

In the event that the proceedings commenced by the Servicer should be stopped without there being proper reasons therefor, the Management Company may, as the case may be, on behalf of the Fund, take over from the latter and continue with the legal proceedings.

In addition to the Servicer's legal actions against Obligor as provided for above in this section, the Management Company, for the Fund, may also take action against Obligor who are in breach of their Mortgage Loan payment obligations and against guarantors, if any. That action shall be brought observing the formalities for the relevant legal procedure in accordance with the provisions of the Civil Procedure Act, satisfying, as the case may be, the requirements as to right of action allowing that to be done.

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

In the event of default by any Obligor, the Management Company, acting for and on behalf of the Fund, shall have the following remedies provided for mortgage certificates in article 66 of Royal Decree 685/1982, which also apply to the pass-through certificates:

- (i) To demand the Servicer to apply for foreclosure.
- (ii) To take part on an equal standing with BBVA, as issuer of the Pass-Through Certificates, in the foreclosure the latter shall have instituted against the Obligor, intervening to that end in any foreclosure proceedings commenced by the former.

- (iii) If the Servicer should fail to take that action within sixty (60) calendar days of a notice served through a notary demanding payment of the debt, the Management Company, for and on behalf of the Fund, shall be secondarily entitled to bring the foreclosure action on the Mortgage Loan for both principal and interest.
- (iv) In the event that the proceedings instituted by the Servicer should come to a standstill, the Fund, duly represented by the Management Company, may be subrogated in the former's position and continue the foreclosure proceedings, without the above period having to elapse.

In the events provided in paragraphs (iii) and (iv), the Management Company may, for and on behalf of the Fund, apply to the Judge or Notary with jurisdiction to commence or continue with the respective foreclosure proceedings, attaching to the application the original Pass-Through Certificate, the notice served through a Notary Public provided for in section (iii) above and an office certificate as to the registration and subsistence of the mortgage. The Servicer shall be bound to issue a certification of the balance outstanding on the Mortgage Loan.

The Management Company, for and on behalf of the Fund as holder of the Pass-Through Certificates, may also take part with the same rights as BBVA in the foreclosure proceedings and may in this sense, on the terms for which provision is made in the Civil Procedure Act, request the award of the mortgaged property as payment of the Mortgage Loan. The Management Company shall proceed, directly or through the Servicer, to sell the property awarded within the shortest possible space of time and at arm's length.

Whereas some of the Mortgage Loans backing the Pass-Through Certificates may have valid entries in the registry regarding the properties mortgaged under the Mortgage Loans in respect of mortgages pre-dating the mortgage under that Mortgage Loan, as represented by BBVA in section 2.2.8.2.(6) of this Building Block, the loans subject of those valid mortgages have been fully repaid.

Therefore, those Mortgage Loans will not for registration purposes have a senior mortgage but a mortgage ranking junior to those duly registered. Notwithstanding this, the loans subject of the previous mortgages have been fully repaid.

The Servicer shall, in events of mortgage foreclosure, where the Land Registry contains entries regarding the real estate secured with the mortgage under which action is taken in respect of mortgages senior to the latter mortgage which however have been repaid, previously to or upon the action being brought, do all such things as shall be appropriate at law and in court in order for the Registry to match the legal reality outside the Land Registry. In the event that the relevant documents are available, then the procedure shall be as provided for in article 40 and in Title IV of the Mortgage Act and otherwise the procedure shall be as provided for in article 209 of that Act.

The Servicer agrees to promptly advise of payment demands, legal actions and all and any other circumstances affecting collection of overdue Mortgage Loan amounts. Furthermore, the Servicer will provide the Management Company with all such documents as the latter may request in relation to said Mortgage Loans and in particular the documents required for the Management Company to take legal actions, as the case may be.

8. Damage insurance for properties mortgaged under the Mortgage Loans.

The Servicer shall not take or fail to take any action resulting in cancellation of any fire or damage insurance policy covering the properties mortgaged under the Mortgage Loans or reducing the amount payable in any claim thereunder. The Servicer shall use all reasonable efforts and in any event use the rights conferred under the insurance policies or the Mortgage Loans in order to keep those policies in full force and effect in relation to each Mortgage Loan and the respective mortgaged property.

Whenever the Servicer receives notice of non-payment of policy premiums by any Obligor the Servicer may demand the Obligor to pay the same and indeed take out fire and damage insurance on the Obligor's behalf, advancing payment of the premiums, without prejudice to being reimbursed by the Obligor for amounts so paid.

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

9. Set-off.

In the exceptional event that any Mortgage Loan Obligor should have a liquid credit right, due and payable vis-à-vis the Servicer, and because the assignment is made without the Obligor being aware, any of the Mortgage Loans should be fully or partially set-off against that credit, the Servicer shall proceed to pay to the Fund the amount set off plus accrued interest which would have been payable to the Fund until the date on which the payment is made, calculated on the terms applicable to the relevant Loan.

10. Subcontracting.

The Servicer may subcontract any of the services it may have agreed to provide under the Servicing Agreement other than those that may not be so delegated in accordance with the laws in force for the time being. That subcontracting may in no event result in an additional cost or expense for the Fund or the Management Company, and may not result in the rating assigned to each Bond Series by the Rating Agencies being adversely revised. Notwithstanding any subcontracting or subdelegation, the Servicer shall not be excused or released under that subcontract or subdelegation from any of the liabilities undertaken in the Servicing Agreement which may legally be attributed or ascribed to it.

11. Auction of real estate.

The Servicer agrees to notify the Management Company of the places, dates, terms and valuation of the real estate mortgaged as security for the Mortgage Loans, auctions scheduled, and proposed action and bid, in suitable advance in order that the Management Company may put in place such actions as it shall see fit and submit instructions on the subject to the Servicer in suitable time.

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

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

3.7.2.2 Term and substitution.

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

In the event of insolvency of the Servicer or of administration by the Bank of Spain or in the event of a breach by the Servicer of the obligations imposed on the Servicer under the Servicing Agreement or in the event of the Servicer's credit rating falling or being lost or its financial circumstances should change to an extent that may be detrimental to or place the financial structure of the Fund or Bondholders' rights and interests at risk, the Management Company shall, in addition to demanding the Servicer to fulfil the obligations laid down in the Servicing Agreement, proceed to put in place, where this is legally possible, inter alia and after notifying the Rating Agencies, any of the following actions in order for the rating assigned to the Bonds by the Rating Agencies not to be adversely affected: (i) demanding the Servicer to subcontract or subdelegate to another institution the performance of the obligations and undertakings made in the Servicing Agreement; (ii) having another institution with a sufficient credit rating and quality secure all or part of the Servicer's obligations; (iii) posting collateral in the form of cash or securities in favour of the Fund in an amount sufficient to secure all or part of the Servicer's obligations in order for there to be no detriment to the rating given to the Bonds by the Rating Agencies, and (iv) terminating the Servicing Agreement, in which case the Management Company shall previously designate a new Servicer having a sufficient credit quality and accepting the obligations contained in the Servicing Agreement or, as

the case may be, in a new servicing agreement. In the event of insolvency of the Servicer, only (iv) above shall be valid. Any additional expense or cost derived from the aforesaid actions shall be covered by the Servicer and at no event by the Fund or the Management Company.

Furthermore, in the event of insolvency, or indications thereof, administration by the Bank of Spain, liquidation or substitution of the Servicer or because the Management Company deems this reasonably justified, the Management Company may demand the Servicer to notify Obligors (and third-party guarantors or the insurers with which the Obligors may have taken out the damage insurance contracts, if any, attaching to the Mortgage Loans underlying the Pass-Through Certificates, if any) of the transfer to the Fund of the outstanding Mortgage Loans, and that the payments derived therefrom will only be effective as a discharge if made into the Treasury Account opened in the name of the Fund. However, both in the event of the Servicer failing to notify Obligors and third-party guarantors and insurers, if any, within five (5) Business Days of receiving the request and in the event of insolvency or liquidation of the Servicer, the Management Company itself shall notify Obligors and third-party guarantors and insurers, if any, directly or, as the case may be, through a new Servicer it shall have designated.

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

Upon the early termination of the Servicing Agreement, the outgoing Servicer shall provide the new Servicer, on demand by the Management Company and as determined thereby, with the necessary documents and data files it may have in order for the new Servicer to carry on the relevant activities.

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

3.7.2.3 Liability of the Servicer and indemnity.

The Servicer shall at no time have any liability whatsoever in relation to the obligations of the Management Company as manager of the Fund and manager of Bondholders' interests, nor in relation to the obligations of the Obligors derived from the Mortgage Loans, without prejudice to the liabilities undertaken thereby as Originator of the Mortgage Loans acquired by the Fund by subscribing for the Pass-Through Certificates.

The Servicer takes on the obligation to indemnify the Fund or its Management Company for any damage, loss or expense resulting for the same on account of any breach by the Servicer of its obligations to service, manage and report on the Mortgage Loans and custody the Pass-Through Certificates, established under the Servicing Agreement, or in the event of breach of the provisions of paragraph 3 of section 2.2.9 of the Building Block.

The Management Company shall, for and on behalf of the Fund, have action against the Servicer where the breach of the obligation to pay any and all principal repayment and interest and other amounts paid by the Obligors under the Mortgage Loans corresponding to the Fund does not result from default by the Obligors and is attributable to the Servicer.

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

Neither Bondholders nor any other creditor of the Fund shall have any direct right of action whatsoever against the Servicer; that action shall lie with the Management Company, as the representative of the Fund, who shall have that action on the terms described in this section.

3.7.2.4 Servicer's remuneration.

In consideration of the custody, servicing and management of the Mortgage Loans and custody of the documents representing the Pass-Through Certificates, the Servicer shall be entitled to receive in arrears on each Payment Date during the term of the Servicing Agreement, a servicing fee equal to 0.01% per annum, inclusive of VAT if there is no exemption, which shall accrue on the exact number of days elapsed in each Determination Period preceding the Payment Date and on the mean daily Outstanding Balance of

the Mortgage Loans serviced during that Determination Period. If BBVA should be replaced in that servicing task, the Management Company will be entitled to change the above percentage fee for the new Servicer, which may be in excess of that agreed with BBVA. The servicing fee will be paid on the relevant Payment Date provided that the Fund has sufficient liquidity in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

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

Furthermore, on each Payment Date, the Servicer shall be entitled to reimbursement of all Mortgage Loan servicing and management expenses of an exceptional nature incurred, such as in connection with legal and/or recovery actions, including procedural expenses and costs, or managing and overseeing the sale of assets or properties awarded to the Fund, after first justifying the same. Those expenses will be paid whenever the Fund has sufficient liquidity and in the Priority of Payments or, as the case may be, in the Liquidation Priority of Payments.

3.8 Name, address and brief description of any swap, credit, liquidity or account counterparties.

BBVA is the Fund's counterparty in the transactions listed below. The details relating to BBVA and its activities are respectively given in section 5.2 of the Registration Document and in section 3.5 of this Building Block.

- (i) Treasury Account:
Guaranteed Interest Rate Account (Treasury Account) Agreement
Description in section 3.4.4.1 of this Building Block.
- (ii) Subordinated Loan:
Subordinated Loan Agreement
Description in section 3.4.3.1 of this Building Block.
- (iii) Start-Up Loan:
Start-Up Loan Agreement
Description in section 3.4.3.2 of this Building Block.
- (iv) Financial Swap:
Financial Swap Agreement
Description in section 3.4.7.1 of this Building Block.
- (v) Financial Intermediation:
Financial Intermediation Agreement
Description in section 3.4.6.4 of this Building Block.

4. POST-ISSUANCE REPORTING

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

As part of its Fund management and administration duty, the Management Company agrees to submit as promptly as possible or by the deadlines given, the information described hereinafter and such additional information as may be reasonably required of it.

4.1.1 Ordinary information.

The Management Company agrees to give the notices detailed below, observing the recurrence provided in each case.

a) Notices to Bondholders referred to each Payment Date.

1. Within the period comprised between the Interest Rate Fixing Date and not more than two (2) Business Days after each Payment Date, it shall proceed to notify Bondholders of the Nominal Interest Rate resulting for each Bond Series, and for the Interest Accrual Period after that Payment Date.
2. Quarterly, at least one (1) calendar day in advance of each Payment Date, it shall proceed to notify Bondholders of the following information:
 - i) Interest resulting from the Bonds in each Series, along with the amortisation of the Bonds.
 - ii) Furthermore, and if appropriate, interest and amortisation amounts accrued thereby and not settled due to a shortfall of Available Funds, in accordance with the rules of the Fund Priority of Payments.
 - iii) The Outstanding Principal Balances of the Bonds in each Series, after the amortisation to be settled on each Payment Date, and the ratios of such Outstanding Principal Balances to the initial face amount of each Bond.
 - iv) Obligors' Mortgage Loan principal prepayment rate during the calendar quarter preceding the Payment Date.
 - v) The average residual life of the Bonds in each Series estimated assuming that the Mortgage Loan principal prepayment rate shall be maintained and making all other assumptions as provided in section 4.10 of the Securities Note.

The foregoing notices shall be given in accordance with the provisions of section 4.1.3 below and will also be notified to the CNMV, the Paying Agent, AIAF, Iberclear and the Rating Agencies, not less than one (1) Business Day before each Payment Date.

b) Information referred to each Payment Date:

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

1. Outstanding Balance.
2. Interest and principal amount of instalments in arrears.
3. Interest rate and, if the interest floats, benchmark indices of the Mortgage Loans.
4. Dates of maturity of the Mortgage Loans.
5. Outstanding Balance of Doubtful Mortgage Loans and cumulative amount of Doubtful Mortgage Loans from the date of establishment of the Fund.

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

1. Report on the source and subsequent application of the Available Funds and the Available Funds for Amortisation in accordance with the Priority of Payments of the Fund.

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

Annual Accounts (balance sheet, profit & loss account and management report) and audit report within four (4) months of the close of each fiscal year, which shall also be filed with the CNMV.

4.1.2 Extraordinary notices.

The following shall be the subject of an extraordinary notice:

1. The final margins applicable for determining the Nominal Interest Rate for each Series and the Nominal Interest Rate determined for each Bond Series for the first Interest Accrual Period.

2. Other:

Any relevant event occurring in relation to the Mortgage Loans, the Bonds, the Fund and the Management Company proper, which may materially influence trading of the Bonds and, in general, any relevant change in the Fund's assets or liabilities, change in the Deed of Constitution, or in the event of termination of the establishment of the Fund or a decision in due course to proceed to an Early Liquidation of the Fund and an Early Amortisation of the Bond Issue in any of the events provided in this Prospectus. In the latter event, the Management Company shall send to the CNMV the notarial certificate of termination of the Fund and the liquidation procedure followed will be as referred to in section 4.4.4 of the Registration Document.

4.1.3 Procedure to notify Bondholders.

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

1. Ordinary notices.

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

2. Extraordinary notices.

Extraordinary notices shall be given by publication in an extensively circulated business and financial or general newspaper in Spain, and those notices shall be deemed to be given on the date of that publication, any Business Day or other calendar day (as established in this Prospectus) being valid for such notices.

Exceptionally, the final margins applicable for determining the Nominal Interest Rate for each Series and the Nominal Interest Rate determined for the Bonds in each Series for the first Interest Accrual Period shall be notified in writing by the Management Company by the start of the Subscription Period to the Underwriters and Placement Agents in order to be reported to investors interested in subscribing for the Bonds. The Management Company will also notify this to the CNMV, the Paying Agent, AIAF and Iberclear.

3. Notices and other information.

The Management Company may provide Bondholders with notices and other information of interest to them through its own Internet pages or other similarly characterised teletransmission means.

4.1.4 Information to the CNMV.

The Management Company shall proceed to advise the CNMV of the periodic and extraordinary notices and information given in accordance with the provisions of the preceding sections, and of such other information as the CNMV may require of it or by the laws in force from time to time, irrespective of the above.

4.1.5 Information to the Rating Agencies.

The Management Company shall provide the Rating Agencies with periodic information as to the position of the Fund and the performance of the Mortgage Loans in order that they may monitor the rating of the Bonds and extraordinary notices. The Management Company shall also provide that information when it is reasonably required to do so and, in any event, whenever there is a significant change in the conditions of the Fund, in the agreements entered into by the Fund through its Management Company or in the interested parties.

Mario Masiá Vicente, as General Manager for and on behalf of EUROPEA DE TITULIZACIÓN, S.A., SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, signs this Prospectus at Madrid, on March 15, 2007.

GLOSSARY OF DEFINITIONS

“**ABN AMRO**” shall mean ABN AMRO BANK N.V., SUCURSAL EN ESPAÑA.

“**Act 19/1992**” shall mean Investment Trusts and Companies System and Mortgage Securitisation Funds Act 19/1992, July 7.

“**Act 2/1981**” shall mean Mortgage Market Regulation Act 2/1981, March 25.

“**Act 2/1994**” shall mean Mortgage Loan Subrogation and Amendment Act 2/1994, March 30.

“**Act 3/1994**” shall mean Act 3/1994, April 14, adapting Spanish laws in the matter of credit institutions to the Second Banking Coordination Directive and introducing other changes in relation to the financial system.

“**Act 44/2002**” shall mean Financial System Reform Measures Act 44/2002, November 22.

“**AIAF**” shall mean AIAF Fixed-Income Market (*AIAF Mercado de Renta Fija*).

“**Amortisation Withholding**” shall mean, on each Payment Date, the positive difference, if any, on the Determination Date preceding the relevant Payment Date, between (i) the Outstanding Principal Balance of the Bond Issue, and (ii) the Outstanding Balance of Non-Doubtful Mortgage Loans.

“**Available Funds for Amortisation**” shall mean the amount to be allocated to Bond amortisation on each Payment Date and shall be the Amortisation Withholding amount applied out of the Available Funds in seventh (7th) place of the Priority of Payments on the relevant Payment Date.

“**Available Funds**” shall mean, in relation to the Priority of Payments and on each Payment Date, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, which shall have been paid into the Treasury Account and the Surplus Account, if any, as established in section 3.4.6.2.1 of the Building Block.

“**BARCLAYS**” shall mean BARCLAYS BANK PLC.

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

“**BNP PARIBAS**” shall mean BNP PARIBAS SUCURSAL EN ESPAÑA.

“**Bond Issue Management, Underwriting and Placement Agreement**” shall mean the Bond Issue management, underwriting and placement agreement entered into between the Management Company, for and on behalf of the Fund, and BBVA, ABN AMRO, BNP PARIBAS, CITIGROUP and RBS as Lead Managers and Underwriters and Placement Agents, and BARCLAYS, CALYON, IXIS CIB and WACHOVIA SECURITIES as Underwriters and Placement Agents.

“**Bond Issue**” shall mean the issue of asset-backed bonds issued by the Fund having a face value of EUR five billion (5,000,000,000.00), consisting of fifty thousand (50,000) Bonds comprised of six Series (Series A1, Series A2, Series A3, Series A4, Series B and Series C).

“**Bond Paying Agent Agreement**” shall mean the Bond paying agent agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA, as Paying Agent.

“**Bonds**” shall mean the Class A Bonds (consisting of Series A1, A2, A3 and A4), the Series B Bonds and the Series C Bonds issued by the Fund.

“**Business Day**” shall mean any day other than a public holiday in the city of Madrid or non-business day in the TARGET (Trans European Automated Real-Time Gross Settlement Express Transfer System).

“**CALYON**” shall mean CALYON Sucursal en España.

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

“**CET**” shall mean “Central European Time”.

“**CITIGROUP**” shall mean CITIGROUP GLOBAL MARKETS LIMITED.

“**Class A Bonds**” shall mean the Series A1, A2, A3 and A4 Bonds issued by the Fund having a total face amount of EUR four billion seven hundred and eighty-seven million five hundred thousand (4,787,500,000.00).

“**Class A**” shall mean the Class A (consisting of Series A1, A2, A3 and A4) Bonds issued by the Fund.

“**Closing Date**” shall mean March 29, 2007, the date on which the cash amount of the subscription for the Bonds shall be paid up.

“**CNMV**” shall mean National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

“**Conditions for Pro Rata Amortisation**” shall mean the conditions set down in section 4.9.3.6 of the Securities Note for amortisation of Series A1 and/or A2 and/or A3 and/or A4 and/or B and/or C.

“**CPR**” shall mean the effective constant annual early amortisation or prepayment rate at which average lives and durations of the Bonds are estimated in this Prospectus.

“**Deed of Constitution**” shall mean the public deed recording the establishment of the Fund, issue by BBVA of and subscription by the Fund for the Pass-Through Certificates on the Mortgage Loans, and issue by the Fund of the Asset-Backed Bonds.

“**Delinquent Mortgage Loans**” shall mean Mortgage Loans that are delinquent on a given date with an arrears in excess of three (3) months in payment of overdue amounts, excluding Doubtful Mortgage Loans. The possible deferment of instalments referred to in section 2.2 of the Building Block shall not be considered a delay in payment of Mortgage Loan amounts due

“**Deloitte**” shall mean Deloitte S.L.

“**Determination Dates**” shall mean the dates falling on the fourth (4th) Business Day preceding each Payment Date.

“**Determination Period**” shall mean the exact number of days elapsed between every two consecutive Determination Dates, each Determination Period excluding the beginning Determination Date and including the ending Determination Date. Exceptionally, (i) the duration of the first Determination Period shall be equal to the days elapsed between date of establishment of the Fund, inclusive, and the first Determination Date, June 12, 2007, inclusive, and (ii) the duration of the last Determination Period shall be equal to the days elapsed a) until the Final Maturity Date or the date on which Early Liquidation of the Fund concludes, as provided for in section 4.4.3 of the Registration Document, on which the assets remaining in the Fund have all been liquidated and the Liquidation Available Funds have all been distributed in the Liquidation Priority of Payments of the Fund, b) from the Determination Date preceding the Payment Date preceding the date referred to in a), not including the first date but including the last date.

“**Distribution of Available Funds for Amortisation**” shall mean the rules for applying the Available Funds for Amortisation between each Series on each Payment Date established in section 4.9.3.6 of the Securities Note.

“**Doubtful Mortgage Loans**” shall mean Mortgage Loans that are delinquent on a given date with a period of arrears equal to or greater than twelve (12) months in payment of overdue amounts or classified as bad debts by the Management Company because there are reasonable doubts as to their full repayment based on indications or information obtained by the Servicer.

“Early Amortisation” shall mean Bond amortisation on a date preceding the Final Maturity Date in the Early Liquidation Events of the Fund and subject to the requirements established in section 4.4.3 of the Registration Document.

“Early Liquidation Events” shall mean the events contained in section 4.4.3 of the Registration Document where the Management Company, following notice duly served on the CNMV, is entitled to proceed to an Early Liquidation of the Fund.

“Early Liquidation of the Fund” shall mean the liquidation of the Fund and thereby an early amortisation of the Bond Issue on a date preceding the Final Maturity Date, in the events and subject to the procedure established in section 4.4.3 of the Registration Document.

“Euribor” shall mean the Euro Interbank Offered Rate which is the term interbank deposit offered rate in euros calculated as the daily average of the quotations supplied for fifteen maturity terms by a panel consisting of 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. September 17, 2050 or the following Business Day if that is not a Business Day.

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

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

“Fitch” shall mean both Fitch Ratings España, S.A. and Fitch Ratings Limited, the holding company to which Fitch Ratings España, S.A. is affiliated.

“Fund” shall mean BBVA RMBS 2 FONDO DE TITULIZACIÓN DE ACTIVOS.

“Guaranteed Interest Rate Account (Treasury Account) Agreement” shall mean the guaranteed interest rate account (Treasury Account) agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA.

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

“Initial Cash Reserve” shall mean the Cash Reserve set up on the Closing Date by drawing down the Subordinated Loan amounting to EUR forty million (40,000,000.00).

“Interest Accrual Period” shall mean the days elapsed between every two consecutive Payment Dates, including the beginning Payment Date, but not including the ending Payment Date. The first Interest Accrual Period shall begin on the Closing Date, inclusive, and end on the first Payment Date, exclusive.

“Interest Rate Fixing Date” shall mean the second Business Day preceding each Payment Date.

“IRR” shall mean internal rate of return as defined in section 4.10.1 of the Securities Note.

“IXIS CIB” shall mean IXIS CORPORATE & INVESTMENT BANK.

“Lead Managers” shall mean BBVA, ABN AMRO, BNP PARIBAS, CITIGROUP and RBS.

“Liquidation Available Funds” shall mean, in relation to the Liquidation Priority of Payments, on the Final Maturity Date or when there is an Early Liquidation, the amounts to be allocated to meeting the Fund’s payment or withholding obligations, as follows: (i) the Available Funds, and (ii) the amounts obtained by the Fund from time to time upon disposing of the Mortgage Loans and of the assets remaining, as established in section 3.4.6.3 of the Building Block.

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

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

“Moody’s” shall mean both Moody’s Investors Service España, S.A. and Moody’s Investors Service Ltd., the holding company to which Moody’s Investors Service España, S.A. is affiliated.

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

“Mortgage Loans” shall mean the mortgage loans owned by BBVA granted to individuals with real estate mortgage security ranking senior or, as the case may be, ranking junior although BBVA has documents relating to cancellation of the debts originated by previous mortgages which are yet to be struck off the registers, on finished homes located in Spain, assigned to the Fund by means of the issue by BBVA of, and subscription by the Fund for, Pass-Through Certificates.

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

“Nominal Interest Rate” shall mean the nominal interest rate, variable quarterly and payable quarterly, applicable to each Series and determined for each Interest Accrual Period, which shall be the result of adding (i) the Reference Rate and (ii) a margin for each Series as detailed in section 4.8.1.2 of the Securities Note.

“Non-Delinquent Mortgage Loans” shall mean Mortgage Loans that are not deemed to be Delinquent Mortgage Loans on a given date, also excluding Doubtful Mortgage Loans.

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

“Obligors” shall mean the Mortgage Loan borrowers.

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

“Outstanding Balance of the Mortgage Loans” shall mean the sum of outstanding capital or principal and overdue capital or principal not paid into the Fund for each and every one of the Mortgage Loans.

“Outstanding Principal Balance of Class A” shall mean the sum of the Outstanding Principal Balance of Series A1, A2, A3 and A4 making up Class A.

“Outstanding Principal Balance of the Bond Issue” shall mean the sum of the Outstanding Principal Balance of Series A1, A2, A3, A4, B and C making up the Bond Issue.

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

“Pass-Through Certificates” shall mean the pass-through certificates issued on the Mortgage Loans by BBVA in accordance with article 18 of Act 44/2002, and subscribed for by the Fund.

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

“Payment Date” shall mean March 17, June 17, September 17 and December 17 in each year or the following Business Day if any of those is not a Business Day. The first Payment Date shall be June 18, 2007, because June 17, 2007 is not a Business Day.

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

“Pro Rata Amortisation of Class A” shall mean the distribution of the Available Funds for Amortisation applied to amortising Class A (Series A1, A2, A3 and A4) prorated directly in proportion to (i) the Outstanding Principal Balance of Series A1, (ii) the Outstanding Principal Balance of Series A2, (iii) the Outstanding Principal Balance of Series A3, and (iii) the Outstanding Principal Balance of Series A4, on the Determination Date preceding the relevant Payment Date, if the conditions laid down in section 3.9.3.6.2.2 of the Securities Note apply.

“Rating Agencies” shall mean Fitch Ratings España, S.A., Moody’s Investors Service España, S.A. and Standard & Poor’s España S.A.

“RBS” shall mean THE ROYAL BANK OF SCOTLAND PLC.

“Reference Rate” shall mean, other than for the first Interest Accrual Period, three- (3-) month Euribor fixed at 11am (CET time) on the Interest Rate Fixing Date, or, if this Euribor rate should not be available or be impossible to obtain, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note. The Reference Rate for the first Interest Accrual Period shall mean the rate resulting from a straight-line interpolation, taking into account the number of days in the first Interest Accrual Period, between two- (2-) month Euribor and three- (3-) month Euribor, fixed at 11am (CET time) on the second Business Day preceding the Closing Date, which is the day of the Subscription Period, or, upon the failure or impossibility to obtain these Euribor rates, the substitute rates for which provision is made in section 4.8.1.3 of the Securities Note.

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

“Required Cash Reserve” shall mean, on each Payment Date, the lower of the following amounts: (i) EUR forty million (40,000,000.00) and (ii) the higher of a) 1.60% of the Outstanding Principal Balance of the Bond Issue and b) a sum of EUR twenty-seven million five hundred thousand (27,500,000.00).

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

“Royal Decree 1310/2005” shall mean Royal Decree 1310/2005, November 4, partly implementing Securities Market Act 24/1988, July 28, in regard to admission to trading of securities in official secondary markets, public offerings for sale or subscription and the prospectus required for that purpose.

“Royal Decree 685/1982” shall mean Royal Decree 685/1982, March 17, implementing certain aspects of Mortgage Market Regulation Act 2/1981, and Royal Decree 1289/1991, August 2, amending certain of the previous Royal Decree’s articles.

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

“S&P” shall mean both Standard & Poor’s España, S.A. and Standard & Poor’s Rating Services, the holding company to which Standard & Poor’s España, S.A. is affiliated.

“Securities Market Act” shall mean Securities Market Act 24/1988, July 28, amended by Act 37/1998, November 16, and Act 44/2002, November 22, and Royal Decree Law 5/2005, March 11, among other amendments.

“Series A1 Bonds” shall mean the Series A1 Bonds issued by the Fund having a total face amount of EUR nine hundred and fifty million (950,000,000.00) comprising nine thousand five hundred (9,500) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A1” shall mean the Series A1 Bonds issued by the Fund.

“Series A2 Bonds” shall mean the Series A2 Bonds issued by the Fund having a total face amount of EUR two billion four hundred million (2,400,000,000.00) comprising twenty-four thousand (24,000) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A2” shall mean the Series A2 Bonds issued by the Fund.

“Series A3 Bonds” shall mean the Series A3 Bonds issued by the Fund having a total face amount of EUR three hundred and eighty-seven million five hundred thousand (387,500,000.00) comprising three thousand eight hundred and seventy-five (3,875) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A3” shall mean the Series A3 Bonds issued by the Fund.

“Series A4 Bonds” shall mean the Series A4 Bonds issued by the Fund having a total face amount of EUR one billion and fifty million (1,050,000,000.00) comprising ten thousand five hundred (10,500) Bonds having a unit face value of EUR one hundred thousand (100,000).

“Series A4” shall mean the Series A4 Bonds issued by the Fund.

“Series B Bonds” shall mean the Series B Bonds issued by the Fund having a total face amount of EUR one hundred and twelve million five hundred thousand (112,500,000.00) comprising one thousand one hundred and twenty-five (1,125) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

“Series C Bonds” shall mean the Series C Bonds issued by the Fund having a total face amount of EUR one hundred million (100,000,000.00) comprising one thousand (1,000) Bonds having a unit face value of EUR one hundred thousand (100,000).

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

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

“Servicing Agreement” shall mean the Mortgage Loan Servicing and Pass-Through Certificate Custody Agreement.

“Start-Up Loan Agreement” shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA, for a sum of EUR four million nine hundred thousand (4,900,000.00).

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

“Subordinated Loan Agreement” shall mean the commercial subordinated loan agreement entered into by the Management Company, for and on behalf of the Fund, and BBVA, for a sum of EUR forty million (40,000,000.00).

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

“Subscription Period” shall mean the Bond subscription period comprised between 1pm (CET time) and 2pm (CET time) on March 27, 2007.

“Surplus Account” shall mean the financial account opened in an institution with short-term, unsecured and unsubordinated debt obligations rated at least as high as F1, P-1 and A-1+ respectively by Fitch, Moody's and S&P, to which the amount by which the sum of the Treasury Account balance exceeds twenty percent of the Outstanding Principal Balance of the Bond Issue shall be transferred and credited.

“Treasury Account” shall mean the financial account in euros opened at BBVA in the Fund's name, in accordance with the provisions of the Guaranteed Interest Rate Account (Treasury Account) Agreement, through which the Fund will make and receive payments.

“Underwriters and Placement Agents” shall mean BBVA, ABN AMRO, BNP PARIBAS, CITIGROUP, RBS, BARCLAYS, CALYON, IXIS CIB and WACHOVIA SECURITIES.

“WACHOVIA SECURITIES” shall mean WACHOVIA SECURITIES INTERNATIONAL LIMITED.