

Rural Hipotecario 1, Fondo de Titulización Hipotecaria, Bonos de Titulización Hipotecaria

Spain

CLOSING DATE:

February 22, 2000

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TRANSACTION IN BRIEF

	Senior Series A	Subordinated Series B
Rating:	Aaa	A2
Amount:	€190,200,000	€9,800,000
Coupon:	Euribor 3M + 0.29%	Euribor 3M + 0.50%
Payment Dates:	February 19th, May 19th, August 19th, November 19th	
Final Maturity:	February 19th, 2025	
Issuer:	Rural Hipotecario I, Fondo de Titulizacion Hipotecaria	

Originators/Administrators

Caja Rural de Almeria
Caja Rural de Malaga
Caja Rural de Navarra
Caja Rural Valencia

Management

Company (Gestora):	Europea de Titulizacion, SGFT, S.A.
Lead Managers:	Deutsche Genossenschaftsbank AG (A2/P-1) Societe Generale (Aa3/P-1) Banco Cooperativo
Paying Agent:	Banco Cooperativo
Treasurer:	Bankinter (A1/P-1)

Collateral Characteristics

Type:	Mortgage shares (Participaciones Hipotecarias: PHs)
Coupon:	Underlying mortgage rate
Count:	6011
Total Amount (Approx.):	€222,143,395

Provisional Pool of Underlying Mortgage Loans

Type:	Primary residential mortgage loans
WALTV:	56.79%
Average Loans:	€36,956
WAC (Current):	4.58%
Interest Basis:	Variable
Indices:	MHBC, MHCA, MHTO, MIBOR 12M
Orig. Loan Purpose:	Purchase, Construction and Renovation
Geog. Concentrations:	Comunidad Valencia (37.98%), Andalucia (30.75%), and Navarra (25.14%)
Structure:	Senior/Mezzanine/RF
Credit Enhancement:	4.90% B Bond, 2% RF
Issue Date:	February 22, 2000



RATING OPINION

Moody's has assigned a **Aaa** rating to the Series A Bonos and a **A2** rating to the Series B Bonos de Titulización Hipotecaria (BTH's mortgage securitisation bonds) issued by Rural Hipotecario I FTH.

These ratings are based on:

- The legal characteristics of the mortgage shares (participaciones hipotecarias – “PHs”).
- A loan by loan analysis of the quality of the mortgage loans underlying the mortgage shares.
- The analysis of other types of risk, including operational risk, prepayment, interest rate, and liquidity risk, as well as legal risk.
- Adequate credit enhancement, i.e. the subordination available to each rated class which partially off-sets the above risks, (the subordinate position of the Series B Mezzanine Bonds with respect to the Series A Bonds).
- The strength of the cash flows, including the reserve fund and any excess spread available to cover losses.
- The experience of the Gestora Europea de Titulización, SGFT, S.A. and the supporting guarantee of the gestora obligations by all of its shareholders.
- The contractual obligations and credit strength of the parties to the transaction.

Moody's evaluation included the legal and regulatory context of the primary mortgage market and of structured transactions in Spain.

The ratings assigned to the BTHs address the timely payment of interest and payment of principal on or before the final maturity of the transaction in February 19th, 2025.

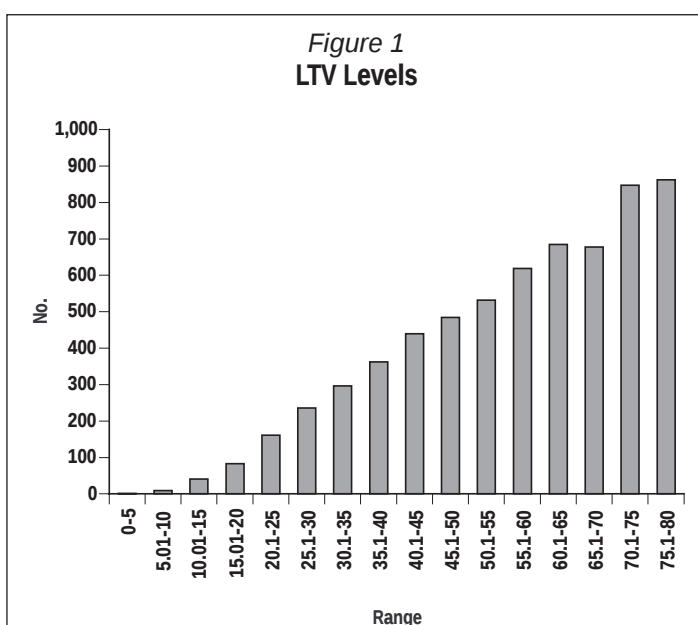
RATING SUMMARY

Collateral

First Transaction Originated by Cajas Rurales

Rural Hipotecario I is the first transaction launched in Spain where the originators are credit cooperatives whose main activities concentrate in lending to the agricultural sector.

The pool of loans consists of good quality loans with LTV levels averaging 56.79% (Figure 1), and a geographical concentration of loans concentrated in Comunidad Valenciana (37.98%) and Andalucía (30.75%)



Average LTV Level 56.79%

Average LTV Levels are considered low. Rural Hipotecario I (as can be seen in the graph) has quite linear LTV levels, increasing as the levels approach the 75-80%. No loans within the pool have LTV levels above 80%.

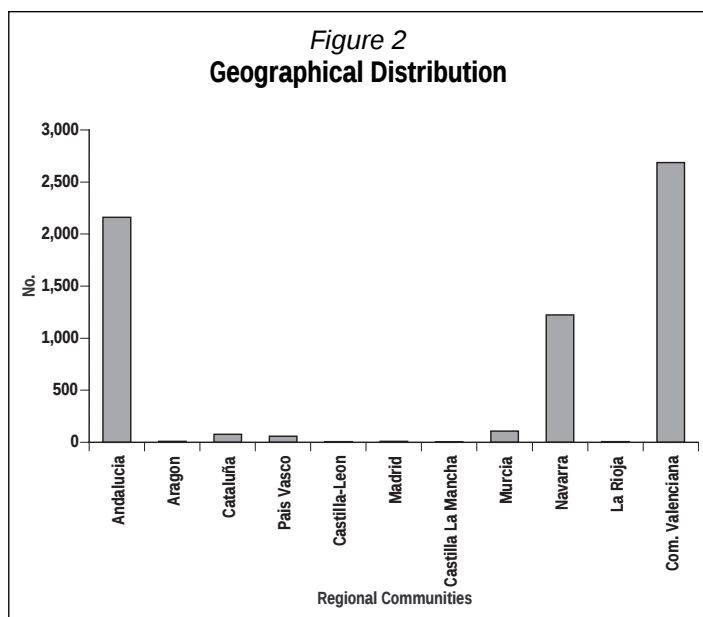


Table 1
Highest Concentrations

Comunidad Valenciana	37.98%
Andalucia	30.75%
Navarra	26.14%

The pool is naturally biased due to its originators in Comunidad Valenciana, Andalucia, and Navarra.

The Pool's average seasoning is also quite good with a level of approximately 2.68 years.

STRUCTURE SUMMARY

The (BTHs) are issued by a mortgage securitisation fund (Fondo de Titulización Hipotecaria) which was created and is managed by Europea de Titulización, SGFT, S.A., the Management Company. The BTH's are secured by PHs.

Under Spanish law each PH represents a certain percentage of a single mortgage loan for the entirety of its remaining life and grants to its holder the right to undertake executory action against the originator and, under certain circumstances, the right to pursue the mortgage debtor. As the Fondo does not possess juridic personality any such action must be taken on its behalf by the Gestora. In this transaction all of the PH's represent 100% of the underlying mortgage loan and pay interest at the mortgage rate. Payments of interest on PHs purchased by a mortgage securitisation fund are not subject to withholding tax. However, interest payments on the BTHs issued by the fund are subject to withholding tax under certain circumstances.

All of the mortgage loan securing the PH's were originated by Caja Rural Valencia, Caja Rural de Navarra, Caja Rural de Almeria y Caja Rural de Malaga which will continue to service the loans and will substitute or repurchase any PH that is found to be backed by a loan that fails to meet various criteria.

Credit Enhancement

Typical Senior-Subordinated Structure

The certificate holders are protected from losses primarily with a traditional senior/subordinated structure with a Reserve Fund.

- The first layer of protection is *spread* in the transaction, which is the difference between (1) the interest earned on the PH's (MHBC, MHCA, MHTO, MIBOR 12M + approximately 83 bps) (2) and the coupons paid on the BTH's and other obligations plus the Gestora fee. The value of the ongoing spread was assessed under a variety of adverse conditions which would minimise its availability, including high prepayment speeds, various loss distributions, and high arrears levels.
- The second layer of protection for investors is the *Reserve Fund*. At any moment the maximum credit amount will be, equal to the minimum of the following quantities: 2% of the initial PH balance or 6% of the outstanding principal balance of the PHs.
- The third layer of protection is the *Series B Bonos* which initially amount to 4.90% of the PH original balance. Amortisation of the Series B Bonos will take place when the A Bonds are fully amortized.

Origination/Servicing

Moody's reviewed the facilities, underwriting and collections procedures, and servicing systems of the originators and compared them with the overall lending practices of banks and mortgage lenders in Spain.

Moody's believes each originator is capable of fulfilling its servicing obligations in the transaction.

Management Company (Gestora)

The Management Company (Sociedad Gestora) has broad powers under the Spanish securitisation law.

Europea de Titulización is an experienced company. The obligations of the Gestora within the structure are guaranteed by its shareholders in proportion to their holdings. BBVA accounts for 83% of the Gestora's capital. The remainder is owned by 15 institutions including JP Morgan 4%, Caja de Ahorros del Mediterraneo 1,54%, Bankinter 1,53%, Barclays Bank 1,53%, Citibank España

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