

DISSEMINATION OF THE CODE OF BEST PRACTICE.

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A.,
ESTABLECIMIENTO FINANCIERO DE CRÉDIT

We expressly inform our customers and any interested party that, pursuant to the requirements established in Royal Decree-Law 5/2017 of 17 March, on urgent measures to protect mortgage debtors without resources, amending **Royal Decree-Law 6/2012, of 9 March**, on urgent measures to protect mortgage debtors without resources, and **Law 1/2013, of 14 May**, on measures to strengthen the protection of mortgage debtors, debt restructuring and rented social housing, and pursuant to **Royal Decree Law 1/2015, of 27 February**, on second-chance mechanisms, reduction of financial burden and other measures of social order:

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., ESTABLECIMIENTO FINANCIERO DE CRÉDITO (hereinafter "UCI"), VOLUNTARILY ADHERED TO THE CODE OF BEST PRACTICE FOR THE VIABLE RESTRUCTURING OF MORTGAGE-BACKED DEBTS ON HABITUAL RESIDENCES. (Spanish Official State Gazette (BOE) of 21 October 2014). Subsequently, UCI adhered to the latest amendment dated 17 March 2017 (published on 18 March 2017).

As a result of the aforementioned regulations, a series of mechanisms have been established to enable the restructuring of the mortgage debt of persons who have **extreme difficulty meeting their payment commitments**. Therefore, with respect to natural persons, any customers and guarantors who have signed with the entity loan or credit agreements secured by a mortgage on their habitual residence, and who have difficulties meeting their payment commitments and complying with the requirements and conditions established in **the articles of Royal Decree-Law 5/2017, of 17 March, amending Royal Decree-Law 6/2012, and Law 1/2013, and Royal Decree Law 1/2015, of 27 February**, may avail themselves of this code and request UCI to apply it.

Moreover, **guarantors and mortgagors who are not debtors** and who are on the threshold of exclusion, may demand that before being subjected to claims for secured debt, even if in the contract they had expressly waived the right to object, the assets of the main debtor be consumed, without prejudice to the application, where appropriate, of the measures provided in the Code of Best Practices

In accordance with the ANNEX of Royal Decree-law 6/2012, of 9 March, on urgent measures for the protection of mortgage debtors without resources, modified by Royal Decree-Law 5/2017 of 17 March, we inform that the indicated measures include three **successive** phases of action:

PHASE ONE. RESTRUCTURING OF MORTGAGE DEBT. To ensure the viable restructuring of their mortgage debt in order to guarantee its medium and long-term viability. This measure cannot be formulated by debtors in execution proceedings once the auction has been announced. It is important to highlight that this first phase - viable restructuring of the mortgage debt - envisages the application of a five-year grace period for the repayment of capital, a reduction in the applicable interest rate at Euribor plus 0.25% for the duration of said grace period and the extension of the total repayment period up to 40 years as from the granting of the loan.

PHASE TWO. COMPLEMENTARY MEASURES. The debtors for whom the restructuring plan foreseen in the previous section is unfeasible given their economic and financial situation, may request a reduction in outstanding capital. For the application of this measure, which may be requested by debtors in foreclosure proceedings in which the auction has already been announced, the entity shall be empowered to accept or reject this request.

PHASE THREE. ALTERNATIVE MEASURES TO FORECLOSURE. Within twelve months following the request for restructuring, the debtors for whom the restructuring and complementary measures, where applicable, are not viable may request the dation in payment of their habitual residence. This measure shall not apply in foreclosure proceedings in which auction proceedings have been announced, or in which the property is encumbered by subsequent charges.

"Moreover, and in accordance with the regulations of the Code of Good Banking Practices, in the event of foreclosure of habitual residence in which eviction proceedings have been suspended pursuant to Article 1.1. of Law 1/2013, of 14 May, the foreclosed mortgage debtors may ask for the property the object of auction to be rented, as provided in Article 4 of the Annex of Royal Decree-Law 6/2012, of 9 March, on urgent measures to protect mortgage debtors without resources, and in accordance with the provisions established in Article 1.1 of Law 1/2013."

► **Conditions of the applicants.**

- That the total income of the members of the family unit does not exceed the limit of three times the annual public revenue index ("IPREM" - "Indicador Público de Renta de Efectos Múltiples" - in Spanish) of fourteen payments. This limit shall be four or five-fold if any of the members are disabled, dependent or incapacitated as provided in paragraph two of section a) of Article 3.1.

- That in the four years prior to the time of the request, the economic circumstances of the family unit have changed significantly, in terms of the effort to access housing, or due to especially vulnerable family circumstances. In this regard, as established in Article 3 b) in paragraph two, the current regulations of the Code of Best Banking Practices rate certain cases defined as "especially vulnerable family circumstances", which, if indicated in the aforementioned request, must be duly accredited as necessary, to ensure the socio-economic and family circumstances of the debtors and their family unit are correctly evaluated.

- That the mortgage payment is greater than 50 per cent of the net income received by all the members of the family unit. Said percentage shall be 40% when one of said members is a person affected by the circumstances indicated in the second paragraph of paragraph a).

► **Housing conditions.**

The home must be the mortgagor's sole property and its acquisition price cannot exceed 20% of the figure resulting from multiplying the surface area of the property by the average price per square meter for unsubsidised housing indicated in the Housing Price Index calculated by the Ministry of Public Works for the year of acquisition of the property and the province in which said property is located, with a maximum limit of 300,000 euros. The average reference price for properties purchased before 1995 shall be the [average reference] price for 1995.

However, the measures envisaged in section 3 of the Code may only be applied to mortgages established as collateral for loans or credits granted, when the acquisition price of the mortgaged property does not exceed that the price resulting from multiplying the extension of the property by the average price per square meter for unsubsidised housing resulting from application of the Housing Price Index calculated by the Ministry of Public Works for the year of acquisition of the property and the province in which said property is located, up to a maximum limit of 250,000 euros. The average reference price for properties purchased before 1995 shall be the [average reference] price for 1995.

► **Accreditation by the debtor that he/she is on the exclusion threshold.**

The debtor shall accredit the aforementioned circumstances by presenting the following documents:

» **Income received by members of the family unit:**

- Income certificate and, if applicable, Property Tax certificate issued by the State Tax Administration or the competent Autonomous Community body, where applicable, in relation to the last four tax years.
- Last three salaries received.
- Certificate issued by the entity managing benefits, showing the monthly amount received as unemployment benefit.

- Certificate accrediting social wages, minimum insertion income or similar social benefits granted by Autonomous Communities and local entities.

- In the case of self-employed workers, if they were receiving the benefit due to termination of employment, the certificate issued by the managing body indicating the monthly amount received.

» Number of people living in the property:

- Family record book or document accrediting registration as a de facto couple.

- Municipal registration certificate for persons registered in the dwelling, at the time of presentation of the supporting documents and during the previous six months.

- Declaration of disability, dependence or permanent disability preventing the individual from working.

» Ownership of the property:

- Certificates of ownership issued by the Land Registry in relation to each member of the family unit.

- Deed of sale and mortgage guarantee deed on the property and other supporting documents, where applicable, corresponding to any other real or personal guarantees that have been constituted.

» Rental of the foreclosed dwelling:

- Current valuation of the auctioned property, certified by an approved appraiser.

► **Responsible declaration by the debtor or debtors** that he/she has fulfilled the established requirements for consideration as being on the exclusion threshold, in accordance with the standard declaration form approved by the commission set up to monitor compliance with the Code of Best Practices (*).

Processing of requests: To request the application of the Code of Best Practices or in the event of doubts regarding this code, customers can write to the Customer Services department at c / Consuegra, nº 3 - 28036 (Madrid) or contact the department on telephone numbers 902 15 55 51 or 912 06 37 95 or by fax 902 15 55 50. They may also send an email to clientes@uci.com and visit this Entity's network of sales offices.

Additional information.

Click on the following link to access [Royal Decree-Law 6/2012](#), of 9 March, on urgent measures for the protection of mortgage debtors without resources (which includes the amendments introduced by [Royal Decree 5/2017](#), of 17 March), [Law 1/2013](#), of 14 May, on urgent measures for the protection of mortgage debtors without resources, the annex of which also includes the **Code of Best Practices for the viable restructuring of debts with mortgage guarantees on habitual residences**, and [Royal Decree Law 1/2015](#), of 27 February, on the second chance mechanism, reduction of financial burdens and other measures of social order.

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(*) Consequences of the incorrect application by the debtor of the measures for the restructuring of mortgage debt.

1. A debtor with a mortgage-backed credit or loan who has benefited from both the restructuring measures established in this chapter and the provisions established in the Code of Best Practices without meeting the requirements stipulated in Article 3, shall be liable for any damages that may have been incurred, as well as for all expenses generated by the application of these flexibilisation measures, without prejudice to any other liability deriving from the debtor's behaviour.
2. The amount of damages, losses and expenses cannot be less than the profit unduly obtained by the debtor as a result of application of the rule.
3. Liability shall also be incurred by debtors who voluntarily and deliberately seek to position themselves or remain on the exclusion threshold in order to obtain the application of these measures, the entity with which the debtor arranged the loan or credit being responsible for accrediting this circumstance.