

BASE PROSPECTUS DATED 27 FEBRUARY 2006

European Mortgage Securities VII B.V.
(Incorporated in the Netherlands with its statutory seat in Amsterdam, the Netherlands)

€ 25,000,000,000
Residential Mortgage Backed Secured Debt Issuance Programme

This document constitutes a Base Prospectus within the meaning of Directive 2003/71/EC (the '**Prospectus Directive**'). This Base Prospectus has been approved by the Netherlands Authority for the Financial Markets ("*Stichting Autoriteit Financiële Markten*", the '**AFM**'), which is the Netherlands competent authority for the purpose of the Prospectus Directive and relevant implementing measures in the Netherlands, as a Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date hereof.

Under this € 25,000,000,000 Residential Mortgage Backed Secured Debt Issuance Programme (the '**Programme**') European Mortgage Securities VII B.V. (the '**Issuer**') may from time to time issue notes (the '**Notes**') denominated in Euro. For each new issue a new compartment of Notes (each a '**Compartment**') shall be used and the Notes shall only be issued in compartments. Each Compartment will be linked to a specific pool of Mortgage Receivables. Each Compartment will comprise of either Floating Rate Notes, or a combination of Fixed Rate Notes and Floating Rate Notes.

Each Compartment will be issued to finance the purchase of a pool of Mortgage Receivables (each a '**Pool**') and will be indirectly secured by a right of pledge over such Pool and the Beneficiary Rights relating to such Pool in favour of Stichting Security Trustee European Mortgage Securities VII (the '**Security Trustee**') and a right of pledge over certain of the other assets of the Issuer to the extent such assets are related to the relevant Pool in favour of the Security Trustee. Recourse in respect of the Notes of a Compartment is limited to (i) the relevant Pool and the Beneficiary Rights relating thereto, (ii) the balances standing to the credit of the Transaction Accounts to the extent such accounts are related to the relevant Pool and (iii) any claims of the Issuer under the Relevant Issue Documents of the relevant Compartment and Pool to the extent these claims can be attributed to such Compartment and Pool, and in respect of claims which cannot be attributed to such Compartment, such claims on a pro rata basis for all Compartments. There will be no other assets of the Issuer available for any further payments. The right of payment of interest and principal of any Class of Notes of a Compartment, other than the Senior Class A Notes of such Compartment, will be subordinated and may be limited as more fully described herein and the Final Terms and/or, as the case may be, the Supplemental Base Prospectus relating to such Compartment.

Application will be made for Notes issued under the Programme to be admitted to listing on Eurolist by Euronext Amsterdam ('**Euronext Amsterdam**') during the period of 12 months from the date of this Base Prospectus. Notice of the aggregate nominal amount of the relevant Notes, interest (if any) payable in respect of such Notes, the issue price of such Notes and any other terms and conditions not contained herein which are applicable to the Notes of such Compartment (as defined under *Terms and Conditions of Notes* below) will be set out in the final terms (the '**Final Terms**') which, with respect to such Notes to be listed on Euronext Amsterdam, will be delivered to Euronext Amsterdam on or before the date of issue of such Compartment. Notes issued under the Programme may also be listed on any other stock exchange specified in the applicable Final Terms, or be unlisted. For each issue of Notes linked to a Pool a Supplemental Prospectus will be made available which will include, inter alia, the Final Terms and a description of the relevant Pool and which Supplemental Prospectus will be subject to prior approval of the AFM with the exception of the Final Terms contained therein.

The Notes may be issued on a continuing basis. The Notes of each Compartment and Class will (unless otherwise specified in the applicable Final Terms) initially be represented by a temporary global note in bearer form (each a '**Temporary Global Note**'), without coupons, which are expected to be deposited on the date on which such Compartment is issued (each an '**Issue Date**') thereof either (i) with a common depository on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ('**Euroclear**') and Clearstream Banking, société anonyme ('**Clearstream, Luxembourg**') or (ii) Euroclear Netherlands or (iii) any other clearing system. Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the relevant Class (each a '**Permanent Global Note**'), without coupons not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note, will, in certain limited circumstances, be exchangeable for Notes in definitive form in bearer form (each a '**Definitive Note**') as described in the terms and conditions of the Notes (the '**Conditions**'). The expression '**Global Notes**' means the Temporary Global Note of each Compartment and Class and the Permanent Global Note of each Compartment and Class and the expression '**Global Note**' means each Temporary Global Note or each Permanent Global Note, as the context may require.

The AFM may be requested to provide other competent authorities in the European Economic Area with a certificate of approval so that application may be made for Notes issued under the Programme to be admitted to trading on other regulated markets. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

It is a condition precedent to issuance of each Compartment of Notes that the relevant Senior Class A Notes, on issue, be assigned an 'Aaa' rating by Moody's Investors Service Limited ('**Moody's**') and, in respect of NHG Compartments, an 'AAA' rating by Fitch Ratings Limited ('**Fitch**'), Moody's and, in case of NHG Compartments, Fitch, the '**Rating Agencies**') the relevant Mezzanine Class B Notes, on issue, be assigned a rating by Moody's and Fitch, if applicable, as indicated in the Final Terms of such Compartment, the relevant Junior Class C Notes, on issue, be assigned a rating by Moody's and Fitch, if applicable, as indicated in the Final Terms of such Compartment and the relevant Subordinated Class D Notes, on issue, be assigned a rating by Moody's and Fitch, if applicable, as indicated in the Final Terms of such Compartment.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. For a discussion of some of the risks associated with an investment in the Notes see Risk Factors herein.

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, any of the Arranger, the Dealer, the Sellers, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, the Liquidity Facility Provider, the GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent (each as defined herein) or the Security Trustee. Furthermore, none of the Arranger, the Dealer, the relevant Sellers, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, the Liquidity Facility Provider, the GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Security Trustee or any other person, in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Arranger, the Dealer, the relevant Sellers, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, the Liquidity Facility Provider, the GIC Provider, the Swap Counterparty, the Directors, the Paying Agent or the Reference Agent will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

For the page reference of capitalised terms used herein see *Index of Defined Terms*.

ABN AMRO

IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Base Prospectus, except for the information for which ABN AMRO Bank N.V. is responsible, as referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, except for the information for which ABN AMRO Bank N.V. is responsible, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained in this Base Prospectus, except for the information for which ABN AMRO Bank N.V. is responsible, as referred to in the following paragraph, has been accurately reproduced and does not omit anything which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly.

ABN AMRO Bank N.V. is responsible solely for the information contained in the following sections of this Base Prospectus: *Overview of the Dutch Residential Mortgage Market*, the description of *ABN AMRO Bank N.V.* (incorporated by reference), *Description of the Mortgage Loans, Municipality/NHG Guarantee Programme* and *Mortgage Loan Underwriting and Servicing*. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the impact of such information. Any information from third-parties contained in these paragraphs has been accurately reproduced and does not omit anything which would render the reproduced information inaccurate or misleading. ABN AMRO Bank N.V. accepts responsibility accordingly.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to the Notes will be set forth in the Final Terms which, with respect to Notes to be listed on Eurolist by Euronext Amsterdam, will be filed with the AFM and delivered to Euronext Amsterdam on or before the date of issue of the Notes of such Compartment.

The Programme provides that Notes may be admitted to listing, trading and/or quotation by such other or further listing authority, stock exchange and/or quotation system. The Issuer may also issue unlisted Notes.

If the terms of the Programme are modified or amended in a manner which would make the Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus will be prepared.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see '*Documents Incorporated by Reference*' below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Base Prospectus nor any other information supplied in connection with the Programme should be considered as a recommendation by the Issuer that any recipient of this Base Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer and the Relevant Pool. Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

The delivery of this Base Prospectus or the offering, sale and delivery of the Notes does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

The distribution of this Base Prospectus and the offering, sale and delivery of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Base Prospectus and other offering material relating to the Notes (see *Subscription and Sale* below).

The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the accuracy or adequacy of this Base Prospectus. Any representation to the contrary is unlawful.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the '**Securities Act**') and include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to United States persons as defined in Regulation S under the Securities Act, except in certain transactions permitted by US tax regulations and the Securities Act (see *Subscription and Sale* below).

In connection with the issue of the Notes, ABN AMRO Bank N.V., acting through its London branch, (the '**Stabilising Manager**'), or any duly appointed person acting for the Stabilising Manager) may over-allot (provided that the aggregate Principal Amount Outstanding of the Notes allotted does not exceed 105 per cent. of the aggregate Principal Amount Outstanding of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Closing Date and 60 days after the date of the allotment of the Notes. Stabilisation transactions shall be conducted in accordance with all applicable laws and regulations as amended from time to time.

All references in this document to '€' and 'euro' refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Civil liability attaches to the Issuer, being the entity which has prepared the summary, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Base Prospectus. Where a claim relating to the information contained in a Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Capitalised terms used, but not defined, in this section can be found elsewhere in this Base Prospectus, unless otherwise stated.

The Programme

Under this Euro 25,000,000,000 Residential Mortgage Backed Secured Debt Issuance Programme the Issuer, a Dutch private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") incorporated under the laws of the Netherlands on 23 September 2005, may issue Notes on a continuing basis. For each issue of Notes Final Terms and a Supplemental Prospectus will be made available and the Notes will be issued in Compartments only. The Notes of each Compartment will be secured by a separate Pool of Mortgage Receivables and recourse will be limited to this Pool and certain other assets of the Issuer relating to the relevant Compartment.

On the Programme Closing Date the Issuer will enter into certain agreements at Programme Level: the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Agency Agreement, the Programme Agreement, the Floating Rate GIC and certain other agreements.

On each Issue Date the Issuer will issue Notes of different classes in the relevant Compartment and apply the net proceeds of the Notes of such Compartment towards payment of part of the Initial Purchase Price for the Mortgage Receivables of the related Pool, which consists of rights and claims of the relevant Seller or Sellers against certain borrowers under or in connection with loans secured by a mortgage right over Mortgaged Assets situated in the Netherlands and entered into by the relevant Seller or Sellers and the relevant Borrowers which meet the relevant Eligibility Criteria and the other criteria set forth in the Mortgage Receivables Purchase Agreement and the Supplemental Prospectus and which will be selected prior to or on the Issue Date.

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables of a Pool together with amounts it receives under the relevant Swap Agreement and amounts credited to the GIC Account related to the relevant Compartment and, for certain of its payment obligations, amounts drawn under the relevant Liquidity Facility Agreement and, the relevant Reserve Account, to make payments of, *inter alia*, principal and interest due in respect of the Notes of such Compartment. The obligations of the Issuer in respect of the Notes of a Compartment, will rank behind the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments in respect of such Compartment (see *Credit Structure* below) and the right to payment of interest and principal on the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be subordinated to the Senior Class A Notes and limited as more fully described herein under *Terms and Conditions of the Notes* and the right to payment of interest and principal on the Junior Class C Notes and the Subordinated Class D Notes will be subordinated to the Mezzanine Class B Notes and limited as more fully described herein under *Terms and Conditions of the Notes* and the right to payment of interest and principal on the Subordinated Class D Notes will be subordinated to the Junior Class C Notes and limited as more fully described herein under *Terms and Conditions of the Notes*.

In respect of each Compartment, the Issuer will enter into a Liquidity Facility Agreement under which it will be entitled to make drawings if (after any drawing from the relevant Reserve Account) there are insufficient funds available to the Issuer as a result of a shortfall in the Notes Interest Available Amounts of the relevant Compartment (see *Credit Structure* below).

The Issuer will enter into the Floating Rate GIC under which the GIC Provider will agree to pay a guaranteed rate of interest on the balance standing from time to time to the credit of the relevant Transaction Accounts (see *Credit Structure* below).

To mitigate the risk between the rate of interest to be received by the Issuer on the Mortgage Receivables of a Pool and the rate of interest payable by the Issuer on the Notes of a Compartment, the Issuer will enter into a Swap Agreement in respect of such Compartment, or may opt for an alternative hedging arrangement (see *Credit Structure* below).

Security for the Notes

The Noteholders of a Compartment will benefit from the security granted in favour of the Security Trustee in respect of such Compartment, whereas the Notes of a Compartment will be secured indirectly, through the Security Trustee, by (i) a first ranking pledge granted by the Issuer to the Security Trustee over the relevant Pool of Mortgage Receivables related to such Compartment (including the parts corresponding with any Construction Amounts) and the Beneficiary Rights, and (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights (a) under or in connection with the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Floating Rate GIC to the extent these rights relate to the relevant Compartment and Pool and (b) under or in connection with the relevant Swap Agreement, the relevant Liquidity Facility Agreement and in respect of the relevant Transaction Accounts.

In order to ensure the valid creation of the security rights under Dutch law in favour of the Security Trustee, the Issuer shall undertake in respect of each Compartment in the relevant Parallel Debt Agreement to pay to the Security Trustee, by way of a parallel debt, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the relevant Secured Parties pursuant to the relevant Documents.

The relevant Trust Deed sets out the priority of the claims of the relevant Secured Parties. See for a more detailed description *Description of Security* below.

Interest on the Notes

The Notes will bear a fixed rate of interest or a floating rate of interest (See *Principal features of the Programme and Terms and Conditions of the Notes* below).

Redemption of the Notes

The Notes will be redeemed at the Final Maturity Date specified in the applicable Final Terms.

The Issuer may (but is not obliged to) redeem all of the Notes of a Compartment, in whole but not in part only, on any Optional Redemption Date or in the event of certain tax changes affecting the Notes at their Principal Amount Outstanding, after payments of the amounts to be paid in priority of the Notes and subject to the applicable Conditions.

Furthermore, after the first Optional Redemption Date the Issuer will on each Quarterly Payment Date be obliged to apply all amounts received as principal to redeem (or partially redeem) the Notes of the relevant Compartment in the order of priority of the Notes until fully redeemed. Also, prior to the first Optional Redemption Date, all amounts of principal received will, after deduction of amounts used or reserved for the purchase of Substitute Mortgage Receivables and Further Advance Receivables, be used on each Quarterly Payment Date to redeem the Senior Class A1 Notes until fully redeemed.

In addition, the relevant Seller, or, as the case may be, the relevant Sellers may upon the occurrence of certain events exercise the Clean-up Call Option and repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables of a Pool. The Issuer has undertaken to apply the proceeds of any such sale towards redemption of the Notes of the relevant Compartment.

Listing

Application will be made for Notes issued under the Programme to be admitted to listing on Eurolist by Euronext Amsterdam and may be listed on any other stock exchange and may be unlisted.

Rating

It is a condition precedent to issuance of each Compartment of Notes that the relevant Senior Class A Notes, on issue, be assigned an 'Aaa' rating by Moody's and, in respect of each Compartment to which a Pool is linked which consists of NHG Mortgage Loans only (each a '**NHG Compartment**'), 'AAA' by Fitch. The ratings of the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be indicated in the Final Terms of such Compartment.

Risk factors

There are certain risk factors which the prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes, such as (but not limited to) the fact that the liabilities of the Issuer under the Notes of a certain Compartment are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables of the relevant Pool, the proceeds of the sale of any of the Mortgage Receivables of such Pool and the receipt by it of certain other funds. Despite certain facilities for each Compartment, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see *Risk Factors* below).

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the relevant Compartment of the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Liabilities under the Notes

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, any of the Arranger, the Dealer, the relevant Sellers, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, the Liquidity Facility Provider, the GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent or the Security Trustee. Furthermore, none of the Arranger, the Dealer, the Sellers, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, the Manager, the Liquidity Facility Provider, the GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Security Trustee or any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Arranger, the Dealer, the Sellers, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, the Liquidity Facility Provider, the GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent or the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

Ability to meet payment obligations

The ability of the Issuer to meet its obligations in full to pay principal of and interest on the relevant Compartment will be dependent on the receipt by it of funds under the Mortgage Receivables of the Pool connected to such Compartment, the proceeds of the sale of any such Mortgage Receivables, the receipt by it of payments under the relevant Swap Agreement and the receipt by it of interest in respect of the balance standing to the credit of the relevant Transaction Accounts (other than on the Construction Ledger). In addition, the Issuer will have available to it the balances standing to the credit of the relevant Reserve Account and the amounts available to be drawn under the Liquidity Facility in respect of the relevant Compartment for certain of its payment obligations. See further *Credit Structure* below.

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of and accept and be bound by the Conditions. The Issuer and the Paying Agent will not have any responsibility for the proper performance by Euroclear and/or Clearstream, Luxembourg or Euroclear Netherlands or any other agreed clearing system or its participants of their obligations under their respective rules, operating procedures and calculation methods.

Multipurpose Issuer

The Issuer has been established to issue notes from time to time under this Programme. The proceeds of the issuance of a Compartment of Notes will be applied towards the purchase of the related Pool of Mortgage Receivables connected to such Compartment. As a result of such further issue of Notes, the Issuer may have obligations towards parties other than the Secured Parties of the relevant Compartment. However, recourse of the Noteholders of the relevant Compartment and of any party entering into agreements in connection with such Compartment will be limited to the Mortgage Receivables of the connected Pool, any Eligible Investments made by the Issuer and relating to such Compartment and any claims of the Issuer resulting from agreements entered into in connection with such Compartment and the purchase of such Mortgage Receivables. However, some claims of the Issuer resulting from certain agreements which cannot be attributed to a specific Compartment will be applied on a pro rata basis of the Principal Amount Outstanding on the Notes of each Compartment.

Multiple Sellers

In the Programme Agreement the transaction parties have agreed that subsidiaries and group companies of ABN AMRO, if they meet the Seller Eligibility Criteria, may accede to the Relevant Documents and become Seller and, to the extent applicable, MPT Provider for the Mortgage Receivables sold by it and may therefore sell Mortgage Receivables to the Issuer. The Issuer may therefore be exposed to other risk on such Sellers than on the Initial Seller. In addition, as a result of such accession other mortgage products than those described in this Base Prospectus, which may be originated in a different manner and with different eligibility criteria, may be sold and assigned to the Issuer. This applies to the sale and assignment of new Pools of Mortgage Receivables and to the sale and assignment of Further Advance Receivables and Substitute Mortgage Receivables in existing Pools.

Parallel Debt

Under Netherlands law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges in favour of the Security Trustee, the Issuer has in the relevant Parallel Debt Agreement, as separate and independent obligations in respect of each Pool, by way of parallel debts, undertaken to pay to the Security Trustee amounts equal to the relevant amounts due by it to the relevant Secured Parties (each a '**Parallel Debt**'). The Issuer has been advised that such Parallel Debts create claims of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Trustee Receivables Pledge Agreement and the Trustee Assets Pledge Agreement (see also *Description of Security* below).

Multipurpose Security Trustee

The Security Trustee has been established to act as security agent for the Secured Parties of all Compartments under the Programme and each issue of a Compartment of Notes. The security interests in favour of the Security Trustee for the benefit of the Secured Parties of each Compartment each secure the relevant Parallel Debt. Recourse of the Noteholders and other Secured Parties of each Compartment will therefore be limited to the Mortgage Receivables and amounts standing to the credit of the relevant Transaction Accounts and Eligible Investments of the connected Pool and any claims of the Issuer resulting from agreements entered into in connection with such Compartment and the purchase of such Mortgage Receivables and the Secured Parties of a Compartment do not have any recourse on other assets of the Issuer as more fully described under *Description of Security*. However some claims of the Issuer resulting from certain agreements which cannot be attributed to a specific Compartment will be applied on a pro rata basis of the Principal Amount Outstanding of the Notes of each Compartment, and will therefore in principle be divided by all Secured Parties of all Compartments.

The following risk factors from 'Transfer of Legal Title to Mortgage Receivables' up to and including 'Construction Amounts' only relate to the Initial Seller. In case of the issue of a Compartment and the purchase of a Pool containing Mortgage Receivable of another Seller or Sellers, the following risk factors apply mutatis mutandis to the other Seller or Sellers unless otherwise indicated in a Supplemental Prospectus.

Transfer of Legal Title to Mortgage Receivables

Under Netherlands law, assignment of the legal title of claims, such as the Mortgage Receivables, can be effectuated by means of a notarial or registered deed of assignment, without notification of the assignment to the debtors being required. The legal ownership of the Mortgage Receivables will be transferred by the Initial Seller to the Issuer through the relevant registered deed of assignment. The Mortgage Receivables Purchase Agreement will provide that such transfers of legal title will not be notified by the Initial Seller or the Issuer to the Borrowers except if certain events occur. For a description of these notification events reference is made to the section *Mortgage Receivables Purchase Agreement*.

Until notification of the transfer of legal title has been made to the Borrowers, the Borrowers can only validly pay to the Initial Seller in order to fully discharge their payment obligations ("*bevrijdend betalen*"). The Initial Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay on each Mortgage Payment Date to the Issuer any amounts received in respect of each Pool during the immediately preceding Mortgage Calculation Period. However, receipt of such amounts by the Issuer is subject to the Initial Seller actually making such payments.

Payments made by Borrowers to the Initial Seller prior to notification but after bankruptcy or emergency regulations in respect of the Initial Seller having been declared will be part of the relevant Initial Seller's bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the estate ('*boedelschuldeiser*') and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate.

Set-off

Under Netherlands law a debtor has a right of set-off if it has a claim which corresponds to its debt to the same counterparty and it is entitled to pay his debt as well as to enforce payment of his claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the Initial Seller to it (if any) with amounts it owes in respect of the Mortgage Receivable prior to notification of the assignment of the Mortgage Receivable to the Issuer having been made. Such amounts due by the Initial Seller to a Borrower could, *inter alia*, result from current account balances or deposits made with the Initial Seller.

The conditions applicable to the Mortgage Loans of the Initial Seller provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Initial Seller, under Netherlands law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the Borrowers will have the set-off rights described in this paragraph.

After assignment of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable, or (ii) the counterclaim of the Borrower has been originated and becomes due prior to the assignment of the Mortgage Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the Mortgage Receivable and the claim of the Borrower on the Initial Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated ("*opgekomen*") and become due ("*opeisbaar*") prior to notification of the assignment, and, further, provided that all other requirements for set-off have been met (see above). A balance on a current account is due at any time and, therefore, this requirement will be met. In the case of deposits it will depend on the term of the deposit whether the balance thereof will be due at the moment of notification of the assignment. The Issuer has been informed by the Initial Seller that a balance on a deposit account can, in principle, be withdrawn at any time unless agreed otherwise and, consequently, such balance is due ("*opeisbaar*") at any time. If after the moment the Borrower receives notification of the assignment of the Mortgage Receivable, amounts are debited from or credited to the current account or, as the case may be, the deposit account, the Borrower will only be able to set-off its claim vis-à-vis the Issuer for the amount of its claim at the moment such notification has been received after deduction of amounts which have been debited from the current account or the deposit account after such moment, notwithstanding that amounts may have been credited.

In respect of Mortgage Loans granted by the Initial Seller to its employees ('**Employee Mortgage Loans**') the Borrower, which is also an employee of the Initial Seller, has set-off rights vis-à-vis the Issuer for claims resulting from its employment relationship, provided that the conditions for set-off after notification of assignment, set out above, are met. Consequently, counterclaims resulting from the employment relationship which have become due prior to notification, can be set-off against the relevant Mortgage Receivable. For counterclaims which are not due at the time of notification, the question is whether the counterclaim results from the same legal relationship as the Employee Mortgage Loan. The Issuer has been informed by the Initial Seller that its employees have the right to a reduced interest on a mortgage loan taken out with the Initial Seller as part of their employment conditions. On this basis it could be argued that the Employee Mortgage Loan is part of the employment relationship and could on this basis be regarded as resulting from the same legal relationship. However, the Issuer has been advised that the better view is that the Employee Mortgage Loan and the employment relationship should not be regarded as the same legal relationship, since the Issuer has been informed by the Initial Seller that (i) the only connection between the Employee Mortgage Loan and the employment relationship is the right to reduced interest on the Employee Mortgage Loan and (ii) no actual set-off of amounts due under the Employee Mortgage Loan with salary payments is agreed or actually effectuated. There is no case law or literature supporting this view.

In case notification of the assignment of the Mortgage Receivables is made after the bankruptcy or emergency regulations of the Initial Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Netherlands Bankruptcy Code. Under the Bankruptcy Code a person which is both debtor and creditor of the bankrupt entity can set off its debt with its claim, if each claim (i) came into existence prior to the moment at which the bankruptcy became effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of emergency regulations.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Initial Seller against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Initial Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable.

For specific set-off issues relating to the Hybrid Insurance Policies, Life Insurance Policies or, as the case may be, Savings Insurance Policies connected to the Mortgage Loans, reference is made to the paragraph *Insurance Policies* below.

Bank Mortgages

The mortgage deeds relating to the Mortgage Receivables sold by the Initial Seller to the Issuer provide that the mortgage rights created pursuant to such mortgage deeds, not only secure the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Initial Seller (**'Bank Mortgages'**). In the past a considerable degree of uncertainty existed in Dutch legal writing as to whether an assignment of receivables secured by bank security results in a transfer of (a share in) the bank security to the assignee.

Under Netherlands law a mortgage right is an accessory right ("*afhankelijk recht*") which follows by operation of law the receivable to which it is connected. Furthermore, a mortgage right is an ancillary right ("*nevenrecht*") and the assignee of a receivable secured by an ancillary right will have the benefit of such right, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law. For a long time the prevailing view of Dutch commentators has been that upon the assignment of a receivable secured by a Bank Mortgage, such mortgage right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed that a Bank Mortgage only follows a receivable which it secures, if the relationship between the bank and the borrower has been terminated in such a manner that following the assignment the bank cannot create or obtain further receivables from the relevant borrower secured by the mortgage right. These commentators claim that this view is supported by case law.

There is a trend in recent legal literature to dispute the view set out in the preceding paragraph. These commentators argue that in case of assignment of a receivable secured by a bank mortgage, the mortgage right will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of a bank mortgage, which is -in this argument- supported by the same case law. Any further claims of the assignor will also continue to be secured and as a consequence the bank mortgage will be jointly-held by the assignor and the assignee after the assignment. In this view a bank mortgage only continues to exclusively secure claims of the original mortgagee and will not pass to the assignee, if this has been explicitly stipulated in the mortgage deed.

Although the view prevailing in the past, to the effect that given its nature a bank mortgage will as a general rule not follow as an accessory right upon assignment of a receivable which it secures, is still defended, the Issuer has been advised that the better view is that as a general rule a bank mortgage in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the bank mortgage will remain with the original mortgagee, will be a matter of interpretation of the relevant mortgage deed.

The mortgage deeds of the Mortgage Loans of the Initial Seller do not contain any explicit provision on the issue whether the mortgage right follows the receivable upon its assignment. In these cases there is no clear indication of

the intention of the parties. The Issuer has been advised that in such a case the Bank Mortgage should (partially) follow the receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch commentators on Bank Mortgages in the past, which view continues to be defended by some legal commentators.

If the Bank Mortgage has (partially) followed the Mortgage Receivables upon its assignment, the Bank Mortgages would probably be co-held by the Issuer and the Initial Seller and would secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any claims held by the Initial Seller on the same Borrowers (the **'Other Claims'**).

In case the mortgage rights are co-held by both the Issuer or the Security Trustee and the Initial Seller the rules applicable to co-ownership ("*gemeenschap*") apply. The Netherlands Civil Code provides for various mandatory rules applying to such co-owned rights. In the Mortgage Receivables Purchase Agreement the Initial Seller, the Issuer and the Security Trustee will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer such co-held rights. It is uncertain whether the foreclosure of the mortgage rights will be considered as day-to-day management, and, consequently the consent of the Initial Seller's bankruptcy trustee (in case of bankruptcy) or administrator (in case of emergency regulations) may be required for such foreclosure.

The Initial Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share ("*aandee*") in each co-held mortgage right of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivable, increased with interest and costs, if any, and the share of the Initial Seller will be equal to the Net Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any. The Issuer has been advised that a good argument can be made that such an intercreditor arrangement, providing that the proceeds of foreclosure will be applied in payment of the receivables of the Issuer (or Security Trustee) first, further determines the legal relationship and, consequently, the share in the jointly-held rights. However, particularly in view of the nature of the arrangement which is in fact a subordination and not an agreement on the size of the shares of each of the joint-holders, this is not certain. In this respect it is agreed that in case of a breach by the Initial Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Initial Seller, the Initial Seller shall compensate the Issuer and/or the Security Trustee (as applicable) forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Initial Seller to actually make such payments.

To further secure the obligations of the Initial Seller under this arrangement, if ABN AMRO's long term credit rating from Moody's ceases to be at least A3 or, in respect of a NHG Compartment, from Fitch ceases to be at least A- and ABN AMRO does not regain a long term credit rating of A3 by Moody's or A- by Fitch, if applicable, on the date falling twelve months after the date of such downgrade the Initial Seller shall have an obligation to pledge its Other Claims (in the case of a downgrade by Fitch only the Other Claims relating to the relevant NHG Compartments) in favour of the Issuer and the Security Trustee respectively. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Initial Seller created for this purpose equal to the share of the Initial Seller in the foreclosure proceeds in relation to a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower.

Long leases

The mortgage rights securing the Mortgage Loans may be vested on a long lease ("*erfpacht*"), as further described in *Description of Mortgage Loans* below. A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches ("*in ernstige mate tekortschiet*") other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease the Initial Seller will take into consideration the conditions, including the term, of the long lease. The general terms and conditions provide that the Mortgage Loans become immediately due and payable in the event that, *inter alia*, (i) the leaseholder has not paid the remuneration, (ii) the leaseholder seriously breaches any obligation under the long lease or (iii) the long lease is dissolved or terminated.

Insurance Policies

The Hybrid Mortgage Loans have the benefit of Hybrid Insurance Policies, the Life Mortgage Loans have the benefit of Life Insurance Policies and the Savings Mortgage Loans have the benefit of Savings Insurance Policies. This paragraph describes certain legal issues relating to the effects of the assignment and pledge of the Hybrid Mortgage Loans, the Life Mortgage Loans and the Savings Mortgage Loans on the Insurance Policies. Investors should be aware that it cannot be excluded that (i) the Issuer will not benefit from the Insurance Policies and/or (ii) the Issuer may not be able to collect the Mortgage Receivables, whether in part or in full, from the Borrower in case the relevant Insurance Company defaults in its obligations as further described in this paragraph. As a consequence thereof the Issuer may not have a claim on the Borrower. In such case the rights of the Security Trustee will be similarly affected.

Pledge

All rights of a Borrower under the Insurance Policies have been pledged to the Initial Seller (the '**Borrower Insurance Pledge**'). However, the Issuer has been advised that it is probable that the right to receive payment, including the commutation payment ("*afkoopsom*"), under the Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is, under Netherlands law, not effective if the pledgor is declared bankrupt, granted a suspension of payments or is subject to emergency regulations, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. Even if the pledge on the rights under the Insurance Policies would be effective, it is uncertain whether such right of pledge will pass to the Issuer or, as the case may be, the Security Trustee upon the assignment or pledge of the Mortgage Receivables, because the pledge secures the same liabilities as the Bank Mortgages (and therefore should be regarded as "bank pledges") and the uncertainty described above applies equally in respect of a pledge on the rights on the Insurance Policies.

Appointment of Beneficiary

Furthermore, the Initial Seller has been appointed as beneficiary under the Insurance Policies, but it is not certain for which amount the Initial Seller is appointed as beneficiary (the '**Beneficiary Rights**'). Contrary to this appointment, pursuant to the mortgage conditions the appointment of another beneficiary who has been appointed ahead of the Initial Seller will remain in place, provided that the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the insurance proceeds to the Initial Seller (the '**Borrower Insurance Proceeds Instruction**'). It is unlikely that the Beneficiary Rights will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. The Beneficiary Rights will be assigned by the Initial Seller to the Issuer and pledged by the Issuer to the Security Trustee (see *Description of Security* below), but it is uncertain whether this pledge will be effective. For the situation that no Borrower Insurance Proceeds Instruction is given and the pledge of the Beneficiary Rights is not effective, the Initial Seller undertakes in the Mortgage Receivables Purchase Agreement to use its best efforts to obtain the co-operation from all relevant parties (including the Insurance Companies and the Borrowers) following a Notification Event (see *Mortgage Receivables Purchase Agreement* below) to (a) waive its rights as beneficiary under the Insurance Policies and (b) to appoint as first beneficiary (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of the occurrence of a Trustee Receivables Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Receivables Notification Event relating to the Issuer. It is uncertain whether such co-operation will be forthcoming. For the event a Borrower Insurance Proceeds Instruction exists, the Initial Seller will undertake to use its best efforts, following a Notification Event, to obtain the co-operation from all relevant parties to change the payment instruction in favour of (i) the Issuer subject to the dissolving condition of the occurrence of a Trustee Receivables Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Trustee Receivables Notification Event relating to the Issuer.

It is uncertain whether the co-operation of all parties involved will be forthcoming. If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies and the pledge and the waiver of the

Beneficiary Rights are not effective, any proceeds under the Insurance Policies will be payable to the Initial Seller or to another beneficiary, instead of the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Initial Seller, it will be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Initial Seller and it does not pay the amount involved to the Issuer or the Security Trustee, as the case may be, e.g. in the case of bankruptcy of the Initial Seller, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the Mortgage Receivable. This may lead to the Borrower invoking defences against the Issuer or the Security Trustee, as the case may be, for the amounts so received by the Initial Seller as further discussed under *Set-off or defences* below.

Insolvency of Insurance Companies

If any of the Insurance Companies are no longer able to meet their obligations under the Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in the amounts payable under the Insurance Policies either not, or only partly, being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences as further discussed under *Set-off or defences* below.

Set-off or defences

If the amounts payable under the Insurance Policy are not applied as a reduction of the Mortgage Receivable (see *Appointment of Beneficiary* and *Insolvency of Insurance Companies* above), the Borrower may try to invoke a right of set-off of the amount due under the Mortgage Receivable with amounts payable under or in connection with the Insurance Policy.

As set out in *Set-off* above, the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If the waiver is not effective, the Borrowers will in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Insurance Company and the Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the Initial Seller and the relevant Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the Initial Seller and the relevant Insurance Company are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship. Furthermore, the Borrowers should have a counterclaim. If the relevant Insurance Company is declared bankrupt or subject to emergency regulations, the Borrower will have the right unilaterally to terminate the Insurance Policy and to receive a commutation payment ("*afkoopsom*"). These rights are subject to the Borrower Insurance Pledge. However, despite this pledge, it could be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment, subject, however, to what is stated above on "bank pledges" under *Pledge* above. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off in respect of such claim by the Borrowers.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the Initial Seller, the Issuer and/or the Security Trustee, as the case may be. The Borrowers could, *inter alia*, argue that it was the intention of the parties involved, or at least argue that they could rightfully interpret the mortgage documentation and the promotional materials in such a manner, that the Mortgage Receivable and the relevant Insurance Policy are to be regarded as one inter-related legal relationship and could, on this basis, claim a right of annulment or dissolution of the Mortgage Loans or, alternatively, claim that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. On the basis of similar reasoning Borrowers could also argue that the Mortgage Loan and the Insurance Policy were entered into as a result of "error" ("*dwaling*") or that it would be contrary to principles of reasonableness and fairness ("*redelijkheid en billijkheid*") for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy.

Life Mortgage Loans

In respect of Life Mortgage Loans the Issuer has been advised in view of the preceding paragraphs and of the factual circumstances involved, that there is a small to moderate risk ("*een gering tot gematigd*") that the courts will honour set-off or defences by Borrowers, as described above, if in case of bankruptcy or emergency regulations of the Life Insurance Company, the Borrowers/insured will not be able to recover their claims under the Life Insurance Policies.

Savings Mortgage Loans and Hybrid Mortgage Loans

In respect of Savings Mortgage Loans and the Hybrid Mortgage Loans the Issuer has been advised that there is a considerable risk ("*een aanmerkelijk risico*") that such a set-off or defence would be successful, in view, *inter alia*, of (a) the close connection between the Savings Mortgage Loan and the Hybrid Mortgage Loan and the Savings Insurance Policy and the Hybrid Insurance Policy, respectively, and (b) the wording of the mortgage documentation used by the Initial Seller.

Insolvency of the Initial Seller

In respect of certain Hybrid Insurance Policies with a Savings Part and the Savings Insurance Policies the specific wording used in the relevant Insurance Policies is relevant for the situation that the Initial Seller would become insolvent. Certain conditions applicable to the Hybrid Insurance Policies and Savings Insurance Policies provide that in case of bankruptcy or emergency regulations involving ABN AMRO, the relevant Hybrid Insurance Companies and/or Savings Insurance Companies have the right to apply the amount invested on the "*hypothekrenterekening*" or, as the case may be, the account of the relevant Hybrid Insurance Company and/or Savings Insurance Company held with the Initial Seller in respect of the Hybrid Insurance Policies and/or Savings Insurance Policies (the '**Deposit Account**'), respectively, on behalf of the Borrower as (partial) repayment of the relevant mortgage loan to the Initial Seller. Furthermore, it is provided that the relevant Hybrid Insurance Companies and/or Savings Insurance Companies will in such event be released from their obligations under the Hybrid Insurance Policies and/or Savings Insurance Policies up to the amount so paid. It is uncertain whether this set-off arrangement is enforceable. However, if this clause is effective, in that upon the exercise of the right granted therein by the relevant Hybrid Insurance Company and/or Savings Insurance Company the Mortgage Receivable will be reduced by the amount of the deposit on the "*hypothekrenterekening*" and the Deposit Account, respectively, the Issuer will suffer damages up to an amount equal to the amount by which the Mortgage Receivables are reduced in case the Hybrid Insurance Company and/or Savings Insurance Company invokes its set-off rights.

In case of a NHG Compartment comprising of (*inter alia*) Savings Mortgage Receivables, to mitigate the risk that a set-off or defence as described in the preceding two paragraphs will be successful, the Issuer shall undertake in the relevant Trust Deed to take such measures to ensure that the ratings of the Notes of the relevant Compartment will not be adversely affected.

PensionExtra Mortgage Receivables

The Issuer has been informed that a Pension Extra Mortgage Loan is a combination of an interest-only mortgage loan and an annuity insurance policy with the Pension Insurance Company. In addition, the Issuer has been informed that if the Pension Insurance Company which offers the annuity insurance policy fails to pay the annuity, the monthly interest payments of the Borrower will increase and the Borrower will not receive any additional income. If the Pension Insurance Company does not meet its obligations under the annuity insurance policy, the Borrower may invoke set-off or another defence. The Borrower could argue that, because he did not receive the monthly payments under the annuity insurance policy, he or she should not have to pay any interest or repay (a corresponding part of) the Pension Extra Mortgage Loan. The arguments of Borrowers mentioned in *Insolvency of Insurance Companies* above with respect to accumulated premia, may apply *mutatis mutandis* in respect of the PensionExtra Mortgage Loan.

Risk Insurance Policies

If the principal sum outstanding of a Mortgage Loan from which the Mortgage Receivable results upon origination, or all Mortgage Receivables secured on the same asset, exceeded 100% of the foreclosure value of the Mortgaged Assets upon origination, such Mortgage Receivable(s) has/have the benefit of a life insurance risk policy (the '**Risk Insurance Policy**') with any insurance company established in the Netherlands. The paragraph above relating to the Insurance Policies apply *mutatis mutandis* to the Risk Insurance Policies.

Investment Mortgage Loans

In the case of Investment Mortgage Loans the related securities have been pledged to the Initial Seller by the relevant Borrower. The Issuer has been informed by the Initial Seller, that these pledges are "bank pledges" and, consequently, the uncertainty described above as to the pledge on the rights under the Insurance Policies following the Mortgage Receivables upon their assignment and/or pledge to the Issuer or, as the case may be, the Security Trustee, applies equally to Investment Mortgage Loans (see *Insurance Policies* above) and a similar undertaking will apply as set out in *Pledge* under *Insurance Policies* above.

Reduced value of investments

The value of investments made under the Investment Mortgage Loans, may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity. If the value of the Investments Part under the Investment Mortgage Loans has reduced considerably, a Borrower may invoke set-off or defences against the Issuer arguing that he has not been properly informed of the risks involved in the investments. The merits of any such claim will, to a large extent, depend on the manner in which the Investment Mortgage Loans have been marketed and the promotional material provided to the Borrower. The above may also apply in case of a reduction in value of investments made by the Hybrid Insurance Company and Life Insurance Company in connection with the Hybrid Insurance Policies and Life Insurance Policies, respectively.

Construction Amounts

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold on deposit part of a Mortgage Loan to be paid out for the building or improvements of the Mortgaged Assets (together with accrued interest, the '**Construction Amount**'). Such amounts are deposited on an account with the Initial Seller which is pledged to the Initial Seller. Such amount will be paid out in case certain conditions are met. The Issuer and the Initial Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the relevant Initial Purchase Price an amount equal to the aggregate Construction Amounts as per the relevant Portfolio Cut-Off Date as indicated in the Supplemental Prospectus. Such amount will be deposited on the construction ledger relating to such Pool (each a '**Construction Ledger**'). On each relevant Quarterly Payment Date or Annual Payment Date, the Issuer will release from the relevant Construction Ledger such part of the relevant Initial Purchase Price which equals the difference between the relevant aggregate Construction Amounts relating to such Pool and the balance standing to the credit of the relevant Construction Ledger and pay such amount to the Initial Seller.

Pursuant to the Mortgage Conditions, Construction Amounts have to be paid out within twentyfour (24) months. Upon the expiry of such period or earlier if so agreed between the Initial Seller and the Borrower, the remaining Construction Amount will be set-off against the relevant Mortgage Receivable up to the amount of the Construction Amount, in which case the Issuer shall have no further obligation towards the Initial Seller to pay the remaining part of the relevant Initial Purchase Price, and consequently any remaining part of the amounts of the relevant Construction Ledger will be used for redemption of the Notes in accordance with Condition 6. Pursuant to the Mortgage Conditions, if the Construction Amount is less than euro 2,500, the Borrower may request the Initial Seller to pay out the remaining amount to such Borrower. If a Notification Event has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the relevant Initial Purchase Price. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Amount.

Under Netherlands law the distinction between "existing" ("*bestaande*") receivables and "future" ("*toekomstige*") receivables is relevant. If receivables are to be regarded as future receivables, an assignment and/or pledge thereof will not be effective to the extent the receivable comes into existence after or on the date on which the assignor or, as the case may be, the pledgor has been declared bankrupt or granted a suspension of payments (emergency regulations). If, however, receivables are to be considered as existing receivables, the assignment and pledge thereof are not affected by the bankruptcy or suspension of payments (emergency regulations) of the assignor/pledgor. The Issuer has been advised that based on case law and legal literature uncertainty remains whether on the basis of the applicable terms and conditions the part of the Mortgage Receivables relating to the Construction Amounts are considered to be existing receivables. It could be argued that such part of the Mortgage Loan concerned comes into existence only when and to the extent the Construction Amount is paid out. If the part of the Mortgage Receivable relating to the Construction Amount is to be regarded as a future receivable, the assignment and/or pledge of such

part will not be effective if the Construction Amount is paid out on or after the date on which the Initial Seller is declared bankrupt or has become subject to emergency regulations.

European Union Directive on the taxation of savings

On 3 June 2003 the Council of the European Union adopted a Council Directive on the taxation of savings income in the form of interest payments (the '**Directive**'). The Directive applies to interest payments (as defined in the Directive) made in one Member State to or for individual beneficial owners (as defined in the Directive) who are resident in another Member State and requires all Member States to adopt an information reporting system with regard to such payments. However, for a transitional period, Austria, Belgium, and Luxembourg are permitted to operate a withholding tax system.

Application of the Directive by Member States was conditional on certain European third countries and certain dependent or associated territories applying equivalent or, respectively, the same measures from the same date. On 24 June 2005, the Council confirmed in a "green light note" that all parties (including the EU Member States) will apply the agreed savings tax measures from 1 July 2005. The transitional period commenced on the same date.

Under the information reporting system, a Member State will automatically communicate to the beneficial owner's Member State of residence information regarding interest payments (including the identity and residence of the beneficial owner) made by paying agents (as defined in the Directive) established within the former Member State, without requiring reciprocity. Under the withholding tax system (for Austria, Belgium, and Luxembourg), a Member State will levy a withholding tax in respect of interest payments made by paying agents established within its territory at a rate of 15 per cent. during the first three years of the transitional period, 20 per cent. for the subsequent three years, and 35 per cent. thereafter. The transitional period will end, and those Member States permitted to levy a withholding tax will, instead, be required to implement an information reporting system at the end of the first fiscal year following agreement regarding information exchange by certain non-EU countries with respect to interest payments. Similar provisions apply to interest payments made by paying agents established in the above-mentioned European third countries and dependent or associated territories to beneficial owners resident in an EU Member State (and in some cases vice versa).

Under the Directive, the term "paying agent" means, generally, the last intermediary in any given chain of intermediaries that pays interest directly to, or secures the payment of interest for the immediate benefit of, the beneficial owner; the term "interest" is defined broadly and would include interest relating to debt-claims of any kind, including income from bonds; and the term "beneficial owner" means any individual who receives an interest payment or any individual for whom an interest payment is secured, unless he or she provides evidence that it was not received or secured for his or her own benefit.

The Netherlands has adopted legislation implementing the provisions of the Directive. These provisions came into force in part on 1 January 2004 and the remainder on 1 July 2005. An individual Holder of Notes who is resident in an EU Member State other than the Netherlands or, in certain of the above-mentioned European third countries and dependent or associated territories, may become subject to the automatic supply of information to the jurisdiction in which the individual is resident with regard to interest payments made by (or in certain cases, to) paying agents established in the Netherlands.

Swap Agreement

There will be a difference between the rate of interest to be received by the Issuer on the Mortgage Receivables of a Pool and the rate of interest payable by the Issuer on the Notes of the relevant Compartment. To mitigate this risk, the Issuer will enter into Swap Agreements in respect of each Compartment. The Swap Counterparty will be obliged to make payments under each Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The relevant Swap Agreement will provide, however, that if due to (i) action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of such Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a 'Tax Event'), the Swap Counterparty may (with the consent of the Issuer and provided that the then current rating of the Notes of the relevant Compartment will not adversely be affected) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

The relevant Swap Agreement will be terminable by one party in certain circumstances, including if (i) an event of default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the relevant Swap Agreement, or (iii) an Enforcement Notice is served. Events of default under the relevant Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the relevant Swap Agreement (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligation under the relevant Swap Agreement and (iii) insolvency events. The relevant Swap Agreement will terminate on the earlier of the relevant Final Maturity Date and the date on which the Notes of the relevant Compartment have been redeemed or written-off in full in accordance with the relevant Conditions.

Adjustment of Swap Amounts

If Fixed Rate Notes are issued in a Compartment, the relevant Swap Agreement will provide for an adjustment mechanism. If the sum of scheduled interest actually received and interest (including penalties) recovered on the Mortgage Receivables falls short of scheduled interest receivable on the Mortgage Receivables, the payment obligation of the Issuer will be reduced with an amount equal to such shortfall. In such event the payment of the Swap Counterparty will be adjusted accordingly on a Euro for Euro basis. Such reduction could result in the Issuer not having sufficient funds available to meet its payment obligations in accordance with the priorities of payments described above.

Optional Redemption

As a result of the possible increase in the margin payable on and from the relevant first Optional Redemption Date in respect of the floating rate of interest on relevant Notes of a Compartment, the Issuer may have an incentive to exercise its right to redeem the Notes of a Compartment, on the relevant first Optional Redemption Date or on any relevant Optional Redemption Date thereafter. No guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the relevant Notes, for example through a sale of relevant Mortgage Receivables still outstanding at that time. See also *Solvency Regulations* below.

In case of a Mezzanine Class B Principal Shortfall (as defined in Condition 9(b)), a Junior Class C Principal Shortfall (as defined in Condition 9(b)), or a Subordinated Class D Principal Shortfall (as defined in Condition 9(b)) would remain after the sale of the Mortgage Receivables, the Issuer may redeem all of the Notes of such Compartment, but not some only, at their Principal Amount Outstanding less such Mezzanine Class B Principal Shortfall, a Junior Class C Principal Shortfall, or a Subordinated Class D Principal Shortfall, as applicable, on the relevant Quarterly Payment Date, provided that the Security Trustee has confirmed to the Issuer that it is in the interest of the Noteholders (in such determination the Security Trustee may not take into account any increase of the margin after the first Optional Redemption Date in respect of such Notes) to partially redeem the Mezzanine Class B Notes or the Junior Class C Notes or the Subordinated Class D Notes respectively, at their Principal Amount Outstanding less such Mezzanine Class B Principal Shortfall, or Junior Class C Principal Shortfall or a Subordinated Class D Principal Shortfall as the case may be, as provided in Condition 9(b), on such date. Should the Security Trustee decide that is not in the interest of such Noteholders, such Notes may not be redeemed.

Clean-Up Call Option and Redemption for Tax Reasons

On each relevant Quarterly Payment Date, each relevant Seller has or Sellers have the option (but not the obligation) to repurchase the Mortgage Receivables of a Pool if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables of such Pool is not more than 10 per cent. of the sum of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables of the corresponding Compartment on the relevant Issue Date. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables remaining in a Pool to the relevant Seller or Sellers or any third party appointed by the relevant Seller or Sellers in its sole discretion in case of the exercise of the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 9(b). Furthermore the Issuer will have the option to redeem the Notes for tax reasons in accordance with Condition 6(f).

Prepayment Considerations

The Issuer is obliged to apply the Notes Redemption Available Amount towards prepayment of the Notes in accordance with Condition 6(b). The maturity of the Notes of each Compartment and each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Proceeds upon enforcement of a Mortgage Loan and repurchase by the relevant Seller, or, as the case may be, the relevant Sellers of Mortgage Receivables) on the relevant Mortgage Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the relevant Mortgage Loans and the amount of Further Advance Receivables and Substitute Mortgage Receivables purchased. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect each Compartment and each Class of Notes differently. The estimated average lives must therefore be viewed with considerable caution and Noteholders should make their own assessment thereof.

Subordination of certain Classes of Notes of a Compartment to other Class(es) of such Compartment

To the extent set forth in Condition 9 and the Final Terms, (a) the Mezzanine Class B Notes of each Compartment are subordinated in right of payment to the Senior Class A Notes of such Compartment, (b) the Junior Class C Notes of each Compartment are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes of such Compartment and (c) the relevant Subordinated Class D Notes of each Compartment are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes of such Compartment. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes of the same Compartment with a higher payment priority than such Class of Notes.

If, upon default by the Borrowers and after exercise by the MPT Provider or the Defaulted Loan Servicer, as the case may be, of all available remedies in respect of the applicable Mortgage Loans, the Issuer does not receive the full amount due from such Borrowers, the relevant Noteholders may receive by way of principal repayment on the Notes of the relevant Compartment of Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due on such Notes, to the extent set forth in Condition 9. On any relevant Quarterly Payment Date, any such losses on the Mortgage Loans will be allocated as described in *Credit Structure* below.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus and any applicable supplement;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential Investor's Currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investments and its ability to bear the applicable risks.

Base Prospectus to be read together with applicable Supplemental Prospectus and Final Terms

The terms and conditions of the Notes included in this Base Prospectus apply to different Notes which may be issued under the Programme. The full terms and conditions applicable to each Compartment of Notes can be reviewed by reading the master Terms and Conditions as set out in full in this Base Prospectus, which constitute the basis of all Notes to be offered under the Programme, together with any Supplemental Prospectuses and the applicable Final Terms which apply and/or disapply, supplement and/or amend the master Terms and Conditions of the Programme in the manner required to reflect the particular terms and conditions applicable to the relevant Compartment of Notes.

Changes of law

The structure of the issue of the relevant Notes and the relevant ratings which are to be assigned to them are based on the law of The Netherlands in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to the law of The Netherlands or administrative practice in The Netherlands after the date of this Base Prospectus.

Limited recourse of the Notes

Recourse in respect of the Notes of a Compartment will be limited to (a) the relevant Pool and the relevant Beneficiary Rights relating to such Pool; (b) the balances standing to the credit of the relevant Transaction Accounts excluding, depending on the circumstances, the relevant Construction Ledger and (c) any claims of the Issuer under or in connection with the Relevant Issue Documents to the extent such claims relate to the relevant Pool or if such claims are applied on a pro rata basis, such pro rata part of such claims as more fully described in *Description of Security*.

Eligible Investment

The Issuer may invest certain amounts in (A) euro denominated securities with a maturity not beyond the relevant first Optional Redemption Date provided (i) that such securities have been assigned either (a) a rating of Aaa by Moody's in case of a remaining tenor longer than 90 days or (b) a rating of A1 and Prime-1 by Moody's in case of a remaining tenor of less than 90 days but longer than 30 days or (c) a rating of Prime-1 by Moody's in case of a remaining tenor of less than 30 days, and (ii), in the case of a NHG Compartment, that such securities have been assigned either (a) a rating of AAA by Fitch in case of a remaining tenor longer than one year or (b) F1+ by Fitch in case of a remaining tenor less than one year but longer than thirty (30) days or (c) F1 by Fitch in case of a remaining tenor less than thirty (30) days or (B) other securities provided that Moody's, and Fitch in respect of an NHG Compartment, have given prior confirmation that such investment will not adversely affect the then current ratings assigned to the Notes of the relevant Compartment. Noteholders should be aware that these securities provide security in a different manner than the security provided by the Mortgage Receivables.

Limited Liquidity of the Notes

There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes. To date, no underwriter has indicated that they intend to establish and/or maintain a secondary market in the Notes.

Payments on the Mortgage Receivables

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Loans.

Risks of Losses Associated with Declining Values of Mortgaged Assets

The security for the Notes created under the Trustee Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value of the relevant Mortgaged Assets may result in losses to the relevant Noteholders if the relevant security rights on the relevant Mortgaged Assets are required to be enforced. The relevant Seller, or, as the case may be, the relevant Sellers will not be liable for any losses incurred by the Issuer in connection with the Mortgage Loans.

Maturity Risk

The ability of the Issuer to redeem all the Notes of a Compartment on each relevant Optional Redemption Date or, as the case may be, on the relevant Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the value of the Mortgage Receivables is sufficient to redeem the Notes.

Reliance on Third Parties

Counterparties to the Issuer may not perform their obligations under the Relevant Documents, which may result in the Issuer not being able to meet its obligations. It should be noted that there is a risk that (a) ABN AMRO in its capacity of Seller, MPT Provider, Defaulted Loan Servicer, GIC Provider, Liquidity Facility Provider, Paying Agent, Reference Agent and Swap Counterparty, will not meet its obligations vis-à-vis the Issuer and (b) ATC Financial Services B.V., as Issuer Administrator, will not perform its obligations under the Issuer Services Agreement and (c) any new Seller will not meet its obligations vis-à-vis the Issuer.

Forecasts and Estimates

Forecasts and estimates in this Base Prospectus are forward looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or will vary from actual results. Consequently, the actual result might differ from the projections and such differences might be significant.

No Gross-up for Taxes

As provided in Condition 7, if withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or changes of whatever nature are imposed by or on behalf of the Netherlands, any authority therein or thereof having power to tax, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to the Noteholders.

Ratings of the Notes

The (future) rating of each of the Notes addresses the assessment made by Moody's or Fitch of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date of the relevant Notes.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgement, the circumstances (including a reduction in the credit rating of the GIC Provider, the Swap Counterparty or the Liquidity Facility Provider) in the future so require.

Financial Services Act

Under the new Financial Services Act ("*Wet financiële dienstverlening*"), which entered into force on 1 January 2006, a special purpose vehicle which services ("*beheert*") and administers ("*uitvoert*") loans granted to consumers, such as the Issuer, must have a license under that Act. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license as intermediary ("*bemiddelaar*") under the Financial Services Act. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the MPT Provider and the Defaulted Loan Servicer. ABN AMRO, as the MPT Provider and the Defaulted Loan Servicer, holds a license under the Financial Services Act and the Issuer thus benefits from the exemption. However, if the Issuer Services Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Loans to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Financial Services Act.

Solvency Regulations

With regard to a sale of Mortgage Receivables by the Issuer to the Initial Seller, it should be noted that the Initial Seller, initially may not apply for solvency relief because it intends to hold the Notes of the relevant Compartment itself. It shall therefore not need to comply with the solvency regulation (the "**Solvency Regulation**") issued by the Dutch Central Bank for the purposes of calculation of its risk-weighted assets.

However the Initial Seller may at a later stage wish to comply with the Solvency Regulation. If and to the extent the Initial Seller wishes to comply with the Solvency Regulations it should be noted that according to the Solvency Regulation, the Initial Seller, for the purposes of calculation of its risk-weighted assets, has to set the effective maturity of the transaction envisaged in this Prospectus at the first Optional Redemption Date. Pursuant to the Solvency Regulation an originator is required to build up capital as from the date which is five years prior to the effective maturity date of a securitisation. However, under the Solvency Regulation the Initial Seller will have the option to set the effective maturity of this transaction at the Final Maturity Date, provided that it will not repurchase the Mortgage Receivables sold by it. For the avoidance of doubt, this option relates solely to the Initial Seller's own regulatory position and does not necessarily relate to the effective maturity of the Notes.

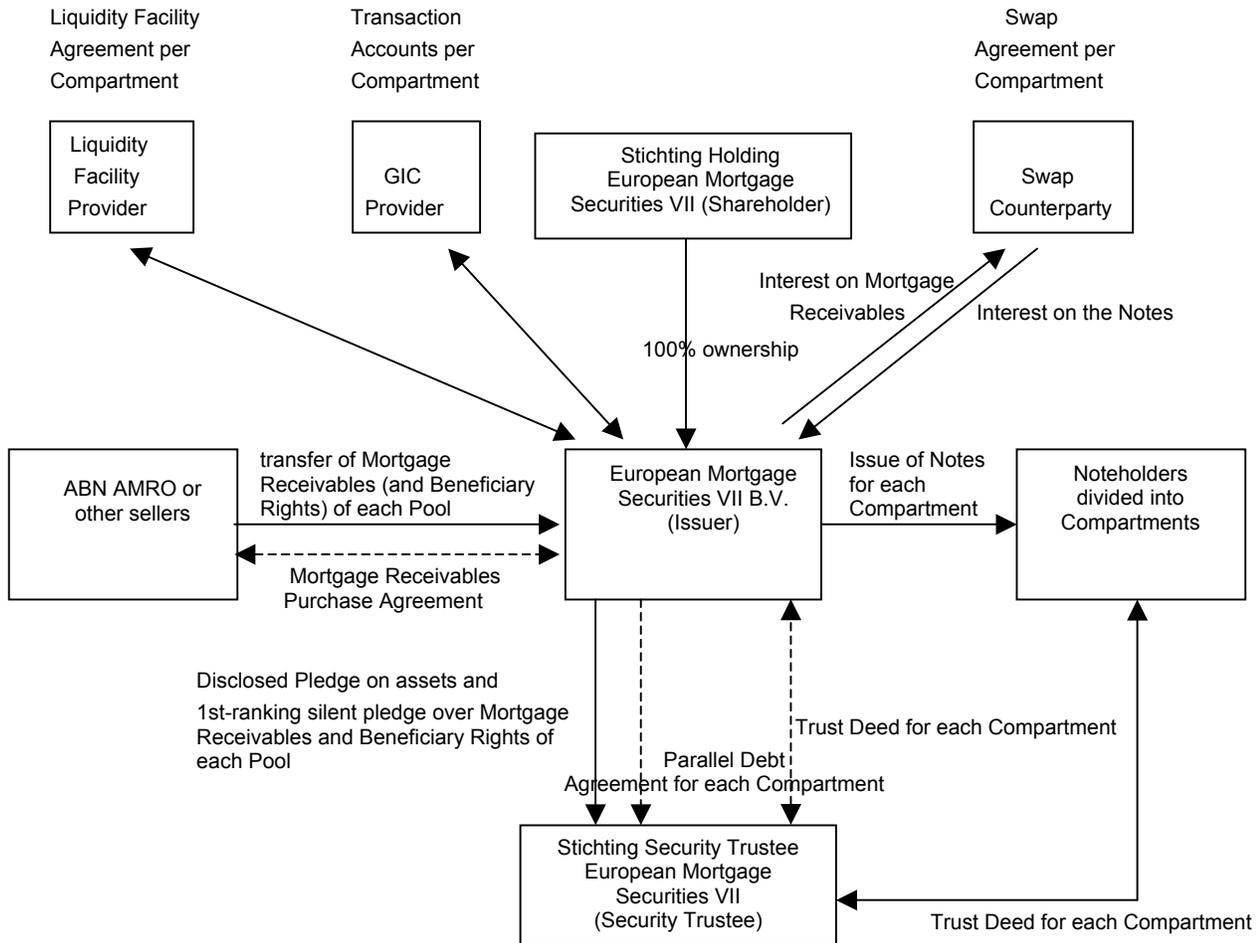
In such event the Initial Seller will consider, from a regulatory perspective, whether it wishes to set the effective maturity of a relevant Compartment at the Final Maturity Date instead of at the relevant first Optional Redemption Date. Consequently, it may be possible that the Initial Seller is not allowed to repurchase the Mortgage Receivables, other than (i) as set forth under *Repurchase of Mortgage Receivables* in *the Mortgage Receivables Purchase Agreement* below or (ii) in connection with the exercise by the Initial Seller of the Clean-Up Call Option or (iii) in connection with the exercise by the Issuer of its option to redeem the Notes for tax reasons (Condition 6(h)).

If the relevant Seller should decide to purchase the Mortgage Receivables of a Pool on the first Optional Redemption Date or any Optional Redemption Date thereafter, it will inform the Issuer thereof. The Issuer has undertaken to sell and assign such Mortgage Receivables to the Seller on such Optional Redemption Date in accordance with and subject to the relevant Trust Deed and Condition 6 (e).

The Initial Seller, should it decide not to repurchase the relevant Mortgage Receivables, has undertaken to inform the Issuer ultimately on the first Optional Redemption Date of such fact. In such case the Issuer shall use its best efforts to sell the Mortgage Receivables or to obtain alternative funding in order to be able to redeem the Notes as soon as reasonably possible.

STRUCTURE DIAGRAM

The following structure diagram provides an indicative summary of the principal features of the transaction. The diagram must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Base Prospectus.



OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE PROGRAMME

The following is an overview of the principal features of the issue of the Notes. This overview should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Base Prospectus.

THE PARTIES:

Issuer:	European Mortgages Securities VII, incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ")
Initial Seller:	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public limited liability company (" <i>naamloze vennootschap</i> ") (the ' Initial Seller ', a ' Seller ' or ' ABN AMRO ') See the Initial Seller's registration document for more information on ABN AMRO Bank N.V.
Seller	The Initial Seller and/or, as the case may be, any other seller who accedes to the Programme as seller of mortgage receivables, which is (i) a group company within the meaning of article 2:24b NCC or (ii) a direct or indirect subsidiary of ABN AMRO within the meaning of article 2:24a NCC (the ' Seller Eligibility Criteria ') (each a ' Seller ')
Issuer Administrator:	ABN AMRO, ABN AMRO may subcontract its obligations as Issuer Administrator to ATC Financial Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") or any other person in accordance with the Issuer Services Agreement
MPT Provider:	ABN AMRO, ABN AMRO may subcontract its obligations as MPT Provider to STATER Nederland B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") or any other person in accordance with the Issuer Services Agreement
Defaulted Loan Servicer:	ABN AMRO, ABN AMRO may subcontract its obligations as Defaulted Loan Servicer to Solveon Incasso B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") or any other person in accordance with the Issuer Services Agreement

Security Trustee:	Stichting Security Trustee European Mortgages Securities VII, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ")
Issuer Director:	ATC Management B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ")
Issuer Holding:	Stichting Holding European Mortgages Securities VII, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ")
Issuer Holding Director:	ATC Management B.V.
Security Trustee Director:	N.V. Algemeen Nederlands Trustkantoor ANT, incorporated under the laws of the Netherlands as a public limited company (" <i>naamloze vennootschap</i> ")
Liquidity Facility Provider:	ABN AMRO
Swap Counterparty:	ABN AMRO
GIC Provider:	ABN AMRO
Paying Agent:	ABN AMRO or any other paying agent as indicated in the relevant Final Terms
Reference Agent:	ABN AMRO
Listing Agent:	ABN AMRO

THE NOTES:

The Notes: The notes will be issued in different compartments of notes (each a '**Compartment**') and each Compartment will be linked to a specific pool of Mortgage Receivables. Such a pool consists of Mortgage Receivables which meet the relevant Eligibility Criteria and which are purchased by the Issuer in respect of such Compartment (each a '**Pool**'). The Notes of each Compartment will be issued in the following Classes: Senior Class A1 Notes, Senior Class A2 Notes (together with the Senior Class A1 Notes, the '**Senior Class A Notes**'), Mezzanine Class B Notes, Junior Class C Notes and Subordinated Class D Notes (all notes issued by the Issuer, together the '**Notes**'). The Principal Amount Outstanding of one or more Classes of Notes may be zero at their Issue Date. In such event such Notes will not be actually issued and any reference in this Base Prospectus and in the Relevant Issue Documents to such Class or Classes of Notes of such Compartment should be disregarded.

Supplemental Prospectus:

For each issue of a Compartment of Notes a Supplemental Prospectus will be made available which will, *inter alia*, describe the relevant Pool and will contain the Final Terms relating to such Compartment. The Supplemental Prospectus will be subject to the prior approval of the AFM with the exception of the Final Terms contained therein.

Denomination:

All Notes issued by Issuer will be issued in denominations of at least Euro 100,000.

Status and Ranking:

The Notes of each Class of the same Compartment rank *pari passu* and rateably without any preference or priority among Notes of the same Class of the same Compartment.

In accordance with the Conditions, the relevant Final Terms and the relevant Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Junior Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes. See further *Terms and Conditions of the Notes* below.

Interest:

The Notes will bear fixed rate interest ('**Fixed Rate Notes**') or floating rate interest ('**Floating Rate Notes**') as specified in the relevant Final Terms. Each Compartment will comprise of either Floating Rate Notes, or a combination of Fixed Rate Notes and Floating Rate Notes.

Floating Rate Notes:

In respect of any Compartment which contains Floating Rate Notes, interest is payable in respect of such Floating Rate Notes by reference to successive quarterly interest periods (each a '**Floating Rate Interest Period**') and will be payable quarterly in arrear in euros in respect of the Principal Amount Outstanding of such Notes on the 20th day of the months indicated in the Final Terms (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on such Notes will be payable on the Business Day immediately preceding such day) in each year (each such day being a '**Quarterly Payment Date**'). Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date

and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the date on which such Notes of the relevant Compartment are issued (the '**Issue Date**') and will end on the date set out in the relevant Final Terms. The interest will be calculated on the basis of the actual number of days in a Floating Rate Interest Period divided by a year of 360 days.

A '**Business Day**' means a day on which banks are open for business in Amsterdam, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement European Transfer System ('**TARGET System**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Interest on such Notes for each Floating Rate Interest Period from the relevant Issue Date will accrue at a rate equal to the sum of the euro Interbank Offered Rate ('**Euribor**') for three-months deposits in euros, alternatively in accordance with the Conditions, plus a margin as set out in the relevant Final Terms.

Fixed Rate Notes:

In respect of any Compartment which contains Fixed Rate Notes, interest is payable in respect of such Fixed Rate Notes by reference to successive yearly interest periods (each a '**Fixed Rate Interest Period**') and will be payable per annum in arrear in euros in respect of the Principal Amount Outstanding of such Notes on the days specified in the relevant Final Terms (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on such Notes will be payable on the Business Day immediately preceding such day) in each year (each such day being an '**Annual Payment Date**'). Each successive Fixed Rate Interest Period will commence on (and include) the interest period date set out in the Final Terms (the '**Interest Period Date**' and end on (but exclude) same date in the next succeeding year except for the first Fixed Rate Interest Period, which will commence on (and include) the relevant Issue Date and end on (but exclude) the Interest Period Date set out in the Final Terms. The interest will be calculated on the basis of the actual number of days in Fixed Rate Interest Period divided by a year of 365 days or, in the case of a Fixed Rate Interest Period falling in a leap year, 366 days.

Interest Switch/Step-up:

If on the first Optional Redemption Date of any Compartment the Notes of such Compartment have not been redeemed full, a floating rate of interest will be applicable to each Class of Notes as calculated in

accordance with Condition 4 and either (i) in the case of Floating Rate Notes the applicable margin will increase as specified in the relevant Final Terms and (ii) in the case of Fixed Rate Notes such Notes shall be deemed to be Floating Rate Note thereafter and the interest will switch to a floating rate of interest as specified in the relevant Final Terms.

Final Maturity Date:

Unless previously redeemed and subject to the Conditions, the Issuer will redeem the Notes of the relevant Compartment at their respective Principal Amount Outstanding on the date as set forth in the Final Terms of such Compartment.

Mandatory Redemption of the Notes:

The Issuer will be obliged to apply the relevant Notes Redemption Available Amount, if any, to (partially) redeem the relevant Senior Class A1 Notes on each Quarterly Payment Date falling after the relevant Issue Date until (but including) the Quarterly Payment Date immediately preceding the relevant first Optional Redemption Date relating to the Notes of the relevant Compartment at their respective Principal Amount Outstanding until fully redeemed. The relevant Notes Redemption Available Amount will be equal to the relevant Principal Available Amount less (i) the relevant Further Advance Amount, (ii) the relevant Reserved Amount and (iii) the relevant Substitution Available Amount. As a consequence on any Quarterly Payment Date the Notes Redemption Available Amount may be nil.

On the first Optional Redemption Date relating to the Notes of the relevant Compartment and on each Quarterly Payment Date thereafter the Issuer will be obliged to apply the relevant Notes Redemption Available Amount to redeem (or partially redeem) the then outstanding Notes of the relevant Compartment at their respective Principal Amount Outstanding on a *pro rata* basis in the following order, (a) firstly, *pari passu*, the Senior Class A1 Notes and the Senior Class A2 Notes until fully redeemed, (b) secondly, the Mezzanine Class B Notes until fully redeemed, (c) thirdly, the Junior Class C Notes until fully redeemed and (d) finally, the Subordinated Class D Notes until fully redeemed.

Optional Redemption of the Notes:

On the Quarterly Payment Date specified in the relevant Final Terms and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**'), the Issuer will have the option to redeem the Notes of the relevant Compartment, but not some only, at their respective Principal Amount Outstanding, less (i) in the case of the Mezzanine Class B Notes, a Mezzanine Class B Principal Shortfall (if any), (ii) in the case of the Junior Class C Notes, a Junior Class C Principal

Shortfall (if any), and (iii) in the case of the Subordinated Class D Notes, a Subordinated Class D Principal Shortfall (if any), all subject to and in accordance with the Conditions.

Redemption for tax reasons

The Issuer will have the option to redeem the Notes for tax reasons in accordance with Condition 6(f).

Method of Payment:

Payments of principal and interest will be made in euro to the Paying Agent for the credit of the respective accounts of the Noteholders through Euroclear Netherlands or, as the case may be, Euroclear and Clearstream, Luxembourg or any other agreed clearing system.

Use of proceeds:

The Issuer will use the net proceeds from the issue of the Notes of a Compartment to pay to the relevant Seller or Sellers the initial purchase price for the related Pool pursuant to the provisions of an agreement dated on or prior to 27 February 2006 (the '**Programme Closing Date**') made between the Initial Seller, the Issuer and the Security Trustee (the '**Mortgage Receivables Purchase Agreement**').

Security for the Notes:

The Notes of each Compartment will be secured (i) by a first ranking right of pledge to the Security Trustee by the Issuer over (a) the Mortgage Receivables of the related Pool and (b) the Beneficiary Rights relating thereto and (ii) by a first ranking right of pledge to the Security Trustee for the benefit of all holders of Notes (including any Notes to be issued from time to time) by the Issuer over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Programme Agreement, the Swap Agreement, the Issuer Services Agreement, the Liquidity Facility Agreement and the floating rate guaranteed investment contract (the '**Floating Rate GIC**') (and therefore, if applicable, a pro-rata share in such right of pledge) and in respect of the relevant Transaction Accounts.

The amount payable to the relevant Noteholders and the other relevant Secured Parties will be limited to the amounts available in respect of such Compartment and the relevant Pool for such purpose to the Security Trustee which, *inter alia*, will consist of amounts recovered by the Security Trustee on the relevant Pool, the balance standing to the credit of the relevant Transaction Accounts and amounts received by the relevant Security Trustee as creditor under the relevant Parallel Debt. Payments to the relevant Secured Parties will be made in accordance with the relevant Priority of Payments upon Enforcement.

THE PROGRAMME:

Description:	Residential Mortgage Backed Secured Debt Issuance Programme.
Regulatory Matters:	<p>Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see '<i>Subscription and Sale</i>' below).</p> <p>The AFM may be requested to provide other competent authorities in the European Economic Area with a certificate of approval so that application may be made for Notes issued under the Programme to be admitted to trading on other regulated markets. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.</p>
Programme Size:	Up to € 25,000,000,000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Maturities:	Any maturity, subject to applicable laws, regulations and restrictions and subject to a minimum maturity of one year.
Issue Price:	Notes will be issued at an issue price which is set out in the relevant Final Terms.
Form of Notes:	Each Compartment of Notes will (unless otherwise specified in the Supplemental Prospectus and/or Final Terms) initially be represented by Notes in global form (each a ' Global Note ') which are expected to be deposited on the relevant Issue Date thereof either (i) with Euroclear and Clearstream, Luxembourg or (ii) Euroclear Netherlands or (iii) any other agreed clearance system. Interests in each Global Note, will, in certain limited circumstances, be exchangeable for Notes in definitive form in bearer form as described in the Conditions.
Withholding tax:	All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever

nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

THE MORTGAGE RECEIVABLES:

Mortgage Receivables:

In the Mortgage Receivables Purchase Agreement, the Issuer and each Seller will agree that the Issuer will, by signing a Deed of Sale, Assignment and Pledge, purchase and accept the assignment from time to time of any and all rights of the relevant Seller against certain borrowers (the '**Borrowers**') under or in connection with certain pre-selected Mortgage Loans which meet the relevant Eligibility Criteria (the '**Mortgage Receivables**' which term will include any Further Advance Receivables and Substitute Mortgage Receivables of the relevant Pool).

Furthermore, in the Programme Agreement, the Transaction Parties agree that subsidiaries or group companies of ABN AMRO which meet the Seller Eligibility Criteria, may accede to the Relevant Documents and therewith become a new Seller and, to the extent relevant, may be appointed as MPT Provider of such Mortgage Receivables and as such, *inter alia*, sell and assign Mortgage Receivables to the Issuer.

Repurchase of Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement, the relevant Seller will be obliged to repurchase and accept re-assignment of a Mortgage Receivable:

- (i) if any of the representations and warranties given by the relevant Seller in respect of such Mortgage Receivable or the relevant Mortgage Loan on its purchase date is untrue or incorrect in any material respect, on (i) the Mortgage Payment Date immediately following the expiration of the relevant remedy period without being remedied or (ii) if such Mortgage Payment Date referred to under (i) falls within fourteen (14) days of the end of such period, the second

- Mortgage Payment Date following expiry such period; and
- (ii) if the relevant Seller agrees with a Borrower to amend the terms of the relevant Mortgage Loan as a result of which such Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement, on (i) the Mortgage Payment Date immediately following such agreement or (ii) if such Mortgage Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Payment Date following such date, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the relevant Seller shall not repurchase the relevant Mortgage Receivable; and
 - (iii) if the relevant Seller agrees with a Borrower to grant a further advance under a Mortgage Loan, which may include a new mortgage loan, which is only secured by the mortgage right which also secures the relevant Mortgage Receivable (the '**Further Advance**') and the relevant Further Advance Receivable is not purchased by the Issuer, on (i) the Mortgage Payment Date immediately following the date on which such Seller has agreed thereto or (ii) if such Mortgage Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Payment Date following such date; and
 - (iv) if a Mortgage Receivable that was sold and assigned as Mortgage Receivable having the benefit of a NHG Guarantee or a Municipality Guarantee (a '**NHG Mortgage Loan**') and such NHG Mortgage loan no longer has the benefit of a NHG Guarantee or Municipality Guarantee, as the case may be, as a result of an action taken or omitted to be taken by the relevant Seller, the relevant MPT Provider or the relevant Defaulted Loan Servicer on (i) the Mortgage Payment Date immediately following the date on which the relevant Mortgage Loan ceases to have the benefit of the NHG Guarantee or Municipality Guarantee, as the case may be or (ii) if such Mortgage Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Payment Date following such date.

In case of a repurchase, the relevant Seller shall repurchase and accept re-assignment of the relevant Mortgage Receivable for a price at least equal to the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, in respect each related Mortgage Receivable (including any costs incurred by the Issuer in effecting and completing such sale and re-assignment).

The proceeds of such repurchase, will form part of the Notes Redemption Available Amount of the Pool of which the relevant Mortgage Receivable forms part.

Purchase of Further Advance Receivables:

The Mortgage Receivables Purchase Agreement will provide that on each relevant Quarterly Payment Date each relevant Seller will sell and the Issuer will purchase all mortgage receivables resulting from Further Advances (the '**Further Advance Receivables**') in respect of the relevant Pool granted by such Seller in the relevant preceding Calculation Period, subject to the fulfilment of certain conditions (which may differ per Pool). On each relevant Quarterly Payment Date the Issuer will apply the relevant Principal Available Amount towards the purchase of such Further Advance Receivables, provided that the relevant aggregate Principal Available Amount on such Quarterly Payment Date exceeds the aggregate Outstanding Principal Amount of the relevant Further Advance Receivables.

Substitution:

The Mortgage Receivables Purchase Agreement will provide that, provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will use (i) on each relevant Quarterly Payment Date up to, but excluding, the relevant first Optional Redemption Date the relevant Principal Available Amount less, in respect of each Principal Available Amount, the Further Advance Amount to purchase from the relevant Seller or Sellers mortgage receivables (the '**Substitute Mortgage Receivables**'), subject to the fulfilment of certain conditions (which will differ per Pool) and to the extent that such Substitute Mortgage Receivables are offered for sale by such Seller.

Clean-Up Call Option:

On each relevant Quarterly Payment Date, each relevant Seller has or Sellers have the option (but not the obligation) to repurchase the Mortgage Receivables of a Pool if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables of such Pool is not more than 10 per cent. of the sum of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables of the corresponding Compartment on the relevant Issue Date (the '**Clean-Up Call Option**').

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables remaining in a Pool to the relevant Seller or Sellers or any third party appointed by the relevant Seller or Sellers in its sole discretion in case of the exercise of the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 9(b). The purchase price will be calculated as described in Sale of Mortgage Receivables below.

Mortgage Loans:

The Mortgage Receivables to be sold by the relevant Seller or Sellers pursuant to the Mortgage Receivables Purchase Agreement will relate to loans secured by a mortgage right, over (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*", together with real property and apartment rights, the '**Mortgaged Assets**') situated in the Netherlands and entered into by the relevant Seller or Sellers and the relevant Borrowers which meet the relevant Eligibility Criteria and the other criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Issue Date (the '**Mortgage Loans**').

The Mortgage Loans will consist of

- (i) interest only mortgage loans ("*aflossingsvrije hypotheken*"),
- (ii) annuity mortgage loans ("*annuitaire hypotheken*"),
- (iii) linear mortgage loans ("*lineaire hypotheken*"),
- (iv) hybrid mortgage loans ("*hybride hypotheken*"),
- (v) savings mortgage loans ("*sparhypotheken*"),
- (vi) investment mortgage loans ("*beleggingshypotheken*"),
- (vii) life mortgage loans ("*levenshypotheken*"),
- (viii) pensionextra mortgage loans ("*pensioen extra hypotheken*")
- (ix) combinations of any of these types of mortgage loans.

or any other type of Mortgage Loans as described in the Supplemental Prospectus relating to a specific Compartment and related Pool.

The Mortgage Loans may consist of one or more loan-parts ("*leningdelen*"). If a Mortgage Loan consists of one or more loan parts, the relevant Seller shall sell and assign and the Issuer shall purchase and accept the assignment of all, but not some, loan parts of such Mortgage Loan at the relevant Issue Date.

For more details see *Risk Factors* and *Description of*

Mortgage Loans.

**Construction
Amount:**

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold on deposit part of a Mortgage Loan to be paid out for the building or improvements of the Mortgaged Assets (together with accrued interest, the '**Construction Amount**'). Such amounts are deposited in case of the Initial Seller on an account with the Initial Seller which is pledged to the Initial Seller. Such amount will be paid out in case certain conditions are met. With respect to a Pool that consists of Mortgage Receivables with Construction Amounts outstanding, the Issuer and the Seller or Sellers will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the relevant Initial Purchase Price an amount equal to the aggregate Construction Amounts as per the relevant Portfolio Cut-Off Date indicated in the Supplemental Prospectus. Such amount will be deposited on the construction ledger relating to such Pool (each a '**Construction Ledger**'). On each relevant Quarterly Payment Date the Issuer will release from the relevant Construction Ledger such part of the relevant Initial Purchase Price which equals the difference between the relevant aggregate Construction Amounts relating to such Pool and the balance standing to the credit of the relevant Construction Ledger and pay such amount to the relevant Seller or Sellers.

Sale of Mortgage Receivables:

The Issuer will have the right to sell and assign all but not some of the Mortgage Receivables of a Pool on each relevant Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes of the relevant Compartment linked to such Pool.

The purchase price of each Mortgage Receivable in the event of such sale shall be at least equal to the Outstanding Principal Amount in respect of the Mortgage Receivable, together with accrued interest due but unpaid, if any, of each Mortgage Receivable, except that with respect to Mortgage Loans which are in arrears for

a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the foreclosure value of the Mortgaged Assets or if no valuation report of less than 12 months is available, its indexed foreclosure value and (b), to the extent applicable, the amount claimable under the NHG Guarantee or Municipality Guarantee and (ii) the sum of the Outstanding Principal Amount in respect of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Loan.

Representations and warranties with respect to the Mortgage Loans and the Mortgage Receivables:

Each Seller will give representations and warranties with respect to the Mortgage Loans and the Mortgage Receivables assigned by it to the Issuer. The Supplemental Prospectus of a specific Compartment will set forth any adjustments to or any additional representations and warranties applicable to the related Pool.

Eligibility Criteria:

The Mortgage Loans and Mortgage Receivables will need to comply with the Eligibility Criteria. The Eligibility Criteria will be split between (i) criteria applicable to all Mortgage Loans and Mortgage Receivables and (ii) criteria applicable to the Mortgage Loans and Mortgage Receivables assigned to a specific Pool. The Supplemental Prospectus relating to a specific Compartment may set forth any adjustments to or any additional criteria applicable to the related Pool (together the '**Relevant Eligibility Criteria**').

CASH FLOW STRUCTURE:

Liquidity Facility:

On the relevant Issue Date, the Issuer will enter into a 364 day term liquidity facility agreement with the Liquidity Facility Provider in respect of a Compartment (each a '**Liquidity Facility Agreement**') whereunder, subject to certain conditions, the Issuer will be entitled to make drawings in order to meet certain shortfalls in respect of such Compartment in its available revenue receipts.

Floating Rate GIC:

The Issuer and the GIC Provider will enter into a floating rate guaranteed investment contract (the '**Floating Rate GIC**') on or prior to the Programme Closing Date, whereunder the GIC Provider will agree to pay a guaranteed rate of interest, determined by reference to Euribor, on the balance standing from time to time to the credit of the Transaction Accounts.

GIC Accounts:

The Issuer shall maintain with the GIC Provider an account in respect of each Compartment (each a '**GIC Account**') to which all amounts of interest and principal

received under the Mortgage Receivables of a specific Pool will be transferred by, *inter alia*, the MPT Provider in accordance with the Issuer Services Agreement.

Reserve Accounts:

For each Compartment the Issuer will open an account to deposit amounts from time to time to cover any Realised Losses in respect of the related Pool (each a '**Reserve Account**') (and the Reserve Accounts together with the GIC Accounts, the '**Transaction Accounts**'). On the relevant Issue Date the balance standing to the credit of the relevant Reserve Account will be zero, gradually building up to the relevant Reserve Account Target Level.

Amounts credited to the relevant Reserve Account will be available on any relevant Quarterly Payment Date to meet items (a) to (m) inclusive of the Interest Priority of Payments relating to the relevant Compartment.

If and to the extent that the relevant Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items ranking higher than item (m) inclusive of the Interest Priority of Payments relating to the relevant Compartment, the excess amount will be deposited on the relevant Reserve Account or, as the case may be, be applied to replenish the relevant Reserve Account, to the extent required until the balance standing to the credit of the relevant Reserve Account equals the relevant Reserve Account Target Level.

Swap Agreement:

On each Issue Date, the Issuer will enter into a Swap Agreement, a schedule thereto and a swap confirmation in respect of each Compartment with the Swap Counterparty (each a '**Swap Agreement**') to mitigate the risk between the rates of interest to be received by the Issuer on the Mortgage Receivables of a Pool and the rates of interest payable by the Issuer on the relevant Class of Notes of the corresponding Compartment. Alternatively, the Issuer will have the option to replace an existing Swap Agreement with an alternative swap mechanism or on the relevant Issue Date institute an alternative swap mechanism provided that the then current ratings assigned to the Notes of the relevant Compartment will not be adversely affected.

OTHER:

Issuer Services Agreement:

Under the terms of a Issuer Services Agreement to be entered into on the Programme Closing Date (the '**Issuer Services Agreement**') between the Issuer, the Issuer Administrator, the MPT Provider, the Defaulted

Loan Servicer and the Security Trustee, (i) the MPT Provider will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further the section *Mortgage Loan Underwriting and Mortgage Services* below) and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions.

Management Agreements:

The Issuer and the Security Trustee will on the Programme Closing Date each enter into a management agreement (together the '**Management Agreements**') with the relevant Director, whereunder the relevant Director will undertake to act as director of the Issuer or the Security Trustee respectively and to perform certain services in connection therewith.

Rating:

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing:

Application will be made for Notes issued under the Programme to be admitted to listing on Euronext Amsterdam during the period of 12 months from the date of this Base Prospectus. Notice of the aggregate nominal amount of the relevant Notes, interest (if any) payable in respect of such Notes, the issue price of such Notes and any other terms and conditions not contained herein which are applicable to each Compartment (as defined under *Terms and Conditions* of Notes below) of such Notes will be set out in the Final Terms which, with respect to such Notes to be listed on Euronext Amsterdam, will be delivered to Euronext Amsterdam on or before the date of issue of such Compartment. Notes issued under the Programme may also be listed on any other stock exchange specified in the applicable Final Terms or unlisted.

Governing Law:

The Notes will be governed by and construed in accordance with the laws of the Netherlands.

Selling Restrictions

There are selling restrictions in relation to the European Economic Area, Italy, France, the United Kingdom, Japan and the United States and such other restrictions

as may be required in connection with the offering and sale of a particular Compartment of Notes. See '*Subscription and Sale*' below.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Base Prospectus:

- (a) the Articles of Association of the Issuer; and
- (b) ABN AMRO Holding's publicly available consolidated audited annual financial statements for the years ended 31 December 2004, 31 December 2003 and 31 December 2002; and
- (c) ABN AMRO Holding's unaudited consolidated annual financial statements for the twelve months ended 31 December 2005; and
- (d) ABN AMRO's registration document dated 1 July 2005 pursuant to the Commission Regulation (EC) No 809/2004 (the EU Prospectus Regulation) for ABN AMRO Holding and ABN AMRO as filed with the AFM on 1 July 2005.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Written requests for such documents should be directed to the Issuer at its registered office set out at the end of this Base Prospectus. In addition, such documents will be available from the office in Breda of ABN AMRO in its capacity as Paying Agent.

The Issuer will, in connection with the listing of the Notes on the relevant regulated market, so long as any Note remains outstanding and listed on such market, in the event of a material adverse change in the financial condition of the Issuer which is not reflected in this Base Prospectus, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes to be listed on the relevant regulated market. If the terms of this Programme are modified or amended in a manner which would make this Base Prospectus inaccurate or misleading, a new Base Prospectus will be prepared.

This Base Prospectus and any supplement will only be valid for listing Notes on Eurolist by Euronext Amsterdam and/or any other regulated market in an Principal Amount Outstanding which, when added to the Principal Amount Outstanding then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed € 25,000,000,000.

CREDIT STRUCTURE

The structure of the credit arrangements for the proposed issue of the Notes may be summarised as follows.

Separate Compartments and Pools

Each Compartment and Pool is separated from other Compartments and Pools and is structured in such a manner that each Pool will, *inter alia*, have separate cash flows, its own Transaction Accounts, Liquidity Facility, Swap Agreement, Trust Deed, Parallel Debt Agreement and Priorities of Payments.

Mortgage Loan Interest Rates

The Mortgage Loans bear interest on a floating rate basis or a fixed rate basis, subject to a reset from time to time on dates agreed with the Borrower. Interest rates vary between individual Mortgage Loans. The range of interest rates is set out further in *Description of the Mortgage Loans* below. The actual amount of interest received by the Issuer will vary during the life of the Notes as a result of the level of delinquencies, defaults, repayments and prepayments, substitution and the reset of interest rates from time to time in respect of the Mortgage Receivables. Similarly, the actual amounts payable under the relevant Interest Priority of Payments will vary during the life of the transaction as a result of fluctuations in Euribor and possible variations in certain other costs and expenses of the Issuer. The eventual effect of such variations in certain other costs and expenses of the Issuer could lead to drawings, and the replenishment of such drawings, under the relevant Reserve Account and the relevant Liquidity Facility of the relevant Compartment and to non-payment of certain items under the relevant Interest Priority of Payments.

Cash Collection Arrangements

Payments by the Borrowers under the Mortgage Loans are due on the first day of each month, interest being payable in arrear. All payments made by Borrowers will be paid into the collection account of the relevant Seller with ABN AMRO as the '**Seller Collection Account Provider**'. Such collection account will also be used for the collection of moneys paid in respect of mortgages loans other than the Mortgage Loans and in respect of other moneys belonging to the relevant Seller.

The MPT Provider will transfer ultimately on each Mortgage Payment Date (being the 8th business day of each month) all amounts received by the relevant Seller in respect of the Mortgage Loans and paid to the relevant Seller's collection account during the immediately preceding Mortgage Calculation Period to the relevant GIC Account.

If the rating of the short-term, unsecured and unguaranteed debt obligations of the Seller Collection Account Provider falls below Prime-1 by Moody's or, in respect of a NHG Compartment, F1 by Fitch (the '**Seller Collection Account Provider Requisite Rating**'), the relevant Seller will, to maintain the then current rating assigned to the Notes, either: (i) ensure that payments to be made in respect of amounts received on the collection account relating to the relevant Mortgage Receivables will be guaranteed by a party having at least the Seller Collection Account Provider Requisite Rating; or (ii) (a) open an escrow account in the name of the Issuer, for its own account, with a party having at least the Seller Collection Account Provider Requisite Rating, and (b) transfer to the escrow account an amount equal to the highest single amount of principal, interest and pre-payment penalties received since the relevant Issue Date on the Floating Rate GIC Account during one Mortgage Calculation Period in respect of all Pools; or (iii) implement any other actions agreed at that time with Moody's and Fitch.

For these purposes a '**Mortgage Calculation Period**' is the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month, except for the first Mortgage Calculation Period which will commence on and end on the dates indicated in the applicable Supplemental Prospectus.

Transaction Accounts

The cash flows deriving from a Pool will be separately accounted for. Transaction Accounts are opened for each Compartment to avoid commingling between the Pools and Compartments. Each Compartment has its own ledgers to reflect the amounts received in respect of a Pool.

The Issuer will maintain with the GIC Provider for each Compartment a GIC Account to which, *inter alia*, all amounts received from the relevant Seller in respect of the Mortgage Receivables of the Pool related to such Compartment will be paid.

The Issuer Administrator will identify all amounts paid into the relevant GIC Account by the relevant Seller in respect of the relevant Pool of Mortgage Receivables by crediting such amounts to ledgers established for such purpose. Payments received in respect of such Mortgage Loans will be identified as principal or revenue receipts and credited to the relevant principal ledger (the '**Principal Ledger**') or the relevant revenue ledger (the '**Revenue Ledger**'), as the case may be. A Principal Ledger and a Revenue Ledger will be maintained in respect of each Compartment and related Pool.

Payments may be made from a GIC Account other than on a relevant Quarterly Payment Date or Annual Payment Date only to satisfy amounts due to third parties (other than pursuant to the Relevant Documents) (which third party amounts can include claims of third parties which have not been paid by the Issuer in respect of one or more Compartments, in which case such unpaid part of such claim will be shared by the other Compartments on a pro rata basis) and payable in connection with the Issuer's business to the extent such amounts relate to the relevant Compartment. Further ledgers will be maintained to record amounts held in the relevant Transaction Accounts in respect of the balance of the Reserve Accounts and certain drawings made under the Liquidity Facility (see further '*Liquidity Facility*' below).

The Issuer may, at its option, until the Quarterly Payment Date immediately preceding the first Optional Redemption Date of the relevant Compartment reserve and/or withhold amounts from the Principal Available Amount less, in respect of each Principal Available Amount, the Further Advance Amount and Substitution Amount, for the purchase of Substitute Mortgage Receivables in the succeeding Quarterly Calculation Periods (the '**Reserved Amount**'). The Reserve Amount may never exceed the outstanding principal amount in respect of all Substitute Mortgage Receivables which the relevant Seller or Sellers expect to offer to the Issuer up to the first Optional Redemption Date of the relevant Compartment, if such amount is notified by the relevant Seller or Sellers to the Issuer prior the relevant Quarterly Payment Date.

Unless specified otherwise in the relevant Supplemental Prospectus, the Issuer may invest all funds in the relevant GIC Account, including, but not limited to, any Reserved Amount, to the extent not applied for the purchase of Further Advance Receivables or Substitute Mortgage Receivables, into (A) euro denominated securities, subject to certain conditions, including that such securities may not have a maturity beyond the relevant first Optional Redemption Date and (i) that such securities have been assigned either (a) a rating of Aaa by Moody's in case of a remaining tenor longer than ninety (90) days or (b) A1 and Prime-1 by Moody's in case of a remaining tenor less than ninety (90) days but longer than thirty (30) days or (c) Prime-1 by Moody's in case of a remaining tenor less than thirty (30) days and (ii), in the case of a NHG Compartment, that such securities have been assigned either (a) a rating of AAA by Fitch in case of a remaining tenor longer than one year or (b) F1+ by Fitch in case of a remaining tenor less than one year but longer than thirty (30) days or (c) F1 by Fitch in case of a remaining tenor less than thirty (30) days or (B) in other securities provided that Moody's and Fitch have given prior confirmation that such investment will not adversely affect the then current ratings assigned to the Notes of the relevant Compartment. In addition, if during any Quarterly Calculation Period, the balance standing to the credit of the relevant GIC Account exceeds euro 150,000,000, the Issuer may at its option, invest such funds into (A) euro denominated securities, subject to certain conditions, including that such securities may not have a maturity beyond the next relevant Quarterly Payment Date or Annual Payment Date and (i) that such securities have been assigned either (x) a rating of Aaa by Moody's in case of a remaining tenor longer than ninety (90) days or (y) Prime-1 by Moody's in case of a remaining tenor less than thirty (30) days or (z) Prime-1 and A1 by Moody's in case of a remaining tenor less than ninety but (90) days but longer than thirty (30) days or (ii) that such securities have been assigned either (a) a rating of AAA by Fitch in case of a remaining tenor longer than one year or (b) F1+ by Fitch in case of a remaining tenor less than one year but longer than thirty (30) days or (c) F1 by Fitch in case of a remaining tenor less than thirty (30) days, or (B) in other securities provided that the Rating Agencies have given prior confirmation that such investment will not adversely affect the then current ratings assigned to the Notes of the relevant Compartment (the '**Eligible Investments**').

In addition, on the Issue Date an amount corresponding to the aggregate Construction Amounts of the relevant Pool will be credited to the relevant GIC Account and to the Construction Ledger. A debit from the Construction Ledger and corresponding payments from the relevant GIC Account on a relevant Quarterly Payment Date may be made only to satisfy payment by the Issuer to the relevant Seller of (part of) the relevant Initial Purchase Price as a result of the distribution of (part of) the relevant Construction Amount by the relevant Seller to the relevant Borrowers. Besides this, the relevant Construction Ledger will be debited with the amount Borrowers have set off against the relevant Mortgage Receivables in connection with the relevant Construction Amounts and as a result in respect of which the Issuer has no further obligation to pay (such part of) the relevant Initial Purchase Price. Such amount will form part of the relevant Principal Available Amount.

The Issuer will also maintain with the GIC Provider a Reserve Account for each Compartment (see below).

If at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are assigned a rating of less than Prime-1 by Moody's or less than F1 by Fitch, in respect of a NHG Compartment, the Issuer will be required within thirty (30) days to transfer the balance on the relevant GIC Account to an alternative bank with the required minimum rating or to obtain a third party, having a short-term unsecured, unsubordinated and unguaranteed debt obligations of Prime-1 by Moody's and, in respect of a NHG Compartment, acceptable to the Fitch, to guarantee the obligations of the GIC Provider.

Priority of Payments in respect of interest for each Compartment

Prior to the delivery of an Enforcement Notice by the Security Trustee in respect of the relevant Compartment, the sum of the following amounts to the extent these amounts relate to such Compartment and the related Pool, calculated as at each Quarterly Calculation Date (being the 5th business day prior to each relevant Quarterly Payment Date or Annual Payment Date, as the case may be) as being received or held in relation to the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date (items (i) up to and including (xiii) being hereafter referred to as the '**Notes Interest Available Amount**') unless the relevant Supplemental Prospectus provides otherwise:

- (i) as interest, including any prepayment penalties and penalty interest ("*boeterente*"), on the Mortgage Receivables of such Pool;
- (ii) as interest credited to the Transaction Accounts of such Compartment and the related Pool and any revenue on any Eligible Investments made by the Issuer to the extent such investments relate to such Compartment and Pool;
- (iii) as Net Proceeds on any Mortgage Receivables of such Pool, to the extent such proceeds do not relate to principal;
- (iv) as amounts to be drawn under the Liquidity Facility (other than relevant Liquidity Facility Stand-by Drawings) of such Compartment and Pool on the immediately succeeding relevant Quarterly Payment Date or Annual Payment Date;
- (v) as amounts to be drawn from the Reserve Account of such Compartment and Pool on the immediately succeeding relevant Quarterly Payment Date or Annual Payment Date;
- (vi) as amounts to be received from the Swap Counterparty under the Swap Agreement of such Compartment and Pool on the immediately succeeding relevant Quarterly Payment Date or Annual Payment Date, if any, excluding, for the avoidance of doubt, any collateral transferred pursuant to such Swap Agreement;
- (vii) as amounts received in connection with a repurchase of Mortgage Receivables of such Pool pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal or any other amounts to be received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal and to the extent such amounts relate to such Pool and, if such amount cannot be attributed to any Pool, the amounts received multiplied by the relevant Pool Fraction;
- (viii) as amounts received in connection with a sale of the Mortgage Receivables of such Pool pursuant to the relevant Trust Deed to the extent such amounts do not relate to principal;
- (ix) as amounts received as Post Foreclosure Proceeds on the Mortgage Receivables of such Pool;
- (x) the Pre-Closing Proceeds to the extent such amounts relate to such Pool and do not relate to principal;

- (xi) on the Final Maturity Date or, if earlier, the Optional Redemption Date on which the Notes of such Compartment are redeemed in accordance with Condition 6(e), the remaining balance standing to the credit of the Transactions Accounts of such Compartment and Pool, if any;
- (xii) as amounts received in connection with a NHG Guarantee or Municipality Guarantee to the extent such amounts do not relate to principal; and
- (xiii) any other amounts as set forth as such in the relevant Supplemental Prospectus,

will pursuant to terms of the relevant Trust Deed be applied by the Issuer on the immediately succeeding relevant Quarterly Payment Date or Annual Payment Date, as the case may be, as follows (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full) (the '**Interest Priority of Payments**') in relation to each Compartment unless the relevant Supplemental Prospectus provides otherwise:

- (a) *first*, in or towards satisfaction, pro rata, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Issue Documents relating to the relevant Pool), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and the fees and expenses of the Rating Agencies, any legal advisor, auditor and accountants appointed by the Issuer and/or, as the case may be, the Security Trustee, to the extent related to the relevant Compartment or Pool and in respect of general costs which cannot be attributed to a certain Compartment or Pool, such costs multiplied by the amount of the aggregate outstanding amount of the Notes of the relevant Compartment divided by the sum of the aggregate Principal Amount Outstanding of all Notes issued by the Issuer (the '**Pool Fraction**') and (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Agency Agreement, to the extent related to the relevant Compartment and in respect of such fees and expenses which cannot be attributed to a certain Compartment or Pool, such fees and expenses multiplied by the Pool Fraction and (iii) the Liquidity Facility Commitment Fee;
- (b) *second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of administration fees, costs and expenses due and payable to the Issuer Administrator, the MPT Provider and the Defaulted Loan Servicer under the Issuer Services Agreement, to the extent related to the relevant Compartment or Pool and in respect of general costs which cannot be attributed to a certain Compartment or Pool, such costs multiplied by the relevant Pool Fraction;
- (c) *third*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the documents relating to the relevant Compartment and Pool, and in respect of general costs which cannot be attributed to a certain Compartment or Pool, such costs multiplied by the Pool Fraction;
- (d) *fourth*, in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the relevant Liquidity Facility Agreement of the relevant Compartment and relevant Pool, but excluding any gross-up amounts or additional amounts due under the relevant Liquidity Facility Agreement and payable under (p) below, or, following a relevant Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the relevant Liquidity Facility Stand-by Ledger of the relevant Compartment and the relevant Pool;
- (e) *fifth*, in or towards satisfaction of amounts, if any, due but unpaid under the relevant Swap Agreement (except for any termination payment due or payable as a result of the occurrence of an Event of Default (as defined in the relevant Swap Agreement) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined in the relevant Swap Agreement) relating to the credit rating of the Swap Counterparty (as such terms are defined in the relevant Swap Agreement), including a Settlement Amount (as defined in the relevant Swap Agreement) (a '**Swap Counterparty Default Payment**'));
- (f) *sixth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of all amounts of interest due in respect of the Senior Class A Notes of the relevant Compartment;

- (g) *seventh*, in or towards making good, pro rata, any shortfall reflected in the Class A Principal Deficiency Ledger of the relevant Compartment until the debit balance, if any, on the Class A Principal Deficiency Ledger of the relevant Compartment is reduced to zero;
- (h) *eighth*, in or towards satisfaction of interest due or accrued due but unpaid on the Mezzanine Class B Notes of the relevant Compartment, if any;
- (i) *ninth*, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger of the relevant Compartment until the debit balance, if any, on the Class B Principal Deficiency Ledger of the relevant Compartment is reduced to zero;
- (j) *tenth*, in or towards satisfaction of interest due or accrued due but unpaid on the Junior Class C Notes of the relevant Compartment, if any;
- (k) *eleventh*, in or towards making good any shortfall reflected in the Class C Principal Deficiency Ledger of the relevant Compartment until the debit balance, if any, on the Class C Principal Deficiency Ledger of the relevant Compartment is reduced to zero;
- (l) *twelfth*, in or towards satisfaction of interest due or accrued due but unpaid on the Subordinated Class D Notes of the relevant Compartment, if any;
- (m) *thirteenth*, in or towards making good any shortfall reflected in the Class D Principal Deficiency Ledger of the relevant Compartment until the debit balance, if any, on the Class D Principal Deficiency Ledger of the relevant Compartment is reduced to zero;
- (n) *fourteenth*, in or towards satisfaction of any sums required to deposit on the relevant Reserve Account or, as the case may be, to replenish the relevant Reserve Account up to the amount of the Reserve Account Target Level of the relevant Compartment;
- (o) *fifteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the relevant Swap Agreement;
- (p) *sixteenth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the relevant Liquidity Facility Agreement of the relevant Compartment and the relevant Pool;
- (q) *seventeenth*, in or towards satisfaction of a Deferred Purchase Price Instalment relating to the relevant Compartment and relevant Pool the relevant Seller or relevant Sellers, as the case may be.

Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice by the Security Trustee in respect of the relevant Compartment, the sum of the following amounts to the extent such amounts relate to the relevant Compartment, calculated as at any Quarterly Calculation Date, as being received or held in relation to the immediately preceding Quarterly Calculation Period (items (i) up to and including (xi) hereinafter referred to as the '**Principal Available Amount**' and items (i) up to and including (xiv) as the '**Notes Redemption Available Amount**') unless the Supplemental Prospectus provides otherwise:

- (i) as repayment and prepayment of principal under the relevant Pool of Mortgage Receivables;
- (ii) as Net Proceeds on any Mortgage Receivable of the relevant Pool, to the extent such proceeds relate to principal;
- (iii) as amounts received in connection with a repurchase of the Mortgage Receivables of the relevant Pool pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to the relevant Pool of Mortgage Receivables and to principal and if such amount cannot be attributed to any Pool, the amount received multiplied by the relevant Pool Fraction;

- (iv) as amounts received in connection with a sale of relevant Mortgage Receivables pursuant to the relevant Trust Deed to the extent such amounts relate to principal;
- (v) as amount to be credited to the relevant Principal Deficiency Ledger on the immediately succeeding relevant Quarterly Payment Date or Annual Payment Date;
- (vi) any part of the relevant Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the immediately preceding relevant Quarterly Payment Date;
- (vii) as Pre-Closing Proceeds to the extent such proceeds relate to principal of the relevant Pool;
- (viii) as amounts debited from the relevant Construction Ledger in accordance with the Mortgage Receivables Purchase Agreement;
- (ix) the Reserved Amount on the last day of the preceding Quarterly Calculation Period;
- (x) as amounts received in connection with a NHG Guarantee or Municipality Guarantee to the extent such amounts relate to principal; and
- (xi) any other amounts as set forth as such in the relevant Supplemental Prospectus,

less on such Quarterly Calculation Date until the Quarterly Calculation Date immediately preceding the first Optional Redemption Date of the relevant Compartment the sum of:

- (xii) any amount applied to the purchase of the relevant Substitute Mortgage Receivables on such Quarterly Payment Date (the '**Substitution Amount**');
- (xiii) any amount applied to the purchase of the relevant Further Advance Receivables on such Quarterly Payment Date (the '**Further Advance Amount**'); and
- (xiv) the Reserved Amount;

will pursuant to the relevant Trust Deed be applied by the Issuer on the immediately succeeding relevant Quarterly Payment Date as follows (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the '**Principal Priority of Payments**') in relation to each Compartment unless the relevant Supplemental Prospectus provides otherwise of the relevant Compartment and Pool):

- (i) *first*, prior to the first Optional Redemption Date in or towards satisfaction, of principal amounts due under the Senior Class A1 Notes and on the first Optional Redemption Date and each Quarterly Payment Date thereafter, in or towards satisfaction, pro rata, of principal amounts due under the Senior Class A1 Notes and the Senior Class A2 Notes;
- (ii) *second*, on the first Optional Redemption Date and on each Quarterly Paying Date thereafter in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes of the relevant Compartment;
- (iii) *third*, on the first Optional Redemption Date and on each Quarterly Paying Date thereafter in or towards satisfaction of principal amounts due under the Junior Class C Notes of the relevant Compartment; and
- (iv) *fourth*, on the first Optional Redemption Date and on each Quarterly Paying Date thereafter in or towards satisfaction of principal amounts due under the Subordinated Class D Notes of the relevant Compartment.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice relating to the relevant Compartment, any amounts payable by the Security Trustee will be paid to the Secured Parties of the relevant Pool (including the Noteholders of the relevant Compartment) in the following order of priority (after deduction of costs incurred by the Security Trustee to the extent related to the relevant Compartment, which will include, *inter alia*, fees and expenses of the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (and in each case only if and to the extent payments of a higher priority have been made in full) (the '**Priority of Payments upon Enforcement**') relating to the relevant Compartment):

- (a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Standby Drawing due and payable but unpaid under the Liquidity Facility Agreement;
- (b) *second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the documents relating to the relevant Pool, (iii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Agency Agreement and (iv) the fees, costs and expenses of the Issuer Administrator, the MPT Provider and the Defaulted Loan Servicer under the Issuer Services Agreement, all to the extent relating to the relevant Compartment and relevant Pool or in respect of general costs which cannot be attributed to a certain Compartment or Pool multiplied by the Pool Fraction;
- (c) *third*, in or towards satisfaction of any sums due or accrued due but unpaid under the Liquidity Facility Agreement, but excluding any Liquidity Facility Standby Drawing payable under (a) above and any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (n) below to the extent relating to the relevant Compartment and relevant Pool;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the relevant Swap Agreement, except for any Swap Counterparty Default Payment payable under subparagraph (m) below of the relevant Compartment and relevant Pool;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Senior Class A Notes of the relevant Compartment;
- (f) *sixth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes of the relevant Compartment;
- (g) *seventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes of the relevant Compartment;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes of the relevant Compartment;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class C Notes of the relevant Compartment, if any;
- (j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class C Notes of the relevant Compartment, if any;
- (k) *eleventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class D Notes of the relevant Compartment, if any;
- (l) *twelfth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class D Notes of the relevant Compartment, if any;
- (m) *thirteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the relevant Swap Agreement;
- (n) *fourteenth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the relevant Liquidity Facility Agreement of the relevant Compartment and relevant Pool;
- (o) *fifteenth*, in or towards satisfaction of the Deferred Purchase Price to the relevant Seller or relevant Sellers, as the case may be.

Liquidity Facility

On or prior to each Issue Date, the Issuer will enter into the Liquidity Facility Agreement in respect to the Compartment issued on such date with the Liquidity Facility Provider. The Issuer will be entitled on any relevant Quarterly Payment Date (other than an (i) relevant Optional Redemption Date if and to the extent that on such date the Notes of the relevant Compartment are redeemed in full or (ii) the relevant Final Maturity Date) to make drawings under the relevant Liquidity Facility up to the relevant Liquidity Facility Maximum Amount (as defined below). Each Liquidity Facility Agreement is for a term of 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the relevant Liquidity Facility by the Issuer shall only be made on a relevant Quarterly Payment Date if and to the extent that, after the application of amounts available in the relevant Reserve Account and, without taking into account any drawing under the relevant Liquidity Facility, there is a shortfall in the relevant Notes Interest Available Amount to meet items (a) to (l) (inclusive) (but not items (g) (i) and (k)) in the relevant Interest Priority of Payments in full on that relevant Quarterly Payment Date, provided that no drawing may be made to meet item (h) if there is a debit balance on the relevant Class B Principal Deficiency Ledger and no drawing may be made to meet item (j) if there is a debit balance on the relevant Class C Principal Deficiency Ledger and no drawing may be made to meet item (l) if there is a debit balance on the relevant Class D Principal Deficiency Ledger and unless provided otherwise in the relevant Supplemental Prospectus. The Liquidity Facility Provider will rank in priority of payments and security to, *inter alia*, the Notes unless the Supplemental Prospectus provides otherwise.

If at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than Prime-1 by Moody's, or F1 by Fitch, in respect of a NHG Compartment, or any such rating is withdrawn and (ii) within thirty (30) days of such downgrading or withdrawal the Liquidity Facility Provider is not renewed or replaced by the Issuer with a suitable alternative Liquidity Facility Provider or a third party having the required rating has not guaranteed the obligations of the Liquidity Facility Provider, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the relevant Liquidity Facility (a '**Liquidity Facility Stand-by Drawing**') and credit such amount to the relevant GIC Account with a corresponding credit to a ledger to be known as the '**Liquidity Facility Stand-by Ledger**'. Amounts so credited to the relevant Liquidity Facility Stand-by Ledger and the relevant GIC Account may be utilised by the Issuer in the same manner as if the relevant Liquidity Stand-by Drawing had not been so drawn. A relevant Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed following its commitment termination date.

For these purposes, '**Liquidity Facility Maximum Amount**' means with respect to each Compartment, on each Quarterly Calculation Date an amount calculated in accordance with the relevant Supplemental Prospectus.

Reserve Account

A Reserve Account is opened in respect of each Compartment. On the relevant Issue Date, the balance standing to the credit of the relevant Reserve Account shall be zero. The '**Reserve Account Target Level**' shall be (i) an amount equal to the Principal Amount Outstanding of the Notes of the relevant Compartment on the relevant Issue Date multiplied with the percentage set out in the relevant Supplemental Prospectus of, and (ii) zero on the Quarterly Payment Date on which the Notes of the relevant Compartment will be redeemed in full, or (iii) such other amount as is indicated in the applicable Supplemental Prospectus of the relevant Notes.

If and to the extent that the relevant Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items ranking higher than item (n) in the relevant Interest Priority of Payments, the excess amount will be deposited on the relevant Reserve Account or, as the case may be, be applied to replenish the relevant Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

Amounts credited to the Reserve Account will be available on any relevant Quarterly Payment Date or Annual Payment Date to meet items (a) to (m) inclusive of the relevant Interest Priority of Payments unless the Supplemental Prospectus provides otherwise.

To the extent that the balance standing to the credit of the relevant Reserve Account on any Quarterly Calculation Date exceeds the relevant Reserve Account Target Level, such excess shall be drawn from the relevant Reserve

Account on the immediately succeeding relevant Quarterly Payment Date or Annual Payment Date and be deposited in the relevant GIC Account and shall form part of the relevant Notes Interest Available Amount on such relevant Quarterly Payment Date or Annual Payment Date, as the case may be.

Principal Deficiency Ledger

Unless stated otherwise in the Supplemental Prospectus, for each Compartment a Principal Deficiency Ledger comprising four sub-ledgers, known as the '**Class A Principal Deficiency Ledger**', the '**Class B Principal Deficiency Ledger**', the '**Class C Principal Deficiency Ledger**' and the '**Class D Principal Deficiency Ledger**', respectively, will be established by or on behalf of the Issuer in order to record any relevant Realised Losses (as defined below) on the relevant Pool of Mortgage Receivables including relevant Realised Losses on the sale of relevant Mortgage Receivables in connection with the optional redemption of the relevant Notes (each respectively the '**Class A Principal Deficiency**', the '**Class B Principal Deficiency**', the '**Class C Principal Deficiency**' and the '**Class D Principal Deficiency**', together a '**Principal Deficiency**'). Any Principal Deficiency shall be debited to the relevant Class D Principal Deficiency Ledger (such debit item being recredited at item (m) of the relevant Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the relevant Subordinated Class D Notes (the '**Class D Principal Deficiency Limit**') and thereafter such amounts shall be debited to the relevant Class C Principal Deficiency Ledger (such debit item being recredited at item (k) of the relevant Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the relevant Mezzanine Class C Notes (the '**Class C Principal Deficiency Limit**') and thereafter such amounts shall be debited to the relevant Class B Principal Deficiency Ledger (such debit item being recredited at item (i) of the relevant Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the relevant Mezzanine Class B Notes (the '**Class B Principal Deficiency Limit**') and thereafter such amounts shall be debited to the relevant Class A Principal Deficiency Ledger (the '**Class A Principal Deficiency Limit**') (such debit items being recredited at item (g) of the relevant Interest Priority of Payments).

'**Realised Losses**' means, in respect of a Pool of Mortgage Receivables:

on any relevant Quarterly Calculation Date, the sum of (a) the amount of the difference between (y) the aggregate relevant Outstanding Principal Amount in respect of all Mortgage Receivables of the relevant Pool in respect of which the relevant Seller, the MPT Provider, the Defaulted Loan Servicer or the Issuer has foreclosed from the Issue Date up to and including such Quarterly Calculation Date and (z) the amount of the Net Proceeds of such Pool applied to reduce the Outstanding Principal Amount of such Pool and (b), with respect to the Mortgage Receivables of such Pool sold by the Issuer, the amount of the difference, if any, between (y) the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables of such Pool and (z) the purchase price of the Mortgage Receivables of such Pool sold to the extent relating to principal.

Sale of Mortgage Receivables

Under the terms of the relevant Trust Deed, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables of the relevant Pool on each relevant Optional Redemption Date to the relevant Seller or Sellers, or as the case may be, a third party, or in accordance with the Mortgage Receivables Purchase Agreement the Issuer may be obliged to sell the relevant Mortgage Receivables of a Pool to the Seller, provided in any case that the Issuer shall apply the proceeds of such sale to redeem the Notes of the relevant Compartment to the extent relating to principal. The purchase price of each Mortgage Receivable in the event of such sale shall be at least equal to the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, in respect of each Mortgage Receivable, except that with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the foreclosure value of the Mortgaged Assets or if no valuation report of less than twelve (12) months is available, its indexed foreclosure value and (b) the amount claimable under the NHG Guarantee or Municipality Guarantee and (ii) the sum of the Outstanding Principal Amount in respect of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Receivable.

Interest Rate Hedging

The Eligibility Criteria (as defined under *Mortgage Receivables Purchase Agreement* below) of each Pool require that all Mortgage Loans of such Pool bear a fixed rate of interest, which is subject to a reset from time to time, or a floating rate of interest. If the Notes bear a floating interest rate, the interest rate payable by the Issuer on the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes of the relevant Compartments will be calculated as a margin over Euribor. If the Notes bear a fixed interest rate, the interest rate payable on the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes of the relevant Compartments will be fixed for as long as these Notes are outstanding, provided that after the Optional Redemption Date fixed interest rates on such Notes may switch to floating interest rates. The Issuer will hedge its interest rate exposure by entering into Swap Agreements and each Swap Agreement will relate to a specific Compartment only. Alternatively, the Issuer will have the option to replace an existing Swap Agreement with an alternative swap mechanism or on the relevant Issue Date institute an alternative swap mechanism, provided that the Rating agencies have confirmed that the then current ratings assigned to the Notes of the relevant Compartment will not be adversely affected as a result thereof.

Under each Swap Agreement, the Issuer will agree to pay on each relevant Quarterly Payment Date in respect of each Compartment and Pool the sum of:

- (a) the scheduled interest on the relevant Pool of Mortgage Receivables; and
- (b) the interest accrued on the relevant Transaction Accounts during the immediately preceding Quarterly Calculation Period and revenue on any relevant Eligible Investments made by the Issuer; less
- (c) an excess margin as indicated in the Supplemental Prospectus per annum applied to the relevant Outstanding Principal Amount of the relevant Pool of Mortgage Receivables on the first day of the relevant Quarterly Calculation Period (the '**Excess Margin**'); and less
- (d) the expenses set out in items (a) up to and including (c) of the relevant Interest Priority of Payments payable on each relevant Quarterly Payment Date.

The Swap Counterparty will agree in respect of each Compartment to pay amounts equal to the interest due under the relevant Compartment of Notes, and calculated by reference to the rate of interest applied to the Principal Amount Outstanding of the relevant Compartment and Class of Notes (as reduced by any outstanding debit balance on the respective sub-ledger of the Principal Deficiency Ledger) on the first day of the relevant Floating Rate Interest Period or Fixed Rate Interest Period.

Adjustment of Swap Amounts

If Fixed Rate Notes are issued in a Compartment, the relevant Swap Agreement will provide for an adjustment mechanism. If the sum of scheduled interest actually received and interest (including penalties) recovered on the Mortgage Receivables falls short of scheduled interest receivable on the Mortgage Receivables, the payment obligation of the Issuer will be reduced with an amount equal to such shortfall. In such event the payment of the Swap Counterparty will be adjusted accordingly on a Euro for Euro basis. Such reduction could result in the Issuer not having sufficient funds available to meet its payment obligations in accordance with the priorities of payments described above.

Downgrade of Swap Counterparty

- (i) Pursuant to the relevant Swap Agreement, if, at any time, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A1 (or its equivalent) by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-1 (or its equivalent) by Moody's and, at such time, the long-term unsecured, unguaranteed and unsubordinated debt obligations of any co-obligor to the Swap Counterparty are not rated as high as A1 (or its equivalent) by Moody's or the short-term unsecured, unguaranteed and unsubordinated debt obligations of such co-obligor are not rated as high as Prime-1 (or its equivalent) by Moody's (such ratings together the '**Moody's Required Ratings I**'), then the Swap Counterparty will, on a reasonable efforts basis and at its own cost attempt to:

- (a) transfer all of its rights and obligations with respect to the Swap Agreement to a replacement third party with the Moody's Required Ratings I domiciled in the same legal jurisdiction as the Swap Counterparty or the Issuer; or
- (b) procure another person to become co-obligor in respect of the obligations of the Swap Counterparty under the Swap Agreement. Such co-obligor may be either (x) a person with the Moody's Required Ratings I domiciled in the same legal jurisdiction as the Swap Counterparty or the Issuer, or (y) a person agreed by Moody's; or
- (c) take such other action as the Swap Counterparty may agree with Moody's; or
- (d) at its own cost within thirty (30) days of the occurrence of such downgrade, put in place a mark-to-market collateral agreement in a form and substance acceptable to Moody's (which may be based on the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both) in support of its obligations under the Swap Agreement which complies with, in relation to the Collateral Amount, certain published criteria set by Moody's or any other amount which might be agreed with Moody's.

If any of (a), (b) or (c) of this item (i) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by the Swap Counterparty pursuant to (d) of this item (ii) will be retransferred (outside of the Interest Priority of Payments) to the Swap Counterparty and the Swap Counterparty will not be required to transfer any additional collateral.

- (ii) Pursuant to the relevant Swap Agreement, if, at any time, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A3 (or its equivalent) by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-2 (or its equivalent) by Moody's (such ratings together the '**Moody's Required Ratings II**') and, at such time, the long-term, unsecured and unsubordinated debt obligations or the short-term, unsecured and unsubordinated debt obligations of any co-obligor to the Swap Counterparty are not rated as high as the Moody's Required Ratings I, then the Swap Counterparty will, on a best efforts basis and at its own cost attempt to take the action described under (a), (b), (c) and (d) of item (i) above, save that:
 - (i) in the event that the Swap Counterparty is unable to comply with (a), (b) or (c) of item (i) above within such thirty (30) day period it will continue, on a best efforts basis, to comply with the same; and
 - (ii) the action described under (d) above will apply immediately after the Swap Counterparty ceases to be rated at least as high as the Moody's Required Ratings II.

In case of the Swap Counterparty ceases to be rated at least as high as the Moody's Required Ratings II the criteria for the Collateral Amount will be stricter if it ceases to be rated at least as high as the Moody's Required Ratings I.

- (iii) Pursuant to the relevant Swap Agreement, but only to the extent such Swap Agreement relates to a NHG Compartment, if, at any time, (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least as high as A by Fitch, or (b) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least as high as F1 by Fitch (such ratings together the '**Fitch Required Ratings**' and events (a) or (b) a '**Fitch Downgrade**'), or (c) any such rating is withdrawn by Fitch, then the Swap Counterparty will, within thirty (30) days of such reduction or withdrawal of any such rating, (i) obtain a third party, having the Fitch Required Ratings, to guarantee the obligations of the Swap Counterparty under the Swap Agreement, or (ii) provide credit support sufficient to maintain the then current rating of the Notes which would have subsisted but for the Fitch Downgrade, or (iii) transfer and assign its rights and obligations under the Swap Agreement to a third party having the Fitch Required Ratings or (iv) find any other solution necessary to assist the Issuer or take such other action as the Swap Counterparty may agree with Fitch as will result in the ratings of the Notes then outstanding being restored to or maintained at the level that were at immediately prior to the Fitch Downgrade,

in each case in accordance with and subject to the provisions of the relevant Swap Agreement and the relevant Trust Deed.

The mark-to-market collateral agreement in relation to the credit support referred to in (ii) under this item (iii) must be in a form and substance acceptable to Fitch (which may be based on the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both) in support of the Swap Counterparty's obligations under the Swap Agreement, which complies with, in relation to the Collateral Amount, certain published criteria set by Fitch or any other amount which might be agreed with Fitch.

If any of (i), (iii) or (iv) of this item (iii) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by the Swap Counterparty pursuant to (ii) under this item (iii) will be retransferred (outside of the Interest Priority of Payments) to the Swap Counterparty and the Swap Counterparty will not be required to transfer any additional collateral.

- (iv) Pursuant to the relevant Swap Agreement, but only to the extent such Swap Agreement relates to a NHG Compartment, if, at any time, (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than BBB+ by Fitch, or (b) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than F2 by Fitch or (c) any such rating is withdrawn by Fitch (a '**Fitch F2 Downgrade**'), then the Swap Counterparty will, at its own cost, within thirty (30) days of such reduction or withdrawal of any such rating, (x) obtain a third party having the Fitch Required Ratings, to guarantee the obligations of the Swap Counterparty under the Swap Agreement, or (y) transfer and assign its rights and obligations under the Swap Agreement to a third party having the Fitch Required Ratings, or (z) find any other solution necessary to assist the Issuer or take such other action as the Swap Counterparty may agree with Fitch as will result in the rating of the Notes then outstanding being restored to or maintained at the level they were at immediately prior to the Fitch F2 Downgrade, in each case in accordance with and subject to the provisions of the relevant Swap Agreement and the relevant Trust Deed.

Pending compliance with any one of (x), (y) or (z) of this item (iv), following the occurrence of a Fitch F2 Downgrade, the Swap Counterparty shall put in place or (as the case may be) continue to post collateral to the Issuer pursuant to a mark-to-market collateral arrangement described in (ii) of item (iii) above in support of its obligations under the Swap Agreement.

If any of (x), (y) or (z) of this item (iv) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by the Swap Counterparty will be retransferred (outside of the Interest Priority of Payments) to the Swap Counterparty and the Swap Counterparty will not be required to transfer any additional collateral.

- (v) Pursuant to the relevant Swap Agreement, but only to the extent such Swap Agreement relates to a NHG Compartment, if, at any time, (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty or (b) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than investment grade by Fitch or (c) any such rating is withdrawn by Fitch, then the Swap Counterparty will, at its own cost, within 30 days of such reduction or withdrawal of any such rating, (a) obtain a third party having the Fitch Required Ratings to guarantee the obligations of the Swap Counterparty under the relevant Swap Agreement, or (b) transfer and assign its rights and obligations under the relevant Swap Agreement to a third party having the Fitch Required Ratings.

OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

The Dutch housing market has been relatively stable compared to certain other European Union countries and has not experienced any drastic downturns like for example the United Kingdom. However, when comparing the Dutch housing market to other European Union countries, some differences are apparent.

The Netherlands have a low level of owner occupancy. Currently, approximately 54% of all houses are occupied by their owners, compared to 42% in 1982. The average level of house ownership for all EU countries is 64%. Table 1 below shows the growth of the total Dutch residential property and the proportion of those that are owner occupied.

Table 1. Total dwelling and percentage owner occupied

Year	Total dwelling property (millions)	Owner occupied (in %)
1948	2.1	28.0
1957	2.6	29.0
1964	3.1	34.0
1971	3.8	35.0
1976	3.9	41.0
1982	5.0	42.0
1985	5.3	42.7
1990	5.8	45.2
1994	6.2	48.0
1995	6.3	48.8
1996	6.4	49.5
1997	6.4	50.5
1998	6.5	50.8
1999	6.6	51.9
2000	6.6	52.2
2001	6.7	52.6
2002	6.7	53.0
2003	6.8	53.4
2004	6.9	53.7

Source: CBS/VROM/WBO

Characteristics of Dutch Mortgages

The Netherlands allow full deduction of mortgage interest payments for income tax. A condition to deductibility of interest in The Netherlands is owner occupancy of the property. In addition to this the period for allowed deductibility is restricted to a term of thirty (30) years. From 1 January 2004, it is also no longer allowed, after a refinancing, to deduct interest payable on the equity extractions.

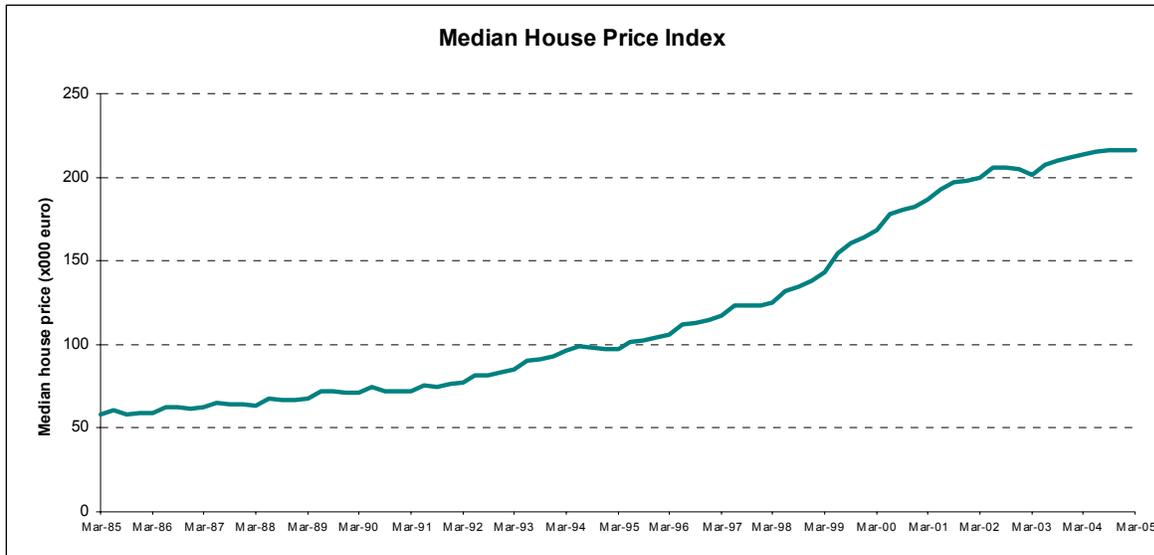
Due to the fiscal incentives mentioned above, the most common mortgage types in The Netherlands are annuity, linear, savings, life and investment mortgages or a combination of these. Under the savings, life and investment types of mortgages no principal is repaid during the term of the contract. Instead, the Borrower makes payments in a saving account, endowment insurance or investment fund. Upon maturity, amounts available pursuant to the savings accounts, the insurance contract or the investment funds are available to repay the mortgage.

The combination of an attractive fiscal regime, generally long periods of fixed interest rates and attractive repayment arrangements lead to advances of up to 130% of the foreclosure value. The foreclosure value ("*executiewaarde*") of properties in The Netherlands amounts to approximately 85% of the market value of such properties.

Prepayment rates in The Netherlands are relatively low, mainly due to prepayment penalties that are incorporated in mortgage contracts. Penalties are generally calculated as the net present value of the interest loss to the lender upon prepayment. Another reason for low prepayment rates in The Netherlands is the relatively small number of relocations in The Netherlands for work-related reasons due to the small size of the country.

House Price Developments

After a housing recession during 1978-1982 house prices in The Netherlands have steadily increased. The graph below, shows the house price developments for the last twenty (20) years. These percentages are derived from the Dutch Association of Real Estate Agencies ("*Nederlandse Vereniging van Makelaars* or "**NVM**"). Although the rate of increase of median house prices have slowed down in the past two to three years, there is still a positive trend.



Source: NVM

Price movements of properties in The Netherlands are influenced by developments on both the demand and supply side of the market.

Demand

Several factors contribute to housing demand:

1. The expected level of borrowing costs and the changes in tightness of mortgage lending standards have been very decisive factors for housing demand. In the second half of the nineties Dutch mortgage rates decreased and have since stabilised.
2. The trend in housing rents as compared to mortgage debt servicing costs is relevant. In The Netherlands, the rise in rents accelerated in the early nineties as a result of government policy directed at making the subsidised rental sector cost-effective. This has increased the attractiveness of owner-occupied properties.
3. Demographic trends, such as the composition of households and population growth, have influenced the demand for housing. In The Netherlands, the number of single-person households has doubled in the past twenty five (25) years.
4. Finally, the economic climate can be a factor that influences housing demand. Dutch GDP growth had been low during the last few years. However, low and stable interest rates are expected to (partly) outweigh the negative

influence of the currently less than favourable economic climate. According to the Central Bureau of Statistics, GDP in the first quarter of 2005 was 0.5% lower than the first quarter of 2004.

Supply

On the supply side, the following factors are of influence:

1. Building costs, including labour and materials, and house and land prices are the main determinants.
2. The Dutch government supports the sale of rental houses to occupants. The Dutch government strives to attain owner occupancy at the target level of 65%.
3. The last determining factor of housing supply in The Netherlands is demolition. The number of demolished properties has been fairly constant over the past decade.

Mortgage Loan Market

Dutch residential mortgages have shown solid performance in the past few decades, even in 1979-1982 recession losses remained below 0.25%. Currently default losses are showing an upward trend due to a weakening economy and a slowdown in house price increases.

However, a number of factors can be mentioned that contribute to the strong performance of Dutch mortgages:

1. Very low defaults due to low unemployment rates, a strong cultural aversion to default and a supportive social security regime;
2. Legal ability of lenders in foreclosure to access borrowers' wages or seize their other assets;
3. Quality of mortgage servicing; and
4. Relatively conservative underwriting criteria including checking comprehensive credit bureau data (BKR).

Market parties

Banks are the main mortgage lenders in The Netherlands, followed by insurance companies and other financial institutions such as pension funds and building societies.

Accuracy of Information

The information contained in this Section *Overview of the Dutch Residential Mortgage Market* is correctly reflected herein and is, to the best of the knowledge and belief of the Issuer and as far as it was able to verify this on the basis of publicly available information, in accordance with the facts and does not omit anything likely to affect the import of such information.

MUNICIPALITY / NHG GUARANTEE PROGRAMME

Municipality Guarantee

In 1960, the Netherlands government introduced the 'municipal government participation', an open ended scheme in which the municipalities give, according to a set of defined criteria, municipality guarantees to banks who grant mortgage loans to certain lower income groups (the '**Municipality Guarantees**'). The municipalities and the State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the Municipality Guarantee, the State would make an interest free mortgage loan to cover its obligations. The aim was to promote house ownership among the lower income groups. The Municipality Guarantee covers the outstanding principal, accrued unpaid interest and disposal cost. To the extent that the mortgage loan is partially redeemed either through scheduled payments or prepayments, the Municipality Guarantee is reduced accordingly. Additional mortgage loans made under a mortgage loan agreement are not covered by the Municipality Guarantee to the extent that the outstanding amount of the mortgage loan is greater than the original amount less scheduled repayments.

NHG Guarantee

Since 1 January 1995 a central, privatised entity "*Stichting Waarborgfonds Eigen Woningen*" ('**WEW**') is responsible for the administration and granting of the NHG Guarantee ("*Nationale Hypotheek Garantie*"), under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on a mortgage loan, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments (interest and principal) as if such mortgage loan were being prepaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments or prepayments. Further advances or re-drawings of prepaid amounts made under the mortgage loan are not covered by the NHG Guarantee to the extent that the outstanding amount of the mortgage loan is greater than the original amount less scheduled principal payments. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loans for purposes of the calculation of the amount guaranteed under the NHG.

Transition from Municipality to NHG Guarantee

The Dutch State has effectively transferred its reimbursement obligations with respect to amounts guaranteed by a Municipality to the WEW. All municipalities have transferred their obligations under guarantees issued pursuant to the previous State terms and conditions to the WEW.

The transfer of obligations by the State and the municipalities to the WEW is set forth, respectively, in a 'buy-off agreement ("*afkoopovereenkomst*") dated 8 December 1994 between the State and the WEW and in standard buy-off agreements entered into between each participating municipality and the WEW. The buy-off agreements basically provide for WEW to assume all payment obligations of the State and the municipalities under guarantees issued (but not enforced) prior to 1 January 1995 against payment by the State and the participating municipalities of an up-front lump sum (and, if necessary, additional payments) to the WEW.

Financing of the WEW

The WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.30% of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to WEW from the State of The Netherlands and the participating municipalities. Should the WEW not be able to meet its obligations under guarantees issued, the State will provide subordinated interest free mortgage loans to the WEW of up to 50% of the difference between the WEW's own funds and a pre-determined average loss level. Municipalities participating in the NHG Scheme will fund to the WEW, by means of subordinated interest free mortgage loans, the other 50% of the difference. Both the keep well agreement between the State and the WEW and the keep well agreements between the municipalities and the WEW contain general 'keep well' undertakings of the State and the municipalities to enable the WEW at all times (including in the

event of bankruptcy, suspension of payments or liquidation of the WEW) to meet its obligations under guarantees issued.

Terms and Conditions of the Municipality Guarantee

The State established the terms and conditions for the Municipality Guarantees. These terms and conditions have been amended from time to time over the years. As of October 1992, to qualify for a Municipality Guarantee under the relevant State terms and conditions, *inter alia*, the following conditions had to be met: (1) a municipality guarantee must be applied for the purchase of an asset; (2) the applicant for whose benefit the guarantee is given must be the owner-occupier; (3) the purchase price (as defined in the relevant terms and conditions) must not exceed NLG 250,000 (which amounts to 113,445 euro); (4) the relevant mortgage loan granted for the purchase of the property must have a minimum maturity of five years and a maximum maturity of 30 years; (5) repayments have to be on a monthly basis and can be 'annuity' or 'linear'; (6) the relevant mortgage loan must be secured by a first priority mortgage right securing only the mortgage loan on the mortgaged asset, in favour of the lender; (7) the guarantee covers the lender's claims under the mortgage loan as of the date of sale of the Mortgaged Asset by the lender enforcing the mortgage; (8) if the mortgage right is combined with a life insurance policy, the rights under the policy must be pledged to the lender; (9) the lender must ensure that the asset is adequately insured (by the borrower) against fire damage during the term of the mortgage loan. In addition, once the guarantee has been issued, the lender has certain ongoing obligations under the Municipality Guarantee vis-à-vis the municipality; (i) without the consent of the municipality the lender shall not agree to a suspension of payment under the mortgage loan; (ii) the lender must inform the municipality on a yearly basis as to the amount outstanding under the mortgage loan; (iii) if and when the borrower is in default under the mortgage loan, the lender must inform the municipality accordingly; (iv) if the default of the borrower under the mortgage loan is continuing, the lender may not sell the mortgaged asset, except with the consent of the municipality; (v) the lender may not claim under the guarantee, unless the mortgage has been enforced and the property has been sold.

NHG Guarantees

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant Seller, or, as the case may be, the relevant Sellers, and forwarded to the NHG to register the mortgage and establish the guarantee. The WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the relevant mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards such lender.

The specific terms and conditions for the granting of NHG Guarantees, such as eligible income, purchasing or building costs etc, are set forth in published documents.

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the BKR, a central credit agency used by all financial institutions in The Netherlands, which registers the current and recent (for the previous five years) credit record (if any) of borrowers in The Netherlands. All financial commitments over the past five years that prospective borrowers have entered into with financial institutions are recorded in this register.

To qualify for a NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a first or second ranking mortgage right in case a further advance has been granted in accordance with the NHG terms and conditions) and the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds. The

terms and conditions also require a risk insurance policy, which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80% of the value of the property.

The mortgage conditions applicable to each mortgage loan should include certain provisions among which the provision that any proceeds of foreclosure on the mortgage right and the right of pledge on the life insurance policy or the investment funds shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

Furthermore, according to the NHG Conditions for 2006 interest-only mortgage loans are allowed, provided that the interest-only part does not exceed 50% of the value of the property upon acquisition by the relevant Borrower.

The NHG Guarantee can be issued up to a maximum of euro 250,000 (as of 1 January 2006).

Claiming under the Municipality Guarantee

The claim must be made under the same conditions as for the NHG claim (see below). There are three possibilities for claiming payment for a defaulted mortgage loan covered by a Municipality Guarantee: (1) the municipality has joined the NHG arrangement and has transferred its obligations to the NHG, (2) the municipality has joined the NHG arrangement and has transferred its obligations to the NHG but the municipality has retained its old obligations, or (3) the municipality has not joined the NHG arrangement. The claims procedure is as follows:

- (A) the claim is made to the municipality that issued the guarantee, which checks the validity of the claim and forwards it to the WEW which makes the payment to the lender;
- (B) the claim is made to the issuing municipality which checks the claim and makes the payment to the lender (NHG will reimburse the municipality for 50% of the claim); and
- (C) the claim is made to the issuing municipality which checks the claim and makes the payments to the lender.

In all cases the full file of relevant information must be submitted with the claim within the required time. Payment should be made within two months. If not, interest is payable for the delayed payment period.

In its letter dated 26 October 2000, the WEW has confirmed that the starting point for its policies is that each Financial Institution with which it has a guarantee arrangement acts in good faith (*te goeder trouw*) and that breaches of the terms and conditions (the "*Voorwaarden en Normen*"), which do not have a material influence on the occurrence and the size of the loss, lead to payment under the claims. The WEW also confirmed that if a Financial Institution should transfer to a third party its rights under mortgage loans which have the benefit of a Guarantee and which are registered with the WEW in accordance with the provisions of the *Voorwaarden en Normen*, pursuant to a sale by that Financial Institution of a mortgage loan portfolio to which the mortgage loans in question belong or in connection with a financial transaction, such third party transferee will become the beneficiary of the Guarantee as provided for in article 6:142 sub-section 1 of the Dutch Civil Code.

Claiming under the NHG Guarantees

When a borrower is in arrears with payments under a mortgage loan for a period of 4 months, the lender informs the WEW in writing of the outstanding payments, including the guarantee number, the relevant borrower's name and address, information about the underlying security, the date of the first late payment and the total of outstanding payments. When a borrower is in arrears with payments under a mortgage loan for a period of 7 or more months, the WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, the WEW reviews the situation with the lender to endeavour to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding mortgage loan. A forced sale of the relevant mortgaged property is only allowed in case the relevant borrower is in arrears with

payments under the mortgage loan for a period of seven or more months, unless the WEW has agreed that the forced sale may take place for other reasons or within a period of seven months.

Within three months of the private or forced sale of the property, the lender must make a formal request to the WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original mortgage loan and the NHG Guarantee. After receipt of the claim and all the supporting details, NHG must make payment within two months. If the payment is late, provided the request is valid, NHG must pay interest for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no or no full payment is made to the lender under the NHG Guarantee by the WEW because of the lender's culpable negligence, the lender must act vis-à-vis the borrower as if the WEW were still guaranteeing the repayment of the mortgage loan during the remainder of the term of the mortgage loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full co-operation in trying to have the mortgage loan repaid to the lender to the extent possible.

DESCRIPTION OF MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on each Issue Date are any and all rights (whether actual or contingent) of the relevant Seller, against any Borrower under or in connection with any Mortgage Loan selected by agreement between the relevant Seller and the Issuer.

The Mortgage Loans are loans secured by a mortgage right, evidenced by notarial mortgage deeds ("*notariële akten van hypotheekstelling*") entered into by the relevant Seller, or the relevant Borrowers.

The Mortgage Loans have been selected according to the Eligibility Criteria list set forth in the Mortgage Receivables Purchase Agreement and are selected in accordance with the terms of such agreement on or before the Issue Date (see *Mortgage Receivables Purchase Agreement*).

For a description of the representations and warranties given by the each Seller, reference is made to *Mortgage Receivables Purchase Agreement* below.

Merger of the mortgage activities of ABN AMRO with Bouwfonds Hypotheken B.V.

On 22 March 2005 ABN AMRO announced its plans to merge the mortgage activities with Bouwfonds Hypotheken B.V. and the Bouwfonds mortgage franchise, thus creating the third-largest mortgage business in The Netherlands with great potential for further profitable growth in the mortgage market. The new organisation brings together knowledge and experience to create a more forceful market player.

The existing mortgage labels (e.g. ABN AMRO, Bouwfonds, MoneYou and MNF Bank) and distribution channels will continue to exist. The new business will form part of the Business Unit Netherlands of ABN AMRO, as a 100% subsidiary.

Mortgaged Assets

The mortgage rights securing the Mortgage Loans are vested on (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*").

For over a century different municipalities and other public bodies in the Netherlands have used long lease ("*erfpacht*") as a system to issue land without giving away the ownership to it. There are three types of long lease: temporary ("*tijdelijk*"), ongoing ("*voortdurend*") and perpetual ("*eeuwigdurend*"). A long lease is a right in rem ("*zakelijk recht*") which entitles the leaseholder ("*erfpachter*") to hold and use a real property ("*onroerende zaak*") owned by another party, usually a municipality. The long lease can be transferred by the leaseholder without permission from the landowner being required, unless the lease conditions provide otherwise and it passes to the heirs of the leaseholder in case of his death. Usually a remuneration ("*canon*") will be due by the leaseholder to the landowner for the long lease.

Mortgage Types

ABN AMRO offers a selection of mortgage products. The pool contains three distinguishable repayment types; interest only, annuity, linear and life growth mortgages, life mortgages and savings mortgages. These repayment types can be combined within a Mortgage Loan.

Interest Only Mortgages

Interest only mortgage loans ('**Interest Only Mortgage Loans**') are Mortgage Loans on which only interest is due until maturity of the Mortgage Loan.

Annuity Mortgage Loans

Annuity mortgage loans ('**Annuity Mortgage Loans**') are characterised by equal periodical payments by the Borrower. These payments contain both interest and principal redemption on the Mortgage Loan. As with each payment part of the Mortgage Loan is redeemed, the interest charge declines between each successive payment. The redemption part

of the periodical payment rises in such a way that the total payment amount is constant and the remaining balance of the Mortgage Loan at maturity will be zero.

Linear Mortgage Loans

Linear mortgage loans (**'Linear Mortgage Loans'**) are Mortgage Loans on which the periodical payment consists of a constant amount for redemption plus an amount of interest based on the remaining loan balance. The balance of the Mortgage Loan is thus being repaid in a straight-line fashion i.e. linear, and will be zero at maturity, while the interest payment declines between payments.

Hybrid Mortgage Loans

The Mortgage Loans may be in the form of hybrid mortgage loans ("*hybride hypotheken*", hereinafter **'Hybrid Mortgage Loans'**). Hybrid Mortgage Loans are Mortgage Loans (or loan-parts) consisting of the combination of an interest only mortgage loan (or loan-part) and an insurance policy connected thereto, hereinafter the **'Hybrid Insurance Policy'**). A Hybrid Insurance Policy is a combined risk- and capital insurance policy. Under such Hybrid Insurance Policy, the Borrower pays a premium or a sum up front ("*koopsom*") under the Hybrid Insurance Policy to ABN AMRO Levensverzekering N.V. (the **'Hybrid Insurance Company'**) consisting of a risk element and a capital element.

In the case of life growth mortgage loans ("*meegroeihypotheken*", hereinafter **'Life Growth Mortgage Loans'**) the capital element of the premium may consist of an investment part and/or a savings part, the size of which is determined by the Borrower subject to limitations stipulated by ABN AMRO in the conditions applicable to the Life Growth Mortgage Loan. The amount of the investment part will be invested by the Hybrid Insurance Company in ABN AMRO investment funds ("*ABN AMRO Beleggingsfondsen*") or in the ABN AMRO capital market interest fund ("*ABN AMRO Kapitaalmarktrente Fonds*") (the **'Investment Alternative'**), as agreed in writing with the Borrower in advance or in the switch form. The amount of the savings part will be deposited by the Hybrid Insurance Company on a savings account held with ABN AMRO (the **'Savings Alternative'**). The Borrower can switch from the Investment Alternative to the Savings Alternative and vice versa by means of a switch form ("*Mutatie Meegroeverzekering*"). The Borrower may switch between the Investment Alternative and the Savings Alternative and within the Investment Alternative between the ABN AMRO investment funds and the ABN AMRO capital market interest fund. The part of the Life Growth Mortgage Receivable that corresponds with the Investment Alternative under the Life Growth Policy is called the **'Investment Part'** and the part of the Life Growth Receivable that corresponds with the Savings Alternative under the Life Growth Policy is called the **'Savings Part'**.

In the case of asset growth mortgage loans ("*vermogensgroeihypotheken*" hereinafter the **'Asset Growth Mortgage Loans'**) the capital element of the premium or sum up front will through an asset growth account ("*Vermogensgroei rekening*" hereinafter the **'Asset Growth Account'**) be invested in ABN AMRO investment funds ("*ABN AMRO Beleggingsfondsen*") or in the ABN AMRO capital market interest fund ("*ABN AMRO Kapitaalmarktrente Fonds*") (the **'Investment Alternative'**), depending on the manner determined by the Borrower subject to limitations stipulated by ABN AMRO in the conditions applicable to the Asset Growth Mortgage Loans. The Borrower may agree to periodically withdraw certain predetermined sums.

The Life Growth Mortgage Loans and the Asset Growth Mortgage Loans and other Mortgage Loans with the substantially the same or comparable characteristics together are hereinafter referred to as Hybrid Mortgage Loans.

Life Mortgage Loans

The Mortgage Loans (or parts thereof) may be in the form of life mortgage loans ("*levenhypotheken*", hereinafter the **'Life Mortgage Loans'**). A Life Mortgage Loan consists of a Mortgage Loan entered into by the relevant Seller and the relevant Borrowers, which has the benefit of combined risk insurance policies (i.e. a policy relating to an insurance which pays out upon the death of the insured) and capital insurance policies taken out by Borrowers with any insurance company situated in the Netherlands (the **'Life Insurance Companies'**) in connection with a Life Mortgage Loan (the **'Life Insurance Policies'**). Under a Life Mortgage Loan the Borrower pays no principal, but interest and premium under the Life Insurance Policy. The premium consists, apart from a cost element, of a risk element and a capital element. There are different types of Life Insurance Policies, their difference depending on the way in which the capital element of the premium is invested by the Life Insurance Company and on the way in which the risk element of

the premium is calculated. The capital element is invested in certain investment funds. The proceeds of the Life Insurance Policy will be applied towards the repayment of the Mortgage Loan at maturity of such policy. The insurance proceeds are due either at the end of the term of the Life Insurance Policy (which is generally thirty (30) years) or, if earlier, upon the death of the Borrower.

Savings Mortgage Loans

The Mortgage Loans (or parts thereof) may be in the form of savings mortgage loans ("*spaarhypotheeken*", hereinafter '**Savings Mortgage Loans**'), which consist of Mortgage Loans entered into by the relevant Seller and the relevant Borrowers combined with a savings insurance policy (the '**Savings Insurance Policy**') with ABN AMRO Levensverzekering N.V., or any other relevant insurance company situated in the Netherlands (the '**Savings Insurance Company**'). Savings Mortgage Loans are offered by ABN AMRO in different alternatives and under different names, such as savingsgrowth mortgage loans ("*Spaargroei Hypotheek*"), startersguarantee mortgage loans ("*Startzeker Hypotheek*") and young professional mortgage loans ("*Young Professional Hypotheek*"). Startersguarantee mortgage loans and young professional mortgage loans must have the benefit of a NHG Guarantee. A Savings Insurance Policy is a combined risk insurance policy (i.e. a policy relating to an insurance which pays out upon the death of the insured) and capital insurance policy taken out by the relevant Borrower with the Savings Insurance Company (and together with the Hybrid Insurance Company, Pension Extra Insurance Company and the Life Insurance Companies, the '**Insurance Companies**') in connection with the relevant Savings Mortgage Loan. Under the Savings Mortgage Loan no principal is paid by the Borrower prior to maturity of the Mortgage Loan. Instead, the Borrower/insured pays on a monthly basis premium, which consists of a risk element and a savings element (the '**Savings Premium**'). The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Savings Insurance Company to the relevant Borrower is equal to the amount due by the Borrower to the relevant Seller at maturity of the Savings Mortgage Loan.

PensionExtra Mortgage Loans

The Mortgage Loans (or parts thereof) may be in the form of pensionextra mortgage loans ("*Pensioenextra hypotheeken*" hereinafter the '**PensionExtra Mortgage Loans**') These are Mortgage Loans consisting of the combination of an interest-only mortgage loan and 'annuity insurance policy' ("*Lijfrente Garantie Polis*") with ABN AMRO Levensverzekering N.V. (in this capacity '**Pension Extra Insurance Company**') connected thereto and possibly a lump sum (contra) insurance policy ("*Koopsom Riscoverzekering*"). The PensionExtra Mortgage Loans can be characterized as a home equity release product, which allow the embedded value of a mortgaged property to be released as additional monthly income.

Investment Mortgage Loans

The Mortgage Loans (or parts thereof) may be in the form of investment mortgage loans (the '**Investment Mortgage Loans**'). Under Investment Mortgage Loans the Borrower does not pay principal prior to maturity of the Mortgage Loan, but undertakes to invest on an installment basis or by means of a lump sum investment an agreed amount in certain investment funds. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The rights under these investments are pledged to the relevant Seller as security for repayment of the relevant Investment Mortgage Loan. An example of an Investment Mortgage Loan is an asset mortgage loan ("*vermogenshypotheeken*" hereinafter the '**Asset Mortgage Loans**') which have been sold until October 2002.

Interest Rates

ABN AMRO offers different floating rate interest periods (1 months and Euribor based) and fixed interest rate periods (1,2,3,5,6,7,10,12,15,17 and 20 years fixed). With respect to certain of the fixed rate interest periods the last two years can consist of a so-called reconsider period ("*rentebedenktijd*"). During a reconsider period the Borrower may choose to reset his rate to the then existing interest rate, for a new fixed interest rate period. At an interest reset date, the Borrower may opt for a floating rate of interest.

In addition to fixed interest rates and floating interest rates as set out above, ABN AMRO offers Buffer Interest, in which case a fixed base rate and a margin and a floating interest rate are agreed in the relevant Mortgage Loan. The margin equals 1% in the case of an interest rate period of 5 years, 1.8% in the case of an interest rate period of 10

years or 2% in the case of an interest rate period of 15 years. If during the term of the relevant loan the then current floating interest rate:

- exceeds or is lower than the base rate by no more than the margin, then the base rate applies;
- exceeds or is lower than the base rate by more than the margin, then the base rate is increased or decreased with the difference between (a) the base rate plus or minus (as the case may be) the margin and (b) the then current floating interest rate.

MORTGAGE LOAN UNDERWRITING AND SERVICING

Origination

ABN AMRO's mortgage origination process combines a centralised origination system with branch level input. The mortgage origination policy (regarding e.g. pricing, underwriting, loan limits) is determined by a central unit of ABN AMRO. The regional offices are involved in client contacts and the approval of individual mortgage proposals. The handling of a clients mortgage application is under the responsibility of these regional offices up to the point of final approval. From that point onwards Stater (a 100% subsidiary of ABN AMRO) will handle the mortgage application and the mortgage files (such as contact with the civil law notary and collecting the mortgage deeds). ABN AMRO aims to provide consistent execution of the underwriting process, while allowing for branch input to reflect client knowledge. This is consistent with ABN AMRO's objective of life-cycle banking, which attempts to build on-going relationships with clients.

Currently, ABN AMRO's mortgage business in The Netherlands can be divided into three levels: front office (origination), mid offices and back office. The front office operations consists of 24 locally operating branches from which the mortgages specialists are originating mortgages. The mid office is organised into 6 regions (Apeldoorn, Utrecht, Groningen, Amsterdam, Rotterdam and Eindhoven). They support the mortgage specialists by entering borrower information into the HYPOP system, maintaining customer files, staffing the call centres, processing borrower payments, and sending statements and confirmations to the customers. Call centres do not handle any mortgage applications themselves. Instead, such mortgage applications will be passed on to the relevant mid office.

In addition to the branch level activity, ABN AMRO originates mortgages through local brokers. Each regional desk has a section dedicated to the local broker channel. ABN AMRO has extensive information about its mortgages available on its website . Currently no mortgages that are originated through the internet channel are in the portfolio of ABN AMRO.

Underwriting

For all channels of origination, ABN AMRO carries out the mortgage underwriting according to guidelines set by central management. In addition to the property type and valuation, three key underwriting criteria include the mortgage loan to income ratio ("*Woonquote*"), the loan to value ratio, and the results of a credit check at the *Bureau Krediet Registratie* located in Tiel, The Netherlands ('BKR'). The *Woonquote* is the percentage of income that indicates the maximum cost in interest and instalments to be spent on mortgages by customers. The *Woonquote* is based on the strict criteria of the 'NHG' scheme ("*Nationale Hypotheek Garantie*") in The Netherlands and LTV equals the Loan to Foreclosure Value ('LTV'). The foreclosure value (*executiewaarde*) of a property ('**Foreclosure Value**') tends to be approximately 85% to 90% of the open market value of such property.

All exceptions to the mortgage underwriting criteria must be approved specifically. An exception hereon is to the income criteria, which can be approved at senior management level within the sales department. The exception criteria are based on a policy set up by the ABN AMRO Headoffice Risk Management. Exceptions on the product specifications can only be approved by ABN AMRO Headoffice Amsterdam.

For all mortgage products, where the LTV exceeds 100%, life insurance of the borrower(s) is required. In these cases, a negative medical report can result in the rejection of the application.

Operationally the process rests upon a browser based advisory system (the HAAI system which contains a credit scoring model). It combines product information and automated underwriting in a single front-end system. Mortgage advisers at the branch level enter the client's data into the system via local terminals. The system, in response, provides a preliminary list of suitable products. The mortgage adviser is able to tailor details such as interest rate profile and term to meet a client's needs. From this input, the system is able to generate an automated underwriting decision in principal. The system will rate an application green (acceptable), yellow (exception, to be submitted for referral), or red (rejected). This is solely an agreement in principal, and is subject to the documentation check and

approval by the mortgage adviser. Applications will be accepted or rejected by the advisers within a two-week period. The offer will be valid for three months.

Property Valuation Procedures

All properties require a valuation prior to the final approval of the mortgage request. The appraisal report must be drawn up by a bank approved estate-agent or property appraiser, who is independent of the borrower and the transaction and comes from the region in which the property is located. If the principal amount of a mortgage loan does not exceed 50% of the market value ("*verwervingskosten*") or 50% of the foundation costs ("*stichtingskosten*"), an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*") may be used as a valuation, or prior to July 2005 the property may be valued by an employee of ABN AMRO. Furthermore, other exceptions to the requirement of an appraisal report are: (i) the foundation costs of the Mortgaged Asset forming part of a building project do not exceed EUR 750.000 or (ii) the foundation costs the Mortgaged Asset not forming part of a building project, is build by a contractor and not by the Borrower himself, and the foundation costs do not exceed EUR 500.000 or (iii) a valuation report by an independent qualified valuer which is not older than one year is available or (iv) a taxation report older than one year is available but not older than three years and the amount of the loan granted is smaller than the WOZ-value of the Mortgaged Asset.

All appraisal reports must be less than one year old, include a recent photograph of the property and contain the following information:

- (a) Open market value - the current price that the dwelling could command if offered on the housing market.
- (b) Value under foreclosure - value of the property under a compulsory sale if the borrower cannot fulfil his/ her mortgage obligations; this value tends to be approximately 85-90% of the open market value.
- (c) Reconstruction Value – mainly relevant for homeowner's insurance, this figure is based on the value and the type of property in the event of its destruction.

Since 2001 a new standardised model for appraisal report has been implemented in The Netherlands to ensure consistency across all valuations. It used for appraisals conducted by real estate agents, valuation agencies (NVM, VBO, RVT, LMVT), and mortgage lenders.

If immediate maintenance work is required, the appraisal should include an estimate of the costs and indicate if the costs will exceed 10% of the open market value.

Acceptance and Pre-Funding Controls

The branches have read-only access to HYPOP (the central mortgage administration). Upon acceptance of a mortgage by a borrower, an output report is sent to the mid offices, which check the information against the customer file. An additional check is operated at branch level and by the borrower when a formal notification of mortgage conditions is sent out. The money together with the definite terms of the mortgage deed are sent to the civil law notary. The civil law notary can only deliver the money to the borrower after the mortgage deed is duly signed.

Insurance

The borrower is required to take out an insurance in respect of the property against risk of fire and other accidental damage for the full restitution of the value thereof. Most well established insurance companies in The Netherlands are accepted.

Security

Each mortgage loan is secured in principal by a first priority right of mortgage in the form of a notarial deed, which is duly registered with the Property Register at the Land Registry (*Kadaster*). When a mortgage deed is first presented for registration an entry to this effect is made to the Property Register. This entry establishes priority over any subsequent claims, encumbrances and attachments, in respect of the relevant property.

Servicing

All mortgage loans are administered and serviced by ABN AMRO through its mid offices, back office (STATER Nederland B.V.) and several dedicated departments. Duties include issuing statements, payments processing, and the early stages of delinquency collections.

Payment Processing

The HYPOP System generates customer statements and monitors monthly payments. Approximately 99 % of all payments are received by direct debit, a fully automated collection from the customer's account regardless of whether it is domiciled with ABN AMRO or held at another institution. The remaining 1 % of accounts use self payments in which the customer must initiate a formal payment request to transfer funds to the mortgage payment account. The term of payment is monthly in arrears. Mortgage payments are due for value on the first day of each month.

Arrears Management

Arrears management is performed via an automated process executed through a specialized department, ABN AMRO F&S Credit Services. It runs for up to a maximum of four months before hand-over to the special servicer.

Every month, 5 days after the due date, the system checks whether the payment is received. If not, the delinquency process starts. Every month a reminder is generated by HYPOP and sent to the customer. If an arrangement is made with the customer it is recorded and monitored in the HYPOP-system. In addition to the HYPOP generated reminder letters, ABN AMRO F&S Credit Services may contact delinquent customers to reach arrangements. Foreclosure procedures will commence after a delinquency period of about four months. This process is handled by Solveon Incasso B.V., a 100% subsidiary of ABN AMRO.

Special Servicing

Solveon Incasso B.V.

The Defaulted Loan Servicer has the intention to appoint Solveon Incasso B.V. as its sub-agent to provide certain of the Defaulted Loan Services. Solveon Incasso B.V. effects the settlement and collection of unpaid debts to ABN AMRO. Solveon Incasso B.V. is as of the date of this Base Prospectus a 100 per cent. subsidiary of ABN AMRO. Solveon Incasso B.V. processes delinquent loans for ABN AMRO's consumer and small business operations in the Netherlands, including the mortgage business. In doing so, Solveon aims to minimise the losses incurred by the bank while maintaining a good commercial relationship with the customer. Solveon Incasso B.V.'s operating philosophy combines standardisation (guidelines and fixed processes and procedures), efficiency (use of IT and outsourcing), and specialisation to conduct its business.

Hand-over to the special servicer Solveon Incasso B.V. from the branch network takes place between 90-120 days from the moment on which payment under the relevant Mortgage Loan are due but remain unpaid. This hand-over process follows arrears management. Solveon Incasso B.V. summons the client within one week. Within one month past this summoning ("*aanmaning*") the mortgage is claimed. The property is put to auction by the notary one month after the claim. The finalising of the auction happens between 3 to 6 months after summoning, followed by receipt of the auction proceeds within 6 weeks.

In over 50 per cent. of the files Solveon Incasso B.V. agrees a settlement with the client in the beginning of the process. If a settlement is not possible Solveon Incasso B.V. claims the mortgage and aims at a private sale. If the

client doesn't co-operate the notary is instructed to put the property to auction. The greater part is still sold privately; 80% of the instructions to the notary are cancelled.

The whole process normally takes less than one year.

FORM OF THE NOTES

Each Compartment and Class of Notes will (unless otherwise indicated in the applicable Final Terms and/or Supplemental Prospectus) be initially represented by a Temporary Global Note (or, if so specified in the applicable Final Terms and/or Supplemental Prospectus, a Permanent Global Note), without receipts, interest coupons or talons, which will either (i) be delivered to a common depository for Euroclear and Clearstream, Luxembourg or (ii) be deposited with Euroclear Netherlands or (iii) any other agreed clearing system. Whilst any Note is represented by a Temporary Global Note and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) have given a like certification (based on the certifications they have received) to the Paying Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearance and/or settlement system(s) specified in the applicable Final Terms and/or Supplemental Prospectus.

On and after the date (the '**Exchange Date**') which is not less than 40 days nor more than 90 days after the date on which the Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a Permanent Global Note without receipts, interest coupons or talons or for definitive Notes (as indicated in the applicable Final Terms and/or Supplemental Prospectus) in each case (if the Notes are subject to TEFRA D selling restrictions) against certification of beneficial ownership as described in the second sentence of the preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date, unless upon due presentation of this Temporary Global Note for exchange as aforesaid, delivery of any of the Definitive Notes or Coupons is improperly withheld or refused.

Payments of principal and interest (if any) on a Permanent Global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification. A Permanent Global Note will only be exchangeable upon an Exchange Event (free of charge), in whole or (subject to the Notes which continue to be represented by the Permanent Global Note being regarded by the relevant clearing system(s) as fungible with the Definitive Notes issued in partial exchange for such Permanent Global Note) in part in accordance with the applicable Trust Deed and Conditions, for security printed Definitive Notes. An '**Exchange Event**' means (a) the Notes become immediately due and repayable by reason of an Event of Default, (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands or, if applicable, the other agreed clearing system, has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (c) as a result of any addition to, or change in the laws or regulations of the Netherlands (including any guidelines issued by the tax authorities or any other jurisdiction) or of any authority therein or thereof having power of tax, or in the interpretation or administration of such laws or regulations which becomes effective on or after the Issue Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required if the Notes were in definitive form. If an Exchange Event occurs, then the Issuer shall, within thirty (30) days of the occurrence of the relevant event ((a), (b) or (c)) but not prior to the Exchange Date, subject to certification as to non-United States beneficial ownership, issue Definitive Notes (together with Coupons attached) in exchange for the whole (or the remaining part(s) outstanding) of the relevant Permanent Global Note which represents such Notes. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg or Euroclear Netherlands or the other agreed clearing system acting on the instructions of any holder of an interest in the Global Note may give notice to the Paying Agent requesting exchange and in the event of the occurrence of an Exchange

Event as described in (b) above, the Issuer may also give notice to the Paying Agent requesting exchange. At the date hereof, Euroclear, or Clearstream, Luxembourg or Euroclear Netherlands do not regard Notes in global form as fungible with Notes in definitive form.

In the case of Notes represented by a Permanent Global Note deposited with Euroclear Netherlands, a Noteholder shall not have the right to request delivery (*uitlevering*) thereof under the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*") other than in the Exchange Event as described above.

The following legend will appear on all Global Notes, Definitive Notes, receipts and interest coupons (including talons) which are subject to TEFRA D selling restrictions:

'ANY UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE OF 1986 (THE "CODE")) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165 (j) AND 1287 (a) OF THE CODE.'

The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

The following legend will appear on all Global Notes receipts and interest coupons (including talons) which are held through Euroclear Netherlands:

'NOTICE: THIS NOTE IS ISSUED FOR DEPOSIT WITH NEDERLANDS CENTRAAL INSTITUUT VOOR GIRAAL EFFECTENVERKEER (EUROCLEAR NETHERLANDS) AT AMSTERDAM, THE NETHERLANDS. ANY PERSON BEING OFFERED THIS NOTE FOR TRANSFER OR ANY OTHER PURPOSE SHOULD BE AWARE THAT THEFT OR FRAUD IS ALMOST CERTAIN TO BE INVOLVED.'

Set out below is the form of Final Terms which will be completed for each Compartment of Notes issued under the Programme.

[Date]

European Mortgage Securities VII B.V.

(incorporated under the laws of the Netherlands with limited liability and having its corporate seat in Amsterdam)

Issue of Compartment [number] [Details of the Notes]

the 'Notes'

under the € 25,000,000,000

Residential Mortgage Backed Secured Debt Issuance Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [date] which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus and the Supplemental Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus and the Supplemental Prospectus. The Base Prospectus is available for viewing at and copies may be obtained from the specified offices of the Security Trustee and the Paying Agent during normal business hours.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

- | | | | |
|----|-----|----------------------|---------------------------------------|
| 1. | (a) | Issuer: | European Mortgage Securities VII B.V. |
| 2. | (a) | Compartment Number: | [] |
| | (b) | related Pool Number: | [] |
| 3. | | Currency: | EURO |

4. Aggregate Nominal Amount:
- (a) Compartment [number]: []
 - (b) Senior Class A Notes: []
 - (i) Senior Class A1 Notes: []
 - (ii) Senior Class A2 Notes: []
 - (c) Mezzanine Class B Notes: []
 - (d) Junior Class C Notes: []
 - (e) Subordinated Class D Notes: []
5. Issue Price:
- (a) Senior Class A Notes: []
 - (i) Senior Class A1 Notes: []
 - (ii) Senior Class A2 Notes: []
 - (b) Mezzanine Class B Notes: []
 - (c) Junior Class C Notes: []
 - (d) Subordinated Class D Notes: []
6. Denominations: [minimum € 100.000]
7. (a) Issue Date: []
- (b) Interest Commencement Date (if different from Issue Date): []
8. Final Maturity Date: Quarterly Payment Date falling in or nearest to *[specify month and year]*
9. Interest Basis: [Fixed Rate Notes]
[Floating Rate Notes, Euribor plus margin specified below]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

10. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Fixed Rate prior to the first Optional Redemption Date: [payable annually
(If payable other than annually, consider amending Condition [Interest])]

- (i) Senior Class A1 Notes: [] per cent. per annum
- (ii) Senior Class A2 Notes: [] per cent. per annum
- (iii) Mezzanine Class B Notes: [] per cent. per annum
- (iv) Junior Class C Notes: [] per cent. per annum
- (v) Subordinated Class D Notes: [] per cent. per annum

- (b) As of the first Optional Redemption Date the Fixed Rate Notes will switch to Floating Rate Notes

- (c) Annual Payment Date: [[] in each year up to and including the first Optional Redemption Date]/[specify other] *(NB: This will need to be amended in the case of long or short coupons)*

- (d) Interest Period Date: []

- (e) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

- 11. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (a) Interest Margin prior to the first Optional Redemption Date:

 - (i) Senior Class A1 Notes: [] per cent. per annum
 - (ii) Senior Class A2 Notes: [] per cent. per annum
 - (iii) Mezzanine Class B Notes: [] per cent. per annum
 - (iv) Junior Class C Notes: [] per cent. per annum
 - (v) Subordinated Class D Notes: [] per cent. per annum

- (b) Interest Margin after the first Optional Redemption Date:
- (i) Senior Class A1 Notes: [] per cent. per annum
- (ii) Senior Class A2 Notes: [] per cent. per annum
- (iii) Mezzanine Class B Notes: [] per cent. per annum
- (iv) Junior Class C Notes: [] per cent. per annum
- (v) Subordinated Class D Notes: [] per cent. per annum
- (c) Quarterly Payment Date(s): 20th day of [month], [month], [month] and [month] /[specify other] [(or, if such day is not a Business Day (as defined in the Terms and Conditions), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Notes will be payable on the Business Day immediately preceding such day)]
- (d) First interest payment date [first Quarterly Payment Date/other]
- (e) Specified Period(s): []
- (f) Other terms relating to the method of calculating interest for Floating Rate Notes: [None/Give details]

PROVISIONS RELATING TO REDEMPTION

12. First Optional Redemption Date: Quarterly Payment Date [or Annual Payment Date] falling in or nearest to [specify month and year]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

13. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon the occurrence of an Exchange Event]

[Permanent Global Note not exchangeable for Definitive Notes]

[other]
14. Exchange Date: [Not Applicable/date]
15. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates)

16. Other final terms: [Not Applicable/give details]

(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

17. (a) If syndicated, names of Dealers: [Not Applicable/give names]

(b) If not syndicated, name of Dealer: [ABN AMRO/give name]

(c) Stabilising [Manager] (if any): [Not Applicable/ABN AMRO]

18. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]

19. Additional selling restrictions: [Not Applicable/give details]

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the € 25,000,000,000 Residential Mortgage Backed Secured Debt Issuance Programme of European Mortgage Securities VII B.V.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING	
(i) Listing:	[Euronext Amsterdam/other (<i>specify</i>)/None]
(ii) Admission to trading:	[Application has been made for the Notes to be admitted to trading on [Eurolist by Euronext Amsterdam] with effect from [].] [Not Applicable.]
(iii) Estimate of total expenses related to admission to trading:	[]
2. RATINGS	
Ratings:	<p>The Notes to be issued have been rated:</p> <p>[Moody's: Senior Class A Notes: Aaa Mezzanine Class B Notes: []/None Junior Class C Notes: []/None Subordinated Class D Notes: []/None]</p> <p>[Fitch: Senior Class A Notes: AAA Mezzanine Class B Notes: []/None Junior Class C Notes: []/None Subordinated Class D Notes: []/None]</p> <p>[[Other]: []]</p> <p><i>(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)</i></p>

3. NOTIFICATION

[Not Applicable/The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the 'AFM') [has been requested to provide/has provided - *include first alternative for an issue which is*

contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] [the names of competent authorities of host member states] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES	
(i) Reasons for the offer	[] <i>(See ["Use of Proceeds"] paragraph in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)</i>
(ii) Estimated net proceeds:	[]
	<i>(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)</i>

6. OPERATIONAL INFORMATION	
(i) ISIN Code:	
(a) Senior Class A Notes:	
(i) Senior Class A1 Notes:	[]
(ii) Senior Class A2 Notes:	[]
(b) Mezzanine Class B Notes:	[]
(c) Junior Class C Notes:	[]
(d) Subordinated Class D Notes:	[]
(ii) Common Code:	
(a) Senior Class A Notes:	
(i) Senior Class A1 Notes:	[]
(ii) Senior Class A2 Notes:	[]
(b) Mezzanine Class B Notes:	[]

(c) Junior Class C Notes:	[]
(d) Subordinated Class D Notes:	[]
(iii) Any clearing system(s) the relevant identification number(s):	Euroclear and Clearstream, Luxembourg Euroclear Netherlands [Not Applicable/ <i>give name(s) and number(s)</i>]
(iv) [Common Depositary]:	[Not Applicable/ <i>give name</i>]
(iv) Delivery:	Delivery [against/free of] payment
(v) Names and addresses of additional Paying Agent(s) (if any):	[]
END OF FINAL TERMS	

TERMS AND CONDITIONS OF THE NOTES UNDER THE PROGRAMME

Each Compartment of Notes will have its own terms and conditions (the 'Conditions'). The following Conditions apply to all Compartment of Notes, unless indicated otherwise in the Final Terms or as set forth in the Supplemental Prospectus.

The following are the Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each Note. The Conditions of Notes apply to the each Compartment separately. The applicable Final Terms and/or any Supplemental Prospectus in relation to any Compartment (as defined below) of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such Compartment of Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each Note. Reference should be made to *Form of the Notes* above for a description of the content of the Final Terms which includes the definition of certain terms used in the following Conditions.

The Notes will be issued in the following Classes: Senior Class A1 Notes (the '**Senior Class A1 Notes**'), Senior Class A2 Notes (the '**Senior Class A2 Notes**') and together with the Senior Class A1 Notes, the '**Senior Class A Notes**'), Mezzanine Class B Notes (the '**Mezzanine Class B Notes**'), Junior Class C Notes (the '**Junior Class C Notes**') and Subordinated Class D Notes (the '**Subordinated Class D Notes**') (together the '**Notes**').

The Notes are issued by European Mortgage Securities VII B.V. (the '**Issuer**') under the Residential Mortgage Backed Secured Debt Insurance Notes Programme (the '**Programme**') pursuant to the relevant Trust Deed (as defined below). The Conditions apply to the relevant Compartment of Notes only. References herein to the Notes shall be references to the Notes of the relevant Compartment and shall mean (i) in relation to any Notes represented by a Global Note, units of the lowest Specified Denomination, (ii) Definitive Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note. The Notes have the benefit of the relevant Trust Deed, the Agency Agreement, the Issuer Services Agreement, the relevant Parallel Debt Agreement and the Pledge Agreements (as defined below).

Any reference herein to '**Noteholders**' shall mean the holders of the Notes, and shall, in relation to Notes represented by a Global Note, be construed as provided above. Any holders mentioned above include those having a credit balance in the collective depots held by Euroclear Netherlands or one of its participants. Any reference herein to '**Mortgage Receivables**' and '**Beneficiary Rights**' shall mean the Pool of Mortgage Receivables related to the Compartment of the relevant Note and the Beneficiary Rights related to these Mortgage Receivables.

The statements in the Conditions include summaries of, and are subject to, the detailed provisions of (i) the relevant trust deed, dated on the relevant Issue Date (the '**Trust Deed**'), which will include the forms of the Notes and the interest coupons appertaining to the Notes (the 'Coupons') and the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a Agency Agreement (the '**Agency Agreement**') to be dated the Programme Closing Date between the Issuer, the Security Trustee and ABN AMRO Bank N.V. as paying agent (the '**Paying Agent**') and as reference agent (the '**Reference Agent**'), (iii) a mortgage payment transactions and issuer services agreement (the '**Issuer Services Agreement**') to be dated the Programme Closing Date between the Issuer, the Security Trustee and ABN AMRO Bank N.V. as pool servicer (the '**MPT Provider**'), as the issuer administrator (the '**Issuer Administrator**') and as the defaulted loan servicer (the '**Defaulted Loan Servicer**'), (iv) a parallel debt agreement (the '**Parallel Debt Agreement**') dated on the relevant Issue Date between the Security Trustee and the Secured Parties (other than the Noteholders), (v) a pledge agreement dated the Programme Closing Date between the Issuer and the Security Trustee and (vi) a pledge agreement to be dated the Programme Closing Date between the Issuer, the Security Trustee and others (jointly with the pledge agreement referred to under (v) above, the '**Pledge Agreements**'). All references to the Relevant Documents (including the above agreements) should be read as references to these documents to the extent these relate to the relevant Compartment and Pool, unless indicated otherwise or the context requires otherwise as the same may be amended, supplemented, restated or otherwise modified from time to time.

Certain words and expressions used below are defined in a master definitions schedule (the '**Master Definitions Schedule**') attached to a programme agreement, dated the Programme Closing Date (the '**Programme Agreement**') and signed by the Issuer, the Security Trustee and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions provided that all references to the defined terms should be read as references to these terms to the extent these relate to the relevant Compartment and Pool, unless indicated otherwise or the context requires otherwise. As used herein, '**Class**' means either the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D Notes, as the case may be. Words and expressions defined used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

As used herein, '**Compartment**' means all Notes of a separate issue of Notes which all relate to a certain Pool of Mortgage Receivables as indicated in the Supplemental Prospectus.

Copies of the relevant Trust Deed, the Agency Agreement, the relevant Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Schedule are available for inspection free of charge by holders of the Notes at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Herengracht 420, 1017 BZ Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the relevant Trust Deed, the Master Definitions Schedule, the Agency Agreement, the relevant Parallel Debt Agreement and the Pledge Agreements.

1. Form, Denomination and Title

1. Form, Denomination and Title

The Notes will be in bearer form, serially numbered with Coupons attached on issue, in minimum denominations of euro 100,000. Under Netherlands law, the valid transfer of Notes requires, *inter alia*, delivery ("levering") thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

2. Status, Relationship between the Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class.
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the relevant Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (ii) payments of principal and interest on the Junior Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes and (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes.
- (c) The security for the obligations of the Issuer towards the Noteholders (the '**Security**') will be created pursuant to, and on the terms set out in the Pledge Agreements, which will create the following security rights:
 - (i) a first ranking pledge by the Issuer to the Security Trustee over the Mortgage Receivables of the related Pool and the Beneficiary Rights of the related Pool; and
 - (ii) (a) a first ranking pledge by the Issuer to the Security Trustee for the benefit of, *inter alia*, the Noteholders of all Compartments on all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Issuer Services Agreement, (iii) the Floating Rate GIC (excluding any rights in respect of the GIC Account and the Reserve Account of that Compartment ('**Transaction Accounts**')) and (iv) the Programme Agreement and (b) a first ranking pledge by the Issuer to the Security Trustee for the benefit of the Noteholders of the relevant Compartment on all rights of the Issuer under or in connection with (i) the Transaction Accounts of the relevant

Compartment, (ii) the Liquidity Facility Agreement of the relevant Compartment, (iii) the Swap Agreement of the relevant Compartment. Amounts received in respect of (a) will, to the extent such amounts cannot be attributed to a Compartment, be applied on a pro rata basis over the Principal Amount Outstanding of all Compartments and Pools under the Programme.

- (d) The Noteholders will not have recourse on the assets of the Issuer other than described in article 2 (c).
- (e) The Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be secured (directly and/or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes. The Mezzanine Class B Notes will rank in priority to the Junior Class C Notes and the Subordinated Class D Notes. The Junior Class C Notes will rank in priority to the Subordinated Class D Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the Senior Class A Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A Noteholders on one hand and the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders on the other hand and, if no Senior Class A Notes are outstanding, to have regard only to the interests of the Mezzanine Class B Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class B Noteholders on the one hand and the Junior Class C Noteholders and the Subordinated Class D Noteholders on the other hand and, if no Senior Class A Notes and Mezzanine Class B Notes are outstanding, to have regard only to the interests of the Junior Class C Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Junior Class C Noteholders on the one hand and the Subordinated Class D Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict interest between the Secured Parties the priority of payments upon enforcement set forth in the Trust Deed determines which interest of which Secured Party prevails.
- (f) If, in the Security Trustee's opinion, there is a conflict between the interests of the Noteholders of other Compartments than the relevant Compartment on one hand and the Noteholders on the other hand, the Security Trustee shall have regard to the interests of the Noteholders of all Compartments equally in order of priority as described under (e) above.

3. Covenants of the Issuer

So long as any of the Notes under the Programme remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and accounting practice and shall not, except (i) to the extent permitted by the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Pledge Agreements, the Agency Agreement, the Management Agreements, the Programme Agreement, to the extent these agreements are applicable to the relevant Compartment and Pool, the relevant Parallel Debt Agreement, the relevant Swap Agreement, the relevant Floating Rate GIC, the relevant Liquidity Facility Agreement, the relevant Notes Purchase Agreement, the Notes, the relevant Deeds of Assignment and Pledge and the relevant Trust Deed and the addenda to these agreements (together the '**Relevant Issue Documents**' and the Relevant Issue Documents of all Compartments together the '**Relevant Documents**') or (ii) with the prior written consent of the Security Trustee or (iii) in connection with the issue of Notes of another Compartment than the relevant Compartment, provided that (a) such Notes and liabilities of the Issuer to be incurred in connection with the issuance of such Compartment are limited recourse on (x) the relevant Pool of Mortgage Receivables; (y) any claims of the Issuer under the Relevant Issue Documents of such Compartment and Pool to the extent these claims can be attributed to such Compartments and Pools, and in respect of claims which cannot be attributed to such Compartment, such claims on a pro rata basis for all Compartment; and (z) the balances standing to the credit of the relevant Transaction Accounts of such Compartment and Pool; and (b) the Security or the then current ratings assigned to the Notes is not adversely affected by the issuance of such Notes:

- (a) carry out any business other than as described in the Base Prospectus dated 27 February 2006 relating to the issue of the Notes and as contemplated in the Relevant Documents of all Compartments;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated by the Relevant Documents of all Compartments;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Relevant Documents of all Compartments;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Relevant Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations or consent to any waiver except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Transaction Accounts for all Compartments or accounts to which collateral under the Swap Agreements is transferred, unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(iii); or
- (h) invest in Eligible Investments only, except for other investments as contemplated by the Relevant Documents of all Compartments.

4. Interest

The Final Terms will set out which Classes of Notes will be Fixed Rate Notes and which Classes of Notes will be Floating Rate Notes. Each Compartment shall have at least one Class of Floating Rate Notes, and, if applicable, any Senior Class A1 Notes will be Floating Rate Notes.

(l) Fixed Rate Notes

If Fixed Rate Notes is specified in the Final Terms the following applies (unless indicated otherwise in the Final Terms) for as long as the relevant Notes of a Compartment are Fixed Rate Notes:

(a) Period of Accrual

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6(c)) from and including the Issue Date. Each Note (or in the case of the redemption of part only of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgement) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on the basis of the actual number of days in the Fixed Rate Interest Period (as defined below) concerned divided by a year of 365 days or, in the case of a Fixed Rate Interest Period falling in a leap year, 366 days.

(b) Fixed Rate Interest Periods and Accrual Payment Dates

Up to (but excluding) the first Optional Redemption Date interest on the Notes shall be payable by reference to successive yearly interest periods (each a '**Fixed Rate Interest Period**') and will be payable per annum in arrear in euros in respect of the days specified in the Final Terms (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Notes will be payable on the Business Day immediately preceding such day) in each year (each such day being an '**Annual Payment Date**'). Each successive Fixed Rate Interest Period will commence on (and include) the interest period date set out in the Final Terms (the '**Interest Period Date**') and end on (but exclude) the same date in the next succeeding year except for the first Fixed Rate Interest Period, which will commence on (and include) the relevant Issue date and end on (but exclude) the Interest Period Date set out in the Final Terms.

(c) *Interest up to the first Optional Redemption Date*

Up to (but excluding) the first Optional Redemption Date the rate of interest applicable to the Notes will be as stated in the Final Terms.

(d) *Interest following the first Optional Redemption Date*

If on the first Optional Redemption Date the Notes of any Class have not been redeemed in full, a floating rate of interest will be applicable to each Class of Notes equal to the sum of Euribor for three months deposits, payable by reference to Floating Rate Interest Periods on each succeeding relevant Quarterly Payment Date, plus a margin as specified in the Final Terms as calculated in accordance with Condition 4 II.

(II) *Floating Rate Notes*

If Floating Rate Notes is specified in the Final Terms or, in the case of Fixed Rate Notes, from the date such Fixed Rate Notes will switch to Floating Rate Notes, the following applies (unless indicated otherwise in the Final Terms):

(a) *Period of Accrual*

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6(c)) from and including the Issue Date. Each Note (or in the case of the redemption of part only of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgement) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on the basis of the actual number of days in the Floating Rate Interest Period (as defined below) concerned divided by a year of 360 days.

(b) *Floating Rate Interest Periods and Quarterly Payment Dates*

Interest on the Notes shall be payable by reference to successive interest periods (each a '**Floating Rate Interest Period**'). Each successive Floating Rate Interest Period will commence on (and include) a relevant Quarterly Payment Date and end on (but exclude) the next succeeding relevant Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Issue Date and end on (but exclude) the first Quarterly Payment Date as set out in the Final Terms.

A '**Business Day**' means a day on which banks are open for business in Amsterdam, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ('**TARGET** System') or any successor thereto is operating credit or transfer instructions

in respect of payments in euro.

Interest on each of the Notes will be payable quarterly in arrear in euros, in respect of the Principal Amount Outstanding of each Class of Notes on the 20th day of the months indicated in the Final Terms or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Notes will be payable on the Business Day immediately preceding such day, in each year (each such day being a 'Quarterly Payment Date').

(c) *Interest up to the first Optional Redemption Date*

Up to (but excluding) the first Optional Redemption Date, interest on the Notes for each Floating Rate Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for the relevant months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.00005, being rounded upwards) plus a margin as specified in the Final Terms.

(d) *Interest following the first Optional Redemption Date*

If on the first Optional Redemption Date any Class of Notes have not been redeemed in full, a floating rate of interest will be applicable to each Class of Notes equal to the sum of Euribor for three months deposits, payable by reference to Floating Rate Interest Periods on each succeeding relevant Quarterly Payment Date, plus a margin as specified in the Final Terms.

(e) *Euribor*

For the purpose of Conditions 4(c) and (d) Euribor will be determined as follows:

- (i) the Reference Agent will obtain for each Floating Rate Interest Period the rate equal to the amount of Euribor for three months deposits in euros. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Telerate Page 248 (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) as at or about 11:00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating Rate Interest Period (each an '**Interest Determination Date**').
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
 - (A) request the principal euro-zone office of each of four major banks in the euro-zone interbank market (the '**Reference Banks**') to provide a quotation for the rate at which three months euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
 - (B) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination

Date for three months deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Floating Rate Interest Period shall be the rate per annum equal to the euro interbank offered rate for euro deposits as determined in accordance with this paragraph (e), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Floating Rate Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Rate Interest Period will be Euribor last determined in relation thereto.

(f) *Determination of Floating Rate of Interest and Calculation of the Floating Interest Amount*

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each relevant Interest Determination Date, determine the floating rates of interest referred to in paragraphs (c) and (d) above for each relevant Class of Notes (the '**Floating Rate of Interest**') and calculate the amount of interest payable on this Class of Notes for the following Floating Rate Interest Period (the '**Floating Interest Amount**') by applying the relevant Floating Rate of Interest to the Principal Amount Outstanding of the relevant Class of Notes. The determination of the relevant Floating Rate of Interest and the Floating Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(g) *Notification of the Floating Rate of Interest and the Floating Interest Amount*

The Reference Agent will cause the relevant Floating Rate of Interest and the relevant Floating Interest Amount and the relevant Quarterly Payment Date applicable to each relevant Class of Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, Euronext Amsterdam N.V. and to the holders of such Class of Notes by an advertisement in the English language in the Euronext Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam N.V. The Floating Interest Amount and relevant Quarterly Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period.

(h) *Determination or Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the relevant Floating Rate of Interest or fails to calculate the relevant Floating Interest Amount in accordance with paragraph (f) above, the Security Trustee shall determine the relevant Floating Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (f) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Floating Interest Amount in accordance with paragraph (f) above, and each such determination or calculation shall be final and binding on all parties.

(i) *Reference Banks and Reference Agent*

The Issuer will procure that, as long as any of the Notes remains outstanding, there will at all times be four Reference Banks and a Reference Agent. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent or of any Reference Bank by giving at least 90 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Class of Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as a Reference Bank or the Reference Agent (as the case may be) or if the appointment of any Reference Bank or the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor Reference Bank or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

5. Payment

- (a) Payment of principal and interest in respect of the Notes will be made upon presentation of the Note and

against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agents in cash or by transfer to a euro account maintained by the payee with a bank in the Netherlands, as the holder may specify or in euro to the Paying Agent for the credit of the respective accounts of the Noteholders through Euroclear Netherlands. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.

- (b) At the Final Maturity Date (as defined in Condition 6), or such earlier date the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).
- (c) If the relevant Quarterly Payment Date or Annual Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon ('**Local Business Day**'), the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the Local Business Day immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and of its offices are set out below.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and that the Issuer will at all times maintain a paying agent having a specified office in the European Union which, for as long as the Notes are listed on Eurolist by Euronext Amsterdam N.V. shall be located in the Netherlands. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13.

6. Redemption and purchase

(a) *Final redemption*

Unless previously redeemed as provided below, the Issuer will, in respect of the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes subject to Condition 9(b), redeem the Notes at their Principal Amount Outstanding on the Final Maturity Date specified in the Final Terms.

(b) *Mandatory redemption*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Notes Redemption Available Amount, to redeem (or partially redeem) on each Quarterly Payment Date up to (but excluding) the first Optional Redemption Date the Senior Class A1 Notes until fully redeemed.

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Notes Redemption Available Amount, to redeem (or partially redeem) on the first Optional Redemption Date and on each Quarterly Payment Date thereafter the Notes at their respective Principal Amount Outstanding on a *pro rata* basis, in the following order (a) firstly, *pari passu*, the Senior Class A1 Notes and the Senior Class A2 until fully redeemed, (b) secondly, the Mezzanine Class B Notes until fully redeemed, (c) thirdly, the Junior Class C Notes until fully redeemed, and (d) finally the Subordinated Class D Note (and pro-rata within the relevant Class of Notes) until fully redeemed.

The principal amount so redeemable in respect of each Note (each a '**Principal Redemption Amount**') on the relevant Quarterly Payment Date, shall be the Notes Redemption Available Amount on the Quarterly

Calculation Date relating to that Quarterly Payment Date divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) *Definitions*

For the purposes of these Conditions the following terms shall have the following meanings:

The '**Principal Amount Outstanding**' on any relevant Quarterly Payment Date or Annual Payment Date, as the case may be, of any Note shall be the principal amount of such Note upon issue less the aggregate amount of all relevant Principal Redemption Amounts in respect of such Note that have become due and payable prior to such Quarterly Payment Date, provided that for the purpose of Conditions 4, 6 and 10 all relevant Principal Redemption Amounts that have become due and not been paid shall not be so deducted.

'**Notes Redemption Available Amount**' shall mean, on any Quarterly Calculation Date, the aggregate amount received by the Issuer during the immediately preceding Quarterly Calculation Period:

- (i) as repayment and prepayment of principal under the relevant Pool of Mortgage Receivables;
- (ii) as Net Proceeds on any Mortgage Receivable of the relevant Pool, to the extent such proceeds relate to principal;
- (iii) as amounts received in connection with a repurchase of the Mortgage Receivables of the relevant Pool pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to the relevant Pool of Mortgage Receivables and to principal and if such amount cannot be attributed to any Pool, the amount received multiplied by the relevant Pool Fraction;
- (iv) as amounts received in connection with a sale of relevant Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
- (v) as amount to be credited to the relevant Principal Deficiency Ledger on the immediately succeeding relevant Quarterly Payment Date;
- (vi) any part of the relevant Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the immediately preceding relevant Quarterly Payment Date;
- (vii) as Pre-Closing Proceeds to the extent such proceeds relate to principal of the relevant Pool;
- (viii) as amounts debited from the Construction Ledger in accordance with the Mortgage Receivables Purchase Agreement;
- (ix) the Reserved Amount on the last day of preceding Quarterly Calculation Period;
- (x) as amounts received in connection with a NHG Guarantee or Municipality Guarantee to the extent such amounts relate to principal; and
- (xi) any other amounts as set forth as such in the relevant Supplemental Prospectus;

less on such Quarterly Calculation Date until the Quarterly Calculation Date immediately preceding the first Optional Redemption Date of the relevant Compartment the sum of:

- (xii) any amount applied to the purchase of the relevant Substitute Mortgage Receivables on such Quarterly Payment Date (the '**Substitution Amount**');
- (xiii) any amount applied to the purchase of the relevant Further Advance Receivables on such Quarterly Payment Date (the '**Further Advance Amount**'); and
- (xiv) any amount reserved and/or withheld for the purchase of Substitute Mortgage Receivables in the succeeding Quarterly Calculation Periods (the '**Reserved Amount**');

'Net Proceeds', shall mean (a) the proceeds of a foreclosure on the mortgage right, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to life insurance and building insurance, (d) the NHG Guarantee and the proceeds of any other guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs;

'Quarterly Calculation Date' means, in relation to a Quarterly Payment Date or Annual Payment Date, as the case may be, the 5th business day prior to such Quarterly Payment Date or Annual Payment Date, as the case may be;

'Quarterly Calculation Period' means, in relation to a Quarterly Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Quarterly Calculation Date; and

'Mortgage Calculation Period' means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of the same calendar month, except for the first Mortgage Calculation Period which will commence (and include) and end on the dates indicated in the Supplemental Prospectus.

(d) *Determination of Principal Redemption Amount and Principal Amount Outstanding*

- (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Principal Redemption Amount and (b) the Principal Amount Outstanding of the relevant Note on the first day following the relevant Quarterly Payment Date. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
- (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear, if applicable, Clearstream, Luxembourg, if applicable, Euroclear Netherlands, if applicable, the other agreed clearing system, if applicable, Euronext Amsterdam N.V. and to the holders of Notes as long as the Notes are listed on Eurolist by Euronext Amsterdam N.V. by an advertisement in the English language in the Euronext Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam N.V. If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13.
- (iii) If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (c) and paragraph (b) above (but based upon the information in its possession) as to the Notes Redemption Available Amount each such determination or calculation shall be deemed to have been made by the Issuer.

(e) *Optional Redemption*

Unless previously redeemed in full, the Issuer may at its option on the Quarterly Payment Date specified in the Final Terms and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') redeem all of the Notes of such Compartment, but not some only, at their Principal Amount Outstanding on such date.

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 days notice to the Noteholders and the Security Trustee prior to the relevant Quarterly Payment Date.

In case of a Mezzanine Class B Principal Shortfall (as defined in Condition 9(b)), a Junior Class C Principal Shortfall (as defined in Condition 9(b)), or a Subordinated Class D Principal Shortfall (as defined in Condition 9(b)) would remain after the sale of the Mortgage Receivables, the Issuer may only redeem all of the Notes of such Compartment, but not some only, at their Principal Amount Outstanding less such Mezzanine Class B Principal Shortfall, a Junior Class C Principal Shortfall, or a Subordinated Class D Principal Shortfall, as applicable, on the relevant Quarterly Payment Date, provided that the Security Trustee has confirmed to the Issuer that it is in the interest of the Noteholders (in such determination the Security Trustee may not take into account any increase of the margin after the first Optional Redemption Date in respect on such Notes) to partially redeem the Mezzanine Class B Notes or the Junior Class C Notes or the Subordinated Class D Notes respectively, at their Principal Amount Outstanding less such Mezzanine Class B Principal Shortfall, or Junior Class C Principal Shortfall or a Subordinated Class D Principal Shortfall as the case may be, as provided in Condition 9(b), on such date. Should the Security Trustee decide that is not in the interest of such Noteholders, such Notes may not be redeemed under this Clause 6 (e) on such date.

(f) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer, in whole, but not in part, at their Principal Amount Outstanding, subject to Condition 9(b), on any Quarterly Payment Date at their Principal Amount Outstanding, if, immediately prior to giving such notice, the Issuer has satisfied the Security Trustee that:

- (a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any charge in, or amendment to, the application of the laws for regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the relevant Issue Date and such obligation cannot be avoided by the Issuer acting reasonable measures available to it; and
- (b) the Issuer will have sufficient funds available on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date to discharge all amounts of principal and interest due in respect of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed.

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 days notice to the Noteholders and the Security Trustee prior to the relevant Quarterly Payment Date.

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes of such Compartment (or such of them as are then outstanding) are also redeemed in full at the same time.

(g) *Purchases*

The Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may, at the option of the Issuer be held, re-issued or resold at their Principal Amount Outstanding together with accrued interest thereon up to and including the date of redemption subject to and in accordance with the Conditions of the Notes.

(h) *Clean-Up call*

If on any relevant Quarterly Payment Date the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables of the relevant Pool is not more than ten (10) per cent of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables of such Pool on the relevant Issue Date, the Issuer has undertaken to redeem all of the Notes of the Compartment related to such Pool in whole but not in part at their Principal Amount Outstanding, subject to and in accordance with Condition 9(b). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) of the relevant Compartment are also redeemed in full at the same time.

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 days notice to the Noteholders and the Security Trustee prior to the relevant Quarterly Payment Date.

7. Taxation

All payments in respect of the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the Principal Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any other law implementing or complying with, or introduced in order to conform to such Directive. In that event, the Issuer or the Principal Paying Agent (as the case may be) shall make such payment after the required withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Principal Paying Agent nor the Issuer will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

8. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons shall become prescribed and become void unless made within five years from the date on which such payment first becomes due.

9. Subordination

(a) *Interest*

Interest on the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes shall be payable in accordance with the provisions of Conditions 4 and 6, subject to the terms of this Condition.

In the event that on any relevant Quarterly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class B Notes on the next Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Mezzanine Class B Notes. In the event of a shortfall, the Issuer shall credit the Mezzanine Class B Interest Deficiency Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class B Notes, on any relevant Quarterly Payment Date, in accordance with this Condition falls short of the aggregate amount of interest payable on the Mezzanine Class B Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Mezzanine Class B Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Mezzanine Class B Note on the next succeeding Quarterly Payment Date.

In the event that on any relevant Quarterly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Junior Class C Notes on the next Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Junior Class C Notes. In the event of a shortfall, the Issuer shall credit the Junior Class C Interest Deficiency Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Junior Class C Notes, on any relevant Quarterly Payment Date, in accordance with this Condition falls short of the aggregate amount of interest payable on the Junior Class C

Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Junior Class C Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Junior Class C Note on the next succeeding Quarterly Payment Date.

In the event that on any relevant Quarterly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Subordinated Class D Notes on the next Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Subordinated Class D Notes. In the event of a shortfall, the Issuer shall credit the Subordinated Class D Interest Deficiency Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class D Notes, on any relevant Quarterly Payment Date, in accordance with this Condition falls short of the aggregate amount of interest payable on the Subordinated Class D Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Class D Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Subordinated Class D Note on the next succeeding Quarterly Payment Date.

(b) *Principal*

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Mezzanine Class B Shortfall on such Quarterly Payment Date. The '**Mezzanine Class B Principal Shortfall**' shall mean an amount equal to the quotient of the balance on the Class B Principal Deficiency Ledger divided by the number of Mezzanine Class B Notes outstanding on such Quarterly Payment Date. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts of the relevant Compartment.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes and the Mezzanine Class B Notes is reduced to zero, the Junior Class C Noteholders will not be entitled to any repayment of principal in respect of the Junior Class C Notes. If, on any Quarterly Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class C Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the amount of the balance on the Class C Principal Deficiency Ledger on such Quarterly Payment Date, divided by the number of Junior Class C Notes then outstanding. The '**Junior Class C Principal Shortfall**' shall mean an amount equal to the quotient of the balance on the Class C Principal Deficiency Ledger, divided by the number of Junior Class C Notes outstanding on such Quarterly Payment Date. The Junior Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class C Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables of the related Pool and there are no balances standing to the credit of the Transaction Accounts of the relevant Compartment.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes is reduced to zero, the Subordinated Class D Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class D Notes. If, on any Quarterly Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other

provisions of these Conditions the principal amount payable on redemption of each Subordinated Class D Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the amount of the balance on the Class D Principal Deficiency Ledger on such Quarterly Payment Date, divided by the number of Junior Class C Notes then outstanding. The '**Subordinated Class D Principal Shortfall**' shall mean an amount equal to the quotient of the balance on the Class C Principal Deficiency Ledger, divided by the number of Subordinated Class D Notes outstanding on such Quarterly Payment Date. The Subordinated Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class D Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts of the relevant Compartment.

(c) *General*

In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to a Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of the relevant Class of Notes shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

10. Events of Default

The Security Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Noteholders of the highest ranking Class of Notes outstanding of the relevant Compartment (subject, in each case, to being indemnified to its satisfaction) (in each case, the '**Relevant Class**') shall (but in the case of the occurrence of any of the events mentioned in (b) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Relevant Class) give notice (an '**Enforcement Notice**') to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur:

- (a) default is made for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the relevant Compartment of the Relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the relevant Compartment and the Relevant Class, the relevant Trust Deed, the Agency Agreement or the Pledge Agreements to the extent related to the relevant Compartment and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty (30) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment ("*conservatoir beslag*") or an executory attachment ("*executoriaal beslag*") on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment ("*akkoord*") with its creditors; or
- (f) the Issuer files a petition for a suspension of payments ("*surseance van betaling*") or for bankruptcy ("*faillissement*") or is declared bankrupt;

provided that, if Notes of a higher ranking Class are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of a lower ranking Class of Notes, irrespective of whether an

Extraordinary Resolution is passed by the Noteholders of the lower Class(es) of Notes, unless an Enforcement Notice in respect of the highest ranking Class of Notes outstanding has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the highest ranking Class of Notes outstanding, the Security Trustee shall not be required to have regard to the interests of the Noteholders of a lower ranking Class of Notes.

11. Enforcement

- (a) At any time after the Notes of any Class of the relevant Compartment become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the relevant Trust Deed, the Pledge Agreements and the relevant Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Noteholders of the highest ranking Class of Notes outstanding of the relevant Compartment and (ii) it shall have been indemnified to its satisfaction.
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note issued under the Programme is paid in full. The Noteholders accept and agree that the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

12. Indemnification of the Security Trustee

The Trust Deed contains provisions for the indemnification of the Security Trustee and for its relief from responsibility. The Security Trustee is entitled to enter into commercial transactions with the Issuer and/or any other party to the Relevant Documents without accounting for any profit resulting from such transaction.

13. Notices

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands, or, if all such newspapers shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes are listed on the Eurolist by Euronext Amsterdam N.V., in the English language in the Euronext Official Daily List ("*Officiële Prijscourant*") of Euronext Amsterdam N.V.. Any such notice shall be deemed to have been given on the first date of such publication.

14. Meetings of Noteholders; Modification; Consents; Waiver

- (a) The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders of the relevant Compartment to consider matters affecting the interests, including the sanctioning by an Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, or change the denomination or reducing or cancelling the amount of principal payable in respect of such Notes or the rate of interest applicable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such Class of Notes referred to below as a '**Basic Terms Change**') shall be effective, unless it is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below, except that, if the Security Trustee is of the opinion that such a Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default, no such Extraordinary Resolution is required.

A meeting as referred to above may be convened by the Issuer or by Noteholders of any Class holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class. The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a meeting an Extraordinary Resolution is adopted with not less than a two-third majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented, except if the Extraordinary Resolution relates to the removal and replacement of any or all of the managing directors of the Security Trustee, in which case at least 30 per cent. of the Notes of the relevant Class should be represented.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D Notes, as the case may be, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of a Class of Notes, shall take effect unless it shall have been sanctioned by an Extraordinary Resolution of the other Classes of Notes ranking higher in priority than such Class of Notes.

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Junior Class C Noteholders and/or the Subordinated Class D Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Junior Class C Noteholders or it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders, the Mezzanine Class B Noteholders or the Junior Class C Noteholders, as the case may be. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, irrespective of the effect on their interests.

Any Extraordinary Resolution duly passed shall be binding on all Noteholders of the relevant Class (whether or not they were present at the meeting at which such resolution was passed).

- (b) The Security Trustee may agree, without the consent of the Noteholders or any of the other Secured Parties of the relevant Compartment, to (i) any modification of any of the provisions of the Relevant Issue Documents to the extent related to the relevant Compartment which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Issue Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the relevant Noteholders, provided that (a) in the opinion of the Security Trustee such modification is not materially prejudicial to the interests of any of the Noteholders of other Compartments and Pools or other Secured Creditors of other Compartments and Pools or such modification is also proposed for such other Compartment and Pool and is or shall be approved in accordance with the relevant Trust Deed and (b) (i) the Security Trustee has notified the Rating Agencies and (ii) the Rating Agencies have confirmed that the then current ratings assigned to the Notes will not be adversely affected by any such modification, authorisation or waiver. For the avoidance of doubt, any such confirmation from the Rating Agencies does not address whether such modification, authorisation or waiver is in the best interest of, or prejudicial to, some of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable.

- (c) In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders of each Compartment and the Mezzanine Class B Noteholders of each Compartment and the Junior Class C Noteholders of each Compartment and the Subordinated Class D Noteholders of each Compartment, each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.
- (d) The Security Trustee cannot be removed from its duties until all amounts due to the Secured Parties have been paid in full. A director of the Security Trustee can be removed by an Extraordinary Resolution of the holders of the highest ranking Class of Notes of each Compartment, provided that, *inter alia*, such Extraordinary Resolution was also passed by the highest ranking Class of Notes in respect of the other Compartments then outstanding.

15. Replacements of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the Paying Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered, in the case of Notes together with all unmatured Coupons appertaining thereto, in the case of Coupons together with the Note and all unmatured Coupons to which they appertain ("*mantel en blad*"), before replacements will be issued.

16. Governing Law

The Notes and Coupons are governed by, and will be construed in accordance with, the laws of the Netherlands. In relation to any legal action or proceedings arising out of or in connection with the Notes and Coupons the Issuer irrevocably submits to the jurisdiction of the District Court in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the holders of the Notes and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

USE OF PROCEEDS

The net proceeds from each issue of Notes of the relevant Compartment will be applied by the Issuer to pay the Initial Purchase Price for the related Pool.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the relevant Seller, or, as the case may be, the relevant Sellers may offer from time to time Pools of Mortgage Receivables, and, to the extent legally possible, the Beneficiary Rights relating thereto, to the Issuer and the Issuer shall accept such offer. The Issuer and the Initial Seller, or, as the case may be, each of the relevant Sellers shall sign a deed of sale, assignment and pledge (each a **'Deed of Sale, Assignment and Pledge'**) pursuant to which the Mortgage Receivables of the relevant Pool, and, to the extent legally possible, the Beneficiary Rights relating thereto, will be sold and assigned by means of a registered deed of assignment as a result of which legal title to the Relevant Mortgage Receivables, and, to the extent legally possible, the Beneficiary Rights relating thereto, will be transferred to the Issuer by the relevant Seller, or, as the case may be, the relevant Sellers and the Issuer will purchase and accept assignment of such Mortgage Receivables, and, to the extent legally possible, the Beneficiary Rights relating thereto. The Seller has agreed to assign such Beneficiary Rights to the Issuer and the Issuer has agreed to accept such assignment. Such sale and assignment will take place on each Issue Date. The assignment of the Mortgage Receivables of the relevant Pool from the relevant Seller or, as the case may be, the relevant Sellers to the Issuer will not be notified to the Borrowers, except in case of the occurrence of special events as further described hereunder (**'Notification Events'**). Until such notification the Borrowers will only be entitled to validly pay ("*bevrijdend betalen*") to the relevant Seller. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables of a Pool as of the relevant Portfolio Cut-Off Date.

Purchase Price

The purchase price for the Mortgage Receivables of each Pool shall consist of an initial purchase price (each an **'Initial Purchase Price'**), which shall be payable on the relevant Issue Date or, in respect of Further Advance Receivables or Substitute Mortgage Receivables of the relevant Pool, on the relevant Quarterly Payment Date and the sum of all relevant deferred purchase price instalments (in respect of each Pool each a **'Deferred Purchase Price Instalment'**). The relevant Initial Purchase Price, as specified in the applicable Supplemental Prospectus, is equal to the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables of the relevant Pool on the Portfolio Cut-Off Date of the relevant Pool. The **'Outstanding Principal Amount'** means, at any moment in time, the principal balance ("*hoofdsom*") in respect of a Mortgage Receivable resulting from a Mortgage Loan at such time and after the occurrence of a Realised Loss in respect of such Mortgage Receivable, zero. A part of the relevant Initial Purchase Price equal to the aggregate Construction Amounts of the relevant Pool as indicated in the Supplemental Prospectus will be withheld by the Issuer and will be credited to the Construction Ledger.

The relevant Deferred Purchase Price shall be equal to the sum of all relevant Deferred Purchase Price Instalments and each relevant Deferred Purchase Price Instalment on any relevant Quarterly Payment Date will be equal to (A) prior to delivery of an Enforcement Notice in respect of the relevant Compartment, the positive difference, if any, between the relevant Notes Interest Available Amount as calculated on each Quarterly Calculation Date and the sum of all amounts payable by the Issuer as set forth in the relevant Interest Priority of Payments under (a) up to and including (p) or, as the case may be, (B) following delivery of an Enforcement Notice in respect of the relevant Compartment, the amount remaining after all the payments as set forth in the relevant Priority of Payments upon Enforcement under (a) up to and including (n) (see *Credit Structure* above) on such date have been made.

Common Representations and warranties

Each relevant Seller will represent and warrant on the relevant Issue Date with respect to the Mortgage Receivables that it will sell and assign on such date (the **'Relevant Mortgage Receivables'**) and the Mortgage Loans to which such Mortgage Receivables relate (the **'Relevant Mortgage Loans'**), that, *inter alia*:

- (a) each of the Relevant Mortgage Receivables is duly and validly existing;
- (b) it has full right and title ("*tite!*") to the Relevant Mortgage Receivables and no restrictions on the sale and assignment of the Relevant Mortgage Receivables are in effect and the Relevant Mortgage Receivables are capable of being assigned;
- (c) it has power ("*beschikkingsbevoegd*") to sell and assign the Relevant Mortgage Receivables;

- (d) the Relevant Mortgage Receivables are free and clear of any encumbrances and attachments ("*beslagen*") and no rights to acquire have been in favour of any third party with regard to the Relevant Mortgage Receivables;
- (e) each Relevant Mortgage Receivable is secured by a Mortgage on a Mortgaged Asset in the Netherlands and is governed by Netherlands law;
- (f) each Mortgaged Asset concerned was valued when application for a Mortgage Loan was made by an independent qualified valuer, or surveyor except (i) if the Outstanding Principal Amounts in respect of all Relevant Mortgage Receivables secured on the same Mortgaged Asset did not exceed 50% of the market value ("*verwervingskosten*") or 50% of the foundation costs ("*stichtingskosten*"), in which case an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*", "*WOZ*") may be used as a valuation, or prior to July 2005 the Mortgaged Asset concerned was valued by an employee of the relevant Seller or (ii) if the foundation costs of the Mortgaged Asset forming part of a building project do not exceed EUR 750.000 or (iii) if the foundation costs of the Mortgaged Asset not forming part of a building project, is build by a contractor and not by the Borrower himself, and the foundation costs do not exceed EUR 500.000 or (iv) if a valuation report by an independent qualified valuer which is not older than one year is available or (v) if a taxation report older than one year is available but not older than three years and the amount of the loan granted is smaller than the WOZ-value of the Mortgaged Asset;
- (g) each Relevant Mortgage Receivable and the Mortgage and the Borrower Pledge, if any, securing such receivable constitutes legal, valid, binding and enforceable obligations of the relevant Borrower;
- (h) the records maintained by or on behalf of the relevant Seller in respect of the Relevant Mortgage Loans are true and accurate in all material respects and contain all information and documentation that may be necessary or relevant in connection with the exercise by the Issuer of its rights and powers under the Relevant Mortgage Loans, the Relevant Mortgage Receivables and the security granted in connection therewith;
- (i) all Mortgages and Borrower Pledges granted to secure the Relevant Mortgage Receivables (i) constitute valid mortgage rights ("*hypotheekrechten*") and rights of pledge ("*pandrechten*"), respectively, on the Mortgaged Assets and the assets which are the subject of the Borrower Pledges respectively and, to the extent relating to the mortgage rights, entered into the appropriate public register, (ii) were vested for a principal sum which is at least equal to the principal sum of the Relevant Mortgage Loan when originated, increased with interest and costs, together up to an amount equal to 140 per cent. of the Outstanding Principal Amount in respect of the Relevant Mortgage Receivables;
- (j) each of the Relevant Mortgage Loans has been granted, and each of the Mortgages and Borrower Pledges has been vested, subject to the general loan and mortgage conditions ("*algemene voorwaarden en bepalingen woninghypotheeken*"), and in the forms of the mortgage deeds ("*woninghypotheekakten*"), of which the most recent conditions and deed are attached to the Mortgage Receivables Purchase Agreement as respectively Schedule 4A and 4B or any additional applicable conditions from time to time;
- (k) each NHG Guarantee ("*Nationale Hypotheek Garantie*") connected to the Relevant Mortgage Receivables which have the benefit of a NHG Guarantee, (i) has been granted for the full Outstanding Principal Amount in respect of the Relevant Mortgage Receivable or a loan-part, (ii) constitutes legal, valid and binding obligations of Stichting Waarborgfonds Eigen Woningen, enforceable in accordance with their terms, (iii) all terms and conditions ("*voorwaarden en normen*") applicable to the NHG Guarantee at the time of origination of the Relevant Mortgage Loans were complied with and (iv) the relevant Seller is not aware of any reason why any claim under any NHG Guarantee granted by Stichting Waarborgfonds Eigen Woningen in respect of any Relevant Mortgage Receivable should not be met in full and in a timely manner;
- (l) each Municipality Guarantee connected to the Relevant Mortgage Receivables which have the benefit of a Municipality Guarantee (i) is granted for the full Outstanding Principal Amount in respect of the Relevant Mortgage Receivable, (ii) constitutes legal, valid and binding obligations of the relevant municipality, enforceable in accordance with their terms, (iii) all conditions set forth in any laws, rules or regulations applicable to the Municipality Guarantee have been fulfilled and (iv) the relevant Seller is not aware of any reason why any claim under any Municipality Guarantee in respect of any Relevant Mortgage Receivable should not be met in full and in a timely manner;
- (m) the particulars of each Relevant Mortgage Receivable, as set forth in the list attached to the Deed of Sale, Assignment and Pledge to be signed at the relevant Issue Date are correct and complete in all material respects;
- (n) each of the Relevant Mortgage Loans and Relevant Mortgage Receivables meets the Relevant Eligibility Criteria;

- (o) each of the Relevant Mortgage Loans has been granted in accordance with all applicable legal requirements and the Code of Conduct on Mortgage Loans (as amended from time to time) ("*Gedragcode Hypothecaire Financieringen*") and met in all material respects the relevant Seller's standard underwriting criteria and procedures prevailing at that time; the current criteria and procedures of the Initial Seller are set forth in the Mortgage Manual;
- (p) the relevant Seller has not been notified and is not aware of anything affecting such Seller's title to the Relevant Mortgage Receivables;
- (q) in the case of each of the Relevant Mortgage Receivables that has the benefit of an Insurance Policy, either (i) the relevant Seller has been validly appointed as beneficiary ("*begunstigde*") under such Insurance Policy, upon the terms of the Relevant Mortgage Loans and the relevant Insurance Policies, which has been notified to the Insurance Company or (ii) the relevant Insurance Company is irrevocable authorised to apply the insurance proceeds in satisfaction of the Relevant Mortgage Receivables;
- (r) the notarial mortgage deeds ("*minuut*") relating to the Mortgages are kept by a civil law notary in the Netherlands, while the loan files, which may include authentic copies of the notarial mortgage deeds, are kept by or on behalf of the relevant Seller;
- (s) to the best knowledge of the relevant Seller, the relevant Borrowers are not in any material breach of any provision of their Relevant Mortgage Loans;
- (t) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same Mortgage, or if applicable, the same and lower ranking Mortgages, on the same Mortgaged Asset is sold and assigned to the Issuer in the same Pool of Mortgage Loans;
- (u) each Mortgage Loan constitutes the entire loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");
- (v) the mortgage conditions provide that all payments by the Borrower should be made without any deduction or set-off;
- (w) all Relevant Mortgage Receivables secured by a mortgage right on a long lease provide that the principal sum of the Relevant Mortgage Receivable, including interest, will become immediately due and payable if the long lease terminates, if the lease-holder materially breaches or ceases to perform his payment obligation under the long lease ("*canon*") or if the lease-holder in any other manner breaches the conditions of the long lease; and
- (x) with respect to each of the Relevant Hybrid Mortgage Receivables, Relevant Life Mortgage Receivables and the Relevant Savings Mortgage Receivables a Borrower Insurance Pledge has been entered into by the relevant Seller and the relevant Borrower substantially in the form of the document attached as Schedule 4 C to the Mortgage Receivables Purchase Agreement;
- (y) other than the aggregate Construction Amounts, the principal sum was in case of each of the Relevant Mortgage Loans fully disbursed to the relevant Borrower, whether or not through the relevant civil law notary and no amounts are held in deposit with respect to premia and interest payments ("*rente en premiedeposits*");
- (z) the aggregate Construction Amounts did not exceed the amount indicated in the relevant Supplemental Prospectus on the Portfolio Cut-Off Date; and
- (aa) the aggregate Outstanding Principal Amount in respect of all Relevant Mortgage Receivables is equal to the amount indicated in the relevant Supplemental Prospectus on the Portfolio Cut-Off Date.

Eligibility Criteria

A. Each of the Mortgage Loans and Mortgage Receivables of each Pool will meet the following criteria on the relevant Issue Date:

- (a) the Mortgage Loans are either:
 - (i) Hybrid Mortgage Loans ("*hybride hypotheken*");
 - (ii) Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*");
 - (iii) Annuity Mortgage Loans ("*annuïteiten hypotheken*");
 - (iv) Linear Mortgage Loans ("*lineaire hypotheken*");
 - (v) Savings Mortgage Loans ("*spaarhypotheken*");
 - (vi) Investment Mortgage Loans ("*beleggingshypotheken*");
 - (vii) Life mortgage loans ("*levenshypotheken*");
 - (viii) PensionExtra Mortgage Loans ("*pensioen extra hypotheken*")
 - (ix) combinations of the above mentioned types of Mortgage Loans;

- (b) the Mortgage Receivables can be easily identified on the relevant purchase date and on any day after the sale and/or assignment of such Mortgage Receivable;
 - (c) the Borrower is a resident of the Netherlands;
 - (d) each Mortgaged Asset is located in the Netherlands, is not the subject of residential letting and is occupied by the relevant Borrower, unless stated otherwise in the Supplemental Prospectus;
 - (e) the full Outstanding Principal Amount of each Mortgage Loan was in case of each of the Mortgage Loans paid to the relevant Borrower, whether or not through the relevant civil law notary, except for Mortgage Loans with a Construction Amount;
 - (f) interest payments are scheduled to be made monthly, quarterly or semi-annually in arrear and principal payments are scheduled to be made monthly, where applicable;
 - (g) the interest rate of each Mortgage Loan is (i) floating or (ii) fixed, subject to an interest reset from time to time;
 - (h) none of the Mortgage Loans is in arrears for more than one payment on the first day of the month in which the relevant Issue Date falls or, in case of a Further Advance Loan or a Substitution Mortgage Loan, the first day of the month in which the relevant Quarterly Payment Date falls;
 - (i) all of the Borrowers have made at least two consecutive monthly interest payments prior to the month in which the relevant Issue Date falls or, in case of a Further Advance Receivable or a Substitution Mortgage Receivable, the first day wherein the relevant Quarterly Payment Date falls;
 - (j) if the Outstanding Principal Amount in respect of a Mortgage Receivable, or all Mortgage Receivables secured on the same Mortgaged Asset, upon origination, exceeds 100% of the foreclosure value of the Mortgaged Assets upon origination, such Mortgage Receivable(s) has/have the benefit of a life insurance risk policy ("*overlijdensrisicoverzekering*"), which policy has been pledged to the relevant Seller and which pledge has been notified to the relevant insurer;
 - (k) each Hybrid Mortgage Receivable, Life Mortgage Receivable and Savings Mortgage Receivable is secured by a pledge of Hybrid Insurance Policy, Life Insurance Policy or the Saving Insurance Policy for at least that part by which it exceeds 100% of the foreclosure value of the relevant Mortgaged Asset;
 - (l) the Borrower is not an employee of ABN AMRO or any of its group companies, unless stated otherwise in the relevant Supplemental Prospectus; and
 - (m) each Mortgage Receivable of the relevant Pool is secured by either of the Mortgage indicated as applicable in the relevant Supplemental Prospectus as set out below:
 - (i) a first-ranking Mortgage;
 - (ii) in case of Mortgage Receivables secured on the same Mortgaged Assets, first and sequentially lower ranking Mortgage;
 - (iii) in case of Mortgage Receivables secured on the same Mortgaged Assets, first and lower ranking, but not necessarily sequentially lower ranking, Mortgage;
 - (iv) a second-ranking Mortgage;
 - (v) in case of Mortgage Receivables secured on the same Mortgaged Assets, second and sequentially lower ranking Mortgage;
 - (vi) in case of Mortgage Receivables secured on the same Mortgaged Assets, second and lower ranking, but not necessarily sequentially lower ranking, Mortgage.
- B. if stated in the relevant Supplemental Prospectus and the Deed of Sale, Assignment and Pledge, the following criteria will also apply:
- (1) no Mortgage Receivable will have a legal maturity beyond the date specified in the relevant Supplemental Prospectus;
 - (2) the Outstanding Principal Amount in respect of each Mortgage Receivable, or of all Mortgage Receivables secured on the same Mortgaged Assets together, did not exceed a maximum LTV percentage set out in the relevant Supplemental Prospectus (the '**Maximum LTV Percentage**') upon origination of the Mortgage Loan or Mortgage Loans, as the case may be;
 - (3) each Mortgage Loan, or all Mortgage Loan secured on the same Mortgaged Asset, has an Outstanding Principal Amount of not more than the maximum outstanding principal amount set out in the relevant Supplemental Prospectus (the '**Maximum Outstanding Principal Amount**');

- C. Additional criteria as set forth in the relevant Supplemental Prospectus and Deed of Sale, Assignment and Pledge.

Eligibility Criteria A, B and C are together the '**Relevant Eligibility Criteria**'.

The same Relevant Eligibility Criteria apply to the Further Advance Receivables and Substitute Mortgage Receivables.

Repurchase

The relevant Seller shall be obliged to repurchase and accept re-assignment of a Mortgage Receivable:

- (a) if at any time after the Issue Date of any Pool any of the representations and warranties relating to the Relevant Mortgage Loans and the Relevant Mortgage Receivables proves to have been untrue or incorrect, and the relevant Seller has not within fourteen (14) days of receipt of written notice thereof from the Issuer or the Security Trustee remedied the matter, on the Mortgage Payment Date immediately following the expiration of the relevant remedy period without being remedied, or if such Mortgage Payment Date falls within fourteen (14) days of such relevant remedy period, on the second Mortgage Payment Date immediately following the expiration of the relevant remedy period without being remedied;
- (b) if the relevant Seller agrees with a Borrower to amend the terms of the Relevant Mortgage Loan as a result of which the Relevant Mortgage Loan no longer meets the Relevant Eligibility Criteria (as set out above) and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out above), on (i) the immediately following Mortgage Payment Date or (ii) if such Mortgage Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Payment Date following such date, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the Relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the relevant Seller shall not repurchase the Relevant Mortgage Receivable;
- (c) if the relevant Seller agrees with a Borrower to grant a Further Advance under a Mortgage Loan and the relevant Further Advance Receivable is not purchased by the Issuer, on (i) the immediately following Mortgage Payment Date or (ii) if such Mortgage Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Payment Date following such date;
- (d) if a (i) a NHG Mortgage Loan no longer has the benefit of a NHG Guarantee or (ii) a Municipality Guarantee Mortgage Loan no longer has the benefit of a Municipality Guarantee, as a result of an action taken or omitted to be taken by the relevant Seller, the relevant MPT Provider as the relevant Defaulted Loan Servicer on the Mortgage Payment Date immediately following the date on which the Relevant Mortgage Loan ceases to have the benefit of the NHG Guarantee or Municipality Guarantee, on (i) the immediately following Mortgage Payment Date or (ii) if such Mortgage Payment Date referred to under (i) falls within fourteen (14) days of such date, the second Mortgage Payment Date following such date.

The purchase price in case of a repurchase of Relevant Mortgage Receivables by the relevant Sellers in any of the events described above, will be equal to the Outstanding Principal Amount in respect of the Relevant Mortgage Receivable together with accrued due but unpaid interest up to the date of purchase and assignment of the Relevant Mortgage Receivable and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment).

Notification Events

If:

- (a) a default is made by any relevant Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Relevant Issue Document to which it is a party to the extent relating to the relevant Pool and such failure is not remedied within two (2) business days after notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller or Sellers; or
- (b) any relevant Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any other Relevant Issue Document to which it is a party to the extent relating to the relevant Compartment and Pool and if such failure capable of being remedied, such failure, is not remedied

- within two (2) business days after having knowledge of such failure or notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller or Sellers; or
- (c) any representation, warranty or statement made or deemed to be made by any relevant Seller in the Mortgage Receivables Purchase Agreement, other than the representations and warranties made in respect of the Relevant Mortgage Loans and Relevant Mortgage Receivables (which the relevant Seller consequently repurchases), or under any of the other Relevant Issue Documents to which it is a party or if any notice or other document, certificate or statement delivered by it pursuant hereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Relevant Issue Document, all to the extent relating to the relevant Pool, untrue or incorrect in any material respect; or
 - (d) at any time it becomes unlawful for any relevant Seller to perform all or a material part of its obligations hereunder or under any Relevant Issue Document to which it is a party, all to the extent relating to the relevant Pool; or
 - (e) any relevant Seller, has given materially incorrect information or not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into this Agreement and/or any of the Relevant Issue Documents, all to the extent relating to the relevant Pool;
 - (f) the Initial Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") involving the Initial Seller or any of its assets are placed under administration ("*onder bewind gesteld*"); or
 - (g) the Initial Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter X of the Netherlands Act on the supervision of the credit system 1992 ("*Wtk*") or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
 - (h) the credit rating of the Initial Seller's long-term unsecured, unsubordinated and unguaranteed debt obligations by Moody's falls below Baa1 or, in respect of a NHG Compartment, by Fitch falls below BBB+ or any such rating is withdrawn;

then, unless an appropriate remedy is found within a period of ten (10) business days to the satisfaction of the Security Trustee and the Rating Agencies, except in the occurrence of the events mentioned under (f), (g) and (h) where no remedy possibility applies, the relevant Seller of Sellers shall (i) in the case of the events mentioned under (a), (b), (c), (d) and (e) forthwith notify the Borrowers of the relevant Pool, and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables of such Pool or, at its option, the Issuer shall be entitled to make such notifications itself, and (ii) in the case of the events mentioned under (f), (g) and (h) forthwith notify the Borrowers of all Pools and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables of all Pools or, at its option, the Issuer shall be entitled to make such notifications itself.

In addition, in the Mortgage Receivables Purchase Agreement each of the Sellers shall notify the relevant Insurance Companies of the assignment of the relevant Beneficiary Rights and shall undertake to use its best efforts upon the occurrence of a relevant Notification Event to obtain the co-operation from the relevant Insurance Companies and all other parties (a) (i) to waive its rights as first beneficiary under the relevant Insurance Policies (to the extent such rights have not been waived), (ii) to appoint as first beneficiary under the relevant Insurance Policies (to the extent such appointment is not already effective) (x) the Issuer subject to the dissolving condition of the occurrence of a relevant Trustee Receivables Notification Event relating to the Issuer and (y) the Security Trustee under the condition precedent of the occurrence of a relevant Trustee Receivables Notification Event relating to the Issuer and (b) with respect to Insurance Policies whereby the initial appointment of the first beneficiary has remained in force as a result of the instructions of such beneficiary to the Insurance Companies to make any payments under the relevant Insurance Policy to the relevant Seller, to convert the instruction given to the Insurance Companies to pay the insurance proceeds under the relevant Insurance Policy in favour of the relevant Seller towards repayment of the Relevant Mortgage Receivables into such instruction in favour of (x) the Issuer under the dissolving condition of the occurrence of a relevant Trustee Receivables Notification Event relating to the Issuer and (y) the Security Trustee under the condition precedent of the occurrence of a relevant Trustee Receivables Notification Event relating to the Issuer, the Security Trustee.

Further Advance Receivables

The Mortgage Receivables Purchase Agreement provides that on each Quarterly Payment Date in respect of each Pool, the Issuer will, provided that no Enforcement Notice has been served in accordance with Condition 10, use the relevant Principal Available Amount to purchase Further Advance Receivables from the relevant Seller, if and to the extent offered by such Seller. The purchase price payable by the Issuer as consideration for any Further Advance Receivables shall be equal to the aggregate Outstanding Principal Amount in respect of such Further Advance Receivables on the first day of the month wherein such Quarterly Payment Date falls, plus a portion of the Deferred Purchase Price attributable to such Further Advance Receivables.

The purchase by the Issuer of Further Advance Receivables will be subject to a number of conditions, which include, *inter alia*, the conditions that on the relevant date of completion of the sale and purchase of the Further Advance Receivables (the '**Further Advance Criteria**')

- (a) each relevant Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the relevant Seller in the Mortgage Receivables Purchase Agreement with respect to the Further Advance Receivables sold;
- (b) no Notification Event relating to the relevant Compartment and Pool has occurred and is continuing;
- (c) there has been no failure by any relevant Seller to repurchase any Mortgage Receivable of the relevant Compartment and Pool which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Principal Available Amount of the relevant Pool is sufficient to pay the initial purchase price for the relevant Further Advance Receivables;
- (e) there is no debit balance on the Principal Deficiency Ledger of the relevant Compartment;
- (f) no drawing is made from the Reserve Account of the relevant Compartment and Pool on such Quarterly Payment Date, or if the relevant Reserve Account Target Level has been reached at any time prior to such Quarterly Payment Date, the Reserve Account is at the Reserve Account Target Level;
- (g) the weighted average of the LTV-ratio of all Mortgage Loans of a Pool, including the Further Advance Loans, does not exceed the maximum LTV-ratio set out in the relevant Supplemental Prospectus (the '**Maximum LTV-ratio**') of the aggregate Outstanding Principal Amount in respect of all Mortgage Receivables of such Pool. The Issuer and the Initial Seller may agree to a higher LTV-ratio, subject to the confirmation of the Rating Agencies that no downgrading of the Notes will occur as a result thereof;
- (h) the cumulative Realised Losses on the Mortgage Receivables of the relevant Pool do not exceed the cumulative realised losses percentage set out in the in the relevant Supplemental Prospectus (the '**Cumulative Realised Losses Percentage**') of the aggregate Outstanding Principal Amount in respect of all Mortgage Receivables of such Pool on the relevant Issue Date;
- (i) not more than the arrears percentage set out in the relevant Supplemental Prospectus (the '**Arrears Percentage**') of the aggregate Outstanding Principal Amount of the relevant Pool is in arrears for a period exceeding 60 days;
- (j) the then current ratings of the Notes of the relevant Compartment will not adversely be affected as a result of such purchase; and
- (k) if applicable, any other Further Advance Criteria set out in the relevant Supplemental Prospectus

Substitution

The Mortgage Receivables Purchase Agreement provides that on each Quarterly Payment Date in respect of each Pool, up to and including the Quarterly Payment Date immediately preceding the first Optional Redemption Date of the Compartment relating to such Pool, the Issuer will, provided that no Enforcement Notice has been served in accordance with Condition 10, use the relevant Principal Available Amounts less, in respect of each Principal Available Amount, item (xiii) thereof (the '**Substitution Principal Available Amount**') to purchase Substitute Mortgage Receivables for such Pool from the relevant Seller or Sellers (which is a Seller or are Sellers in respect of such Pool), if and to the extent offered by such Seller or Sellers. The Issuer shall notify the Security Trustee prior to or on the relevant Quarterly Payment Date of which Pool such Substitute Mortgage Receivable will form part. The purchase price payable by the Issuer as consideration for any Substitute Mortgage Receivables shall be equal to the aggregate Outstanding Principal Amount in respect of such Substitute Mortgage Receivables on the first day of the month

wherein such Quarterly Payment Date falls, plus a portion of the Deferred Purchase Price attributable to such Substitute Mortgage Receivables.

The purchase by the Issuer of Substitute Mortgage Receivables will be subject to a number of conditions, which include, *inter alia*, the conditions that on the relevant date of completion of the sale and purchase of the Substitute Mortgage Receivables (the '**Substitution Criteria**')

- (a) each relevant Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the relevant Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables sold;
- (b) no Notification Event relating to the relevant Compartment and Pool has occurred and is continuing;
- (c) there has been no failure by any relevant Seller, to repurchase any Mortgage Receivable of the relevant Compartment and Pool which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Substitution Principal Available Amount of the relevant Pool is sufficient to pay the initial purchase price for the relevant Substitute Mortgage Receivables;
- (e) there is no debit balance on the Principal Deficiency Ledger of the relevant Compartment;
- (f) no drawing is made from the Reserve Account of the relevant Compartment and Pool on such Quarterly Payment Date, or if the relevant Reserve Account Target Level has been reached at any time prior to such Quarterly Payment Date, the Reserve Account is at the Reserve Account Target Level;
- (g) the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans, including the Substitute (Interest-only) Mortgage Loans, of the relevant Pool on such date does not exceed the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans of such Pool on the relevant Issue Date;
- (h) the aggregate Outstanding Principal Amount of all Savings Mortgage Loans, including the Substitute (Savings) Mortgage Loans, of the relevant Pool on such date does not exceed the aggregate Outstanding Principal Amount of all Savings Mortgage Loans of such Pool on the relevant Issue Date;
- (i) the weighted average of the LTV-ratio of all Mortgage Loans of a Pool, including the Substitute Mortgage Loans, does not exceed Maximum LTV-ratio of the aggregate Outstanding Principal Amount in respect of all Mortgage Receivables of such Pool. The Issuer and the Initial Seller may agree to a higher LTV-ratio, subject to the confirmation of the Rating Agencies that no downgrading of the Notes will occur as a result thereof;
- (j) the cumulative Realised Losses on the Mortgage Receivables of the relevant Pool do not exceed the Cumulative Realised Losses Percentage of the aggregate Outstanding Principal Amount in respect of all Mortgage Receivables of such Pool on the relevant Issue Date;
- (k) not more than the relevant Arrears Percentage of the aggregate Outstanding Principal Amount of the relevant Pool is in arrears for a period exceeding 60 days;
- (l) the then current ratings of the Notes of the relevant Compartment will not be adversely affected as a result of such substitution; and
- (m) if applicable, any other Substitution Criteria set out in the relevant Supplemental Prospectus.

ISSUER SERVICES AGREEMENT

In the Issuer Services Agreement (i) the MPT Provider will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further the section *Mortgage Loan Underwriting and Mortgage Services* below) and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions. Each of the MPT Provider and the Defaulted Loan Servicer will be obliged to service the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Initial Seller's portfolio, or, as the case may be, the Sellers' portfolios.

The Issuer Administrator will in the Issuer Services Agreement agree to provide certain administration and calculation services to the Issuer, including (a) the direction of amounts received by the Initial Seller, or, as the case may be, the Sellers to the relevant Transaction Accounts and the production of monthly reports in relation thereto, (b) drawings (if any) to be made by the Issuer from the relevant Reserve Account or under the relevant Liquidity Facility, (c) all payments to be made by the Issuer under the relevant Swap Agreement, (d) all payments to be made by the Issuer under the Notes of the relevant Compartment in accordance with the Conditions, (e) the maintaining of all required ledgers in connection with the above and (f) all calculations to be made in connection with the Notes of the relevant Compartment pursuant to the Conditions.

The MPT Provider may subcontract its obligations under this agreement to STATER Nederland B.V., the Defaulted Loan Servicer may subcontract its obligations under this agreement to Solveon Incasso B.V. and the Issuer Administrator may subcontract its obligations under this agreement to ATC Financial Services B.V. or in each case to any other person in accordance with the Issuer Services Agreement.

Termination

The appointment of the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Issuer Services Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the payment on the due date of any payment due and payable by it under the Issuer Services Agreement, (b) a default by the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Issuer Services Agreement or (c) the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations (*'noodregeling'*) as referred to in Chapter X of the Act on the Supervision of the Credit System 1992 (*'Wet toezicht kredietwezen 1992'*) or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets.

After termination of the appointment of the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Issuer Services Agreement, the Security Trustee and the Issuer shall use their best effort to appoint a substitute mpt provider and/or defaulted loan servicer and/or issuer administrator and such substitute mpt provider and/or defaulted loan servicer and/or issuer administrator shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Issuer Services Agreement, provided that such substitute mpt provider and/or defaulted loan servicer and/or issuer administrator shall have the benefit of a fee at a level to be then determined. Any such substitute mpt provider and/or defaulted loan servicer and/or issuer administrator is obliged to (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a licence under the Act of the Financial Services (*'Wet Financiële Dienstverlening'*). The Issuer shall, promptly following the execution of such agreement, pledge its interest in such

agreement in favour of the Security Trustee on the terms of the Trustee Assets Pledge Agreement, mutatis mutandis, to the satisfaction of the Security Trustee.

The Issuer Services Agreement may be terminated by the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator upon the expiry of not less than 12 months' notice of termination given by the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator to each of the Issuer and the Security Trustee provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute administrator shall be appointed, such appointment to be effective not later than the date of termination of the Issuer Services Agreement and the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator shall not be released from its obligations under the Issuer Services Agreement until such substitute mpt provider and/or defaulted loan servicer and/or issuer administrator has entered into such new agreement.

EUROPEAN MORTGAGE SECURITIES VII B.V.

European Mortgage Securities VII B.V. (the '**Issuer**') was incorporated with limited liability under the laws of the Netherlands on 23 September 2005 under number B.V. 1.336.379. The corporate seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands. The registered office of the Issuer is at Frederik Roeskestraat 123, 1076 EE Amsterdam and its telephone number is +31 20 5771 177. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34233803.

The Issuer is a special purpose vehicle, which objectives are (a) to acquire, purchase, conduct the management of, dispose of and encumber receivables ("*vorderingen op naam*") and to exercise any rights connected to such receivables, (b) to take up loans by way of issues of securities or by entering into loan agreements to acquire the assets mentioned under (a), (c) to invest and on-lend any funds held by the Issuer, (d) to hedge interest rate and other financial risks, *inter alia*, by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, to take up loans, *inter alia*, to repay the principal sum of the securities mentioned under (b), and to grant security rights and (f) to perform all activities which are incidental to or which may be conducive to any of the foregoing.

The Issuer has an authorised share capital of euro 90,000, of which euro 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Holding European Mortgage Securities VII.

Stichting Holding European Mortgage Securities VII is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 19 August 2005. The objects of Stichting Holding European Mortgage Securities VII are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and comparable companies and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Holding European Mortgage Securities VII is ATC Management B.V.

Statement by managing director of the Issuer

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in this Prospectus and (ii) been involved in any legal, arbitration or administrative proceedings which may have a significant effect on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Relevant Documents (see further *Terms and Conditions of the Notes* below).

The sole managing director of the Issuer is ATC Management B.V. The managing directors of ATC Management B.V. are J.H. Scholts, G.F.X.M. Nieuwenhuizen, A.G.M. Nagelmaker and J.Lont. The managing directors of ATC Management B.V. have chosen domicile at the office address of ATC Management B.V., being Frederik Roeskestraat 123, 1076 EE Amsterdam. The sole shareholder of ATC Management B.V. is Amsterdam Trust Corporation B.V.

The objectives of ATC Management B.V. are (a) advising of and mediation by financial and related transactions, (b) finance company, and (c) management of legal entities.

Each of the Directors has entered into a management agreement with the entity of which it has been appointed managing director (*statutair directeur*). In these management agreements each of the Directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director (*statutair directeur*) should do or should refrain from doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents, the Agreement or the then current ratings assigned to the Notes outstanding. In addition each of the Directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the Issuer other than the Transaction Documents to which it is a party, without the prior written consent of the Stichting Security Trustee and after having received written confirmation by the Rating Agencies that there will be no adverse

effect on the ratings assigned to the Notes outstanding.

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2006.

Capitalisation

The following table shows the capitalisation of the Issuer as of the Programme Closing Date:

Share Capital

Authorised Share Capital	euro 90,000
Issued Share Capital	euro 18,000

Auditors' Report

The following is the text of a report received by the Board of Managing Directors of the Issuer from Ernst & Young Accountants, the auditors to the Issuer:

"To the Directors of European Mortgage Securities VII B.V.

Dear Sirs,

European Mortgage Securities VII B.V. (the '**Issuer**') was incorporated on 23rd September 2005 with an issued share capital of euro 18,000. The Issuer has not yet prepared any financial statements. Since its incorporation, the Issuer has not traded, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation included in the Base Prospectus to be dated February 27, 2006.

Amsterdam, February 27, 2006

Ernst & Young Accountants

Alexander Beijer

Bernard Roeders

DESCRIPTION OF SECURITY

The Issuer will enter into a Parallel Debt Agreement in respect of each Compartment. In each Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee (each a '**Parallel Debt**') amounts equal to the aggregate amount due ("*verschuldigd*") by the Issuer in respect of each Compartment:

- (i) as fees or other remuneration to the Directors under the Management Agreements to the extent such amounts relate to the relevant Compartment, or if such amounts cannot be attributed to a certain Compartment, such amount for all Compartments multiplied by the relevant Pool Fraction;
- (ii) as fees and expenses to the Issuer Administrator, the MPT Provider and the Defaulted Loan Servicer under the Issuer Services Agreement to the extent such amounts relate to the relevant Compartment, or if such amounts cannot be attributed to a certain Compartment, such amount for all Compartments multiplied by the relevant Pool Fraction;
- (iii) as fees and expenses to the Paying Agent and the Reference Agent under the Agency Agreement to the extent such amounts relate to the relevant Compartment, or if such amounts cannot be attributed to a certain Compartment, such amount for all Compartments multiplied by the relevant Pool Fraction;
- (iv) to the Liquidity Facility Provider under the relevant Liquidity Facility Agreement;
- (v) to the Swap Counterparty under the relevant Swap Agreement;
- (vi) to the Noteholders under the Notes of the relevant Compartment;
- (vii) to the relevant Seller or, as the case may be, the Sellers (a) under the Mortgage Receivables Purchase Agreement to the extent such amounts relate to the relevant Pool, or if such amounts cannot be attributed to a certain Pool, such amount for all Pools multiplied by the relevant Pool Fraction and (b) under the Deeds of Assignment and Pledge of the relevant Compartment and Pool.

The parties referred to in item (i) through (vii) together in respect of the relevant Compartment the '**Secured Parties**'. Each Parallel Debt constitutes separate and independent obligations of the Issuer and constitute the Security Trustee's own separate and independent claims ("*eigen en zelfstandige vorderingen*") to receive payment of the relevant Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt of the relevant Compartment, the payment obligations of the Issuer to the Secured Parties of such Compartment shall be reduced by an amount equal to the amount so received.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the relevant Parallel Debt, the Security Trustee shall distribute such amount among the relevant Secured Parties in accordance with the relevant Priority of Payments upon Enforcement. The amounts due to the relevant Secured Parties, will, broadly, be equal to amounts recovered ("*verhaald*") by the Security Trustee on the relevant Pool of Mortgage Receivables and other relevant assets pledged to the Security Trustee under the Trustee Receivables Pledge Agreement, the Trustee Assets Pledge Agreement in the relevant Deed of Sale, Assignment and Pledge and the Deed of Pledge of Assets.

The Issuer undertakes in respect of each Pool to grant a first ranking right of pledge ("*pandrecht*") in the relevant Deed of Sale, Assignment and Pledge under a receivables pledge agreement between the Issuer and the Security Trustee dated the Programme Closing Date (the '**Trustee Receivables Pledge Agreement**') over the Mortgage Receivables and all Beneficiary Rights of such Pool (see further *Risk Factors* above) to the Security Trustee. Such right of pledge will in respect of a Pool of Mortgage Receivables together with Beneficiary Rights of such Pool be vested on the relevant Issue Date and in respect of any relevant Further Advance Receivables and relevant Substitute Mortgage Receivables and any Beneficiary Rights relating thereto on the relevant Quarterly Payment Date on which they are acquired, which will secure the payment obligations of the Issuer to the Security Trustee under the relevant Parallel Debt and any other Relevant Documents to the extent related to the relevant Compartment and Pool. The pledge on the relevant Pool of Mortgage Receivables will not be notified to the Borrowers, except in case certain notification events occur, which include the relevant Notification Events defined in the section in the Mortgage Receivables Purchase Agreement and similar events but relating to the Issuer (the '**Trustee Receivables Notification Events**'). Prior to notification of the pledge to the Borrowers, the pledge will be a "silent" right of pledge ("*stil pandrecht*") within

the meaning of section 3:239 of the Netherlands Civil Code. The pledge on the Beneficiary Rights will not be notified to the Insurance Company and will, therefore, also be a 'silent' right of pledge.

The Issuer will also vest rights of pledge in favour of the Security Trustee in an assets pledge agreement between the Issuer and the Security Trustee dated the Programme Closing Date (the '**Trustee Assets Pledge Agreement**') and in the Deeds of Pledge of Assets on the relevant Issue Dates. The rights of pledge created in the Trustee Assets Pledge Agreement secure, *inter alia*, any and all liabilities of the Issuer in respect of all Compartments to the Security Trustee resulting from or in connection with each of the Parallel Debt Agreements and any other Relevant Documents and will be vested on all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Issuer Services Agreement, (iii) the Floating Rate GIC (excluding any rights in respect of the Transaction Account) and (iv) the Programme Agreement. The rights of pledge created in each Deed of Pledge of Assets pursuant to the Trustee Assets Pledge Agreement secure, *inter alia*, any and all liabilities of the Issuer in respect of the relevant Compartments to the Security Trustee resulting from or in connection with the relevant Parallel Debt Agreement and any other Relevant Issue Documents to the extent related to the relevant Compartment and will be vested on all rights of the Issuer under or in connection with (i) the Transaction Accounts of the relevant Compartment, (ii) the Liquidity Facility Agreement of the relevant Compartment and (iii) the Swap Agreement of the relevant Compartment. These rights of pledge will be notified to the relevant obligors and will, therefore be a "disclosed" right of pledge ("*openbaar pandrecht*").

The security rights described above shall in respect of each Compartment and Pool serve as security for the benefit of the relevant Secured Parties of a Compartment and Pool, including each of the Senior Class A Noteholders of such Compartment, the Mezzanine Class B Noteholders of such Compartment, the Junior Class C Noteholders of such Compartment and the Subordinated Class D Noteholders of such Compartment, but, *inter alia*, amounts owing to Noteholders of a lower Class of Notes of such Compartment will rank in priority of payment after amounts owing to the relevant Noteholders of a higher Class of Notes (see *Credit Structure* above).

THE SECURITY TRUSTEE

Stichting Security Trustee European Mortgage Securities VII is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 23 August 2005. It has its registered office in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or Security Trustee; (b) to acquire, keep and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of certain creditors of the Issuer, including the holders of the Notes to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from, *inter alia*, the Issuer, which are conducive to the holding of the abovementioned security rights (c) to borrow money and (d) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is N.V. Algemeen Nederlands Trustkantoor ANT, having its statutory seat and registered office in Amsterdam at Herengracht 420, 1017 BZ in Amsterdam, the Netherlands. The managing directors of N.V. Algemeen Nederlands Trustkantoor ANT are Mr. L.J.J.M. Lutz and Mr. A.C.M. Beerepoot.

NETHERLANDS TAXATION

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Notes by entities as described in Section 2 and 3 of the Netherlands Corporate income tax act 1969. This summary does not describe the Netherlands tax consequences for individuals and does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and dispose of the Notes. Each prospective Noteholder should consult a professional advisor with respect to the tax consequences of an investment in the Notes. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands tax legislation, as in effect and in force at the date hereof, as interpreted in published case law, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

1. Withholding tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

2. Taxes on income and capital gains

A holder of Notes will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal or deemed disposal of the Notes, provided that:

- (a) such holder is neither resident nor deemed to be resident of the Netherlands; and
- (b) such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable.

3. Gift taxes

No Netherlands gift taxes will arise on the transfer of Notes by way of gift by a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless such holder at the time of the gift has an enterprise or an interest in an enterprise that, in whole or in part, is or was either effectively managed in the Netherlands or carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are or were attributable.

4. Turnover tax

No Netherlands turnover tax will arise in respect of any payment in consideration for the issue of the Notes or with respect to any payment by the Issuer of principal, interest or premium (if any) on the Notes.

5. Other Taxes and Duties

No Netherlands registration tax, stamp duty or other similar documentary tax or duty or capital tax, other than court fees, will be payable in the Netherlands by the holders of Notes in respect of or in connection with the issue of the Notes.

SUBSCRIPTION AND SALE

ABN AMRO Bank N.V., acting through its London Branch (the '**Dealer**') has in the programme agreement dated 27 February 2006 (as further amended and/or supplemented and/or restated from time to time, the '**Programme Agreement**') agreed (and each further Dealer appointed under the Programme will agree) with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under Final Terms and *Terms and Conditions of the Notes* above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealer for certain of its expenses in connection with the redocumentation of the Programme and the issue of Notes under the Programme.

European Economic Area

In relation to each Member State of the European Economic Area (European Union plus Iceland, Norway and Liechtenstein) which has implemented directive 2003/71/EC (the '**Prospectus Directive** ') (each a "Relevant Member State"), the Dealer will represent and agree (and each further Dealer appointed under the Programme will represent and agree) that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

The Notes may only be offered or sold to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), provided such investors act for their own account, and/or to persons providing portfolio management financial services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), in the Republic of France, within the meaning of Article L.411-2 of the French *Code Monétaire et Financier* (Monetary and Financial Code) and the Decree 98-880 dated 1st October 1998; neither this Prospectus, which has not been submitted to the *Autorité des Marchés Financiers*, nor any information contained therein or any offering material relating to the Notes, may be distributed or caused to be distributed to the public in France.

Italy

The offering of the Notes in Italy has not been registered with the Commissione Nazionale per la Società e la Borsa ('CONSOB') pursuant to Italian securities legislation and, accordingly, the Notes cannot be offered, sold or delivered in the Republic of Italy ('Italy') nor may any copy of this Prospectus or any other document relating to the Notes be distributed in Italy other than to professional investors (*operatori qualificati*) as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998 as subsequently amended. Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy must be made (a) by an investment firm, bank or intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 58 of 24 February 1998 (the '*Financial Services Act*') and Legislative Decree No. 385 of 1 September 1993 (the '*Banking Act*'); (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy and (c) in compliance with any other applicable laws and regulations and other possible requirements or limitations which may be imposed by Italian authorities. The Notes cannot be offered, sold or delivered on a retail basis, either in the primary or in the secondary market, to any individuals residing in Italy.

United Kingdom

The Dealer will represent and agree and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to US persons, except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. The Notes are in bearer form and are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

The Dealer will agree (and each further Dealer appointed under the Programme will agree) that it will not offer, sell or deliver the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering on the Issue Date within the United States or to, or for the account or benefit of, US persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, US persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the purchase) may violate the registration requirements of the Securities Act. Terms used in these paragraphs have the meanings given to them by Regulation S and the US Internal Revenue Code and regulations thereunder.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the 'Securities and Exchange Law') and the Dealer will agree and each further Dealer appointed under the Programme will be required to agree that, it will not offer or sell Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organised under the Laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws and regulations of Japan.

General

The Dealer will agree and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Dealer shall have any responsibility therefor.

Neither the Issuer nor the Dealer (nor each further Dealer appointed under the Programme) shall represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any

jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Compartment, the Dealer will be required to comply with any other additional restrictions set out in the applicable Final Terms.

GENERAL INFORMATION

1. The establishment of the Programme and the issue of Notes under the Programme from time to time have been duly authorised by a resolution of the Board of Managing Directors of the Issuer (the '**Board**') dated 22 February 2006. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Notes.
2. Application will be made for Notes issued under the Programme to be admitted to listing on Eurolist by Euronext Amsterdam during the period of 12 months from the date of this Base Prospectus. Notice of the aggregate nominal amount of the relevant Notes, interest (if any) payable in respect of such Notes, the issue price of such Notes and any other terms and conditions not contained herein which are applicable to the Notes of such Compartment will be set out in the Final Terms which, with respect to such Notes to be listed on Euronext Amsterdam, will be delivered to Euronext Amsterdam and filed with the AFM on or before the date of issue of such Compartment. Notes issued under the Programme may also be listed on any other stock exchange specified in the applicable Final Terms or unlisted.
3. Ernst & Young Accountants N.V. has given and have not withdrawn its written consent to the issue of this Base Prospectus with their report included herein in the form and context in which it appears. Ernst & Young Accountants N.V. is a member of the Royal NIVRA ("*Nederlands Instituut voor registeraccountants*"), the Dutch accountants board.
4. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours:
 - (i) the Deed of Incorporation of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Notes Purchase Agreements;
 - (iv) the Agency Agreement;
 - (v) the Trust Deeds;
 - (vi) the Parallel Debt Agreements;
 - (vii) the Trustee Receivables Pledge Agreement;
 - (viii) the Trustee Assets Pledge Agreement;
 - (ix) the Issuer Services Agreement;
 - (x) the Floating Rate GIC;
 - (xi) the Swap Agreements;
 - (xii) the Liquidity Facility Agreements;
 - (xiii) the articles of association of the Security Trustee;
 - (xiv) the Programme Agreement; and
 - (xv) any future Base Prospectuses, Supplemental Prospectuses, supplementary listing particulars, information memoranda and supplements (including the Final Terms in respect of listed Notes) to this Base Prospectus and any other documents incorporated herein or therein by reference.
5. The audited annual financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Paying Agent.
6. A free copy of the Issuer's articles of association is available at the office of the Issuer.
7. Application will be made for the Notes to be accepted for clearance through Euroclear and/or Clearstream, Luxembourg or Euroclear Netherlands or any other agreed clearing system. The appropriate common code, ISIN and security code for each Compartment allocated by Euroclear and/or Clearstream, Luxembourg or Euroclear Netherlands, or any other agreed clearing system, and any other relevant security code, will be

specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in applicable Final Terms.

8. US Taxes:

The Notes will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code.'

The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

9. The Issuer does not intend to make available any post-issuance information regarding any issue of Notes under the Programme.

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