

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

Euro 2,089,300,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2042, issue price 100 per cent.  
Euro 368,700,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2042, issue price 100 per cent.

**ABN AMRO 2006-I NHG POOL**

European Mortgage Securities VIII B.V. (the '**Issuer**') expects to issue the euro 2,089,300,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2042 (the '**Senior Class A Notes**') and the euro 368,700,000 floating rate Mezzanine Class B Notes 2006 due 2042 (the '**Mezzanine Class B Notes**', and together with the Senior Class A Notes, the '**Notes**') on 31 July 2006 (the '**Closing Date**').

The Notes will carry a floating rate of interest, payable quarterly in arrear, which will be three months Euribor plus, up to (but excluding) the Clean-Up Call Option Date a margin per annum, which will be for the Senior Class A Notes 0.0225 per cent. and for the Mezzanine Class B Notes 0.0225 per cent. If on the Clean-Up Call Option Date the Notes are not redeemed in full, in accordance with the terms and conditions of the Notes (the '**Conditions**'), the margin applicable to the Notes will be reset. The interest on the relevant Class of Notes from the Clean-Up Call Option Date will be equal to three months Euribor plus a margin per annum which will be for the Senior Class A Notes 0.10 per cent. and for the Class B Notes 0.10 per cent., payable quarterly in arrear.

The Notes are scheduled to mature on the Quarterly Payment Date falling in June 2042 (the '**Final Maturity Date**'). The Notes will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with the Conditions through the application of the Notes Redemption Available Amount on each Quarterly Payment Date. On the Quarterly Payment Date falling in June 2010 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer will have the option to redeem all (but not some only) of the Notes then outstanding at their Principal Amount Outstanding subject to and in accordance with the Conditions.

The Notes will be indirectly secured by a right of pledge by the Issuer over the Mortgage Receivables (the '**ABN AMRO 2006-I NHG Pool**') and the Beneficiary Rights in favour of Stichting Security Trustee European Mortgage Securities VIII (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 ABN AMRO 2006-I NHG Pool. The right to payment of interest and principal on the Mezzanine Class B Notes will be subordinated to the Senior Class A Notes and may be limited as more fully described herein. Recourse in respect of the Notes is limited to the ABN AMRO 2006-I NHG Pool, any claims of the Issuer under the Relevant Documents and the balances standing to the credit of the GIC Account and there will be no other assets of the Issuer available for any further payments.

The Notes of each Class will be initially represented by a temporary global note in bearer form (each a '**Temporary Global Note**'), without coupons, which is expected to be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('**Euroclear**') and Clearstream Banking, société anonyme ('**Clearstream, Luxembourg**'), on or about the Closing Date. 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 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 as described in the Conditions. The expression '**Global Notes**' means the Temporary Global Note of each Class and the Permanent Global Note of each Class and the expression '**Global Note**' means each Temporary Global Note or each Permanent Global Note, as the context may require.

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 Seller, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, 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 Seller, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, 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 Seller, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, 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 the definitions of capitalised terms used herein see *Index of Defined Terms*.

This document does not constitute a Prospectus within the meaning of Directive 2003/71/EC.

The date of this Private Placement Memorandum is 27 July 2006.

## IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Private Placement Memorandum, 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 Private Placement Memorandum 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 Private Placement Memorandum, 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 Private Placement Memorandum: *Overview of the Dutch Residential Mortgage Market, Documents incorporated by reference, Description of the Mortgage Loans, 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.

This Private Placement Memorandum 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 Private Placement Memorandum shall be read and construed on the basis that such documents are incorporated in and form part of this Private Placement Memorandum.

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

Neither this Private Placement Memorandum nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer that any recipient of this Private Placement Memorandum or any other information supplied in connection with the Notes 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 ABN AMRO 2006-I NHG Pool. Neither this Private Placement Memorandum nor any other information supplied in connection with the Notes 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 Private Placement Memorandum 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 Notes 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 Private Placement Memorandum and the offering, sale and delivery of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Private Placement Memorandum 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 Private Placement Memorandum 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 Private Placement Memorandum. 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).

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

*This summary must be read as an introduction to this Private Placement Memorandum and any decision to invest in the Notes should be based on a consideration of the Private Placement Memorandum as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Civil liability will only attach to the Issuer, if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Private Placement Memorandum. Where a claim relating to the information contained in a Private Placement Memorandum 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 Private Placement Memorandum before the legal proceedings are initiated.*

*Capitalised terms used, but not defined, in this section can be found elsewhere in this Private Placement Memorandum, unless otherwise stated. For the page reference of the definitions of the capitalised terms used herein see Index of Defined Terms.*

### **The Transaction**

The Issuer will purchase and, on the Closing Date, accept the assignment from the Seller of the Mortgage Receivables (i.e. the rights under or in connection with certain pre-selected Mortgage Loans originated by the Seller) and the Beneficiary Rights relating thereto by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. Furthermore, the Issuer will on the Closing Date issue the Notes and use the net proceeds thereof, to pay to the Seller the Initial Purchase Price for the Mortgage Receivables, pursuant to the Mortgage Receivables Purchase Agreement (see further *Mortgage Receivables Purchase Agreement* below).

Furthermore, on each Quarterly Payment Date, in the case of Substitute Mortgage Receivables up to the Quarterly Payment Date falling in June 2010, the Issuer will purchase from the Seller Substitute Mortgage Receivables and Further Advance Receivables and the Beneficiary Rights relating thereto subject to the fulfilment of certain conditions and to the extent offered by the Seller.

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

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 GIC Account (see *Credit Structure* below).

To mitigate the risk between the rate of interest to be received by the Issuer on the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes, the Issuer will enter into the Swap Agreement. Under the Swap Agreement the Swap Counterparty will also undertake to pay to the Issuer any Realised Losses on the Mortgage Receivables, which will include amounts not recovered under the Mortgage Loans as a result of set off by Borrowers (see *Credit Structure* below).

### **Security for the Notes**

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables (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 under or in connection with the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Floating Rate GIC, the Swap Agreement and in respect of the GIC Account.

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 the 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 Secured Parties pursuant to the Relevant Documents.

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

#### **Interest on the Notes**

The Notes will bear a floating rate of interest, payable in arrear on each Quarterly Payment Date. The rate of interest will be three months Euribor plus a margin. On the Clean-Up Call Option Date the margin of the Notes will be reset subject to and in accordance with the Conditions (See *Principal features of the Notes* and *Terms and Conditions of the Notes* below).

#### **Redemption of the Notes**

The Notes will be redeemed at the Final Maturity Date.

The Issuer will on each Quarterly Payment Date be obliged to apply all amounts received as principal, less certain amounts such as amounts used for the purchase of Substitute Mortgage Receivables (up to the first Optional Redemption Date) and Further Advance Receivables, to redeem (or partially redeem) the Notes in the order of priority of the Notes until fully redeemed.

The Issuer may (but is not obliged to) redeem the Notes, 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 Conditions. In the Mortgage Receivables Purchase Agreement, the Issuer has undertaken that if the Seller informs the Issuer that it wishes to purchase all, but not some only, Mortgage Receivables on any Optional Redemption Date, the Issuer shall sell and assign to the Seller and the Seller shall repurchase and accept re-assignment of the Mortgage Receivables for a price determined in accordance with the Trust Deed and subject to Condition 6.

In addition, the Seller 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. Upon the exercise of the Clean-Up Call Option, the Issuer will have the right to redeem the Notes, in whole but not in part only, at their Principal Amount Outstanding subject to the Conditions. The Issuer has undertaken towards the Security Trustee to apply the proceeds of sale of the Mortgage Receivables towards redemption of the Notes.

#### **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 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, the proceeds of the sale of the Mortgage Receivables and the receipt by it of certain other funds. Despite certain facilities, 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. 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 Private Placement Memorandum 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 Seller, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, the GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent or the Security Trustee. Furthermore, none of the Seller, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, 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 Seller, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator, 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 Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any such Mortgage Receivables, the receipt by it of payments under the Swap Agreement and the receipt by it of interest in respect of the balance standing to the credit of the GIC Account (other than on the Construction Ledger). 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 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. The proceeds of each issuance of notes will be applied towards the purchase of Eligible Assets. As a result of such further issue of notes, the Issuer may have obligations towards parties other than the Secured Parties. However, recourse of the holders of such notes and of any party entering into agreements in connection with such issue will be limited to the relevant Eligible Assets purchased with the proceeds thereof, any Eligible Investments made by the Issuer and any claims of the Issuer resulting from agreements entered into in connection with such notes and the purchase of such Eligible Assets. The Eligible Assets purchased by the Issuer may be sold and assigned by other parties than the Seller. In relation to each issue of notes by the Issuer a new security trustee will be incorporated.

### **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 Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties (a '**Parallel Debt**'). The Issuer has been advised that such a

Parallel Debt creates a claim 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).

### **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 Seller to the Issuer through a registered deed of assignment. The Mortgage Receivables Purchase Agreement will provide that such transfers of legal title will not be notified by the 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 Seller in order to fully discharge their payment obligations ("*bevrijdend betalen*"). The 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 the Mortgage Receivables during the immediately preceding Mortgage Calculation Period. However, receipt of such amounts by the Issuer is subject to the Seller actually making such payments.

Payments made by Borrowers to the Seller prior to notification but after bankruptcy or emergency regulations in respect of the Seller having been declared will be part of the relevant 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 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 Seller to a Borrower could, *inter alia*, result from current account balances or deposits made with the Seller.

The conditions applicable to the Mortgage Loans of the 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 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 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 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 Seller to its employees ('**Employee Mortgage Loans**') the Borrower, which is also an employee of the 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 Seller that its employees have the right to a reduced interest on a mortgage loan taken out with the 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 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 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 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 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 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 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 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 Seller and would secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any claims held by the 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 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 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 Seller's bankruptcy trustee (in case of bankruptcy) or administrator (in case of emergency regulations) may be required for such foreclosure.

The Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share ("*aandeel*") 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 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 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 Seller, the 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 Seller to actually make such payments.

To further secure the obligations of the Seller under this arrangement, if (i) the Seller's long term credit rating from Moody's ceases to be at least A3 and ABN AMRO does not regain a long term credit rating of A3 by Moody's on the date falling twelve months after the date of such downgrade or (ii) if the Seller's long-term credit rating from Moody's ceases to be at least Baa1 or any such rating is withdrawn, then, unless an appropriate remedy to the satisfaction of the Security Trustee is found and the Security Trustee instructs the Issuer otherwise, within a period of ten (10) business days, the Seller shall have an obligation to pledge its Other Claims 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 Seller created for this purpose equal to the share of the Seller in the foreclosure proceeds in relation to a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower. If, after the pledge of the Other Claims, the Seller regains a long-term credit rating of A3 from Moody's and retains at least an A3 rating from Moody's, if applicable, for a consecutive period of twelve (12) months, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amounts in respect of the Mortgage Receivable is been repaid in full.

### 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 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 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 Seller has been appointed as beneficiary under the Insurance Policies, but it is not certain for which amount the 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 Seller will remain in place, provided that the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the insurance proceeds to the 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 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 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 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 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 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 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 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 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 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 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 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" ("*dwalig*") 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 Seller.

#### *Insolvency of the 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 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 "*hypotheekrenterekening*" or, as the case may be, the account of the relevant Hybrid Insurance Company and/or Savings Insurance Company held with the 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 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 "*hypotheekrenterekening*" 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.

### **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 Seller by the relevant Borrower. The Issuer has been informed by the 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 Seller which is pledged to the Seller. Such amount will be paid out in case certain conditions are met. The Issuer and the 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. Such amount will be deposited on the construction ledger (the '**Construction Ledger**'). On each Quarterly Payment Date, the Issuer will release from the Construction Ledger such part of the relevant Initial Purchase Price which equals the difference between the aggregate Construction Amounts and the balance standing to the credit of the Construction Ledger and pay such amount to the 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 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 Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the amounts of the 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 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 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 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 and the rate of interest payable by the Issuer on the Notes. To mitigate this risk, the Issuer will enter into a Swap Agreement. The Swap Counterparty will be obliged to make payments under the 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 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 the 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) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

The 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 Swap Agreement, or (iii) an Enforcement Notice is served. Events of default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligation under the Swap Agreement and (iii) insolvency events. The Swap Agreement will terminate on the earlier of the Final Maturity Date and the date on which the Notes have been redeemed or written-off in full in accordance with the relevant Conditions.

### **Optional Redemption**

As a result of the increase in the margin payable on and from the Clean-up Call Option Date in respect of the floating rate of interest on the Notes, the Issuer may have an incentive to exercise its right to redeem the Notes on such date or on any Quarterly Payment 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 Notes, for example through a sale of Mortgage Receivables still outstanding at that time. In the Mortgage Receivables Purchase Agreement, the Issuer has undertaken that if the Seller informs the Issuer that it wishes to purchase all, but not some only, Mortgage Receivables on any Optional Redemption Date, the Issuer shall sell and assign to the Seller and the Seller shall repurchase and accept re-assignment of the Mortgage Receivables for a price determined in accordance with the Trust Deed and subject to Condition 6.

### **Clean-Up Call Option and Redemption for Tax Reasons**

On each Quarterly Payment Date, the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables is not more than 20 per cent. of the sum of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Closing Date. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller 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 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 Seller 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 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 the Mezzanine Class B Notes**

To the extent set forth in Condition 9, the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A Notes. Such subordination is designed to provide credit enhancement to the Senior Class A 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 Noteholders may receive by way of principal repayment on the 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 Quarterly Payment Date, any such losses on the Mortgage Loans will be allocated as described in *Credit Structure* below. Under the Swap Agreement the Swap Counterparty will undertake to pay to the Issuer any Realised Losses on the Mortgage Receivables (see *Credit Structure* below).

**Factors which are material for the purpose of assessing the market risks associated with the Notes**

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 Private Placement Memorandum;
- (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.

**Limited recourse of the Notes**

Recourse in respect of the Notes will be limited to (a) the Mortgage Receivables and the Beneficiary Rights relating thereto; (b) the balances standing to the credit of the GIC Account excluding, depending on the circumstances, the relevant Construction Ledger and (c) any claims of the Issuer under or in connection with the Relevant Documents.

**Eligible Investments**

The Issuer may invest certain amounts into Eligible Investments (see *Credit Structure* below) . 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 Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Loans. However, under the Swap Agreement the Swap Counterparty will undertake to pay to the Issuer any Realised Losses on the Mortgage Receivables (see *Credit Structure* below).

**Maturity Risk**

The ability of the Issuer to redeem all the Notes 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, Issuer Administrator, GIC Provider, Paying Agent, Reference Agent and Swap Counterparty, will not meet its obligations vis-à-vis the Issuer and (b) ATC Management B.V. and N.V. Algemeen Nederlands Trust Kantoor ANT will not meet its obligations under the relevant Management Agreements.

**Forecasts and Estimates**

Forecasts and estimates in this Private Placement Memorandum 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.

**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 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.

**NHG Guarantee**

All Mortgage Loans will have the benefit of a NHG Guarantee. Pursuant to the terms and conditions ("*voorwaarden en normen*") of the NHG Guarantee the "*Stichting Waarborgfonds Eigen Woningen*" ("**WEW**") has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the terms and conditions of the NHG Guarantee. The Seller will in the Mortgage Receivables Purchase Agreement represent and warrant that (i) each NHG Guarantee connected to a Mortgage Loan constitutes legal, valid and binding obligations of the WEW, enforceable in accordance with its terms, (ii) all terms and conditions applicable to the NHG Guarantee at the time of origination of the Mortgage Loan were complied with and (iii) the Seller is not aware of any reason why any claim under any NHG Guarantee should not be met in full and in a timely matter.

Finally, the terms and conditions stipulate that the NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan can be different (see *Description of the Mortgage Loans*). This may result in the Issuer not being able to fully recover any loss incurred with the WEW.

See for a more detailed description of the NHG Guarantees *NHG Guarantee Programme* below.

## OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

*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 Private Placement Memorandum.*

### THE PARTIES:

- Issuer:** European Mortgages Securities VIII, incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"). The Issuer is established to issue notes, such as the Notes, from time to time. Recourse in respect of these notes will be limited to any receivables resulting from mortgage loans originated by an originator established in the Netherlands ('**Eligible Assets**') purchased by the Issuer with (part of) the proceeds of such notes.
- Seller:** ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public limited liability company ("*naamloze vennootschap*") (the '**Seller**', or '**ABN AMRO**'). See the Seller's registration document for more information on ABN AMRO Bank N.V.
- 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 ("*besloten vennootschap met beperkte aansprakelijkheid*") 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 ("*besloten vennootschap met beperkte aansprakelijkheid*") 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 ("*besloten vennootschap met beperkte aansprakelijkheid*") or any other person in accordance with the Issuer Services Agreement.
- Security Trustee:** Stichting Security Trustee European Mortgages Securities VIII 2006-I, established under the laws of the Netherlands as a foundation ("*stichting*").

<b>Issuer Director:</b>	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> ").
<b>Issuer Holding:</b>	Stichting Holding European Mortgages Securities VIII, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ").
<b>Issuer Holding Director:</b>	ATC Management B.V.
<b>Security Trustee Director:</b>	N.V. Algemeen Nederlands Trustkantoor ANT, incorporated under the laws of the Netherlands as a public limited company (" <i>naamloze vennootschap</i> ").
<b>Swap Counterparty:</b>	ABN AMRO
<b>GIC Provider:</b>	ABN AMRO
<b>Paying Agent:</b>	ABN AMRO
<b>Reference Agent:</b>	ABN AMRO
<b>Common Depository:</b>	Société Générale Bank & Trust, Luxembourg S.A.

**THE NOTES:**

**The Notes:** The euro 2.089,300,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2042 (the '**Senior Class A Notes**') and the euro 368,700,000 floating rate Mezzanine Class B Notes 2006 due 2042 (the '**Mezzanine Class B Notes**') and together with the Senior Class A Notes, the '**Notes**') will be issued by the Issuer on 31 July 2006 (or such later date as may be agreed between the Issuer and the Investor) (the '**Closing Date**').

**Issue Price:** The issue prices of the Notes will be as follows:  
(i) the Senior Class A Notes 100 per cent.; and  
(ii) the Mezzanine Class B Notes 100 per cent.

**Denomination:** The Notes will be issued in denominations of Euro 100,000 each.

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

In accordance with the Conditions and the Trust Deed 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.

See further *Terms and Conditions of the Notes* below.

**Interest:**

Interest is payable on the 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 September, December, March and June (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 Closing Date and will end on the Quarterly Payment Date falling in September 2006. 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 the Notes for each Floating Rate Interest Period from the Closing Date will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three-months deposits in euros, determined in accordance with the Conditions, plus a margin which up to (but excluding) the Clean-up Call Option Date will for the Senior Class A Notes be equal to 0.0225 per cent. per annum and for the Mezzanine Class B Note be equal to 0.0225 per cent. per annum.

**Interest Step-up:**

If on the Clean-up Call Option Date the Notes have not been redeemed full, the margin applicable to the relevant Class of Notes will be reset, in the case of the Senior Class A Notes, to 0.10 per cent. per annum and, in the case of the Mezzanine Class B Notes, to 0.10 per cent. per annum.

**Final Maturity Date:**

Unless previously redeemed and subject to the Conditions, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in June 2042 (the '**Final Maturity Date**').

**Mandatory Redemption of the Notes:**

The Issuer will be obliged to apply the Notes Redemption Available Amount, if any, to (partially) redeem the Notes on each Quarterly Payment Date at their Principal Amount Outstanding in the following order (a) firstly, the Senior Class A Notes until fully redeemed, and (b) secondly, the Mezzanine Class B Notes until fully redeemed. The Notes Redemption Available Amount will be equal to the Principal Available Amount less (i) the Further Advance Amount, (ii) the Reserved Amount and (iii) the Substitution Available Amount. As a consequence on any Quarterly Payment Date the Notes Redemption Available Amount may be nil.

**Optional Redemption of the Notes:**

On the Quarterly Payment Date falling in June 2010 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**'), the Issuer will have the option to redeem the Notes, but not some only, at their respective Principal Amount Outstanding, less in the case of the Mezzanine Class B Notes, a Mezzanine Class B Principal Shortfall (if any), all subject to and in accordance with the Conditions. In the Mortgage Receivables Purchase Agreement, the Issuer has undertaken that if the Seller informs the Issuer that it wishes to purchase all, but not some only, Mortgage Receivables on any Optional Redemption Date, the Issuer shall sell and assign to the Seller and the Seller shall repurchase and accept re-assignment of the Mortgage Receivables for a price determined in accordance with the Trust Deed and subject to Condition 6.

**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 and Clearstream, Luxembourg.

**Use of proceeds:**

The Issuer will use the net proceeds from the issue of the Notes to pay to the Seller the Initial Purchase Price for the Mortgage Receivables pursuant to the provisions of an agreement dated 31 July 2006 (the '**Closing Date**') made between the Seller, the Issuer and the Security Trustee (the '**Mortgage Receivables Purchase Agreement**').

**Security for the Notes:**

The Notes will be secured (i) by a first ranking right of pledge to the Security Trustee by the Issuer over (a) the Mortgage Receivables 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

the Notes by the Issuer over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Issuer Services Agreement and the floating rate guaranteed investment contract (the '**Floating Rate GIC**') and in respect of the GIC Account.

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

**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:**

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of any and all rights of the 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).

**Repurchase of Mortgage Receivables:**

Under the Mortgage Receivables Purchase Agreement, the 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 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 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; and
- (iii) if the 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 the 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 no longer has the benefit of a NHG Guarantee as a result of an action taken or omitted to be taken by the Seller, the MPT Provider or the 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 (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 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.

**Purchase of Further Advance Receivables:**

The Mortgage Receivables Purchase Agreement will provide that, provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date the Seller will sell and the Issuer will purchase all mortgage receivables resulting from Further Advances (the '**Further Advance Receivables**') granted by the Seller in the relevant preceding Calculation Period, subject to the fulfilment of certain conditions and to the extent that such Further Advance Receivables are offered for sale by the Seller. On each relevant Quarterly Payment Date the Issuer shall apply the 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 on each relevant Quarterly Payment Date up to, but excluding, the first Optional Redemption Date the Principal Available Amount less, in respect of each Principal Available Amount, the Further Advance Amount to purchase from the Seller mortgage receivables (the '**Substitute Mortgage Receivables**'), subject to the fulfilment of certain conditions and to the extent that such Substitute Mortgage Receivables are offered for sale by the Seller.

**Clean-Up Call Option:**

On each Quarterly Payment Date (the '**Clean-Up Call Option Date**'), the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables is not more than 20 per cent. of the sum of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Closing Date (the '**Clean-Up Call Option**').

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller 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 6(h). The purchase price will be calculated as described in *Sale of Mortgage Receivables* below.

#### **Mortgage Loans:**

The Mortgage Receivables to be sold by the Seller 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 Seller and the relevant Borrowers (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 ("*spaarhypotheken*"),
- (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.

The Mortgage Loans may consist of one or more loan-parts ("*leningdelen*"). If a Mortgage Loan consists of one or more loan parts, the 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.

The Seller will give representations and warranties with respect to the Mortgage Loans and the Mortgage Receivables assigned by it to the Issuer. The Mortgage Loans and the Mortgage Receivables will need to comply with the Eligibility Criteria.

For more details see *Risk Factors* and *Description of Mortgage Loans*.

#### **NHG Guarantees:**

All Mortgage Loans will have the benefit of a guarantee under the "*Nationale Hypotheek Garantie*" ('**NHG Guarantee**'). See further *NHG Guarantee Programme* below. As a result of the assignment of the Mortgage Receivables, the Issuer will have the benefit of the rights of the Seller under the NHG Guarantees in relation to these Mortgage Receivables.

**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 on an account with the Seller which is pledged to the Seller. Such amount will be paid out in case certain conditions are met. The Issuer will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Construction Amounts as per the Portfolio Cut-Off Date. Such amount will be deposited on the construction ledger (each a '**Construction Ledger**'). On each Quarterly Payment Date the Issuer will release from the Construction Ledger such part of the Initial Purchase Price which equals the difference between the aggregate Construction Amounts and the balance standing to the credit of the Construction Ledger and pay such amount to the Seller.

**Sale of Mortgage Receivables:**

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

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 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.

**CASH FLOW STRUCTURE:**

**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 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 GIC Account.

**GIC Account:**

The Issuer shall maintain with the GIC Provider an account (the '**GIC Account**') to which all amounts of interest and principal received under the Mortgage Receivables will be transferred by, *inter alia*, the MPT Provider in accordance with the Issuer Services Agreement.

**Swap Agreement:**

On the Closing Date, the Issuer will enter into a Swap Agreement, a schedule thereto and a swap confirmation with the Swap Counterparty (the '**Swap Agreement**') to mitigate the risk between the rates of interest to be received by the Issuer on the Mortgage Receivables and the rates of interest payable by the Issuer on the Notes. Furthermore, pursuant to the Swap Agreement, Swap Counterparty will agree to pay any Realised Losses to the Issuer, which will include any amounts not recovered under the Mortgage Loans as a result of set off by Borrowers.

**OTHER:**

**Issuer Services Agreement:**

Under the terms of a Issuer Services Agreement to be entered into on the 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 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.

**Governing Law:**

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

**Transfer Restriction:**

Certain transfer restrictions apply to the Notes. See *Terms and Conditions of the Notes*.

**Selling Restrictions**

There are selling restrictions in relation to the United States, Italy, France and such other restrictions as may be required in connection with the offering and sale of the Notes. See '*Purchase and Sale*' below.

### DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Private Placement Memorandum:

- (a) the Articles of Association of the Issuer; and
- (b) ABN AMRO Holding N.V.'s ('**ABN AMRO Holding**') publicly available consolidated audited annual financial statements for the years ended 31 December 2005, 31 December 2004 and 31 December 2003; and
- (c) ABN AMRO's registration document dated 30 June 2006 pursuant to the Commission Regulation (EC) No 809/2004 (the EU Prospectus Regulation) for ABN AMRO Holding and ABN AMRO, as approved by the AFM on 29 June 2006.

The Issuer will provide, without charge, to each person to whom a copy of this Private Placement Memorandum 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 Private Placement Memorandum. In addition, such documents will be available from the office in Breda of ABN AMRO in its capacity as Paying Agent.

## CREDIT STRUCTURE

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

### **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 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 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 Seller.

The MPT Provider will transfer ultimately on each Mortgage Payment Date (being the 8<sup>th</sup> business day of each month) all amounts received by the Seller in respect of the Mortgage Loans and paid to the Seller's collection account during the immediately preceding Mortgage Calculation Period to the 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 (the **'Seller Collection Account Provider Requisite Rating'**), the Seller will, 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 Closing Date on the GIC Account during one Mortgage Calculation Period.

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 1 July 2006 and end on 31 July 2006.

### **GIC Account**

The Issuer will maintain with the GIC Provider the GIC Account to which, *inter alia*, all amounts received from the Seller in respect of the Mortgage Receivables will be paid.

The Issuer Administrator will identify all amounts paid into the GIC Account by the Seller in respect of the 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.

Payments may be made from the GIC Account other than on a relevant Quarterly Payment Date only to satisfy amounts due to third parties (other than pursuant to the Relevant Documents).

The Issuer may, at its option, until the Quarterly Payment Date immediately preceding the first Optional Redemption Date 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 Reserved Amount may never exceed the outstanding principal amount in respect of all Substitute Mortgage Receivables which the Seller expect to offer to the Issuer up to the first Optional Redemption Date, if such amount is notified by the Seller to the Issuer prior the relevant Quarterly Payment Date.

The Issuer may invest all funds in the 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 classes of assets from time to time eligible under the Capital Requirements Directive (Directive 2000/12/EC) (the '**Eligible Investments**') which, as at the Closing Date, are expected to include:

- (a) exposures to or guaranteed by central governments, central banks or international organisations that are 0% risk weighted under the Standardised Approach;
- (b) exposures to or guaranteed by public sector entities, regional governments or local authorities that qualify for 0% risk weighting under the Standardised Approach;
- (c) exposures to institutions that qualify for a 10% risk weighting under the Standardised Approach; and
- (d) exposures to institutions that qualify for a 20% risk weighting under the Standardised Approach, provided that the total exposure to such institutions shall not exceed 10% of the (euro equivalent of the) aggregate principal amount of the Eligible Investments then outstanding;

in each case being an exposure denominated in euro, provided that:

- (i) such exposures will have certain minimum long term and short term ratings, which will be at least A2 or Prime-1 by Moody's for exposures maturing within one month, A1 and Prime-1 by Moody's for exposures maturing within one to three months, Aa3 and Prime-1 for exposures maturing within three to six months and Aaa and Prime-1 by Moody's for exposures maturing over six months;
- (ii) the maximum aggregate total exposures in general shall not exceed 20% of the nominal outstanding amount of the Notes; and
- (iii) such exposures consist of securities (a) which are either deposited with Euroclear or the transfer of which is subject to the Dutch Securities Giro Transfer Act 1977 (*Wet giraal effectenverkeer 1977*) and (b) which are credited to a securities account in the Issuer's name administered in The Netherlands or Belgium, as the case may be.

For the purpose of the definition of Eligible Investments above '**Standardised Approach**' means Annex VI to the Capital Requirements Directive (or, after any amendment, variation, enactment or implementation of such Directive, the corresponding Annex).

In addition, on the Closing Date an amount corresponding to the aggregate Construction Amounts will be credited to the GIC Account and to the Construction Ledger. A debit from the Construction Ledger and corresponding payments from the GIC Account on a relevant Quarterly Payment Date may be made only to satisfy payment by the Issuer to the Seller of (part of) the Initial Purchase Price as a result of the distribution of (part of) the Construction Amount by the Seller to the Borrowers. Besides this, the Construction Ledger will be debited with the amount Borrowers have set off against the relevant Mortgage Receivables in connection with the 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 Principal Available Amount.

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, 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, to guarantee the obligations of the GIC Provider.

#### **Priority of Payments in respect of interest**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Quarterly Calculation Date (being the 5<sup>th</sup> business day prior to each relevant Quarterly Payment Date) as being received or held in relation to the Quarterly Calculation Period immediately preceding such Quarterly

Calculation Date (items (i) up to and including (x) being hereafter referred to as the '**Notes Interest Available Amount**')

- (i) as interest, including any prepayment penalties and penalty interest ("*boeterente*"), on the Mortgage Receivables;
- (ii) as interest credited to the GIC Account and any revenue on any Eligible Investments made by the Issuer;
- (iii) as Net Proceeds on any Mortgage Receivables, to the extent such proceeds do not relate to principal;
- (iv) as amounts to be received from the Swap Counterparty under the Swap Agreement to the extent relating to interest on the immediately succeeding relevant Quarterly Payment Date, excluding, for the avoidance of doubt, any collateral transferred pursuant to such Swap Agreement;
- (v) as amounts received in connection with a repurchase of Mortgage Receivables 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;
- (vi) as amounts received in connection with a sale of the Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal;
- (vii) as amounts received as Post Foreclosure Proceeds on the Mortgage Receivables;
- (viii) the Pre-Closing Proceeds to the extent such amounts do not relate to principal;
- (ix) on the Final Maturity Date or, if earlier, the Quarterly Payment Date on which the Notes are redeemed in full, the remaining balance standing to the credit of the GIC Account, if any; and
- (x) as amounts received in connection with a NHG Guarantee to the extent such amounts do not relate to principal;

will pursuant to terms of the Trust Deed be applied by the Issuer on the immediately succeeding Quarterly Payment Date 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**')

- (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 connection with the ABN AMRO 2006-I NHG Pool by the Issuer (other than under the Relevant Documents), 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 any legal advisor, auditor and accountants appointed by the Issuer and/or, as the case may be, the Security Trustee, and in respect of general costs which cannot be attributed to the ABN AMRO 2006-I NHG Pool, such costs multiplied by the amount of the aggregate Principal Amount Outstanding of the Notes divided by the sum of the aggregate principal amount outstanding of all notes issued by the Issuer (the '**ABN AMRO 2006-I Fraction**') and (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (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;
- (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 multiplied by the ABN AMRO 2006-I Fraction, except in case of fees payable to the Director of the Security Trustee, and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the 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 Swap Agreement) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined in the Swap Agreement) relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement), including a Settlement Amount (as defined in the Swap Agreement) (a '**Swap Counterparty Default Payment**'));

- (e) *fifth*, in or towards satisfaction of all amounts of interest due in respect of the Senior Class A Notes;
- (f) *sixth*, in or towards making good, any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (g) *seventh*, in or towards satisfaction of interest due or accrued due but unpaid on the Mezzanine Class B Notes;
- (h) *eighth*, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (i) *ninth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement; and
- (j) *tenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

#### **Priority of Payments in respect of principal**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, 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**')

- (i) as repayment and prepayment of principal under the Mortgage Receivables;
- (ii) as Net Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal;
- (iii) as amounts received in connection with a repurchase of the Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement;
- (iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed;
- (v) as amount to be credited to the relevant Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date;
- (vi) any part of the 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 Quarterly Payment Date;
- (vii) as Pre-Closing Proceeds to the extent such proceeds relate to principal;
- (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 the preceding Quarterly Calculation Period;
- (x) as amounts received in connection with a NHG Guarantee to the extent such amounts relate to principal; and
- (xi) as amounts received as Realised Losses under the Swap Agreement;

less on such Quarterly Calculation Date, in respect of items (xii) and (xiv) only, until the Quarterly Calculation Date immediately preceding the first Optional Redemption Date 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 Trust Deed be applied by the Issuer on the immediately succeeding 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**')

- (i) *first*, on each Quarterly Payment Date, in or towards satisfaction of principal amounts due under the Senior Class A Notes; and
- (ii) *second*, on each Quarterly Payment Date, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes.

#### **Priority of Payments upon Enforcement**

Following delivery of an Enforcement Notice, any amounts payable by the Security Trustee will be paid to the Secured Parties in the following order of priority (after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, fees and expenses of 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**')):

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors multiplied by the ABN AMRO 2006-I Fraction except in case of fees payable to the Director of the Security Trustee, (ii) any cost, charge, liability and expenses incurred by the Security Trustee, (iii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Paying 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;
- (b) *second*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement, except for any Swap Counterparty Default Payment payable under subparagraph (g) below;
- (c) *third*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Senior Class A Notes;
- (d) *fourth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (g) *seventh*, in or toward satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement
- (h) *eighth*, in or towards satisfaction of the Deferred Purchase Price to the Seller.

#### **Principal Deficiency Ledger**

A Principal Deficiency Ledger comprising two sub-ledgers, known as the '**Class A Principal Deficiency Ledger**' and the '**Class B Principal Deficiency Ledger**', respectively, will be established by or on behalf of the Issuer in order to record any Realised Losses (as defined below) on the Mortgage Receivables including Realised Losses on the sale of Mortgage Receivables (each respectively the '**Class A Principal Deficiency**' and the '**Class B Principal Deficiency**', together a '**Principal Deficiency**'). Any Principal Deficiency shall be debited to the Class B Principal Deficiency Ledger (such debit item being recredited at item (h) 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 Mezzanine Class B Notes (the '**Class B Principal Deficiency Limit**') and thereafter such amounts shall be debited to the Class A Principal Deficiency Ledger (the '**Class A Principal Deficiency Limit**') (such debit items being recredited at item (f) of the relevant Interest Priority of Payments).

'**Realised Losses**' means, on any relevant Quarterly Calculation Date, the sum of (a) the amount of the difference between (y) the aggregate Outstanding Principal Amount of all Mortgage Receivables in respect of which the Seller, the MPT Provider, the Defaulted Loan Servicer or the Issuer has foreclosed from the Closing Date up to and

including such Quarterly Calculation Date and (z) the amount of the Net Proceeds applied to reduce the Outstanding Principal Amount of the Mortgage Receivables and (b), with respect to the Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (y) the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables and (z) the purchase price of the Mortgage Receivables sold to the extent relating to principal, whereby, in case of items (a) and (b), for the purpose of establishing the Outstanding Principal Amount in case of set-off or defense to payments asserted by Borrowers any amount by which the Mortgage Receivables have been extinguished ("*teniet gegaan*") will be disregarded.

In view of the undertaking in the Swap Agreement by the Swap Counterparty to pay to the Issuer on each Quarterly Payment Date an amount equal to any Realised Losses made during the preceding Quarterly Calculation Period, no Realised Losses will be recorded on the Principal Deficiency Ledger as long as this undertaking is met or applicable, as the case may be.

### **Sale of Mortgage Receivables**

Under the terms of the Trust Deed, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to the Seller, 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 to the Seller, provided in any case that the Issuer shall apply the proceeds of such sale to redeem the Notes to the extent relating to principal. In addition, the Seller has the right to purchase the Mortgage Receivables as a result of the exercise of the Clean-Up Call Option. 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 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.

### **Swap Agreement**

#### *Interest Rate Hedging*

The Eligibility Criteria (as defined under *Mortgage Receivables Purchase Agreement* below) require that all Mortgage Loans 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 A Notes and the Mezzanine Class B Notes will be calculated as a margin over Euribor. The Issuer will hedge its interest rate exposure by entering into the Swap Agreement.

Under the Swap Agreement, the Issuer will agree to pay on each Quarterly Payment Date the sum of:

- (a) the interest, including any prepayment penalties and penalty interest ("*boeterente*"), received on the Mortgage Receivables during the immediately preceding Quarterly Calculation Period; and
- (b) the interest accrued on the GIC Account during the immediately preceding Quarterly Calculation Period and revenue on any relevant Eligible Investments made by the Issuer; less
- (c) the expenses set out in items (a) up to and including (c) of the Interest Priority of Payments payable on each relevant Quarterly Payment Date.

The Swap Counterparty will agree to pay amounts equal to the interest due under the Notes, and calculated by reference to the rate of interest applied to the Principal Amount Outstanding of the 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.

#### *Realised Losses*

In addition, under the Swap Agreement the Swap Counterparty will undertake to pay to the Issuer on each Quarterly Payment Date an amount equal to any Realised Losses incurred by the Issuer on the Mortgage Receivables during the preceding Quarterly Calculation Period.

The obligation of the Swap Counterparty to pay such Realised Losses will no longer apply in case the Dutch State and participating municipalities for whatever reason no longer comply with their back-up obligations towards the WEW, resulting in the WEW not being able to pay under the NHG Guarantees, provided that no alternative fund or successor fund, backed by the Dutch State, participating municipalities or other public sector entities in the Netherlands is set up to assume such obligations or those of the individual Mortgage Loans.

*Downgrade of Swap Counterparty*

Pursuant to the Swap Agreement, if, at any time, the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least as high as A3 by Moody's (the '**Swap Required Rating I**') and the Swap Counterparty does not regain the Swap Required Rating I within one month from such downgrade, the Swap Counterparty will:

- (a) provide credit support in support of its obligations under the Swap Agreement; or
- (b) obtain a third party having at least the Swap Required Rating I to guarantee the obligations of the Swap Counterparty under the Swap Agreement; or
- (c) transfer and assign its rights and obligations under the Swap Agreement to a third party having at least the Swap Required Rating I; or
- (d) take any other steps acceptable to the Security Trustee.

The credit support referred to in item (a) above should be put in place by means of a mark-to market collateral agreement based upon the credit support documentation of ISDA and will meet the ISDA requirements as set forth in the form of ISDA Credit Support Annex and will be agreed upon at the Closing Date. The amount of collateral should, in respect of Additional Payments (as defined in the Swap Agreement) by the Swap Counterparty, be equal to the aggregate Mismatch Amount up to a maximum of one per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables at such time and, in respect of Floating Rate Payments (as defined in the Swap Agreement) by the Swap Counterparty, shall be based upon the Swap Counterparty's Exposure (as defined in the Credit Support Annex) disregarding any Additional Payments by the Swap Counterparty.

If (i) the Swap Counterparty regains the Swap Required Rating I or (ii) the obligations under the Swap Agreement are guaranteed by a guarantor having at least the Swap Required Rating I or (iii) the rights and obligations under the Swap Agreement have been transferred to a third party having at least the Swap Required Rating I or (iv) any other action acceptable to the Security Trustee has been taken, no collateralisation will be required and all collateral will be retransferred by the Issuer (outside the Interest Priority of Payments) to the Swap Counterparty.

If, at any time, the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least as high as Baa1 by Moody's (the '**Swap Required Rating II**') and the Swap Counterparty does not regain the Swap Required Ratings II within one month of such downgrade, the Swap Counterparty will provide credit support as provided above, save that in respect of Additional Payments by the Swap Counterparty, the amount of collateral shall be the aggregate Mismatch Amount in respect of all Mortgage Loans, unless (i) it has obtained a third party having at least the Swap Required Rating I or (ii) the rights and obligations under the Swap Agreement have been transferred to a third party having at least the Swap Required Rating I to guarantee the obligations of the Swap Counterparty under the Swap Agreement or (iii) any other action acceptable to the Security Trustee has been taken.

If the Swap Counterparty regains at least the Swap Required Rating II, the requirement to collateralise up to the aggregate Mismatch Amount will be limited to a maximum of one per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables at such time and all excess collateral will be retransferred (outside the Interest Priority of Payments) to the Swap Counterparty.

For the purposes hereof **'Mismatch Amount'** shall mean, at any Quarterly Calculation Date, an amount equal to the difference between the Outstanding Principal Amount of each Mortgage Loan and the principal sum of such Mortgage Loan guaranteed by the NHG Guarantee as a consequence of the amortising character of the NHG Guarantee, as the case may be.

**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.

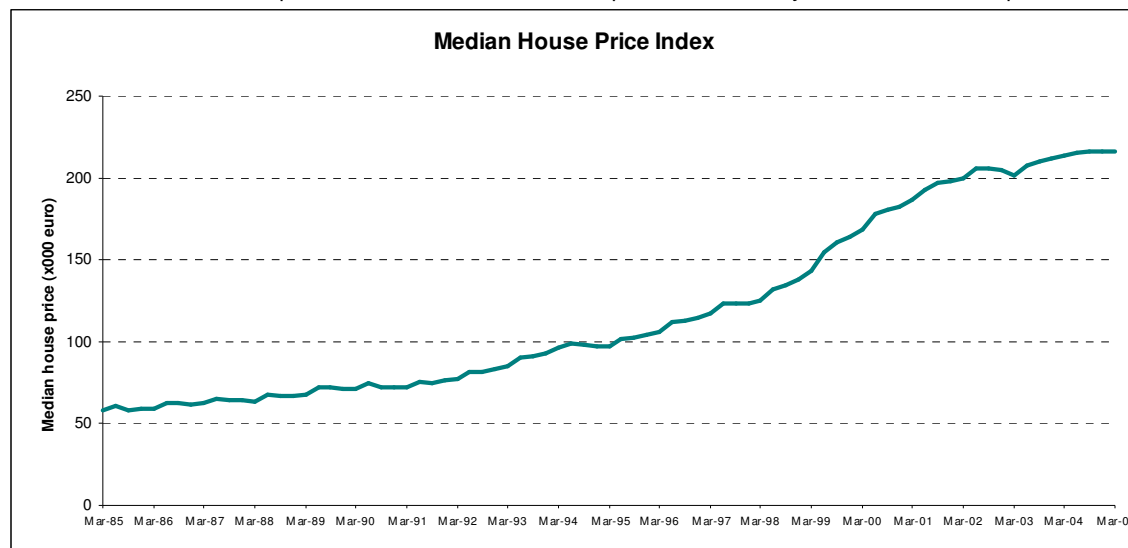
The combination of an attractive fiscal regime, generally long periods of fixed interest rates and attractive repayment arrangements lead to advances of up to 130% of the foreclosure value. The foreclosure value ("*executiewaarde*") of properties in The Netherlands amounts to approximately 85% of the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

## NHG GUARANTEE PROGRAMME

### 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.

### 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.

### 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 Seller 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 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 the Closing Date and, if applicable on any Quarterly Payment Date up to the first Optional Redemption Date are any and all rights (whether actual or contingent) of the Seller, against any Borrower under or in connection with any Mortgage Loan selected by agreement between the 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 Seller and 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 Closing Date or, if applicable, the relevant Quarterly Payment 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 ("*apartementsrecht*") 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 hypotheek*", 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 ("*meegroei hypotheek*", 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 Meegroei verzekering*"). 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 ("*vermogensgroei hypotheek*" 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 ("*leven hypotheek*", hereinafter the '**Life Mortgage Loans**'). A Life Mortgage Loan consists of a Mortgage Loan entered into by the 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 ("*spaarhypotheken*", hereinafter '**Savings Mortgage Loans**'), which consist of Mortgage Loans entered into by the 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 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 hypotheken*" 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 Risicoverzekering*"). 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 Seller as security for repayment of the relevant Investment Mortgage Loan. An example of an Investment Mortgage Loan is an asset mortgage loan ("*vermogenshypotheken*" 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.

### Summary of the Provisional Pool

The numerical information set out below relates to a provisional pool of Mortgage Receivables (the '**Provisional Pool**') which was selected as of 31 May 2006. Therefore, the information set out below in relating to the Provisional Pool may not necessarily correspond to that of the Mortgage Receivables actually sold on the Closing Date.

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**TABLE A: Key Characteristics**

Outstanding Principal Balance (EUR)	2.528.549.259,46
Original Principal Balance (EUR)	2.590.087.127,39
Number of Borrowers	19.107
Average Balance by Borrower (EUR)	132.336,28
Maximum Borrower Exposure (EUR)	359.500,00
Minimum Borrower Exposure (EUR)	34,04
Number of Loans	19.125
Number of Loanparts	33.150
Maximum Loan Value (EUR)	250.000,00
Weighted Average Seasoning (months)	31,24
Weighted Average Maturity (months)	321,46
Weighted Average LTFV (%)	108,30
Weighted Average Coupon (%)	4,18

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**TABLE B: Seasoning**

Months from Origination	Principal Outstanding (EUR)	Principal (%)	No. of Loanparts	No. of Loanparts (%)
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<= 000	36.292.229,00	1,44%	482	1,45%
> 000 <= 006	439.180.036,06	17,37%	5.503	16,60%
> 006 <= 012	429.244.913,08	16,98%	5.372	16,21%
> 012 <= 018	356.133.287,93	14,08%	4.489	13,54%
> 018 <= 024	376.949.537,47	14,91%	4.638	13,99%
> 024 <= 030	301.837.437,70	11,94%	3.487	10,52%
> 030 <= 036	225.291.371,17	8,91%	2.525	7,62%
> 036 <= 042	48.479.522,92	1,92%	593	1,79%
> 042 <= 048	46.892.418,89	1,85%	569	1,72%
> 048 <= 054	36.215.844,47	1,43%	455	1,37%
> 054 <= 060	29.869.917,60	1,18%	382	1,15%
> 060 <= 066	10.429.557,26	0,41%	131	0,40%
> 066 <= 072	8.960.395,10	0,35%	112	0,34%
> 072 <= 078	4.097.407,64	0,16%	62	0,19%
> 078 <= 084	8.657.810,64	0,34%	142	0,43%
> 084 <= 090	6.892.753,60	0,27%	95	0,29%
> 090 <= 096	6.594.209,99	0,26%	113	0,34%
> 096 <= 102	4.472.789,40	0,18%	80	0,24%
> 102 <= 108	2.731.593,32	0,11%	49	0,15%
> 108 <= 114	3.474.881,98	0,14%	76	0,23%
> 114 <= 120	3.995.548,71	0,16%	106	0,32%

> 120	141.855.795,53	5,61%	3.689	11,13%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100,00%</b>	<b>33.150</b>	<b>100,00%</b>

**TABLE C: Mortgage Type**

<b>Mortgage Type</b>	<b>Principal Outstanding (EUR)</b>	<b>Principal (%)</b>	<b>No. of Loanparts</b>	<b>No. of Loansparts (%)</b>
Annuity	74.405.298,37	2,94%	2.409	7,27%
Hybrid	764.693.939,06	30,24%	7.265	21,92%
InterestOnly	868.804.610,83	34,36%	13.526	40,80%
Investment	9.611.837,06	0,38%	88	0,27%
Life	112.461.214,92	4,45%	1.419	4,28%
Linear	8.298.557,41	0,33%	237	0,71%
Savings	690.273.801,81	27,30%	8.206	24,75%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100,00%</b>	<b>33.150</b>	<b>100,00%</b>

**TABLE D: Mortgage Interest rates**

<b>Mortgage Interest Rates</b>	<b>Principal Outstanding (EUR)</b>	<b>Principal (%)</b>	<b>No. of Loanparts</b>	<b>No. of Loansparts (%)</b>
< 2,5	6.779.533,99	0,27%	120	0,36%
>= 2,5 & < 3,5	265.491.904,68	10,50%	3.754	11,32%
>= 3,5 & < 4,5	1.481.239.031,65	58,58%	18.781	56,65%
>= 4,5 & < 5,5	596.682.426,46	23,60%	7.284	21,97%

>= 5,5 & < 6,5	132.513.586,40	5,24%	2.118	6,39%
>= 6,5 & < 7,5	34.982.063,10	1,38%	844	2,55%
>= 7,5 & < 8,5	10.401.392,82	0,41%	237	0,71%
>= 8,5	459.320,36	0,02%	12	0,04%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100,00%</b>	<b>33.150</b>	<b>100,00%</b>

**TABLE E: Interest Payment Frequency**

Interest Payment Frequency	Principal Outstanding (EUR)	Principal (%)	No. of Loanparts	No. of Loansparts (%)
monthly	2.527.893.778,04	99,97%	33.090	99,82%
quarterly	511.965,24	0,02%	53	0,16%
semi-annually	143.516,18	0,01%	7	0,02%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100,00%</b>	<b>33.150</b>	<b>100,00%</b>

**TABLE F: Interest Reset Date**

Months from now	Principal Outstanding (EUR)	Principal (%)	No. of Loanparts	No. of Loansparts (%)
<= 000	36.157,81	0,00%	1	0,00%
> 000 <= 006	38.904.646,26	1,54%	717	2,16%
> 006 <= 012	42.436.191,63	1,68%	762	2,30%
> 012 <= 018	21.963.803,88	0,87%	392	1,18%
> 018 <= 024	34.381.169,03	1,36%	600	1,81%

> 024 <= 030	86.582.714,08	3,42%	1.227	3,70%
> 030 <= 036	88.185.104,65	3,49%	1.225	3,70%
> 036 <= 042	99.031.006,59	3,92%	1.422	4,29%
> 042 <= 048	152.401.849,14	6,03%	2.029	6,12%
> 048 <= 054	204.694.900,85	8,10%	2.594	7,83%
> 054 <= 060	268.328.217,19	10,61%	3.488	10,52%
> 060 <= 066	198.117.027,88	7,84%	2.511	7,57%
> 066 <= 072	92.079.501,04	3,64%	1.194	3,60%
> 072 <= 078	31.317.634,27	1,24%	403	1,22%
> 078 <= 084	56.112.902,54	2,22%	716	2,16%
> 084 <= 090	190.428.856,92	7,53%	2.158	6,51%
> 090 <= 096	122.531.679,77	4,85%	1.439	4,34%
> 096 <= 102	108.416.586,30	4,29%	1.345	4,06%
> 102 <= 108	120.307.527,45	4,76%	1.463	4,41%
> 108 <= 114	208.080.735,77	8,23%	2.643	7,97%
> 114 <= 120	127.676.621,15	5,05%	1.671	5,04%
> 120	236.534.425,26	9,35%	3.150	9,50%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100,00%</b>	<b>33.150</b>	<b>100,00%</b>

**TABLE G: Maturity**

<b>Months to maturity</b>	<b>Principal Outstanding (EUR)</b>	<b>Principal (%)</b>	<b>No. of Loanparts</b>	<b>No. of Loansparts (%)</b>
<= 000	36.157,81	0,00%	1	0,00%
> 000 <= 006	1.963.164,92	0,08%	110	0,33%
> 006 <= 012	721.653,43	0,03%	57	0,17%
> 012 <= 018	2.997.222,66	0,12%	93	0,28%
> 018 <= 024	745.278,59	0,03%	49	0,15%
> 024 <= 030	1.719.395,01	0,07%	63	0,19%
> 030 <= 036	949.530,34	0,04%	37	0,11%
> 036 <= 042	2.796.334,35	0,11%	80	0,24%
> 042 <= 048	1.884.361,85	0,07%	48	0,14%
> 048 <= 054	3.005.746,61	0,12%	82	0,25%
> 054 <= 060	1.517.808,49	0,06%	58	0,17%
> 060 <= 066	3.166.153,68	0,13%	94	0,28%
> 066 <= 072	1.241.154,04	0,05%	54	0,16%
> 072 <= 078	4.123.704,16	0,16%	111	0,33%
> 078 <= 084	2.430.519,89	0,10%	78	0,24%
> 084 <= 090	3.970.397,91	0,16%	113	0,34%
> 090 <= 096	1.913.205,59	0,08%	67	0,20%
> 096 <= 102	3.870.566,86	0,15%	107	0,32%

> 102 <= 108	3.318.074,68	0,13%	87	0,26%
> 108 <= 114	4.456.610,11	0,18%	124	0,37%
> 114 <= 120	4.070.159,57	0,16%	122	0,37%
> 120	2.477.652.058,91	97,99%	31.515	95,07%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100,00%</b>	<b>33.150</b>	<b>100,00%</b>

**TABLE H: Outstanding Principal Balance (on borrower basis)**

Outstanding Principal Balance	Principal Outstanding (EUR)	Principal (%)	No. of Borrowers	No. of Borrowers (%)
< 50,000	72.979.609,68	2,89%	2.520	13,19%
>= 50,000 & < 100,000	211.535.367,26	8,37%	2.819	14,75%
>= 100,000 & < 150,000	695.688.379,49	27,51%	5.496	28,76%
>= 150,000 & < 200,000	973.486.815,92	38,50%	5.616	29,39%
>= 200,000 & < 250,000	571.897.296,64	22,62%	2.645	13,84%
>= 250,000 & < 300,000	2.280.290,47	0,09%	9	0,05%
>= 300,000 & < 400,000	681.500,00	0,03%	2	0,01%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100%</b>	<b>19.107</b>	<b>100,00%</b>

**TABLE I: Geographical Distribution (on a loan by loan basis)**

<b>Region</b>	<b>Principal Outstanding (EUR)</b>	<b>Principal (%)</b>	<b>No. of Loans</b>	<b>No. of Loans (%)</b>
Onbekend	1.793.876,02	0,07%	15	0,08%
Drenthe	83.845.579,32	3,32%	641	3,35%
Flevoland	65.265.231,86	2,58%	531	2,78%
Friesland	116.802.617,02	4,62%	945	4,94%
Gelderland	259.278.731,20	10,25%	1.815	9,49%
Groningen	198.679.489,78	7,86%	1.521	7,95%
Limburg	161.340.730,76	6,38%	1.137	5,95%
Noord-Brabant	254.862.629,37	10,08%	2.059	10,77%
Noord-Holland	350.878.082,34	13,88%	2.582	13,50%
Overijssel	210.368.078,04	8,32%	1.570	8,21%
Utrecht	160.960.914,84	6,37%	1.098	5,74%
Zeeland	64.738.941,76	2,56%	551	2,88%
Zuid-Holland	599.734.357,15	23,72%	4.660	24,37%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100,00%</b>	<b>19.125</b>	<b>100,00%</b>

**TABLE J: Outstanding Deposit (on a loan by loan basis)**

<b>Outstanding Deposit</b>	<b>Principal Outstanding (EUR)</b>	<b>Principal (%)</b>	<b>No. of Loans</b>	<b>Deposit Outstanding</b>
< 0	2.360.293,93	0,09%	14	1.108,22
>= 0 & < 2,500	2.328.277.651,19	92,08%	17.887	-19.635,50
>= 2,500 & < 5,000	44.666.004,12	1,77%	284	-1.046.882,01
>= 5,000 & < 7,500	39.674.143,18	1,57%	250	-1.489.104,79
>= 7,500 & < 10,000	22.216.833,96	0,88%	143	-1.238.027,44
>= 10,000 & < 15,000	29.841.845,30	1,18%	186	-2.191.315,98
>= 15,000 & < 20,000	15.849.633,31	0,63%	94	-1.575.392,12
>= 20,000 & < 25,000	12.726.506,58	0,50%	77	-1.663.475,84
>= 25,000 & < 30,000	7.917.840,73	0,31%	48	-1.288.254,38
>= 30,000 & < 35,000	4.931.225,57	0,20%	30	-958.466,67
>= 35,000 & < 40,000	2.983.896,74	0,12%	16	-590.899,50
>= 40,000 & < 50,000	5.032.627,13	0,20%	28	-1.256.413,63
>= 50,000 & < 60,000	4.433.901,69	0,18%	25	-1.362.289,06
>= 60,000 & < 70,000	1.034.405,00	0,04%	5	-318.223,32
>= 70,000 & < 80,000	1.214.135,12	0,05%	8	-597.795,35
>= 80,000 & < 90,000	532.458,21	0,02%	3	-253.912,48
>= 90,000 & < 100,000	1.635.067,35	0,06%	10	-967.396,41
>= 100,000 & < 150,000	2.755.790,35	0,11%	15	-1.695.185,11
>= 150,000 & < 200,000	465.000,00	0,02%	2	-346.647,18



<b>Total</b>	<b>2.528.549.259,46</b>	<b>100%</b>	<b>19.125</b>	<b>-18.858.208,55</b>
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**TABLE K: Property Type**

<b>Property Type</b>	<b>Principal Outstanding (EUR)</b>	<b>Principal (%)</b>	<b>No. of Loans</b>	<b>No. of Loans (%)</b>
Apartment	452.371.378,58	17,89%	3.637	19,02%
Apartment with garage	5.949.880,06	0,24%	37	0,19%
Co-operative ownership without "umbrella"	103.461,89	0,00%	1	0,01%
Farm	240.000,00	0,01%	1	0,01%
House/shop	1.739.925,11	0,07%	13	0,07%
Recreation	91.209,82	0,00%	1	0,01%
Shop	276.000,00	0,01%	2	0,01%
Single family house	2.006.134.886,87	79,34%	15.073	78,81%
Single family house with garage	61.642.517,13	2,44%	360	1,88%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100,00%</b>	<b>19.125</b>	<b>100,00%</b>

**TABLE L: Current LTV (recorded foreclosure value)**

<b>Current LTV</b>	<b>Principal Outstanding (EUR)</b>	<b>Principal (%)</b>	<b>No. of Loans</b>	<b>No. of Loans (%)</b>
<= 25%	7.049.754,94	0,28%	539	2,82%
> 25% & <= 50%	69.240.248,45	2,74%	1.261	6,59%
> 50% & <= 60%	57.423.275,55	2,27%	727	3,80%

> 60% & <= 70%	72.071.708,20	2,85%	853	4,46%
> 70% & <= 80%	107.587.772,73	4,25%	1.041	5,44%
> 80% & <= 90%	155.287.219,41	6,14%	1.329	6,95%
> 90% & <= 100%	211.375.787,39	8,36%	1.715	8,97%
> 100% & <= 110%	244.587.239,65	9,67%	1.680	8,78%
> 110% & <= 120%	462.582.813,17	18,29%	2.909	15,21%
> 120% & <= 125%	838.575.334,70	33,16%	5.092	26,62%
> 125% & <= 130%	292.733.870,51	11,58%	1.886	9,86%
> 130% & <= 140%	4.489.070,02	0,18%	40	0,21%
> 140% & <= 150%	2.688.835,52	0,11%	27	0,14%
> 150% & <= 160%	910.311,71	0,04%	6	0,03%
> 160% & <= 170%	401.355,73	0,02%	5	0,03%
> 170% & <= 180%	229.160,12	0,01%	3	0,02%
> 190%	1.315.501,66	0,05%	12	0,06%
<b>Total</b>	<b>2.528.549.259,46</b>	<b>100,00%</b>	<b>19.125</b>	<b>100,00%</b>

## 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 client's 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 Private Placement Memorandum 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.

## THE GLOBAL NOTES

Each Class of Notes shall be initially represented by (i) in the case of the Senior Class A Notes a temporary global note (the **'Temporary Global Note'**) in bearer form, without coupons, in the principal amount of euro 2,089,300,000 and (ii) in the case of the Mezzanine Class B Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 368,700,000. Each Temporary Global Note will be deposited with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (**'Euroclear'**), and Clearstream Banking, société anonyme (**'Clearstream, Luxembourg'**) on or about 27 July 2006. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg, as the case may be, will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-US beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Notes (the **'Exchange Date'**) for interests in a permanent global note (each a **'Permanent Global Note'**), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression **'Global Notes'** meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression **'Global Note'** means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class, the Permanent Global Note will remain deposited with the common depositary.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for Definitive Notes only in the circumstances described below. Such Definitive Notes shall be issued in denominations of euro 100,000 or, as the case may be, in the then Principal Amount Outstanding of the Notes on such issue date. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-US beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate. For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

For so long as the Notes of a particular Class are represented by a Global Note, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class of Notes and the expression **'Noteholder'** shall be construed accordingly, but without prejudice to the entitlement of the bearer of the relevant Global Note to be paid principal thereon and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued by Euroclear or Clearstream, Luxembourg as to the persons shown in its records as being entitled to such Notes and the respective principal amount of such Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political

sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after 27 July 2006, the Issuer or 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 were the Notes in definitive form, then the Issuer will, at its sole cost and expense, issue:

- (i) Senior Class A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A Notes; and
- (ii) Mezzanine Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B Notes,

in each case within 30 days of the occurrence of the relevant event, subject in each case to certification as to non-US beneficial ownership.

## TERMS AND CONDITIONS OF THE NOTES

If Notes are issued in definitive form, the terms and conditions (the '**Conditions**') will be as set out below. The Conditions will be endorsed on each Note if they are issued in definitive form. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form. See The Global Notes below.

The issue of the euro 2,089,300,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2042 (the '**Senior Class A Notes**') and the euro 368,700,00 floating rate Mezzanine Class B Notes 2006 due 2042 (the '**Mezzanine Class B Notes**') and together with the Senior Class A Notes, the '**Notes**') was authorised by a resolution of the managing director of European Mortgage Securities VIII B.V. (the '**Issuer**') passed on 27 July 2006. The Notes are issued under a trust deed dated 31 July 2006 (the '**Trust Deed**') between the Issuer, Stichting Holding EMS VIII and Stichting Security Trustee EMS VIII (the '**Security Trustee**').

The statements in the Conditions include summaries of, and are subject to, the detailed provisions of (i) 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 paying agency agreement (the '**Paying Agency Agreement**') dated 31 July 2006 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**') dated 31 July 2006 between, the Issuer, the Security Trustee and ABN AMRO Bank N.V. as pool servicer (the '**MPT Provider**'), as issuer administrator (the '**Issuer Administrator**') and as defaulted loan servicer (the '**Defaulted Loan Servicer**'), (iv) a parallel debt agreement (the '**Parallel Debt Agreement**') dated 31 July 2006 between the Issuer, the Security Trustee and the Secured Parties, (v) a pledge agreement dated 31 July 2006 between the Issuer and the Security Trustee and (vi) a pledge agreement dated 31 July 2006 between the Issuer, the Security Trustee and others (jointly with the pledge agreement referred to under (v) above, the '**Pledge Agreements**').

Certain words and expressions used in these Conditions are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated 27 July 2006 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. If the terms or definitions in the Master Definitions Agreement would conflict with terms or definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, '**Class**' means either the Senior Class A Notes or the Mezzanine Class B Notes, as the case may be.

Copies of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement are available for inspection free of charge by holders of the Notes (the '**Noteholders**') 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 Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

### 1. Form, Denomination, Title and Transfer

- (a) The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 100,000 each.
- (b) 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.
- (c) The Notes can only be validly transferred to a holder, if, in the case of the Senior Class A Notes such transfer is made to the relevant holder together with a proportional number of Mezzanine Class B Notes or, in the case of Mezzanine Class B Notes, such transfer is made to the relevant holder with a



proportional number of Senior Class A Notes, whereby the proportion shall be equal to relative proportion of the number of Notes of each Class issued at the Closing Date.

- (d) The Notes can only be validly offered, sold or transferred to professional market parties within the meaning of the Ministerial Regulation of 26 June 2002, as amended, implementing, *inter alia*, section 6, paragraph 2 of the Dutch Credit System Supervision Act 1992 ("*Wet toezicht kredietwezen 1992*"), as amended from time to time.
- (e) The Notes may not be offered, sold or transferred within the United States or to US persons as defined in Regulation S of the United States Securities Act of 1933.

## 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 Trust Deed 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;
- (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 Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create a first ranking pledge by the Issuer to the Security Trustee on (i) the Mortgage Receivables and the Beneficiary Rights relating hereto and (ii) the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under or in connection with the Issuer Services Agreement; (c) against the Swap Counterparty under or in connection with the Swap Agreement; (d) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC and (e) against the Floating Rate GIC Provider under or in connection with the GIC Account;
- (d) The Noteholders will not have recourse on the assets of the Issuer other than described in article 2 (c).
- (e) The 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 Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the holders of the Senior Class A Notes (the '**Senior Class A Noteholders**') and the holders of the Mezzanine Class B Notes (the '**Mezzanine Class B Noteholders**'), as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the highest ranking Class of Noteholders. In this respect the order of priority is as follows: firstly, the Senior Class A Noteholders and secondly, the Mezzanine Class B Noteholders. 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.

## 3. Covenants of the Issuer

So long as any of the Notes 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 Parallel Debt Agreement, the Swap Agreement, the Floating Rate GIC, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Deeds of Assignment and the Trust Deed (and together with the Master Definitions Agreement, the '**Relevant Documents**') or (ii) with the prior written consent of the Security Trustee or (iii) in connection with the notes issued or to be issued in connection with the purchase of Eligible Assets, provided that (a) such notes and liabilities of the Issuer to be incurred in connection with the issuance of such notes are limited recourse on (x) such Eligible Assets; (y) any claims of the Issuer under all agreements entered into in connection with the issuance of such notes and (z) the balances standing to the credit of the bank accounts opened in connection with the purchase of the Eligible Assets and issuance of the

notes; (b) the Security is not adversely affected by the issuance of such notes and (c) the issue of such notes has been approved by the Senior Class A Noteholders and the Mezzanine Class B Noteholders, which approval shall not be unreasonably withheld:

- (a) carry out any business other than as described in the Private Placement Memorandum dated 27 July 2006 relating to the issue of the Notes and as contemplated in the Relevant Documents;
- (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;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over the ABN AMRO 2006-I NHG Pool, except as contemplated in the Relevant Documents;
- (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 GIC Account or an account to which collateral under the Swap Agreement is transferred, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c); or
- (h) invest in Eligible Investments only.

#### 4. Interest

##### (a) *Period of Accrual*

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6(c)) from and including the Closing 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 Closing Date and end on (but exclude) the first Quarterly Payment Date.

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, September, December, March and June 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 Clean-Up Call Option Date*

Up to (but excluding) the Clean-Up Call Option 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:

- (i) for the Senior Class A Notes a margin of 0.0225 per cent. per annum; and
- (ii) for the Mezzanine Class B Notes a margin of 0.0225 per cent. per annum.

(d) *Interest following the Clean-Up Call Option Date*

If on the Clean-Up Call Option 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:

- (i) for the Senior Class A Notes a margin of 0.10 per cent. per annum; and
- (ii) for the Mezzanine Class B Notes a margin of 0.10 per cent. per annum.

(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 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 3 months 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 Rate Interest Amount*

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Interest Determination Date, determine the floating rates of interest referred to in paragraphs (c) and (d) above for each Class of Notes (the '**Floating Rate of Interest**') and calculate the amount of interest payable on each relevant 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 Rate 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 Class of Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator and to the holders of such Class of Notes in accordance with Condition 13, as soon as possible after the determination. The Floating Rate of Interest, the Floating Interest Amount and the 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 (e) 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 (in the absence of manifest error) 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 Notes will be made upon presentation of the Note in and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agent in cash or by transfer to an euro account, as the holder may specify. 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, 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 is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next Business Day 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 day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands.
- (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. 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 subject to Condition 9(b), redeem the Notes at their Principal Amount Outstanding on the Quarterly Payment Date falling in June 2042 (the '**Final Maturity Date**').

### (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) the Notes on each Quarterly Payment Date at their Principal Amount Outstanding in the following order (a) firstly, the Senior Class A Notes until fully redeemed and (b) secondly, the Mezzanine Class B 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, 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:

**'Principal Amount Outstanding'** of any Note on any day shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that 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 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 Mortgage Receivables;
- (ii) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal;
- (iii) in connection with a repurchase of Mortgage Receivables 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 principal;
- (iv) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
- (v) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date;
- (vi) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;
- (vii) as Pre-Closing Proceeds to the extent such proceeds relate to principal;
- (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 the preceding Quarterly Calculation Period;
- (x) as amounts received in connection with a NHG Guarantee to the extent such amounts relate to principal; and
- (xi) as amounts received as Realised Losses under the Swap Agreement;

less on such Quarterly Calculation Date, in respect of items (xii) and (xiv) only, until the Quarterly Calculation Date immediately preceding the first Optional Redemption Date the sum of:

- (xii) any amount applied to the purchase of Substitute Mortgage Receivables on such Quarterly Payment Date (the '**Substitution Amount**');
- (xiii) any amount applied to the purchase of 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 any Insurance Policy and fire insurance, (d) the proceeds of the NHG Guarantee and 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, the fifth business day prior to such Quarterly Payment Date.

'**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 on 1 July 2006 and end on the last day of 31 July 2006.

(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) (x) the Principal Redemption Amount and (y) 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 the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear, Clearstream, Luxembourg and to the holders of Notes in accordance with Condition 13. 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 (d) and paragraph (b) above (but based upon the information in its possession as to the Notes Redemption Available Amount) and 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 falling in June 2010 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') redeem all (but not some only) of the Notes 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 written notice to the Security Trustee and the Noteholders in accordance with Condition 13 prior to the relevant Optional Redemption 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 or 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 Closing Date and such obligation cannot be avoided by the Issuer taking 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 each 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' written 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 (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 '**Clean-Up Call Option Date**') the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables is not more than twenty (20) per cent of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Closing Date, the Issuer may at its option redeem the Notes 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) 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 Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to the withholding or deduction is imposed on a payment to an individual and is 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 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 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 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 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 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.

**(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 GIC Account.

**(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 Senior Class A Noteholders or if no Senior Class A Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class B Noteholders (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 Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the

Trust Deed, the Paying Agency Agreement or the Pledge Agreements 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 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 material part of the Mortgage Receivables 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 ("*surséance van betaling*") or for bankruptcy ("*faillissement*") or has been declared bankrupt:

provided that, if Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Mezzanine Class B Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders unless an Enforcement Notice in respect of the Senior Class A Notes 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 Senior Class A Notes, the Security Trustee shall not be required to have regard to the interests of the Mezzanine Class B Noteholders.

#### **11. Enforcement**

- (a) At any time after the Notes of any Class 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 Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Senior Class A Noteholders or, if all amounts due in respect of the Senior Class A Notes have been fully paid, the Mezzanine Class B Noteholders 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 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 and any further note issued by the Issuer is paid in full. The Noteholders accept and agree that the only remedy 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**

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.

#### **14. Meetings of Noteholders; Modification; Consents; Waiver**

- (a) The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders and the Mezzanine Class B Noteholders 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 such Basic Terms Change 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, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Class A Notes shall take effect unless it shall have been sanctioned with respect to the Senior Class A Notes by an Extraordinary Resolution of the Mezzanine Class B Noteholders.

An Extraordinary Resolution of the Mezzanine Class B 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. 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, 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 and any of the other Secured Parties, to (i) any modification of any of the provisions of the Trust Deed, the Notes (other than Condition 1 thereof) or any of the other Relevant Documents (other than the Notes Purchase Agreement) 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 Trust Deed, the Notes (other than Condition 1 thereof) or any of the other Relevant Documents which is in the opinion of the Security

Trustee not materially prejudicial to the interests of the Noteholders provided that, in respect of the Notes and the Notes Purchase Agreement, the Secured Parties, other than the Noteholders, have given their prior written consent to such modification, authorisation or waiver. 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 thereafter.

- (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 and the Mezzanine Class B Noteholders 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.

**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 of the Notes to be issued on the Closing Date will be euro 2,458,000,000 and will be applied by the Issuer to pay the Initial Purchase Price for the Mortgage Receivables.

## MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will purchase and, on the Closing Date, accept from the Seller the assignment of the Mortgage Receivables and, to the extent legally possible, the Beneficiary Rights relating thereto by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables, and, to the extent legally possible, the Beneficiary Rights relating thereto, will be transferred to the Issuer by the Seller. The Seller has agreed to assign such Beneficiary Rights to the Issuer and the Issuer has agreed to accept such assignment. The assignment of the Mortgage Receivables from the Seller 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 Seller. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables as of 1 July 2006 (the '**Portfolio Cut-Off Date**').

### Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the '**Initial Purchase Price**'), which shall be payable on the Closing Date or, in respect of Further Advance Receivables or Substitute Mortgage Receivables, on the relevant Quarterly Payment Date and the sum of all relevant deferred purchase price instalments (each a '**Deferred Purchase Price Instalment**'). The Initial Purchase Price is equal to the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Portfolio Cut-Off Date or in case of Further Advance Receivables or Substitute Mortgage Receivables on the first day of the month in which the relevant Quarterly Payment Date falls. 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 Initial Purchase Price equal to the aggregate Construction Amounts will be withheld by the Issuer and will be credited to the Construction Ledger.

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

### Representations and warranties

The Seller will represent and warrant on the Closing Date that, *inter alia*:

- (a) each of the Mortgage Receivables is duly and validly existing;
- (b) it has full right and title ("*tite*") to the Mortgage Receivables and no restrictions on the sale and assignment of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being assigned;
- (c) it has power ("*beschikkingsbevoegd*") to sell and assign the Mortgage Receivables;
- (d) the 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 Mortgage Receivables;
- (e) each 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 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 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 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 Seller in respect of the 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 Mortgage Loans, the Mortgage Receivables and the security granted in connection therewith;
- (i) all Mortgages and Borrower Pledges granted to secure the 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 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 Mortgage Receivables;
- (j) each of the 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 woninghypotheek*"), 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 5A and 5B or any additional applicable conditions from time to time;
- (k) (i) each NHG Guarantee ("*Nationale Hypotheek Garantie*") connected to the Mortgage Receivables which have the benefit of a NHG Guarantee, has been granted for the full Outstanding Principal Amount in respect of the Mortgage Receivable or a loan-part and constitutes legal, valid and binding obligations of Stichting Waarborgfonds Eigen Woningen, enforceable in accordance with its terms, (ii) all terms and conditions ("*voorwaarden en normen*") applicable to the NHG Guarantee at the time of origination of the Mortgage Loans were complied with and (iii) the Seller is not aware of any reason why any claim under any NHG Guarantee granted by Stichting Waarborgfonds Eigen Woningen in respect of any Mortgage Receivable should not be met in full and in a timely manner;
- (l) the particulars of each Mortgage Receivable, as set forth in the list attached to the Mortgage Receivables Purchase Agreement as schedule 1 are correct and complete in all material respects;
- (m) each of the Mortgage Loans and Mortgage Receivables meets the Eligibility Criteria;
- (n) each of the 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) ("*Gedragscode Hypothecaire Financieringen*") and met in all material respects the Seller's standard underwriting criteria and procedures prevailing at that time; the current criteria and procedures of the Seller are set forth in the Mortgage Manual;
- (o) the Seller has not been notified and is not aware of anything affecting the Seller's title to the Mortgage Receivables;
- (p) in the case of each of the Mortgage Receivables that has the benefit of an Insurance Policy, either (i) the Seller has been validly appointed as beneficiary ("*begunstigde*") under such Insurance Policy, upon the terms of the 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 Mortgage Receivables;
- (q) 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 Seller;
- (r) to the best knowledge of the Seller, the relevant Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (s) 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 pursuant to the Mortgage Receivables Purchase Agreement;

- (t) each Mortgage Loan constitutes the entire loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");
- (u) the mortgage conditions provide that all payments by the Borrower should be made without any deduction or set-off;
- (v) all Mortgage Receivables secured by a mortgage right on a long lease provide that the principal sum of the 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
- (w) with respect to each of the Hybrid Mortgage Receivables, Life Mortgage Receivables and the Savings Mortgage Receivables a Borrower Insurance Pledge has been entered into by the Seller and the relevant Borrower substantially in the form of the document attached as Schedule 5C to the Mortgage Receivables Purchase Agreement;
- (x) other than the aggregate Construction Amounts, the principal sum was in case of each of the 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*");
- (y) the aggregate Construction Amounts did not exceed EUR 16,040,492.28 on the Portfolio Cut-Off Date;
- (z) the aggregate Outstanding Principal Amount in respect of all Mortgage Receivables is equal to EUR 2,457,963,356.02 on the Portfolio Cut-Off Date;
- (aa) each of the Beneficiary Rights constitute legal, valid, binding and enforceable obligations of the relevant Insurance Company vis-à-vis the Seller;
- (bb) it can be determined in its administration without any uncertainty which Beneficiary Rights belong to which Mortgage Receivables;
- (cc) the Seller has been informed by Stichting Waarborgfonds Eigen Woningen that all participating municipalities have executed back-stop agreements relating to the NHG Guarantees; and
- (dd) there is no agreement between the Seller and Stichting Waarborgfonds Eigen Woningen, other than the deed of surety ("*overeenkomst van borgtocht*") dated 14 October 1994.

#### **Eligibility Criteria**

Each of the Mortgage Loans and Mortgage Receivables will meet the following criteria on the Closing 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;
- (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 Receivable is in arrears for more than one payment on the Portfolio Cut-off Date or, in case of a Further Advance Receivable or a Substitute Mortgage Receivable, 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 Portfolio Cut-off Date or, in case of a Further Advance Receivable or a Substitute Mortgage Receivable, the first day of the month in which 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 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) each Mortgage Receivable is secured by either:
  - (i) a first-ranking Mortgage; or
  - (ii) in case of Mortgage Receivables secured on the same Mortgaged Assets, first and sequentially lower ranking Mortgage; or
  - (iii) in case of Mortgage Receivables secured on the same Mortgaged Assets, first and lower ranking, but not necessarily sequentially lower ranking, Mortgage; or
  - (iv) a second-ranking Mortgage; or
  - (v) in case of Mortgage Receivables secured on the same Mortgaged Assets, second and sequentially lower ranking Mortgage; or
  - (vi) in case of Mortgage Receivables secured on the same Mortgaged Assets, second and lower ranking, but not necessarily sequentially lower ranking, Mortgage;
- (m) no Mortgage Loan will have a legal maturity of more than thirty (30) years;
- (n) each Mortgage Loan, or all Mortgage Loans secured on the same Mortgaged Asset, has an Outstanding Principal Amount of not more than EUR 250,000; and
- (o) each Mortgage Loan is secured by a NHG Guarantee.

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

### **Repurchase**

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

- (a) if at any time after the Closing Date any of the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, and the 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 Seller agrees with a Borrower to amend the terms of the Mortgage Loan as a result of which the Mortgage Loan no longer meets the 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;
- (c) if the 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 Mortgage Receivable no longer has the benefit of a NHG Guarantee as a result of an action taken or omitted to be taken by the Seller, the MPT Provider or the Defaulted Loan Servicer on the Mortgage Payment Date immediately following the date on which the Mortgage Loan ceases to have the benefit of the NHG 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 Mortgage Receivables by the Seller in any of the events described above, will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivable together with accrued due but unpaid interest up to the date of purchase and assignment of the 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 the 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 Document to which it is a party 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 Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any other Relevant Document to which it is a party 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 Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than the representations and warranties made in respect of the Mortgage Loans and Mortgage Receivables (which the Seller consequently repurchases), or under any of the other Relevant 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 Document untrue or incorrect in any material respect; or
- (d) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations hereunder or under any Relevant Document to which it is a party; or
- (e) the 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 the Mortgage Receivables Purchase Agreement and/or any of the Relevant Documents;
- (f) the 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 Seller or any assets are placed under administration ("*onder bewind gesteld*"); or
- (g) the 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 Seller's long-term unsecured, unsubordinated and unguaranteed debt obligations by Moody's falls below Baa1 or such rating is withdrawn;

then at any time thereafter, unless an appropriate remedy is found to the satisfaction of the Security Trustee, within a period of ten (10) business days, except in the occurrence of the events mentioned under (f), (g) and (h) where no remedy possibility applies, the Seller shall notify the Borrowers, Stichting Waarborgfonds Eigen Woningen and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables or, at its option, the Issuer shall be entitled to make such notifications itself.

In addition, in the Mortgage Receivables Purchase Agreement the Seller shall notify the relevant Insurance Companies of the assignment of the Beneficiary Rights and shall undertake to use its best efforts upon the occurrence of a 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 Trustee Receivables Notification Event relating to the Issuer and (y) the Security Trustee under the condition precedent of the occurrence of a 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 Seller, to convert the instruction given to the Insurance Companies to pay the insurance proceeds under the relevant Insurance Policy in favour of the Seller towards repayment of the Mortgage Receivables into such instruction in favour of (x) the Issuer under the dissolving condition of the occurrence of a Trustee Receivables Notification Event relating to the Issuer and (y) the Security Trustee under the condition precedent of the occurrence of a 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 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 Seller, if and to the extent offered by the 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) the 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 Seller in the Mortgage Receivables Purchase Agreement with respect to the Further Advance Receivables sold;
- (b) no Notification Event has occurred and is continuing;
- (c) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Principal Available Amount 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; and
- (f) the aggregate Outstanding Principal Amount of the Employee Mortgage Loans does not exceed 5,5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans at the Portfolio Cut-off Date.

#### **Substitution**

The Mortgage Receivables Purchase Agreement provides that on each Quarterly Payment Date, up to and including the Quarterly Payment Date immediately preceding the first Optional Redemption Date, 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 from the Seller if and to the extent offered by the Seller. The Issuer shall notify the Security Trustee prior to or on the relevant Quarterly Payment Date. 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) the 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 Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables sold;
- (b) no Notification Event has occurred and is continuing;

- (c) there has been no failure by the Seller, to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Substitution Principal Available Amount 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;
- (f) the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans, including the Substitute Interest-only Mortgage Loans, on such date does not exceed 45 per cent. of the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans on the Portfolio Cut-off Date; and
- (g) the aggregate Outstanding Principal Amount of the Employee Mortgage Loans does not exceed 5,5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Loans at the Portfolio Cut-off Date.

## 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 *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 Seller's portfolio.

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 Seller to the GIC Account and the production of monthly reports in relation thereto, (b) all payments to be made by the Issuer under the Swap Agreement, (c) all payments to be made by the Issuer under the Notes in accordance with the Conditions, (d) the maintaining of all required ledgers in connection with the above and (e) all calculations to be made in connection with the Notes 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 VIII B.V.

European Mortgage Securities VIII B.V. (the '**Issuer**') was incorporated with limited liability under the laws of the Netherlands on 26 July 2006 under number B.V. 1385798. 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 34252850.

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 VIII.

Stichting Holding European Mortgage Securities VIII is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 7 July 2006. The objects of Stichting Holding European Mortgage Securities VIII 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 VIII 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 Private Placement Memorandum 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*).

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 Relevant 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 Relevant Documents to which it is a party, without the prior written consent of the Stichting

Security Trustee.

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2007.

**Capitalisation**

The following table shows the capitalisation of the Issuer as of the Closing Date as adjusted to give effect to the issue of the Notes:

**Share Capital**

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

**Borrowings**

Senior Class A Notes	euro	2,089,300,000
Mezzanine Class B Notes	euro	368,700,000



## 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 VIII B.V.

Dear Sirs,

European Mortgage Securities VIII B.V. (the '**Issuer**') was incorporated on July 26, 2006 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 had not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the transaction included in the Private Placement Memorandum to be dated July 27, 2006.

Amsterdam, July 27, 2006  
Ernst & Young Accountants

R.A. de Jong

S.J. Hartjes

## DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee (the **'Parallel Debt'**) amounts equal to the aggregate amount due ("*verschuldigd*") by the Issuer:

- (i) as fees or other remuneration to the Directors under the Management Agreements multiplied by the ABN AMRO 2006-I Fraction except in case of fees payable to the Director of the Security Trustee ;
- (ii) as fees and expenses to the Issuer Administrator, the MPT Provider and the Defaulted Loan Servicer under the Issuer Services Agreement;
- (iii) as fees and expenses to the Paying Agent and the Reference Agent under the Agency Agreement;
- (iv) to the Swap Counterparty under the Swap Agreement;
- (v) to the Noteholders under the Notes;
- (vi) to the Seller under the Mortgage Receivables Purchase Agreement .

The parties referred to in item (i) through (vi) together the **'Secured Parties'**. The 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 Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties 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 Parallel Debt, the Security Trustee shall distribute such amount among the Secured Parties in accordance with the Priority of Payments upon Enforcement. The amounts due to the Secured Parties, will, broadly, be equal to amounts recovered ("*verhaald*") by the Security Trustee on the Mortgage Receivables and other relevant assets pledged to the Security Trustee under the Trustee Receivables Pledge Agreement and the Trustee Assets Pledge Agreement.

The Issuer will grant a first ranking right of pledge ("*pandrecht*") under a receivables pledge agreement between the Issuer and the Security Trustee dated the Closing Date (the **'Trustee Receivables Pledge Agreement'**) over the Mortgage Receivables and all Beneficiary Rights relating thereto (see further *Risk Factors* above) to the Security Trustee. Such right of pledge will in respect of the Mortgage Receivables together with Beneficiary Rights be vested on the Closing Date and in respect of any Further Advance Receivables and 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 Parallel Debt and any other Relevant Documents. The pledge on the 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 under an assets pledge agreement between the Issuer and the Security Trustee dated the Closing Date (the **'Trustee Assets Pledge Agreement'**). The rights of pledge created in the Trustee Assets Pledge Agreement secure, *inter alia*, any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement 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, (iv) the Swap Agreement and (v) the GIC Account. This right 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 serve as security for the benefit of the Secured Parties, including each of the Senior Class A Noteholders and the Mezzanine Class B Noteholders, but, *inter alia*, amounts owing to Noteholders of the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders (see *Credit Structure* above).



## THE SECURITY TRUSTEE

Stichting Security Trustee European Mortgage Securities VIII 2006-I is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 26 July 2006. It has its registered office in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or 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 creditors of the Issuer in as far relating to the ABN AMRO 2006-I NHG Pool, including the holders of the Notes to be issued by the Issuer in relation to the ABN AMRO 2006-I NHG Pool on or about the Closing Date, 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.

## PURCHASE AND SALE

The initial investor (the '**Investor**') has pursuant to a notes purchase agreement dated 27 July 2006 among the Investor, the Issuer and the Seller (the '**Notes Purchase Agreement**') agreed with the Issuer to purchase the Notes. The Issuer has agreed to indemnify and reimburse the Investor against certain liabilities and expenses in connection with the purchase of the Notes.

### General

The Investor has in the Notes Purchase Agreement represented that it is a professional market party ('**Professional Market Party**') within the meaning of the Ministerial Regulation of 26 June 2002, as amended, implementing, *inter alia*, section 6, paragraph 2 of the Dutch Credit System Supervision Act 1992 ("*Wet toezicht kredietwezen 1992*"), as amended from time to time.

### Transfer Restrictions

The Notes will be subject to the following transfer restrictions:

- (1) The Notes can only be validly transferred to a holder, if, in the case of the Senior Class A Notes such transfer is made to the relevant holder together with a proportional number of Mezzanine Class B Notes or, in the case of Mezzanine Class B Notes, such transfer is made to the relevant holder with a proportional number of Senior Class A Notes, whereby the proportion shall be equal to the relative proportion of the number of Notes of each Class issued at the Closing Date.
- (2) The Notes can only be validly offered, sold or transferred to Professional Market Parties.
- (3) The Notes may not be offered, sold or transferred within the United States or to US persons as defined in Regulation S of the United States Securities Act of 1933.

### 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 Private Placement Memorandum, 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. The Notes may only be offered, sold or transferred to Professional Market Parties.

### 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 Private Placement Memorandum 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 Private Placement Memorandum 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 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.

**General**

The Investor will 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 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 the Issuer shall have no responsibility therefor.

The Issuer shall not 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.

## GENERAL INFORMATION

1. The issue of the Notes has been duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 27 July 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 the Notes and for the Issuer to undertake and perform its obligations under the Notes.
2. The Senior Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 026319277 and ISIN CODE XS0263192774.
3. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 026319358] and ISIN CODE XS0263193582.
4. Ernst & Young Accountants N.V. has given and have not withdrawn its written consent to the issue of this Private Placement Memorandum 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.
5. 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 Agreement;
  - (iv) the Paying Agency Agreement;
  - (v) the Trust Deed;
  - (vi) the Parallel Debt Agreement;
  - (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 Agreement; and
  - (xii) the articles of association of the Security Trustee.
6. 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.
7. 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.
8. The Issuer does not intend to make available any post-issuance information regarding the Notes.



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**REGISTERED OFFICES**

**ISSUER**

European Mortgage Securities VIII B.V.  
Frederik Roeskestraat 123  
1076 EE AMSTERDAM

**SELLER**

ABN AMRO Bank N.V.  
Foppingadreef 22  
1102 BS Amsterdam

**MPT PROVIDER AND DEFAULTED LOAN SERVICER**

ABN AMRO Bank N.V.  
Foppingadreef 22  
1102 BS Amsterdam

**ISSUER ADMINISTRATOR**

ABN AMRO Bank N.V.  
Foppingadreef 22  
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**SECURITY TRUSTEE**

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