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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

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## ARENA 2007-I B.V.

(incorporated with limited liability in the Netherlands  
with its statutory seat in Amsterdam, the Netherlands)

- euro 350,000,000 floating rate Senior Class A-NHG Mortgage-Backed Notes due 2049,  
issue price 100 per cent.**
- euro 210,000,000 floating rate Senior Class A Mortgage-Backed Notes due 2049,  
issue price 100 per cent.**
- euro 31,200,000 floating rate Mezzanine Class B Mortgage-Backed Notes due 2049,  
issue price 100 per cent.**
- euro 27,600,000 floating rate Mezzanine Class C Mortgage-Backed Notes due 2049,  
issue price 100 per cent.**
- euro 24,000,000 floating rate Mezzanine Class D Mortgage-Backed Notes due 2049,  
issue price 100 per cent.**
- euro 7,200,000 floating rate Junior Class E Mortgage-Backed Notes due 2049,  
issue price 100 per cent.**
- euro 6,000,000 floating rate Subordinated Class F Notes due 2049,  
issue price 100 per cent.**

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

Application has been made to list the euro 350,000,000 floating rate Senior Class A-NHG Mortgage-Backed Notes due 2049 (the '**Senior Class A-NHG Notes**'), the euro 210,000,000 floating rate Senior Class A Mortgage-Backed Notes due 2049 (the '**First Issue Senior Class A Notes**'), the euro 31,200,000 floating rate Mezzanine Class B Mortgage-Backed Notes due 2049 (the '**Mezzanine Class B Notes**'), the euro 27,600,000 floating rate Mezzanine Class C Mortgage-Backed Notes due 2049 (the '**Mezzanine Class C Notes**'), the euro 24,000,000 floating rate Mezzanine Class D Mortgage-Backed Notes due 2049 (the '**Mezzanine Class D Notes**'), the euro 7,200,000 floating rate Junior Class E Mortgage-Backed Notes due 2049 (the '**Junior Class E Notes**') and the euro 6,000,000 floating rate Subordinated Class F Notes due 2049 (the '**Subordinated Class F Notes**') to be issued on 3 December 2007 (the '**Closing Date**') by Arena 2007-I B.V. (the '**Issuer**') and listed on Euronext Amsterdam by NYSE Euronext. ('**Euronext Amsterdam**').

In addition, the Issuer may, but is not obliged to, issue series of notes from time to time denominated in euro subject to and in accordance with Condition 1(b) which will be fungible with the First Issue Senior Class A Notes (the '**Further Issue Senior Class A Notes**') and, upon issue, together with the First Issue Senior Class A Notes, the '**Senior Class A Notes**' and together with the Senior Class A-NHG Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes, the '**Notes**' and the Notes, other than the Senior Class A-NHG Notes, the '**Non NHG Notes**'). The aggregate nominal amount of all series of Further Issue Senior Class A Notes issued on any Business Day up to and including the Quarterly Payment Date falling in October 2008 (each an '**Issue Date**') will not be more than euro 550,000,000. The Further Issue Senior Class A Notes are identical to the First Issue Senior Class A Notes in all respects (including as to listing) and are expressed to be consolidated and form a single series from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, interest commencement dates and/or issue prices, which will be specified in the applicable final terms ('**Final Terms**'), which will be filed with the AFM and delivered to Euronext Amsterdam on or before each relevant Issue Date.

The Notes will carry a floating rate of interest, payable quarterly in arrear, which will be three months Euribor (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for relevant months deposits in euro, rounded, if necessary, to the 5<sup>th</sup> decimal place with 0.00005 being rounded upwards) plus a margin per annum, which will be, up to (but excluding) the first Optional Redemption Date, for the Senior Class A-NHG Notes 0.02 per cent., for the Senior Class A Notes 0.50 per cent., for the Mezzanine Class B Notes 0.75 per cent., for the Mezzanine Class C Notes 1.10 per cent., for the Mezzanine Class D Notes 2.00 per cent. and for the Junior Class E Notes 2.50 per cent. The margin for the Subordinated Class F Notes will be 2.75 per cent. If on the first Optional Redemption Date the Notes of any Class (other than the Subordinated Class F Notes) will not be redeemed in full, in accordance with the terms and conditions of the Notes (the '**Conditions**'), the margin applicable to such Class of Notes will be reset. The interest on such Class of Notes from (and including) the first Optional Redemption Date will be equal to three months Euribor, plus a margin per annum which will be for the Senior Class A-NHG Notes 0.04 per cent., for the Senior Class A Notes 1.00 per cent., for the Mezzanine Class B Notes 1.50 per cent., for the Mezzanine Class C Notes 2.20 per cent., for the Mezzanine Class D Notes 4.00 per cent. and for the Junior Class E Notes 5.00 per cent. The margin applicable to the Subordinated Class F Notes will not be reset. Where the withholding or deduction of taxes, duties, assessments or charges is required by law in respect of payments of principal and/or interest of the Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the Noteholders.

The Notes are scheduled to mature on the Quarterly Payment Date falling in October 2049 (the '**Final Maturity Date**'). Provided that no Enforcement Notice has been given, on the Quarterly Payment Date falling in (i) April 2008 and each Quarterly Payment Date thereafter, the Senior Class A-NHG Notes will be subject to mandatory redemption (in whole or in part) in the circumstances set out in, and subject to, and in accordance with the Conditions by applying the NHG Notes Redemption Available Amount and (ii) January 2009 and each Quarterly Payment Date thereafter, the Non NHG Notes (other than the Subordinated Class F Notes) will be subject to mandatory redemption (in whole or in part), in the circumstances set out in, and subject to, and in accordance with the Conditions by applying the Non NHG Notes Redemption Available Amount. On the Quarterly Payment Date falling in October 2014 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 (other than the Subordinated Class F Notes) then outstanding at their Principal Amount Outstanding, subject to and in accordance with Condition 6(c) and subject, in the case of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, to Condition 9(b). Also, the Issuer will have the option to redeem the Notes upon the occurrence of a Tax Change in accordance with Condition 6(f) and subject to, in case of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, Condition 9(b). On the Quarterly Payment Date falling in January 2009 and each Quarterly Payment Date thereafter, the Subordinated Class F Notes will be subject to mandatory partial redemption in the circumstances set out in, subject to and in accordance with Condition 6(d) through the application of the amount remaining of the Notes Interest Available Amount after all payments or deposits ranking higher in priority have been made on such date. Finally, the Issuer will redeem the Notes if the Seller exercises its Regulatory Call Option and/or the Clean-Up Call Option in accordance with Condition 6(b) and subject to, in the case of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, Condition 9(b).

It is a condition precedent to the issuance of the Notes that the Senior Class A-NHG Notes, on issue, be assigned an 'AAA' rating by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ('**S&P**') and an 'AAA' rating by Fitch Ratings Ltd ('**Fitch**'), and an 'AAA' rating by DBRS (Europe) Limited ('**DBRS**') and, together with S&P and Fitch, the '**Rating Agencies**', the First Issue Senior Class A Notes, on issue, be assigned an 'AAA' rating by S&P and an 'AAA' rating by Fitch and an 'AAA' rating by DBRS, the Mezzanine Class B Notes, on issue, be assigned an 'AA' rating by S&P and an 'AA' rating by

Fitch and an 'AA' rating by DBRS, the Mezzanine Class C Notes, on issue, be assigned at least an 'A' rating by S&P and an 'A' rating by Fitch and an 'A (high)' rating by DBRS, the Mezzanine Class D Notes, on issue, be assigned at least a 'BBB' rating by S&P and a 'BBB' rating by Fitch and a 'BBB' rating by DBRS, the Junior Class E Notes, on issue, be assigned at least a 'BBB' rating by S&P and a 'BBB-' rating by Fitch and a 'BBB (low)' rating by DBRS and the Subordinated Class F Notes, on issue, be assigned at least an 'A-' rating by Fitch. Furthermore, it is a condition precedent to the issuance of any series of Further Issue Senior Class A Notes that such Further Issue Senior Class A Notes, on issue, be assigned an 'AAA' rating by S&P and an 'AAA' rating by Fitch and an 'AAA' rating by DBRS and that the ratings of the outstanding Notes will not be adversely affected or withdrawn as a consequence of such issue.

The rating of each of the Notes addresses the assessment made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

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

The Senior Class A-NHG Notes will be (indirectly) secured by a right of pledge over the NHG Mortgage Receivables and the Beneficiary Rights relating thereto and the Non NHG Notes will be (indirectly) secured by a right of pledge over the Mortgage Receivables excluding the NHG Mortgage Receivables but including, upon the purchase thereof, any New Mortgage Receivables and Further Advance Receivables (the '**Non NHG Mortgage Receivables**') and the Beneficiary Rights relating thereto vested by the Issuer in favour of Stichting Security Trustee Arena 2007-I (the '**Security Trustee**') and all Notes jointly will be (indirectly) secured by a first ranking right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with (most of) the Relevant Documents. The right to payment of interest and principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes will be subordinated and may be limited as more fully described herein. The holders of the Subordinated Class F Notes do not have the right to receive any amount pursuant to the Non NHG Principal Priority of Payments or the NHG Principal Payments. The holders of the Non NHG Notes (the '**Non NHG Noteholders**') do not have the right to receive any NHG Notes Redemption Available Amount.

The Notes of each Class (excluding the Senior Class A Notes) and in respect of the Senior Class A Notes, the First Issue Senior Class A Notes and any series of Further Issue Senior Class A Notes separately, will initially be 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 safekeeper 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 or, in respect of any series of Further Issue Senior Class A Notes, the relevant Issue 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 or the relevant Issue Date respectively 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 as described in the Conditions. The expression '**Global Notes**' means the Temporary Global Note of each Class (excluding the Senior Class A Notes) and in respect of Senior Class A Notes, the First Issue Senior Class A Notes and any series of Further Issue Senior Class A Notes separately 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 are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (the '**ICSDs**') as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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, ABN AMRO Bank N.V., acting through its London branch (the '**Arranger**'), the Managers, the Floating Rate GIC Provider, the Listing Agent, the Secured Parties and the Security Trustee or any other person, in whatever capacity acting. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by the Arranger, the Managers, the Floating Rate GIC Provider, the Listing Agent, the Secured Parties and the Security Trustee, in whatever capacity acting. None of the Arranger, Managers, the Floating Rate GIC Provider, the Listing Agent, the Secured Parties and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

Capitalised terms used, but not defined, in this section can be found elsewhere in this Base Prospectus. For the page reference of the definitions of capitalised terms used herein see Index of Defined Terms.

The date of this Base Prospectus is 3 December 2007.

**Arranger**

**ABN AMRO**

**Joint Lead Managers**

**ABN AMRO**

**The Royal Bank of Scotland**

## IMPORTANT INFORMATION

Only the Issuer is responsible for the information contained in this Base Prospectus, other than the information for which the Seller 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 the Seller is responsible) contained in this Base Prospectus as referred to in the following paragraph, is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

The Seller is responsible solely for the information contained in the following sections of this Base Prospectus: *Overview of the Dutch Housing and Residential Mortgage Market, Delta Lloyd, Description of the Mortgage Loans, Summary of the Provisional Pool, NHG Guarantee Programme and Mortgage Loan Underwriting and Mortgage Services*. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these sections 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 and specified as such in aforementioned sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading. The Seller accepts responsibility accordingly.

Furthermore, also Stater Nederland B.V. is responsible for the information contained in the section *Stater Nederland B.V.* To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. Stater Nederland B.V. accepts responsibility accordingly.

Notice of the aggregate nominal amount of the Further Issue Senior Class A Notes, the issue price of the Further Issue Senior Class A Notes and any other terms and conditions not contained herein which are applicable to a series of Further Issue Senior Class A Notes will be set forth in the relevant Final Terms which will be filed with the AFM and delivered to Euronext Amsterdam on or before the relevant Issue Date.

This Base Prospectus is to be read in conjunction with the articles of association of the Issuer which are deemed to be incorporated by reference herein (see *General Information* below). This Prospectus shall be read and construed on the basis that such document is incorporated in and forms part of this Base Prospectus. Neither this Base Prospectus nor any part thereof constitutes an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Base Prospectus is set out in the section entitled *Purchase and Sale* below. Persons into whose possession this Base Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions.

No one is authorised by the Seller or the Issuer to give any information or to make any representation concerning the issue of the Notes other than those contained in this Base Prospectus in accordance with applicable laws and regulations and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Managers. 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. Neither the delivery of this Base Prospectus at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Base Prospectus. Neither the Issuer nor any other party has any obligation to update this Base Prospectus, except when required by the listing and issuing rules of Euronext Amsterdam and/or any applicable rules and regulations of Netherlands securities law.

The Arranger, the Managers and the Seller expressly do not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase, hold or sell any Notes during the life of the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the '**Securities Act**') or the securities laws of any state of the United States or other United States jurisdiction 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, or for the account or benefit of, persons as defined in Regulation S under the Securities Act except in certain transactions permitted by U.S. tax regulations and Regulation S under the Securities Act and applicable state or local securities laws (see *Purchase and Sale* below). The Notes have not been approved or disapproved by the U.S. 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 this offering or the accuracy or adequacy of this Base Prospectus. Any representation to the contrary is unlawful.

In connection with the issue of the Notes, ABN AMRO Bank N.V., acting through its London branch, (the '**Stabilising Manager**'), or any duly appointed person acting for the Stabilising Manager may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but must end no later than the earlier of 30 days after the Closing Date or the relevant Issue Date respectively and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and regulations amended from time to time.

All references in this Base Prospectus to '**EUR**', '**€**' and '**euro**' refer to the single currency which was introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended by the Treaty on European Union).

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## SUMMARY

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

*Capitalised terms used, but not defined, in this section can be found elsewhere in this Base Prospectus. For the page reference of the definitions of the capitalised terms used herein see Index of Defined Terms.*

### The Issuer

Arena 2007-I B.V. is incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") under number B.V. 1450419 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by the Shareholder. The Issuer is established to issue the Notes.

### 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 (the '**Deed of Assignment**'), as a result of which legal title to the Mortgage Receivables and such Beneficiary Rights relating thereto is transferred to the Issuer.

Furthermore, the Issuer will on the Closing Date issue the Notes, other than the Further Issue Senior Class A Notes, and use the net proceeds of the Non NHG Notes, other than the proceeds of the Subordinated Class F Notes, to pay to the Seller (part of) the Initial Purchase Price for the Non NHG Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement. In addition, the Issuer will use the net proceeds of the Senior Class A-NHG Notes to pay to the Seller (part of) the Initial Purchase Price for the NHG Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement. Furthermore, the Issuer will pay the Deferred Purchase Price to the Seller, which is to be paid on each Quarterly Payment Date in Deferred Purchase Price Instalments (if any) (see further the section *Mortgage Receivables Purchase Agreement*). On the Closing Date, the aggregate Construction Amount will be withheld from the Initial Purchase Price and deposited on the Construction Account.

The proceeds of the issue of the Subordinated Class F Notes will be credited to the Reserve Account.

In addition, on any Quarterly Payment Date up to the Quarterly Payment immediately preceding the first Optional Redemption Date (each a '**Purchase Date**') the Issuer will apply the Non NHG Principal Available Amount to purchase from the Seller any Further Advance Receivables subject to the fulfilment of certain conditions and to the extent offered by the Seller. Furthermore, on any Issue Date up to and including the Quarterly Payment Date falling in October 2008 the Issuer will apply the Purchase Available Amount, which includes the proceeds of the issue of any series of Further Senior Class A Notes on the relevant Issue Date, to purchase from the Seller any New Mortgage Receivables subject to the fulfilment of certain conditions and to the extent offered by the Seller. On the relevant Issue Date or, as the case may be, the relevant Purchase Date, the aggregate Construction Amount relating to such New Mortgage Receivables or Further Advance Receivables, as the case may be, will be withheld from the Initial Purchase Price of such New Mortgage Receivables or such Further Advance Receivables and deposited on the Construction Account.

The Issuer will use receipts of principal in respect of (i) the NHG Mortgage Receivables to make payments of principal in respect of the Senior Class A-NHG Notes and (ii) the Non NHG Mortgage Receivables to make payments of principal in respect of the Non NHG Notes (other than the Subordinated Class F Notes). The Issuer will use receipts of interest in respect of the Mortgage Receivables to make payments of, *inter alia*, interest due in respect of the Notes. The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer under the Sub-Participation Agreement and in respect of certain items set forth in the applicable priority of payments (see *Credit Structure*).

Payments of interest on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes are subordinated to payments of interest on

the Senior Class A-NHG Notes. In addition, any NHG Realised Losses will be allocated to the Class E NHG Principal Deficiency Ledger, the Class D NHG Principal Deficiency Ledger, the Class C NHG Principal Deficiency Ledger and to the Class B NHG Principal Deficiency Ledger as more fully described herein under *Credit Structure*. Therefore, the Non NHG Notes, other than the Senior Class A Notes, provide in this respect credit enhancement to the Senior Class A-NHG Notes.

Furthermore, payments on the Non NHG Notes (other than the Senior Class A Notes) are subordinated as follows: (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Mezzanine Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Mezzanine Class D Notes, (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes and limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*.

The holders of the Subordinated Class F Notes do not have the right to receive any amount pursuant to the Non NHG Principal Priority of Payments or the NHG Principal Payments. The Non NHG Noteholders do not have the right to receive any NHG Notes Redemption Available Amount.

In addition, the Issuer will use amounts it receives under the Liquidity Facility Agreement, the Floating Rate GIC, the Sub-Participation Agreement and the Swap Agreement and drawings from the Reserve Account to make payments of, *inter alia*, principal and interest due in respect of the Notes subject to and in accordance with such agreements.

Pursuant to the Liquidity Facility Agreement the Issuer will be entitled to make drawings if, after application of amounts available on the Reserve Account and without taking into account any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet certain items of the Interest Priority of Payments in full (see *Credit Structure* below).

Pursuant to the Floating Rate GIC, the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to Euribor on the balances standing from time to time to the credit of the Transaction Accounts (see *Credit Structure* below).

Pursuant to the Subordinated Loan Agreement, the Seller will on the Closing Date make available to the Issuer the Subordinated Loan, which will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes.

Pursuant to the Issuer Services Agreement, (i) the MPT Provider will – *inter alia* – provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Loans and (ii) the Defaulted Loan Servicer will agree to provide implementation of arrears procedures including the enforcement of mortgage rights and to provide information on the Participation in the Savings Mortgage Loans and Life Mortgage Loans with a Savings Element and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer (see further *Issuer Services Agreement* and *Mortgage Underwriting and Mortgage Services* below).

To mitigate the risk between the rate of interest to be received by the Issuer in respect of the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes, the Issuer will enter into a Swap Agreement (see under *Credit Structure* below).

## **Security**

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking right of pledge granted by the Issuer to the Security Trustee over (a) in respect of the Senior Class A-NHG Notes, the NHG Mortgage Receivables and the Beneficiary Rights relating thereto and (b) in respect of the Non NHG Notes, the Non NHG Mortgage Receivables and the Beneficiary Rights relating thereto and (ii) in respect of all Notes, a first ranking right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with (most of) the Relevant Documents.



In order to ensure the valid creation of the security rights under Netherlands 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 secured claims of the Secured Parties. See for a more detailed description *Credit Structure* and *Description of Security* below.

### **Limited Recourse**

Each of the holders of the Senior Class A-NHG Notes (the '**Senior Class A-NHG Noteholders**') shall only have recourse in accordance with and subject to the Trust Deed and consequently on (i) the NHG Mortgage Receivables and any Further NHG Redemption Amount, (ii) the balances standing to the credit of (a) the Issuer Collection Account and, depending on the circumstances as further described in *Credit Structure*, the Construction Account, other than resulting from the Non NHG Mortgage Receivables, and (b) the Reserve Account and (iii) the amounts received under the Relevant Documents to the extent relating to the NHG Mortgage Receivables and in respect of claims of the Issuer which cannot be attributed to the NHG Mortgage Receivables or the Non NHG Mortgage Receivables, such claims multiplied by the NHG Fraction. In the event that the NHG Security has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the Senior Class A-NHG Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Senior Class A-NHG Notes, the Senior Class A-NHG Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of such unpaid amounts.

Each of the Non NHG Noteholders shall only have recourse in accordance with and subject to the Trust Deed and consequently on (i) the Non NHG Mortgage Receivables less any Further NHG Redemption Amount, (ii) the balances standing to the credit of (a) the Issuer Collection Account and, depending on the circumstances as further described in *Credit Structure*, the Construction Account, other than resulting from the NHG Mortgage Receivables, and (b) the Reserve Account and (iii) the amounts received under the Relevant Documents to the extent relating to the Non NHG Mortgage Receivables and in respect of claims of the Issuer which cannot be attributed to the Non NHG Mortgage Receivables or the NHG Mortgage Receivables, such claims multiplied by the Non NHG Fraction. In the event that the Non NHG Security has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the relevant Class of Non NHG Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Non NHG Notes, the holders of the relevant Class of Non NHG Notes shall have no further claim against the Issuer or the Security Trustee in respect of such unpaid amounts.

After the delivery of an Enforcement Notice, the amounts to be received by each of the Senior Class A-NHG Noteholders are subject to the NHG Priority of Payments upon Enforcement and the amounts to be received by each of the Non NHG Noteholders are subject to the Non NHG Priority of Payment upon Enforcement.

### **The Notes**

The Issuer will issue the Senior Class A-NHG Notes, the First Issue Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes on the Closing Date.

In addition, the Issuer may, but is not obliged to, issue any series of Further Issue Senior Class A Notes on any Business Day up to and including the Quarterly Payment Date falling in October 2008 up to an amount of euro 550,000,000 subject to and in accordance with Condition 1(b). The net proceeds of such Further Issue Senior Class A Notes will be applied towards the purchase of New Mortgage Receivables if and to the extent offered by the Seller and subject to certain conditions (see *Mortgage Receivables Purchase Agreement*). The Further Issue Senior Class A Notes are identical to the First Issue Senior Class A Notes in all respects (including as to listing) and any series of Further Issue Senior Class A Notes are expressed to be consolidated and form a single series from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, interest commencement dates and/or issue prices, which will be specified in the applicable final terms ('**Final Terms**'), which will be filed with the AFM and delivered to Euronext Amsterdam on or before each relevant Issue Date.

The Seller may purchase one or more Classes of Notes including any series of Further Issue Senior Class A Notes.

## **Interest on the Notes**

The Notes will carry a floating rate of interest from (and including) the Closing Date or, as the case may be, the relevant Issue Date, payable quarterly in arrear on each Quarterly Payment Date. The rate of interest for the Notes will be three months Euribor plus a margin. On the first Optional Redemption Date, the margin of the Notes (other than the Subordinated Class F Notes) will be reset subject to and in accordance with the Conditions. The margin of the Subordinated Class F Notes will not be reset.

## **Redemption of the Notes**

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

On the Quarterly Payment Date falling in April 2008 and each Quarterly Payment Date thereafter the Issuer will be obliged to apply the NHG Notes Redemption Available Amount, which, *inter alia*, consists of all amounts of principal received (i) as repayment or pre-payment on the NHG Mortgage Receivables and (ii) in connection with a repurchase or sale of the NHG Mortgage Receivables to (partially) redeem the Senior Class A-NHG Notes.

On the Quarterly Payment Date falling in January 2009 and each Quarterly Payment Date thereafter the Issuer will be obliged to apply the Non NHG Notes Redemption Available Amount, which, *inter alia*, consists of all amounts of principal received (i) as repayment or pre-payment on the Non NHG Mortgage Receivables and (ii) in connection with a repurchase or sale of the Non NHG Mortgage Receivables to the extent such amount has not been used on any Purchase Date for the purchase of Further Advance Receivables to (partially) redeem the Non NHG Notes (other than the Subordinated Class F Notes) sequentially in accordance with the Non NHG Principal Priority of Payments.

The Subordinated Class F Notes will be (partially) redeemed on the Quarterly Payment Date falling in January 2009 and each Quarterly Payment Date thereafter in accordance with Condition 6(d).

The Issuer will have the option to redeem all of the Notes (other than the Subordinated Class F Notes) but not some only, on each Optional Redemption Date at their Principal Amount Outstanding in accordance with Condition 6(c) and subject to, in the case of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, Condition 9(b). Also, the Issuer will have the option to redeem the Notes upon the occurrence of a Tax Change in accordance with Condition 6(f) and subject to, in case of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, Condition 9(b). Finally, the Issuer will redeem the Notes if the Seller exercises its Regulatory Call Option and/or the Clean-Up Call Option in accordance with Condition 6(b) subject to, in the case of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, Condition 9(b).

## **Listing**

Application has been made to list the Notes, other than the Further Issue Senior Class A Notes, on Euronext Amsterdam on the Closing Date. It is a condition to the issuance of any series of Further Issue Senior Class A Notes that such Notes are admitted to listing on Euronext Amsterdam if and when issued.

## **Rating**

It is a condition precedent to the issuance of the Notes that the Senior Class A-NHG Notes, on issue, be assigned an 'AAA' rating by S&P and an 'AAA' rating by Fitch and an 'AAA' rating by DBRS, the First Issue Senior Class A Notes, on issue, be assigned an 'AAA' rating by S&P and an 'AAA' rating by Fitch and an 'AAA' rating by DBRS, the Mezzanine Class B Notes, on issue, be assigned at least an 'AA' rating by S&P and an 'AA' rating by Fitch and an 'AA' rating by DBRS, the Mezzanine Class C Notes, on issue, be assigned at least, an 'A' rating by S&P and an 'A' rating by Fitch and an 'A (high)' rating by DBRS, the Mezzanine Class D Notes, on issue, be assigned at least a 'BBB' rating by S&P and a 'BBB' rating by Fitch and a 'BBB' rating by DBRS, the Junior Class E Notes, on issue, be assigned at least a 'BBB' rating by S&P, a 'BBB-' rating by Fitch and a 'BBB (low)' rating by DBRS and the Subordinated Class F Notes, on issue, be assigned at least an 'A-' rating by Fitch. Furthermore, it is a condition precedent to the issuance of any series of Further Issue Senior Class A Notes that

such Further Issue Senior Class A Notes, on issue, be assigned an 'AAA' rating by S&P and an 'AAA' rating by Fitch and an 'AAA' rating by DBRS and that the ratings of the outstanding Notes will not be adversely affected or withdrawn as a consequence of such issue.

### **Risk factors**

There are certain factors which 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 and the Beneficiary Rights relating thereto and the proceeds of the sale of any such Mortgage Receivables and the Beneficiary Rights relating thereto 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*).

## 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 not known to the Issuer or not deemed to be material enough and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

### RISK FACTORS REGARDING THE ISSUER

#### **Liability 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, the Seller, the Savings Insurance Company, the Arranger, the Managers, the Liquidity Facility Provider, the MPT Provider, the Defaulted Loan Servicer, the Subordinated Loan Provider, the Issuer Administrator, the Floating Rate GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Listing Agent or the Security Trustee. Furthermore, none of the Seller, the Savings Insurance Company, the Arranger, the Managers, the Liquidity Facility Provider, the MPT Provider, the Defaulted Loan Servicer, the Subordinated Loan Provider, the Issuer Administrator, the Floating Rate GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Listing 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 Liquidity Facility Provider, the Savings Insurance Company, the Arranger, the Swap Counterparty, the MPT Provider, the Issuer Administrator, the Defaulted Loan Servicer, the Subordinated Loan Provider, the Directors, the Paying Agent, the Reference Agent, the Listing Agent, the Managers, the Floating Rate GIC Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

#### **The Issuer has limited resources available 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 Mortgage Receivables, the receipt by it of payments under the Swap Agreement and the Sub-Participation Agreement and the receipt by it of interest in respect of the balances standing to the credit of the Transaction Accounts (excluding in certain circumstances the Construction Account). See further *Credit Structure*. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Account and the amounts available to be drawn under the Liquidity Facility Agreement for certain of its payment obligations.

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, to accept and to 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 its participants of their obligations under their respective rules, operating procedures and calculation methods.

#### **The Issuer has counterparty risk exposure**

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 under the Notes. It should be noted that (a) ABN AMRO in its capacity as Floating Rate GIC Provider, Paying Agent, Reference Agent and Liquidity Facility Provider may not perform its obligations vis-à-vis the Issuer, (b) ABN AMRO, acting through its London branch in its capacity as Swap Counterparty may not perform its obligations vis-à-vis the Issuer, (c) Amstelhuys in its capacity as Seller and Subordinated Loan Provider may not perform its obligations vis-à-vis the Issuer, (d) Delta Lloyd Bank in its capacity as MPT Provider and Defaulted Loan Servicer may not perform its obligations vis-à-vis the Issuer, (e) Delta Lloyd Life in its capacity as the Savings Insurance Company may not perform its obligations under the Sub-Participation Agreement, (f) ATC Financial Services B.V. in its capacity as Issuer Administrator may not perform its obligations under the Issuer Services Agreement, (g) ATC Management B.V. as Director of the Issuer and the Shareholder may not perform its obligations under the relevant Management Agreements

respectively and (h) N.V. Algemeen Nederlands Trustkantoor ANT may not perform its obligations under the relevant Management Agreement.

### **Effectiveness of the rights of pledge to the Security Trustee in case of insolvency of the Issuer**

Under or pursuant to the Pledge Agreements, various rights of pledge will be granted by the Issuer to the Security Trustee. On the basis of these rights of pledge the Security Trustee can exercise the rights afforded by Netherlands law to pledgees regardless of bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle intended to be bankruptcy remote and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Issuer prior to notification but after bankruptcy or suspension of payments will be part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four months may apply in case of bankruptcy or suspension of payments involving the Issuer, which, if applicable would delay the exercise ("*uitwinnen*") of the right of pledge on the Mortgage Receivables, but not the collection ("*innen*") thereof and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period as determined by the judge-commissioner ("*rechter-commissaris*") appointed by the court in case of bankruptcy of the Issuer.

To the extent the receivables pledged by the Issuer to the Security Trustee are future receivables, the right of pledge on such future receivables cannot be invoked against the estate of the Issuer, if such future receivables come into existence after the Issuer has been declared bankrupt or a suspension of payments of the Issuer takes effect. The Issuer has been advised that the assets pledged to the Security Trustee under the Trustee Assets Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Transaction Accounts following the Issuer's bankruptcy or suspension of payments. With respect to Beneficiary Rights, reference is made to *Risks relating to Beneficiary Rights under the Insurance Policies* and with respect to Construction Amounts reference is made to *Construction Amounts* below.

### **Risks related to the creation of rights of pledge on the basis of the 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 rights of 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. 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 Pledge Agreements (see also *Description of Security* below).

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Parties therefore have a credit risk on the Security Trustee. However, the Security Trustee is a special purpose vehicle intended to be bankruptcy remote and is therefore unlikely to become insolvent.

### **Licence requirement under the Act on Financial Supervision**

Under the new Act on Financial Supervision ("*Wet op het Financieel Toezicht*"), which entered into force on 1 January 2007, as a general rule a special purpose vehicle which services ("*beheert*") and administers ("*uitvoert*") loans granted to consumers such as the Issuer, must have a licence under the Act on Financial Supervision. As the Mortgage Loans are granted to consumers, the Issuer must have a licence. However, an exemption from the licence requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Act on Financial Supervision. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the MPT Provider and the implementation of arrears procedures to the Defaulted Loan Servicer, Delta Lloyd Bank as the MPT Provider and the Defaulted Loan Servicer holds a license under the Act on Financial Supervision 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 Receivables to another licensed entity or it needs to apply for and hold a licence itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Act on Financial Supervision. If the Issuer Services Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and does not hold a licence itself, the Issuer will have to terminate its activities and settle ("*afwickelen*") its existing agreements. This could result in early redemption of the Notes.

## **RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES**

The following risk factors only relate to the types of Mortgage Loans set forth in the Mortgage Loan Criteria under item (i) under (a) up to and including (f) (see also "Description of the Mortgage Loans" below). However, the Seller may sell New Mortgage Receivables, resulting from any other type of Mortgage Loan, provided that such type of Mortgage Loans is described in a supplemental prospectus to the Base Prospectus which forms part of and should be read in conjunction with the Base Prospectus and which has been approved by the AFM, as competent authority for the purpose of the Prospectus Directive (a '**Supplemental Prospectus**'), and furthermore subject to the condition that the purchase of such New Mortgage Receivables does not adversely affect the then current ratings assigned to the Notes. In case the New Mortgage Receivables result from a type of Mortgage Loans other than described in this Base Prospectus, the following risk factors to the extent applicable apply *mutatis mutandis* to such other type of Mortgage Loans as indicated in such a Supplemental Prospectus.

#### **Risk related to payments received by the Seller prior to notification of the assignment to the Issuer**

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 ("*stille cessie*"). The legal title of the Mortgage Receivables will be assigned on the Closing Date and, in respect of New Mortgage Receivables and/or Further Advance Receivables on the relevant Issue Date or the relevant Purchase Date by the Seller to the Issuer through a registered deed of assignment. The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the Seller to the Issuer will not be notified to the Borrowers except if any of the Notification Events occurs (see *Mortgage Receivables Purchase Agreement*).

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables 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. If the Seller is declared bankrupt or subject to suspension of payments prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

Payments made by Borrowers to the Seller prior to notification but after bankruptcy or suspension of payments in respect of the Seller having been declared will be part of the 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 by Borrowers may affect the proceeds under the Mortgage Receivables**

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 him (if any) with amounts he 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 held or deposits made with the Seller. As a result of the set-off of amounts due and payable by the Seller to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable will, partially or fully, be extinguished ("*gaat teniet*"). Set-off by Borrowers could thus lead to losses under the Notes.

The conditions applicable to the Mortgage Loans 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 become 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. 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 construction amounts, reference is made to *Construction Amounts* below.

In case notification of the assignment of the Mortgage Receivables is made after the bankruptcy or suspension of payments 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 Netherlands 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 become effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of suspension of payments.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller or in respect of interest and premium deposits ("*rente en premiedepots*") 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. Furthermore, the Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that no deposits have been accepted from any of its Borrowers (except for certain amounts of interest and premium deposits ("*rente- en premiedepots*") held by the Savings Insurance Company of which the aggregate amount does not exceed euro 500,000 and Construction Amounts), and it currently does not have any current account relationship with its Borrowers. Furthermore, the Seller will covenant in the Mortgage Receivables Purchase Agreement that it will not accept any deposits from a Borrower and it will not enter into a current account relationship with a Borrower.

For specific set-off issues relating to the 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.

#### **Risk that the Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer**

All Mortgage Receivables originated prior to 8 September 2005 which are sold to the Issuer by the Seller will be secured by mortgage rights which secure not only the initial Mortgage Loan but also any amounts which the Borrower may be due or become due to the Seller under further loans and/or credits up to a maximum level. It is likely that such Mortgage Loans should be regarded as "*krediethypotheek*" ('**Credit Mortgages**'). All Mortgage Receivables originated after 8 September 2005 which are sold by the Seller will be secured by mortgage rights which not only secure the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also other liabilities and moneys the Borrower now or in the future may owe to the Seller ('**Bank Mortgages**') ("*bankhypotheek*"). The comments set out below in respect of Bank Mortgages apply *mutatis mutandis* to Credit Mortgages.

Under Netherlands law a mortgage right is an accessory right ("*afhankelijk recht*") which follows by operation of law the receivable with 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.

The prevailing view of Dutch legal commentators has been for a long time 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. This view applies *mutatis mutandis* to a Credit Mortgage. 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. Legal commentators following such trend argue that in case of assignment of a receivable secured by a Bank Mortgage or a Credit Mortgage, the mortgage right will in principle (partially) pass to the assignee as an accessory right. In this view the transfer does not conflict with the nature of a Bank Mortgage, which is -in this view - 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 secure exclusively 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 forms of mortgage deed used by the Seller provide that in case of assignment of the receivables, the mortgage right will partially follow *pro rata* the receivable if it is assigned. This provision is a clear indication of the intentions of the parties in this respect. The Issuer has been advised that in the absence of circumstances giving an indication to the contrary, the inclusion of such provision in the mortgage deed makes clear that the Bank Mortgage (partially) follows the Mortgage Receivable as an accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice.

The form of mortgage deed used in respect of Mortgage Receivables originated prior to 8 September 2005 does not provide that in case of a pledge of the receivable the mortgage right will (partially) follow the receivable. Therefore, there is no clear indication of the intention of the parties and, consequently, the above does not apply to the pledge of the Mortgage Receivables originated prior to 8 September 2005. However, the Issuer has been advised that a good argument can be made that the intention of the parties in case of an assignment of the Mortgage Receivable also include the intention in case of a pledge of such Mortgage Receivable, but that it is less certain that the mortgage right will continue to secure the Mortgage Receivable upon the pledge to the Security Trustee. In addition, the Issuer has been advised that a good argument can be made, based upon legal literature, that the Security Trustee, being as first ranking pledgee entitled to collect the Mortgage Receivable, is entitled to enforce any accessory rights to the Mortgage Receivable, such as the mortgage right. The form of mortgage deed used in respect of Mortgage Receivables originated after 8 September 2005 provides that also in case of a pledge of the Mortgage Receivable the mortgage right will (partially) follow the Mortgage Receivable (see the paragraph above with respect the assignment of a Mortgage Receivable, which applies *mutatis mutandis* to the pledge of a Mortgage Receivable).

In addition, pursuant to the forms of mortgage deeds, the Borrowers have granted certain rights of pledge in favour of the Seller. Such rights of pledge secure the same liabilities as the mortgage rights and therefore qualify in respect of Mortgage Receivables originated prior to 8 September 2005 as a credit pledge (and together with the Credit Mortgage, the '**Credit Security Rights**') and, as the case may be, in respect of Mortgage Receivables originated after 8 September 2005, as a bank pledge (and together with the Bank Mortgage, the '**Bank Security Rights**') and together with the Credit Security Rights, '**Security Rights**').

The form of mortgage deed used in respect of Mortgage Receivables originated prior to 8 September 2005 does not provide that in case of assignment or pledge of the receivable the rights of pledge will (partially) follow the receivable. Therefore, there is no clear indication of the intention of the parties. The Issuer has been advised that also in such case the Security Rights 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 legal commentators on Bank Security Rights in the past as described above, which view continues to be defended by some legal commentators. The form of mortgage deed used in respect of receivable originated after 8 September 2005 provides that also in case of assignment or pledge of the receivable the rights of pledge will (partially) follow the receivable if it is assigned or pledged (see the paragraph above with respect to the mortgage rights following the Mortgage Receivable upon assignment or pledge).

Furthermore, in respect of the NHG Mortgage Receivables it is noted that if the Issuer does not have the benefit of the mortgage right, it also will not be entitled to claim under any NHG Guarantee.

#### **Risk related to jointly-held Bank Security Rights by the Seller, the Issuer and the Security Trustee**



If the Bank Security Rights or the Credit Security Rights have (partially) followed the Mortgage Receivables upon its assignment, the Bank Mortgages and the Credit Mortgages would probably be jointly-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 (the '**Other Claims**'). In that case, the rules applicable to co-ownership ("*gemeenschap*") apply. The Netherlands Civil Code provides for various mandatory rules which apply to such jointly 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 jointly-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 suspension of payments) may be required for such foreclosure.

On the basis of Netherlands Civil Code the shares of the co-owners in a community are equal, unless their legal relationship provides otherwise. The mortgage deeds used in respect of Mortgage Receivables originated prior to 8 September 2005 did not contain any arrangement in this respect. However, the form of mortgage deed used in respect of Mortgage Receivables originated after 8 September 2005 provides that each holder of a share in the co-owned security rights is entitled to a pro rata share of the proceeds of the security interests. Therefore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share ('*aandeel*') in each jointly-held security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any, and the Seller's share will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any. It is uncertain whether this arrangement will be enforceable. In this respect it will be 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. Furthermore it is noted that this arrangement may not be effective against the Borrower in respect of Mortgage Receivables originated prior to 8 September 2005 and will not be effective against the Borrower in respect of Mortgage Receivables originated after 8 September 2005, as the form of mortgage deed used stipulates that the shares of the Seller and any assignee respectively will be *pro rata* the size of the claim they have against the Borrower.

If (a trustee or administrator of) the Seller would, notwithstanding the arrangement set out above, enforce the jointly-held Bank Security Rights or Credit Security Rights securing the Mortgage Receivables, the Issuer and/or the Security Trustee would have a claim against the Seller (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred.

To further secure the obligations of the Seller under this arrangement, the Seller shall have an obligation to pledge, upon the occurrence of a Notification Event, the 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. In addition hereto, the form of mortgage deed used in respect of Mortgage Receivables originated after 8 September 2005 provides that any foreclosure proceeds should be applied in the following order: cost, (accrued) interest, the Mortgage Receivable and, finally, the Other Claims. However, it is not certain whether this arrangement will be enforceable in all circumstances.

### **Insurance Policies**

The Life Mortgage Loans and the Savings Mortgage Loans have the benefit of Life Insurance Policies and Savings Insurance Policies respectively (together the '**Insurance Policies**'). The Insurance Policies are entered into by the relevant Borrowers and the Savings Insurance Company. In this paragraph, certain legal issues relating to the effects of the assignment of the Life Mortgage Receivables and Savings Mortgage Receivables on the Insurance Policies are set out. Investors should be aware that (i) the Issuer may not benefit from the Insurance Policies and/or (ii) the Issuer may not be able to recover any amounts from the Borrower in case the Savings 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 and may, therefore, not have the benefit of the mortgage right. In such case the rights of the Security Trustee will be similarly affected. Due to the dependency on the performance by in particular the Savings Insurance Company of its obligations under the Insurance Policies, a deterioration of the credit quality of the Savings Insurance Company might have an adverse effect on the ratings of the Notes.

### **Risk that the Borrower Insurance Pledge will not be effective**

All rights of a Borrower under the Insurance Policies have been pledged to the Seller (the **'Borrower Insurance Pledge'**). 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 or is granted a suspension of payments or been made subject to a debt restructuring scheme pursuant to the Netherlands Bankruptcy Code, prior to the moment such right comes into existence. This means that it is uncertain whether such right of pledge will be effective. If the Borrower Insurance Pledge is effective, reference is made to *Mortgage Rights* above in respect of the issue whether such right of pledge would pass to the Issuer or, as the case may be, the Security Trustee upon the assignment or pledge of the Mortgage Receivables.

### **Risks relating to the Insurance Policies**

The Seller has been appointed or, as the case may be, has appointed itself (if necessary, irrevocably authorised by the relevant Borrower) as beneficiary under the Insurance Policies (i) in respect of mortgage deeds until 8 September 2005, up to the full amount owed by the Borrower and (ii) in respect of mortgage deeds after 8 September 2005, up to the full amount of the claim of the Seller at the time the insurance proceeds are due and payable (the **'Beneficiary Rights'**). Contrary to the above mentioned appointment of the Seller, any other appointment of a beneficiary by the Borrower will remain in force to the extent it relates to insurance proceeds which will become payable after the death of the insured but before the final date determined in the policy, provided that the Savings Insurance Company is authorised by such beneficiary to apply towards the Seller the insurance proceeds in satisfaction of the relevant Mortgage Receivable (the **'Borrower Insurance Proceeds Instruction'**). It is unlikely that the appointment of the Seller as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. Therefore, the Beneficiary Rights will be assigned by the Seller to the Issuer and will subsequently be pledged to the Security Trustee by the Issuer (see *Description of Security* below). However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

In view hereof, the Issuer and the Security Trustee will enter into a beneficiary waiver agreement (the **'Beneficiary Waiver Agreement'**) with the Seller and the Savings Insurance Company, under which the Seller, without prejudice to the rights of the Issuer as assignee and the rights of the Security Trustee as pledgee and subject to the condition precedent of the occurrence of a Notification Event waives its rights as beneficiary under the Insurance Policies with the Savings Insurance Company and appoints as first beneficiary (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Notification Event. It is, however, uncertain whether such waiver will be effective and unlikely that such appointment will be effective.

For the event that such waiver and appointment are not effective, the Seller and the Savings Insurance Company will in the Beneficiary Waiver Agreement undertake that they will use their best efforts upon the occurrence of a Notification Event to terminate the appointment of the Seller as beneficiary under the Insurance Policies and to appoint as first beneficiary under the Insurance Policies (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Notification Event.

For the event that a Borrower Insurance Proceeds Instruction has been given, the Seller and the Savings Insurance Company will in the Beneficiary Waiver Agreement undertake to use their best efforts following a Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the Seller and to issue such instruction in favour of (i) the Issuer subject to the dissolving condition of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Trustee Notification Event.

The termination and appointment of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved. It is uncertain whether such co-operation will be forthcoming.

If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies or the assignment and pledge of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the Seller or to another beneficiary rather than to the Issuer or the Security Trustee, as the case may be, up to the amount of any claims the Seller may have on the relevant Borrower. If the proceeds are paid to the Seller, it will pursuant to the Mortgage Receivables Purchase Agreement 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 the Seller does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in 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 relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the Issuer or, as the case may be, the Security Trustee for the amounts so received by the Seller or another beneficiary, as the case may be. As further discussed under risk factor *Risk of set-off or defences by Borrowers in case of insolvency of the Savings Insurance Company*, which may adversely affect the payment of the Notes.

### **Risk of set-off and defences by Borrowers in case of insolvency of the Savings Insurance Company**

If the Savings Insurance Company would no longer be able to meet its obligations under the Insurance Policies (including resulting from any interest or premium deposits), e.g. in case it is declared bankrupt or has become subject to emergency regulations, this could result in 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 Borrower trying to invoke set-off rights and defences, which may have the result that the Mortgage Receivables will be, fully or partially, extinguished ("*teniet gaan*") or cannot be recovered for other reasons, which could lead to losses under the Notes.

As set out in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above, the mortgage conditions provide for a waiver by the Borrowers of their set-off rights. It is, however, 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 in order to invoke a right of 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 Savings Insurance Company and the Borrowers on the one hand and the Mortgage Receivables are claims of the Seller on the relevant Borrower on the other hand. Therefore, in order to invoke a right of set-off the Borrowers would have to establish that the Seller and the Savings Insurance Company should be regarded as one legal entity or, based upon interpretation of case law, that possibly set-off is allowed, even if the Seller and the Savings Insurance Company are not considered as one legal entity, since the relevant Insurance Policy and the relevant Mortgage Loan are to be regarded as one interrelated relationship.

Furthermore, the Borrowers must have a counterclaim that is due and payable. If the Savings Insurance Company is declared bankrupt or subject to emergency regulations, the Borrower will have the right to unilaterally terminate the Insurance Policy and to receive a commutation payment ("*afkoopsom*"). These rights are subject to the Borrower Insurance Pledge. However, despite this right of pledge, it could be argued that the Borrower will on this basis not be entitled to invoke a right of set-off for the commutation payment. 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 with such claim by Borrowers.

Finally, set-off vis-à-vis the Issuer and/or Security Trustee after notification of the assignment and/or pledge would be subject to the additional requirements for set-off being met (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*). The Issuer has been advised that (one of) these requirements is likely to be met, since it is likely that the Mortgage Loans and the Insurance Policies are to be regarded as one legal relationship. If the Mortgage Loan and the Insurance Policy is regarded as one legal relationship, the assignment of the Mortgage Receivables will not interfere with such set-off (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*).

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 (notwithstanding the waiver of set-off) it was the intention of the parties involved, or at least argue that the Borrowers could rightfully interpret the mortgage documentation and the promotional materials in such a manner, that the Mortgage Loan and the relevant Insurance Policy are to be regarded as one interrelated legal relationship and could, on this basis, claim a right of annulment or dissolution of the Mortgage Loans or possibly suspension of their obligations thereunder. The Borrowers could also argue that it was the intention of the parties involved or that they could at least rightfully interpret the mortgage documentation and the promotional materials in such manner 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. Also, Borrowers could argue that it is 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. The Borrower could also base a defence on "error" ("*dwaling*"), i.e. that the Mortgage Loan and the Insurance Policies would be entered into as a result of "error". If this defence would be successful, this could lead to annulment of the Mortgage Loan, which could have the result that the Issuer no longer holds the Mortgage Receivable.

*Set-off or defences regarding Life Mortgage Loans, other than Life Mortgage Loans with the possibility of a Savings Element*

In respect of Life Mortgage Loans, other than Life Mortgage Loans with the possibility of a Savings Element, between the Seller and a Borrower with a Life Insurance Policy between the Savings Insurance Company and such Borrower, the Issuer has been advised that, in view of the factual circumstances involved, the possibility can certainly not be disregarded ("*kan zeker niet worden uitgesloten*") that the courts will honour set-off or defences of Borrowers if in case of bankruptcy or emergency regulations of the Savings Insurance Company the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies, but that this will depend on the factual circumstances at the time of origination of such Life Mortgage Loans, other than the Life Mortgage Loans with the possibility of a Savings Element.

*Set-off or defences regarding Savings Mortgage Loans and Life Mortgage Loans with the possibility of a Savings Element*

In respect of Savings Mortgage Loans and Life Mortgage Loans with the possibility of a Savings Element between the Seller and a Borrower with a Savings Insurance Policy or Life Insurance Policy with the possibility of the Savings Alternative between the Savings Insurance Company and such Borrower, the Issuer has been advised that in view, *inter alia*, of the close connection between the Savings Mortgage Loans and the Savings Insurance Policy and the Life Mortgage Loans with the possibility of a Savings Element and the Life Insurance Policy with the possibility of the Savings Alternative there is a considerable risk ("*een aanmerkelijk risico*") that such a set off or defence would be successful.

However in respect of Savings Mortgage Loans and Life Mortgage Loans with a Savings Element the Sub-Participation Agreement will provide that in the case of set-off or defences by Borrowers, including but not limited to a right of set-off or defence based upon a default in the performance by the relevant Savings Insurance Company of its obligations under the Savings Insurance Policy and Life Insurance Policy with a Savings Element or where, as a consequence thereof, the Issuer will not have received any amount due and outstanding, the relevant Participation of the Savings Insurance Company will be reduced by an amount equal to the amount which the Issuer has failed to receive as a result of such set-off or defence. The amount of the relevant Participation is equal to the amount of Savings Premia received by the Issuer plus the accrued yield on such amount (see *Sub-Participation Agreement* below), provided that the Savings Insurance Company will have paid all Savings Premia received from the relevant Borrowers to the Issuer. Therefore, normally the Issuer would not suffer any damages if the Borrower would invoke any such right of set-off or defence, if and to the extent that the amount for which the Borrower would invoke set-off or defences does not exceed the amount of the relevant Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the relevant Participation. The Sub-Participation Agreement does not apply to Life Mortgage Loans to which a Life Insurance Policy with a Unit-Linked Alternative is connected.

**Construction Amounts**

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold the Construction Amount to be paid out in case certain conditions are met. The aggregate amount of the Construction Amounts from (and including) 1 November 2007 (the '**Cut-off Date**') is euro 22,914,803.36. The Issuer and the Seller 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 such aggregate Construction Amount. Such amount will be deposited on the Construction Account. In addition, on the relevant Issue Date and/or the relevant Purchase Date, the aggregate Construction Amount relating to any New Mortgage Receivables and/or Further Advance Receivables, as the case may be, will be withheld from the Initial Purchase Price of such New Mortgage Receivables and/or Further Advance Receivables and deposited on the Construction Account. On each Mortgage Payment Date the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Amount and the balance standing to the credit of the Construction Account and pay such amount to the Seller.

Pursuant to the Mortgage Conditions, Construction Amounts have to be paid out within 12 months after the relevant Mortgage Loan has been granted, but the Seller may agree with a Borrower to extend the period altogether to a maximum of 18 months. Upon the expiry of such period, any remaining Construction Amount

will either (i) be paid out by the Seller to the relevant Borrower and consequently the remaining part of the Initial Purchase Price will be paid by the Issuer to the Seller or (ii) if the Construction Amount exceeds EUR 7,500, be set-off against the relevant Non NHG 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 Construction Amount will be transferred to the Issuer Collection Account and will form part of the Non NHG Notes Redemption Available Amount. 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.

In respect of the NHG Mortgage Receivables, pursuant to the NHG Underwriting Criteria, Construction Amounts have to be paid out after the building activities or renovation activities have been finalised. If the remaining Construction Amount exceeds EUR 2,500, such Construction Amount will be set-off against the NHG 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 Construction Account will be part of the NHG Notes Redemption Available Amount. Pursuant to the NHG Underwriting Criteria, if such amount is less than EUR 2,500, the Seller has the right to pay out the remaining amount to the relevant Borrower.

If a Notification Event has occurred, the Issuer will no longer be under the obligation to pay such remaining relevant 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/or 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 Amount 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 is granted a suspension of payments. In such situation, the Issuer will have no further obligation to pay out to the Seller the remaining part of the Initial Purchase Price.

#### **Risk related to the value of investments under Life Insurance Policies**

The value of investments made by the Savings Insurance Company in connection with the Life Insurance Policies or by the Savings Insurance Company in connection with the Savings Mortgage Loans to which a Life Insurance Policy with a Unit-linked Alternative is connected, may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity.

In addition, if the value of the investments made in respect of any Life Insurance Policy has reduced considerably, a Borrower may, or may try to, invoke a right of set-off or defences against the Issuer in respect of the related Mortgage Loan 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 related Mortgage Loans have been marketed and the promotional material provided to the Borrower.

#### **Risks related to offering of Life Insurance Policies**

Apart from the general obligation of contracting parties to provide information, there are several provisions of Netherlands law applicable to offerors of financial products, such as Mortgage Loans to which Life Insurance Policies are attached. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions, offerors of these products (and intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved ("*ontbonden*") or nullified or a Borrower may claim set-off or defences against the Seller or the Issuer (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product

was marketed and the promotional material provided to the Borrower. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases, if the value of investments made under Life Insurance Policies is not sufficient to redeem the Mortgage Loans.

In relation to investment insurance policies such as the Life Insurance Policies ("*beleggingsverzekeringen*") a specific issue has arisen concerning the costs of these products. In 2006, the AFM issued a report on these products in which it concluded that these types of insurances are relatively expensive and that the information about costs in many cases is not transparent and is incomplete, inadequate and sometimes incorrect. This report was followed by a letter of the Dutch Minister of Finance and a report issued in December 2006 by an independent committee, the Committee De Ruiter, containing recommendations to the insurers to improve the information provided to customers. The Dutch Association of Insurers has in a public communication underwritten the recommendations of the Committee De Ruiter, stating that (a) it sees these as a logical step in the various steps which have in previous years been made to improve transparency and (b) insurers will (1) verify whether in the past in individual cases mistakes have been made and if so, correct these mistakes and (2) provide costumers who hold an investment insurance policy with all relevant information regarding their insurance policy.

The Dutch Minister of Finance has informed Parliament (i) that the Dutch Government intends to stimulate a balanced approach for resolving complaints, to prevent a multitude of individual disputes before a complaint institute or in public courts, (ii) that the Complaint Institute for Financial Services ("*Klachteninstituut Financiële Dienstverlening*"), and the Ombudsman and Dispute Commission ("*Geschillencommissie*") active therein is with the introduction of the Act on the Financial Supervision on 1 January 2007 the sole institute for out-of-court dispute resolution in connection with financial services and (iii) that such Ombudsman and Chairman of the Dispute Commission have, at the request of the Dutch Minister of Finance, in the meantime proposed a balanced approach to deal with complaints which, if all parties co-operate, could accelerate a solution and could result in a compromise for an important number of cases in about six (6) months time (starting 31 March 2007). The Dutch Association of Insurers have in the meantime agreed to such proposed balanced approach. However, given the complexity of the matter, it has proven that this is not a realistic planning. In the press class actions have been announced against certain insurers and some civil law suits are pending.

If Life Insurance Policies (including Life Insurance Policies with a United-Linked Alternative) related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or nullified, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer has been advised that, depending on the particular circumstances involved, in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will be different depending on the particular circumstances involved. Even if the Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer. In this respect it is noted that no actions have been announced against offerors of mortgage loans to which such investment insurance policies are connected. The analysis in that situation is similar to the situation in case of insolvency of the insurer (see *Risk of set-off and defences by Borrowers in case of insolvency of the Savings Insurance Company*), except if the Seller is itself liable, whether jointly with the insurer or separately, vis-à-vis the Borrower/insured. In this situation, which may depend on the involvement of the Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer could be invoked, which will probably only become relevant if the insurer and/or the Seller will not indemnify the Borrower. Any such set-off or defences may lead to losses under the Notes.

#### **Risk that interest rate reset rights will not follow Mortgage Receivables**

The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right which follows the Mortgage Receivables upon their assignment to the Issuer and the pledge to the Security Trustee, but that in the absence of case law or legal literature this is not certain. To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the Issuer or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates. If the interest reset right remains with the Seller, in the case of insolvency of the Seller, the co-operation of the receiver would be required to reset the interest rates.

#### **Long lease**

The mortgage rights securing the Mortgage Loans may be vested on a long lease (*'erfpacht'*), as further described in the section *Description of the Mortgage Loans*.

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in case of 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 tekortschieten*") other obligations under the long lease. In case 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 acceptance conditions used by the Seller provide that the Mortgage Loan may have a maturity that is longer than the term of the long lease, provided that certain conditions are met. The general terms and conditions of the Mortgage Loans provide that the Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, (i) the leaseholder has not paid the remuneration, (ii) the conditions of the long lease are changed, (iii) the lease holder breaches any obligation under the long lease or (iv) the long lease is dissolved or terminated.

### **The Seller and the Decree on Credit Offerings**

With respect to Mortgage Loans to which an Insurance Policy is connected, issued prior to 1 January 2006, the following may be relevant.

Although it is the general prevailing view in the market that the provisions laid down in the Decree on Credit Offerings ("*Besluit Kredietaanbiedingen*", "*Bka*"), which applied until 1 January 2006, issued pursuant to the Act on the Consumer Credit ("*Wet Consumentenkrediet*") obliging a lender to make a prospectus available containing information on several aspects of the loan products offered by such lender, such as the duty to inform a borrower that, if in connection with such loan, he is obliged to enter into another agreement in addition thereto, he is free to choose the counterparty to this other agreement, was not applicable to the offering of mortgage loans and although the Minister of Finance has taken the same view when answering questions in Parliament on this subject and this view is supported by both Section 36 of the Decree on Financial Services ("*Besluit financiële dienstverlening*"), which entered into force on 1 January 2006 and Section 111 of the Decree on Conduct Supervision Financial Undertakings AFS ("*Besluit gedragstoezicht financiële ondernemingen Wft*"), which entered into force on 1 January 2007, both of which contain an exemption for a mortgage loan provider to make a credit prospectus available, from the legal history of these provisions it may be derived that these duties to inform were also applicable to the offering of mortgage loans. If this view were to be followed by the court, the Seller may not have complied with several statutory information requirements, among which the requirement to inform the Borrowers in respect of a Mortgage Loan to which an Insurance Policy is connected that he was free to choose the relevant insurance company. The Issuer has been advised that not complying with these requirements as such will not result in the mortgage loan or the insurance policy being void or voidable, but could result in claims based on error ("*dwalings*") or tort ("*onrechtmatige daad*").

Claims of the first type could result in a possible voidness and thus unenforceability of the mortgage loan after all and, if the insurance policies would be regarded as being inextricably related to such mortgage loans, of the insurance policy as well; claims of the second type in a possible obligation to pay damages and thus in possible set-off (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above). However, pursuant to the Mortgage Receivables Purchase Agreement the Seller has the obligation to repurchase the Mortgage Receivables in the event that, *inter alia*, a Borrower (i) invokes a defence based upon non-compliance by the Seller with the Decree on Credit Offerings and (ii) refuses to pay any amount due under the relevant Mortgage Loan as a consequence thereof. The repurchase of the relevant Mortgage Receivable will be subject to the ability of the Seller to pay the purchase price due to the Issuer.

### **Risks related to the NHG Guarantee**

All NHG Mortgage Receivables will have the benefit of an 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 on the Closing Date 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. Furthermore, it will covenant that if a Mortgage Loan

no longer has the benefit of a NHG Guarantee as a result of any action taken or omitted to be taken by the Seller or the MPT Provider, the Seller shall purchase and accept re-assignment of the relevant NHG Mortgage Receivable on the Mortgage Payment Date immediately following the date on which the Seller or the MPT Provider has become aware or has been notified hereof.

The terms and conditions of the NHG Guarantee (irrespective of the type of redemption of the mortgage loan) stipulate that the guaranteed amount 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 further *Description of the Mortgage Loans*). This may result in the Issuer not being able to fully recover any loss incurred with the WEW under the NHG Guarantee and may lead to a Realised Loss in respect of such Mortgage Loan and consequently, in the Issuer not being able to fully repay the Notes.

#### **Rating of the State of the Netherlands**

The rating of the NHG Notes by the Rating Agencies takes into account the NHG Guarantee granted in connection with each of the Mortgage Loans. The NHG Guarantee is backed by the State of the Netherlands (see *NHG Guarantee Programme*) which is currently rated 'AAA' by S&P and 'AAA' by Fitch. In the event that the Netherlands State ceases to be rated 'AAA' by S&P and/or 'AAA' by Fitch, this may result in a review by the Rating Agencies of the NHG Notes and could potentially result in a corresponding downgrade of the NHG Notes.

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

### **RISK FACTORS REGARDING THE NOTES**

#### **The Notes**

The Issuer will issue the Senior Class A-NHG Notes, the First Issue Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes on the Closing Date. In addition, the Issuer may, but is not obliged to, issue any series of Further Issue Senior Class A Notes from time to time on any Business Day up to and including the Quarterly Payment Date falling in October 2008 up to an amount of euro 550,000,000 subject to and in accordance with Condition 1(b). The net proceeds of such Further Issue Senior Class A Notes may only be applied towards the purchase of New Mortgage Receivables if and to the extent offered by the Seller and subject to certain conditions (see *Mortgage Receivables Purchase Agreement*). Any series of Further Issue Senior Class A Notes are identical to the First Issue Senior Class A Notes in all respects (including as to listing) and such series of the Further Issue Senior Class A Notes are expressed to be consolidated and form a single series from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, interest commencement dates and/or issue prices, which will be specified in the applicable Final Terms, which will be filed with the AFM and delivered to Euronext Amsterdam on or before each relevant Issue Date.

#### **Base Prospectus to be read together with applicable Final Terms**

The terms and conditions of the Notes included in this Base Prospectus also apply to the Further Issue Senior Class A Notes which may be issued on any Issue Date. The full terms and conditions applicable to each series of Further Issue Senior Class A Notes can be reviewed by reading the master Terms and Conditions of the Notes as set out in full in this Base Prospectus, which constitute the basis of all Notes, together with the applicable Final Terms which amend the master Terms and Conditions of the Notes in respect of the respective Issue Dates and/or interest commencement date.

#### **Optional Redemption**

Although as a result of the increase in the margin payable in respect of the floating rate of interest on the Notes, the Issuer will have an incentive to exercise its right to redeem the Notes (other than the Subordinated Class F Notes) on the first Optional Redemption Date or on any Optional Redemption Date thereafter, no guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of Mortgage Receivables still outstanding at that time subject to Condition 9(b). The Issuer shall first offer such Mortgage Receivables for sale to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such 15 business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. The purchase price of the Mortgage Receivables will be calculated as described in *Sale of Mortgage Receivables* under *Credit Structure* below.

#### **Clean-Up Call Option, Regulatory Call Option and Redemption upon a Tax Change**



Should the Seller exercise its Clean-Up Call Option or its Regulatory Call Option on any Quarterly Payment Date, the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b) on such Quarterly Payment Date, whether falling before or after the first Optional Redemption Date. The Issuer will have the option to redeem the Notes upon the occurrence of a Tax Change in accordance with Condition 6(f) and subject to Condition 9(b).

#### **Risk related to prepayments on the Mortgage Loans**

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 Mortgage Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans and, in respect of the Non NHG Notes only, the amount of New Mortgage Receivables and Further Advance Receivables. 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 law (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's 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, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes**

To the extent set forth in Condition 9, payments of interest on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes are subordinated to payments of interest on the Senior Class A-NHG Notes. In addition, any NHG Realised Losses will be allocated to the Class E NHG Principal Deficiency Ledger, the Class D NHG Principal Deficiency Ledger, the Class C NHG Principal Deficiency Ledger and to the Class B NHG Principal Deficiency Ledger as more fully described herein under *Credit Structure*. Therefore, the Non NHG Notes, other than the Senior Class A Notes, provide in this respect credit enhancement to the Senior Class A-NHG Notes.

Furthermore, payments on the Non NHG Notes (other than the Senior Class A Notes) are subordinated as follows: (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Mezzanine Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Mezzanine Class D Notes, (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes and limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*.

The holders of the Subordinated Class F Notes do not have the right to receive any amount pursuant to the Non NHG Principal Priority of Payments or the NHG Principal Payments. The Non NHG Noteholders do not have the right to receive any NHG Notes Redemption Available Amount.

If, upon default by the Borrowers, the Issuer does not receive the full amount due in respect of such Mortgage Receivables from the Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due on the 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.

#### **Limited recourse of the Notes**

Each of the Senior Class A-NHG Noteholders shall only have recourse in accordance with and subject to the Trust Deed and consequently on (i) the NHG Mortgage Receivables and any Further NHG Redemption Amount, (ii) the balances standing to the credit of (a) the Issuer Collection Account and, depending on the circumstances as further described in *Credit Structure*, the Construction Account, other than resulting from the Non NHG Mortgage Receivables, and (b) the Reserve Account and (iii) the amounts received under the Relevant Documents to the extent relating to the NHG Mortgage Receivables and in respect of claims of the Issuer which cannot be attributed to the NHG Mortgage Receivables or the Non NHG Mortgage Receivables, such claims

multiplied by the NHG Fraction. In the event that the NHG Security has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the Senior Class A-NHG Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Senior Class A-NHG Notes, the Senior Class A-NHG Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of such unpaid amounts.

Each of the Non NHG Noteholders shall only have recourse in accordance with and subject to the Trust Deed and consequently on (i) the Non NHG Mortgage Receivables less any Further NHG Redemption Amount, (ii) the balances standing to the credit of (a) the Issuer Collection Account and, depending on the circumstances as further described in *Credit Structure*, the Construction Account, other than resulting from the NHG Mortgage Receivables, and (b) the Reserve Account and (iii) the amounts received under the Relevant Documents to the extent relating to the Non NHG Mortgage Receivables and in respect of claims of the Issuer which cannot be attributed to the Non NHG Mortgage Receivables or the NHG Mortgage Receivables, such claims multiplied by the Non NHG Fraction. In the event that the Non NHG Security has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the relevant Class of Non NHG Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Non NHG Notes, the holders of the relevant Class of Non NHG Notes shall have no further claim against the Issuer or the Security Trustee in respect of such unpaid amounts.

After the delivery of an Enforcement Notice, the amounts to be received by each of the Senior Class A-NHG Noteholders are subject to the NHG Priority of Payments upon Enforcement and the amounts to be received by each of the Non NHG Noteholders are subject to the Non NHG Priority of Payment upon Enforcement.

#### **Risk related to the limited liquidity of the Notes**

There is not at present, any active and liquid secondary market for the Notes. There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that such a secondary market 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 a secondary market in the Notes.

#### **Definitive Notes**

It is possible that the Notes may be traded in amounts that are not integral multiples of euro 50,000. In such case a holder who, as a result of trading such amounts, holds an amount which is less than euro 50,000 in its account with the relevant clearing system in case Notes in definitive form are issued may not receive a Definitive Note in respect of such holding (should Notes in definitive form be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least euro 50,000. If Notes in definitive form are issued, holders should be aware that Notes in definitive form which have a denomination that is not an integral multiple of euro 50,000 may be illiquid and difficult to trade.

#### **Risk in respect of payments on the Mortgage Receivables which are subject to credit liquidity and interest rate**

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other 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 Receivables.

#### **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 may result in losses to the Noteholders if such security is required to be enforced.

#### **Maturity Risk**

The ability of the Issuer to redeem all the Notes, other than the Subordinated Class F Notes, in full on each Optional Redemption Date or, as the case may be, on the 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, other than the Subordinated Class F Notes.

#### **Cross default**

Cross default between the Senior Class A-NHG Notes and the Non NHG Notes apply. The occurrence of an Event of Default in accordance with Condition 10, whether in respect of any Class or all Classes of Notes, will result in all Classes of Notes becoming due and payable.

#### **No Gross-up for Taxes**

As provided in Condition 7, if withholding of, or deduction for, or an account of any present or future taxes, duties, assessments or charges of whatsoever nature are imposed by or on behalf of the Netherlands or any other jurisdiction or any political subdivision or any authority therein or thereof having power to tax, the Issuer or the Paying Agent (as applicable) 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.

#### **Interest Rate Risk**

The risk that the interest received on the Mortgage Receivables is not sufficient for the Issuer to pay the interest on the Notes is mitigated by the 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 and the Rating Agencies) transfer its rights and obligations to another of its offices, branches, affiliates or any other person to avoid the relevant Tax Event.

The Swap Agreement will be terminable by one party 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 in relation to the Issuer in the Swap Agreement 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 obligations 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 relevant Classes of Notes have been redeemed or written-off in full in accordance with the Conditions.

#### **Credit ratings may not reflect all risks**

The rating of each Class of the Notes addresses the assessment made by S&P, Fitch and DBRS of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

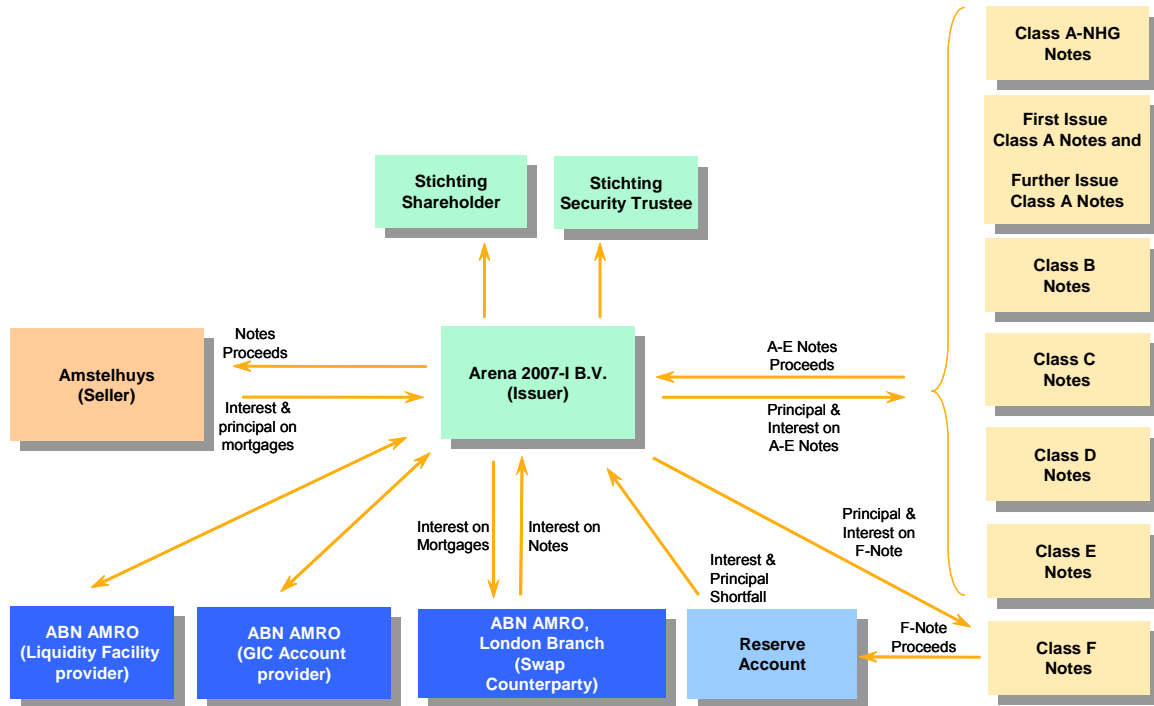
A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgement, the circumstances (including a reduction in the credit rating of the Floating Rate GIC Provider, the Swap Counterparty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

#### **Forecasts and Estimates**

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

## STRUCTURE DIAGRAM

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



# OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

## THE PARTIES:

<b>Issuer:</b>	Arena 2007-I B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") under number B.V. 1450419 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by the Shareholder.
<b>Seller:</b>	Amstelhuys N.V. (' <b>Amstelhuys</b> '), incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> ").
<b>Savings Insurance Company:</b>	Delta Lloyd Levensverzekering N.V. (' <b>Delta Lloyd Life</b> ') incorporated under the laws of the Netherlands as a public company.
<b>MPT Provider:</b>	Delta Lloyd Bank N.V. (' <b>Delta Lloyd Bank</b> '), incorporated under the laws of the Netherlands as a public company. The MPT Provider will appoint Stater Nederland B.V., incorporated under the laws of the Netherlands as a private company with limited liability as its subagent.
<b>Defaulted Loan Servicer:</b>	Delta Lloyd Bank.
<b>Issuer Administrator:</b>	ATC Financial Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability.
<b>Subordinated Loan Provider:</b>	Amstelhuys.
<b>Security Trustee:</b>	Stichting Security Trustee Arena 2007-I, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam.
<b>Shareholder:</b>	Stichting Arena Holding 2007-I, established under the laws of the Netherlands as a foundation and registered with the Commercial Register of the Chamber of Commerce of Amsterdam.
<b>Directors:</b>	ATC Management B.V., the sole director of the Issuer and the Shareholder and N.V. Algemeen Nederlands Trustkantoor ANT, the sole director of the Security Trustee.
<b>Liquidity Facility Provider:</b>	ABN AMRO Bank N.V. (' <b>ABN AMRO</b> '), incorporated under the laws of the Netherlands as a public company.
<b>Swap Counterparty:</b>	ABN AMRO, acting through its London branch.
<b>Floating Rate GIC Provider:</b>	ABN AMRO.
<b>Paying Agent:</b>	ABN AMRO.

**Reference Agent:** ABN AMRO.

**Listing Agent:** ABN AMRO.

## PRINCIPAL FEATURES OF THE TRANSACTION

### THE NOTES:

#### Notes:

The euro 350,000,000 floating rate Senior Class A-NHG Mortgage-Backed Notes due 2049 (the '**Senior Class A-NHG Notes**'), the euro 210,000,000 floating rate Senior Class A Mortgage-Backed Notes due 2049 (the '**First Issue Senior Class A Notes**'), the euro 31,200,000 floating rate Mezzanine Class B Mortgage-Backed Notes due 2049 (the '**Mezzanine Class B Notes**'), the euro 27,600,000 floating rate Mezzanine Class C Mortgage-Backed Notes due 2049 (the '**Mezzanine Class C Notes**'), the euro 24,000,000 floating rate Mezzanine Class D Mortgage-Backed Notes due 2049 (the '**Mezzanine Class D Notes**'), the euro 7,200,000 floating rate Junior Class E Mortgage-Backed Notes due 2049 (the '**Junior Class E Notes**') and the euro 6,000,000 floating rate Subordinated Class F Notes due 2049 (the '**Subordinated Class F Notes**') will be issued on 3 December 2007 (or such later date as may be agreed between the Issuer and the Arranger) (the '**Closing Date**') by the Issuer and application has been made to list the Notes on Euronext Amsterdam by NYSE Euronext ('**Euronext Amsterdam**'). In addition, the Issuer may, but is not obliged to, issue series of notes from time to time denominated in euro subject to and in accordance with Condition 1(b) which will be fungible with the Senior Class A Mortgage-Backed Notes (the '**Further Issue Senior Class A Notes**') and upon issue together with the First Issue Senior Class A Notes, the '**Senior Class A Notes**' and together with the Senior Class A-NHG Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes, the '**Notes**'). The aggregate nominal amount of all Further Issue Senior Class A Notes issued on any Business Day up to and including the Quarterly Payment Date falling in October 2008 (each an '**Issue Date**') will be no more than euro 550,000,000. Each series of the Further Issue Senior Class A Notes are identical to the First Issue Senior Class A Notes and are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, interest commencement dates and/or issue prices, which will be specified in the applicable final terms ('**Final Terms**'), which will be filed with AFM and delivered to Euronext Amsterdam on or before each relevant Issue Date.

#### Issue Price:

The issue prices of the Notes will be as follows:

- (i) the Senior Class A-NHG Notes 100 per cent.;
- (ii) the First Issue Senior Class A Notes 100 per cent.;
- (iii) the Mezzanine Class B Notes 100 per cent.;
- (iv) the Mezzanine Class C Notes 100 per cent.;
- (v) the Mezzanine Class D Notes 100 per cent.;
- (vi) the Junior Class E Notes 100 per cent.; and
- (vii) the Subordinated Class F Notes 100 per cent.

The issue price of the Further Issue Senior Class A Notes to be issued on an Issue Date will be as specified in the relevant Final Terms.

#### Form:

The Notes are in bearer form and in the case of Notes in definitive form serially numbered with coupons attached.

#### Denomination:

The Notes will be issued in denominations of euro 50,000 each with additional increments of minimum euro 1,000.

#### Status and ranking:

The Notes of each Class (as defined in the Conditions) rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed, payments of interest on the

Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes are subordinated to payments of interest on the Senior Class A-NHG Notes. In addition, any NHG Realised Losses will be allocated to the Class E NHG Principal Deficiency Ledger, the Class D NHG Principal Deficiency Ledger, the Class C NHG Principal Deficiency Ledger and to the Class B NHG Principal Deficiency Ledger as more fully described herein under *Credit Structure*. Therefore, the Non NHG Notes, other than the Senior Class A Notes, provide in this respect credit enhancement to the Senior Class A-NHG Notes.

Furthermore, payments on the Non NHG Notes (other than the Senior Class A Notes) are subordinated as follows: (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Mezzanine Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Mezzanine Class D Notes, (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes and limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*.

The holders of the Subordinated Class F Notes do not have the right to receive any amount pursuant to the Non NHG Principal Priority of Payments or the NHG Principal Payments. The Non NHG Noteholders do not have the right to receive any NHG Notes Redemption Available Amount.

#### **Interest:**

Interest on the Notes is payable by reference to successive quarterly interest periods (each a '**Floating Rate Interest Period**') and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding on the 17<sup>th</sup> day of April, July, October and January (or, if such day is not a Business Day, the next succeeding Business 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 end on (but exclude) the Quarterly Payment Date falling in April 2008. The interest will be calculated on the basis of the actual days elapsed 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 Express 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 or, in respect to the Further Issue Senior Class A Notes, the relevant Issue Date will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits in euro (determined in accordance with condition 4(f)) (or, in respect of the first Floating Rate Interest Period after the issue of such Notes, the rate which represents the linear interpolation of Euribor respective months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005 being rounded upwards) plus a margin which will, up to (but excluding) the first Optional Redemption Date, for the Senior Class A-NHG Notes be equal to 0.02 per cent. per annum, for the Senior Class A Notes be equal to 0.50 per cent. per annum, for the Mezzanine Class B Notes be equal to 0.75 per cent. per annum, for the Mezzanine Class C Notes be equal to 1.10 per cent. per annum, for the Mezzanine Class D Notes be equal to 2.00 per cent. per annum and for the Junior Class E Notes be equal to 2.50 per cent. per annum. The margin for the Subordinated Class F Notes will be 2.75 per cent. per annum.

#### **Interest Step-up:**

If on the first Optional Redemption Date the Notes of any Class have not been redeemed in full, the margin applicable to the relevant Class of Notes (other than the Subordinated Class F Notes) will be reset to:

- (i) for the Senior Class A-NHG Notes, a margin of 0.04 per cent. per annum;
- (ii) for the Senior Class A Notes, a margin of 1.00 per cent. per annum;
- (iii) for the Mezzanine Class B Notes, a margin of 1.50 per cent. per annum;
- (iv) for the Mezzanine Class C Notes, a margin of 2.20 per cent. per annum;
- (v) for the Mezzanine Class D Notes, a margin of 4.00 per cent. per annum; and
- (vi) for the Junior Class E Notes, a margin of 5.00 per cent. per annum.

The margin applicable to the Subordinated Class F Notes will not be reset.

**Final Maturity Date:**

Unless previously redeemed as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in October 2049 (the **'Final Maturity Date'**).

**Optional Redemption of the Notes:**

On the Quarterly Payment Date falling in October 2014 and on each Quarterly Payment Date thereafter (each an **'Optional Redemption Date'**), the Issuer will have the option to redeem all of the Notes (other than the Subordinated Class F Notes), but not some only, at their respective Principal Amount Outstanding or, in case of the Junior Class E Notes, the Mezzanine Class D Notes, the Mezzanine Class C Notes and the Mezzanine Class B Notes, at their respective Principal Amount Outstanding less any relevant Principal Shortfall, on such date, subject to and in accordance with the Conditions. See further *Sale of Mortgage Receivables* below.

**Mandatory Redemption of the Notes:**

Provided that no Enforcement Notice has been delivered in accordance with Condition 10, on the Quarterly Payment Date falling in April 2008 and each Quarterly Payment Date thereafter including, as the case may be, the Final Maturity Date the Issuer will be obliged to apply the NHG Notes Redemption Available Amount to (partially) redeem the Senior Class A-NHG Notes at their Principal Amount Outstanding on a *pro rata* basis among the Senior Class A-NHG Notes.

Provided that no Enforcement Notice has been delivered in accordance with Condition 10, on the Quarterly Payment Date falling in January 2009 and each Quarterly Payment Date thereafter including, as the case may be, the Final Maturity Date, the Issuer will be obliged to apply the Non NHG Notes Redemption Available Amount to (partially) redeem the Non NHG Notes (other than the Subordinated Class F Notes) and at their respective Principal Amount Outstanding on a *pro rata* basis among the Notes within such Class of Notes in the following order:

- (a) *firstly*, the Senior Class A Notes, until fully redeemed,
- (b) *secondly*, the Mezzanine Class B Notes, until fully redeemed,
- (c) *thirdly*, the Mezzanine Class C Notes, until fully redeemed,
- (d) *fourthly*, the Mezzanine Class D Notes, until fully redeemed, and
- (e) *finally*, the Junior Class E Notes, until fully redeemed.

Provided that no Enforcement Notice has been delivered in accordance with Condition 10, the Subordinated Class F Notes will be (partially) redeemed on the Quarterly Payment Date falling in January 2009 and each Quarterly Payment Date. The amount available for redemption will be the remaining amount, if any, of the Notes Interest Available Amount after payment of item (a) up to and including (q) of the Interest Priority of Payments. In addition thereto, on the earlier of (i) the Quarterly Payment Date on which the Notes (other than Subordinated Class F Notes) will be redeemed in full or (ii) the Final Maturity Date, the balances standing to the credit of the Reserve Account and the Issuer Collection Account (if any) after all amounts of interest and principal due in respect of the Notes (other than principal on the Subordinated Class F Notes) have been paid and all payments of the Interest Priority of Payments ranking higher in priority have been made, will be applied to redeem or partially redeem, as the case may be, the Subordinated Class F Notes.

**Redemption for tax reasons:**

Upon the occurrence of a Tax Change and provided that 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 Class of the Notes and any amounts required to be paid in priority to or *pari passu* with each Class of Notes in accordance with the Trust Deed, the Issuer has the option to redeem the Notes, in whole but not in part, on any Quarterly Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption. No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (other than the Subordinated Class F Notes) (or such of them as are then outstanding) are also redeemed in full at the same time. See further *Sale of Mortgage Receivables* below.

**Withholding Tax:**

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, assessments 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 of such taxes, duties, assessments or charges are required by law. 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.

**Method of Payment:**

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro to a common safekeeper for Euroclear and Clearstream, Luxembourg, for the credit of the respective accounts of the Noteholders (see *The Global Notes* below).

**Use of proceeds:**

The Issuer will use part of the net proceeds from the issue of (i) the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes to pay to the Seller (part of) the Initial Purchase Price for the Non NHG Mortgage Receivables and (ii) the Senior Class A-NHG Notes to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables resulting from Mortgage Loans (or any loan parts forming part of a Mortgage Loan) which have the benefit of an NHG Guarantee ('**NHG Mortgage Receivables**'), pursuant to the provisions of an agreement dated 30 November 2007 (the '**Mortgage Receivables Purchase Agreement**') and made between the Seller, the Issuer and the Security Trustee. An amount equal to the aggregate Construction Amount will be withheld from the Initial Purchase Price by the Issuer and be deposited on the Construction Account. See further *Mortgage Receivables Purchase Agreement* below.

The Issuer will credit the net proceeds from the issue of the Subordinated Class F Notes to the Reserve Account. See further *Credit Structure* below.

**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 (the '**Mortgage Receivables**', which will include any New Mortgage Receivables and Further Advance Receivables upon purchase thereof) of the Seller against certain borrowers (the '**Borrowers**') under or in connection with certain selected Mortgage Loans. The Issuer will be entitled to the proceeds of the Mortgage Receivables from (and including) the Cut-off Date or in the case of any New Mortgage Receivables, the first day of the calendar month wherein the relevant Issue Date falls or in the case of Further Advance Receivables, on the first day of the calendar month wherein the relevant Purchase Date falls. The Mortgage Receivables resulting from Savings Mortgage Loans and Life Mortgage Loans, will hereinafter be referred to as the '**Savings Mortgage Receivables**' and the '**Life Mortgage Receivables**', respectively. The Seller has the benefit of Beneficiary Rights, which entitle the Seller to receive the final payment under the relevant Insurance Policies, which payment is to be applied towards redemption of the relevant Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, the Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

The Mortgage Receivables have the characteristics that demonstrate the capacity to produce funds to service payments under the Notes.

**NHG Guarantees:**

All NHG Mortgage Receivables will have the benefit of guarantees under the "*Nationale Hypotheek Garantie*" ('**NHG Guarantees**'). See further *Description of the Mortgage Loans* and *NHG Guarantee Programme*.

**Purchase of Further Advance Receivables:**

The Mortgage Receivables Purchase Agreement will provide that on each Purchase Date, provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will apply the Non NHG Principal Available Amount towards the purchase from the Seller of all mortgage receivables resulting from Further Advances (the '**Further Advance Receivables**'), granted by the Seller in the relevant preceding Quarterly Calculation Period subject to the fulfilment of certain conditions which include the criteria set forth in *Mortgage Receivables Purchase Agreement* below and to the extent offered by the Seller.

**Purchase of New Mortgage Receivables:**

The Mortgage Receivables Purchase Agreement will provide that on each Issue Date, provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will apply up to and including the Quarterly Payment Date falling in October 2008 the Non NHG Principal Available Amount less any amount applied towards the purchase of Further Advance Receivables, provided that the aggregate amount applied towards the purchase of New Mortgage Receivables will not exceed euro 550,000,000, (the '**Purchase Available Amount**') towards the purchase from the Seller of any and all rights of the Seller against any Borrower under or

in connection with any mortgage loan between the Seller and such Borrower (the '**New Mortgage Receivables**') subject to the fulfilment of certain conditions which include the criteria set forth in *Mortgage Receivables Purchase Agreement* below and to the extent offered by the Seller.

**Repurchase of Mortgage Receivables:**

Under the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable on the Mortgage Payment Date immediately following any of the following events:

- (i) in case any of the representations and warranties given by the Seller in respect of such Mortgage Receivable or its related Mortgage Loan, including the representation and warranty that such Mortgage Receivable or its related Mortgage Loan meets certain mortgage loan criteria, are untrue or incorrect in any material respect and the Seller has not within 30 calendar days of receipt of written notice thereof from the Issuer or the Security Trustee remedied the matter giving rise thereto or if such matter is not capable of being remedied; or
- (ii) if the Seller agrees with a Borrower to grant a further advance under the Mortgage Loan, which is to be secured by the mortgage right which also secures the Mortgage Receivable (the '**Further Advance**') and the relevant Further Advance Receivable is not purchased by the Issuer on or before the immediately succeeding Quarterly Payment Date; or
- (iii) if the Seller agrees with a Borrower to either (a) amend the terms of the Mortgage Loan to which such Mortgage Receivable relates and as a result thereof such Mortgage Loan or its related Mortgage Receivable no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan or (b) grant a further loan with a construction amount, whether or not only to be secured by the same mortgage right as the Mortgage Receivable of such Borrower (the '**Further Construction Loan**'); or
- (iv) if the Seller agrees with a Borrower to switch a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element into (a part of) a Mortgage Loan in the form as set forth under (a), (c), (d) and (e) (x) and (y) of item (i) of the Mortgage Loans Criteria as set forth in *Mortgage Receivables Purchase Agreement* below; or
- (v) if a Borrower (i) invokes a defence based upon non-compliance by the Seller with the Decree on Credit Offerings and (ii) refuses to pay any amount due under the relevant Mortgage Loan as a consequence thereof; or
- (vi) if the NHG Mortgage Receivable no longer has the benefit of the NHG Guarantee as a result of action taken or omitted to be taken by the Seller or the MPT Provider or the Defaulted Loan Servicer;

The purchase price will be calculated as described in *Sale of Mortgage Receivables* below.

**Clean-Up Call Option:**

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 10 per cent. of the sum of (i) the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Cut-off Date and (ii) in respect of each issue of a series of Further Issue Senior Class A Notes on the relevant Issue Date, the sum of the aggregate Outstanding Principal Amount in respect of such New Mortgage Receivables on the first day of the month wherein the Issue Date falls on which such New Mortgage Receivables are purchased by and assigned to the Issuer (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(b). The purchase price will be calculated as described in *Sale of Mortgage Receivables* below.

**Regulatory Call Option:**

On each Quarterly Payment Date, the Seller has the option but not the obligation to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change (the '**Regulatory 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 at its sole discretion, in case the Seller exercises the Regulatory Call Option. The purchase price will be calculated as described in *Sale of Mortgage*

Receivables below. If the Seller exercises its Regulatory Call Option, then the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with Condition 6(b).

#### **Mortgage Loans:**

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by a first-ranking mortgage right or first and sequentially lower ranking mortgage rights, over (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*" and together with real property and apartment rights the '**Mortgaged Assets**') situated in the Netherlands and entered into by the Seller or, with the relevant Borrowers which meet or, in case of New Mortgage Receivables and Further Advance Receivables, will meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date or, in case of New Mortgage Receivables and Further Advance Receivables, the relevant Issue Date and/or Purchase Date (the '**Mortgage Loans**').

The Mortgage Loans (or any loan parts forming part of a Mortgage Loan) may consist of any of the following types of redemption:

- (i) Interest-only Mortgage Loans ("*aflossingsvrije hypotheek*");
- (ii) Linear Mortgage Loans ("*lineaire hypotheek*");
- (iii) Annuity Mortgage Loans ("*annuïteiten hypotheek*");
- (iv) Savings Mortgage Loans ("*spaarhypotheek*");
- (v) Life Mortgage Loans ("*levenhypotheek*") to which a Life Insurance Policy is connected with (a) a guaranteed final payment; (b) the Unit-Linked Alternative; or (c) a combination of the Unit-Linked Alternative and the Savings Alternative;
- (vi) combinations of any of the abovementioned types of mortgage loans; or
- (vii) any other type of Mortgage Loans as described in the Supplemental Prospectus.

These types of Mortgage Loans are offered by the Seller, *inter alia*, under the following product names:

- (i) *Delta Lloyd Life hypotheek* (Life Mortgage Loan);
- (ii) *Financieel Vrijheidsplan* (Life Mortgage Loan);
- (iii) *Meerkeuzeplan* (Life Mortgage Loan with a policy with the Unit-Linked Alternative);
- (iv) *CombiPlusHypotheek* (Life Mortgage Loan with a policy with a combination of the Unit-Linked Alternative and the Savings Alternative); or
- (v) any other product name of a type of Mortgage Loans as described in the Supplemental Prospectus.

#### **Interest-only Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of interest-only mortgage loans ("*aflossingsvrije hypotheek*", hereinafter '**Interest-only Mortgage Loans**') entered into by the Seller with relevant Borrowers. Under an Interest-only Mortgage Loan, the Borrower does not pay principal towards redemption of the Interest-only Mortgage Loan until maturity of such Interest-only Mortgage Loan.

#### **Linear Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of linear mortgage loans ("*lineaire hypotheek*", hereinafter '**Linear Mortgage Loans**') entered into by the Seller with relevant Borrowers. Under a Linear Mortgage Loan, the Borrower pays a decreasing monthly payment, made up of an initially high and subsequently decreasing interest portion and a fixed principal portion, and calculated in such a manner that the Linear Mortgage Loan will be fully redeemed at the maturity of such Linear Mortgage Loan.

#### **Annuity Mortgage Loans:**

A portion of the Mortgage Loans (or parts thereof) will be in the form of annuity mortgage loans ("*annuïteiten hypotheek*", hereinafter '**Annuity Mortgage Loans**') entered into by the Seller. Under an Annuity Mortgage Loan, the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at the maturity of such Annuity Mortgage Loan.

#### **Savings Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of savings mortgage loans, which consist of savings mortgage loans ("*spaarhypotheek*", hereinafter '**Savings Mortgage Loans**') entered into by the Seller with relevant Borrowers combined with an insurance policy (a '**Savings Insurance Policy**') with the Savings Insurance Company. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the Savings Insurance Company in connection with the relevant Savings Mortgage Loan.

In relation to the Savings Insurance Policies the savings part of the 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. See further *Risk Factors* above.

#### **Life Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of life mortgage loans (**'Life Mortgage Loans'**) entered into by the Seller with relevant Borrowers, i.e. Mortgage Loans which have the benefit of combined risk and capital insurance policies (**'Life Insurance Policies'**) taken out by Borrowers with the Savings Insurance Company. Under a Life Mortgage Loan, no principal towards redemption is paid until maturity. The Life Insurance Policies connected to such Life Mortgage Loans are offered by the Savings Insurance Company in several alternatives. The Borrower has the choice between (i) a guaranteed amount to be received when the Life Insurance Policy pays out, (ii) the Unit-Linked Alternative or (iii) a combination in which case the Borrower has the option to switch between the Unit-Linked Alternative and the Savings Alternative. '**Unit-Linked Alternative**' means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain investment funds chosen by the Borrower. '**Savings Alternative**' means the alternative under which a certain pre-agreed amount to be received upon pay out of the Life Insurance Policy with, in such case, the Savings Insurance Company and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Alternative is equal to the amount due by the Borrower to the Seller at maturity of the Life Mortgage Loan. Life Mortgage Loans of which the relevant Borrower has opted for a Savings Alternative are referred to as '**Life Mortgage Loans with a Savings Element**', and the Life Insurance Policies connected to such Life Mortgage Loans are referred to as '**Life Insurance Policies with the Savings Alternative**'. See further *Risk Factors* above and *Description of the Mortgage Loans* below.

#### **Sub-Participation Agreement:**

On the Closing Date, the Issuer will enter into a sub-participation agreement (the '**Sub-Participation Agreement**') with the Savings Insurance Company under which the Savings Insurance Company will acquire participations in the relevant Savings Mortgage Receivables and/or Life Mortgage Receivables with a Savings Element in consideration for the undertaking of the Savings Insurance Company to pay to the Issuer (i) at the Closing Date or on the relevant Issue Date in case of a purchase and assignment of New Mortgage Receivables or on the relevant Purchase Date in case of a purchase and assignment of Further Advance Receivables that qualify as Savings Receivables or as Life Mortgage Receivables with a Savings Element or (ii) on the relevant Mortgage Payment Date in the case of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element, all amounts received as Savings Premia on the Savings Insurance Policies and/or Life Insurance Policies with the Savings Alternative. In return, the Savings Insurance Company is entitled to receive the Participation Redemption Available Amount (as defined in *Sub-Participation Agreement* below) from the Issuer. The amount of the participation (the '**Participation**') with respect to a Savings Mortgage Receivable and/or a Life Mortgage Receivable with a Savings Element consists of the initial participation payable on the Closing Date or on the relevant Issue Date or on the relevant Purchase Date or on the relevant Mortgage Payment Date (which is equal to the sum of all amounts received as Savings Premia and accrued interest) (a) up to but excluding the Cut-off Date in the case of the Closing Date, being the amount of euro 3,211,105.81, or (b) up to the first day of the month in which the relevant Issue Date falls, in the case of New Mortgage Receivables, or (c) up to the first day of the month in which the relevant Purchase Date falls, in the case of Further Advance Receivables, or (d) up to the first day of the month in which the relevant Mortgage Payment Date falls, in the case of a switch from any type of Mortgage Loan other than a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element, into a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element, by the Savings Insurance Company increased on a monthly basis with the sum of (i) the Savings Premia received by the Savings Insurance Company and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Participation in the relevant Savings Mortgage Receivable and/or Life Mortgage Receivable with a Savings Element, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable and/or Life Mortgage Receivable with a Savings Element. See further *Sub-Participation Agreement* below.

#### **Construction Amounts:**

Pursuant to the Mortgage Conditions of the Non NHG Mortgage Receivables, the Borrowers have the right to request that a part of the Mortgage Loan will be withheld and will be applied towards construction of or improvements to the Mortgaged Asset. Such amounts including any interest accrued thereon (the '**Construction Amount**') will only be paid to the Borrower in case certain conditions are met. The aggregate amount of the Construction Amounts on the Cut-off Date is euro 22,914,803.36. The Issuer and the Seller 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 Amount on the Cut-off Date or, as the case may be, the first day of the month wherein the relevant Issue Date falls or, as the case may be, the first day of the month wherein the relevant Purchase Date falls. Such amount will be deposited on the Construction Account. On each Mortgage

Payment Date, the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the amount by which the aggregate Construction Amount have been reduced during the preceding Quarterly Calculation Period and pay such amount to the Seller.

Pursuant to the Mortgage Conditions of the Non NHG Mortgage Receivables, Construction Amounts have to be paid out within 12 months after the relevant Mortgage Loan has been granted, but the Seller may agree with a Borrower to extend the period altogether to a maximum of 18 months. After such period, any remaining Construction Amounts will (i) if the relevant remaining Construction Amount is less than EUR 7,500 be paid out by the Seller to the relevant Borrower and consequently the remaining part of the Initial Purchase Price will be paid out by the Issuer to the Seller and (ii) if the relevant remaining Construction Amount exceeds EUR 7,500 be set-off against the relevant Non NHG Mortgage Receivable up to the amount of such Construction Amount. The Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price in such case and any balance standing to the credit of the Construction Account in respect of such Non NHG Mortgage Receivable will be transferred to the Issuer Collection Account and form part of the Non NHG Principal Available Amount.

In respect of the NHG Mortgage Receivables, pursuant to the NHG Underwriting Criteria, Construction Amounts have to be paid out after the building activities or renovation activities have been finalised. If the remaining Construction Amount exceeds EUR 2,500, such Construction Amount will be set-off against the NHG 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 balance standing to the credit of the Construction Account in respect of such NHG Mortgage Receivable will be transferred to the Issuer Collection Account and form part of the NHG Notes Redemption Available Amount. Pursuant to the NHG Underwriting Criteria, if such amount is less than EUR 2,500, the Seller has the right to pay out the remaining amount to the relevant Borrower.

If any of the events set forth in items (d) and (e) of the definition of Notification Events 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. See further *Mortgage Receivables Purchase Agreement*.

#### **Sale of Mortgage Receivables:**

The Issuer may not dispose of the Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed. If the Issuer decides to offer for sale (part of) the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such 15 business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. Except if differently set out below, the Seller will have to pay a purchase price equal to the purchase price a third party is willing to pay for the Mortgage Receivables. See *Credit Structure* above for a description of the calculation of the purchase price of the Mortgage Receivables in the case of a sale of Mortgage Receivables.

#### **Security for the Notes:**

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking right of pledge granted by the Issuer to the Security Trustee over (a) in respect of the Senior Class A-NHG Notes, the NHG Mortgage Receivables and the Beneficiary Rights relating thereto and (b) in respect of the Non NHG Notes, the Non NHG Mortgage Receivables and the Beneficiary Rights relating thereto and (ii) in respect of all Notes, a first ranking right of pledge vested by the Issuer in favour of the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Sub-Participation Agreement, the Issuer Services Agreement, the Liquidity Facility Agreement and the Floating Rate GIC and in respect of the Transaction Accounts. 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 and the Beneficiary Rights and amounts received by the Security Trustee as creditor under the Mortgage Receivables Purchase Agreement and the Parallel Debt Agreement. Payments to the Secured Parties will be made in accordance with the relevant Priority of Payments upon Enforcement. See further *Risk Factors* and for a more detailed description see *Description of Security* below.

#### **Parallel Debt Agreement:**

On the Closing Date, the Issuer and the Security Trustee will enter into a parallel debt agreement (the '**Parallel Debt Agreement**') for the benefit of the Secured Parties under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order

to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.

#### **CASH-FLOW STRUCTURE:**

##### **Liquidity Facility:**

On the Closing Date, the Issuer will enter into a (up to) 364 day term liquidity facility agreement with the Liquidity Facility Provider (the '**Liquidity Facility Agreement**') whereunder the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further *Credit Structure* below.

##### **Seller Collection Account:**

The Seller maintains an account (the '**Seller Collection Account**') to which collections of all amounts of interest, prepayment penalties and principal received under the Mortgage Loans will be paid. The administration in respect of the Seller Collection Account is outsourced by the Seller to Stater Nederland B.V.

##### **Issuer Collection Account:**

The Issuer shall maintain with the Floating Rate GIC Provider an account (the '**Issuer Collection Account**') to which, *inter alia*, on a monthly basis all amounts from the Seller Collection Account will be transferred by the Seller or by Stater Nederland B.V. on its behalf.

##### **Construction Account:**

The Issuer will maintain with the Floating Rate GIC Provider an account (the '**Construction Account**') to which on the Closing Date and, in relation to the purchase of any New Mortgage Receivables, on any Issue Date and, in relation to the purchase of any Further Advance Receivables, on any Purchase Date, an amount corresponding to the aggregate Construction Amount will be credited. The Construction Account will only be debited for (i) payments to the Seller in accordance with the Mortgage Receivables Purchase Agreement; and (ii) transfer to the Issuer Collection Account in case the Issuer has no obligation to pay any such part of the Initial Purchase Price (as described in *Construction Amounts* above).

##### **Reserve Account:**

The Issuer will pay the proceeds of the Subordinated Class F Notes into an account (the '**Reserve Account**', together with the Issuer Collection Account and the Construction Account, the '**Transaction Accounts**') held with the Floating Rate GIC Provider. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (p) in the Interest Priority of Payments in the event that the Notes Interest Available Amount is not sufficient to meet such payment obligations on a Quarterly Payment Date. If and to the extent that the Notes Interest Available Amount on any Quarterly Payment Date exceeds the aggregate amounts payable under items (a) to (p) (inclusive) in the Interest Priority of Payments, such excess amount will be used to deposit in or, as the case may be, to replenish the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Required Amount. The '**Reserve Account Required Amount**' shall on any Quarterly Payment Date (i) up to and including the Quarterly Payment Date falling in October 2008, be equal to euro 6,000,000 and (ii) falling in January 2009 and on each Quarterly Payment Date thereafter be equal to 0.5 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class F Notes, on such Quarterly Payment Date at the close of business or (iii) zero, on the Quarterly Payment Date whereon the Notes, other than the Subordinated Class F Notes, have been or are to be redeemed in full, in accordance with the Conditions.

##### **Floating Rate GIC:**

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

##### **Subordinated Loan:**

On the Closing Date, the Issuer will enter into a subordinated loan agreement (the '**Subordinated Loan Agreement**') with the Subordinated Loan Provider for an amount of euro 1,400,000. The proceeds of the Subordinated Loan will be used to pay certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes.

##### **Swap Agreement:**

On the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty to mitigate the risk between the rates of interest to be received by the Issuer on (a) the Mortgage Receivables and the interest received on the Issuer Collection Account and the Reserve Account and (b) the floating rates of interest payable

by the Issuer on the relevant Class of Notes (as described in *Credit Structure* under *Interest Rate Hedging* below).

**OTHER:**

**Issuer Services Agreement:**

Under a mortgage payment transactions and issuer services agreement to be entered into on the Closing Date (the '**Issuer Services Agreement**') between the Issuer, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator 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:**

Each of the Issuer, the Shareholder and the Security Trustee have entered 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, the Shareholder or, as the case may be, the Security Trustee and to perform certain services in connection therewith.

**Listing:**

Application has been made for the Notes other than the Further Issue Senior Class A Notes to be listed on Euronext Amsterdam. Application will be made for each series of Further Issue Senior Class A Notes to be listed on Euronext Amsterdam upon issue.

**Selling Restrictions:**

There are selling restriction in relation to the European Economic Area, United Kingdom, 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*.

**Governing Law:**

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

**Ratings:**

It is a condition precedent to the issuance of the Notes that the Senior Class A-NHG Notes, on issue, be assigned an 'AAA' rating by S&P and an 'AAA' rating by Fitch and an 'AAA' rating by DBRS, the First Issue Senior Class A Notes, on issue, be assigned an 'AAA' rating by S&P and an 'AAA' rating by Fitch and an 'AAA' rating by DBRS, the Mezzanine Class B Notes, on issue, be assigned at least an 'AA' rating by S&P and an 'AA' rating by Fitch and an 'AA' rating by DBRS, the Mezzanine Class C Notes, on issue, be assigned at least, an 'A' rating by S&P and an 'A' rating by Fitch and an 'A (high)' rating by DBRS, the Mezzanine Class D Notes, on issue, be assigned at least a 'BBB' rating by S&P and a 'BBB' rating by Fitch and a 'BBB' rating by DBRS, the Junior Class E Notes, on issue, be assigned at least a 'BBB' rating by S&P and a 'BBB-' rating by Fitch and a 'BBB (low)' rating by DBRS and the Subordinated Class F Notes, on issue, be assigned at least a 'A-' by Fitch. Furthermore, it is a condition precedent to the issuance of any series of Further Issue Senior Class A Notes that such Further Issue Senior Class A Notes, on issue, be assigned an 'AAA' rating by S&P and an 'AAA' rating by Fitch and an 'AAA' rating by DBRS and provided that the ratings of the outstanding Notes will not be adversely affected or withdrawn as a consequence of such issue.

The rating of each of the Notes addresses the assessment made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

## 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 interest rate of each Mortgage Loan is fixed, subject to a reset from time to time, or floating. On the Cut-off Date the weighted average interest rate of the Mortgage Loans is 4.46 per cent. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of the Mortgage Loans*.

### **Cash Collection Arrangement**

Payments by the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the 1st day of each month, interest being payable in arrear. All payments made by Borrowers will be paid into the Seller Collection Account maintained with ABN AMRO (in such capacity the **'Seller Collection Account Provider'**). This account is not pledged to any party other than to the Seller Collection Account Provider pursuant to the applicable terms and conditions. This account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans and in respect of other moneys belonging to the Seller.

If the rating of the short-term, unsecured and unguaranteed debt obligations of the Seller Collection Account Provider falls below A-1 by S&P or F1 by Fitch or R-1 (middle) by DBRS (the **'Short Term Requisite Rating'**) but not below F2 by Fitch, the Seller will in order to maintain the then current rating assigned to the Notes, within 30 calendar days at its own costs, either: (i) ensure that payments to be made in respect of amounts received on the Seller Collection Account relating to the Mortgage Receivables will be guaranteed in accordance with the guarantee criteria of S&P and the guarantee criteria of DBRS which may include the requirement of an irrevocable and unconditional guarantee of full and timely payments by a party having at least the Short Term Requisite Rating and, if the rating of such party falls below the Short Term Requisite Rating, ensure that such party is replaced by a party having at least the Short Term 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 Short Term Requisite Rating, and (b) transfer to the escrow account an amount equal to the highest single amount of principal, interest and prepayment penalties received since the Closing on the Issuer Collection Account during one Mortgage Calculation Period, which amount will remain deposited in such escrow account until the date on which the short-term, unsecured and unguaranteed debt obligations of the Seller Collection Account Provider are assigned at least the Short Term Requisite Rating; or (iii) implement any other actions to maintain the then current ratings assigned to the Notes. If the rating of the short-term, unsecured and unguaranteed debt obligations of the Seller Collection Account Provider falls below F2 by Fitch or such rating is withdrawn, the Seller will in order to maintain the then current rating assigned to the Notes, forthwith at its own costs, ensure that payments to be made in respect of amounts received on the Seller Collection Account relating to the Mortgage Receivables will be guaranteed in accordance with the guarantee criteria of S&P and the guarantee criteria of DBRS which may include the requirement of an irrevocable and unconditional guarantee of full and timely payments by a party having at least the Short Term Requisite Rating and, if the rating of such party falls below the Short Term Requisite Rating, ensure that such party is replaced by a party having at least the Short Term Requisite Rating;

On each **'Mortgage Payment Date'** (being the 12th day of each calendar month or if this is not a business day the next succeeding business day) the MPT Provider shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period to the Issuer Collection Account.

For these purposes a **'Mortgage Calculation Period'** is the period commencing on (and including) the first day of a calendar month and ending on (and including) the last day of such calendar month and the first Mortgage Calculation Period will commence on (and include) the Cut-off Date and end on (and include) the last day of December 2007.

### **Transaction Accounts**

#### *Issuer Collection Account*

The Issuer will maintain with the Floating Rate GIC Provider the Issuer Collection Account to which all amounts received (i) in respect of the Mortgage Loans, (ii) from the Savings Insurance Company pursuant to the Sub-Participation Agreement and (iii) from the other parties to the Relevant Documents will be paid.



The Issuer Administrator will identify all amounts paid into the Issuer Collection Account by crediting such amounts to ledgers established for such purpose. Payments received on each Mortgage Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to a principal ledger (the '**Principal Ledger**') or a revenue ledger (the '**Revenue Ledger**'), as the case may be.

Payments may be made from the Issuer Collection Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business, (ii) amounts due under the Sub-Participation Agreement, (iii) amounts due to the Seller in connection with the purchase of New Mortgage Receivables on any Issue Date or Further Advance Receivables on any Purchase Date in accordance with the Mortgage Receivables Purchase Agreement, (iv) the repayment of any Liquidity Facility Stand-by Drawing in accordance with the Liquidity Facility Agreement and (v) the payment to the Swap Counterparty of any Tax Credit.

#### *Construction Account*

The Issuer will also maintain with the Floating Rate GIC Provider the Construction Account to which on the Closing Date an amount corresponding to the aggregate Construction Amount relating to the Mortgage Receivables will be credited or in case of the purchase of New Mortgage Receivables, on the relevant Issue Date and in case of the purchase of Further Advance Receivables, on the relevant Purchase Date, an amount corresponding to the aggregate Construction Amount relating to such New Mortgage Receivables and Further Advance Receivables will be credited. Payments may be made from the Construction Account on a Quarterly Payment Date 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 relevant Borrowers. Besides this, the Construction Account will be debited with the amount having been set off against the relevant Mortgage Receivables in connection with the Construction Amounts and as a result of which the Issuer has no further obligation to pay (such part of) the Initial Purchase Price. Such amount will be transferred to the Issuer Collection Account and form part of the Non NHG Principal Available Amount or, as the case may be, the NHG Notes Redemption Available Amount.

#### *Reserve Account*

The Issuer will also maintain with the Floating Rate GIC Provider the Reserve Account. The net proceeds of the Subordinated Class F Notes will be credited to the Reserve Account.

Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (a) to (p) (inclusive) of the Interest Priority of Payments, before application of any funds drawn under the Liquidity Facility Agreement.

If and to the extent that the Notes Interest Available Amount on any Quarterly Payment Date exceeds the amounts required to meet items ranking higher in the Interest Priority of Payments, the excess amount will be applied to replenish and/or build up the Reserve Account as the case may be, until the balance standing to the credit of the Reserve Account equals the Reserve Account Required Amount. The '**Reserve Account Required Amount**' shall on any Quarterly Payment Date (i) up to and including the Quarterly Payment Date falling in October 2008, be equal to euro 6,000,000 and (ii) falling in January 2009 and on each Quarterly Payment Date thereafter be equal to 0.5 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class F Notes, on such Quarterly Payment Date at the close of business or (iii) zero, on the Quarterly Payment Date whereon the Notes, other than the Subordinated Class F Notes, have been or are to be redeemed in full, in accordance with the Conditions.

To the extent that the balance standing to the credit of the Reserve Account on any Quarterly Payment Date exceeds the Reserve Account Required Amount, such excess shall be drawn from the Reserve Account on such Quarterly Payment Date and shall form part of the Notes Interest Available Amount on that Quarterly Payment Date.

After all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class F Notes, have been paid and all payments of the Interest Priority of Payments ranking higher in priority have been made, any amount standing to the credit of the Reserve Account will be available to redeem or partially redeem, as the case may be, the Subordinated Class F Notes.

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than the Short Term Requisite Rating by any of the Rating Agencies,

the Issuer will be required within 30 calendar days to (i) transfer the balance of the Transaction Accounts to an alternative bank with the Short Term Requisite Rating or (ii) to obtain a third party, acceptable to the Rating Agencies, to guarantee the obligations of the Floating Rate GIC Provider, which guarantee is in accordance with the guarantee criteria of S&P and the guarantee criteria of DBRS which may include the requirement of an irrevocable and unconditional guarantee of full and timely payments or (iii) implement any other actions to maintain the then current ratings assigned to the Notes.

#### *Swap Collateral Account*

If any collateral in the form of cash is provided by the Swap Counterparty to the Issuer, the Issuer will be required to open a separate account with a bank having the ratings as required by the Rating Agencies as set forth in the Swap Agreement in which such cash provided by the Swap Counterparty will be held. If any collateral in the form of securities is provided, the Issuer will be required to open a custody account in which such securities provided by the Swap Counterparty will be held. No payments or deliveries may be made in respect of such accounts other than in relation to the provision of collateral or the return of Excess Swap Collateral, unless pursuant to the termination of the Swap Agreement, an amount is owed by the Swap Counterparty to the Issuer, in which case, the collateral may be applied in accordance with the Trust Deed.

**'Excess Swap Collateral'** means an amount equal to the value of any collateral transferred and accrued to the Issuer by the Swap Counterparty under the Swap Agreement that is in excess of the Swap Counterparty's liability to the Issuer thereunder as at (i) the day the Swap Agreement is terminated or (ii) any other date of valuation in accordance with the Swap Agreement.

If any collateral is transferred pursuant to the Swap Agreement in favour of the Issuer, the Issuer may apply such collateral in accordance with the Swap Agreement and the Trust Deed, subject to the Issuer's obligation to return any Excess Swap Collateral directly to the Swap Counterparty under the Swap Agreement.

Any amounts remaining in such accounts upon termination of the Swap Agreement which are not owed to the Issuer by the Swap Counterparty shall be transferred directly to the Swap Counterparty (outside of any Priority of Payments) on the termination date under the Swap Agreement.

#### **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 the fourth business day prior to each Quarterly Payment Date (each a **'Quarterly Calculation Date'**) and which have been received or held during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date (items (i) up to and including (xii) being hereafter referred to as the **'Notes Interest Available Amount'**):

- (i) as interest on the Mortgage Receivables, less with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, an amount equal to the amount received in respect of each Mortgage Calculation Period falling in such Quarterly Calculation Period, multiplied by the quotient of the relevant Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element on the first day of the relevant Mortgage Calculation Period (the **'Participation Fraction'**) and less any amounts paid to the Swap Counterparty under the Swap Agreement at the two immediately preceding Swap Payment Dates in the relevant Quarterly Calculation Period;
- (ii) as interest accrued on the Issuer Collection Account and the Reserve Account;
- (iii) as prepayment penalties and interest penalties under the Mortgage Loans;
- (iv) as Net Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, an amount equal to the amount of interest received multiplied by the Participation Fraction;
- (v) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) on the immediately succeeding Quarterly Payment Date;
- (vi) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;

- (vii) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date, if any, excluding, for the avoidance of doubt, any collateral transferred pursuant to the Swap Agreement;
- (viii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, an amount equal to the amount of interest received multiplied by the Participation Fraction;
- (ix) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, an amount equal to the amount of interest received multiplied by the Participation Fraction and any amount received in excess of the aggregate Outstanding Principal Amount of the relevant Mortgage Receivables;
- (x) as amounts received as post-foreclosure proceeds on the Mortgage Receivables; and
- (xi) on the Quarterly Payment Date on which the Notes, other than the Subordinated Class F Notes, will be or have been redeemed in full, any (remaining) amounts standing to the credit of the Issuer Collection Account which are not included in items (i) up to and including (x) on such Quarterly Payment Date; less
- (xii) on the first Quarterly Payment Date of each year, an amount equal to 9 per cent. of the aggregate annual fee due to the Directors of the Issuer, the Shareholder and the Security Trustee,

will pursuant to the 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 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, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof of fees and expenses due and payable to the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant 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 (to the extent such taxes cannot be paid out of item (xii) of the Notes Interest Available Amount) and sums due to the Rating Agencies and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer and/or the Security Trustee, (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement and (iii) the Liquidity Facility Commitment Fee (as defined therein) under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility, but excluding the Liquidity Facility Commitment Fee and any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (t) below, or (ii) following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;
- (e) *fifth*, 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 therein) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined therein) relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement), including a Settlement Amount (as defined therein) (a '**Swap Counterparty Default Payment**') payable under (s) below) but excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral and any Tax Credit;

- (f) *sixth*, in or towards satisfaction, *pro rata* according to the respective amounts thereof, of all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A-NHG Notes and the Senior Class A Notes;
- (g) *seventh*, in or towards making good any shortfall of any NHG Principal Deficiency and the Non NHG Principal Deficiency, *pro rata*, (by reference to such NHG Principal Deficiency and the Non NHG Principal Deficiency on such date as reflected in the Class A-NHG Principal Deficiency Ledger and the Class A Principal Deficiency Ledger) until the debit balance, if any, on the Class A-NHG Principal Deficiency Ledger and the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Mezzanine Class B Notes;
- (i) *ninth*, in or towards making good any shortfall of any NHG Principal Deficiency and the Non NHG Principal Deficiency, *pro rata*, (by reference to such NHG Principal Deficiency and the Non NHG Principal Deficiency on such date as 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;
- (j) *tenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Mezzanine Class C Notes;
- (k) *eleventh*, in or towards making good any shortfall of any NHG Principal Deficiency and the Non NHG Principal Deficiency, *pro rata*, (by reference to such NHG Principal Deficiency and the Non NHG Principal Deficiency on such date as reflected in the Class C Principal Deficiency Ledger) until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (l) *twelfth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Mezzanine Class D Notes;
- (m) *thirteenth*, in or towards making good any shortfall of any NHG Principal Deficiency and the Non NHG Principal Deficiency, *pro rata*, (by reference to such NHG Principal Deficiency and the Non NHG Principal Deficiency on such date as reflected in the Class D Principal Deficiency Ledger) until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (n) *fourteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Junior Class E Notes;
- (o) *fifteenth*, in or towards making good any shortfall of any NHG Principal Deficiency and the Non NHG Principal Deficiency, *pro rata* (by reference to such NHG Principal Deficiency and the Non NHG Principal Deficiency on such date as reflected in the Class E Principal Deficiency Ledger) until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;
- (p) *sixteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Class F Notes;
- (q) *seventeenth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;
- (r) *eighteenth*, in or towards satisfaction of principal amounts due under the Subordinated Class F Notes on the relevant Quarterly Payment Date, including the Final Maturity Date;
- (s) *nineteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (t) *twentieth*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (u) *twenty-first*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan;

- (v) *twenty-second*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan; and
- (w) *twenty-third*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

**Payments in respect of principal relating to the Senior Class A-NHG Notes**

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 during the immediately preceding Quarterly Calculation Period (items (i) up to and including (x) hereinafter referred to as the '**NHG Notes Redemption Available Amount**')

- (i) by means of repayment and prepayment in full of principal under the NHG Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (ii) as Net Proceeds on any NHG Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (iii) in connection with a repurchase of NHG Mortgage Receivables, whether or not as a result of the exercise of the Clean-Up Call or the Regulatory Call Option, 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 less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element to the extent not applied to the purchase of New Mortgage Receivables and Further Advance Receivables on such Quarterly Payment Date;
- (iv) in connection with a sale of NHG Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such NHG Mortgage Receivables less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (v) as amounts to be credited to the NHG Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
- (vi) as Monthly Participation Increase pursuant to the Sub-Participation Agreement and as consideration for the Initial Participation to the extent such amounts relate to NHG Mortgage Receivables;
- (vii) as partial prepayment in respect of NHG Mortgage Receivables;
- (viii) any part of the NHG Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Senior Class A-NHG Notes on the preceding Quarterly Payment Date;
- (ix) as amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement to the extent such amounts relate to NHG Mortgage Receivables, and
- (x) as the Further NHG Redemption Amount, if any,

will on the Quarterly Payment Date falling in April 2008 and each Quarterly Payment Date thereafter including, as the case may be, the Final Maturity Date be applied by the Issuer to redeem (or partially redeem) the Senior Class A-NHG Notes at their Principal Amount Outstanding on a *pro rata* basis among the Senior Class A-NHG Notes, until fully redeemed (the '**NHG Principal Payments**').

**Priority of Payments in respect of principal relating to the Non NHG Notes**

The sum of the following amounts, calculated as at any Issue Date or at any Quarterly Calculation Date following the Quarterly Payment Date falling in October 2008, as being received or deposited during the immediately preceding Quarterly Calculation Period (items (i) up to and including (x) being will hereinafter be referred to as the '**Non NHG Principal Available Amount**')

- (i) by means of repayment and prepayment in full of principal under the Non NHG Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (ii) as Net Proceeds on any Non NHG Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (iii) in connection with a repurchase of Non NHG Mortgage Receivables, whether or not as a result of the exercise of the Clean-Up Call Option or the Regulatory Call Option, 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 less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (iv) in connection with a sale of Non NHG Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (v) as amounts to be credited to the Non NHG Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
- (vi) as Monthly Participation Increase pursuant to the Sub-Participation Agreement and as consideration for the Initial Participation to the extent such amounts relate to Non NHG Mortgage Receivables;
- (vii) as partial prepayment in respect of Non NHG Mortgage Receivables;
- (viii) any part of the Non NHG Principal Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Non NHG Notes or the purchase of Further Advance Receivable on the preceding Quarterly Payment Date or the purchase of New Mortgage Receivables on the relevant Issue Date;
- (ix) as amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement, to the extent such amounts relate to Non NHG Mortgage Receivables, and
- (x) as net proceeds of any Further Issue Senior Class A Notes issued on any Issue Date during such Quarterly Calculation Period,

will be applied towards the purchase of Further Advance Receivables on any Purchase Date. The Non NHG Principal Available Amount less any amount applied towards the purchase of Further Advance Receivables on such Purchase Date (the '**Purchase Available Amount**') will be applied towards the purchase of New Mortgage Receivables on any Issue Date (see below and *Mortgage Receivables Purchase Agreement*). The Purchase Available Amount less the Initial Purchase Price of any New Mortgage Receivables during the immediately preceding Quarterly Calculation Period (the '**Non NHG Notes Redemption Available Amount**') will be, prior to the delivery of an Enforcement Notice by the Security Trustee, applied by the Issuer on the Quarterly Payment Date falling in January 2009 and each Quarterly Payment Date thereafter 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 '**Non NHG Principal Priority of Payments**') and together with the Interest Priority of Payments and the NHG Principal Payments, the '**Priorities of Payments prior to Enforcement**')

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) principal amounts due under the Senior Class A Notes on the relevant Quarterly Payment Date including, as the case may be, the Final Maturity Date, until fully redeemed and (ii) the Further NHG Redemption Required Amount;
- (b) *second*, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed;
- (c) *third*, in or towards satisfaction of principal amounts due under the Mezzanine Class C Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed;
- (d) *fourth*, in or towards satisfaction of principal amounts due under the Mezzanine Class D Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed; and
- (e) *fifth*, in or towards satisfaction of principal amounts due under the Junior Class E Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed.

#### **Priority of Payments upon Enforcement relating to the Senior Class A-NHG Notes**

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed relating to the Senior Class A-NHG Notes only, but including any Further NHG Redemption Enforcement Amount, but other than in respect of the Participations (the '**NHG Enforcement Available Amount**'), will be paid to the Secured Parties (including the Senior Class A-NHG Noteholders, but excluding (i) the Savings Insurance Company which shall be entitled to receive an amount equal to the Participation in each of the Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element or if the amount recovered, which amount will not be part of the NHG Priority of Payments upon Enforcement, is less than the Participation, then an amount equal to the amount actually recovered and (ii) the Non NHG Noteholders, which shall be entitled to receive an amount equal to the Non NHG Enforcement Available Amount) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the '**NHG Priority of Payments upon Enforcement**')

- (a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement relating to the Senior Class A-NHG Notes and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the amount of the aggregate Principal Amount Outstanding of the Senior Class A-NHG Notes divided by the aggregate Principal Amount Outstanding of all Notes (the '**NHG Fraction**');
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, which will include, *inter alia*, the fees and expenses of the Rating Agencies, any legal advisor, auditor and/or accountant appointed 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 and expenses of the MPT Provider, the Issuer Administrator and the Defaulted Loan Servicer under the Issuer Services Agreement relating to the Senior Class A-NHG Notes and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the NHG Fraction;
- (c) *third*, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement relating to the Senior Class A-NHG Notes but excluding any amount in respect of Liquidity Facility Stand-by Drawing payable under (a) above and any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (g) below and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the NHG Fraction;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement relating to the Senior Class A-NHG Notes including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Swap Agreement as determined

in accordance with its terms but excluding any Swap Counterparty Default Payment payable under subparagraph (f) below, excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the NHG Fraction;

- (e) *fifth*, in or towards satisfaction of all amounts of (i) interest due or interest accrued but unpaid and (ii) principal and any other amount due but unpaid in respect of the Senior Class A-NHG Notes;
- (f) *sixth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement relating to the Senior Class A-NHG Notes and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the NHG Fraction;
- (g) *seventh*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement relating to the Senior Class A-NHG Notes and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the NHG Fraction,
- (h) *eighth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan multiplied by the NHG Fraction; and
- (i) *ninth*, in and towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

#### **Priority of Payments upon Enforcement relating to the Non NHG Notes**

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed relating to the Non NHG Notes, other than in respect of the Participations (the '**Non NHG Enforcement Available Amount**'), will be paid to the Secured Parties (including the Non NHG Noteholders, but excluding (i) the Savings Insurance Company which shall be entitled to receive an amount equal to the Participation in each of the Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element or if the amount recovered, which amount will not be part of the Non NHG Priority of Payments upon Enforcement, is less than the Participation, then an amount equal to the amount actually recovered and (ii) the Senior Class A-NHG Noteholders, which shall be entitled to receive an amount equal to the NHG Enforcement Available Amount in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the '**Non NHG Priority of Payments upon Enforcement**' and together with the NHG Priority of Payments upon Enforcement, the '**Priorities of Payments upon Enforcement**') and together with the Priorities of Payments before Enforcement, the '**Priorities of Payments**')

- (a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement relating to the Non NHG Notes and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the sum of the aggregate Principal Amount Outstanding of the Non NHG Notes divided by the aggregate Principal Amount Outstanding of all Notes (the '**Non NHG Fraction**');
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, which will include, *inter alia*, the fees and expenses of the Rating Agencies, any legal advisor, auditor and/or accountant appointed 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 and expenses of the MPT Provider, the Issuer Administrator and the Defaulted Loan Servicer under the Issuer Services Agreement relating to the Non NHG Notes and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the Non NHG Fraction;
- (c) *third*, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement relating to the Non NHG Notes but excluding any Liquidity Facility Stand-by Drawing payable under (a) above and any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (a) above or (l) below and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the Non NHG Fraction;



- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement relating to the Non NHG Notes including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Swap Agreement as determined in accordance with its terms but excluding any Swap Counterparty Default Payment payable under subparagraph (k) below, excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the Non NHG Fraction;
- (e) *fifth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of all amounts of (i) interest due or interest accrued but unpaid and (ii) principal and any other amount due but unpaid in respect of the Senior Class A Notes and (iii) Further NHG Redemption Enforcement Required Amount;
- (f)
- (g) *sixth*, in or towards satisfaction of all amounts of (i) interest due or interest accrued but unpaid and (ii) principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (h) *seventh*, in or towards satisfaction of all amounts of (i) interest due or interest accrued but unpaid and (ii) principal and any other amount due but unpaid in respect of the Mezzanine Class C Notes;
- (i) *eighth*, in or towards satisfaction of all amounts of (i) interest due or interest accrued but unpaid and (ii) principal and any other amount due but unpaid in respect of the Mezzanine Class D Notes;
- (j) *ninth*, in or towards satisfaction of all amounts of (i) interest due or interest accrued but unpaid and (ii) principal and any other amount due but unpaid in respect of the Junior Class E Notes;
- (k) *tenth*, in or towards satisfaction of all amounts of (i) interest due or interest accrued but unpaid and (ii) principal and any other amount due but unpaid in respect of the Subordinated Class F Notes;
- (l) *eleventh*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement relating to the Non NHG Notes and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the Non NHG Fraction;
- (m) *twelfth*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement relating to the Non NHG Notes and in respect of amounts which cannot be attributed to the Non NHG Notes or the Senior Class A-NHG Notes respectively, such amounts multiplied by the Non NHG Fraction;
- (n) *thirteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan multiplied by the Non NHG Fraction; and
- (o) *fourteenth*, in and towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

#### **Application of principal amounts towards the purchase of Further Advance Receivables and New Mortgage Receivables**

The Issuer will purchase (i) on any Purchase Date, the Further Advance Receivables to the extent offered by the Seller by applying the Non NHG Principal Available Amount and (ii) on any Issue Date up to and including the Quarterly Payment Date falling in October 2008 the New Mortgage Receivables to the extent offered by the Seller by applying the Purchase Available Amount.

#### **Subordinated Loan**

On the Closing Date the Seller will make available to the Issuer the Subordinated Loan. The Subordinated Loan will be an amount of euro 1,400,000. The Subordinated Loan will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes.

#### **Liquidity Facility**

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Payment Date (other than on (i) a Quarterly Payment Date if and to the extent the Notes, other than the Subordinated Class F Notes, are redeemed in full on such Quarterly Payment Date or (ii) the Final Maturity Date) to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of (up to) 364

days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of amounts available on the Reserve Account and without taking into account any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (n) (inclusive), but not items (g), (i), (k) and (m) in the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawing may be made to meet item (h) if there is a debit balance on the Class B Principal Deficiency Ledger and no drawing may be made to meet item (j) if there is a debit balance on the Class C Principal Deficiency Ledger and no drawing may be made to meet item (l) if there is a debit balance on the Class D Principal Deficiency Ledger and no drawing may be made to meet item (n) if there is a debit balance on the Class E Principal Deficiency Ledger. Certain payments to the Liquidity Facility Provider will rank in priority in point of payments and security to, *inter alia*, the Notes.

If, at any time, (i)(a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than the Short Term Requisite Rating but not below F2 by Fitch or below R-1 (middle) by DBRS and (b) within 30 calendar days of such downgrading the Liquidity Facility Provider is not replaced by the Issuer with an alternative Liquidity Facility Provider whose short-term unsecured, unsubordinated and unguaranteed debt obligations are assigned at least the Short Term Requisite Rating or alternatively the Liquidity Facility Provider has procured that a guarantee which is in accordance with the guarantee criteria of S&P and the guarantee criteria of DBRS which may include the requirement of an irrevocable and unconditional guarantee of full and timely payments in favour of the Issuer has been issued, or (ii) the short-term unsecured unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of F3 by Fitch or R-2 (middle) by DBRS or below or such rating is withdrawn by Fitch or DBRS respectively, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Liquidity Facility (a '**Liquidity Facility Stand-by Drawing**') and credit such amount to the Issuer Collection Account with a corresponding credit to a ledger to be known as the '**Liquidity Facility Stand-by Ledger**'. Amounts so credited to the Issuer Collection Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility Provider does not renew the Liquidity Facility following its commitment termination date. If a Liquidity Facility Stand-by Drawing is to be repaid by the Issuer, such repayment shall be made by the Issuer from the Issuer Collection Account directly to the Liquidity Facility Provider (outside of the Interest Priority of Payments).

For these purposes, '**Liquidity Facility Maximum Amount**' means, on any Quarterly Payment Date (i) up to and including the Quarterly Payment Date falling in October 2008, euro 30,000,000 and (ii) falling in January 2009 and on each Quarterly Payment Date thereafter, 2.5 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class F Notes, on such date.

### **Principal Deficiency Ledger**

A Principal Deficiency Ledger comprising six sub-ledgers (the Class A-NHG Principal Deficiency Ledger, the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger and the Class E Principal Deficiency Ledger) will be established by or on behalf of the Issuer in order to record Realised Losses (a '**Principal Deficiency**'). The Class B Principal Deficiency Ledger will comprise two sub-ledgers (the Class B NHG Principal Deficiency Ledger and the Class B Non NHG Principal Deficiency Ledger), the Class C Principal Deficiency Ledger will comprise two sub-ledgers (the Class C NHG Principal Deficiency Ledger and the Class C Non NHG Principal Deficiency Ledger), the Class D Principal Deficiency Ledger will comprise two sub-ledgers (the Class D NHG Principal Deficiency Ledger and the Class D Non NHG Principal Deficiency Ledger) and the Class E Principal Deficiency Ledger will comprise two sub-ledgers (the Class E NHG Principal Deficiency Ledger and the Class E Non NHG Principal Deficiency Ledger).

### *NHG Principal Deficiency*

The Class A-NHG Principal Deficiency Ledger, the Class B NHG Principal Deficiency Ledger, the Class C NHG Principal Deficiency Ledger, the Class D NHG Principal Deficiency Ledger and the Class E NHG Principal Deficiency Ledger will be established by or on behalf of the Issuer in order to record NHG Realised Losses (an '**NHG Principal Deficiency**'). An amount equal to any NHG Realised Losses will be debited to the Class E NHG Principal Deficiency Ledger (such debit items being credited at item (o) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose and with any Further NHG Redemption Amount available for such purpose) so long as the aggregate debit balance on the Class E Principal Deficiency Ledger is less than the Principal Amount Outstanding of the Junior Class E Notes and thereafter such amount will be debited to the Class D NHG Principal Deficiency Ledger (such debit items being credited at item (m) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose and with any Further NHG Redemption Amount available for

such purpose) so long as the aggregate debit balance on the Class D Principal Deficiency Ledger is less than Principal Amount Outstanding of the Mezzanine Class D Notes and thereafter such amount will be debited to the Class C NHG Principal Deficiency Ledger (such debit items being credited at item (k) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose and with any Further NHG Redemption Amount available for such purpose) so long as the aggregate debit balance on the Class C Principal Deficiency Ledger is less than Principal Amount Outstanding of the Mezzanine Class C Notes and thereafter such amount will be debited to the Class B NHG Principal Deficiency Ledger (such debit items being credited at item (i) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose and with any Further NHG Redemption Amount available for such purpose) so long as the aggregate debit balance on the Class B Principal Deficiency Ledger is less than Principal Amount Outstanding of the Mezzanine Class B Notes and thereafter such amount will be debited to the Class A-NHG Principal Deficiency Ledger (such debit being credited at item (g) of the Interest Priority of Payments, to the extent funds become available for such purpose).

#### *Non NHG Principal Deficiency*

The Class A Non NHG Principal Deficiency Ledger, the Class B Non NHG Principal Deficiency Ledger, the Class C Non NHG Principal Deficiency Ledger, the Class D Non NHG Principal Deficiency Ledger and the Class E Non NHG Principal Deficiency Ledger will be established by or on behalf of the Issuer in order to record Non NHG Realised Losses and any Further NHG Redemption Amount (a '**Non NHG Principal Deficiency**'). An amount equal to any Non NHG Realised Losses will be debited to the Class E Non NHG Principal Deficiency Ledger (such debit items being credited at item (o) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the aggregate debit balance on the Class E Principal Deficiency Ledger is less than the Principal Amount Outstanding of the Junior Class E Notes and thereafter such amount will be debited to the Class D Non NHG Principal Deficiency Ledger (such debit items being credited at item (m) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the aggregate debit balance on the Class D Principal Deficiency Ledger is less than Principal Amount Outstanding of the Mezzanine Class D Notes and thereafter such amount will be debited to the Class C Non NHG Principal Deficiency Ledger (such debit items being credited at item (k) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the aggregate debit balance on the Class C Principal Deficiency Ledger is less than Principal Amount Outstanding of the Mezzanine Class C Notes and thereafter such amount will be debited to the Class B Non NHG Principal Deficiency Ledger (such debit items being credited at item (i) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the aggregate debit balance on the Class B Principal Deficiency Ledger is less than Principal Amount Outstanding of the Mezzanine Class B Notes and thereafter such amount will be debited to the Class A Principal Deficiency Ledger (such debit being credited at item (g) of the Interest Priority of Payments, to the extent funds become available for such purpose).

Any NHG Realised Losses and any Non NHG Realised Losses will be debited on each Quarterly Payment Date to the relevant subledgers of each Class of Non NHG Notes to the Principal Deficiency Ledger on a *pro rata* basis (by reference of the proportion the NHG Realised Losses bears to the Non NHG Realised Losses occurred during the immediately preceding Quarterly Calculation Period).

#### **Further NHG Redemption Amount**

The '**Further NHG Redemption Required Amount**' means, on each Quarterly Payment Date prior to the delivery of an Enforcement Notice, an amount equal to the aggregate NHG Principal Deficiency on such date as reflected in the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger and the Class E Principal Deficiency Ledger after the payments pursuant to the Interest Priority of Payments have been made. To the extent such Further NHG Redemption Required Amount will be made available subject to and in accordance with item (a) of the Non NHG Principal Priority of Payments, such amount (the '**Further NHG Redemption Amount**') will form part of the NHG Notes Redemption Available Amount and as such be available to (partially) redeem the Senior Class A-NHG Notes on such Quarterly Payment Date.

Any Further NHG Redemption Amount will be credited to the respective NHG subledgers of the Principal Deficiency Ledger in the same way any Notes Interest Available Amount is credited to the Principal Deficiency Ledger. Any Further NHG Redemption Amount will be as Non NHG Principal Deficiency recorded on the respective Non NHG subledgers of the Principal Deficiency Ledger by debiting the amount thereof to each of the Non NHG subledgers of the relevant Class of Notes of the Principal Deficiency Ledger (see above under *NHG Principal Deficiency*).

Furthermore, the '**Further NHG Redemption Enforcement Required Amount**' means, upon the delivery of an Enforcement Notice, an amount equal to the aggregate NHG Principal Deficiency on such date as reflected in the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger and the Class E Principal Deficiency Ledger on such date. To the extent such Further NHG Redemption Enforcement Required Amount will be made available subject to and in accordance with item (e) of the Non NHG Priority of Payments upon Enforcement, such amount (the '**Further NHG Redemption Enforcement Amount**') will form part of the NHG Enforcement Available Amount and as such be available subject to and in accordance with the Non NHG Priority of Payments upon Enforcement.

'**NHG Realised Losses**' means, on any Quarterly Calculation Date, the sum of:

- (a) the amount of the difference between:
  - (i) the aggregate Outstanding Principal Amount in respect of NHG Mortgage Receivables less, with respect to the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the relevant Participations, on which the Seller or the Defaulted Loan Servicer or the Issuer has foreclosed from the Closing Date up to and including such Quarterly Calculation Date; and
  - (ii) the sum of (x) the Net Proceeds on such NHG Mortgage Receivables other than Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and (y) the Net Proceeds on such Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element up to the amount of the relevant Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element less the Participations; and
- (b) with respect to NHG Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between:
  - (i) the aggregate Outstanding Principal Amount, less with respect to such Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the relevant Participations; and
  - (ii) the purchase price received in respect of such NHG Mortgage Receivables to the extent relating to the principal less, with respect to Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the relevant Participations,

whereby in case of items (a) and (b), for the purpose of establishing the Outstanding Principal Amount in case of set-off or defence to payments asserted by Borrowers any amount by which the Mortgage Receivables have been extinguished ("*teniet gedaan*") will be disregarded.

'**Non NHG Realised Losses**' means, on any Quarterly Calculation Date, the sum of:

- (a) the amount of the difference between:
  - (i) the aggregate Outstanding Principal Amount in respect of Non NHG Mortgage Receivables less, with respect to the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the relevant Participations, on which the Seller or the Defaulted Loan Servicer or the Issuer has foreclosed from the Closing Date up to and including such Quarterly Calculation Date; and
  - (ii) the sum of (x) the Net Proceeds on such Non NHG Mortgage Receivables other than Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and (y) the Net Proceeds on such Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element up to the amount of the relevant Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element, less the Participations; and
- (b) with respect to Non NHG Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between:
  - (i) the aggregate Outstanding Principal Amount in respect of the Non NHG Mortgage Receivables, less with respect to such Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the relevant Participations; and
  - (ii) the purchase price received in respect of such Non NHG Mortgage Receivables to the extent relating to the principal less, with respect to Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the relevant Participations,

whereby in case of items (a) and (b), for the purpose of establishing the Outstanding Principal Amount in case of set-off or defence to payments asserted by Borrowers any amount by which the Mortgage Receivables have been

extinguished ("*teniet gedaan*") will be disregarded and each of the NHG Realised Losses and the Non NHG Realised Losses jointly being **'Realised Losses'** or a **'Realised Loss'**.

### **Interest Rate Hedging**

The Mortgage Loan Criteria require that all Mortgage Loans bear a fixed rate of interest, a rate which is subject to a reset from time to time, or a floating rate of interest. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer will mitigate this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, the Issuer will agree to pay on each Swap Payment Date (being the 15th day of each month or in case of a month in which a Quarterly Payment Date falls, such Quarterly Payment Date) the sum of:

- (a) the aggregate amount of interest on the Mortgage Receivables scheduled to be paid during the immediately preceding Mortgage Calculation Period less, with respect to each Savings Mortgage Receivable and each Life Mortgage Receivable with a Savings Element, an amount equal to the scheduled interest multiplied by the relevant Participation Fraction; and
- (b) the interest accrued on the Issuer Collection Account and the Reserve Account; and
- (c) the aggregate amount of the penalty interest and any prepayment penalties received during the immediately preceding Mortgage Calculation Period; less
- (d) an excess margin of 0.50 per cent. per annum applied to the aggregate Principal Amount Outstanding of the Notes (excluding the Subordinated Class F Notes) on the first day of the relevant Floating Rate Interest Period divided by twelve (the **'Excess Margin'**); and
- (e) the operating expenses set out in items (a) up to and including (c) of the Interest Priority of Payments payable during each calendar year divided by twelve.

The Swap Counterparty will agree to pay amounts equal to the scheduled interest due under the Notes, and calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes (as reduced by any outstanding debit balances on the respective sub-ledgers of the Principal Deficiency Ledger or in respect of the Subordinated Class F Notes, the full Principal Amount Outstanding of the Subordinated Class F Notes, if there is a balance standing on the Class E Principal Deficiency Ledger) on the first day of the relevant Floating Rate Interest Period.

#### *Adjustment of Swap Amounts*

If on any Swap Payment Date, the sum of scheduled interest actually received and interest (including penalties) recovered on the Mortgage Receivables, less in case of a Savings Mortgage Receivable and a Life Mortgage Receivable with a Savings Element, the amount received multiplied by the Participation Fraction, falls short of scheduled interest to be received on the Mortgage Receivables, less in case of a Savings Mortgage Receivable and a Life Mortgage Receivable with a Savings Element, the relevant Participation during the immediately preceding Mortgage Calculation Period, the payment obligation of the Issuer will be reduced with an amount equal to such shortfall. In such event the payment of the Swap Counterparty on the immediately succeeding Quarterly Payment Date will be adjusted accordingly on a euro for euro basis. Such reduction could result in the Issuer not having sufficient funds available to meet its payment obligations in accordance with the priorities described above on such Quarterly Payment Date.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement may be terminated in accordance with Events of Default and Termination Events (each as defined in the relevant ISDA Master Agreement) commonly found in standard ISDA documentation. The Swap Agreement will be terminable by one party if (i) an applicable Event of Default or Termination Event (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 and (ii) certain insolvency events.

Upon the early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the Swap Agreement. The market value will be based on market quotations of the cost of entering into a

transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to the Swap Counterparty, the Issuer will not be required pursuant to the terms of the Swap Agreement to pay the Swap Counterparty such amounts as would otherwise have been required to ensure that the Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made.

In the event that the Swap Counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Swap Counterparty will be required pursuant to the terms of the Swap Agreement to pay to the Issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made.

In either event, the Swap Counterparty will at its own cost, if it is unable to transfer its rights and obligations under the Swap Agreement to another office, have the right to terminate the Swap Agreement. Upon such termination, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party.

If the Issuer receives any Tax Credit resulting from the payment of any withholding tax by the Swap Counterparty, the Issuer shall pay the cash benefit of such Tax Credit to the Swap Counterparty.

If the Swap Counterparty ceases to have certain required ratings by the Rating Agencies, the Swap Counterparty will be required to take certain remedial measures which may include the provision of collateral for its obligations under the Swap Agreement pursuant to the Credit Support Annex to the Swap Agreement entered into by the Issuer and the Swap Counterparty on the basis of the standard ISDA documentation (which provides for requirements relating to the providing of collateral by the Swap Counterparty), arranging for its obligations under the Swap Agreement to be transferred to an entity with the required ratings, procuring another entity with at least the swap required ratings to become joint-obligor in respect of its obligations under the Swap Agreement, or the taking of such other action as it may agree with the Rating Agencies. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

### **Sale of Mortgage Receivables:**

#### *General*

The Issuer may not dispose of the Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed. If the Issuer decides to offer for sale (part of) the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such 15 business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. Except if differently set out below, the Seller will have to pay a purchase price equal to the purchase price a third party is willing to pay for the Mortgage Receivables.

#### *Sale of Mortgage Receivables on an Optional Redemption Date*

In case of sale and assignment of Mortgage Receivables on an Optional Redemption Date, the purchase price of the Mortgage Receivables shall be equal to at least the relevant Outstanding Principal Amount in respect of the relevant Mortgage Receivables, together with accrued interest due but unpaid, if any, 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 (a) the sum of the relevant Outstanding Principal Amount in respect of the relevant Mortgage Receivables, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions up to the relevant date of sale or repurchase and (b) an amount equal to the sum of (i) the foreclosure value of the Mortgaged Assets or, if no appraisal report of less than 12 months old is available, the indexed foreclosure value, and (ii) the amount of other collateral (including in respect of an NHG Mortgage Receivable the amount claimable under the NHG Guarantee) and any costs incurred by the Issuer in effecting and completing such sale and re-assignment. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes (other than the Subordinated Class F Notes) in accordance with Condition 6(c) and subject to Condition 9(b).

#### *Sale of Mortgage Receivables if the Clean-Up Call is exercised*

On each Quarterly Payment Date, the Seller has the option to exercise the Clean-Up Call Option. In respect of the purchase price, the same as set out above under *Sale of Mortgage Receivables on an Optional Redemption*

*Date* applies to the purchase price payable for the sale of Mortgage Receivables if the Seller exercises the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes (other than the Subordinated Class F Notes) in accordance with Condition 6(b) and subject to Condition 9(b).

*Sale of Mortgage Receivables if the Regulatory Call Option is exercised*

On each Quarterly Payment Date, the Seller has the option to exercise the Regulatory Call Option. The purchase price of the Mortgage Receivables will be at least equal to the Outstanding Principal Amount in respect of the relevant Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b).

*Sale of Mortgage Receivables for tax reasons*

If the Issuer exercises its option to redeem the Notes upon the occurrence of a Tax Change for tax reasons in accordance with Condition 6(f), the purchase price of such Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(f) and subject to Condition 9(b).

*Sale of Mortgage Receivables if the Seller is obliged to repurchase*

If the Seller is obliged to repurchase any Mortgage Receivable(s) pursuant to the Mortgage Receivables Purchase Agreement, the purchase price of the Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables if the Regulatory Call Option is exercised* above.

# OVERVIEW OF THE DUTCH HOUSING AND RESIDENTIAL MORTGAGE MARKET

## The Netherlands

- With 16.33 mln inhabitants\*, the Netherlands is one of the most densely populated countries in the world.
- Approximately 53% of all properties are owner occupied, which is well below the government target and European average of 65%†.
- During 2006, the average house price increased by 5.0% to EUR 235,200‡, as a result of improved consumer confidence and a continuous recovery of the economy. By the end of Q3 2007, average house prices have risen to EUR 248,000.
- The number of property sales increased by 1.5% compared to 2005§, reflecting the relatively mature stage of the market. In the first 6 months of 2007, the number of property sales is 5.0% lower compared to the same period last year.
- Over 2006, the average mortgage size increased by 6% to EUR 270,500 (compared to EUR 255,800 in Q4 2005)\*\* . By the end of Q2 2007, the average mortgage has reached an amount of EUR 279,900.
- After reaching a periodic high of 6.5% over 2005, unemployment strongly decreased to 4.6% by June 30, 2007 fuelled by solid economic growth††.
- Inflation over 2006 was 1.1%, well below the average of 2.2% for the EU‡‡.
- After a decline in GDP in the first quarter of 2005, the Netherlands have seen an uninterrupted period of economic growth ever since. In 2006, the Dutch economy expanded by 2.9%, almost doubling the 2005 growth number. In Q2 of 2007 GDP growth equalled 2.4% in line with the first quarter of 2007§§.

## Dutch mortgage market characteristics

- Total mortgage debt outstanding was EUR 536 bln as of March 2007\*\*\*, which equals the total GDP.
- Losses as a result of default on mortgage loans in the Dutch mortgage market are very low due to a number of factors specific to the Dutch market:
  - Long term fixed rate mortgages;
  - Strong social support system;
  - Geographical small country as a result of which relocation following job change is limited;
  - Many borrowers obtain a guarantee from NHG for principal and interest;
  - Under the Dutch legal system, lenders have recourse against the borrower including on the borrower's salary up to a certain maximum;
  - National Credit Register registers positive and negative credit events on all types of credits. BKR registers mortgage loans only if they are at least 120 days in arrears. Data is kept on record for five years;
  - Fiscal advantages – Dutch law allows full deduction of mortgage interest payments for determining income tax (only for first residential property and for a maximum of 30 years);
  - Strong growth in house prices.

## Dutch mortgage market – mortgage loan characteristics

- Loan to Foreclosure Value ratios (upon origination) of 125% - 130% are common in the Dutch market, which equates to approx. 106%- 110% of fair market value.
- Over 2006, the average mortgage size increased to EUR 270,500 (up 6% from Q4 2005)†††.
- Interest on mortgages is fully tax deductible (for a maximum of 30 years and only if the property is occupied by the owner).
- During 2004, new tax regulation was introduced that limits the deductibility to the amount of non-equity refinancing only.

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\* Source: CBS StatLine (June 2007)

† Source: CBS StatLine

‡ Source: NVM, 'Marktinformatie woningmarkt'

§ Source: Kadaster, 'Publicatie vastgoedcijfers'

\*\* Source: Kadaster, 'Publicatie vastgoedcijfers'

†† Source: CBS StatLine

‡‡ Source: ECB, 'Monthly Bulletin Feb 2007'

§§ Source: CBS StatLine

\*\*\* Source: DNB, 'Statistiek'

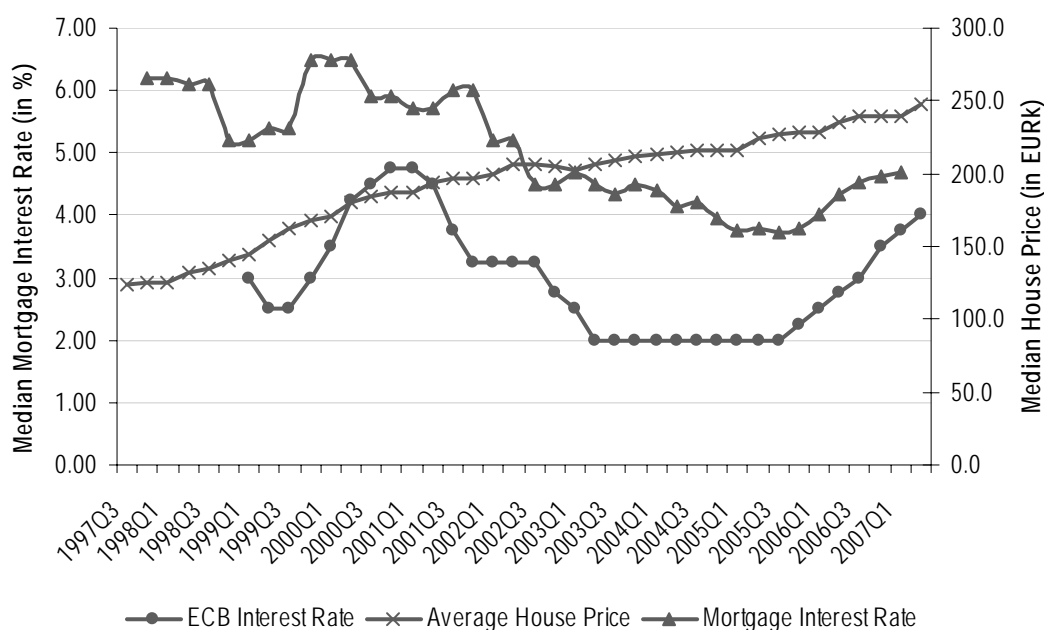
††† Source: Kadaster, 'Publicatie vastgoedcijfers'



- A typical residential mortgage in the Netherlands is a 30-year loan with a fixed interest rate, resettable after 2, 5, 7 or 10 year.
- Borrowers may prepay their mortgages penalty free subject to the following conditions:
  - 10-20% per annum;
  - up to 100% if the borrower sells his property;
  - up to 100% upon death of the borrower; and
  - up to 100% at interest reset dates.
- The prepayment penalty is generally based on neutralising the interest rate advantage for the borrower at refinancing.

### Dutch housing market

- Average house price increase by 5.0% during 2006<sup>+++</sup>.
- Average house price at 31 December 2006 was EUR 235,200<sup>\$\$\$</sup>.
- The number of transactions in 2006 was 1.5% higher than in 2005<sup>\*\*\*\*</sup>.



Source: NVM (Median house prices), DNB (Interest rates)

<sup>+++</sup> Source: NVM, 'Marktinformatie woningmarkt'

<sup>\$\$\$</sup> Source: NVM, 'Marktinformatie woningmarkt'

<sup>\*\*\*\*</sup> Source: Kadaster, 'Publicatie vastgoedcijfers'

# DELTA LLOYD

## 1. INTRODUCTION

As a customer-focused and service-oriented financial service provider, Delta Lloyd NV and its group companies (for the purpose of this section, separately and jointly, as the context may require: Delta Lloyd Group) offers its customers security, both now and in the future, through risk insurance, income protection and wealth creation. Operating under strong brand names – Delta Lloyd, OHRA and ABN AMRO Insurance – Delta Lloyd Group offers a broad range of products and services, varying from simple savings products to complex pension and insurance products and financial planning, through the customer's distribution channel of choice. In the Netherlands, Delta Lloyd works closely with independent insurance intermediaries. OHRA focuses directly on the individual and business consumer, increasingly via the internet. ABN AMRO Insurance serves its customers through the extensive distribution network of ABN AMRO.

Alongside its Dutch insurance operations, Delta Lloyd Group also has an asset management division and a banking division, as well as divisions in Germany and Belgium. Delta Lloyd Group's staff comprise a total of about 6,500 FTEs.

To Delta Lloyd Group, integrity and sound entrepreneurship constitute the basis for commercial success. Financial solidity is a primary requirement in this connection. But as a socially involved and community-minded financial service provider, Delta Lloyd Group also wants to make a clear contribution to the progress and prosperity of society. In practice that means a continuous search for the right balance between entrepreneurial spirit and social responsibility. This is what makes Delta Lloyd Group a successful, accessible organisation that embraces its responsibility.

## 2. SHAREHOLDER RELATIONSHIP

Delta Lloyd Group is a Dutch company with statutory two-tier status ("*structuurvennootschap*" under Title 9, Book 2 of the Netherlands Civil Code), and has two shareholders: London-based Aviva plc and Stichting Nuts Ohra of Amsterdam, the Netherlands. Aviva plc owns all ordinary shares and all preference B shares. Stichting Nuts Ohra owns all preference A shares. Aviva plc thus holds a 92% interest in the total issued capital of Delta Lloyd Group while Stichting Nuts Ohra has an interest of 8%.

As a two-tier company Delta Lloyd Group has a corporate governance structure in which the most important powers rest with the Executive Board and an independent Supervisory Board. The relationship between the Executive Board and the shareholders clearly reflects the position of Delta Lloyd Group as an important member of the Aviva group.

## 3. DELTA LLOYD GROUP STRUCTURE

Delta Lloyd Group has opted for a distinctive divisional structure. The Executive Board is to concentrate on the overall strategy of the group, (ii) monitoring of performance of the divisions and (iii) maintaining strong relations with internal and external stakeholders. An overview of the divisions is presented in the following organisation chart.

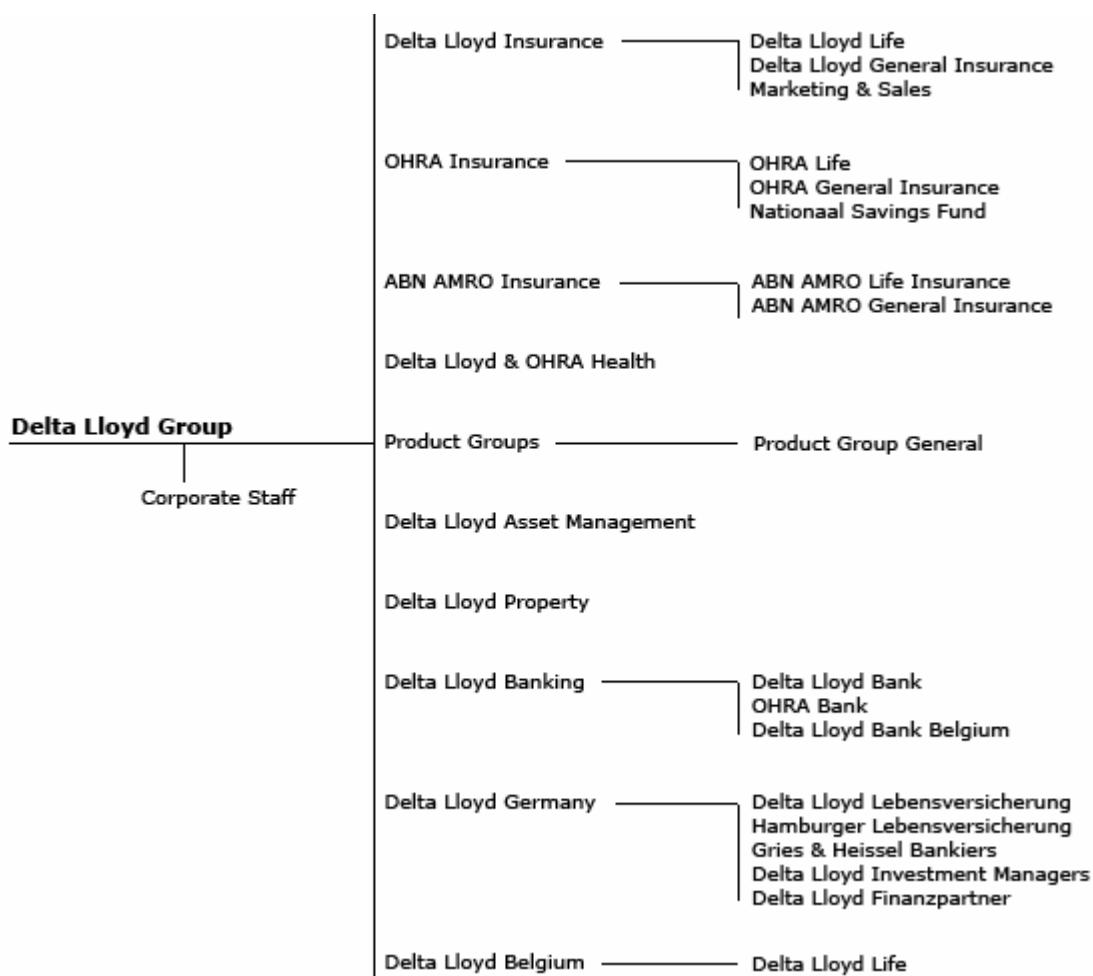


Figure 1 Organisational structure Delta Lloyd N.V.

**Core activities:**

- Delta Lloyd Insurance; insurance and pension services via independent intermediaries in the Netherlands
- OHRA Insurance; insurance and pension services sold direct to personal and commercial customers in the Netherlands, while National Savings Fund serves personal customers via its own sales force
- ABN AMRO Insurance; insurance and pension services via the distribution network of ABN AMRO in the Netherlands
- Delta Lloyd Asset Management; asset management activities for customers in the Netherlands, Belgium and Germany
- Delta Lloyd Banking; banking and mortgage products for personal and commercial customers in the Netherlands and Belgium
- Delta Lloyd Germany; life insurance, pensions, private banking and mortgages in Germany
- Delta Lloyd Belgium; life insurance and pensions in Belgium
- The health businesses of Delta Lloyd and OHRA have been integrated into Delta Lloyd Group Health. Effective from 1 January 2008 this business unit will enter into an alliance with CZ Health

**Amstelhuys**

Amstelhuys is a 100 per cent. subsidiary of Delta Lloyd N.V. Amstelhuys is fully consolidated in Delta Lloyd Group's annual accounts and on 7 July 1999 Delta Lloyd Group issued a statement pursuant to Section 2:403 of

the Netherlands Civil Code that it assumes joint and several liability for any liabilities arising from legal acts of Amstelhuys. The statutory objectives of Amstelhuys are: (i) obtaining funds, with a term of two years or longer of non public companies or institutions and (ii) granting mortgage loans to private persons and companies. Amstelhuys is not a bank and therefore is not licensed as such and its operations are not subject to the general prohibition of attracting repayable funds from outside a restricted circle from other parties than professional market parties. It holds a licence under the Act on Financial Supervisions ("*Wet op het financieel toezicht*") as an offeror ("*aanbieder*") of credit ("*krediet*"). Amstelhuys' front and back office services are carried out by Delta Lloyd Bank on behalf of Amstelhuys.

#### **4. WHAT DELTA LLOYD GROUP DOES**

All activities of Delta Lloyd Group are focused on a single objective: offering security. Security for individual customers, entrepreneurs and businesses, by insuring risks, protecting income and building their provisions for the future. Delta Lloyd Group's principal fields of activity consequently lie where the future of its customers is secured: income protection, wealth creation and risk insurance. Core activities include life, pension, general and health insurance, as well as savings, investing and mortgages. Delta Lloyd Group aims to be one of the leading financial service providers in the Netherlands, Germany and Belgium. To this end it focuses, within the core activities, on profitable markets offering sufficient scale.

#### **5. THE FIVE STRATEGIC PILLARS OF DELTA LLOYD GROUP**

The five pillars on which Delta Lloyd Group is building its future are essential towards realising its mission:

##### **Reputation**

Reliability is essential in financial services. A good reputation is the reflection of that reliability, but also of the integrity of the organisation and its pursuit of social responsibility. The reputation of the Group rests on the personal commitment of all employees and on its three strong brands: Delta Lloyd, OHRA and ABN AMRO Insurance.

##### **Distribution power**

With three strong brands which each represent their own distinct distribution channel, Delta Lloyd Group occupies a strong position in the Dutch insurance market. Delta Lloyd Group is one of the few financial service providers that has turned distribution power into a core competence, which gives the present-day group a distinctive advantage in the market. Moreover, thanks to the freedom of choice that multi-distribution offers customers, Delta Lloyd Group boasts an industry-leading customer focus, one of the key success factors in financial services.

##### **Efficiency**

The creation of product groups enables Delta Lloyd Group to make optimal use of the synergy within the Group. Shared service centres are set up to support the brands and to facilitate the standardised execution of as many administrative back-office activities as possible. In addition, product development is centralised per segment in a single location within the organisation. The aim is to share expertise and optimise handling efficiency at an attractive scale and volume. This improves the level of service and reduces costs. To operate competitively and efficiently, sufficient scale is of essential importance.

##### **Expertise**

Delta Lloyd Group also distinguishes itself by the extensive knowledge and expertise available in the organisation and is keen to be seen by its customers as a financial service provider that knows its business. Two hundred years of history and a steady broadening of the operational scope through mergers, acquisitions and joint ventures have endowed the group with a vast pool of expertise. The unimpeded exchange of know-how throughout the Delta Lloyd Group is encouraged to take full advantage of our knowledge base. This is also an important confidence-building factor. For it is only through knowledge and professionalism that Delta Lloyd Group can genuinely assist customers and distributors in word and deed. Expertise, alongside distribution power and efficient business management, has therefore become an integral strategic pillar for Delta Lloyd Group.

##### **Core values**

The seven core values defined by Delta Lloyd Group are deeply embedded in the organisation and have, for years, been a familiar guideline for all activities of Delta Lloyd Group. They give clear expression to what the

Group stands for and serve as a touchstone in everything we do. The core values are: Integrity, Customer Focus, Responsibility and Commitment, Team Spirit, Open Communication, Flexibility, Entrepreneurship.

## 6. EMPLOYEES AND VALUES

To attain its ambitions, highly qualified and motivated staff are essential to Delta Lloyd Group. The Group therefore seeks to offer an inspiring working environment where employees enjoy every opportunity to grow and advance their career. The aim is to create an entrepreneurial work climate that stimulates employees to respond quickly and competently to developments in the market, present new ideas, take responsibility and be actively and visibly involved. The management plays a crucial role in this respect, by setting the right example and pursuing a culture of inspirational leadership.

Expertise 'The Future Secured' defines staff expertise as one of the pillars on which Delta Lloyd Group is building its future. The banking and insurance market is a knowledge-intensive market, and knowledge is therefore one of the key areas where financial service providers are able to distinguish themselves from the competition. Delta Lloyd Group is consequently committed to constantly expanding its in-house knowledge.

## 7. INCOME AND RESULT DELTA LLOYD GROUP 2006

### Turnover and result

The Group's gross premium income rose 2% to €5.8 billion. The underlying premium income by segment showed a somewhat more differentiated picture. The life businesses were confronted with a decline in gross premium income. The premium income from general insurance operations increased fractionally to €1.2 billion. The premium income at Health advanced strongly to €1.5 billion due to the integration of former national health customers following the introduction of the new basic health system.

The banking division's turnover increased modestly to €193 million (2005: €189 million). This was the net result of falling interest income and a rise in other income (non-recurring item). Net new assets of Asset Management's mutual funds decreased because no new mutual funds were introduced in 2006 after the extremely successful launch of the Dividend Select Fonds in 2005. New mutual fund launches have been planned for 2007.

Delta Lloyd Group's financial policy is aimed at securing the future of its customers. The extremely low interest rates in 2005 necessitated extra provisions for future insurance liabilities. The rise in interest rates by more than 70 basis points in 2006 led to the partial release of these provisions which had an extremely positive effect on the result. The rising interest rates also caused the bond portfolio to decline in value, but this was more than compensated by an even sharper fall in liabilities. These developments, combined with the strong investment performance worked out in an overall result before taxation that is 53% higher than in 2005: the Group posted a result of €845 million.

The net result after taxation amounted to €711 million. After deducting the minority interest, the net result after taxation was €676 million, up 65% on 2005.

### Financial position and solvency

Delta Lloyd Group also showed a healthy financial development in 2006. The shareholders' equity rose 22% to €4.6 billion. The solvency of the overall Group, including banking operations, improved in 2006 to 297% (2005: 264%). The solvency of the Dutch insurance operations (including holding companies) increased to 374% (2005: 322%) thus clearly reflecting the strength of the Group's core activities. The BIS ratio of Delta Lloyd Banking decreased to 10.9 (2005: 11.2), due to a more effective use of capital. In the coming period this policy will be continued. Standard & Poor's reaffirmed its AA-rating for Delta Lloyd Life and General in 2006.

<b>Delta Lloyd Group 2006</b> <i>(in millions of euros)</i>	<b>2006</b>	<b>2005</b>	<b>Change</b>
<b>Result before taxation</b>	<b>845</b>	<b>552</b>	<b>53%</b>
<b>Net result after taxation</b>	<b>711</b>	<b>432</b>	<b>65%</b>
<b>Gross premium income</b>	<b>5,815</b>	<b>5,717</b>	<b>2%</b>
<b>- of which gross premium income Netherlands</b>	<b>4,962</b>	<b>4,589</b>	<b>8%</b>
<b>Shareholders' equity</b>	<b>4,805</b>	<b>3,946</b>	<b>22%</b>

## Delta Lloyd Bankengroep 2006

<b>Banking operations</b> <i>(in millions of euros)</i>	<b>2006</b>	<b>2005</b>
<b>Net income</b>	<b>193</b>	<b>189</b>
	<b>27</b>	<b>35</b>
<b>Result before taxation</b>		
<b>Mortgage portfolio</b> <sup>††††</sup>	<b>11,673</b>	<b>11,012</b>
- Netherlands	8,683	8,676
- Belgium	2,004	1,298
- Germany	985	1,038
<b>Mortgage origination</b> <sup>††††</sup>	<b>2,556</b>	<b>3,094</b>
- Netherlands	1,585	2,092
- Belgium	725	567
- Germany	246	435

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†††† Group as a whole, at 31 December

†††† Mortgage origination Delta Lloyd Banking and German banking activities

## DESCRIPTION OF THE MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing 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. On each Purchase Date, the Issuer shall apply the Non NHG Principal Available Amount to purchase and accept assignment of Further Advance Receivables from the Seller provided that certain conditions are met and to the extent offered by the Seller. In addition, on each Issue Date, the Issuer shall apply the Purchase Available Amount to purchase and accept assignment of New Mortgage Receivables from the Seller provided that certain conditions are met (see further *Mortgage Receivables Purchase Agreement* below) and to the extent offered by the Seller.

The New Mortgage Receivables and the Further Advance Receivables to be sold by the Seller to the Issuer on any Issue Date or any Purchase Date respectively will be originated by the Seller. The terms of the Mortgage Loans (or any loan parts forming part of a Mortgage Loan) from which these New Mortgage Receivables derive will not substantially deviate from the terms of the Mortgage Loans described in this chapter.

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 Receivables sold to the Issuer will be secured by mortgage rights which secure not only the initial Mortgage Loan but also any amounts which the Borrower may be or become due to the Seller under further loans and/or credits up to a maximum level. See paragraph *Mortgage Rights* in the section *Risk Factors* above.

The Mortgage Receivables have been selected according to the criteria list set forth in the Mortgage Receivables Purchase Agreement and will be selected in accordance with such agreement, on or before Closing Date or, in respect of any New Mortgage Receivables, the relevant Issue Date or, in respect of any Further Advance Receivables, the relevant Purchase Date (see *Mortgage Receivables Purchase Agreement* below). All of the Mortgage Loans, from which the Mortgage Receivables to be sold and assigned to the Issuer result were or will be originated by the Seller after 1 October 2002.

The interest rate on each Mortgage Loan has been fixed for an initial time period as of the date of the origination of the relevant Mortgage Loan. After this initial period, the interest for the next interest period will be determined by the Seller in accordance with the then current market rates of interest or, if the Borrower so desires, in accordance with alternatives made available to the Borrower by the Seller.

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

General information on the economic environment and global statistical data referred to the Mortgage Receivables can be obtained at [www.arenarmbs.nl](http://www.arenarmbs.nl).

### **Mortgaged Assets**

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

For over a century different municipalities and other public bodies in the Netherlands have used long lease ("*erfpacht*") as a system to issue land without giving away the ownership of 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 for the long lease.

### **Mortgage Types**

Borrowers often give one mortgage as security for a loan consisting of a combination of product types. For instance, a common combination is an interest-only mortgage loan for the first 60 per cent. LTV with another type of mortgage loan for the remainder.

### **Annuity Mortgage Loan** ("*Annuïtaire lening*")

These mortgages offer a constant total monthly payment, made up of an initially high and decreasing interest portion and an initially low and increasing principal portion. Only the proportions of interest and principal vary every month. The advantage is that the monthly payments are relatively low and constant from the very beginning. Annuity mortgages are offered with interest rates established by reference to the standard Delta Lloyd interest-rate. The loans can have a maximum maturity of 30 years.

### **Linear Mortgage Loan** ("*Lineaire hypotheek*")

This is the oldest form of a mortgage. They offer a constant monthly payment in principal, which makes the overall amount decrease over time. The interest payment is recalculated every time on the declining outstanding balance. The total monthly payments, partly interest and partly principal, will therefore decrease over time but the initial monthly payments are relatively high. Linear mortgages are offered with interest rates established by reference to the standard interest-rate of Delta Lloyd Bank. The interest rate can be fixed either for an initial period, after which a new rate and period are selected, or also can be fixed for the entire length of the loan. The loans can have a maximum maturity of 30 years.

### **Interest-only Mortgage Loan** ("*Aflossingsvrije hypotheek*")

These mortgages do not amortise principal and provide for a bullet payment at the end, mostly when the house is eventually sold. The borrowers pay only interest. Due to the higher risk of bullet principal repayment, these mortgages have a maximum loan-to-foreclosure value of 100 per cent. (in the case of a mortgage with the benefit of an NHG Guarantee, 50 per cent. of the value of the property) and a maximum maturity of 30 years.

### **Savings Mortgage Loan** ("*Spaarhypotheek*")

This type of mortgage combines a loan with a capital/life insurance policy. The payout at the end of the contract or at the time when the build up value under the insurance policy is equal to or higher than the outstanding amount of the mortgage loan (or earlier at the death of the borrower) always corresponds exactly to the amount of the mortgage loan. The constant monthly payments consist of interest on the principal and a savings/risk premium for the capital/life insurance ("*spaar/risico-premie*"). If the rates have gone up at the end of the chosen fixed-rate period, the interest charge on the loan will increase but the savings premium on the life insurance will decrease and vice versa. The reinvestment rate on accumulated mortgage principal is guaranteed at the mortgage rate. The loans can have a maximum maturity of 30 years.

### **Unit-linked Mortgage Loan** ("*Meerkeuzeplan*")

This is a loan on which no principal repayment is made during the life of the contract. Next to this loan, the borrower signs a life insurance policy providing for an amount if the beneficiary is still alive at the end of the policy or if the beneficiary dies before the end of the policy. The final payout will be determined by the return obtained on the amounts invested in Delta Lloyd ProfielMix investment funds, which were chosen by the borrower. The final payout will therefore not necessarily be equal to the outstanding balance on the loan. The loans can have a maximum maturity of 30 years.

### **Universal Life Mortgage Loan** ("*Delta Lloyd Life Hypotheek*" / "*Financieel Vrijheidsplan*")

This is a loan on which no principal repayment is made together with a very flexible life insurance policy, effectively an improvement of the Unit Linked policy. The monthly premiums on the insurance policy are being invested in Delta Lloyd investment funds. The final payout will be determined by the return obtained on the amounts invested in Delta Lloyd ProfielMix investment funds for a Delta Life Hypotheek and one of 5 profielmixfunds for a Financieel Vrijheidsplan, which were chosen by the borrower. The final payout will therefore not necessarily be equal to the outstanding balance on the loan. The loans can have a maximum maturity of 30 years.

### **Life Mortgage Loan with the option to choose between the Savings Alternative and the Universal Life Alternative** ("*CombiPlusHypotheek*")

This is a loan on which no principal repayment is made during the life of the contract. Next to this loan, the borrower signs a life insurance policy providing for an amount if the beneficiary is still alive at the end of the



policy or if the beneficiary dies before the end of the policy. Under the CombiPlusHypotheek the borrower can choose the proportion between the Savings Alternative and the Universal Life Alternative. Borrowers may also switch the proportion between the Savings Alternative and the Universal Life Alternative during the lifetime of the mortgage loan. The final payout will be determined by the return obtained on the amounts invested in one of 5 profielmixfunds of Delta Lloyd ProfielMix investment funds, which were chosen by the borrower. The final payout will therefore not necessarily be equal to the outstanding balance on the loan. The loans can have a maximum maturity of 30 years.

**Traditional life mortgage loan and life mortgage loan (with an external insurance policy) ("Hypotheek o.b.v. traditioneel gemengde verzekering")**

These mortgages provide for a loan with a payment of a mortgage interest as well as for a separate insurance product. The reinvestment rate on the accumulated premium is not guaranteed, although insurance companies are required to maintain a minimum 3 per cent. rate for its provisions ("*voorzieningen*") pursuant to supervision rules. The loans can have a maximum maturity of 30 years.

## SUMMARY OF THE PROVISIONAL POOL

The numerical information set out below relates to a provisional pool of Mortgage Loans (the 'Provisional Pool') which was selected as of 1 October 2007. All amounts are in euro.

Under the Mortgage Receivables Purchase Agreement the Issuer shall purchase and on the Closing Date accept the assignment of the Mortgage Receivables resulting from the Mortgage Loans selected from the Provisional Pool and any other Mortgage Receivables resulting from Mortgage Loans originated by the Seller. Furthermore, the Issuer shall on (i) any Purchase Date apply the Non NHG Principal Available Amount towards the purchase of Further Advance Receivables and (ii) on any Issue Date the Purchase Available Amount towards the purchase of New Mortgage Receivables provided that certain conditions are met and to the extent offered by the Seller (see *Mortgage Receivables Purchase Agreement* below).

All Mortgage Receivables selected and purchased by the Issuer shall comply with the Mortgage Loan Criteria on the Cut-off Date (see *Mortgage Receivables Purchase Agreement* below).

Furthermore, the Rating Agencies shall assign the ratings to the Notes, other than the Further Issue Senior Class A Notes, on the Closing Date. Each purchase of New Mortgage Receivables on an Issue Date shall be subject to the confirmation of the Rating Agencies that such purchase will not result in a downgrade of the Notes.

TABLE A

Key characteristics of the Provisional Pool as of 01-October-2007	NHG	Non-Guaranteed	All Loans
outstanding principal balance (EUR)	349,981,952	286,665,444	636,647,396
average balance by borrower (EUR)	171,812	251,903	200,519
maximum loan value (EUR)	265,000	984,860	984,860
number of loan parts	4,268	3,089	7,357
number of borrowers	2,037	1,138	3,175
weighted average seasoning (months)	13.35	6.76	10.38
weighted average maturity (months)	340.22	344.98	342.36
weighted average coupon (%)	4.33	4.66	4.48
cumulative building deposit (EUR)	4,942,381	9,706,163	13,773,862

TABLE B

**Origination date of the mortgage loan parts in the Provisional Pool**

Year of origination	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loan parts NHG Separately	Proportion of pool (%)
2003 Q1	296,931	0.05	5	0.07	0	0.00	0	0.00
2003 Q2	1,845,982	0.29	16	0.22	22,000	0.00	1	0.01
2003 Q3	2,997,827	0.47	36	0.49	84,050	0.01	2	0.03
2003 Q4	1,428,514	0.22	15	0.20	20,000	0.00	1	0.01
2004 Q1	2,749,406	0.43	33	0.45	0	0.00	0	0.00
2004 Q2	1,792,200	0.28	21	0.29	100,000	0.02	3	0.04
2004 Q3	7,317,691	1.15	81	1.10	258,089	0.04	4	0.05
2004 Q4	14,514,499	2.28	178	2.42	53,996	0.01	5	0.07
2005 Q1	6,150,246	0.97	71	0.97	1,469,068	0.23	12	0.16
2005 Q2	12,770,611	2.01	169	2.30	157,300	0.02	12	0.16
2005 Q3	15,016,953	2.36	181	2.46	486,750	0.08	9	0.12
2005 Q4	18,487,579	2.90	215	2.92	3,175,429	0.50	27	0.37
2006 Q1	22,186,551	3.48	239	3.25	7,904,855	1.24	60	0.82
2006 Q2	20,046,107	3.15	259	3.52	7,168,677	1.13	97	1.32
2006 Q3	49,459,937	7.77	645	8.77	9,838,592	1.55	163	2.22
2006 Q4	54,846,458	8.61	727	9.88	17,815,924	2.80	284	3.86
2007 Q1	119,318,740	18.74	1,273	17.30	76,195,119	11.97	741	10.07
2007 Q2	117,793,405	18.50	1,315	17.87	80,344,613	12.62	846	11.50
2007 Q3	167,627,760	26.33	1,878	25.53	81,570,982	12.81	822	11.17
2007 Q4	17,523,679	2.75	216	2.94	5,985,005	0.94	74	1.01
Guaranteed					349,981,952	54.97	4,268	58.01
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>

TABLE C

**Seasoning of the mortgage loan parts in the Provisional Pool**

Seasoning in months	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loan parts NHG Separately	Proportion of pool (%)
months < 3	125,235,237	19.67	1,400	19.03	57,229,526	8.99	557	7.57
3 ≤ months < 6	126,777,151	19.91	1,456	19.79	82,421,071	12.95	908	12.34
6 ≤ months < 9	100,251,830	15.75	1,089	14.80	63,963,136	10.05	636	8.64
9 ≤ months < 12	99,349,153	15.61	1,137	15.45	51,357,391	8.07	570	7.75
12 ≤ months < 18	71,401,996	11.22	936	12.72	15,939,985	2.50	257	3.49
18 ≤ months	113,632,029	17.85	1,339	18.20	15,754,335	2.47	161	2.19
Guaranteed					349,981,952	54.97	4,268	58.01
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>

TABLE D

## Type of mortgage loan parts in the Provisional Pool

Type of mortgage	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loan parts NHG Separately	Proportion of pool (%)
Interest Only	343,583,734	53.97	4,547	61.81	203,912,254	32.03	2,278	30.96
Universal Life	105,046,295	16.50	989	13.44	38,055,520	5.98	358	4.87
Traditional Life	0	0.00	0	0.00	0	0.00	0	0.00
Life (external policy)	0	0.00	0	0.00	0	0.00	0	0.00
Savings	1,158,531	0.18	14	0.19	149,405	0.02	2	0.03
Linear	0	0.00	0	0.00	0	0.00	0	0.00
Bridge Loan	0	0.00	0	0.00	0	0.00	0	0.00
Investment	0	0.00	0	0.00	0	0.00	0	0.00
Unit Linked	1,892,967	0.30	22	0.30	1,085,858	0.17	11	0.15
Hybride*	184,965,869	29.05	1,785	24.26	43,462,407	6.83	440	5.98
Annuity	0	0.00	0	0.00	0	0.00	0	0.00
Guaranteed					349,981,952	54.97	4,268	58.01
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>

\* Combipius

TABLE E

## Interest rates applicable to the mortgage loan parts in the Provisional Pool

Range of interest rates	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loan parts NHG Separately	Proportion of pool (%)
0% ≤ r < 3%	207,100	0.03	10	0.14	146,067	0.02	5	0.07
3% ≤ r < 3.25%	2,326,281	0.37	37	0.50	71,847	0.01	3	0.04
3.25% ≤ r < 3.5%	5,788,178	0.91	79	1.07	604,708	0.09	7	0.10
3.5% ≤ r < 3.75%	17,999,532	2.83	227	3.09	2,171,165	0.34	25	0.34
3.75% ≤ r < 4%	28,206,159	4.43	339	4.61	4,984,428	0.78	53	0.72
4% ≤ r < 4.25%	110,715,829	17.39	1,259	17.11	9,714,536	1.53	86	1.17
4.25% ≤ r < 4.5%	140,105,245	22.01	1,559	21.19	75,242,990	11.82	769	10.45
4.5% ≤ r < 4.75%	144,486,782	22.69	1,660	22.56	58,772,220	9.23	607	8.25
4.75% ≤ r < 5%	123,387,289	19.38	1,331	18.09	86,559,070	13.60	865	11.76
5% ≤ r < 5.25%	44,352,329	6.97	543	7.38	31,488,364	4.95	383	5.21
5.25% ≤ r	19,072,672	3.00	313	4.25	16,910,048	2.66	286	3.89
Guaranteed					349,981,952	54.97	4,268	58.01
<b>Total</b>	<b>636,647,396</b>	<b>100</b>	<b>7,357</b>	<b>100</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>

TABLE F

## Interest rate reset dates applicable to the mortgage loan parts in the Provisional Pool

Range of years	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loan parts NHG Separately	Proportion of pool (%)
≤ 2008	16,880,941	2.65	308	4.19	11,924,737	1.87	223	3.03
2009	1,964,545	0.31	34	0.46	607,199	0.10	11	0.15
2010	12,334,792	1.94	155	2.11	296,750	0.05	9	0.12
2011	18,930,012	2.97	257	3.49	1,408,142	0.22	39	0.53
2012	36,292,852	5.70	505	6.86	11,844,939	1.86	181	2.46
2013	12,770,531	2.01	195	2.65	4,298,999	0.68	83	1.13
2014	14,489,825	2.28	162	2.20	3,845,021	0.60	48	0.65
2015	13,501,496	2.12	154	2.09	1,581,813	0.25	16	0.22
2015 < interest reset date ≤ 2020	364,968,055	57.33	3,951	53.70	211,365,767	33.20	2,071	28.15
2020 < interest reset date ≤ 2025	18,813,870	2.96	227	3.09	7,429,395	1.17	88	1.20
2025 < interest reset date ≤ 2030	27,685,903	4.35	324	4.40	10,286,146	1.62	98	1.33
2030 < interest reset date ≤ 2037	98,014,573	15.40	1,085	14.75	21,776,536	3.42	222	3.02
Guaranteed					349,981,952	54.97	4,268	58.01
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>

TABLE G

## Interest rate period of mortgage loan parts in the Provisional Pool

Interest rate period	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loan parts NHG Separately	Proportion of pool (%)
1 months	14,204,124	2.23	206	2.80	10,160,776	1.60	154	2.09
3 months	864,118	0.14	32	0.43	640,218	0.10	25	0.34
1 years	1,076,509	0.17	35	0.48	712,359	0.11	24	0.33
2 years	1,001,570	0.16	51	0.69	606,584	0.10	27	0.37
3 years	0	0.00	0	0.00	0	0.00	0	0.00
5 years	9,262,441	1.45	118	1.60	5,838,668	0.92	74	1.01
6 years	56,594,708	8.89	804	10.93	11,454,652	1.80	214	2.91
7 years	15,668,467	2.46	213	2.90	3,890,291	0.61	69	0.94
10 years	388,973,992	61.10	4,208	57.20	213,260,727	33.50	2,089	28.39
12 years	0	0.00	0	0.00	0	0.00	0	0.00
15 years	16,565,612	2.60	202	2.75	6,791,905	1.07	82	1.11
20 years	34,421,283	5.41	403	5.48	11,532,729	1.81	109	1.48
25 years	0	0.00	0	0.00	0	0.00	0	0.00
30 years	98,014,573	15.40	1,085	14.75	21,776,536	3.42	222	3.02
Guaranteed					349,981,952	54.97	4,268	58.01
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>

**TABLE H****Maturity of the mortgage loan parts in the Provisional Pool**

Range of years	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loan parts NHG Separately	Proportion of pool (%)
2004 ≤ maturity < 2010	92,056	0.01	6	0.08	74,456	0.01	4	0.05
2010 ≤ maturity < 2015	160,807	0.03	4	0.05	160,807	0.03	4	0.05
2015 ≤ maturity < 2020	514,963	0.08	9	0.12	425,083	0.07	6	0.08
2020 ≤ maturity < 2025	2,341,913	0.37	40	0.54	907,666	0.14	16	0.22
2025 ≤ maturity < 2030	12,988,130	2.04	152	2.07	6,240,622	0.98	62	0.84
2030 ≤ maturity < 2035	80,888,118	12.71	863	11.73	22,682,167	3.56	224	3.04
2035 ≤ maturity < 2040	539,661,410	84.77	6,283	85.40	256,174,642	40.24	2,773	37.69
Guaranteed					349,981,952	54.97	4,268	58.01
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>

**TABLE I****Original loan term of the mortgage loan parts in the Provisional Pool**

Original loan term	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loan parts NHG Separately	Proportion of pool (%)
Months < 120	512,863	0.08	12	0.16	495,263	0.08	10	0.14
120 ≤ months < 240	3,410,834	0.54	64	0.87	1,573,883	0.25	32	0.43
240 ≤ months < 270	10,079,264	1.58	110	1.50	5,224,904	0.82	45	0.61
270 ≤ months < 300	13,859,619	2.18	144	1.96	7,484,334	1.18	70	0.95
300 ≤ months < 330	32,351,824	5.08	313	4.25	14,714,283	2.31	137	1.86
330 ≤ months < 360	49,645,736	7.80	760	10.33	18,426,536	2.89	360	4.89
360 ≤ months < 366	508,205,133	79.83	5,701	77.49	231,354,895	36.34	2,360	32.08
366 ≤ months	18,582,123	2.92	253	3.44	7,391,347	1.16	75	1.02
Guaranteed					349,981,952	54.97	4,268	58.01
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>

**TABLE J****Size of outstanding mortgage loans in the Provisional Pool (on a borrower basis)**

Range of loans sizes (Euro)	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
Loan Size < 50,000	247,258	0.04	7	0.22	114,764	0.02	4	0.10
50,000 ≤ Loan Size < 100,000	10,395,541	1.63	123	3.87	2,255,316	0.35	36	0.94
100,000 ≤ Loan Size < 150,000	80,040,294	12.57	618	19.46	19,110,588	3.00	234	6.11
150,000 ≤ Loan Size < 200,000	179,594,082	28.21	1,031	32.47	52,489,938	8.24	510	13.31
200,000 ≤ Loan Size < 250,000	187,609,573	29.47	841	26.49	61,983,814	9.74	505	13.18
250,000 ≤ Loan Size < 265,000	38,314,806	6.02	149	4.69	16,932,102	2.66	102	2.66
265,000 ≤ Loan Size < 300,000	44,230,154	6.95	158	4.98	38,735,137	6.08	156	4.07
300,000 ≤ Loan Size < 350,000	41,488,814	6.52	130	4.09	40,544,310	6.37	130	3.39
350,000 ≤ Loan Size < 400,000	16,089,560	2.53	43	1.35	15,862,160	2.49	43	1.12
400,000 ≤ Loan Size < 500,000	22,225,785	3.49	51	1.61	22,225,785	3.49	51	1.33
500,000 ≤ Loan Size ≤ 750,000	11,803,158	1.85	19	0.60	11,803,158	1.85	19	0.50
750,000 ≤ Loan Size ≤ 1,000,000	4,608,373	0.72	5	0.16	4,608,373	0.72	5	0.13
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE K****Geographical distribution of the mortgage loans in the Provisional Pool**

Region	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
Drenthe	20,025,179	3.15	109	3.43	7,762,073	1.22	67	1.75
Flevoland	16,718,316	2.63	79	2.49	8,107,084	1.27	48	1.25
Friesland	31,449,248	4.94	170	5.35	11,796,474	1.85	91	2.37
Gelderland	49,244,664	7.73	240	7.56	23,106,310	3.63	145	3.78
Groningen	29,422,962	4.62	167	5.26	8,995,577	1.41	97	2.53
Limburg	23,535,151	3.70	124	3.91	7,987,326	1.25	75	1.96
Noord-Brabant	85,785,157	13.47	397	12.50	49,314,217	7.75	253	6.60
Noord-Holland	102,575,323	16.11	464	14.61	59,947,387	9.42	317	8.27
Overijssel	47,650,374	7.48	257	8.09	15,271,752	2.40	137	3.58
Utrecht	39,126,812	6.15	178	5.61	22,422,428	3.52	116	3.03
Zuid-Holland	165,569,848	26.01	845	26.61	64,304,456	10.10	357	9.32
Zeeland	25,544,364	4.01	145	4.57	7,650,360	1.20	92	2.40
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE L**

**Income data of borrowers in the Provisional Pool**

Range of income (in EUR)	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
Income < 10,000	0	0.00	0	0.00	0	0.00	0	0.00
10,000 ≤ Income < 20,000	1,730,887	0.27	22	0.69	231,000.00	0.04	4	0.10
20,000 ≤ Income < 30,000	47,235,579	7.42	377	11.87	14,005,188.88	2.20	136	3.55
30,000 ≤ Income < 40,000	118,921,847	18.68	753	23.72	43,193,940.45	6.78	390	10.18
40,000 ≤ Income < 50,000	160,773,973	25.25	829	26.11	56,893,542.04	8.94	462	12.06
50,000 ≤ Income < 60,000	137,762,795	21.64	612	19.28	51,370,921.18	8.07	352	9.19
60,000 ≤ Income < 70,000	77,343,445	12.15	311	9.80	42,858,730.43	6.73	224	5.85
70,000 ≤ Income < 80,000	36,320,413	5.70	126	3.97	26,887,308.44	4.22	97	2.53
80,000 ≤ Income < 100,000	30,323,496	4.76	92	2.90	26,128,641.56	4.10	79	2.06
100,000 ≤ Income < 250,000	26,234,961	4.12	53	1.67	25,096,171.17	3.94	51	1.33
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE M**

**Employment of borrowers of the mortgage loans in the Provisional Pool**

Employment type	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
Flexworker	14,856,353	2.33	78	2.46	6,734,803	1.06	42	1.10
Full-time, temporary employment	76,016,740	11.94	403	12.69	23,556,397	3.70	159	4.15
Full-time, permanent employment	466,487,995	73.27	2,322	73.13	203,899,816	32.03	1,336	34.86
Part-time, temporary employment	5,117,351	0.80	28	0.88	1,427,437	0.22	12	0.31
Part-time, permanent employment	28,456,376	4.47	149	4.69	10,999,678	1.73	78	2.04
Pension	7,928,684	1.25	55	1.73	7,022,484	1.10	47	1.23
Government Work Incapacity Scheme	1,251,200	0.20	10	0.31	938,000	0.15	6	0.16
Self employed	36,532,698	5.74	130	4.09	32,086,829	5.04	115	3.00
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE N**

**Debt-service-to-income (DTI) data of borrowers in the Provisional Pool**

Range of DTI	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
DTI < 10%	2,108,004	0.33	27	0.85	958,877	0.15	14	0.37
10% ≤ DTI < 20%	65,640,857	10.31	401	12.63	20,597,284	3.24	209	5.45
20% ≤ DTI < 30%	399,234,431	62.71	2,020	63.62	128,092,453	20.12	980	25.57
30% ≤ DTI < 40%	169,664,103	26.65	727	22.90	137,016,830	21.52	592	15.45
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE O**

**Seller of the mortgage loans in the Provisional Pool**

Sellers	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)
Amstelhuys	636,647,396	100.00	3,175	100.00
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>

**TABLE P**

**Servicer of the mortgage loans in the Provisional Pool**

Servicer	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)
Stater	636,647,396	100.00	3,175	100.00
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>

**TABLE Q**

**Property types of the mortgage loans in the Provisional Pool**

Property Types	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
Single family house	449,500,426	70.60	2,111	66.49	209,106,541	32.84	1,299	33.90
Single family house with garage	46,211,555	7.26	218	6.87	27,106,232	4.26	152	3.97
Condominium	137,820,884	21.65	829	26.11	48,806,830	7.67	333	8.69
Condominium with garage	3,114,532	0.49	17	0.54	1,645,842	0.26	11	0.29
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE R****Loan-to-Income (LTI) of borrowers in the Provisional Pool**

Loan-to-income	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
LTI < 2	4,226,879	0.66	47	1.48	1,665,868	0.26	22	0.57
2 ≤ LTI < 3	34,353,240	5.40	223	7.02	12,741,788	2.00	121	3.16
3 ≤ LTI < 4	149,574,767	23.49	782	24.63	43,811,502	6.88	371	9.68
4 ≤ LTI < 4.5	146,344,584	22.99	746	23.50	48,038,979	7.55	343	8.95
4.5 ≤ LTI < 5	146,624,752	23.03	707	22.27	61,091,424	9.60	382	9.97
5 ≤ LTI < 6	143,629,061	22.56	640	20.16	107,646,366	16.91	527	13.75
6 ≤ LTI < 7	11,894,113	1.87	30	0.94	11,669,518	1.83	29	0.76
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE S****Weighted average coupon of the mortgage loans in the Provisional Pool**

Range of weighted average coupon	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
r < 3%	0	0.00	0	0.00	0	0.00	0	0.00
3% ≤ r < 3.5%	5,680,791	0.89	30	0.94	589,901	0.09	26	0.68
3.5% ≤ r < 4.5%	313,302,402	49.21	1,593	50.17	95,295,543	14.97	841	21.95
4.5% ≤ r < 5%	267,295,457	41.98	1,307	41.17	154,625,710	24.29	761	19.86
5% ≤ r < 5.6%	50,368,747	7.91	245	7.72	36,154,291	5.68	167	4.36
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE T****Months current of borrowers in the Provisional Pool**

Months current	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
current since origination	591,493,195	92.91	2,953	93.01	267,359,292	41.99	1,637	42.72
currently in arrears	8,651,547	1.36	37	1.17	7,712,747	1.21	37	0.97
months current < 2	4,382,294	0.69	20	0.63	3,093,394	0.49	13	0.34
2 ≤ months current < 4	5,763,577	0.91	30	0.94	2,047,303	0.32	14	0.37
4 ≤ months current < 6	4,713,840	0.74	21	0.66	2,715,097	0.43	14	0.37
6 ≤ months current < 8	3,056,781	0.48	15	0.47	1,550,248	0.24	12	0.31
8 ≤ months current < 10	3,606,487	0.57	20	0.63	461,674	0.07	9	0.23
10 ≤ months current < 13	3,401,151	0.53	20	0.63	133,300	0.02	8	0.21
13 ≤ months current	11,578,525	1.82	59	1.86	1,592,388	0.25	51	1.33
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE U****Risk score of borrowers in the Provisional Pool**

Risk score	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
risk score < 1	340,493,815	53.48	1,645	51.81	149,689,517	23.51	968	25.26
1 ≤ risk score < 2	205,605,922	32.30	1,035	32.60	93,172,712	14.63	580	15.14
2 ≤ risk score < 3	57,318,312	9.00	324	10.20	26,982,682	4.24	154	4.02
3 ≤ risk score < 4	19,937,718	3.13	104	3.28	9,820,616	1.54	57	1.49
4 ≤ risk score < 5	5,037,383	0.79	25	0.79	3,116,549	0.49	16	0.42
5 ≤ risk score < 6	2,125,318	0.33	8	0.25	1,478,396	0.23	5	0.13
6 ≤ risk score < 12	4,613,024	0.72	27	0.85	1,847,052	0.29	10	0.26
12 ≤ risk score < 15	850,227	0.13	4	0.13	499,270	0.08	2	0.05
No Data	665,677	0.10	3	0.09	58,650	0.01	3	0.08
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

**TABLE V****Payment frequency of the mortgage loan parts in the Provisional Pool**

Payment frequency	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)
Monthly	636,647,396	100.00	7,357	100.00
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>7,357</b>	<b>100.00</b>

TABLE W

## Outstanding construction deposits in the Provisional Pool (on a borrower basis)

Range of construction deposit amounts	Aggregate Outstanding Construction Deposit Amount (EUR)	proportion of deposit (%)	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	number of loans	proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
Deposit < 2,500	0	0.00	14,394,147	2.26	78	2.46	2,360,568	0.37	9	0.28
2,500 ≤ deposit < 5,000	303,858	2.21	14,252,104	2.24	83	2.61	1,248,115	0.20	10	0.31
5,000 ≤ deposit < 7,500	460,038	3.34	14,064,724	2.21	78	2.46	1,305,232	0.21	7	0.22
7,500 ≤ deposit < 10,000	628,102	4.56	14,152,125	2.22	73	2.30	5,136,948	0.81	28	0.87
10,000 ≤ deposit < 20,000	1,761,494	12.79	26,947,264	4.23	124	3.91	11,767,853	1.85	60	1.86
20,000 ≤ deposit < 30,000	1,816,947	13.19	16,684,502	2.62	77	2.43	7,463,397	1.17	37	1.15
30,000 ≤ deposit < 50,000	1,747,171	12.68	11,383,363	1.79	47	1.48	8,315,061	1.31	34	1.05
50,000 ≤ deposit < 75,000	2,184,856	15.86	10,464,623	1.64	35	1.10	8,938,826	1.40	29	0.90
75,000 ≤ deposit < 100,000	2,072,414	15.05	6,953,450	1.09	24	0.76	6,028,918	0.95	20	0.62
100,000 ≤ deposit < 150,000	2,296,069	16.67	6,903,097	1.08	20	0.63	6,903,097	1.08	20	0.62
150,000 ≤ deposit < 200,000	502,912	3.65	1,378,150	0.22	3	0.09	1,378,150	0.22	3	0.09
No construction deposit	0	0.00	499,069,847	78.39	2,533	79.78	225,819,179	35.47	2,533	78.49
Guaranteed							349,981,952	54.97	437	13.54
<b>Total</b>	<b>13,773,862</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,227</b>	<b>100.00</b>

TABLE X

## Savings values in the Provisional Pool (on a borrower basis)

Range of saving amounts	Aggregate Savings Amount (EUR)	proportion of deposit (%)	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	number of loans	proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
Savings < 1,000	299,613	11.12	125,804,500	19.76	665	20.94	65,920,586	10.35	307	9.12
1,000 ≤ Savings < 2,500	462,348	17.16	62,613,222	9.83	306	9.64	21,881,465	3.44	120	3.56
2,500 ≤ Savings < 5,000	473,610	17.58	26,173,514	4.11	133	4.19	5,965,420	0.94	106	3.15
5,000 ≤ Savings < 7,500	373,250	13.86	13,844,077	2.17	63	1.98	5,161,991	0.81	49	1.46
7,500 ≤ Savings < 10,000	204,930	7.61	5,007,617	0.79	24	0.76	1,628,636	0.26	12	0.36
10,000 ≤ Savings < 20,000	614,568	22.82	10,280,284	1.61	45	1.42	5,613,372	0.88	27	0.80
20,000 ≤ Savings < 30,000	170,105	6.32	1,848,072	0.29	7	0.22	1,408,152	0.22	4	0.12
30,000 ≤ Savings < 45,000	40,956	1.52	884,868	0.11	1	0.03	884,868	0.11	1	0.03
45,000 ≤ Savings < 55,000	54,192	2.01	476,388	0.07	1	0.03	476,388	0.07	1	0.03
No Savings	0	0.00	389,914,856	61.25	1,930	60.79	177,924,567	27.95	1,930	57.32
Guaranteed							349,981,952	54.97	810	24.06
<b>Total</b>	<b>2,693,572</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,367</b>	<b>100.00</b>

TABLE Y

## Weighted average LTV ratio

	NHG	Non-Guaranteed	All Loans
Current Loan-to-Value (Recorded Foreclosure Value)	113.87%	105.58%	110.14%
Current Loan-to-Value (Indexed1 Recorded Foreclosure Value)	109.47%	101.48%	105.87%
Current Loan-to-Value (Estimated Fair Market2 Value)	101.99%	95.11%	98.89%
Current Loan-to-Value (Indexed1 Estimated Fair Market2 Value)	101.99%	95.11%	95.06%
Original Loan-to-Value (Estimated Fair Market2 Value)	102.56%	95.56%	99.41%
Original Loan-to-Value (Recorded Foreclosure Value)	114.51%	106.08%	110.71%

1: NVM index, 1/1/1985 to Q2/2007 on a province basis

TABLE Z

## Current Loan-to-Value (Recorded Foreclosure Value)

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	proportion of pool (%)	number of loans	proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
LTV < 25%	385,258	0.06	9	0.28	214,764	0.03	6	0.16
25% ≤ LTV < 50%	9,346,033	1.47	88	2.77	3,354,989	0.53	38	0.99
50% ≤ LTV < 60%	8,015,577	1.26	63	1.98	3,231,924	0.51	31	0.81
60% ≤ LTV < 70%	15,173,736	2.38	81	2.55	8,124,228	1.28	49	1.28
70% ≤ LTV < 80%	24,977,057	3.92	125	3.94	18,352,579	2.88	92	2.40
80% ≤ LTV < 90%	50,766,348	7.97	242	7.62	40,153,722	6.31	194	5.06
90% ≤ LTV < 100%	45,281,598	7.11	227	7.15	25,673,136	4.03	131	3.42
100% ≤ LTV < 105%	29,295,321	4.60	139	4.38	13,763,184	2.16	79	2.06
105% ≤ LTV < 110%	36,134,569	5.68	174	5.48	14,521,950	2.28	113	2.95
110% ≤ LTV < 115%	49,344,596	7.75	227	7.15	24,866,399	3.91	159	4.15
115% ≤ LTV < 120%	77,952,702	12.24	352	11.09	37,207,354	5.84	245	6.39
120% ≤ LTV < 125%	210,821,025	33.11	1,012	31.87	89,519,177	14.06	600	15.66
125% ≤ LTV < 130%	60,665,962	9.53	326	10.27	7,637,037	1.20	57	1.49
130% ≤ LTV < 135%	9,771,720	1.53	60	1.89	0	0.00	0	0.00
135% ≤ LTV < 140%	4,416,595	0.69	25	0.79	0	0.00	0	0.00
140% ≤ LTV < 155%	4,299,298	0.68	25	0.79	45,000	0.01	1	0.03
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

TABLE AA

**Current Loan-to-Value (Indexed Recorded Foreclosure Value)**

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	proportion of pool (%)	number of loans	proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
LTV < 25%	864,871	0.14	15	0.47	694,377	0.11	12	0.31
25% ≤ LTV < 50%	10,906,251	1.71	96	3.02	3,924,363	0.62	39	1.02
50% ≤ LTV < 60%	8,589,972	1.35	65	2.05	3,246,537	0.51	37	0.97
60% ≤ LTV < 70%	20,391,002	3.20	108	3.40	12,211,307	1.92	68	1.77
70% ≤ LTV < 80%	30,268,135	4.75	146	4.60	23,566,889	3.70	112	2.92
80% ≤ LTV < 90%	53,700,200	8.43	259	8.16	38,372,271	6.03	190	4.96
90% ≤ LTV < 100%	56,857,946	8.93	275	8.66	29,183,576	4.58	167	4.36
100% ≤ LTV < 105%	33,812,091	5.31	162	5.10	13,759,942	2.16	98	2.56
105% ≤ LTV < 110%	59,046,927	9.27	265	8.35	30,379,081	4.77	194	5.06
110% ≤ LTV < 115%	73,398,164	11.53	338	10.65	32,933,617	5.17	222	5.79
115% ≤ LTV < 120%	165,806,845	26.04	801	25.23	69,486,589	10.91	458	11.95
120% ≤ LTV < 125%	89,302,199	14.03	455	14.33	25,276,490	3.97	170	4.44
125% ≤ LTV < 130%	24,085,768	3.78	134	4.22	3,585,407	0.56	27	0.70
130% ≤ LTV < 135%	5,435,947	0.85	32	1.01	0	0.00	0	0.00
135% ≤ LTV < 140%	2,441,719	0.38	13	0.41	45,000	0.01	1	0.03
140% ≤ LTV < 155%	1,739,360	0.27	11	0.35	0	0.00	0	0.00
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

TABLE AB

**Current Loan-to-Value (Estimated Fair Market Value)**

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	proportion of pool (%)	number of loans	proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
LTV < 25%	1,007,122	0.16	16	0.50	642,377	0.10	11	0.29
25% ≤ LTV < 50%	13,691,696	2.15	119	3.75	5,240,446	0.82	51	1.33
50% ≤ LTV < 60%	11,658,536	1.83	72	2.27	5,080,015	0.80	41	1.07
60% ≤ LTV < 70%	27,623,356	4.34	140	4.41	19,127,940	3.00	98	2.56
70% ≤ LTV < 80%	43,410,704	6.82	217	6.83	33,915,325	5.33	173	4.51
80% ≤ LTV < 90%	58,708,469	9.22	286	9.01	36,290,852	5.70	173	4.51
90% ≤ LTV < 100%	69,380,850	10.90	333	10.49	27,982,660	4.40	206	5.38
100% ≤ LTV < 105%	58,609,692	9.21	265	8.35	27,006,413	4.24	185	4.83
105% ≤ LTV < 110%	155,128,754	24.37	737	23.21	68,573,617	10.77	442	11.53
110% ≤ LTV < 115%	169,963,330	26.70	833	26.24	61,452,288	9.65	403	10.52
115% ≤ LTV < 120%	16,969,403	2.67	99	3.12	862,262	0.14	8	0.21
120% ≤ LTV < 125%	7,252,658	1.14	40	1.26	40,000	0.01	2	0.05
125% ≤ LTV < 130%	1,950,042	0.31	10	0.31	406,250	0.06	1	0.03
130% ≤ LTV < 135%	1,043,782	0.16	7	0.22	45,000	0.01	1	0.03
135% ≤ LTV < 140%	249,000	0.04	1	0.03	0	0.00	0	0.00
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>

TABLE AC

**Current Loan-to-Value (Indexed Estimated Fair Market Value)**

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	proportion of pool (%)	number of loans	proportion of pool (%)	Aggregate Outstanding Principal Amount (EUR) NHG Separately	Proportion of pool (%)	Number of loans NHG Separately	Proportion of pool (%)
LTV < 25%	1,557,339	0.24	23	0.72	1,025,291	0.16	16	0.42
25% ≤ LTV < 50%	15,465,909	2.43	131	4.13	5,721,386	0.90	59	1.54
50% ≤ LTV < 60%	15,593,378	2.45	91	2.87	7,457,381	1.17	52	1.36
60% ≤ LTV < 70%	32,283,556	5.07	153	4.82	24,427,329	3.84	117	3.05
70% ≤ LTV < 80%	52,807,376	8.29	262	8.25	38,470,220	6.04	197	5.14
80% ≤ LTV < 90%	63,285,310	9.94	312	9.83	31,157,560	4.89	180	4.70
90% ≤ LTV < 100%	97,506,926	15.32	447	14.08	44,574,706	7.00	305	7.96
100% ≤ LTV < 105%	131,580,256	20.67	617	19.43	61,118,268	9.60	382	9.97
105% ≤ LTV < 110%	162,307,132	25.49	800	25.20	60,170,995	9.45	391	10.20
110% ≤ LTV < 115%	50,303,619	7.90	259	8.16	11,594,861	1.82	87	2.27
115% ≤ LTV < 120%	8,836,842	1.39	51	1.61	902,447	0.14	8	0.21
120% ≤ LTV < 125%	3,801,474	0.60	20	0.63	45,000	0.01	1	0.03
125% ≤ LTV < 130%	1,069,280	0.17	8	0.25	0	0.00	0	0.00
130% ≤ LTV < 135%	249,000	0.04	1	0.03	0	0.00	0	0.00
135% ≤ LTV < 140%	0	0.00	0	0.00	0	0.00	0	0.00
Guaranteed					349,981,952	54.97	2,037	53.16
<b>Total</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,175</b>	<b>100.00</b>	<b>636,647,396</b>	<b>100.00</b>	<b>3,832</b>	<b>100.00</b>



# NHG GUARANTEE PROGRAMME

## **NHG Guarantee**

In 1960, the Netherlands government introduced the 'municipal government participation scheme', an open ended scheme in which both the Dutch State and the municipalities guaranteed, according to a set of defined criteria, residential mortgage loans made by authorised lenders to eligible borrowers to purchase a primary family residence. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the municipality guarantee, the Dutch State would make an interest free loan to the municipality to cover its obligations. The aim was to promote house ownership among the lower income groups.

Since 1 January 1995 "*Stichting Waarborgfonds Eigen Woningen*" (the '**WEW**'), a central privatised entity, is responsible for the administration and granting of the NHG Guarantee, 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 the mortgage loans, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments (principal and interest) as if the mortgage loan were being repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments and prepayments under such mortgage loan (See *Risk Factors*).

## **Financing of the WEW**

The WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.40 per cent. (2007) of the principal amount of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to the WEW from the Dutch State and the participating municipalities. Should the WEW not be able to meet its obligations under guarantees issued, the Dutch State will provide subordinated interest free loans to the WEW of up to 50 per cent. of the difference between the WEW's own funds and a pre-determined average loss level. Municipalities participating in the NHG scheme will provide subordinated interest free loans to the WEW of the other 50 per cent. of the difference. Both the keep well agreement between the Dutch State and the WEW and the keep well agreements between the municipalities and the WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable the WEW at all times (including in the event of bankruptcy ("*faillissement*"), suspension of payments ("*surseance van betaling*") or liquidation ("*ontbinding*") of the WEW) to meet its obligations under guarantees issued.

## **Terms and conditions of the NHG Guarantee**

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender 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 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 the 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 by WEW ([www.nhg.nl](http://www.nhg.nl)).

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 National Credit Register ("*Bureau Krediet Registratie*") (**BKR**), a central credit agency used by all financial institutions 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, except for normal performing procedures.

To qualify for an 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 second ranking mortgage right in case of a further advance). Furthermore, 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 per cent. 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.

As of 1 January 2007 an NHG Guarantee can be issued up to a maximum amount of EUR 265,000.

### **Claiming under the NHG Guarantees**

When a borrower is in arrears with payments under the mortgage loan for a period of four months, a lender informs the WEW in writing within 30 days of the outstanding payments, including the guarantee number, borrower's name and address, information about the underlying security, the date of start of late payments and the total of outstanding payments. When the borrower is in arrears 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. Permission of the WEW is required in case of a private sale unless sold for an amount higher than the foreclosure value. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven or more monthly instalments, 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 loan and the NHG Guarantee. After receipt of the claim and all the supporting details, WEW must make payment within two months. If the payment is late, provided the request is valid, WEW 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 cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

### **Additional loans**

Furthermore, on 1 July 2005 provisions were added to the NHG Underwriting Criteria pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may have the right to request the WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two years, be used for, *inter alia*, payment of the amounts which are due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions, including, *inter alia*, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner.

### **Main NHG underwriting criteria ('NHG Underwriting Criteria'), ("*voorwaarden en normen*") per 2007**

As from January 2007 an NHG loan must also meet with the criteria of The Code of Conduct ("*Gedragscode Hypothecaire Financieringen*") monitored by the Mortgage Federation ("*Contactorgaan Hypothecaire Financiers*") for example with respect to the maximum loan to income ([www.nvb.nl](http://www.nvb.nl)).

As from April 2007, the interest rate used to calculate the maximum loan to income is also prescribed by the Mortgage Federation ("*Contactorgaan Hypothecaire Financiers*") for fixed interest periods of less than 10 years.

With respect to a borrower, the underwriting criteria include but are not limited to:

- The lender has to perform a BKR check. "A" and "A1" registrations are allowed in certain circumstances.
- As a valid source of income the following applies: indefinite contract of employment, temporarily contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for flexworkers a three year history of income statements, for self employed three year annual statements.
- The maximum loan based on the income will be based on the "woonquote" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The interest rate to be used is prescribed by the Mortgage Federation ("*Contactorgaan Hypothecaire Financiers*") at least 6% for loans with a fixed interest rate period less than or equal to 5 years and the actual interest rate for loans with a fixed interest rate period in excess of 5 years.

With respect to the loan, the underwriting criteria include but are not limited to:

- The absolute maximum loan amount is EUR 265,000. The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
  - For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements, (iii) 12 per cent of the amount under (i) plus (ii). In case an existing property can be bought without paying stampduty ("*vrij op naam*"), the purchase amount under (i) is multiplied by 93 per cent.
  - For the purchase of a properties to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost), (ii) 8 per cent of the amount under (i).
- The maximum loan amount that is interest only is 50% of the market value of the property.
- The Risk Insurance Policy should at a minimum cover the loan amount in excess of 80% of the market value.

# MORTGAGE LOAN UNDERWRITING AND MORTGAGE SERVICES

## Introduction

The Mortgage Loans are originated by the Seller and are distributed through the channel of intermediaries including insurance brokers, banks, real estate agents and specialised mortgage brokers.

Delta Lloyd has entered into an agreement with a leading provider of activities consisting of mortgage payment transactions and ancillary activities, Stater Nederland B.V. ('Stater'), established on 1 January 1997 and devoted to providing origination, mortgage payment transactions and ancillary activities and foreclosure systems and capabilities for owners of residential mortgage loan portfolios. Stater provides the origination systems and it provides activities consisting of mortgage payment transactions and ancillary activities with regard to Delta Lloyd's residential mortgage loan portfolio.

Delta Lloyd's mortgage activities comprise all commercial activities leading to the granting of mortgage loans and the technical administrative control of the portfolio. Payment transactions between the lender and the borrower relating to mortgages are undertaken by Stater.

## Origination

Stater provides an origination system, including automated underwriting, incorporating the specific Delta Lloyd rules for the underwriting process. Stater handles therefore contact with the borrower upon the instruction and on behalf of the Seller and provides high-quality financial and portfolio performance reports and information. The process is paperless and is conducted on a computer system developed by Stater specifically to allow underwriting rules and controls to be encoded in an automated underwriting system and provide high-quality performance information. Direct contact with clients, however, is exclusively maintained by Delta Lloyd.

New mortgage loans are accepted on the basis of a fixed underwriting protocol. The application is sent to Delta Lloyd by HOS ("*Hypotheken Offerte Software*") mail, fax or HDN (the Mortgage Data Network: the "*Hypotheken Data Netwerk*"). The Delta Lloyd underwriter then enters the application data in the iSHS system ("*internationaal Stater Hypotheke Systeem*"), which inputs the conditions and assesses the application automatically, including a credit check with BKR ("*Bureau Krediet Registratie*"), a credit score with iSHS, a check whether the identity card is stolen or missing with VIS ("*Verificatie Informatie Systeem*") and a fraud check with SFH ("*Stichting Fraudebestrijding Hypotheke*") and Sheriff (cooperation on fraud detection between lenders). If the system approves, then a conditional offer is sent out, subject to verification of the application input such as salary, employment and property details.

## Description of the Origination department

The principal items in the underwriting protocol are:

(a) *Maximum amounts*

If the loan is guaranteed by the *Stichting Waarborgfonds Eigen Woningen*, the maximum amount of the mortgage loan which will be granted is euro 265,000 for the year 2007. Higher amounts are only possible without NHG and to be approved by the relevant credit approving authorities within Delta Lloyd. The minimum amount at Delta Lloyd is euro 10,000.

(b) *Creditworthiness and Debt-to-income ratio ("Woonquote")*

The process of verifying the creditworthiness is set up to determine whether the prospective borrower has sufficient monthly income available to meet his payments on the requested mortgage loan as well as to support other financial obligations and monthly living expenses. A check on the income is conducted by requesting a recent employer's declaration. In general, the debt service-to-income ratio increases with the borrower's income with the percentage ranging between 33 per cent. for a salary just above euro 27,001 and 39 per cent. with a salary above euro 65,001. For salaries up to euro 27,000 NHG rules are followed.

(c) *Collateral*

With each application, the potential borrower has to send an original appraisal called valuation report ("*taxatie rapport*"), which is drawn up by a sworn-in appraiser called "*taxateur*" or an assessment by the Netherlands tax

authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"). The latter is only allowed if the LTV is below 60 per cent. on the basis of such assessment. For new builds no valuation is required if the property is built by professional builders, unless the relevant Mortgage Loan to be granted exceeds 107 per cent. of the purchase and construction costs of the property involved.

(d) *Foreclosure Value*

The appraised Foreclosure Value ("*executiewaarde*") is approximately 85 per cent. of the market value ("*vrije verkoopwaarde*") at the time of loan origination. Mortgage loans that do not have the benefit of a Municipality Guarantee or an NHG Guarantee are granted up to a maximum of 125 per cent. of the foreclosure value (only mortgages up to 126 per cent. of the foreclosure value at the time of origination are included in the portfolio of Non NHG Mortgage Receivables).

(e) *Other underwriting condition*

Apart from the principal underwriting factors already mentioned, the following rules apply: (i) mortgage loans are granted only to individuals, (ii) joint and several liability for the mortgage loan (all owners are joint and several debtors) and (iii) mortgage loans are only granted on the basis of owner occupancy (no investment mortgaged assets).

## **Mortgage Processing Procedures**

### *Payment collections ("inningen") Procedures*

At origination, the borrower always agrees with the Seller that monthly payments will be automatically withdrawn from his bank account by direct debit. All borrowers of the Seller pay this way. Direct debit will not be successful if the balance of the borrowers' account is not sufficient to cover the full amount of the scheduled monthly payment. If the balance is insufficient for the full drawing on the payment date, then, depending on the borrower's bank, there will be more than one attempt to withdraw the full amount of the scheduled payment. If the balance is insufficient for the full drawing on the payment date, then, in case the borrower has a Postbank account, there will be more than one attempt to withdraw the full amount of the scheduled payment. Other banks do not provide this service.

Payments are due on the first day of each month ("*vervaldag*"). The direct debit has to take place at the latest one day before the last business day of the previous month but, because the borrower has the contractual obligation to make sure that the lender is receiving his payment on time, Stater will in the name of the lender usually withdraw the due amount a few days before that in order to make sure that the funds are in the lenders possession on the 1st.

Stater, on behalf of the Seller, draws the monthly payments from the borrower's bank account and is obliged to transfer these payments directly onto the Seller's accounts. The Stater computer system automatically collects the payments, and the related information is monitored daily by personnel in the arrears department of Stater.

### *Arrears Procedures*

As of 14 December 2003, all arrears are detected and signalled on a daily basis. For each loan in arrears, an Automatic Arrears Processing procedure ("*Automatische Afhandeling Achterstanden*") is initiated. If the total amount in arrears is more than euro 5, a first reminder letter is automatically generated by the system and sent out to the borrower within fourteen days after the arrear has been signalled. This letter includes a specification of the arrears. Penalty interest is due as of the missing payment date, but the penalties for payments that are late are not incorporated in the letters until the monthly closing has passed.

In case no payment is received within fourteen days after the first reminder letter has been sent, a second, more firm letter is sent. If the borrower does not respond within two weeks the loan of such a borrower is given an active treatment status in the Stater system. A distinction is made between the borrowers, based upon the previous payment-behaviour: (i) normal, (ii) 'sleeper' (technical arrear meaning that due to a misunderstanding the borrower always pay too late) or (iii) "*recidivist*" (a borrower who is or has been more than three months in arrears in the last twelve months period or who has previously been in a recovery phase).

### *Defaults Procedures*

Loans in arrears by more than euro 1,500 or for more than two months are treated by a special servicing team ('*Team Bijzonder Beheer*') at Delta Lloyd Group. The members of this team have an average of 10 years' experience in the mortgage business and it currently employs 9 people. In other words, Delta Lloyd Group performs the servicing with respect to defaulted loans that require direct contact with the relevant Borrowers. Delta Lloyd Group will assess whether a solution to the payment problem can be reached. This can range from rescheduling the arrears to a voluntary sale of the property by the borrower. If no solution can be found, the foreclosure process will start.

From decision to foreclose to actual foreclosure and receipt of the foreclosure proceeds has generally not taken more than 3 to 4 months. In total the process from first arrears to receiving foreclosure proceeds may take up to 10 months. For loans with a high LTV Delta Lloyd Group uses a shorter time frame. Delta Lloyd Group continues to exert pressure on the borrower for any losses that remain after foreclosure, ensuring that all obligations are met to the fullest possible extent.

## **STATER NEDERLAND B.V.**

Stater Nederland B.V. (**Stater**) is the leading service provider for the Dutch mortgage market. In fulfilling this role, Stater focuses on support for mortgage funders in the sale, handling and financing of mortgage portfolios.

After starting life as part of Bouwfonds Hypotheken, Stater started its activities in January 1997 as an independent service provider in the mortgage market. Stater has since grown to become an international force in the market with circa 1,000 employees.

Stater is a 100 per cent subsidiary of Stater N.V., of which the shares are held for 100 per cent by ABN AMRO.

Stater provides activities consisting of mortgage payment transactions and ancillary activities with regard to a total of more than EUR 140 billion and approximately 1 million mortgage loans. In the Netherlands, Stater has a market share of about 30 per cent.

The activities are provided in a completely automated and paperless electronic format. Stater has pioneered the use of technology through its e-transactions concept for owners of residential mortgage loan portfolios and features capabilities to enhance, accelerate and facilitate securitisation transactions.

Stater provides an origination system that includes automated underwriting, allowing loan funders to specify underwriting criteria for each loan pool. A credit-scoring model and a fraud detection system form part of automated underwriting.

In November 2006, Stater was awarded high marks by rating agency Fitch for the quality of its services. On a scale of 1 to 5 (1 the highest), Stater received a 2 for its role as 'primary servicer' and a 3+ for that of 'special servicer'.

Stater expects that a high rating will positively influence credit enhancement for securitisations.

Stater considers the high score on both ratings to boost Stater's image on the international market and provides a stimulus for further quality improvement.

Stater's external chartered auditor has issued a SAS 70 Type II assurance report on 5 February 2007 for Stater with respect to the second half year of 2006.

The head office is located at De Brand 40- 3823 LL Amersfoort, the Netherlands.

# 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 by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables is transferred to the Issuer. It is a condition of the Issuer for the purchase and acceptance of the assignment of the Mortgage Receivables that any Beneficiary Rights which are connected to the Mortgage Receivables and are to be applied towards redemption of the Mortgage Receivables, to the extent legally possible and required, are assigned to the Issuer together with such Mortgage Receivables. The Seller will agree to assign such Beneficiary Rights to the Issuer and the Issuer will agree to accept such assignment. The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except upon the occurrence of any of the 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 from (and including) the Cut-off Date or, in respect of the New Mortgage Receivables, from (and including) the first day of the month in which the relevant Issue Date falls or, in respect of the Further Advance Receivables, from (and including) the first day of the month in which the relevant Purchase Date falls. The Seller (or a third party on its behalf) will pay to the Issuer on each Mortgage Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables.

## Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the '**Initial Purchase Price**'), being the aggregate Outstanding Principal Amount (a) at the Cut-off Date, which shall be payable on the Closing Date or (b), in respect of the New Mortgage Receivables, on the first day of the month in which the relevant Issue Date falls or (c), in respect of the Further Advance Receivables, on the first day of the month in which the relevant Purchase Date falls, which shall be payable on the relevant Issue Date or, as the case may be, the relevant Purchase Date, and a deferred purchase price (the '**Deferred Purchase Price**'). The '**Outstanding Principal Amount**' means, at any moment in time, (a) the principal balance ("*hoofdsom*") of a Mortgage Receivable resulting from a Mortgage Loan at such time and (b) zero, after the occurrence of a Realised Loss in respect of such Mortgage Receivable. A part of the Initial Purchase Price which is equal to the aggregate Construction Amount will be withheld by the Issuer and will be deposited in the Construction Account. The Deferred Purchase Price shall be paid in instalments (each a '**Deferred Purchase Price Instalment**') and 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 (v) or, as the case may be, (B) following delivery of an Enforcement Notice, the sum of (i) the amount remaining after all the payments as set forth in the NHG Priority of Payments upon Enforcement under (a) up to and including (h) and (ii) the amount remaining after all the payments as set forth in the Non NHG Priority of Payments upon Enforcement under (a) up to and including (m) (see *Credit Structure* above) on such date have been made.

## Representations and warranties

The Seller will represent and warrant on the Closing Date with respect to the Mortgage Receivables and the Mortgage Loans and the Beneficiary Rights relating thereto, that, *inter alia*:

- (a) each of the Mortgage Receivables and the Beneficiary Rights relating thereto is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or, in the case of New Mortgage Receivables, the relevant Issue Date or, in the case of Further Advance Receivables, the relevant Purchase Date;
- (b) it has full right and title ("*titel*") to the Mortgage Receivables and the Beneficiary Rights relating thereto and power ("*is beschikkingsbevoegd*") to assign the Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto are in effect and the Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned and pledged;
- (c) the Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments ("*beslagen*") and no option rights to acquire the Mortgage Receivables



and the Beneficiary Rights relating thereto have been granted in favour of any third party with regard to the Mortgage Receivables and the Beneficiary Rights relating thereto;

- (d) each Mortgage Receivable and the Beneficiary Rights relating thereto is secured by a first ranking or first and sequentially lower ranking mortgage right ("*hypothekrecht*") on a Mortgaged Asset located in the Netherlands and is governed by Netherlands law;
- (e) each NHG Mortgage Receivable has the benefit of an NHG Guarantee and (i) which has been granted for the full Outstanding Principal Amount in respect of the Mortgage Loan at origination 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, (iii) the Seller is not aware of any reason why any claim under the NHG Guarantee granted by *Stichting Waarborgfonds Eigen Woningen* in respect of any NHG Mortgage Receivable should not be met in full and in a timely manner;
- (f) the mortgage deeds in respect of the Mortgage Loans originated by the Seller prior to 8 September 2005, contain the provision that the mortgage right will partially follow, *pro rata*, the receivable upon its assignment;
- (g) the mortgage deeds in respect of the Mortgage Loans originated by the Seller after 8 September 2005, contain the provision that the mortgage right and the rights of pledge will partially follow, *pro rata*, the receivable upon its assignment and pledge;
- (h) each Mortgaged Asset concerned was appraised when application for the relevant Mortgage Loan was made (i) by an independent qualified valuer, or (ii) in the case of (x) a Further Advance Receivable or (y) a New Mortgage Receivables of the same Borrower, of which the Outstanding Principal Amount together with the Outstanding Principal Amount of the relevant Mortgage Receivable did not at the time of application by the Borrower exceed 75 per cent. of the Foreclosure Value of the Mortgaged Asset on the basis of an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"); for property to be constructed or in construction at the time of application for a Mortgage Loan no appraisal is required, unless the Mortgage Loan to be granted exceeded 107 per cent. of the purchase and construction costs of the property involved;
- (i) each Mortgage Receivable, the mortgage right and the rights of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;
- (j) all mortgage rights and all rights of pledge securing the Mortgage Loans (i) constitute valid mortgage rights ("*hypothekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of the rights of pledge and, to the extent relating to the mortgage rights to secure the Mortgage Receivables, have been entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), (ii) have first priority ("*eerste in rang*") or first and sequentially lower ranking priority, and (iii) were vested for an outstanding principal amount which is at least equal to the Outstanding Principal Amount when originated, increased with interest, penalties, costs and insurance premium, together up to an amount equal to 140 per cent. of the Outstanding Principal Amount in respect of the Mortgage Receivables upon origination;
- (k) each of the Mortgage Loans has been granted, and each of the mortgage rights and rights of pledge has been vested, subject to the general terms and conditions and materially in the forms of mortgage deeds as attached to the Mortgage Receivables Purchase Agreement;
- (l) each of the Mortgage Loans was originated after 1 October 2002;
- (m) each of the Mortgage Loans and, to the extent offered by the Seller, the relevant Insurance Policy, has been granted in accordance with all applicable legal requirements prevailing at the time of origination in all material respects, other than the requirements under the Decree on Credit Offerings, and the Code of Conduct on Mortgage Loans ("*Gedragscode Hypothecaire Financiering*") and met in all material respects (i) the Seller's standard underwriting criteria and procedures prevailing at that time, which do not materially differ from the criteria and procedures set forth in the Delta Lloyd Mortgages Handbook ("*Handboek Delta Lloyd Hypotheken*") as attached to the Mortgage Receivables Purchase Agreement and (ii) in respect of the NHG Mortgage Receivables, the NHG Underwriting Criteria;

- (n) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same mortgage right is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (o) the Borrowers are not in any material breach of any provision of their Mortgage Loans, except for any arrears referred to under (q) below;
- (p) each Mortgage Loan was granted by the Seller and to a private individual only;
- (q) on the Cut-off Date or, in respect of the purchase of New Mortgage Receivables, the first day of the month in which the relevant Issue Date falls or, in respect of the purchase of Further Advance Receivables, the first day of the month in which the relevant Purchase Date falls, no amounts due and payable under any of the Mortgage Loans, were in arrears for more than one payment;
- (r) each of the Mortgage Loans meets the Mortgage Loan Criteria as set forth below;
- (s) the loan files relating to Mortgage Loans which are in electronic format, contain the same information and details with regard to the Mortgage Loans as the loan files relating to such Mortgage Loans which are kept in paper format;
- (t) with respect to each of the Mortgage Loans secured by a mortgage right on a long lease ("*erfpacht*"), of which the relevant Mortgage Loan has a maturity that is longer than the term of the long lease, it was, upon origination, envisaged that the long lease will be extended upon maturity and pursuant to the mortgage deed the relevant Outstanding Principal Amount, and accrued interest, will become immediately due and payable if the long lease is not extended and/or the leaseholder does not create a new mortgage right;
- (u) with respect to each of the Mortgage Receivables secured by a mortgage right on a long lease provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates as a result of a breach by the leaseholder, the leaseholder materially breaches or ceases to perform his payment obligation under the long lease ("*canon*") or if the leaseholder in any other manner breaches the conditions of the long lease;
- (v) other than the aggregate Construction Amount under construction mortgage loans ("*bouwhypotheken*"), all Mortgage Loans have been fully disbursed, whether or not through the relevant civil law notary and no amounts are held in deposit with respect to the Mortgage Loans as premia and interest payments ("*rente- en premiedepot*") by the Savings Insurance Company in excess of an aggregate amount of EUR 500,000;
- (w) it has not accepted any deposits from the Borrowers and it currently does not have any current account relationship with the Borrowers;
- (x) the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables on the Cut-off Date was equal to euro 352,130,418.45;
- (y) the aggregate Outstanding Principal Amount of the Non NHG Mortgage Receivables on the Cut-off Date was equal to euro 301,080,687.36; and
- (z) in respect of each of the Savings Mortgage Receivables and the Life Mortgage Receivables the Seller has the benefit of a valid right of pledge on the rights under the Savings Insurance Policy and the Life Insurance Policy, respectively, and either (i) the Seller has been validly appointed as beneficiary ("*begunstigde*") under such Insurance Policies, upon the terms of the relevant Mortgage Loans and the relevant Insurance Policies, which have been notified to the Savings Insurance Company or (ii) the Savings Insurance Company has been given a Borrower Insurance Proceeds Instruction.

## Repurchase

If at any time after the Closing Date any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable proves to have been untrue or incorrect in any material respect, the Seller shall within 30 calendar days of receipt of written notice thereof from the Issuer or the Security Trustee remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of 30 calendar days, the Seller shall on the immediately succeeding Mortgage Payment Date repurchase and accept re-assignment of such Mortgage Receivable with Beneficiary Rights relating thereto.

If the Seller agrees with a Borrower to make a Further Advance and the Further Advance Receivables is not purchased by the Issuer on the immediately succeeding Purchase Date, it shall repurchase and accept re-assignment of the Mortgage Receivable on the terms and conditions set forth above on the immediately succeeding Mortgage Payment Date.

The Seller shall also undertake to repurchase and accept re-assignment of a Mortgage Receivable if it agrees with a Borrower to either (a) amend the terms of the Mortgage Loan as a result of which the relevant Mortgage Loan no longer meets the Mortgage Loan Criteria and the representations and warranties of the Mortgage Receivables Purchase Agreement on the Mortgage Payment Date immediately succeeding such event, unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan or (b) grant a Further Construction Loan, on the immediately succeeding Mortgage Payment Date.

If the relevant Mortgage Loan from which an NHG Mortgage Receivable result no longer has the benefit of the NHG Guarantee as a result of action taken or omitted to be taken by the Seller or the MPT Provider or the Defaulted Loan Servicer, the Seller shall also repurchase and accept re-assignment of such NHG Mortgage Receivable on the Mortgage Payment Date immediately following the date on which the Seller or the MPT Provider has become aware or has been notified hereof.

The Seller shall also undertake to repurchase and accept re-assignment of a Life Mortgage Receivable if it agrees with a Borrower to switch a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element into (a part of) a Mortgage Loan in the form as set forth under (a), (c), (d) and (e)(x) and (y) of item (i) of the Mortgage Loans Criteria.

Furthermore, the Seller will be obliged to repurchase a Mortgage Receivable if a Borrower (i) invokes a defence based upon non-compliance by the Seller with the Decree on Credit Offerings and (ii) refuses to pay any amount due under the relevant Mortgage Loan as a consequence thereof.

All Mortgage Receivables to be repurchased by the Seller shall be repurchased for a price equal to the then Outstanding Principal Amount, together with interest accrued up to but excluding such Mortgage Payment Date and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment).

Other than in the events set out above, the Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer.

### **Sale of Mortgage Receivables:**

The Issuer may not dispose of the Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed. If the Issuer decides to offer for sale (part of) the Mortgage Receivables it will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such 15 business day period, the Issuer may offer such Mortgage Receivables for sale to any third party. Except if differently set out below, the Seller will have to pay a purchase price equal to the purchase price a third party is willing to pay for the Mortgage Receivables. See *Credit Structure* above for a description of the calculation of the purchase price of the Mortgage Receivables in the case of a sale of Mortgage Receivables.

### **Mortgage Loan Criteria**

Each of the Mortgage Loans will meet the following criteria (the '**Mortgage Loan Criteria**')

- (i) the Mortgage Loans are in the form of:
  - (a) Interest-only Mortgage Loans ("*aflossingsvrije hypotheek*");
  - (b) Savings Mortgage Loans ("*spaarhypotheek*");
  - (c) Annuity Mortgage Loans ("*annuïteiten hypotheek*");
  - (d) Linear Mortgage Loans ("*lineaire hypotheek*");

- (e) Life Mortgage Loans ("*levenhypotheeken*") to which a Life Insurance Policy is connected with (x) a guaranteed final payment; (y) the Unit-Linked Alternative; or (z) a combination of the Unit-Linked Alternative and the Savings Alternative;
  - (f) mortgage loans which combine any of the above mentioned forms of mortgage loans; and
  - (g) any other type of Mortgage Loans as described in the Supplemental Prospectus.
- (ii) the Borrower is not an employee of the Seller or of any company belonging to the same group of companies as the Seller and is a resident of the Netherlands;
  - (iii) the interest rate of each Mortgage Loan is fixed or floating, subject to a reset from time to time;
  - (iv) the Mortgaged Assets are not the subject of residential letting and are occupied by the relevant Borrower;
  - (v) interest payments and, to the extent applicable, principal payments with respect to each Mortgage Loan are scheduled to be made monthly or quarterly;
  - (vi) the Outstanding Principal Amount of each Mortgage Loan, or of all Mortgage Loans secured on the same Mortgaged Asset together, other than any Mortgage Loan from which an NHG Mortgage Receivable results, does not exceed euro 1,000,000 and in respect of the purchase of New Mortgage Receivables and Further Advance Receivables, the Outstanding Principal Amount of each Mortgage Loan, or of all Mortgage Loans secured on the same Mortgaged Asset together, other than any Mortgage Loan from which an NHG Mortgage Receivable results, is not higher than the amount of euro 1,000,000 as such amount is increased on a yearly basis beginning in 2007 by the annual inflation percentage as published by *Centraal Bureau voor Statistiek* in the first month of each calendar year;
  - (vii) the Outstanding Principal Amount of each NHG Mortgage Receivable results does not exceed the maximum loan amount as stipulated by the relevant NHG Underwriting Criteria;
  - (viii) the legal final maturity of each Mortgage Loan does not extend beyond October 2047;
  - (ix) the Outstanding Principal Amount of each Mortgage Loan did not, upon origination equal to or exceed 140 per cent. of the Foreclosure Value of the Mortgaged Asset upon origination or as per a later valuation report of the Mortgaged Asset (if any);
  - (x) each Mortgage Loan is secured by a first ranking mortgage right or, in case of Mortgage Loans secured on the same Mortgaged Asset, as the case may be, first and sequentially lower ranking mortgage rights;
  - (xi) the Mortgaged Asset is located in the Netherlands for residential use by the Borrower;
  - (xii) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date or, in respect of New Mortgage Receivables, the relevant Issue Date or, in respect of Further Advance Receivables, the relevant Purchase Date; and
  - (xiii) without prejudice to the Seller's discretion to grant a Mortgage Loan to a Borrower if such Borrower has a negative registration with BKR, the Seller has performed a credit check with BKR in respect of each Borrower prior to origination.

The same criteria apply to the selection of New Mortgage Receivables and Further Advance Receivables.

The Seller may sell New Mortgage Receivables, resulting from any other type of Mortgage Loan, provided that (a) the Issuer and the Security Trustee agrees thereto; (b) such other type of mortgage loan is described in the Supplemental Prospectus; (c) the relevant new mortgage loan or, as the case may be, new mortgage receivable meets the Mortgage Loans Criteria set out above and the representations and warranties set out in the Mortgage Receivables Purchase Agreement on the relevant Issue Date or the relevant Purchase Date; (d) such type of mortgage loan does not contain any provision which adversely affects the rights of the parties under the Relevant Documents; (e) such type of mortgage loan does not contain any provision which adversely affects the enforceability of the mortgage loan or, as the case may be, the mortgage receivable and the security rights granted in connection therewith and (f) that the purchase of such New Mortgage Receivables does not adversely affect the then current ratings assigned to the Notes.

## **Notification Events**

If, *inter alia*:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within 10 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
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 10 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 those relating to the Mortgage Loans and the Mortgage Receivables (which the Seller consequently repurchases), or under any of the Relevant Documents to which the Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (d) 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 a substantial part of its assets; or
- (e) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for the Seller becoming subject to suspension of payments or for bankruptcy, as referred to in the Bankruptcy Act ("*Faillissementswet*") or for any analogous insolvency proceedings under applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets or its conversion ("*conversie*") into a foreign entity; or
- (f) Delta Lloyd N.V., at any time, (i) withdraws its statement pursuant to Section 2:403 of the Netherlands Civil Code, filed with the Commercial Register of the Chamber of Commerce in Amsterdam in which it has declared that it is jointly and severally liable for any liabilities arising from legal acts ("*rechtshandelingen*") of the Seller (the '**403-Statement**') or (ii) is requested by a creditor of the Seller to make a payment pursuant to the 403-Statement as a result of non-payment by the Seller; or
- (g) if (i) in the reasonable opinion of the Issuer and the Security Trustee, there is a major change in the activities of Delta Lloyd N.V. or any of its subsidiaries, or (ii) Delta Lloyd N.V. sells and transfers (or intends to sell and transfer) all or part of the shares in any of its major subsidiaries (which will include, for the avoidance of doubt, the Seller) or any of such major subsidiaries sells and transfers (or intends to sell and transfer) all (or a major part) of its assets or ceases all (or a major part) of its activities; or
- (h) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under any of the Relevant Documents; or
- (i) Delta Lloyd Bankengroep N.V. (**Delta Lloyd Bankengroep**) on a consolidated basis, during a period of any two consecutive months fails to have, on a consolidated basis, a solvency ratio at least 0.25 per cent. above the percentage required by Chapter 10 of the Decree prudential rule Wft issued pursuant to the Act of Financial Supervision for tier 1 capital and 0.50 per cent. above the percentage required by Chapter 11 of the Decree prudential rule Wft for tier 1 capital, upper tier 2 capital and lower tier 2 capital together and the actual liquidity is not greater or equal to the required liquidity under the broad liquidity test, as defined in such Chapter 11 of the Decree prudential rule Wft during a period of any two consecutive months; or
- (k) the credit rating, if any, of Delta Lloyd Life's unsecured, unsubordinated and unguaranteed debt obligations falls below F1 by Fitch or any such rating is withdrawn or, as long Delta Lloyd Life's unsecured, unsubordinated and unguaranteed debt obligations are not rated by Fitch, at any time (i) the actual solvency ratio of Delta Lloyd Life as calculated in accordance with the guidelines of and reported to the Dutch Central Bank falls below 150 per cent. or (ii) upon the earlier of (a) 30 days and (b) the expiration of a grace period set by the Rating Agencies after the Stressed Solvency Ratio (being the actual solvency ratio taking into account certain stress factors agreed with Fitch and which may be amended by Fitch from time to time) of Delta Lloyd Life has fallen (y) below 125 per cent. on two

consecutive Quarterly Solvency Reporting Dates (being the 16th day of the month following the end of a calendar quarter) or (z) 110 per cent. on a Quarterly Solvency Reporting Date,

then the Seller, unless the Security Trustee, after having received confirmation from the Rating Agencies that no downgrading of the Notes will occur as a result of not giving notice as described below, instructs it otherwise, shall forthwith notify the relevant Borrowers, the Savings Insurance Company and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself.

In addition, pursuant to the Beneficiary Waiver Agreement the Seller and the Savings Insurance Company will use their best efforts to obtain the co-operation from the Borrower and all other parties to (a) waive its rights as first beneficiary under the Insurance Policies, (b) appoint as first beneficiary (x) the Issuer until the occurrence of a Trustee Notification Event and (y) the Security Trustee upon the occurrence of a Trustee Notification Event, and (c) with respect to Insurance Policies whereby the initial appointment of the first beneficiary has remained in force as a result of a Borrower Insurance Proceeds Instruction in favour of the Seller to the Savings Insurance Company, withdraw such Borrower Insurance Proceeds Instruction and to issue a Borrower Insurance Proceeds Instruction in favour of (x) the Issuer until the occurrence of a Trustee Notification Event and (y) the Security Trustee upon the occurrence of a Trustee Notification Event.

### **Purchase of Further Advance Receivables**

The Mortgage Receivables Purchase Agreement provides that the Issuer will, provided that no Enforcement Notice has been served in accordance with Condition 10, use the Non NHG Principal Available Amount on any Purchase Date to purchase any 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 will be equal to the aggregate Outstanding Principal Amount in respect of the relevant Further Advance Receivables on the first day of the month in which the relevant Purchase Date falls plus a portion of the Deferred Purchase Price attributable to such Further Advance Receivables. The Issuer will be entitled to all proceeds in respect of the Further Advance Receivables following such assignment from (and including) the first day of the month on the relevant Purchase Date.

The purchase by the Issuer of Further Advance Receivables will be subject to the satisfaction of all of the following conditions on the relevant Purchase Date:

- 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 (i) the Further Advance Receivables sold and assigned and (ii) the Further Advance from which they result and (iii) the Beneficiary Rights relating thereto and (iv) the Seller (with certain amendments to reflect that the Further Advance Receivables are sold and may have been originated after the Closing Date);
- b) no Notification Event has occurred and is continuing on the date of such completion;
- c) not more than 2 per cent. of the aggregate Outstanding Principal Amount relates to Mortgage Receivables which are in arrears for a period exceeding 60 days;
- d) 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;
- e) the Non NHG Principal Available Amount is sufficient to pay the Initial Purchase Price for the relevant Further Advance Receivables;
- f) the weighted average of the loan to foreclosure value ratio ('**LTfV-ratio**') of all Mortgage Loans upon origination, including Mortgage Loans in respect of the Further Advance Receivables purchased on such date, does not exceed the weighted average of the aggregate LTfV-ratio at the Closing Date plus 3 per cent. The Issuer and the Seller may agree to a higher LTfV-ratio, provided the Security Trustee has received the confirmation from the Rating Agencies that the ratings assigned to the Notes by the Rating Agencies will not be adversely affected as a result thereof;
- g) no drawing made by the Issuer under the Liquidity Facility Agreement remains outstanding;

- h) the aggregate Outstanding Principal Amount of all Mortgage Receivables with a Construction Amount does not exceed 30 per cent. of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables up to (and including) the Purchase Date falling in October 2008 and (b) 15 per cent. of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables thereafter;
- i) the percentage of the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables does not exceed the percentage of the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans on the Closing Date divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Closing Date plus 5 per cent.;
- j) the percentage of the aggregate Outstanding Principal Amount of all Life Mortgage Receivables (other than the Life Mortgage Loans with the Savings Alternative) divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables does not exceed the percentage of the aggregate Outstanding Principal Amount of all Life Mortgage Loans (other than the Life Mortgage Loans with the Savings Alternative) on the Closing Date divided by the aggregate Outstanding Principal Amount on the Closing Date plus 5 per cent.;
- k) the Mortgage Loan from which the Further Advance results does not have the benefit of an NHG Guarantee;
- l) the balance standing to the credit of the Reserve Account is equal to the Reserve Account Required Amount;
- m) no balance is standing to the Principal Deficiency Ledger; and
- n) none of the representations and warranties relating to the Seller as provided in the Mortgage Receivables Purchase Agreement is or proves to have been untrue and incorrect.

#### **Purchase of New Mortgage Receivables**

The Mortgage Receivables Purchase Agreement provides that the Issuer will, provided that no Enforcement Notice has been served in accordance with Condition 10, use on any Issue Date the Purchase Available Amount to purchase any New Mortgage Receivables from the Seller if and to the extent offered by the Seller. The purchase price payable by the Issuer as consideration for any New Mortgage Receivables will be equal to the aggregate Outstanding Principal Amount in respect of the relevant New Mortgage Receivables on the first day of the month in which the relevant Issue Date falls plus a portion of the Deferred Purchase Price attributable to such New Mortgage Receivables. The Issuer will be entitled to all proceeds in respect of the New Mortgage Receivables following such assignment from (and including) the first day of the month on the relevant Issue Date.

The purchase by the Issuer of New Mortgage Receivables will be subject to the satisfaction of all of the following conditions on the relevant Issue Date:

- 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 New Mortgage Receivables sold and assigned and the Mortgage Loan from which they result and the Beneficiary Rights relating thereto (with certain amendments to reflect that the New Mortgage Receivables are sold and may have been originated after the Closing Date);
- b) no Notification Event has occurred and is continuing on the date of such completion;
- 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 Rating Agencies have not notified, on the relevant Issue Date, the Issuer, upon its request, that the purchase of the relevant New Mortgage Receivables on such Issue Date will adversely affect the then current ratings assigned to the Notes;

- e) the Purchase Available Amount is sufficient to pay the Initial Purchase Price for the relevant New Mortgage Receivables;
- f) not more than 2 per cent. of the aggregate Outstanding Principal Amount relates to Mortgage Receivables which are in arrears for a period exceeding 60 days;
- g) the weighted average of the LTfV-ratio of all Mortgage Loans upon origination, including Mortgage Loans in respect of the New Mortgage Receivables purchased on such date, does not exceed the weighted average of the aggregate LTfV-ratio at the Closing Date plus 3 per cent.. The Issuer and the Seller may agree to a higher LTfV-ratio, provided that the Security Trustee has received the confirmation from the Rating Agencies that the ratings assigned to the Notes by the Rating Agencies will not be adversely affected as a result thereof;
- h) no drawing made by the Issuer under the Liquidity Facility Agreement remains outstanding;
- i) the aggregate Outstanding Principal Amount of all Mortgage Loans with a Construction Amount does not exceed 30 per cent. of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables up to (and including) the Issue Date falling in October 2008;
- j) the percentage of the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables does not exceed the percentage of the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans on the Closing Date divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Closing Date plus 5 per cent.;
- k) the percentage of the aggregate Outstanding Principal Amount of all Life Mortgage Loans (other than the Life Mortgage Loans with the Savings Alternative) divided by the aggregate Outstanding Principal Amount of the Mortgage Receivables does not exceed the percentage of the aggregate Outstanding Principal Amount of all Life Mortgage Loans (other than the Life Mortgage Loans with the Savings Alternative) on the Closing Date divided by the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date plus 5 per cent.;
- l) the New Mortgage Receivable does not have the benefit of an NHG Guarantee;
- m) the balance standing to the credit of the Reserve Account is at least equal to the Reserve Account Required Amount;
- n) no balance is standing to the Principal Deficiency Ledger; and
- o) none of the representations and warranties relating to the Seller as provided in the Mortgage Receivables Purchase Agreement is or proves to have been untrue and incorrect.

### **Jointly-held Security Interests**

In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held security interests. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure the share ("*aandeel*") in each jointly-held security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivables, 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 in respect of the Mortgage Receivables, increased with interest and costs, if any. Moreover, it will be agreed in the Mortgage Receivables Purchase Agreement 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) 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 during any Mortgage Calculation Period. Such compensation will be paid by the Seller as soon as possible, but in any event ultimately on the Mortgage Payment Date immediately succeeding such Mortgage Calculation Period. To further secure the obligations of the Seller under this arrangement, the Seller shall have an obligation to pledge, upon the occurrence of a Notification Event, the 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. In addition hereto, the form of mortgage deed used in respect of Mortgage Receivables originated after 8 September 2005 provides that any foreclosure proceeds should be applied in the following order: cost, (accrued) interest, the Mortgage Receivable and, finally, the Other Claims. However, it is not certain whether this arrangement will be enforceable in all circumstances.

**Set-off by Borrowers**

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.

# ISSUER SERVICES AGREEMENT

## Services

In the Issuer Services Agreement (i) the MPT Provider will agree to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Loans and the direction of amounts received by the Seller to the Issuer Collection Account and the production of monthly reports in relation thereto and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including the enforcement of mortgage rights (see further *Mortgage Loan Underwriting and Mortgage Services* above) and to provide information on the Participation in the Savings Mortgage Loans and Life Mortgage Loans with a Savings Element and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) drawings (if any) to be made by the Issuer under the Liquidity Facility and from the Reserve Account, (b) all payments to be made by the Issuer under the Swap Agreement and under the other Relevant Documents, (c) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (d) all payments to be made by the Issuer under the Sub-Participation Agreement, (e) the maintaining of all required ledgers in connection with the above and (f) all calculations to be made pursuant to the Conditions under the Notes. The Issuer Administrator will also provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

The MPT Provider and the Defaulted Loan Servicer, being Delta Lloyd Bank, which as a licensed bank holds a licence under the Act on Financial Supervision ("*Wet op het financieel toezicht*") by operation of law, will be obliged to administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as it administers mortgage loans in its own portfolio.

The MPT Provider will, in accordance with the Issuer Services Agreement, appoint Stater as its subagent to carry out certain activities of the MPT Provider as provided for in the Issuer Services Agreement subject to and on the terms and conditions agreed with Stater. Stater will accept this appointment and will commit itself, in favour of the Issuer, to carry out certain activities of the MPT Provider as provided for in the Issuer Services Agreement subject to and on the terms and conditions agreed with Stater. The Issuer and the Security Trustee have consented to the appointment of Stater as subagent.

## 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 without being remedied within the agreed period, (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 without being remedied within the agreed period or (c) the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator respectively 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 suspension of payments or emergency regulations ("*noodregeling*") as referred to in Article 3:160 of the Act of Financial Supervision (only in respect of the MPT Provider and/or the Defaulted Loan Servicer) 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 or (d) (only in respect of the MPT Provider and/or the Defaulted Loan Servicer) the MPT Provider and/or Defaulted Loan Servicer no longer holds a licence as intermediary ("*bemiddelaar*") or offeror ("*aanbieder*") under the Act on Financial Supervision.

The Security Trustee and the Issuer shall use their best efforts to appoint a substitute mpt provider and/or defaulted loan servicer and/or issuer administrator, to the extent possible prior to the termination of the appointment of the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Issuer Services Agreement, 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 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 on the Financial

Supervision as amended from time to time. 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 appointment of the MPT Provider and/or the Issuer Administrator and/or the Defaulted Loan Servicer under Issuer Services Agreement may be terminated by the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator and/or the Issuer and/or the Security Trustee 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 mpt provider and/or defaulted loan servicer and/or issuer 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.

## SUB-PARTICIPATION AGREEMENT

Under the Sub-Participation Agreement the Issuer will grant to the Savings Insurance Company and the Savings Insurance Company will acquire a sub-participation in each of the Savings Mortgage Receivables and, as the case may be, the Life Mortgage Receivables with a Savings Element.

### Participation

In the Sub-Participation Agreement the Savings Insurance Company will undertake to pay to the Issuer in respect of each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element:

- (i) (a) at the Closing Date or (b) on the relevant Issue Date in case of a purchase and assignment of New Mortgage Receivables or (c) on the relevant Purchase Date in case of a purchase and assignment of Further Advance Receivables that qualify as Savings Receivables or as Life Mortgage Receivables with a Savings Element or (d) on the relevant Mortgage Payment Date in the case of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element, an amount equal to the sum of the savings premia received by the Savings Insurance Company with accrued interest up to the first day of the month of the Closing Date or the relevant Issue Date or the relevant Purchase Date or the relevant Mortgage Payment Date (the **Initial Participation**) in relation to each of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element;
- (ii) on each Mortgage Payment Date an amount equal to the amount received by the Savings Insurance Company as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies and Life Insurance Policies with the Savings Alternative,

provided that in respect of each relevant Savings Mortgage Receivable and relevant Life Mortgage Receivable with a Savings Element no amounts will be paid to the extent that, as a result thereof, the Participation in such relevant Savings Mortgage Receivable and relevant Life Mortgage Receivable with a Savings Element would exceed the relevant Outstanding Principal Amount.

In consideration of such payments, the Savings Insurance Company will acquire a participation (the **Participation**) in each of the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, which is equal to the Initial Participation in respect of the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element increased during each Mortgage Calculation Period on the basis of the following formula (the **Monthly Participation Increase**):

Participation Fraction  $\times i + S$ , whereby

- S = the amount received by the Issuer from the Savings Insurance Company in such Mortgage Calculation Period in respect of the relevant Savings Mortgage Receivable or the relevant Life Mortgage Receivable with a Savings Element pursuant to the Sub-Participation Agreement;
- i = the amount of interest, due by the Borrower on the Savings Mortgage Receivable or the Life Mortgage Receivable with a Savings Element and actually received by the Issuer in such Mortgage Calculation Period;

In consideration for the undertaking of the Savings Insurance Company described above, the Issuer will undertake to pay to the Savings Insurance Company on each Mortgage Payment Date an amount equal to the Participation in each of the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element in respect of which amounts have been received during the relevant Mortgage Calculation Period (i) by means of repayment and prepayment under the relevant Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element, (ii) in connection with a repurchase of Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element pursuant to the Trust Deed to the extent such amounts relate to principal and all amounts received as Net Proceeds on any Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element to the extent such amounts relate to principal (the **Participation Redemption Available Amount**), which amount will never exceed the amount of the Participation.

## **Reduction of Participation**

If (i) a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of the relevant Savings Mortgage Receivables or the Life Mortgage Receivables with a Savings Element or if, for whatever reason, the Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy or Life Insurance Policy with the Savings Alternative or (ii) the Seller fails to pay any amount due by it to the Issuer pursuant to the Mortgage Receivables Purchase Agreement in respect of a Savings Mortgage Receivable or a Life Mortgage Receivable with a Savings Element and, as a consequence thereof, the Issuer will not have received any amount which was outstanding prior to such event in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, the Participation of the Savings Insurance Company in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, will be reduced by an amount equal to the amount which the Issuer has failed to receive as a result of such defence or default to pay.

## **Enforcement Notice**

If an Enforcement Notice is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of the Savings Insurance Company may, and if so directed by the Savings Insurance Company will, by notice to the Issuer:

- (i) declare that the obligations of the Savings Insurance Company under the Sub-Participation Agreement are terminated; and
- (ii) declare the Participation in respect of each and all Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Participation Redemption Available Amount received or collected by the Issuer or, in case of enforcement, the Security Trustee under the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element.

## **Termination**

If one or more of the Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Trust Deed, the Participation in such Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element will terminate and the Participation Redemption Available Amount in respect of the Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element will be paid by the Issuer to the Savings Insurance Company. If so requested by the Savings Insurance Company, the Issuer will use its best efforts to ensure that the acquirer of the Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element will enter into a Sub-Participation Agreement with the Savings Insurance Company in a form similar to the Sub-Participation Agreement. Furthermore, the Participation shall terminate if at the close of business of any Mortgage Payment Date the Savings Insurance Company has received the Participation in respect of the relevant Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element.

## THE ISSUER

Arena 2007-I B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") was incorporated under the laws of the Netherlands on 25 October 2007 under number B.V. 1450419. The corporate seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands and its registered office 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 34285727.

The Issuer is a special purpose vehicle, which objectives are (a) to acquire, purchase, conduct the management of, dispose of and encumber assets and to exercise any rights connected to such assets, (b) to take up loans by way of issue of securities or by entering into loan agreements to acquire the assets, (c) to invest and on-lend any funds held by the Issuer, (d) to mitigate interest rate and other financial risks amongst others by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, to take up loans by issuing securities or by entering into loan agreements amongst others 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 Arena Holding 2007-I.

Stichting Arena Holding 2007-I is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 15 August 2007. The objects of Stichting Arena Holding 2007-I are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Arena Holding 2007-I is ATC Management B.V.

Since its incorporation the Issuer operates under the laws of the Netherlands and there has been no material adverse change in its financial or trading position and it 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, (ii) been involved in any governmental, legal, arbitration or administrative proceedings which may have a significant effect on the Issuer's financial position nor are any such proceedings pending or, so far as the Issuer is aware, threatened against the Issuer and (iii) prepared any financial statements.

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.

The sole managing director of the Issuer is ATC Management B.V. The managing directors of ATC Management B.V. are J.H. Scholts, A.G.M. Nagelmaker and R. Posthumus. 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.

ATC Management B.V. belongs to the same group of companies as ATC Financial Services B.V., being the Issuer Administrator. The sole shareholder of ATC Management B.V. and ATC Financial Services 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) act as a finance company, and (c) management of legal entities.

Each of the managing directors of Stichting Arena Holding 2007-I and the Issuer has entered into a management agreement with the entity of which it acts as managing director. In these management agreements each of the managing directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do or should refrain from what an adequate managing director should not be doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Relevant Documents or the then current ratings assigned to the Notes. In addition each of the managing 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 Security Trustee and after having received written confirmation by the Rating Agencies that there will be no adverse effect on the ratings assigned to the Notes.

There are no potential conflicts of interest between any duties to the Issuer of its managing director and private interests or other duties of the managing director. The Seller does not hold an interest in any group company of the managing director.

The financial year of the Issuer coincides with the calendar year, except for the first financial year will end on 31 December 2008.

### **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 and the Initial Participation:

#### **Share Capital**

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

#### **Borrowings**

Senior Class A-NHG Notes	euro 350,000,000
First Issue Senior Class A Notes	euro 210,000,000
Mezzanine Class B Notes	euro 31,200,000
Mezzanine Class C Notes	euro 27,600,000
Mezzanine Class D Notes	euro 24,000,000
Junior Class E Notes	euro 7,200,000
Subordinated Class F Notes	euro 6,000,000
Initial Participation	euro 3,211,105.81
Subordinated Loan	euro 1,400,000

## **USE OF PROCEEDS**

The net proceeds of the issue of the Senior Class A-NHG Notes will be applied on the Closing Date to pay (part of) the Initial Purchase Price for the NHG Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement.

The net proceeds of the issue of the Non NHG Notes (excluding any Further Issue Senior Class A Notes and the Subordinated Class F Notes) will be applied on the Closing Date to pay (part of) the Initial Purchase Price for the Non NHG Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement.

The net proceeds of any series of Further Issue Senior Class A Notes will upon issue be applied to pay (part of) the Initial Purchase Price for the New Mortgage Receivables purchased on the relevant Issue Date pursuant to the Mortgage Receivables Purchase Agreement.

The net proceeds of the Subordinated Class F Notes will be credited to the Reserve Account.

An amount of euro 22,914,803.36 of the Initial Purchase Price payable on the Closing Date will be withheld by the Issuer and deposited in the Construction Account. Furthermore, an amount of euro 3,211,105.81 will be received by the Issuer as consideration for the Participation granted to the Savings Insurance Company in the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element. The Issuer will apply this amount towards payment of part of the Initial Purchase Price. The same will apply in respect of any New Mortgage Receivables purchased by the Issuer on any Issue Date.

The proceeds of the Subordinated Loan in the amount of euro 1,400,000, will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes.



## DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due ("*verschuldigd*") by the Issuer (a) to the Noteholders under the Notes, (b) as fees or other remuneration to the Directors under the Management Agreements, (c) as fees and expenses to the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under the Issuer Services Agreement, (d) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (e) to the Liquidity Facility Provider under the Liquidity Facility Agreement, (f) to the Swap Counterparty under the Swap Agreement, (g) to the Seller under the Mortgage Receivables Purchase Agreement, (h) to the Subordinated Loan Provider under the Subordinated Loan Agreement and (i) to the Savings Insurance Company under the Sub-Participation Agreement (together the '**Secured Parties**') (the '**Parallel Debt**').

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim ("*eigen en zelfstandige vordering*") 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 Non NHG Priority of Payments upon Enforcement and the NHG Priority of Payments upon Enforcement, as applicable, save for amounts due to the Savings Insurance Company in connection with the Participations. The amounts due to the Secured Parties, other than the Savings Insurance Company, will be the sum of (a) the amounts recovered ("*verhaald*") by it (i) on the Mortgage Receivables, other than the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element and the Beneficiary Rights relating thereto and (ii) each of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and the Beneficiary Rights relating thereto to the extent the amount exceeds the relevant Participation in the relevant Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element and (iii) other assets pledged pursuant to the Pledge Agreements and (b) the *pro rata* part of amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid by the Security Trustee to the Secured Parties (other than the Savings Insurance Company) pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion the sum of the Participations bear to the aggregate Mortgage Receivables). To the extent any of the amounts so received relates to the NHG Mortgage Receivables, such amount will be solely distributed in accordance with the NHG Priority of Payments upon Enforcement towards any amounts due in respect of the Senior Class A-NHG Notes and such amounts will not be available for distribution towards the Non NHG Noteholders. To the extent any of the amounts so received relates to the Non NHG Mortgage Receivables, such amount will be solely distributed in accordance with the Non NHG Priority of Payments upon Enforcement towards any amounts due in respect of the Non NHG Notes and such amounts will not be available for distribution towards the Senior Class A-NHG Noteholders. To the extent any amounts do not relate to the NHG Notes or the Non NHG Notes, the amounts will be distributed by applying the NHG Fraction and the Non NHG Fraction respectively.

The amounts due to the Savings Insurance Company consist of, *inter alia*, (i) amounts recovered by it on the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element and the Beneficiary Rights provided that such amounts relate to the relevant Participation in the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and (ii) the *pro rata* part of the amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid to the Savings Insurance Company by the Security Trustee pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion of the sum of the Participations bear to the Mortgage Receivables).

On the Closing Date the Issuer will vest a right of pledge (the '**Trustee Receivables Pledge Agreement**') in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights relating thereto and in respect of any New Mortgage Receivables and Further Advance Receivables undertakes to grant a first ranking right of pledge on such New Mortgage Receivables and Further Advance Receivables and, if applicable, the

Beneficiary Rights relating thereto on the Issue Date or the Purchase Date on which they are acquired. The right of pledge on the Mortgage Receivables will not be notified to the Borrowers, except in case certain notification events occur, which include similar events as the Notification Events, but relating to the Issuer and including the delivery of an Enforcement Notice (the **'Trustee Notification Events'**). Prior to notification of the right of pledge to the Borrowers, the right of pledge will be a 'silent' right of pledge ("*stil pandrecht*") within the meaning of section 3:239 of the Netherlands Civil Code. The right of pledge on the Beneficiary Rights will also be a silent right of pledge ("*stil pandrecht*").

In addition, on the Closing Date a right of pledge (the **'Trustee Assets Pledge Agreement'** and together with the Trustee Receivables Pledge Agreement, the **'Pledge Agreements'**) will be vested by the Issuer (a) in favour of the Security Trustee over 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 Liquidity Facility Agreement, (v) the Swap Agreement, (vi) the Sub-Participation Agreement and (b) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge ("*openbaar pandrecht*"), but the Security Trustee will grant a power to collect to the Issuer which will be withdrawn upon the occurrence of any of the Trustee Notification Events.

Upon the occurrence of a Trustee Notification Event and, consequently, notification to the Borrowers and the Savings Insurance Company and withdrawal of the power to collect, the Security Trustee will collect ("*innen*") all amounts due to the Issuer whether by Borrowers, the Savings Insurance Company or parties to the Relevant Documents. Pursuant to the Trust Deed the Security Trustee will, until the delivery of an Enforcement Notice, for the sole purpose of enabling the Issuer to make payments in accordance with the relevant Priority of Payments prior to Enforcement, pay or procure the payment to the Issuer, whilst for that sole purpose terminating ("*opzeggen*") its right of pledge.

The rights of pledge created in the Pledge Agreements secure 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.

The security rights described above shall serve as security for the benefit of the Secured Parties, including each of the Senior Class A-NHG Noteholders, the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Mezzanine Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders, but, *inter alia*, (i) amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to the Senior Class A-NHG Noteholders and the Senior Class A Noteholders, (ii) amounts owing to the Mezzanine Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A-NHG Noteholders, the Senior Class A Noteholders and the Mezzanine Class B Noteholders, (iii) amounts owing to the Mezzanine Class D Noteholders will rank in priority of payment after amounts owing to the Senior Class A-NHG Noteholders, the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders, (iv) amounts owing to the Junior Class E Noteholders will rank in priority of payment after amounts owing to the Senior Class A-NHG Noteholders, the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and the Mezzanine Class D Noteholders and (v) amounts owing to the Subordinated Class F Noteholders will rank in priority of payment after amounts owing to the Senior Class A-NHG Noteholders, the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Mezzanine Class D Noteholders and the Junior Class E Noteholders in respect of interest (see *Credit Structure* above).

Each of the Senior Class A-NHG Noteholders shall only have recourse in accordance with and subject to the Trust Deed and consequently on (i) the NHG Mortgage Receivables and any Further NHG Redemption Amount, (ii) the balances standing to the credit of (a) the Issuer Collection Account and, depending on the circumstances as further described in *Credit Structure*, the Construction Account, other than resulting from the Non NHG Mortgage Receivables, and (b) the Reserve Account and (iii) the amounts received under the Relevant Documents to the extent relating to the NHG Mortgage Receivables and in respect of claims of the Issuer which cannot be attributed to the NHG Mortgage Receivables or the Non NHG Mortgage Receivables, such claims multiplied by the NHG Fraction. In the event that the NHG Security has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the Senior Class A-NHG Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Senior Class A-NHG Notes, the Senior Class A-NHG Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of such unpaid amounts.

Each of the Non NHG Noteholders shall only have recourse in accordance with and subject to the Trust Deed and consequently on (i) the Non NHG Mortgage Receivables less any Further NHG Redemption Amount, (ii) the balances standing to the credit of (a) the Issuer Collection Account and, depending on the circumstances as further described in *Credit Structure*, the Construction Account, other than resulting from the NHG Mortgage

Receivables, and (b) the Reserve Account and (iii) the amounts received under the Relevant Documents to the extent relating to the Non NHG Mortgage Receivables and in respect of claims of the Issuer which cannot be attributed to the Non NHG Mortgage Receivables or the NHG Mortgage Receivables, such claims multiplied by the Non NHG Fraction. In the event that the Non NHG Security has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the relevant Class of Non NHG Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Non NHG Notes, the holders of the relevant Class of Non NHG Notes shall have no further claim against the Issuer or the Security Trustee in respect of such unpaid amounts.

After the delivery of an Enforcement Notice, the amounts to be received by each of the Senior Class A-NHG Noteholders are subject to the NHG Priority of Payments upon Enforcement and the amounts to be received by each of the Non NHG Noteholders are subject to the Non NHG Priority of Payment upon Enforcement.

## THE SECURITY TRUSTEE

Stichting Security Trustee Arena 2007-I (the 'Security Trustee') is a foundation ("*stichting*") established under the laws of the Netherlands on 5 September 2007. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

The objectives of the Security Trustee are (a) to act as agent and/or trustee for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer; (b) to acquire, hold and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the Issuer, including the holders of the Notes issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the Issuer, which is conducive to the holding of the above mentioned 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 Security Trustee will only act as trustee in connection with the Mortgage Receivables.

The sole director of the Security Trustee is N.V. Algemeen Nederlands Trustkantoor ANT, having its registered office at Claude Debussy 24, 1082 MD Amsterdam, the Netherlands. The managing directors of N.V. Algemeen Nederlands Trustkantoor ANT are L.J.J.M. Lutz and A.C.M. Beerepoot.

The Security Trustee has agreed to act as security trustee for the holders of the Notes and to pay any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements to the Noteholders subject to and pursuant to the Parallel Debt Agreement and the Trust Deed and in respect to the Senior Class A-NHG Noteholders, subject to and in accordance with the NHG Priority of Payments upon Enforcement and in respect to the Non NHG Noteholders, subject to and in accordance with the Non NHG Priority of Payments upon Enforcement.

In addition, the Security Trustee has agreed to act as security trustee vis-à-vis the other Secured Parties and to pay to such Secured Parties any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements to which the relevant Secured Party is a party subject to and pursuant to the Parallel Debt Agreement and the Trust Deed and, except in respect to the Savings Insurance Company, subject to and in accordance with the relevant Priority of Payments upon Enforcement.

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Relevant Document to which it is a party, except in the event of its wilful misconduct ("*opzet*") or negligence ("*nalatigheid*"), and it shall not be responsible for any act or negligence of persons or institutions selected by it in good faith and with due care.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, manager, agent, delegate or other person appointed by it under the Trust Deed shall be indemnified by the Issuer against and shall on first demand be reimbursed in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of the powers of the Trust Deed or of any powers, authorities or discretions vested in it or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Trust Deed or otherwise.

As set out in the Trust Deed, the Management Agreement and the Security Trustee's articles of incorporation, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer to the Secured Parties have been paid in full.

However, the Noteholders can resolve to dismiss the Director of the Security Trustee as the director of the Security Trustee by an Extraordinary Resolution, on the basis of the Trust Deed and the articles of incorporation of the Security Trustee. The Director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer, after having consulted the Secured Parties, other than the Noteholders, and subject to the written confirmation of the Rating Agencies that there shall be no adverse effect on the then current ratings assigned to the Notes, has been contracted to act as director of the Security Trustee.

## TERMS AND CONDITIONS OF THE NOTES

*If the 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. In respect of a series of Further Issue Senior Class A Notes (as defined below) when issued, the applicable Final Terms in relation to such series of Further Senior Class A Notes will provide information in respect of, inter alia, the issue date, the issue price and the interest commencement date relating to such series of Further Senior Class A Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to each issued Further Senior Class A Note.*

The issue of the euro 350,000,000 floating rate Senior Class A-NHG Mortgage-Backed Notes due 2049 (the '**Senior Class A-NHG Notes**'), the euro 210,000,000 floating rate Senior Class A Mortgage-Backed Notes due 2049 (the '**First Issue Senior Class A Notes**'), the euro 31,200,000 floating rate Mezzanine Class B Mortgage-Backed Notes due 2049 (the '**Mezzanine Class B Notes**'), the euro 27,600,000 floating rate Mezzanine Class C Mortgage-Backed Notes due 2049 (the '**Mezzanine Class C Notes**'), the euro 24,000,000 floating rate Mezzanine Class D Mortgage-Backed Notes due 2049 (the '**Mezzanine Class D Notes**'), the euro 7,200,000 floating rate Junior Class E Mortgage-Backed Notes due 2049 (the '**Junior Class E Notes**') and the euro 6,000,000 floating rate Subordinated Class F Notes due 2049 (the '**Subordinated Class F Notes**'), was authorised by a resolution of the managing director of Arena 2007-I B.V. (the '**Issuer**') passed on 28 November 2007. In addition, the Issuer may, but is not obliged to, on any Business Day up to and including the Quarterly Payment Date falling in October 2008 issue series of notes denominated in euro subject to and in accordance with Condition 1(b) (each an '**Issue Date**') which will be fungible with the Senior Class A Mortgage-Backed Notes (the '**Further Issue Senior Class A Notes**' and upon issue together with the First Issue Senior Class A Notes, the '**Senior Class A Notes**' and together with the Senior Class A-NHG Notes, the Mezzanine B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes, the '**Notes**'). The aggregate nominal amount of all series of Further Issue Senior Class A Notes issued on any Issue Date will not be more than euro 550,000,000. The Further Issue Senior Class A Notes are identical to the First Issue Senior Class A Notes in all respects (including as to listing) and expressed to be consolidated and form a single series from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, interest commencement dates and/or issue prices, which will be specified in the applicable final terms ('**Final Terms**'), which will be filed with the AFM and delivered to Euronext Amsterdam on or before each relevant Issue Date.

The Notes are or will be issued under a trust deed dated 3 December 2007 (the '**Trust Deed**') between the Issuer, Stichting Arena Holding 2007-I and Stichting Security Trustee Arena 2007-I (the '**Security Trustee**').

The statements in these terms and conditions of the Notes (the '**Conditions**') include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the priority of payments and the form of the Notes and the 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 3 December 2007 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) an issuer services agreement (the '**Issuer Services Agreement**') dated 3 December 2007 between the Issuer, Delta Lloyd Bank N.V. as the MPT Provider and the Defaulted Loan Servicer, ATC Financial Services B.V. as the Issuer Administrator and the Security Trustee, (iv) a parallel debt agreement (the '**Parallel Debt Agreement**') dated 3 December 2007 between the Issuer and the Security Trustee and (v) a pledge agreement (the '**Trustee Receivables Pledge Agreement**') dated 3 December 2007 between the Issuer and the Security Trustee and (vi) a pledge agreement dated 3 December 2007 between the Issuer, the Security Trustee and others (the '**Trustee Assets Pledge Agreement**' and together with the Trustee Receivables Pledge Agreement, the '**Pledge Agreements**').

Unless otherwise defined herein, words and expressions used in these Conditions are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated 30 November 2007 and signed by the Issuer, the Security Trustee, the Paying Agent 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-NHG Notes, the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes or the Subordinated Class F 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 Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, and 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 and reference to any document is considered to be a reference to such document as amended, supplemented, restarted or otherwise modified from time to time.

## **1. Form, Denomination and Title and Further Issue Senior Class A Notes**

### *(a) Form, Denomination and Title*

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 50,000 each with additional increments of minimum euro 1,000. Under Netherlands law, the valid transfer of Notes requires, *inter alia*, delivery ("*levering*") thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

### *(b) Issuance of Further Issue Senior Class A Notes*

The Issuer may, but is not obliged to, on any Business Day up to and including the Quarterly Payment Date falling in October 2008 without the consent of the Noteholders issue Further Issue Senior Class A Notes having terms and conditions the same as the First Issue Senior Class A Notes and the same in all respects save for the issue price and/or the first interest period, so that the same shall be consolidated and form a single series with the existing Senior Class A Notes in accordance with the Trust Deed subject to the fulfilment of each of the following conditions:

- (i) the Further Issue Senior Class A Notes shall rank *pari passu* in all respects with the Senior Class A Notes then outstanding;
- (ii) no Event of Default shall have occurred which is continuing or will occur as a consequence of such issuance;
- (iii) no debit balance on the Principal Deficiency Ledger;
- (iv) no Enforcement Notice has been delivered to the Issuer by the Security Trustee;
- (v) the aggregate nominal amount of all series of Further Issue Senior Class A Notes issued does not exceed euro 550,000,000;
- (vi) the proceeds of such issuance are applied towards the purchase of New Mortgage Receivables on such Issue Date;
- (vii) the ratings of the outstanding Notes will not be adversely affected as a consequence of such issuance; and
- (viii) the Further Issue Senior Class A Notes, on issue, are assigned an 'AAA' rating by S&P, an 'AAA' rating by Fitch and an 'AAA' rating by DBRS.

The rating of each of the Notes addresses the assessment made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

## **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; the Senior Class A-NHG Notes and the Senior Class A Notes rank without any preference or priority (among all Notes of such Classes) in respect of interest; in respect of principal the Senior Class A-NHG Noteholders only have the right to receive the NHG Notes Redemption Available Amounts and the Non NHG Noteholders only have the right to receive the Non NHG Notes Redemption Available Amounts.
- (b) In accordance with and subject to the provisions of Conditions 4, 6 and 9 and the Trust Deed, payments of interest on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes are subordinated to payments of interest on the Senior Class A-NHG Notes. In addition, any NHG Realised Losses will be allocated to

the Class E NHG Principal Deficiency Ledger, the Class D NHG Principal Deficiency Ledger, the Class C NHG Principal Deficiency Ledger and to the Class B Principal Deficiency Ledger. Furthermore, (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Mezzanine Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Mezzanine Class D Notes, (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes. The holders of the Subordinated Class F Notes do not have the right to receive any amount pursuant to the Non NHG Principal Priority of Payments or the NHG Principal Payments. The Non NHG Noteholders do not have the right to receive any NHG Notes Redemption Available Amount.

- (c) The security for the obligations of the Issuer towards the Noteholders 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 the following security rights:
- (i) (a) in respect of the Senior Class A-NHG Notes, each of the Senior Class A-NHG Noteholders shall only have recourse in accordance with and subject to the Trust Deed and consequently by a first ranking right of pledge by the Issuer to the Security Trustee on the NHG Mortgage Receivables and the Beneficiary Rights relating thereto and any Further NHG Redemption Amount and (b) in respect of the Notes, other than the Senior Class A-NHG Notes (the '**Non NHG Notes**'), each of the Non NHG Noteholders shall only have recourse in accordance with and subject to the Trust Deed and consequently by a first ranking right of pledge by the Issuer to the Security Trustee on the Non NHG Mortgage Receivables and the Beneficiary Rights relating thereto less any Further NHG Redemption Amount;
  - (ii) in respect of the Notes a first ranking right of pledge by the Issuer to the Security Trustee on 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 Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; (e) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC; (f) against the Savings Insurance Company under or in connection with the Sub-Participation Agreement and (g) against the Floating Rate GIC Provider under or in connection with the Transaction Accounts;
- (d) The Senior Class A-NHG Notes will be secured (indirectly) in accordance with and subject to the Trust Deed and consequently by the rights of pledge set forth under Condition 2(c)(i)(b) and (ii) (the '**NHG Security**') and the Non NHG Notes will be secured (indirectly) in accordance with and subject to the Trust Deed and consequently by the rights of pledge set forth under Condition 2(c)(i)(a) and (ii) (the '**Non NHG Security**'). In respect of the Security, the Senior Class A-NHG Notes and the Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes; the Mezzanine Class B Notes will rank in priority to the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes; the Mezzanine Class C Notes will rank in priority to the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes, the Mezzanine Class D Notes will rank in priority to the Junior Class E Notes and the Subordinated Class F Notes and the Junior Class E Notes rank in priority to the Subordinated Class F Notes. The holders of Senior Class A-NHG Notes have no right to receive any amount consisting of the Non NHG Notes Redemption Available Amount and the Non NHG Enforcement Available Amount. The holders of Non NHG Notes have no right to receive any amount consisting of the NHG Notes Redemption Available Amount and the NHG Enforcement Available Amount.

The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the holders of the Senior Class A-NHG Notes (the '**Senior Class A-NHG Noteholders**'), the holders of the Senior Class A Notes (the '**Senior Class A Noteholders**'), the holders of the Mezzanine Class B Notes (the '**Mezzanine Class B Noteholders**'), the holders of the Mezzanine Class C Notes (the '**Mezzanine Class C Noteholders**'), the holders

of the Mezzanine Class D Notes (the '**Mezzanine Class D Noteholders**'), the holders of the Junior Class E Notes (the '**Junior Class E Noteholders**') and the holders of the Subordinated Class F Notes (the '**Subordinated Class F 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 Most Senior Class of Noteholders. The '**Non NHG Noteholders**' means the holders of the Non NHG Notes. The '**Most Senior Class of Notes**' means the Senior Class A-NHG Notes and the Senior Class A Notes together or if there are no Senior Class A-NHG Notes or Senior Class A Notes outstanding, the Mezzanine Class B Notes, or if there are no Mezzanine Class B Notes outstanding, the Mezzanine Class C Notes, or if there are no Mezzanine Class C Notes outstanding, the Mezzanine Class D Notes, or if there are no Mezzanine Class D Notes outstanding, the Junior Class E Notes, or if there are no Junior Class E Notes outstanding, the Subordinated Class F Notes. In this respect the order of priority is as follows: firstly, the Senior Class A-NHG Notes and the Senior Class A Notes, secondly, the Mezzanine Class B Noteholders, thirdly, the Mezzanine Class C Noteholders, fourthly, the Mezzanine Class D Noteholders, fifthly, the Junior Class E Noteholders and finally, the Subordinated Class F Noteholders. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict of interest between the Secured Parties the relevant 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 Liquidity Facility Agreement, the Sub-Participation Agreement, any Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Beneficiary Waiver Agreement, the Management Agreements, the Subordinated Loan Agreement, the Deed of Assignment, any deed of purchase and assignment of New Mortgage Receivables or Further Advance Receivables 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 will not be adversely affected hereby:

- (a) carry out any business other than as described in the Base Prospectus dated 3 December 2007 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 in the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets, except as contemplated in the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed, the Parallel Debt Agreement, the Pledge Agreements or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations 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 (i) the Transaction Accounts or (ii) an account in 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)(ii); or
- (h) take any corporate action for its entering into a suspension of payments or bankruptcy or its dissolution and liquidation or its being converted into a foreign entity.

### **4. Interest**

- (a) *Period of accrual*



Each Note shall bear interest on its Principal Amount Outstanding (as defined in Condition 6(g)) 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 thereof being duly made, 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 days elapsed in such period and a 360 day year.

*(b) Interest Periods and Payment Dates*

Interest on the Notes is payable by reference to successive interest periods (each a '**Floating Rate Interest Period**') and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding on the 17<sup>th</sup> day of April, July, October and January (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each such day being a '**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. 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 (but exclude) the Quarterly Payment Date falling in April 2008.

*(c) Interest on the Notes up to (but excluding) the first Optional Redemption Date*

Interest on the Notes for each Floating Rate Interest Period will accrue at an annual 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 respective months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus, up to (but excluding) the first Optional Redemption Date:

- (i) for the Senior Class A-NHG Notes a margin of 0.02 per cent. per annum;
- (ii) for the Senior Class A Notes a margin of 0.50 per cent. per annum;
- (iii) for the Mezzanine Class B Notes a margin of 0.75 per cent. per annum;
- (iv) for the Mezzanine Class C Notes a margin of 1.10 per cent. per annum;
- (v) for the Mezzanine Class D Notes a margin of 2.00 per cent. per annum;
- (vi) for the Junior Class E Notes a margin of 2.50 per cent. per annum; and
- (vii) for the Subordinated Class F Notes a margin of 2.75 per cent. per annum.

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

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

- (i) for the Senior Class A-NHG Notes, a margin of 0.04 per cent. per annum;
- (ii) for the Senior Class A Notes, a margin of 1.00 per cent. per annum;
- (iii) for the Mezzanine Class B Notes, a margin of 1.50 per cent. per annum;
- (iv) for the Mezzanine Class C Notes, a margin of 2.20 per cent. per annum;
- (v) for the Mezzanine Class D Notes, a margin of 4.00 per cent. per annum;
- (vi) for the Junior Class E Notes, a margin of 5.00 per cent. per annum; and
- (vii) for the Subordinated Class F Notes, a margin of 2.75 per cent. per annum.

The rates of interest set forth in Conditions 4(c) and 4(d) are hereinafter referred to as the '**Rates of Interest**'.

*(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 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 Reuters Screen EURIBOR01 (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 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 Rates of Interest and Calculation of Interest Amounts*

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

(g) *Notification of Floating Rates of Interest and Interest Amounts*

The Reference Agent will cause the relevant Quarterly Payment Date, the relevant Floating Rates of Interest and the relevant Interest Amounts to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator and to the holders of such Class of Notes by an advertisement in the English language in the Euronext Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam N.V. for as long as the Notes are listed on Euronext Amsterdam, as soon as possible after the determination. The Interest Amount, the Rate of Interest 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 Rates of Interest or fails to calculate the relevant Interest Amounts in accordance with paragraph (f) above, the Security Trustee shall determine the relevant Rates 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 Interest Amounts in accordance

with paragraph (f) above, and each such determination or calculation shall (in the absence of a 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 the Notes will be made upon presentation of such 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 maintained by the payee with a bank in the Netherlands, 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 (as defined in Condition 6), or such earlier date the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).
- (c) If the relevant Quarterly Payment Date 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. The name of the Paying Agent and of its offices are set out below.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and for as long as the Notes are listed on Euronext Amsterdam, the Issuer will at all times maintain a paying agent in the Netherlands. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13.

## 6. Redemption

(a) *Final redemption*

Unless previously redeemed as provided below, on the Quarterly Payment Date falling in October 2049 (the **Final Maturity Date**) the Issuer will redeem the Notes at their Principal Amount Outstanding, but in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes subject to Condition 9(b).

(b) *Mandatory Redemption of the Notes (other than the Subordinated Class F Notes)*

Provided that no Enforcement Notice has been served in accordance with Condition 10, on the Quarterly Payment Date falling in:

- (A) April 2008 and each Quarterly Payment Date thereafter including, as the case may be, the Final Maturity Date, the Issuer shall be obliged to apply the NHG Notes Redemption Available Amount (as defined below) to redeem (or partially redeem) the Senior Class A-NHG Notes at their Principal Amount Outstanding on a *pro rata* basis among the Senior Class A-NHG Notes; and
- (B) January 2009 and each Quarterly Payment Date thereafter including, as the case may be, the Final Maturity Date, the Issuer shall be obliged to apply the Non NHG Notes Redemption Available Amount (as defined below) to redeem (or partially redeem) the Non NHG Notes (other than the Subordinated Class F Notes) at their Principal Amount Outstanding on a *pro rata* basis among the Notes within such Class of Notes in the following order:
  - (i) *firstly*, the Senior Class A Notes until fully redeemed,
  - (ii) *secondly*, the Mezzanine Class B Notes until fully redeemed,
  - (iii) *thirdly*, the Mezzanine Class C Notes until fully redeemed,
  - (iv) *fourthly*, the Mezzanine Class D Notes until fully redeemed and
  - (v) *finally*, the Junior Class E Notes until fully redeemed.

The principal amount so redeemable in respect of each relevant Note on the relevant Quarterly Payment Date shall each be the Principal Redemption Amount (as defined in Condition 6(g)). Following application of the Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) *Optional Redemption*

Unless previously redeemed in full, on the Quarterly Payment Date falling in October 2014 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer may, at its option, redeem all (but not some only) of the Notes (other than the Subordinated Class F 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 Conditions 13, prior to the relevant Optional Redemption Date. In the event that on such Optional Redemption Date there is a Principal Shortfall in respect of the Junior Class E Notes or the Mezzanine Class D Notes or the Mezzanine Class C Notes or the Mezzanine Class B Notes, the Issuer may, at its option, subject to Condition 9(b), partially redeem all (but not some only) of the Junior Class E Notes or Mezzanine Class D Notes or Mezzanine Class C Notes or Mezzanine Class B Notes respectively at their Principal Amount Outstanding less the relevant Principal Shortfall.

(d) *Redemption of Subordinated Class F Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Notes Interest Available Amount (as defined in the Master Definitions Agreement), if and to the extent that all payments ranking above item (r) in the Interest Priority of Payments as set forth in Clause 5.3 of the Trust Deed have been made in full, to redeem (or partially) redeem on a *pro rata* basis the Subordinated Class F Notes on the Quarterly Payment Date falling in January 2009 and each Quarterly Payment Date thereafter until fully redeemed.

(e) *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 Amounts and (y) the Principal Amount Outstanding of the relevant Note on the first day of the next following Floating Rate Interest Period. 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, Euronext Amsterdam N.V. and to the holders of Notes by an advertisement in the English language in the Euronext Daily Official List ('*Officiële Prijscourant*') of Euronext Amsterdam N.V., but in any event no later than three business days prior to the relevant Quarterly Payment Date. 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 Amounts 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 (e) and paragraph (b) and (d) above (but based upon the information in its possession as to the Non NHG Notes Redemption Available Amount and the NHG Notes Redemption Available Amount and the Notes Interest Available Amount) and each such determination or calculation shall be deemed to have been made by the Issuer.

(f) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Quarterly Payment Date, subject to Condition 9(b), at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, if 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 change in, or amendment to, the application of the laws or regulations (including any guidelines issued by the tax authorities) of the Netherlands or any other jurisdiction or any political subdivision 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 (a "Tax Change"); 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 Class of the Notes and any amounts required to be paid in priority to or *pari passu* with each Class of Notes in accordance with the Trust Deed. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (other than the Subordinated Class F 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' written notice to the Noteholders and the Security Trustee prior to the relevant Quarterly Payment Date.

(g) *Definitions*

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

- (i) The '**Principal Amount Outstanding**' on any Quarterly Payment Date of any Note 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, notwithstanding duly presentation of the relevant Note, shall not be so deducted;
- (ii) The term '**NHG Notes Redemption Available Amount**' shall mean on any Quarterly Payment Date the aggregate amount received or held by the Issuer during the immediately preceding Quarterly Calculation Period:
- (a) by means of repayment and prepayment in full of principal under the NHG Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (b) as Net Proceeds on any NHG Mortgage Receivable to the extent such proceeds relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;

- (c) in connection with a repurchase of NHG Mortgage Receivables, whether or not as a result of the exercise of the Clean-Up Call or the Regulatory Call Option, 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 less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element to the extent not applied to the purchase of New Mortgage Receivables and Further Advance Receivables on such Quarterly Payment Date;
  - (d) in connection with a sale of NHG Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such NHG Mortgage Receivable less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
  - (e) as amounts to be credited to the NHG Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
  - (f) as Monthly Participation Increase pursuant to the Sub-Participation Agreement and as consideration for the Initial Participation to the extent such amounts relate to NHG Mortgage Receivables;
  - (g) as partial prepayment in respect of NHG Mortgage Receivables;
  - (h) any part of the NHG Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Senior Class A-NHG Notes on the preceding Quarterly Payment Date;
  - (i) as amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement to the extent such amounts relate to NHG Mortgage Receivables; and
  - (j) as any Further NHG Redemption Amount.
- (iii) The term **'Non NHG Principal Available Amount'** shall mean on any Quarterly Payment Date the aggregate amount received or held by the Issuer during the immediately preceding Quarterly Calculation Period:
- (a) by means of repayment and prepayment in full of principal under the Non NHG Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
  - (b) as Net Proceeds on any Non NHG Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
  - (c) in connection with a repurchase of Non NHG Mortgage Receivables, whether or not as a result of the exercise of the Clean-Up Call Option or the Regulatory Call Option, 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 less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
  - (d) in connection with a sale of Non NHG Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;

- (e) as amounts to be credited to the Non NHG Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
  - (f) as Monthly Participation Increase pursuant to the Sub-Participation Agreement and as consideration for the Initial Participation to the extent such amounts relate to Non NHG Mortgage Receivables;
  - (g) as partial prepayment in respect of Non NHG Mortgage Receivables;
  - (h) any part of the Non NHG Principal Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Non NHG Notes or the purchase of Further Advance Receivable on the preceding Quarterly Payment Date or the purchase of New Mortgage Receivables on the relevant Issue Date;
  - (i) as amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement, to the extent such amounts relate to Non NHG Mortgage Receivables, and
  - (j) as net proceeds of any Further Issue Senior Class A Notes issued on any Issue Date during such Quarterly Calculation Period;
- (iv) The term '**Non NHG Notes Redemption Available Amount**' shall mean on any Quarterly Payment Date the Non NHG Principal Available Amount less the Initial Purchase Price of any Further Advance Receivables and any New Mortgage Receivables purchased during the immediately preceding Quarterly Calculation Period;
  - (v) The term '**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 any guarantees or sureties including the NHG Guarantee, if any, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs;
  - (vi) The term '**Quarterly Calculation Date**' means, in relation to a Quarterly Payment Date, the fourth business day prior to such Quarterly Payment Date;
  - (vii) The term '**Quarterly Calculation Period**' means a period of three consecutive months commencing on (and including) the first day of each of January, April, July and October of each year, except for the first Quarterly Calculation Period which will commence on the Cut-off Date and end on and include the last day of March 2008;
  - (viii) The term '**Principal Redemption Amount**' shall mean on the relevant Quarterly Payment Date (i) in respect of the Senior Class A-NHG Notes, the amount (if any) (rounded down to the nearest euro) of the NHG Notes Redemption Available Amount divided by the number of Senior Class A-NHG Notes and (ii) the amount (if any) (rounded down to the nearest euro) of the Non NHG Notes Redemption Available Amount (as applicable to each Class of Non NHG Notes excluding the Subordinated Class F Notes) on the Quarterly Calculation Date relating to that Quarterly Payment Date divided by the number of Non NHG Notes of the relevant Class subject to such redemption and (iii) in respect of the Subordinated Class F Notes, the amount available (rounded down to the nearest euro) for redemption pursuant to Condition 6(d), divided by the number of Subordinated Class F Notes, provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note.

## 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, assessments 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 of such taxes, duties, assessments or charges are required by law. 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, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes shall be payable in accordance with the provisions of Conditions 4 and 5, subject to the terms of this Condition.

In the event that on any Quarterly Payment 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 such 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.

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

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

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



Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Junior Class E Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Junior Class E Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Subordinated Class F Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Subordinated Class F Notes. In the event of a shortfall, the Issuer shall credit the Subordinated Class F Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class F Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Subordinated Class F Notes on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Class F Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Subordinated Class F 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 relevant Principal Shortfall 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 date on which the Issuer no longer holds any Non NHG Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents to the extent relating to Non NHG Mortgage Receivables and in respect of any claims which cannot be attributed to NHG Mortgage Receivables or Non NHG Mortgage Receivables.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero, the Mezzanine Class C Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class C Notes. If, on any Quarterly Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class C Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Quarterly Payment Date. The Mezzanine Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class C Notes after the date on which the Issuer no longer holds any Non NHG Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents to the extent relating to Non NHG Mortgage Receivables and in respect of any claims which cannot be attributed to NHG Mortgage Receivables or Non NHG Mortgage Receivables.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class C Notes is reduced to zero, the Mezzanine Class D Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class D Notes. If, on any Quarterly Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class D Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Mezzanine Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class D Notes after the date on which the Issuer no longer holds any Non NHG Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents to the extent relating to Non NHG Mortgage Receivables and in respect of any claims which cannot be attributed to NHG Mortgage Receivables or Non NHG Mortgage Receivables.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class C Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class D Notes is reduced to zero, the Junior Class E Noteholders will not be entitled to any repayment of principal in respect of the Junior Class E Notes. If, on any Quarterly Payment Date, there is a balance on the Class E Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class E Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Junior Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class E Notes after the date on which the Issuer no longer holds any Non NHG Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents to the extent relating to Non NHG Mortgage Receivables and in respect of any claims which cannot be attributed to NHG Mortgage Receivables or Non NHG Mortgage Receivables.

**'Principal Shortfall'** shall mean an amount equal to the quotient of the sum of the balance on the relevant sub-ledger of the Principal Deficiency Ledger of the relevant Class of Notes on a Quarterly Payment Date divided by the number of the Notes of such Class on such Quarterly Payment Date.

The Subordinated Class F Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class F Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

(c) *General*

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

In the event that the Non NHG Security in respect of the Non NHG Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the relevant 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 such Class 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 holders of the Most Senior Class of Notes (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 major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) days; or

- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or liquidation of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment ("*akkoord*") with, its creditors; or
- (f) the Issuer files a petition for a suspension of payments ("*surseance van betaling*") or for bankruptcy ("*faillissement*") or has been declared bankrupt; or
- (g) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed and the NHG Security and the Non NHG Security;

provided that, if more than one Class of Notes is outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of any Class of Notes ranking junior to the Most Senior Class of Notes irrespective of whether an Extraordinary Resolution is passed by holders of such Class or Class of Notes ranking junior to the Most Senior Class of Notes, unless an Enforcement Notice in respect of the Most Senior Class of 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 Most Senior Class of Notes, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Most Senior Class of Notes.

## **11. Enforcement**

- (a) At any time after the Notes of any Class become due and payable as a result of an Enforcement Notice, 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 Parallel Debt Agreement (including the making of a demand of payment thereunder), 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 Most Senior Class of Notes 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, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note 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 NHG Security or, as the case may be, the Non NHG Security.

## **12. Indemnification of the Security Trustee**

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

## **13. Notices**

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

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

The Trust Deed contains provisions for convening meetings of the Senior Class A-NHG Noteholders, the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Mezzanine

Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents. Instead of at a general meeting, a resolution of the Noteholders of the relevant Class may be passed in writing - including by telegram, facsimile or telex transmission, or in the form of a message transmitted by any accepted means of communication and received or capable of being produced in writing - provided that all Noteholders with the right to vote have voted in favour.

(a) Meeting of Noteholders

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.

(b) Basic Terms Change

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, reducing or cancelling the amount of principal payable in respect of such Notes or, in respect of the Non NHG Notes only, altering the rate of interest payable 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 (a) being proposed by the Issuer as a result of, or in order to avoid an Event of Default and (b) (i) the Security Trustee has notified the Rating Agencies and (ii) the Rating Agencies have confirmed that the current ratings assigned to the Notes by the Rating Agencies will not be adversely affected by such Basic Terms Change, then no such Extraordinary Resolution is required.

(c) Extraordinary Resolution

Quorum and maturity

The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-third 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-thirds 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-third 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 amount of validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented.

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).

Limitations

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or extending the maturity of any Class of Notes, or changing any date for payment of interest thereon or increasing the amount of principal shall take effect unless it shall have been sanctioned with respect to the Senior Class A Notes or, as the case may be, the Senior Class A-NHG Notes by an Extraordinary Resolution of the Senior Class A Notes or the Senior Class A-NHG Notes respectively, the Mezzanine Class B Noteholders and/or the Mezzanine Class C Noteholders and/or the Mezzanine Class D Noteholders and/or the Junior Class E Noteholders and/or the Subordinated Class F Noteholders.

No Extraordinary Resolution to sanction a change which would have the effect of the rate of interest payable in respect of the Senior Class A Notes unless (i) the Issuer and the Swap Counterparty have agreed thereto and (ii) it shall have been sanctioned by Extraordinary Resolutions of the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and the Mezzanine Class D Noteholders and the Junior Class E Noteholders and the Subordinated Class F Noteholders

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Mezzanine Class C Noteholders and/or the Mezzanine Class D Noteholders and/or the Junior Class E Noteholders and/or the Subordinated Class F 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-NHG Noteholders and the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Mezzanine Class C Noteholders and/or, as the case may be, the Mezzanine Class D Noteholders and/or, as the case may be, the Junior Class E Noteholders and/or, as the case may be, the Subordinated Class F Noteholders or it is sanctioned by an Extraordinary Resolution of the Senior Class A-NHG Noteholders and the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Mezzanine Class C Noteholders and/or, as the case may be, the Mezzanine Class D Noteholders and/or, as the case may be, the Junior Class E Noteholders and/or, as the case may be, the Subordinated Class F Noteholders and provided that in respect of the rate of interest payable in respect of the Non NHG Notes, such modification shall only be effective when the Issuer and the Swap Counterparty have agreed thereto.

The Trust Deed imposes no such limitations on the powers of the Senior Class A-NHG Noteholders and the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Mezzanine Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders, irrespective of the effect on their interests.

(d) Modifications by the Security Trustee

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified the Rating Agencies and (ii) the Rating Agencies have confirmed that the then current ratings of the Notes by the Rating Agencies will not be adversely affected by any such modification, authorisation or waiver. For the avoidance, any such confirmation from the Rating Agencies does not address whether such modification, authorisation or waiver is in the best interest of, or prejudicial to, some or all of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

(e) Exercise of Security Trustee's functions

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-NHG Noteholders and the Senior Class A Noteholders and the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and the Mezzanine Class D Noteholders and the Junior Class E Noteholders and the Subordinated Class F 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.

## 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.

# FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each series of Further Issue Senior Class A Notes*

## Final Terms

[Date]

**Arena 2007-I B.V.**

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

**Issue of series [number] [Details of Further Issue Senior Class A Notes]**

**the 'Notes'**

## PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 3 December 2007 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the '**Prospectus Directive**'). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at and copies may be obtained from the specified offices of the Security Trustee and the Paying Agent during normal business hours.

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

- |    |                                                                                                                     |                                 |
|----|---------------------------------------------------------------------------------------------------------------------|---------------------------------|
| 1. | Issuer:                                                                                                             | Arena 2007-I B.V.               |
| 2. | Series Number:                                                                                                      | [ ]                             |
| 3. | Currency:                                                                                                           | EURO                            |
| 4. | Aggregate Nominal Amount:                                                                                           | [ ]                             |
| 5. | Issue price:                                                                                                        | [ ]                             |
| 6. | (a) Issue Date:                                                                                                     | [ ]                             |
|    | (b) Interest Commencement Date (if different from Issue Date):                                                      | [Not Applicable / give details] |
|    | (c) Interest amount first Floating Rate Interest Period (if different from Senior Class A Notes previously issued): | [ ]                             |

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- |    |                    |                                 |
|----|--------------------|---------------------------------|
| 7. | Other final terms: | [Not Applicable / give details] |
|----|--------------------|---------------------------------|

*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to*

**LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of the Notes described herein issued by Arena 2007-I B.V.

**RESPONSIBILITY**

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

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*

**PART B – OTHER INFORMATION**

<b>1. RATINGS</b>	
Ratings:	Applicable, it is a condition precedent to the issuance of a series of Notes that such Notes, on issue, be assigned an 'AAA' rating by S&P and an 'AAA' rating by Fitch and an 'AAA' rating by DBRS
<b>2. OPERATIONAL INFORMATION</b>	
(i) Temporary ISIN Code:	[ ]
(ii) Temporary Common Code:	[ ]
(iii) Fondscore:	[ ]
(vi) Delivery:	Delivery [against/free of] payment
<b>END OF FINAL TERMS</b>	

## THE GLOBAL NOTES

Each Class of Notes (excluding the Senior Class A Notes) and in respect of the Senior Class A Notes, the First Issue Senior Class A Notes and each series of Further Issue Senior Class A Notes separately shall be initially represented by a temporary global note in bearer form, without coupons (each a **'Temporary Global Note'**) (i) in the case of the Senior Class A-NHG Notes, in the principal amount of euro 350,000,000, (ii) in the case of the First Issue Senior Class A Notes, in the principal amount of euro 210,000,000, (iii) in the case of the Mezzanine Class B Notes, in the principal amount of euro 31,200,000, (iv) in the case of the Mezzanine Class C Notes, in the principal amount of euro 27,600,000, (v) in the case of the Mezzanine Class D Notes, in the principal amount of euro 24,000,000, (vi) in the case of the Junior Class E Notes, in the principal amount of euro 7,200,000 and (vii) in the case of the Subordinated Class F Notes, in the principal amount of euro 6,000,000. Each series of Further Issue Senior Class A Notes shall be initially represented by a Temporary Global Note in the principal amount for which such series of Further Issue Senior Class A Notes is issued. Each Temporary Global Note will be deposited with a common safekeeper for Euroclear Bank S.A./N.V., as operator of Euroclear and for Clearstream, Luxembourg on or about the Closing Date or, as the case may be, the relevant Issue Date. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg 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. On any payment, whether principal or interest, being made in respect of any of the Notes, details of such payments shall be entered *pro rata* in the records of Euroclear and/or Clearstream and, upon any payment of principal being made, the nominal amount of the Notes recorded in the records of Euroclear and/or Clearstream shall be reduced by the aggregate nominal amount of such payment. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. 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 of the relevant Class (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 each of the Temporary Global Notes and the Permanent Global Notes and the expression **'Global Note'** means any of them, as the context may require). The exchange of a Temporary Global Note representing a series of Further Issue Senior Class A Notes for a Permanent Global Note will be effected by increasing the principal amount of the Permanent Global Note representing the Senior Class A Notes with an amount equal to the principal amount for which such series of Further Issue Senior Class A Notes is issued. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with the common safekeeper for Euroclear Bank S.A./N.V.

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for notes in definitive form only in the circumstances described below. Such notes in definitive form shall be issued in denominations of euro 50,000 with additional increments of minimum euro 1,000 or, as the case may be, in the Principal Amount Outstanding of the Notes of such Class on such date of exchange. 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-U.S. 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 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication



requirements of such stock exchange will be met). 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 a Class of the Notes 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 the Closing Date (an '**Exchange Event**'), 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-NHG Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A-NHG Notes;
- (ii) Senior Class A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Notes in respect of the Senior Class A Notes;
- (iii) 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;
- (iv) Mezzanine Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class C Notes;
- (v) Mezzanine Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class D Notes;
- (vi) Junior Class E Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Junior Class E Notes; and
- (vii) Subordinated Class F Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class F Notes,

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

The Issuer will promptly give notice to Noteholders in accordance with Condition 13 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in the Global Note may give notice to the Paying Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (b) above, the Issuer may also give notice to the Paying Agent requesting exchange. At the date hereof, Euroclear or Clearstream, Luxembourg do not regard Notes in global form as fungible with Notes in definitive form.

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

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

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

## WEIGHTED AVERAGE LIVES OF THE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a note to the date of distribution to the investor of amounts distributed in net reduction of principal of such note (assuming no losses). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of redemption of the Mortgage Loans and the extent to which the Notes Interest Available Amount is sufficient to cover any NHG Principal Deficiency and any Non NHG Principal Deficiency.

The model used in this Base Prospectus for the Mortgage Loans represents an assumed constant per annum rate of prepayment ('CPR') each month relative to the then outstanding principal balance of a pool of mortgages. CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans, including the Mortgage Loans.

The following tables were prepared based on the characteristics of the Mortgage Loans included in the Provisional Pool and the following additional assumptions:

- a. no Mortgage Receivable is in default or arrears;
- b. no Mortgage Receivable is sold by the Issuer;
- c. no NHG Principal Deficiency and/or Non NHG Principal Deficiency arises;
- d. the portfolio mix of loan characteristics remains the same throughout the life of the Notes;
- e. the interest rate applicable to each Mortgage Receivable will not change on an interest rate reset date of such Mortgage Receivable;
- f. the Notes, other than any Further Issue Senior Class A Notes, are issued on 3 December 2007 and all payments on the Notes are received on the relevant Quarterly Payment Date falling in April 2008;
- g. interest on the Mortgage Loans is always calculated on the basis of actual days elapsed in a 360 year (without adjustment);
- h. all Further Issue Senior Class A Notes will be issued before or ultimately on the last Issue Date;
- i. all Construction Amounts will be fully paid out to the Borrowers;
- j. the Notes will be redeemed in accordance with the Conditions;
- k. the Mortgage Receivables will be purchased by and, on the Closing Date, assigned to the Issuer and have the characteristics defined in *Summary of the Provisional Pool*;
- l. the pool of Mortgage Loans relating to New Mortgage Receivables purchased with the proceeds of any Further Issue Senior Class A Notes will have the same characteristics as the Non NHG Mortgage Receivables that have been originated most recently with an aggregate Outstanding Principal Amount of euro 50,475,512.49 that form part of the Provisional Pool; and
- m. the proceeds of the Further Issue Senior Class A Notes shall be applied towards the purchase of New Mortgage Receivables on the Quarterly Payment Date falling in October 2008.

Structuring the actual characteristics and performance of the Mortgage Loans are likely to differ from the assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cashflows might behave under the varying prepayment scenarios. See further paragraph *Prepayment Considerations* in the section *Risk Factors*.

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of each Class of Notes by the number of years from the date of issuance of the Notes to the related Quarterly Payment Date, (ii) adding the results and dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Senior Class A-NHG Notes, the Senior Class A Notes and the Subordinated Class F Notes. These average lives have been calculated on a 30/360 basis.

**Percentage of the original Principal Amount Outstanding of the Senior Class A-NHG Notes at the specified CPR's**

*(Until the first Optional Redemption Date)*

<b>Date</b>	<b>0%</b>	<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>	<b>14%</b>
03 Dec 07.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
17 Apr 08.....	100.0%	98.5%	97.9%	97.4%	96.9%	96.3%
17 Jul 08.....	100.0%	96.9%	95.9%	94.9%	93.8%	92.7%
17 Oct 08.....	100.0%	95.5%	93.9%	92.4%	90.9%	89.3%
17 Jan 09.....	100.0%	94.0%	92.0%	90.0%	88.0%	86.0%
17 Apr 09.....	100.0%	92.5%	90.1%	87.6%	85.2%	82.8%
17 Jul 09.....	100.0%	91.1%	88.2%	85.4%	82.5%	79.7%
17 Oct 09.....	100.0%	89.7%	86.4%	83.1%	79.9%	76.8%
17 Jan 10.....	100.0%	88.3%	84.6%	81.0%	77.4%	73.9%
17 Apr 10.....	100.0%	87.0%	82.9%	78.9%	75.0%	71.2%
17 Jul 10.....	100.0%	85.6%	81.2%	76.8%	72.6%	68.6%
17 Oct 10.....	100.0%	84.3%	79.5%	74.8%	70.3%	66.0%
17 Jan 11.....	100.0%	83.0%	77.8%	72.9%	68.1%	63.6%
17 Apr 11.....	100.0%	81.8%	76.2%	71.0%	66.0%	61.2%
17 Jul 11.....	100.0%	80.5%	74.7%	69.1%	63.9%	59.0%
17 Oct 11.....	100.0%	79.3%	73.1%	67.3%	61.9%	56.8%
17 Jan 12.....	100.0%	78.0%	71.6%	65.6%	59.9%	54.7%
17 Apr 12.....	100.0%	76.9%	70.1%	63.9%	58.1%	52.7%
17 Jul 12.....	100.0%	75.7%	68.7%	62.2%	56.2%	50.7%
17 Oct 12.....	100.0%	74.5%	67.3%	60.6%	54.5%	48.8%
17 Jan 13.....	100.0%	73.4%	65.9%	59.0%	52.8%	47.0%
17 Apr 13.....	100.0%	72.2%	64.5%	57.5%	51.1%	45.3%
17 Jul 13.....	100.0%	71.1%	63.2%	56.0%	49.5%	43.6%
17 Oct 13.....	100.0%	70.0%	61.9%	54.5%	47.9%	42.0%
17 Jan 14.....	100.0%	69.0%	60.6%	53.1%	46.4%	40.4%
17 Apr 14.....	100.0%	67.9%	59.4%	51.7%	45.0%	38.9%
17 Jul 14.....	99.9%	66.9%	58.1%	50.4%	43.5%	37.5%
17 Oct 14.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jan 15.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAL (yrs) .....	6.9	5.7	5.3	5.0	4.7	4.4

**Percentage of the original Principal Amount Outstanding of the Senior Class A Notes at the specified CPR's**

*(Until the first Optional Redemption Date)*

<b>Date</b>	<b>0%</b>	<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>	<b>14%</b>
03 Dec 07.....	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%
17 Apr 08.....	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%
17 Jul 08.....	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%
17 Oct 08.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
17 Jan 09.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
17 Apr 09.....	100.0%	98.3%	97.7%	97.1%	96.5%	95.9%
17 Jul 09.....	100.0%	96.6%	95.4%	94.3%	93.1%	91.9%
17 Oct 09.....	100.0%	94.9%	93.2%	91.5%	89.8%	88.0%
17 Jan 10.....	99.9%	93.2%	91.0%	88.8%	86.5%	84.3%
17 Apr 10.....	99.9%	91.6%	88.9%	86.1%	83.4%	80.7%
17 Jul 10.....	99.9%	90.0%	86.8%	83.6%	80.4%	77.3%
17 Oct 10.....	99.9%	88.5%	84.8%	81.1%	77.5%	74.0%
17 Jan 11.....	99.9%	86.9%	82.8%	78.7%	74.7%	70.8%
17 Apr 11.....	99.9%	85.4%	80.8%	76.3%	72.0%	67.8%
17 Jul 11.....	99.9%	83.9%	78.9%	74.0%	69.3%	64.8%
17 Oct 11.....	99.9%	82.4%	77.0%	71.8%	66.8%	62.0%
17 Jan 12.....	99.9%	81.0%	75.2%	69.6%	64.3%	59.2%
17 Apr 12.....	99.9%	79.6%	73.4%	67.5%	61.9%	56.6%
17 Jul 12.....	99.9%	78.2%	71.6%	65.5%	59.6%	54.1%
17 Oct 12.....	99.9%	76.8%	69.9%	63.4%	57.4%	51.6%
17 Jan 13.....	99.9%	75.4%	68.2%	61.5%	55.2%	49.3%
17 Apr 13.....	99.9%	74.1%	66.6%	59.6%	53.1%	47.0%
17 Jul 13.....	99.9%	72.8%	65.0%	57.7%	51.0%	44.8%
17 Oct 13.....	99.9%	71.5%	63.4%	55.9%	49.1%	42.8%
17 Jan 14.....	99.9%	70.2%	61.8%	54.1%	47.1%	40.7%
17 Apr 14.....	99.9%	68.9%	60.3%	52.4%	45.3%	38.8%
17 Jul 14.....	99.9%	67.7%	58.8%	50.8%	43.5%	36.9%
17 Oct 14.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jan 15.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAL (yrs) .....	6.9	5.9	5.6	5.3	5.1	4.8

**Note:**

The Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes remain outstanding at their original principal amount until the Optional Redemption Date at the illustrated prepayment speeds.

**Percentage of the original Principal Amount Outstanding of the Subordinated Class F Notes at the specified CPR's**

*(Until the first Optional Redemption Date)*

<b>Date</b>	<b>0%</b>	<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>	<b>14%</b>
03 Dec 07.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
17 Apr 08.....	79.5%	79.5%	79.5%	79.5%	79.5%	79.5%
17 Jul 08.....	65.8%	66.0%	66.0%	66.0%	66.1%	66.1%
17 Oct 08.....	52.0%	52.3%	52.5%	52.6%	52.7%	52.8%
17 Jan 09.....	26.4%	27.1%	27.4%	27.6%	27.8%	28.1%
17 Apr 09.....	1.4%	2.6%	2.9%	3.3%	3.7%	4.1%
17 Jul 09.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Oct 09.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jan 10.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Apr 10.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jul 10.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Oct 10.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jan 11.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Apr 11.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jul 11.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Oct 11.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jan 12.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Apr 12.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jul 12.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Oct 12.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jan 13.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Apr 13.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jul 13.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Oct 13.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jan 14.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Apr 14.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jul 14.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Oct 14.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 Jan 15.....	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAL (yrs) .....	0.9	1.0	1.0	1.0	1.0	1.0

## TAXATION IN THE NETHERLANDS

This section provides a general description of the main Netherlands tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Notes. This summary provides general information only and is restricted to the matters of Netherlands taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Netherlands tax issues and consequences associated with or resulting from any of the above-mentioned transactions. Prospective acquirers are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

The summary provided below is based on the information provided in this Base Prospectus and on the Netherlands tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Base Prospectus and with the exception of subsequent amendments with retroactive effect.

Subject to the foregoing:

1. No registration, stamp, transfer or turnover taxes or other similar duties or taxes will be payable in the Netherlands in respect of the offering and the Issue of the Notes by the Issuer or in respect of the signing and delivery of the Relevant Documents.
2. No Netherlands withholding tax will be due on payments of principal and/or interest.
3. A holder of Notes (a '**Holder**') will not be subject to Netherlands taxes on income or capital gains in respect of the acquisition or holding of Notes or any payment under the Notes or in respect of any gain realised on the disposal or redemption of the Notes, provided that:
  - (i) such Holder is neither a resident nor deemed to be a resident nor has opted to be treated as a resident in the Netherlands; and
  - (ii) such Holder does not have an enterprise or an interest in an enterprise that, in whole or in part, is carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Notes are attributable;and, if the Holder is a legal person,
  - (iii) such Holder does not have a substantial interest\* in the share capital of the Issuer and/or Seller or in the event that such Holder does have such an interest, such interest forms part of the assets of an enterprise; and
  - (iv) such Holder does not have a deemed Netherlands enterprise to which enterprise the Notes are attributable;and, if the Holder is a natural person,
  - (v) such Holder does not derive income and/or capital gains from activities in the Netherlands other than business income (as described under 3.(ii)) to which activities the Notes are attributable; and
  - (vi) such Holder or a person related to the Holder by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands does not have, or is not deemed to have, a substantial interest\* in the share capital of the Issuer and/or Seller.
4. There will be no Dutch gift, estate or inheritance tax levied on the acquisition of a Note by way of gift by, or on the death of a Holder, if the Holder at the time of the gift or the death is neither a resident nor a deemed resident of the Netherlands, unless:

- (i) at the time of the gift or death, the Notes are attributable to an enterprise or part thereof, which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
- (ii) the Holder dies within 180 days of making the gift, and at the time of death is a resident or deemed resident of the Netherlands.

\*Generally speaking, an interest in the share capital of the Issuer and/or Seller should not be considered as a substantial interest if the Holder of such interest, and if the Holder is a natural person his spouse, registered partner, certain other relatives or certain persons sharing the Holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer and/or Seller.



## PURCHASE AND SALE

ABN AMRO, acting through its London branch and The Royal Bank of Scotland plc (the '**Managers**') have pursuant to a notes purchase agreement dated 30 November 2007 among the Managers, the Issuer and the Seller (the '**Notes Purchase Agreement**'), jointly and severally agreed with the Issuer, subject to certain conditions, to purchase the Notes (excluding any Further Issue Senior Class A Notes) at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the Notes (excluding any Further Issue Senior Class A Notes).

### **European Economic Area**

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

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

### **United Kingdom**

The Manager has represented and agreed that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **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 Base Prospectus, which has not been submitted to the *Autorité des Marchés Financiers*, nor any information contained therein or any offering material relating to the Notes, may be distributed or caused to be distributed to the public in France.

### **Italy**

No action has or will be taken by the Manager which would allow an offering (or a "*sollecitazione all'investimento*") of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; and no application has been filed to obtain an authorisation from the Commissione Nazionale per le Società e la Borsa ('**Consob**') for the public offering of the Notes in the Republic of Italy ('**Italy**').

Accordingly, the Notes cannot be offered, sold or delivered in Italy nor may any copy of this Base Prospectus or any other document relating to the Notes be distributed in Italy other than:

- (i) to professional investors ("*investitori professionali*") as defined in article 30, second paragraph, of Legislative Decree No. 58 of 24 February 1998 (the "Consolidated Financial Act"), which refers to the definition of "*operatori qualificati*" as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998, as subsequently amended; or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to article 100 of the Consolidated Financial Act and article 33, first paragraph, of Consob Regulation No. 11971 of 14 May, 1999.

Any offer, sale or delivery of the Notes to professional investors or distribution to the professional investors of copies of this Base Prospectus or any other document relating to the Notes in Italy must be made:

- (a) by an investment firm, bank or financial intermediary enrolled in the special register provided for in Article 107 of the Consolidated Banking Act, to the extent duly authorised to engage in the placement and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act;
- (b) 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, or for the account or benefit of, 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.

Each Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering on the Closing Date within the United States or to, or for the account or benefit of, US persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with available exemption from registration under the US Securities Act.

#### **General**

The distribution of this Base Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Base Prospectus comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. This Base Prospectus or any part thereof does not constitute an offer, or an invitation to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Each Manager has undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish this Base Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except (to the best of its knowledge and beliefs) under circumstances that will result in compliance with any applicable laws and regulations.

## GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director constituting the board of the Issuer passed on 28 November 2007.
2. Application has been made to list the Notes, other than the Further Issue Senior Class A Notes, on Euronext Amsterdam. The estimated total costs involved with such admission amount to euro 25,000.
3. Application will be made for any Further Issue Senior Class A Notes to be listed on Euronext Amsterdam. Notice of the aggregate nominal amount of the relevant Further Issue Senior Class A Notes, the issue price of such Notes and any other terms and conditions not contained herein which are applicable to the Further Issue Senior Class A Notes issued on the relevant Issue Date will be set out in the Final Terms which will be delivered to Euronext Amsterdam and filed with the AFM on or before the Issue Date of such Further Issue Senior Class A Notes.
4. The Senior Class A-NHG Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 033383738, ISINCODE XS0333837382 and Fondscode 614577.
5. The First Issue Senior Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 033383835, ISINCODE XS0333838356 and Fondscode 614578.
6. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 033383878, ISINCODE XS0333838786 and Fondscode 614579.
7. The Mezzanine Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 033383924, ISINCODE XS0333839248 and Fondscode 614580.
8. The Mezzanine Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 033383959, ISINCODE XS0333839594 and Fondscode 614581.
9. The Junior Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 033383983, ISINCODE XS0333839834 and Fondscode 614582.
10. The Subordinated Class F Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 033384114, ISINCODE XS0333841145 and Fondscode 614583.
11. Application will be made for any Further Issue Senior Class A Notes to be accepted upon issue for clearance through Euroclear and/or Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. The appropriate common code, ISINCODE and Fondscode for the Further Issue Senior Class A Notes issued on an Issue Date allocated by Euroclear and/or Clearstream, Luxembourg and the Securities Clearing Corporation of Euronext Amsterdam N.V. will be specified in the applicable Final Terms.
12. The addresses of the clearing systems are: Euroclear, 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium and Clearstream Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
13. Since its incorporation, the Issuer is not involved in any legal or arbitration proceedings which may have a significant effect on the Issuer's financial position nor are any such proceedings pending or, so far as the Issuer is aware, threatened against the Issuer.
14. Electronic copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours during the life of this Base Prospectus:
  - (i) the Deed of Incorporation including the Articles of Association of the Issuer;

- (ii) the Mortgage Receivables Purchase Agreement;
- (iii) the Deed of Assignment;
- (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 Sub-Participation Agreement;
- (xi) the Liquidity Facility Agreement;
- (xii) the Floating Rate GIC;
- (xiii) the Swap Agreement;
- (xiv) the Master Definitions Agreement;
- (xv) the Beneficiary Waiver Agreement;
- (xvi) the Subordinated Loan Agreement;
- (xvii) the Management Agreement I;
- (xviii) the Management Agreement II;
- (xix) the Management Agreement III; and
- (xx) any Final Terms.

15. The articles of association of the Issuer are incorporated by reference herein. The Issuer's articles of association will be available (free of charge) at the registered office of the Issuer.

16. A copy of the Base Prospectus in print will be available (free of charge) at the registered office of the Issuer, the Security Trustee and the Paying Agent.

17. U.S. 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.

18. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Paying Agent.

19. A quarterly report on the performance, including the arrears and the losses, of the transaction and the investor presentation, if any, relating to the Notes, provided by the Managers to potential investors can be obtained at: [www.arenarmbs.nl](http://www.arenarmbs.nl).

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