

CITADEL 2007-I B.V.

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

**euro 1,300,000,000 floating rate Senior Class A Mortgage-Backed Notes 2007 due 2049,
issue price 100 per cent.**
**euro 108,350,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2007 due 2049,
issue price 100 per cent.**
**euro 36,150,000 floating rate Junior Class C Mortgage-Backed Notes 2007 due 2049,
issue price 100 per cent.**
**euro 21,700,000 floating rate Subordinated Class D Notes 2007 due 2049,
issue price 100 per cent.**

An application has been made to list the euro 1,300,000,000 floating rate Senior Class A Mortgage-Backed Notes 2007 due 2049 (the '**Senior Class A Notes**'), the euro 108,350,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2007 due 2049 (the '**Mezzanine Class B Notes**'), the euro 36,150,000 floating rate Junior Class C Mortgage-Backed Notes 2007 due 2049 (the '**Junior Class C Notes**') and the euro 21,700,000 floating rate Subordinated Class D Notes 2007 due 2049 (the '**Subordinated Class D Notes**') and together with the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, the '**Notes**') to be issued by Citadel 2007-I B.V. (the '**Issuer**'), on Eurolist by Euronext Amsterdam N.V. ('**Euronext Amsterdam**'). This prospectus ('**Prospectus**') has been approved by the Netherlands Authority for the Financial Markets ('*Stichting Autoriteit Financiële Markten*'). The Notes are expected to be issued and admitted to trading on 1 June 2007 (the '**Closing Date**').

The Notes will carry a floating rate of interest, payable quarterly in arrears, on each Quarterly Payment Date. The rate of interest for the Notes will be three months Euribor plus a margin per annum, which will be for the Senior Class A Notes 0.15 per cent., for the Mezzanine Class B Notes 0.25 per cent., for the Junior Class C Notes 0.60 per cent. and for the Subordinated Class D Notes 1.70 per cent.. If on the Quarterly Payment Date falling in July 2017 (the '**Step-Up Date**') the Notes of any Class, other than the Subordinated Class D Notes, will not have been 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, subject to and in accordance with the Conditions.

The Notes are scheduled to mature on the Quarterly Payment Date falling in July 2049. On each Quarterly Payment Date the 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 through the application of the Notes Redemption Available Amount remaining on such date. As the Notes Redemption Available Amount is up to the first Optional Redemption Date the amount remaining of the Principal Available Amount after the purchase of any Substitute Mortgage Receivables and Further Advance Receivables and less any Reserved Amount, the Notes Redemption Available Amount on any Quarterly Payment Date may be nil.. Unless previously redeemed in full, the Issuer will have the option to redeem all of the Notes, other than the Subordinated Class D Notes, in whole or in part, on each Optional Redemption Date at their Principal Amount Outstanding, subject to and in accordance with the Conditions. In the event of certain tax changes affecting the Notes, the Issuer has the option to redeem all of the Notes in whole but not in part subject to and in accordance with the Conditions. Finally, the Issuer will also redeem the Notes if the Seller exercises the Regulatory Call Option or the Clean-Up Call Option in accordance with Condition 6(b).

It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned a AAA rating by Fitch Ratings Ltd ('**Fitch**'), the Mezzanine Class B Notes, on issue, be assigned at least a A rating by Fitch and the Junior Class C Notes, on issue, be assigned at least a BBB- rating by Fitch. Furthermore, it is expected that the Subordinated Class D Notes will, on issue, be assigned at least a BB+ rating by Fitch.

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 Notes will be (indirectly) secured by a right of pledge over the Mortgage Receivables vested by the Issuer in favour of Stichting Security Trustee Citadel 2007-I (the '**Security Trustee**') and a right of pledge vested by the Issuer in favour of the Security Trustee over all rights of the Issuer 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 Junior Class C Notes and the Subordinated Class D Notes will be subordinated and may be limited as more fully described herein.

The Notes of each Class will be initially represented by a temporary global note in bearer form (each a '**Temporary Global Note**'), without coupons, which is expected to be deposited on or about the Closing Date 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**'). Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the relevant Class (each a '**Permanent Global Note**'), without coupons not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for notes in definitive form as described in the Conditions. The expression '**Global Notes**' means the Temporary Global Note of each Class and the Permanent Global Note of each Class.

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 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, Fortis Bank S.A./N.V. (the '**Manager**'), the GIC Provider, the Listing Agent, the Security Trustee and the Secured Parties 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 Security Trustee, the Manager, the GIC Provider, the Listing Agent and the Secured Parties, in whatever capacity acting. None of the Security Trustee, the Manager, the GIC Provider, the Listing Agent and the Secured Parties will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

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

The date of this Prospectus is 30 May 2007.

Manager

Fortis Bank S.A./N.V.

IMPORTANT INFORMATION

The Issuer is responsible for the information contained in this Prospectus, except for 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 contained in this Prospectus, except for the information for which the Seller is responsible 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. Any information from third-parties contained and specified as such in this Prospectus, except for the information for which the Seller is responsible as referred to in the following paragraph, has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly.

The Seller is responsible solely for the information contained in the following sections of this Prospectus: *Overview of the Dutch Real Estate Market*, *F. van Lanschot Bankiers N.V.*, *Description of the Mortgage Loans* and *Lending Principles and Processes*. 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 paragraphs 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 these paragraphs has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Seller accepts responsibility accordingly.

Neither this 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 Prospectus is set out in the section entitled *Purchase and Sale*. Persons into whose possession this 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 Prospectus in accordance with applicable laws and regulations. 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 this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Notes. Neither the delivery of this 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 Prospectus. Neither the Issuer nor any party have any obligation to update this Prospectus, except when required by the listing and issuing rules of Euronext Amsterdam and/or any applicable rules and regulations of Netherlands securities law.

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

The Manager 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**') 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 persons as defined in Regulation S

under the Securities Act except in certain transactions permitted by US tax regulations and Regulation S under the Securities Act (see *Purchase and Sale*).

All references in this 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 and as amended by the Treaty of Amsterdam).

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SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any supplement thereto. Civil liability attaches to the Issuer, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus. Where a claim relating to the information contained in the 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 Prospectus before the legal proceedings are initiated.

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

The transaction

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

On each Quarterly Payment Date, up to but excluding the Step-Up Date, the Issuer will apply the Substitution Available Amount to purchase from the Seller any Substitute Mortgage Receivables subject to the fulfilment of certain conditions and to the extent offered by the Seller. In addition, on each Quarterly Payment Date, the Issuer will apply the Further Advance Amount to purchase from the Seller any Further Advance Receivables. Furthermore, the Issuer may withhold the Reserved Amount for the purchase of Substitute Mortgage Receivables in the succeeding Quarterly Calculation Periods. Any amounts of the Principal Available Amount not used by the Issuer to purchase Substitute Mortgage Receivables or Further Advance Receivables or withheld as Reserved Amount will be available for the redemption of the Notes other than the Subordinated Class D Notes.

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the GIC 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. The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see *Credit Structure*) and (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Junior Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, and (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes and limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*.

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

Pursuant to the Servicing and Administration Agreement, (i) the Pool Servicer will agree (a) to provide administration and management services 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 (b) to provide the implementation of arrear procedures including, if applicable, the enforcement of mortgage rights and (ii) the 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 (see further *Servicing and Administration Agreement*).

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

The Issuer

Citadel 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 34274526 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.

Security

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights relating thereto and (ii) a first ranking 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*.

Interest on the Notes

The Notes will carry a floating rate of interest, payable quarterly in arrears on each Quarterly Payment Date. The rate of interest for the Notes will be three months Euribor plus a margin. On the Step-Up Date, the margin of the Notes, other than the Subordinated Class D Notes, will be reset subject to and in accordance with the Conditions.

Redemption of the Notes

Unless previously redeemed, the Issuer will, subject to Condition 9(b), redeem all of the Notes at their respective Principal Amount Outstanding on the Final Maturity Date.

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date, the Issuer will be obliged to apply the Notes Redemption Available Amount, to (partially) redeem the Notes, other than the Subordinated Class D Notes, at their Principal Amount Outstanding in the following order:

- a) *firstly*, the Senior Class A Notes, until fully redeemed;
- b) *secondly*, the Mezzanine Class B Notes, until fully redeemed; and
- c) *thirdly*, the Junior Class C Notes, until fully redeemed.

As the Notes Redemption Available Amount is up to the first Optional Redemption Date the amount remaining of the Principal Available Amount after the purchase of Substitute Mortgage Receivables and Further Advance Receivables and less any Reserved Amount, such Notes Redemption Available Amount on any Quarterly Payment Date may be nil.

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date falling on or after the Quarterly Payment Date on which the Junior Class C Notes have been fully redeemed, the Issuer will be obliged to apply the Class D Redemption Available Amount to redeem the Subordinated Class D Notes.

Unless previously redeemed in full, the Issuer will have the option to redeem the Notes, other than the Subordinated Class D Notes, in whole but not in part, on each Optional Redemption Date at their Principal Amount Outstanding and, in the case of the Mezzanine Class B Notes and the Junior Class C Notes subject to and in accordance with Condition 9(b). Also, the Issuer will have the option to redeem the Notes for tax reasons in accordance with Condition 6(e). Finally, the Issuer will redeem the Notes if the Seller exercises its Regulatory Call Option or the Clean-Up Call Option in accordance with Condition 6(b).

Listing

Application has been made to list the Notes on Eurolist by Euronext Amsterdam.

Rating

It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned a AAA rating by Fitch, the Mezzanine Class B Notes, on issue, be assigned at least a A rating by Fitch and the Mezzanine Class C Notes, on issue, be assigned at least, a BBB- rating by Fitch. Furthermore, it is expected that the Subordinated Class D Notes will, on issue, be assigned at least a BB+ rating by Fitch.

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, the proceeds of the sale of any Mortgage Receivables and the receipt by it of certain other funds. Despite certain facilities, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see *Risk Factors*).

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 material 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 material enough. 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 Prospectus and reach their own views prior to making any investment decision.

RISK FACTORS REGARDING THE ISSUER

The Notes will be solely the obligations of the Issuer

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 Swap Counterparty, the Administrator, the Pool Servicer, the Directors, the Paying Agents, the Reference Agent, the Manager, the GIC Provider and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Swap Counterparty, the Administrator, the Pool Servicer, the Directors, the Paying Agents, the Reference Agent, the Manager, the GIC Provider and the Security Trustee, nor 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 Swap Counterparty, the Administrator, the Pool Servicer, the Directors, the Paying Agents, the Reference Agent, the Manager, the 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 its 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, drawings from the Reserve Account and the receipt by it of interest in respect of the balance standing to the credit of the Transaction Accounts other than the Construction Account. See further *Credit Structure*. The Issuer does not have any other resources available to it to meet its obligations under the Notes.

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 there is a risk that (a) Van Lanschot in its capacity as Seller, Pool Servicer, GIC Provider and Swap Counterparty will not perform its obligations vis-à-vis the Issuer, (b) ATC Financial Services B.V. will not perform its obligations as Administrator or Director vis-à-vis the Issuer, and (c) Fortis Bank S.A./N.V. in its capacity as Reference Agent, Fortis Banque Luxembourg S.A. in its capacity as Principal Paying Agent and Fortis Bank Nederland in its capacity as Paying Agent will not perform their respective obligations under the Paying Agency 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 Netherlands law pledges will be granted by the Issuer to the Security Trustee. On the basis of these pledges, the Security Trustee can exercise the rights afforded by Netherlands law to pledgees as if there were no bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle 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 Issuer to the Security Trustee prior to notification of the right of pledge 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 (4) 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") of the (interest and principal) payments in respect of the Mortgage Receivables 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 a bankruptcy or 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.

Risks related to the creation of pledges 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 pledges under the Pledge Agreements in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of a parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties. There is no statutory law or case law available on parallel debts such as the Parallel Debt and the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge. However, the Issuer has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Trustee Receivables Pledge Agreement and the Trustee Assets Pledge Agreement (see also *Description of Security*).

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.

License requirement under the Act on the Financial Supervision

Under the Act on the Financial Supervision ("Wet Financieel Toezicht"), as amended from time to time, which entered into force on 1 January 2007, a special purpose vehicle which services ("beheert") and administers ("uitovert") loans granted to consumers, such as the Issuer, must have a license under that Act. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Act on the Financial Supervision as intermediary ("bemiddelaar") or offeror of credit ("aanbieder van krediet"). The Issuer has outsourced the servicing and administration of the Mortgage Loans to the Pool Servicer. The Pool Servicer holds a license under the Act on the Financial Supervision as intermediary and offeror of credit under the Act on the Financial Supervision and the Issuer thus benefits from the exemption. However, if the Servicing and Administration Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Loans to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Act on the Financial Supervision. If the Servicing and Administration Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Loans to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and settle ("afwickelen") its existing agreements.

Risk related to the termination of 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 Fitch) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event. If the Swap Counterparty is unable to transfer its rights and obligations under the Swap Agreement to another office, branch or affiliate, it will 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.

The Swap Agreement will be terminable by one party if - *inter alia*- (i) an event of default (as defined therein) occurs in relation to the Issuer or the Swap Counterparty, (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) insolvency events. If the Swap Agreement terminates, the Issuer will be exposed to changes in the relevant rates of interest. As a result, unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments under the Notes.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

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 Substitute Mortgage Receivables on each Quarterly Payment Date up to and including the Quarterly Payment Date immediately preceding the Final Maturity 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 by the Seller or, as the case may be, the Issuer to the Borrowers except if certain events occur. For a description of these notification events reference is made to *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*") in respect thereof. 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. In case the Seller is declared bankrupt or subject to emergency regulations 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 emergency regulations 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 it (if any) with amounts it owes in respect of the Mortgage Receivable prior to notification of the assignment of the Mortgage Receivable to the Issuer having been made. Such amounts due by the Seller to a Borrower could, *inter alia*, result from current account balances or deposits made with the Seller or services rendered by the Seller to a Borrower, if rendered at all, such as investment advice in connection with Investment Mortgage Loans. As a result of the set-off of amounts due 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 originated by CenE Bankiers N.V. ("**CenE**") provide that payments by the relevant Borrowers should be made without set-off, but the other Mortgage Loans do not have such a provision. Although this clause is intended as a waiver by these Borrowers of their set-off rights vis-à-vis the Seller, under Netherlands law it is uncertain whether such waiver will be valid. A provision in general conditions (such as the Mortgage Conditions) is voidable ("*vernietigbaar*") if the provision is deemed to be unreasonably onerous ("*onredelijk bezwarend*") for the party against whom the general conditions are used. A clause containing a waiver of set-off rights is, subject to proof to the contrary, assumed to be unreasonably onerous if the party against which the general conditions are used, does not act in the conduct of its profession or

trade (i.e. a consumer). If, in view of the above, the set-off rights of the Borrowers under the relevant Mortgage Loans have not effectively been waived, and in the case of Mortgage Loans originated by Van Lanschot, the relevant 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 against 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 and payable ("*opeisbaar*") prior to notification of the assignment, and, further, provided that all other requirements for set-off have been met (see above). In the case of deposits it will depend on the term of the deposit whether the balance thereof will be due and payable 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.

If notification of the assignment of the Mortgage Receivables is made after the bankruptcy or emergency regulations of the Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Netherlands Bankruptcy Code. Under the 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 becomes effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of emergency regulations.

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

All mortgage deeds relating to the Mortgage Receivables to be sold to the Issuer provide that the Mortgages created pursuant to such mortgage deeds, not only secure the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller resulting from or in connection with any loan or credit relationship (**'Bank Mortgages'**). The Mortgage Loans also provide for rights of pledge granted in favour of the Seller on the Insurance Policies (the **'Borrower Insurance Pledges'**) and on portfolios of securities (the **'Investment Portfolios'**) (the **'Borrower Investment Pledges'** and together with the Borrower Insurance Pledges, the **'Bank Pledges'** and the Bank Pledges together with the Bank Mortgages, the **'Bank Security Rights'**), which rights of pledge secure the same debts as the Bank 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 Netherlands legal commentators has been for a long time that upon the assignment of a receivable secured by a bank security right, such security right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed that a bank security right 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 security 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 security right, the security right will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of a bank mortgage, which is -in this argument- supported by the same case law. Any further claims of the assignor will also continue to be secured and as a consequence the bank security right will be jointly-held by the assignor and the assignee after the assignment. In this view a bank security right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

Although the view prevailing in the past, to the effect that given its nature a bank security right 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 security right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the bank security right will remain with the original holder of the security right, will be a matter of interpretation of the relevant deed creating the security right.

Neither the mortgage deeds nor any other agreements between the Seller and the relevant Borrower in respect of the Mortgage Receivables contain any explicit provision on the issue whether the mortgage right or rights of pledge or deeds of surety follows the receivable upon its assignment and as a consequence thereof there is no clear indication of the intention of the parties. The Issuer has been advised that even in such case the Bank 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 Netherlands commentators on bank security rights in the past, which view continues to be defended by some legal authors.

The above applies *mutatis mutandis* in the case of the pledge of the Mortgage Receivables by the Issuer to the Security Trustee under the Trustee Receivables Pledge Agreement.

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

If the Bank Security Rights have (partially) followed the Mortgage Receivables upon their assignment, the Bank Security Rights will be jointly-held by the Issuer and the Seller and will secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any claims held by the Seller resulting from current account facilities or other loans or otherwise (the '**Other Claims**').

In case the Bank Security Rights are jointly held by both the Issuer or the Security Trustee and the Seller, the rules applicable to a joint estate ("*gemeenschap*") apply. The Netherlands Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and the Security Trustee have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer the day-to-day management of 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 emergency regulations) may be required for such foreclosure. The Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share ("*aandeel*") in each jointly-held Mortgage of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount of the relevant Mortgage Receivable, increased with interest and costs, if any. The Issuer has been advised that although a good argument can be made that this arrangement will be enforceable against the Seller or, in case of its bankruptcy or emergency regulations, its trustee ("*curator*") or administrator ("*bewindvoerder*"), as the case may be, this is not certain. Furthermore it is noted that this arrangement may not be effective 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 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, if an Assignment Notification Event occurs then, unless an appropriate remedy to the satisfaction of the Security Trustee is found and the Security Trustee instructs the Seller otherwise, within a period of ten (10) business days, the Seller shall have an obligation to

pledge its Other Claims in favour of the Issuer and the Security Trustee respectively. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the share of the Seller in the foreclosure proceeds in relation to a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower. If, after the pledge of the Other Claims, the Assignment Notification Event has been cured and is not continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amount in respect of the Mortgage Receivable has been repaid in full.

The Seller will undertake that, if at any moment it shall grant or acquire any Other Claims on a Borrower, other than a Further Advance, it shall, to further secure the obligations under the arrangement set out above, have an obligation to pledge, upon the occurrence of an Assignment Notification Event relating to the Seller, such Other Claims, if any, in favour of the Issuer and the Security Trustee. 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.

Risk that Borrower Investment Pledges will not be effective

The Seller has the benefit of Borrower Investment Pledges. To the extent that a Borrower Investment Pledge is vested on rights of a Borrower that qualify as future claims, such as options, such Borrower Investment Pledge can not be invoked against the estate ("*boedel*") of the relevant Borrower if these claims become due and payable after or on the date on which the Borrower has been declared bankrupt, been made subject to suspension of payments or been made subject to a debt restructuring scheme pursuant to the Netherlands Bankruptcy Code.

Risks related to Investment Portfolio(s)

The Investment Mortgage Loans are secured by a Borrower Investment Pledge on an Investment Portfolio held in an investment account held with the Seller. The Seller has represented to the Issuer in the Mortgage Receivables Purchase Agreement that the Investment Portfolios will be either (i) in the form of "*Wge-effecten*" (securities regulated under the Netherlands Securities Giro Transfer Act, "*Wet giraal effectenverkeer*") or (ii) securities held by an independent custodian ("*bewaarder*") or (iii) Index Guaranteed Contracts.

The Issuer has been advised that this means that the relevant Borrower is expected to be investing through a bankruptcy remote securities account in which case the set-off risk should not become an issue, save in the case of Index Guaranteed Contracts.

In respect of Index Guaranteed Contracts forming part of an Investment Portfolio, the relevant Borrower has a claim on the Seller. If the Seller would become insolvent, the relevant Borrower may not be able to recover its claim on the Seller in relation to its Index Guaranteed Contract(s). This could lead to Borrowers trying to invoke rights of set-off with or defences in respect of its Mortgage Receivable. Set-off after notification of the assignment to the Issuer will be possible if all requirements for set off are met and, furthermore, the counterclaim of the Borrower has originated ("*opgekomen*") and become due and payable ("*opeisbaar*") prior to notification of the assignment of the relevant Mortgage Receivable to the Issuer or, alternatively, the counterclaim of the Borrower, and the relevant Mortgage Receivable result from the same legal relationship. The Seller has represented to the Issuer in the Mortgage Receivables Purchase Agreement that there is no relationship between any of the Mortgage Loans and any Investment Portfolio, other than the right of pledge thereof granted by the relevant Borrower to the Seller. The Issuer has been advised that on this basis it is unlikely that the Mortgage Loan and the relevant Index Guaranteed Contract will be regarded as stemming from the same legal relationship. The Seller has furthermore represented, in respect of Index Guaranteed Contracts, that claims thereunder are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and that the Index Guaranteed Contracts cannot be terminated by the Seller prematurely, but can be terminated by the relevant Borrower on a monthly basis. The Issuer has been advised that consequently, unless at the time of notification of the assignment the Index Guaranteed Contract will have been terminated and any claims thereunder will have become due and payable, no set-off by the Borrower of its claims resulting from such Index Guaranteed Contract with the relevant Mortgage Receivable will be permitted on this basis. In case of a bankruptcy or emergency regulations of the Seller prior to notification of the assignment the Borrower will have broader set-off rights (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*).

Risk that the Mortgages on Long Leases cease to exist

The Mortgages securing the Mortgage Loans may be vested on a long lease ('*erfpacht*'), as further described in *Description of Mortgage Loans* below. A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two (2) consecutive years or seriously breaches ("*in ernstige mate tekortschiet*") other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the Mortgage 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.

The mortgage conditions used in connection with the Mortgage Loans originated by CenE provide that the principal sum of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if a Borrower's title to a Mortgaged Asset is amended, terminated or becomes void. The mortgage conditions used in connection with the Mortgage Loans originated by Van Lanschot provide that the principal sum of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates.

Risk that Borrower Insurance Pledges will not be effective

Part of the Mortgage Receivables is secured by a 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, is granted a suspension of payments or is made subject to emergency regulations, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. The Borrower Insurance Pledges secure the same liabilities as the Bank Security Rights (and should therefore be regarded as Bank Pledges). The conditions applicable to the Borrower Insurance Pledges do not provide that in case of assignment or pledge of the receivable, the pledge will (partially) follow such receivable. Consequently, there is no clear indication of the intention of the parties. However, the Issuer has been advised that, based upon recent legal literature (see *Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer* above), the Borrower Insurance Pledges should partially follow the Mortgage Receivables upon their assignment and pledge.

Risks relating to Beneficiary Rights under the Insurance Policies

The Seller has been appointed as beneficiary under the relevant Insurance Policy up to the amount of its claim on the Borrower/policyholder (the "**Beneficiary Rights**"), except that in certain cases another beneficiary is appointed who will rank ahead of the Seller, provided that, *inter alia*, the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the proceeds of the Insurance Policy to the Seller (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. The Beneficiary Rights will be assigned by the Seller to the Issuer and will be pledged to the Security Trustee by the Issuer (see *Description of Security*). However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

The Seller will in the Mortgage Receivables Purchase Agreement undertake to use its best efforts to, following a Trustee Pledge Notification Event, (a) terminate the appointment of the Seller as beneficiary and (b) to appoint as first beneficiary (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Trustee Pledge Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Pledge Notification Event. In the event that a Borrower Insurance Proceeds Instruction has been given, the Seller will undertake to use its best efforts to, following a Trustee Pledge Notification Event, 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 ("*ontbindende voorwaarde*") of the occurrence of a Trustee Pledge Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Pledge 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, including the Insurance Companies. 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.

Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies

Under certain Mortgage Loans, the Seller has the benefit of rights under Life Insurance Policies and Savings Insurance Policies (together the '**Insurance Policies**') with the Life Insurance Companies and the Savings Insurance Companies respectively (together the '**Insurance Companies**'). Under the Insurance Policies the Borrowers pay premium consisting of a risk element and a savings or investment element. The intention of the Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in the amounts payable under the Insurance Policies either not, or only partly, being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences 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 Borrowers under the Mortgage Loans which have been originated by CenE have waived their set-off rights, but it is uncertain whether such waiver is effective. If such a waiver should not be effective and in respect of Mortgage Loans originated by Van Lanschot, the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Insurance Company and the relevant Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the Seller and the relevant Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the Seller and the relevant Insurance Company are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship. Furthermore, the Borrowers should have a counterclaim that is due and payable. If the relevant Insurance Company is declared bankrupt or subject to emergency regulations, the Borrower will have the right unilaterally to terminate the Insurance Policy and to receive a commutation payment ("*afkoopsom*"). These rights are subject to the Borrower Insurance Pledge. However, despite this pledge, it could be argued that the Borrower will be entitled to invoke a right of set-off for the commutation payment, subject, however, to what is stated above under *Risk that Borrower Insurance Pledges will not be effective*. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off in respect of such claim by the Borrowers.

Set-off vis-à-vis the Issuer after notification of the assignment would be subject to the additional requirements for set-off after assignment being met (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above). In the case of Savings Mortgage Loans (one of) these requirements is likely to be met, since it is likely that the Savings Mortgage Loans and the Savings Insurance Policies have been marketed as one product and are therefore likely to be regarded as one legal relationship. If the Savings Mortgage Loan and the Savings Insurance Policy are regarded as one legal relationship the assignment will not interfere with the set-off. The Issuer has been advised that it is unlikely, however, that the Mortgage Loans and the Life Insurance Policies should be regarded as one legal relationship.

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. The Borrowers could - inter alia - argue that 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 Receivable and the relevant Insurance Policy are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or dissolution of the Mortgage Loans or possibly suspension of their obligations thereunder or, alternatively, claim that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness ("*redelijkheid en billijkheid*") in general, i.e. that it is contrary to principles of reasonableness of fairness 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 Borrowers could also base a defense on "error" ("*dwalen*"), i.e. that the Mortgage Loan and the Insurance Policy were entered into as a result of error. If this defence would be successful, this could lead to annulment of the Mortgage Loan, which would have the result that the Issuer no longer holds a Mortgage Receivable.

Life Mortgage Loans

In respect of the risk of such set-off or defences being successful, as described above, if, in case of bankruptcy or emergency regulations of any of the Life Insurance Companies, the Borrowers insured will not be able to recover their claims under their Life Insurance Policies, the Issuer has been advised that, in view of the preceding paragraphs and the representation by the Seller that with respect to Life Mortgage Loans (i) a Borrower Insurance Pledge is granted on the rights under the Life Insurance Policy in favour of the Seller, (ii) the Mortgage Loan and the Life Insurance Policy in the Seller's or the Life Insurance Company's promotional materials not offered as one product under one name, (iii) the Borrowers are free to enter into the Life Insurance Policy with any Life Insurance Company and (iv) none of the Life Insurance Companies is a group company (within the meaning of article 2:24(b) of the Dutch Civil Code) of the Seller, it is unlikely that a court would honour set-off or defences of the Borrowers, as described above.

Savings Mortgage Loans

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

Risk related to the value of investments under Investment Mortgage Loans or Life Insurance Policies

The value of investments made under the Investment Mortgage Loans, or by the Life Insurance Companies in connection with Life Insurance Policies, may not be sufficient for the relevant Borrowers to fully redeem the related Mortgage Receivables at their maturity.

Set-off risk related to Employee Mortgage Loans

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Loans. The ultimate effect of this could be to delay or reduce the payments on the Notes or to increase the rate of repayment of 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 and 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 rate reset right remains with the Seller, the co-operation of the trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates.

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 the amount of Substitute Mortgage 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 laws, local and regional economic conditions and changes in Borrowers' behaviour. 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.

Risks related to investment advice

In the case of Investment Mortgage Loans, the Seller provides for certain services, for example for investment advice to the Borrowers. A Borrower may hold the Seller liable for any damages if it does not meet its obligations towards such Borrower, including its services as investment adviser. In particular liability could arise if the value of the Investment Portfolio is not sufficient to repay the Investment Mortgage Loan at maturity. This may lead to set-off by the Borrower under the Mortgage Receivable (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*) and thus to losses under the Notes.

Risks related to offering of Investment Mortgage Loans and 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 Investment Mortgage Loans and 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 Investment Mortgage Loans or Life Insurance Policies is not sufficient to redeem the Mortgage Loans.

In relation to investment insurance policies ("*beleggingsverzekeringen*") a specific issue has arisen concerning the costs of these products. In 2006, the AFM has issued a report on these products in which it concludes that these types of insurances are relatively expensive and that the information about costs is in many cases 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 (a) underwritten the recommendations of the Committee De Ruiter, stating that it sees these as a logical step in the various steps which have in previous years been made to improve transparency and (b) said that 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 having 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 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. In the press class actions have been announced against certain insurers.

If Life Insurance Policies 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 in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will depend very much 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 Insurance Companies*), 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 may 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 related to Construction Amounts

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold on deposit part of a Mortgage Loan to be paid out for the building or improvements of the Mortgaged Assets (together with accrued interest, the '**Construction Amount**'). Such amounts are deposited on an account with the Seller which is pledged to the Seller. Such amount will be paid out in case certain conditions are met. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Construction Amounts as per the Closing Date. Such amount will be deposited into an account held with the GIC Provider in the name of the Issuer (the '**Construction Account**'). On each Quarterly 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 twenty-four (24) months. Upon the expiry of such period or earlier if so agreed between the Seller and the Borrower, the remaining Construction Amount will be set-off against the relevant Mortgage Receivable up to the amount of the Construction Amount, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the amounts standing to the balance of the Construction Account will be used for redemption of the Notes in accordance with Condition 6. If an Assignment Notification Event set out under (e) and/or (f) 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.

The Issuer has been advised that based on case law and legal literature uncertainty remains whether on the basis of the applicable terms and conditions the part of the Mortgage Receivables relating to the Construction Amounts are considered to be existing receivables. It could be argued that such part of the Mortgage Receivable

concerned comes into existence only when and to the extent the Construction Amount is paid out. If the part of the Mortgage Receivable relating to the Construction Amount is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Amount is paid out on or after the date on which the Seller is declared bankrupt or has become subject to emergency regulations.

RISK FACTOR REGARDING THE MORTGAGED ASSETS

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 the relevant security rights on the Mortgaged Assets are required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Loans.

RISK FACTORS REGARDING THE NOTES

Risk that the Issuer will not exercise its right to redeem the Notes at the Step-Up Date

As a result of the increase in the margin payable on and from the Step-Up Date in respect of the rate of interest on the relevant Class of Notes, the Issuer will have an incentive to exercise its right to redeem the Notes on the Step-Up 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. The Mezzanine Class B Notes and the Junior Class C Notes can be redeemed at an amount less than their Principal Amount Outstanding (see Conditions 6(b) and 9(b) in *Terms and Conditions of the Notes* below).

Regulatory Call Option and Clean-Up Call Option and Redemption for Tax Reasons

Should the Seller exercise the Regulatory Call Option or the Clean-Up Call Option, 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 any Quarterly Payment Date, whether falling before or after the Step-Up Date. The Issuer will have the option to redeem the Notes for tax reasons in accordance with Condition 6(e).

The Class of Notes other than the Most Senior Class of Notes bear greater risk than the Most Senior Class of Notes

To the extent set forth in Conditions 6 and 9, (a) the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A Notes, (b) the Junior Class C Notes are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes and (c) the Subordinated Class D Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due on the Notes, to the extent set forth in Condition 9. On any Quarterly Payment Date, any Realised Losses on the Mortgage Loans will be allocated as described in *Credit Structure*.

Risk related to the limited liquidity of the Notes

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

Maturity Risk

The ability of the Issuer to redeem all of the Notes 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.

No Gross-up for Taxes

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

Credit ratings may not reflect all risks

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

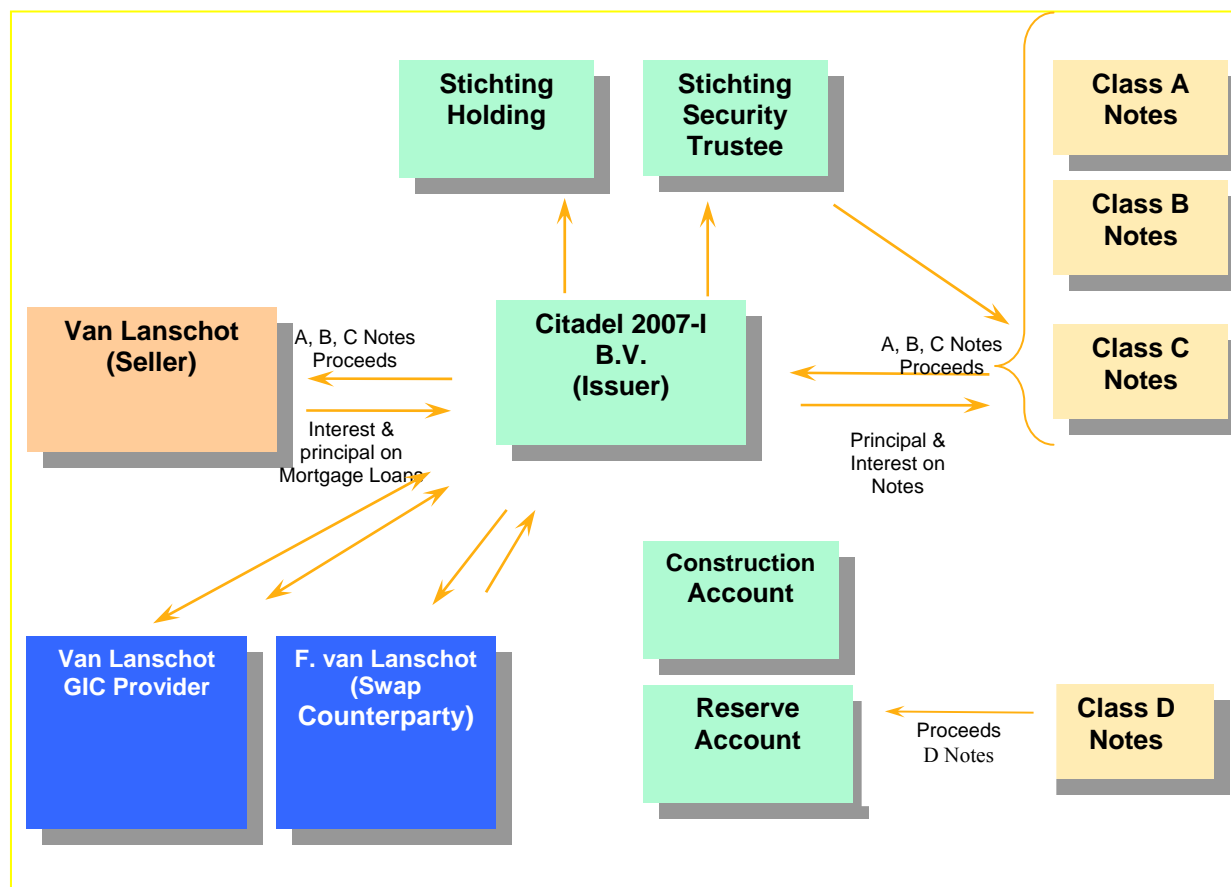
A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgment, the circumstances (including a reduction in the credit rating of the GIC Provider, the Seller or the Swap Counterparty)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

Forecasts and Estimates

Forecasts and estimates in this 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 Prospectus.



OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

THE PARTIES:

| | |
|--------------------------------|--|
| Issuer: | Citadel 2007-I B.V., incorporated under the laws of the Netherlands on 23 May 2007 as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") under number 34274526 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. |
| Seller: | F. van Lanschot Bankiers N.V. (" Van Lanschot "), incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> ") and registered with the Commercial Register of the Chamber of Commerce for East Brabant under number 16038212. |
| Originators: | Van Lanschot and CenE, which has merged into Van Lanschot on 1 January 2005. |
| Pool Servicer: | Van Lanschot. |
| Administrator: | ATC Financial Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 33210270. ATC Financial Services B.V. does not have any relationship with Van Lanschot other than pursuant to the Servicing and Administration Agreement. |
| Security Trustee: | Stichting Security Trustee Citadel 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 under number 34273736. |
| Shareholder: | Stichting Citadel 2007-I Holding, established under the laws of the Netherlands as a foundation and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34273737. |
| Directors: | ATC Management B.V., the sole director of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee. ATC Management B.V. and Amsterdamsch Trustee's Kantoor B.V. belong to the same group of companies. |
| Swap Counterparty: | Van Lanschot. |
| GIC Provider: | Van Lanschot. |
| Principal Paying Agent: | Fortis Banque Luxembourg S.A., incorporated under the laws of Luxembourg and established in Luxembourg (acting in such |

capacity, the "**Principal Paying Agent**").

Paying Agent:

Fortis Bank (Nederland) N.V., incorporated under the laws of the Netherlands as a public company ("*naamloze vennootschap*") and registered with the Chamber of Commerce of Rotterdam under number 30064791 ("**Fortis Bank Nederland**") (acting in such capacity, the "**Paying Agent**" and together with the Principal Paying Agent, the "**Paying Agents**").

Reference Agent:

Fortis Bank S.A./N.V.

Listing Agent:

Fortis Bank Nederland.

PRINCIPAL FEATURES OF THE TRANSACTION

THE NOTES:

Notes:

The euro 1,300,000,000 floating rate Senior Class A Mortgage-Backed Notes 2007 due 2049 (the '**Senior Class A Notes**'), the euro 108,350,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2007 due 2049 (the '**Mezzanine Class B Notes**'), the euro 36,150,000 floating rate Junior Class C Mortgage-Backed Notes 2007 due 2049 (the '**Junior Class C Notes**') and the euro 21,700,000 floating rate Subordinated Class D Notes 2007 due 2049 (the '**Subordinated Class D Notes**' and together with the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, the '**Notes**') will be issued by the Issuer on 1 June 2007 (or such later date as may be agreed between the Issuer, the Seller and the Manager) (the '**Closing Date**').

Issue Price:

The issue prices of the Notes will be as follows:

- (i) the Senior Class A Notes 100 per cent.;
- (ii) the Mezzanine Class B Notes 100 per cent.;
- (iii) the Junior Class C Notes 100 per cent.; and
- (iv) the Subordinated Class D Notes 100 per cent.

Denomination:

The Notes will be issued in denominations of euro 50,000 each.

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

Interest:

Interest on the Notes is payable by reference to successive quarterly interest periods. Each successive interest period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date (each a '**Floating Rate Interest Period**') 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 July 2007. The interest will be calculated based on the actual days elapsed in the Interest Period divided by a year of 360 days.

Interest on the Notes will be payable quarterly in arrears in euro in respect of the Principal Amount Outstanding of each Class of Notes on the 26th day of January, April, July and October (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 26th 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, Luxembourg and Brussels, 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 Interest Period from the Closing Date will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three (3) months deposits in euro, determined in accordance with Condition 4(f) or, in respect of the first Interest Period, accrue at the rate which represents the linear interpolation of Euribor for 1 and 2 months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus a margin that will, in respect of the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, up to (but excluding) the Quarterly Payment Date falling in July 2017 (the '**Step-Up Date**') and in respect of the Subordinated Class D Notes, up to (but excluding) the Final Maturity Date, be:

- (i) for the Senior Class A Notes, a margin of 0.15 per cent per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.25 per cent per annum;
- (iii) for the Junior Class C Notes, a margin of 0.60 per annum; and
- (iv) for the Subordinated Class D Notes, a margin of 1.70 per annum.

Interest Step-up:

If on the Step-Up 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 D Notes, will be reset to:

- (i) for the Senior Class A Notes, a margin of 0.30 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.50 per cent. per annum; and
- (iii) for the Junior Class C Notes, a margin of 1.20 per cent. per annum.

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 July 2049 (the '**Final Maturity Date**').

Optional Redemption of the Notes:

Unless previously redeemed in full, the Issuer will have the option to redeem the Notes in whole but not in part on the Step-Up Date and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**'), at their Principal Amount Outstanding or, in the case of the Mezzanine Class B Notes, less the Mezzanine Class B Principal Shortfall, if any, and in the case of the Junior Class C Notes, less the Junior Class C Principal Shortfall, if any, subject to and in accordance with the Conditions.

Mandatory Redemption of the Notes:

The Issuer will be obliged to apply the Notes Redemption Available Amount to (partially) redeem the Notes on each Quarterly Payment Date at their respective Principal Amount Outstanding on a *pro rata* and *pari passu* basis in the following order:

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

The Notes Redemption Available Amount will on each Quarterly Payment Date be equal to the Principal Available Amount less the Further Advance Amount, the Reserved Amount and the Substitution Amount.

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date falling on or after the Quarterly Payment Date on which the Junior Class C Notes have been fully redeemed, the Issuer will be obliged to apply the Class D Redemption Available Amount to redeem the Subordinated Class D Notes, until fully redeemed.

Redemption for tax reasons:

If the Issuer is or will become 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 laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any political sub-division 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, 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 (or such of them as are then outstanding) are also redeemed in full at the same time.

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 ten (10) per cent. of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Cut-Off Date (the '**Clean-Up Call Option**').

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion in case of the exercise of the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and 9(b). The purchase price will be calculated as described in *Sale of Mortgage Receivables* in *Credit Structure*.

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**'). A '**Regulatory Change**' will be a change published on or after the Closing Date in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the '**Basle Accord**') or in the international, European or Netherlands regulations, rules and instructions (which includes the solvency regulation on securitisation of the Dutch Central Bank) (the '**Bank Regulations**') applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes.

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* in *Credit Structure*. If the Seller exercises the 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 subject to and in accordance with Conditions 6(b) and 9(b).

Withholding Tax:

All payments by the Issuer 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 imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to

the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

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 through 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 the net proceeds from the issue of the Notes, other than the Subordinated Class D Notes, to pay to the Seller the Initial Purchase Price for the Mortgage Receivables purchased on the Closing Date, pursuant to the provisions of an agreement dated on or about the date of this Prospectus made between the Seller, the Issuer and the Security Trustee (the '**Mortgage Receivables Purchase Agreement**'). The net proceeds of the issue of the Subordinated Class D Notes will be credited to the Reserve Account. See further *Mortgage Receivables Purchase Agreement* 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 upon the purchase of any Substitute Mortgage Receivables or any Further Advance Receivables, such Substitute Mortgage Receivables and/or Further Advance Receivables) of the Seller against certain borrowers (the '**Borrowers**') under or in connection with certain selected Mortgage Loans including the Beneficiary Rights relating thereto. The Mortgage Receivables resulting from Life Mortgage Loans and Investment Mortgage Loans and Savings Mortgage Loans, will hereinafter be referred to as '**Life Mortgage Receivables**', '**Investment Mortgage Receivables**' and '**Savings Mortgage Receivables**', as the case may be. The Issuer will be entitled to the principal proceeds of the Mortgage Receivables from (and including) the Cut-Off Date or in the case of any Substitute Mortgage Receivables, as of the first day of the calendar month wherein the relevant Quarterly Payment Date falls.

Purchase of Substitute Mortgage Receivables:

The Mortgage Receivables Purchase Agreement will provide that, provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date up to (and including) the Quarterly Payment Date immediately preceding the Step-Up Date, the Issuer will apply the Substitution 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 '**Substitute Mortgage Receivables**'), subject to the fulfilment of certain conditions and to the extent offered by the Seller. The '**Substitution Available Amount**' is equal to (i) the Principal Available Amount less the Further Advance Amount and the Reserved Amount and (ii) zero if the Seller has exercised the Clean-Up Call Option or Regulatory Call Option.

Purchase of Further Advance Receivables

The Mortgage Receivables Purchase Agreement will provide that, provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date up to (and including) the Quarterly Payment Date immediately preceding the Final Maturity Date, the Issuer will purchase from the Seller any and all rights of the Seller against any Borrower resulting from a further advance granted by the Seller to the relevant Borrower, including a new mortgage loan, which is secured only by the mortgage right that also secures the relevant Mortgage Receivable (such advance a '**Further Advance**' and the relevant receivable, a '**Further Advance Receivable**') in the immediately preceding Quarterly Calculation Period. On each Quarterly Payment Date, the Issuer will apply the Principal Available Amount towards the purchase of such Further Advance Receivables.

Repurchase of Mortgage Receivables:

If at any time after the Closing Date any of the representations and warranties given by the Seller in respect of a Mortgage Receivable or its related Mortgage Loan, including the representation and warranty that such Mortgage Receivable or its related Mortgage Loan meets the Mortgage Eligibility Criteria, proves to have been untrue or incorrect, the Seller shall within fourteen (14) days of having knowledge of such breach or 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 fourteen (14) days, the Seller shall on the next succeeding Mortgage Payment Date repurchase and accept re-assignment of such Mortgage Receivable.

In addition, the Seller shall repurchase and accept reassignment of the relevant Mortgage Receivable on the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower (i) to amend the terms of the Mortgage Loan to which such Mortgage Receivable relates as a result of which the relevant Mortgage Loan no longer meets the Mortgage Eligibility Criteria or the representations and warranties of the Mortgage Receivables Purchase Agreement (a '**Mortgage Loan Amendment**'), or (ii) to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer.

The purchase price in case of a repurchase by the Seller of Mortgage Receivables in any of the events described above, will be equal to the Outstanding Principal Amount of the Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of purchase and assignment of the Mortgage Receivable, except that with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value, or (ii) the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Receivable.

Mortgage Loans:

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will relate to loans (a) secured by a first-ranking mortgage right, or in case of Mortgage Loans secured on the same Mortgaged Asset, first-and sequentially lower ranking mortgage rights, over (i) real property, (ii) an apartment right or (iii) a long lease (together with real property and apartment rights, the '**Mortgaged Assets**') situated in the Netherlands, (b) which meet the Mortgage Eligibility Criteria set forth below, (c) which have been originated by an Originator and (d) which will be selected prior to or on the Closing Date or, in case of Substitute Mortgage Receivables, the relevant Quarterly Payment Date (the '**Mortgage Loans**'). See further *Description of Mortgage Loans*.

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

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

1. Life Mortgage Loans ("*levenhypotheken*");
2. Investment Mortgage Loans ("*beleggingshypotheken*");
3. Savings Mortgage Loans ("*spaarhypotheken*");
4. Linear Mortgage Loans ("*lineaire hypotheken*");
5. Annuity Mortgage Loans ("*annuïteiten hypotheken*");
6. Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*"); and
7. a combination thereof.

If a Mortgage Loan consists of one or more loan parts, the Seller will sell and assign and the Issuer shall purchase and accept the assignment of all rights associated with all, but not some, loan parts of such Mortgage Loan at the Closing Date or, as the case may be, the relevant Quarterly Payment Date. See further *Description of Mortgage Loans*.

Sale of Mortgage Receivables:

The Issuer will on any Optional Redemption Date have the right to sell and assign the Mortgage Receivables to a third party (including the Seller), provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes, other than the Subordinated Class D Notes. If the Issuer exercises its right to redeem the Notes on any Optional Redemption Date, it shall first offer such Mortgage Receivables for sale to the Seller. The Seller shall within a period of fifteen (15) business days inform the Issuer whether it wishes

to repurchase the Mortgage Receivables. After such fifteen (15) Business Day period, the Issuer may offer such Mortgage Receivables for sale to any third party.

The purchase price of the Mortgage Receivables in case of a sale of the Mortgage Receivables shall be equal to the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, of each Mortgage Receivable, except that with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value, or (ii) the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Receivable.

Security for the Notes:

The Notes will be (indirectly) secured by (i) a first ranking right of pledge by the Issuer to the Security Trustee over the Mortgage Receivables including all rights ancillary thereto and the Beneficiary Rights and (ii) 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 Servicing and Administration Agreement and the 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 amounts received by the Security Trustee as creditor under the Parallel Debt Agreement. Payments to the Secured Parties will be made in accordance with the 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 Trustee Receivables Pledge Agreement and the Trustee Assets Pledge Agreement.

CASH-FLOW STRUCTURE:

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.

Master Collection Account:

The Issuer shall maintain with the GIC Provider a collection account (the '**Master Collection Account**') and together with the Reserve Account and the Construction Account, the "**Transaction Accounts**") to which, *inter alia*, all amounts of interest, prepayment penalties and principal received by the Seller under the Mortgage Receivables, will be transferred by the Pool Servicer from the Seller Collection Account.

Reserve Account:

The Issuer shall maintain with the GIC provider a reserve account (the '**Reserve Account**') in which the net proceeds of the issue of the Subordinated Class D will be deposited. 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 (k) 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 Calculation Date exceeds the aggregate amounts payable under items (a) to (k) (inclusive) in the Interest Priority of Payments, such excess amount will be used to replenish the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Target Level.

Construction Account:

The Issuer shall also maintain with the GIC Provider an account (the '**Construction Account**') to which on the Closing Date an amount corresponding to the aggregate Construction Amounts will be credited. The Construction Account shall be debited (i) for payments for the benefit of the Seller upon Construction Amounts being paid out for the benefit of the Seller to or on behalf of the Borrowers and (ii) in case the Issuer has no

obligation to pay any further part of the Initial Purchase Price, the Construction Account may be debited accordingly. For this purpose a '**Construction Amount**' means such part of a Mortgage Loan that at the request of the relevant Borrower is withheld by the Seller on deposit to be paid out for the building or improvements of the mortgaged property.

GIC:

The Issuer and the GIC Provider will enter into a guaranteed investment contract (the '**GIC**') on the Closing Date, under which the GIC Provider will agree to pay a guaranteed rate of interest determined by reference to three months Euribor minus a margin on the balance standing from time to time to the credit of the Transaction Accounts. Interest on the Transaction Accounts other than the Construction Account will be paid to the Issuer. Interest on the Construction Account will be paid to the Seller.

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 Transaction Accounts and (b) the rates of interest payable by the Issuer on the relevant Class of Notes. (see *Interest Rate Hedging* under *Credit Structure* below).

OTHER:

Servicing and Administration Agreement:

Under a servicing and administration agreement to be entered into on the Closing Date between the Issuer, the Pool Servicer, the Administrator and the Security Trustee (the '**Servicing and Administration Agreement**'), (i) the Pool Servicer will agree to provide administration and management services in relation to the Mortgage Loans, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages and (ii) the 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 (see further section *Lending Principles and Processes* below).

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, under which 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 to be listed on Eurolist by Euronext Amsterdam.

Ratings:

It is a condition precedent to issuance that (i) the Senior Class A Notes, on issue, be assigned a AAA rating by Fitch, (ii) the Mezzanine Class B Notes, on issue, be assigned at least a A rating by Fitch and (iii) the Junior Class C Notes, on issue, be assigned at least a BBB- rating by Fitch. Furthermore, it is expected that the Subordinated Class D Notes will, on issue, be assigned at least a BB+ rating by Fitch.

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, or a combination thereof. On the Cut-Off Date the weighted average interest rate of the Mortgage Loans is 4.61 per cent.. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of Mortgage Loans*.

Cash Collection Arrangement:

All payments made by Borrowers will be paid into the Seller Collection Account. This account is not pledged to any party. 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 at any time the short-term, unsecured and unguaranteed debt obligations of the Seller are assigned a rating of less than F1 by Fitch (the '**Seller Collection Account Provider Requisite Rating**') or such rating is withdrawn, then the Seller will, to maintain the then current rating assigned to the Notes, within thirty (30) days of any such event, either: (i) ensure that payments to be made in respect of amounts received on the collection account relating to the relevant Mortgage Receivables will be guaranteed by a party having at least the Seller Collection Account Provider Requisite Rating; or (ii) (a) open an escrow account in the name of the Issuer, at its own costs, with a party having at least the Seller Collection Account Provider Requisite Rating, and (b) transfer to the escrow account an amount equal to the highest single amount of principal, interest and pre-payment penalties received since the Closing Date on the Master Collection Account during one Mortgage Calculation Period; or (iii) implement any other actions agreed at that time with Fitch.

On each '**Mortgage Payment Date**' (being the 13th day of each calendar month or if this is not a business day, the next succeeding business day) the Pool Servicer shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period from the Seller Collection Account to the Master 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 (but exclude) the Cut-Off Date and end on (and include) the last day of May 2007.

Transaction Accounts

Master Collection Account

The Issuer will maintain with the GIC Provider the Master Collection Account to which all amounts received (i) in respect of the Mortgage Loans will be transferred by the Pool Servicer and (ii) from the other parties to the Relevant Documents will be paid.

The Administrator will identify all amounts paid into the Master 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 Master Collection Account other than on a Quarterly Payment Date only to satisfy amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business.

The Issuer may, at its option, until the Quarterly Payment Date immediately preceding the Step-Up Date, reserve and/or withhold amounts from the Principal Available Amount less the Further Advance Amount and the Substitution Amount, for the purchase of Substitute Mortgage Receivables in the succeeding Quarterly Calculation Period (the '**Reserved Amount**'). The Reserved Amount (i) may on any Quarterly Calculation Date never exceed the Outstanding Principal Amount in respect of all Substitute Mortgage Receivables which the Seller expects to offer to the Issuer on the two (2) immediately succeeding Quarterly Payment Dates following the relevant Quarterly Payment Date as notified by the Seller to the Issuer at least three (3) business days prior to

the relevant Quarterly Calculation Date and (ii) may never exceed an amount which would cause the Notes Redemption Available Amount to be less than zero.

Construction Account

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

Reserve Account

The Issuer will also maintain with the GIC Provider the Reserve Account. Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (a) to (k) (inclusive) of the Interest Priority of Payments.

If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items ranking higher than (k) in the Interest Priority of Payments, the excess amount will be applied to deposit on the Reserve Account, until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level. The **'Reserve Account Target Level'** shall on any Quarterly Payment Date, be equal to 1.5 per cent. of the aggregate Principal Amount Outstanding of the Notes as of the Closing Date.

After all amounts of interest and principal due in respect of the Notes, other than the Subordinated Class D Notes, have been paid any amount standing to the credit of the Reserve Account will be transferred to the Master Collection Account and will after all payments of the Interest Priority of Payments ranking higher in priority have been made, form part of the Notes Interest Available Amount.

Downgrade of the GIC Provider

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are assigned a rating of less than F-1 by Fitch (the **'Short Term Requisite Rating'**) or such rating is withdrawn, the Issuer will be required within thirty (30) days to transfer the balance of the Transaction Accounts to an alternative bank with the Short Term Requisite Rating or to obtain a third party, acceptable to Fitch, to guarantee the obligations of the GIC Provider.

Interest Priority of Payments

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated at each Quarterly Calculation Date and which will have been received or deposited during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date (items (i) up to and including (xi) being hereafter referred to as the **'Notes Interest Available Amount'**):

- (i) as interest on the Mortgage Receivables;
- (ii) as interest accrued on the Transaction Accounts, other than the Construction 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;
- (v) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (vi) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date;
- (vii) 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;
- (viii) 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;

- (ix) as any amounts received, recovered or collected from a Borrower in respect of a Mortgage Receivable in addition to Net Proceeds, whether in relation to interest, principal or otherwise, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivable (the '**Post-Foreclosure Proceeds**'); amounts received as post-foreclosure proceeds on the Mortgage Receivables; and
 - (x) on the Quarterly Payment Date on which the Notes, other than the Subordinated Class D Notes, will be or have been redeemed in full, any (remaining) amounts standing to the credit of the Master Collection Account which are not included in items (i) up to and including (ix) on such Quarterly Payment Date;
- less
- (xi) on the first Quarterly Payment Date of each year, the sum of (i) an amount equal to 5 per cent. of the annual fee due to the Director of the Issuer and (ii) an amount of Euro 1,500,

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 Pool Servicer and the Administrator under the Servicing and Administration 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 and sums due to Fitch and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer and/or the Security Trustee, and (ii) fees and expenses due to the Paying Agents and the Reference Agent under the Paying Agency Agreement;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement, except for any termination payment due or payable (a) as a result of the occurrence of an Event of Default where the Swap Counterparty is the Defaulting Party or (b) in case of an Additional Termination Event relating to the credit rating of the Swap Counterparty including a Settlement Amount (as such terms are defined in the Swap Agreement) payable under (n) below) (each a '**Swap Counterparty Default Payment**');;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due but unpaid in respect of the Senior Class A Notes;
- (f) *sixth*, in or towards making good any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (g) *seventh*, in or towards satisfaction of interest due or accrued due but unpaid on the Mezzanine Class B Notes;
- (h) *eighth*, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (i) *ninth*, in or towards satisfaction of interest due or accrued due but unpaid on the Junior Class C Notes;
- (j) *tenth*, in or towards making good any shortfall 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;
- (k) *eleventh*, in or towards satisfaction of interest due or interest accrued due but unpaid on the Subordinated Class D Notes;

- (l) *twelfth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the Reserve Account Target Level;
- (m) *thirteenth*, on each Optional Redemption Date or on each Quarterly Payment Date on which the Notes, other than the Subordinated Class D Notes, have been or will be redeemed in full, in or towards satisfaction of principal due on the Subordinated Class D Notes;
- (n) *fourteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement; and
- (o) *fifteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

Principal Priority of Payments

The sum of the amounts set out in items (i) up to and including (viii), calculated at any Quarterly Calculation Date, as being received or deposited during the immediately preceding Quarterly Calculation Period will constitute the '**Principal Available Amount**') and the sum of the amounts set out in items (i) up to and including (xi) shall constitute the '**Notes Redemption Available Amount**':

- (i) as repayment and prepayment of principal under the Mortgage Receivables, excluding prepayment penalties, if any;
- (ii) as Net Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal;
- (iii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
- (iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Servicing and Administration Agreement;
- (vi) as amounts debited from the Construction Account in accordance with the Mortgage Receivables Purchase Agreement;
- (vii) the Reserved Amount on the last day of the preceding Quarterly Calculation Period; and
- (viii) as amounts equal to the excess (if any) of (a) the aggregate proceeds of the issue of the Notes, other than the Subordinated Class D Notes, over (b) the Initial Purchase Price of the Mortgage Receivables,

less the sum of:

- (xi) any amount applied towards the purchase of Further Advance Receivables on such Quarterly Payment Date (the '**Further Advance Amount**');
- (x) any amount applied towards the purchase of Substitute Mortgage Receivables on such Quarterly Payment Date (the '**Substitution Amount**'); and
- (xi) any amount reserved and/or withheld for the purchase of Substitute Mortgage Receivables on the immediately following Quarterly Payment Date (the '**Reserved Amount**').

Prior to the delivery of an Enforcement Notice by the Security Trustee, the Notes Redemption Available Amount will be applied by the Issuer on each Quarterly Payment Date (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the '**Principal Priority of Payments**')

- (a) *first*, in or towards satisfaction of principal amounts due under the Senior Class A Notes;
- (b) *second*, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes; and
- (c) *third*, in or towards satisfaction of principal amounts due under the Junior Class C Notes.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed will be paid to the Secured Parties (including the Noteholders) 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 '**Priority of Payments upon Enforcement**')

- (a) *first*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (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*, fees and expenses of Fitch and any legal advisor, auditor or accountant appointed by the Security Trustee, (iii) the fees and expenses of the Principal Paying Agent, the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement and (iv) the fees and expenses of the Administrator and the Pool Servicer under the Servicing and Administration Agreement;
- (b) *second*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement, including Settlement Amounts (as defined in the Swap Agreement) to be paid by the Issuer upon early termination of the Swap Agreement (as determined in accordance with its terms), but excluding any other costs to be paid by the Issuer on such early termination payable under subparagraph (k) below;
- (c) *third*, in or towards satisfaction of all amounts of interest due but unpaid in respect of the Senior Class A Notes;
- (d) *fourth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class C Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class C Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class D Notes;
- (j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class D Notes;
- (k) *eleventh*, to the Swap Counterparty in or towards payment of any amounts due under the Swap Agreement in connection with the Issuer's obligations in respect of the costs (other than Settlement Amounts) to be paid by the Issuer upon an early termination of the Swap Agreement, as determined in accordance with its terms; and
- (l) *twelfth*, in or towards satisfaction of the Deferred Purchase Price (as defined in *Mortgage Receivables Purchase Agreement*) to the Seller.

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising of three sub-ledgers (the '**Class A Principal Deficiency Ledger**', the '**Class B Principal Deficiency Ledger**' and the '**Class C Principal Deficiency Ledger**') will be established by or on behalf of the Issuer in order to record Realised Losses (each a '**Principal Deficiency**'). An amount equal to any Principal Deficiency will be debited to the Class C Principal Deficiency Ledger (such debit items being credited at item (j) 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 debit balance on such ledger is less than the Principal Amount Outstanding of the Junior Class C Notes and thereafter such amount will be debited to the Class B Principal Deficiency Ledger (such debit items being credited at item (h) 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 debit balance on such 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 items being credited at item (f) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose).

'**Realised Losses**' means, on any Quarterly Calculation Date, the sum of (a) the amount equal to the difference between (i) the aggregate Outstanding Principal Amount in respect of Mortgage Receivables on which the Seller, the Pool Servicer (on behalf of the Issuer or the Security Trustee), the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including such Quarterly Calculation Date and (ii) the Net Proceeds on such Mortgage Receivables and (b) with respect to Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (x) the aggregate Outstanding Principal Amount and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to the principal 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 gegaan*') will be disregarded.

Interest Rate Hedging

The Mortgage Eligibility Criteria (as defined under *Mortgage Receivables Purchase Agreement*) require that all Mortgage Loans bear a fixed or floating rate of interest subject to a reset from time to time, or a combination thereof. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. On the Step-Up Date, the margin on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes will be reset. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, the Issuer will agree to pay to the Swap Counterparty on each Quarterly Payment Date amounts equal to the sum of (i) the interest received (including penalty interest) on the Mortgage Receivables, plus (ii) the interest accrued on the Transaction Accounts, other than the Construction Account, and (iii) any prepayment penalties received less (x) an excess margin (the '**Excess Margin**') of 0.3 per cent. per annum applied to the aggregate Outstanding Principal Amount of the Mortgage Receivables on the first day of the relevant Quarterly Calculation Period and (y) certain expenses as described under (a), (b) and (c) of the Interest Priority of Payments.

The Swap Counterparty will agree to pay to the Issuer on each Quarterly Payment Date amounts equal to the scheduled interest due under the Notes, and calculated by reference to the Floating Rate of Interest for each Class of Notes applied to an amount equal to: (i) the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Interest Period, less (ii) (a) for each of the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes on the first day of the relevant Interest Period an amount equal to the balance standing on the relevant Principal Deficiency Ledger, if any, and, (b) with respect to the Subordinated Class D Notes, if there is a balance standing on the Class C Principal Deficiency Ledger on the first day of the relevant Interest Period, an amount equal to the Principal Amount Outstanding of the Subordinated Class D Notes.

Payments under the Swap Agreement will be netted.

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 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 (i) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least as high as A by Fitch or (ii) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least as high as F-1 by Fitch (the '**Swap Required Ratings**'), 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, arranging for its obligations under the Swap Agreement to be transferred to an entity with the Swap Required Ratings, procuring another entity with at least the Swap Required Ratings to become co-obligor in respect of its obligations under the Swap Agreement, or the taking of such other action as it may agree with Fitch. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

Any collateral transferred by the Swap Counterparty in accordance with the provisions set out above which is in excess of its obligations to the Issuer under the Swap Agreement will be returned to such Swap Counterparty prior to the distribution of any amounts due to the Noteholders or the other Secured Parties.

Sale of Mortgage Receivables

Under the terms of the Trust Deed, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables, on each Optional Redemption Date to a third party, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes other than the Subordinated Class D Notes. If the Issuer exercises its option to sell and assign the Mortgage Receivables on any Optional Redemption Date, it shall first offer such Mortgage Receivables for sale to the Seller. The Seller shall within a period of fifteen (15) business days inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such fifteen (15) business day period, the Issuer may offer the Mortgage Receivables for sale to any third party.

Under the terms of the Trust Deed, the Issuer will also have the right to sell all, but not some only, of the Mortgage Receivables if the Issuer exercises the option to redeem the Notes for tax reasons in accordance with Condition 6(e). Furthermore, under the terms of the Mortgage Receivables Purchase Agreement, the Issuer will be obliged to sell and assign the Mortgage Receivables to the Seller if the Seller exercises the Clean-Up Call Option or the Regulatory Call Option.

The purchase price of the Mortgage Receivables in case of a sale of the Mortgage Receivables shall be equal to the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, of each Mortgage Receivable, except that with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure

proceedings, the purchase price shall be at least the lesser of (i) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value, or (ii) the sum of the Outstanding Principal Amount together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Receivable.

OVERVIEW OF THE DUTCH REAL ESTATE MARKET

The Dutch Economy*

Lagging the Euro-zone, the Dutch economy has slowly recovered following the downturn of 2002. Revision shows economic growth of 2 per cent. in 2004 and 1.5 per cent. in 2005 (higher than initial readings). Growth has accelerated in 2006 to 2.8 per cent. following strong growth in exports and business investments. Higher employment and consumer confidence explain the much increased consumer spending. Eurostat forecasts 2.6 per cent. growth in 2007 relative to 1.8 per cent. in 2007 for Euro-zone. The Dutch Central Bank projects 2.7 per cent. growth in 2007 and 3.0 per cent. in 2008, while the OECD even estimates growth at 3.1 per cent. and 3.0 per cent. for 2007 and 2008 respectively. Inflation is low, but core inflation is expected to gradually pick up along with higher wage growth.

The residential market in the Netherlands has been on solid grounds in recent years. This can be seen in particular from the development of selling prices, which rose again in 2006. At the end of the third quarter of 2006 prices were approximately 5.7 per cent. higher than at the end of 2005. The median weighted house price in the third quarter of 2006 was at €241,000 up from €227,000 a year earlier. This price increase is above the level of inflation. One of the reasons for the continuing increase in housing prices is the historically low level of mortgages interest rates. However, interest rates slowly went up since the second quarter of 2005, which caused many homeowners at that time to opt for greater financial security by fixing the level of their interest payments for longer periods. Mortgage interest rates, however, are still close to historically lows.

The continuing increase in house prices can partly be explained by the relatively static nature of this segment of the real estate market. There are two main reasons for this lack of movement. Firstly, the rental and owner occupied markets are very different as regards both the quality of the housing and the increasing differences in living costs. Secondly, the number of new houses built in recent years has remained well below the forecast levels. Both of these factors have contributed in particular to the stagnation in the number of people moving up the housing ladder, which has in fact resulted in a 'closed' market. In addition, although the residential building output has increased significantly in the last two years, this upward trend will have to continue in the coming years if the quality of housing is to be improved. The demand for new homes is therefore still larger than the supply. However, the time to sale for new homes has increased in recent years. It should be mentioned that the time to sale does differ greatly from region to region. A relatively large number of flats are being built, and those projects sometimes involve plans being modified or carried out in stages. The construction of high-quality apartments, sometimes in combination with healthcare facilities, is in anticipation of the increasing ageing of the population. House price inflation further increased by improved economic optimism and improved labour market conditions. Overall price growth (year over year) in any region is still positive. Houses are the most expensive in the regions of Utrecht, Zuid-Holland and Noord-Holland. Recent year-on-year comparison show highest growth in provinces of Groningen and Zeeland.

Many Dutch households are still attracted to the idea of becoming a homeowner. Favourable tax treatment and a low interest environment strongly encourage them in this desire. House ownership rate is low to EU standards and still provides for a large pool of potential buyers. Nonetheless, the amount of available adequate house units is too low relative to the number of households and new construction is largely insufficient to rapidly satisfy the demand side. As a result, there continues to exist some price pressure in the segments of still relatively affordable units while the recent slowdown in economic activity has prevented the housing market of further overheating.

Sales of residential properties were quite strong in 2005; the 206,629 sold units implied a 7.9 per cent. year-on-year growth. Showing a growth rate of 4.8 per cent. for the first 9 months, house sales continue to be strong in 2006. However, higher mortgage rates start to weigh on the confidence with respect to the housing market. This is no surprise given the increase in average mortgage rate from 3.8 per cent. to 4.6 per cent. in one-year time. As such, it could result in a further slowdown in house sales activity as well as in price development.

Rising property prices have pushed up the income multiples (initial debt/gross income) on new mortgages.

* Sources: OECD, Fortis ABS/CDO Research, Van Lanschot

Relative to its current income, a family has to borrow almost twice the amount of ten years ago affecting house affordability negatively for the first time since interest rates started declining in 2003. Tax deductibility and falling interest rates have partially compensated the rise in mortgage financing.

The Dutch households and economy remain quite sensitive to developments in the housing markets. Total household mortgage debt is likely to exceed 100 per cent. of Dutch GDP in 2006. The value of housing stock represents close to 50 per cent. of the total wealth of Dutch households. Home ownership was still considered an attractive long-term proposition to many households.

Figure 1: Key Economic Trends (Source: OECD)

| | 2004 | 2005 | 2006 | 2007e | 2008e |
|-----------------------|------|------|------|-------|-------|
| GDP Growth (%) | 2.0 | 1.5 | 2.8 | 3.1 | 3.0 |
| Unemployment Rate (%) | 4.9 | 5.0 | 4.9 | 4.2 | 3.1 |

Van Lanschot in the Dutch Lending Market

Figure 2: The Market Share of Dutch Mortgage Lenders, % of total mortgage value

Source: NRC Handelsblad

The category 'Other' of *Figure 2* includes Van Lanschot, amongst others. The estimated market share of Van Lanschot is presented in *Figure 3* below.

Figure 3: Van Lanschot's estimated position in the Dutch Lending Market

| Outstanding Residential Mortgages (EUR million) | | | | | |
|---|---------|---------|---------|---------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Van Lanschot (EUR million) | 4,785 | 5,109 | 6,725 | 7,298 | 7,790 |
| the Netherlands (EUR million) | 373,198 | 401,300 | 434,044 | 484,572 | 525,874 |
| Van Lanschot Market Share (%) | 1.3% | 1.3% | 1.5% | 1.5% | 1.5% |

Source: Van Lanschot, Dutch Central Bank

F. VAN LANSCHOT BANKIERS N.V.

Overview

Van Lanschot is the oldest independent private bank in the Netherlands, with a history dating back to 1737, and is also one of the country's largest private banks, with total assets of almost EUR 19 billion, net profits of more than EUR 184 million in 2006 and around 2,200 employees. Van Lanschot offers highly personalised financial services and a range of financial products, including asset management, securities brokerage, insurance and other products to three target client groups: mass affluent and high net-worth individuals, medium-sized family businesses and institutional investors. Van Lanschot also offers corporate banking services, as well as banking services tailored to the institutional investment community, including associations, religious organisations and insurance companies. Van Lanschot is headquartered in 's-Hertogenbosch and focuses its operations on its branch network, which includes 33 branches in the Netherlands, 8 branches in Belgium, and offices and subsidiaries in Switzerland, Curacao, Jersey, and Luxembourg.

All outstanding shares in the capital of Van Lanschot are held by the holding company Van Lanschot N.V. Both companies are public companies with limited liability ("*naamloze vennootschappen*") incorporated under the laws of the Netherlands and have their statutory seats at 's-Hertogenbosch, the Netherlands. Van Lanschot N.V. is listed on Euronext.

Van Lanschot acquired CenE from ING group in September 2004. Based in Utrecht, CenE is a niche business providing financial services to high net-worth individuals and family businesses, mainly in the healthcare sector. It had a loan portfolio of EUR 2.9 billion, 16,000 clients and 350 staff. Its client profile fits closely with Van Lanschot's traditional customer base.

On 2 January 2007, Van Lanschot concluded the acquisition of all shares of Kempen & Co NV ("**Kempen**") following the takeover announcement on 18 October 2006. Kempen & Co is a Dutch merchant bank specialising in asset management, securities brokerage and corporate finance. Kempen & Co offers various specialist financial services to institutional investors, businesses, entrepreneurs, government agencies and semi-public entities, foundations and high net-worth individuals. Hence, the acquisition of Kempen strengthens Van Lanschot's position with its target groups: high net-worth individuals, institutional investors, businesses and entrepreneurs. Kempen will continue to enjoy a high degree of independence within Van Lanschot.

Business Segments

Van Lanschot has five areas of business focus:

- Private Banking ("**PB**")

Van Lanschot Private Banking offers a broad range of products in the private banking market, focusing on attracting mass affluent, high-income and high net-worth private individuals.

- Business Banking ("**BB**")

In addition to the private market, the corporate market forms an important target group, where Van Lanschot mainly focuses on medium-sized businesses in the corporate market, with a special interest in family-owned businesses. In particular, the owner-director forms the linking pin between the BB segment and the PB segment. Both Real Estate Finance and Structured & Leveraged Finance are part of BB and were expanded significantly during 2006, fuelled by the acquisition of CenE in 2004.

- Healthcare

Again, thanks to the acquisition of CenE Bankiers, Van Lanschot can provide specialised banking services to the healthcare sector, focusing on healthcare institutions, medical professionals and pharmacists. CenE Bankiers focuses on care institutions, medical practitioners and pharmacists and holds substantial shares in these markets.

- Insurance

Van Lanschot provides a wide range of insurance products and services to private individuals, medium-sized (family) businesses, self-employed professionals and directors/majority shareholders and is one of the larger insurance brokers in the Netherlands.

- Kempen & Co

The Institutional Asset Management and Institutional Brokerage activities are transferred to Kempen & Co. Kempen & Co is a Dutch merchant bank specialising in asset management, securities brokerage and corporate finance. Kempen & Co offers various specialist financial services to institutional investors, businesses, entrepreneurs, government agencies and semi-public entities, foundations and high net-worth individuals.

- Other Activities

Other activities include Treasury activities.

Credit Ratings

Van Lanschot is rated A by both S&P and Fitch after the announcement of a one notch upgrade from A- on 20 June 2006. Both S&P and Fitch affirmed their credit rating after the bid by Van Lanschot on Kempen & Co of 7 September 2006.

Summary Financial Results

A summary of Van Lanschot N.V.'s financial results is shown below.

Figure 1: Results per Business Line (Operating income before tax)

| EUR million | 2004 | 2005 | 2006 |
|-------------------------|--------------|--------------|--------------|
| Private Banking | 82.3 | 85.8 | 88.4 |
| Business Banking | 30.8 | 46.9 | 36.0 |
| Healthcare | 0.8 | 16.9 | 9.8 |
| Insurance | 3.7 | 4.6 | 9.3 |
| Other | 9.0 | 36.3 | 80.6 |
| TOTAL | 126.6 | 190.5 | 224.1 |

Figure 2: Van Lanschot N.V.'s Financial Results (Consolidated under IFRS)

| EUR million | 2004 | 2005 | 2006 |
|--------------------------|-----------------|-----------------|-----------------|
| Total Assets | 16,577.8 | 17,971.6 | 18,739.3 |
| Profit before Tax | 126.6 | 190.5 | 224.1 |
| Profit After Tax | 100.8 | 152.4 | 184.5 |

Management

The members of the Board of Directors are:

F.G.H. Deckers (1950), *Chairman*

H.H. Schotanus à Steringa Idzerda (1946), *Member*

P.A.M. Loven (1956), *Member*

P.R. Zwart (1954), *Member*

I.A. Sevinga (1966), *Member*

DESCRIPTION OF MORTGAGE LOANS

Van Lanschot offers a broad range of mortgage products, next to the typical investment mortgages, life mortgages etc. It also provides a variety of tailor-made products for its private banking client segment, i.e. to enable its customers to benefit from interest rate changes. The Issuer will only purchase Mortgage Receivables in respect of certain specified mortgage products. The characteristics of these products are described further below.

Legal Form

Details of all land and properties are recorded in public registers in the Netherlands. All Mortgage Loans are secured by a mortgage evidenced by a notarial mortgage deed recorded in these registers.

Although other legal forms of mortgage loans are available in the Netherlands, all Mortgage Receivables purchased by the Issuer are "Bank Mortgages". A Bank Mortgage is a mortgage that secures not only the loan granted to finance a property, long lease or apartment right, but also any other liabilities owed at any time by the relevant Borrower to Van Lanschot. Accordingly, the Mortgaged Asset provides security for all debts up to a maximum amount as registered in the relevant public registry. For a further description of Bank Mortgages see *Risk Factors* above.

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 the long lease ("*erfpacht*") as a system to provide land without giving up 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 by the leaseholder to the landowner for the long lease.

Mortgage Loan types

1. Investment mortgage loans

The investment mortgage loans provided by Van Lanschot (the '**Investment Mortgage Loans**') consist of two different types: mortgage loans provided under (i) the *Beurshypotheek* and (ii) the *Vermogenshypotheek*.

(A) *BeursHypotheek*

This is the predecessor product of the *Vermogenshypotheek*, which is discussed below. It was a product which focused on clients with some prior stock market knowledge and with a minimum securities deposit of EUR 25,000. This product had typically less add-ons than the current Investment Mortgage Loan and started from an expected rate of return of 7 % to calculate the expected required return on the securities deposit. Every 5 (five) years the level of the securities deposit would be compared to the required level at that time.

(B) *VermogensHypotheek*

The "*Vermogenshypotheek*" is an investment mortgage loan with a pledged portfolio of investments attached to it. Contrary to its predecessor the "*BeursHypotheek*", the Investment Mortgage Loan allows either a unique securities deposit at the start of the loan, or periodic securities deposits, or a combination of both. The type of investment will depend both on the client's risk profile and tenor, which is at least 15 years. The securities deposit will increase in value during the tenor of the mortgage loan both through additional payments, if not opted for an one-off unique deposit at the start of the loan, and capital increases which enable the Borrower to partly or, more ideally, fully redeem the mortgage loan at maturity with the accrued capital.

The Borrower can choose out of three different investment products:

(i) Manager Selection Profile Funds ("*Van Lanschot Manager Selectie Profielfondsen*")

The investments (both periodical payments or a combination of an upfront amount and periodic payments) are managed by Van Lanschot professionals that act independently. Van Lanschot Manager Selection Profile Funds

is a (semi) open-end investment company. Four different investment products (“subfunds”) exist within this category.

- The “*Van Lanschot Manager Selectie Defensief*” fund pursues a defensive investment strategy and is well suited for risk adverse clients, which envisage a modest return and follow the stock markets to a limited extent. The portfolio exists of 60-80 per cent. fixed income products and 20-40 per cent. corporate securities. The expected rate of return, which is used for mortgage calculation purposes, is at 4 per cent..

- The “*Van Lanschot Manager Selectie Neutraal*” fund pursues a neutral investment strategy and aims towards investors, who are conscious of the risks, who accept a negative return in a given year and show interest in the behaviour of the stock markets. The portfolio exists of 40-60 per cent. fixed income products and 40-60 per cent. corporate securities. The expected rate of return, which is used for mortgage calculation purposes, is at 5 per cent..

- The “*Van Lanschot Manager Selectie Groeigericht*” fund pursues a growth focused investment strategy and attracts risk aware clients who accept a considerable value decline of their investment in a given year and who actively track the performance of the stock markets. The portfolio exists of 20-40 per cent. fixed income products and 60-80 per cent. corporate securities. The expected rate of return, which is used for mortgage calculation purposes, is at 6 per cent.

- The “*Van Lanschot Manager Selectie Offensief*” fund pursues a more active investment strategy and is only appropriate for clients who accept a quasi unlimited value decline of their investment in a given year, who are following the market on a day-to-day basis and are experienced investors. The portfolio exist of 0-20 % fixed income products and 80-100 per cent. corporate securities. The expected rate of return, which is used for mortgage calculation purposes, is at 7 per cent.

(ii) Investment Funds (“Beleggingsfondsen”)

Only for upfront securities deposits. Depending on the value of this securities deposit, the borrower can choose from a range of investment funds, both from Van Lanschot or from external management companies.

(iii) Index Guaranteed Contract (“Index Garantie Contract”)

Some of the investment portfolios contain index guaranteed contracts (the ‘**Index Guaranteed Contracts**’). An Index Guaranteed Contract constitutes a claim (“*vordering op naam*”) on Van Lanschot whereby the amount payable upon maturity depends on an underlying value such as an index. The final payment will be related to the performance of the underlying value, but the relevant amount will be at least equal to a guaranteed value equal to 100% of the nominal value of the Investment Guaranteed Contract or less, at the option of the investor.

This contract is also limited to borrowers who choose to pay an upfront amount that will be invested in a guaranteed contract. The latter will guarantee 80% to 100% of the borrower’s initial sum while at the same time offering the upside of market value increases.

No withdrawals can be made from the pledged securities deposit. The only exception is when at the end of each 5-year period, the value creation exceeds the required return forecasts, set out by the start of the mortgage loan, by at least 10%. The amount by which the value of the securities deposit exceeds the forecast can be drawn with a minimum of EUR 5,000 or multiples of this amount. When the value of the securities deposit would be lower than the forecasted value on each 5-year period, Van Lanschot has the right to demand for additional securities deposit payments by the debtor.

2. Interest Only Mortgage Loan (“Aflossingsvrije Hypotheek”)

During the tenor of the mortgage loan, no principal payments are required and the original balance stays outstanding; only interest is due. The financing is limited to 75% of the foreclosure value.

3. Free Investment Mortgage Loan (“Vrij Vermogens Hypotheek”)

This is a type of interest only mortgage loan, designed to stimulate capital deposits with Van Lanschot. Hence the Borrower is free to invest and dispose of its investments as and when he desires and it does not require the Borrower to accrue capital to the deposit. Contrary to a standard interest only loan, an investment portfolio or savings are attached to it, however this capital is not pledged as security for the mortgage loan to Van Lanschot.

The capital on the investment deposit can be used to redeem the principal at the end of the mortgage loan but there is no obligation to do so. The Borrower could opt to leave the management of the capital to Van Lanschot Asset Management specialists, to control the mortgage deposit himself or could chose another manager than Van Lanschot.

4. Annuity Mortgage Loan (“Annuiëteiten Hypotheek”)

The Borrower pays every month a fixed amount that includes both a principal part and an interest part. If the interest rate is fixed, the monthly obligation is also fixed during the tenor of the mortgage loan. The composition of this obligation, however, will change because the outstanding principal balance decreases. Therefore, the Borrower will pay less interest and more principal as time goes by. Consequently, the Borrower benefits more from tax deductibility advantage at the early stage of the mortgage loan.

5. Savings Mortgage Loan (“*Spaarhypotheek*”)

A savings mortgage loan ('**Savings Mortgage Loan**') is an interest only mortgage loan combined with a savings insurance policy (the '**Savings Insurance Policy**') with the relevant savings insurance company (the '**Savings Insurance Companies**'). The Borrower will redeem his mortgage loan with the savings policy at maturity or upon death, whichever is the earlier. The insurance will require a premium payment. Therefore, the monthly payments will include both a savings part and an insurance premium part. The savings part will be used to accrue an amount that can be paid out tax-free at mortgage loan maturity or upon death of the debtor, whichever the earliest. The insurance premium part therefore has to be considered as Capital Insurance Own Property (“*Kapitaalverzekering Eigen Woning*”).

The interest received on the savings part equals the interest to be paid on the mortgage loan. When the mortgage rate increases, the saved capital will also be compensated against a higher rate. The savings payment therefore decreases. A mortgage rate decline has the opposite consequence. Due to the linkage of the interest rates, only fixed rate types are possible for this product.

The Savings Mortgage Loan is generally provided in combination with a Delta Lloyd Hypotheek Totaal Plan (“**HTP**”) Savings Policy.

6. Life Mortgage Loan (“*Levenhypotheek*”)

Under the life mortgage loans (the '**Life Mortgage Loans**') rather than redeeming principal periodically, the Borrower will make periodic payments to a life insurance company (the '**Life Insurance Company**') under its life insurance policy (the '**Life Insurance Policy**'). The premium consists of a risk part (premium for life insurance) and a savings part. At maturity (or if earlier upon the death of the insured), the mortgage loan is redeemed with the savings part of the life insurance. The fiscal treatment depends on the type of capital insurance.

Three policies exist:

- (i) Policy without profit sharing: only the base rate over the saved capital and this saved capital will be paid out;
- (ii) Policy with profit sharing: the final payment exists of the saved capital including the base rate and profit sharing part; and
- (iii) Policy based on universal life and unit linked.

The rights of the relevant Borrowers under the Life Insurance Policies will be pledged to Van Lanschot. The Borrower can use an existing Life Insurance Policy or the Borrower can take on a new Life Insurance Policy through Van Lanschot Assurantiën B.V., which will act as an intermediary insurance provider. Van Lanschot will be acknowledged by the relevant Life Insurance Company as soon as insurance premiums are no longer paid.

With unit-linked products, the Borrower decides himself how the paid premiums are invested. The Borrower will therefore assess the risk-return characteristics of the investment. The insurance is linked to units that are shares in an investment fund. The relevant Life Insurance Company manages this fund. The Borrower decides when he wants to consume a part or the full value of the insurance, which provides maximum flexibility.

7. Linear Mortgage Loan (“*Lineaire Hypotheek*”)

A linear mortgage loan requires a fixed monthly principal repayment. The mortgage balance therefore declines continuously which results in rapidly decreasing monthly interest payments.

General characteristics of the provisional pool

The Mortgage Loans are loans secured by a mortgage, evidenced by notarial mortgage deeds ("*notariële akten van hypotheekstelling*") each entered into by the Seller and the relevant Borrowers. The Mortgage Loans are all in the form of Bank Mortgages. See *Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer* in *Risk Factors* above.

The Mortgage Loans in the Final Portfolio will be selected from a provisional pool of mortgage loans (the "**Provisional Pool**") that have been selected in accordance with the criteria set forth in the Mortgage Receivables

Purchase Agreement and will be selected in accordance with such agreement on the Closing Date. The Final Pool will have the same general characteristics as the Provisional Pool.

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

The numerical information set out below relates to the Provisional Pool which was selected on 30 April 2007. Therefore, the information set out below in relation to the Provisional Pool may not necessarily correspond to that of the Mortgage Receivables actually sold on the Closing Date. After the Closing Date, the portfolio will change from time to time as a result of substitution, repayment, prepayment, amendment and repurchase of Mortgage Receivables.

CLTFV means current loan to foreclosure value

CLTIFV means current loan to indexed foreclosure value

| Key Summary Statistics of Citadel Loan Portfolio | |
|---|------------------|
| Outstanding Principal Balance (EUR) | 1,433,273,939.63 |
| Original Principal Balance (EUR) | 1,488,652,632.06 |
| Average Balance by loan part (EUR) | 187,748.75 |
| Average Balance by borrower | 374,222.96 |
| Maximum current balance by borrower (EUR) | 3,400,000.00 |
| Number of loan parts | 7,634 |
| Number of borrowers | 3,830 |
| Weighted average CLTFV | 109.25% |
| Weighted average CLTIFV | 93.79% |
| WA Seasoning (years) | 4.15 |
| WA Remaining Maturity (years) | 25.44 |
| Weighted average coupon (%) | 4.61% |
| % Employee loans | 18.81% |

| Current LTFV | | | | |
|-----------------------------|---------------------|-------------------------|--|------------------------|
| Current LTFV (%) | Number of Borrowers | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| 0 < Current LTFV <= 10% | 38 | 1.0% | 887,759.33 | 0.1% |
| 10% < Current LTFV <= 20% | 62 | 1.6% | 2,459,184.80 | 0.2% |
| 20% < Current LTFV <= 30% | 100 | 2.6% | 9,367,599.34 | 0.7% |
| 30% < Current LTFV <= 40% | 154 | 4.0% | 17,795,062.50 | 1.2% |
| 40% < Current LTFV <= 50% | 212 | 5.5% | 31,694,398.26 | 2.2% |
| 50% < Current LTFV <= 60% | 217 | 5.7% | 44,619,582.73 | 3.1% |
| 60% < Current LTFV <= 70% | 248 | 6.5% | 57,533,184.73 | 4.0% |
| 70% < Current LTFV <= 80% | 291 | 7.6% | 76,051,504.94 | 5.3% |
| 80% < Current LTFV <= 90% | 263 | 6.9% | 77,133,278.13 | 5.4% |
| 90% < Current LTFV <= 100% | 285 | 7.4% | 105,779,013.93 | 7.4% |
| 100% < Current LTFV <= 110% | 218 | 5.7% | 96,901,662.62 | 6.8% |
| 110% < Current LTFV <= 120% | 259 | 6.8% | 124,478,834.25 | 8.7% |
| 120% < Current LTFV <= 130% | 1,126 | 29.4% | 596,066,849.92 | 41.6% |
| 130% < Current LTFV <= 140% | 263 | 6.9% | 148,736,133.24 | 10.4% |
| 140% < Current LTFV <= 150% | 94 | 2.5% | 43,769,890.91 | 3.1% |
| Current LTFV > 150% | 0 | 0.0% | - | 0.0% |
| TOTAL | 3,830 | 100.0% | 1,433,273,939.63 | 100.0% |

| Current LTIFV | | | | |
|------------------------------|---------------------|-------------------------|--|------------------------|
| Current LTIFV (%) | Number of Borrowers | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| 0 < Current LTIFV <= 10% | 165 | 4.3% | 7,387,691.26 | 0.5% |
| 10% < Current LTIFV <= 20% | 296 | 7.7% | 27,091,482.67 | 1.9% |
| 20% < Current LTIFV <= 30% | 264 | 6.9% | 39,225,728.43 | 2.7% |
| 30% < Current LTIFV <= 40% | 239 | 6.2% | 41,020,411.26 | 2.9% |
| 40% < Current LTIFV <= 50% | 234 | 6.1% | 55,606,018.81 | 3.9% |
| 50% < Current LTIFV <= 60% | 227 | 5.9% | 63,846,319.44 | 4.5% |
| 60% < Current LTIFV <= 70% | 229 | 6.0% | 72,972,917.38 | 5.1% |
| 70% < Current LTIFV <= 80% | 257 | 6.7% | 93,173,584.55 | 6.5% |
| 80% < Current LTIFV <= 90% | 245 | 6.4% | 113,244,767.57 | 7.9% |
| 90% < Current LTIFV <= 100% | 331 | 8.6% | 158,003,894.87 | 11.0% |
| 100% < Current LTIFV <= 110% | 386 | 10.1% | 221,541,146.31 | 15.5% |
| 110% < Current LTIFV <= 120% | 393 | 10.3% | 225,952,597.34 | 15.8% |
| 120% < Current LTIFV <= 130% | 481 | 12.6% | 267,030,047.76 | 18.6% |
| 130% < Current LTIFV <= 140% | 63 | 1.6% | 37,600,344.22 | 2.6% |
| 140% < Current LTIFV <= 150% | 19 | 0.5% | 8,503,797.55 | 0.6% |
| 150% < Current LTIFV <= 160% | 1 | 0.0% | 1,073,190.21 | 0.1% |
| TOTAL | 3,830 | 100.0% | 1,433,273,939.63 | 100.0% |

| Current Loan Size | | | | |
|--|---------------------|-------------------------|--|------------------------|
| Range of Loan | Number of Borrowers | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| Current Loan Size <= 100,000 | 655 | 17.1% | 36,261,582.30 | 2.5% |
| 100,000 < Current Loan Size <= 200,000 | 748 | 19.5% | 114,990,179.93 | 8.0% |
| 200,000 < Current Loan Size <= 300,000 | 695 | 18.1% | 173,176,121.97 | 12.1% |
| 300,000 < Current Loan Size <= 400,000 | 496 | 13.0% | 173,840,284.03 | 12.1% |
| 400,000 < Current Loan Size <= 500,000 | 344 | 9.0% | 155,086,933.42 | 10.8% |
| 500,000 < Current Loan Size <= 600,000 | 221 | 5.8% | 121,841,258.76 | 8.5% |
| 600,000 < Current Loan Size <= 700,000 | 178 | 4.6% | 116,150,274.70 | 8.1% |
| 700,000 < Current Loan Size <= 800,000 | 121 | 3.2% | 91,376,165.75 | 6.4% |
| 800,000 < Current Loan Size <= 900,000 | 77 | 2.0% | 65,461,898.83 | 4.6% |
| 900,000 < Current Loan Size <= 1,000,000 | 86 | 2.2% | 81,983,166.96 | 5.7% |
| 1,000,000 < Current Loan Size <= 1,100,000 | 41 | 1.1% | 43,718,553.01 | 3.1% |
| 1,100,000 < Current Loan Size <= 1,200,000 | 40 | 1.0% | 46,295,554.17 | 3.2% |
| 1,200,000 < Current Loan Size <= 1,300,000 | 26 | 0.7% | 32,644,432.63 | 2.3% |
| 1,300,000 < Current Loan Size <= 1,400,000 | 16 | 0.4% | 21,718,599.92 | 1.5% |
| 1,400,000 < Current Loan Size <= 1,500,000 | 25 | 0.7% | 37,065,071.42 | 2.6% |
| 1,500,000 < Current Loan Size <= 1,600,000 | 13 | 0.3% | 20,303,403.55 | 1.4% |
| 1,600,000 < Current Loan Size <= 1,700,000 | 6 | 0.2% | 9,976,793.63 | 0.7% |
| 1,700,000 < Current Loan Size <= 1,800,000 | 11 | 0.3% | 19,300,386.36 | 1.3% |
| 1,800,000 < Current Loan Size <= 1,900,000 | 4 | 0.1% | 7,418,688.53 | 0.5% |
| 1,900,000 < Current Loan Size <= 2,000,000 | 9 | 0.2% | 17,838,230.76 | 1.2% |
| Current Loan Size > 2,000,000 | 18 | 0.5% | 46,826,359.00 | 3.3% |
| TOTAL | 3,830 | 100.0% | 1,433,273,939.63 | 100.0% |

| Property Foreclosure Value | | | | |
|---|---------------------|-------------------------|--|------------------------|
| Range of Loan | Number of Borrowers | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| Property Foreclosure Value <= 100,000 | 301 | 7.9% | 15,135,116.22 | 1.1% |
| 100,000 < Property Foreclosure Value <= 200,000 | 829 | 21.6% | 114,960,872.15 | 8.0% |
| 200,000 < Property Foreclosure Value <= 300,000 | 835 | 21.8% | 197,904,596.86 | 13.8% |
| 300,000 < Property Foreclosure Value <= 400,000 | 598 | 15.6% | 205,697,328.05 | 14.4% |
| 400,000 < Property Foreclosure Value <= 500,000 | 384 | 10.0% | 171,599,945.32 | 12.0% |
| 500,000 < Property Foreclosure Value <= 600,000 | 269 | 7.0% | 151,366,216.19 | 10.6% |
| 600,000 < Property Foreclosure Value <= 700,000 | 163 | 4.3% | 108,785,828.43 | 7.6% |
| 700,000 < Property Foreclosure Value <= 800,000 | 127 | 3.3% | 95,383,792.88 | 6.7% |
| 800,000 < Property Foreclosure Value <= 900,000 | 84 | 2.2% | 69,360,009.28 | 4.8% |
| 900,000 < Property Foreclosure Value <= 1,000,000 | 68 | 1.8% | 63,437,497.02 | 4.4% |
| 1,000,000 < Property Foreclosure Value <= 1,100,000 | 44 | 1.1% | 45,743,748.33 | 3.2% |
| 1,100,000 < Property Foreclosure Value <= 1,200,000 | 27 | 0.7% | 33,904,540.89 | 2.4% |
| 1,200,000 < Property Foreclosure Value <= 1,300,000 | 30 | 0.8% | 37,519,923.27 | 2.6% |
| 1,300,000 < Property Foreclosure Value <= 1,400,000 | 17 | 0.4% | 21,921,508.55 | 1.5% |
| 1,400,000 < Property Foreclosure Value <= 1,500,000 | 12 | 0.3% | 16,756,483.01 | 1.2% |
| 1,500,000 < Property Foreclosure Value <= 1,600,000 | 9 | 0.2% | 15,950,537.90 | 1.1% |
| 1,600,000 < Property Foreclosure Value <= 1,700,000 | 5 | 0.1% | 8,797,485.69 | 0.6% |
| 1,700,000 < Property Foreclosure Value <= 1,800,000 | 6 | 0.2% | 8,232,217.55 | 0.6% |
| 1,800,000 < Property Foreclosure Value <= 1,900,000 | 1 | 0.0% | 950,000.00 | 0.1% |
| 1,900,000 < Property Foreclosure Value <= 2,000,000 | 3 | 0.1% | 6,995,792.00 | 0.5% |
| Property Foreclosure Value > 2,000,000 | 18 | 0.5% | 42,870,500.04 | 3.0% |
| TOTAL | 3,830 | 100.0% | 1,433,273,939.63 | 100.0% |

| Origination Year | | | | |
|------------------|----------------------|-------------------------|--|------------------------|
| Range of Loan | Number of Loan Parts | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| Before 1987 | 279 | 3.7% | 15,134,920.16 | 1.1% |
| 1988 | 48 | 0.6% | 2,888,660.88 | 0.2% |
| 1989 | 46 | 0.6% | 3,605,197.16 | 0.3% |
| 1990 | 28 | 0.4% | 2,751,514.50 | 0.2% |
| 1991 | 44 | 0.6% | 3,259,729.48 | 0.2% |
| 1992 | 48 | 0.6% | 3,628,167.01 | 0.3% |
| 1993 | 62 | 0.8% | 4,914,606.57 | 0.3% |
| 1994 | 112 | 1.5% | 9,678,298.26 | 0.7% |
| 1995 | 95 | 1.2% | 8,331,238.14 | 0.6% |
| 1996 | 166 | 2.2% | 16,322,555.15 | 1.1% |
| 1997 | 189 | 2.5% | 20,787,242.06 | 1.5% |
| 1998 | 290 | 3.8% | 39,690,040.77 | 2.8% |
| 1999 | 391 | 5.1% | 75,747,990.23 | 5.3% |
| 2000 | 403 | 5.3% | 85,304,101.90 | 6.0% |
| 2001 | 485 | 6.4% | 91,814,459.17 | 6.4% |
| 2002 | 650 | 8.5% | 132,665,488.95 | 9.3% |
| 2003 | 830 | 10.9% | 183,656,035.74 | 12.8% |
| 2004 | 987 | 12.9% | 240,091,953.75 | 16.8% |
| 2005 | 1158 | 15.2% | 241,156,024.73 | 16.8% |
| 2006 | 994 | 13.0% | 190,354,142.36 | 13.3% |
| 2007 | 329 | 4.3% | 61,491,572.66 | 4.3% |
| TOTAL | 7,634 | 100.0% | 1,433,273,939.63 | 100.0% |

| Maturity Year | | | | |
|------------------------------|----------------------|-------------------------|--|------------------------|
| Range of Loan | Number of Loan Parts | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| 2007 < Maturity Year <= 2012 | 133 | 1.7% | 5,805,526.58 | 0.4% |
| 2012 < Maturity Year <= 2017 | 209 | 2.7% | 13,181,474.49 | 0.9% |
| 2017 < Maturity Year <= 2022 | 289 | 3.8% | 31,420,973.65 | 2.2% |
| 2022 < Maturity Year <= 2027 | 726 | 9.5% | 83,635,602.01 | 5.8% |
| 2027 < Maturity Year <= 2032 | 2328 | 30.5% | 450,272,796.76 | 31.4% |
| 2032 < Maturity Year <= 2037 | 3949 | 51.7% | 848,957,566.14 | 59.2% |
| TOTAL | 7,634 | 100.0% | 1,433,273,939.63 | 100.0% |

| Original Loan Term | | | | |
|---------------------------------|----------------------|-------------------------|--|------------------------|
| Original Loan Term in months | Number of Loan Parts | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| 1 < Original Loan Term <= 120 | 0 | 0.0% | - | 0.0% |
| 120 < Original Loan Term <= 240 | 143 | 1.9% | 21,838,345.18 | 1.5% |
| 240 < Original Loan Term <= 360 | 7433 | 97.4% | 1,407,053,382.29 | 98.2% |
| 360 < Original Loan Term <= 480 | 49 | 0.6% | 3,629,445.73 | 0.3% |
| 480 < Original Loan Term <= 600 | 6 | 0.1% | 577,480.68 | 0.0% |
| 600 < Original Loan Term <= 720 | 3 | 0.0% | 175,285.75 | 0.0% |
| TOTAL | 7,634 | 100.0% | 1,433,273,939.63 | 100.0% |

| Seasoning (as of cut off date 30/04/2007) | | | | |
|---|----------------------|-------------------------|--|------------------------|
| Seasoning in months | Number of Loan Parts | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| 1 < Seasoning <= 12 | 967 | 12.7% | 180,956,322.18 | 12.6% |
| 12 < Seasoning <= 24 | 1132 | 14.8% | 231,844,423.97 | 16.2% |
| 24 < Seasoning <= 36 | 1038 | 13.6% | 235,746,791.51 | 16.4% |
| 36 < Seasoning <= 48 | 962 | 12.6% | 227,882,688.93 | 15.9% |
| 48 < Seasoning <= 60 | 657 | 8.6% | 130,544,610.89 | 9.1% |
| 60 < Seasoning <= 72 | 560 | 7.3% | 112,129,922.56 | 7.8% |
| 72 < Seasoning <= 84 | 423 | 5.5% | 86,881,128.09 | 6.1% |
| 84 < Seasoning <= 96 | 405 | 5.3% | 85,401,901.23 | 6.0% |
| 96 < Seasoning <= 108 | 319 | 4.2% | 44,266,354.51 | 3.1% |
| 108 < Seasoning <= 120 | 197 | 2.6% | 22,322,551.09 | 1.6% |
| 120 < Seasoning <= 132 | 164 | 2.1% | 16,503,046.67 | 1.2% |
| 132 < Seasoning <= 144 | 117 | 1.5% | 10,730,581.60 | 0.7% |
| 144 < Seasoning <= 156 | 100 | 1.3% | 8,127,033.55 | 0.6% |
| 156 < Seasoning <= 168 | 88 | 1.2% | 7,680,202.04 | 0.5% |
| 168 < Seasoning <= 180 | 49 | 0.6% | 3,807,848.56 | 0.3% |
| 180 < Seasoning <= 192 | 47 | 0.6% | 3,570,224.95 | 0.2% |
| 192 < Seasoning <= 204 | 28 | 0.4% | 2,321,188.40 | 0.2% |
| 204 < Seasoning <= 216 | 43 | 0.6% | 3,461,607.07 | 0.2% |
| 216 < Seasoning <= 228 | 52 | 0.7% | 3,534,320.98 | 0.2% |
| 228 < Seasoning <= 240 | 47 | 0.6% | 3,799,476.81 | 0.3% |
| Seasoning > 240 | 239 | 3.1% | 11,761,714.04 | 0.8% |
| TOTAL | 7,634 | 100.0% | 1,433,273,939.63 | 100.0% |

| Interest Reset Period | | | | |
|---------------------------------|----------------------|-------------------------|--|------------------------|
| Interest Reset Period in months | Number of Loan Parts | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| 12 months | 110 | 1.4% | 17,270,662.64 | 1.2% |
| 24 months | 101 | 1.3% | 16,536,020.89 | 1.2% |
| 30 months | 1 | 0.0% | 68,067.03 | 0.0% |
| 36 months | 64 | 0.8% | 10,347,804.57 | 0.7% |
| 38 months | 1 | 0.0% | 253,000.00 | 0.0% |
| 39 months | 1 | 0.0% | 270,000.00 | 0.0% |
| 60 months | 2637 | 34.5% | 584,343,452.69 | 40.8% |
| 84 months | 244 | 3.2% | 29,110,741.79 | 2.0% |
| 120 months | 3406 | 44.6% | 582,347,644.40 | 40.6% |
| 180 months | 751 | 9.8% | 128,448,697.45 | 9.0% |
| 240 months | 120 | 1.6% | 22,959,413.04 | 1.6% |
| 300 months | 5 | 0.1% | 4,838,514.18 | 0.3% |
| 360 months | 183 | 2.4% | 36,105,297.06 | 2.5% |
| 480 months | 10 | 0.1% | 374,623.89 | 0.0% |
| TOTAL | 7,634 | 100.0% | 1,433,273,939.63 | 100.0% |

| Interest Rate | | | | |
|------------------------------|----------------------|-------------------------|--|------------------------|
| Interest Rate in % | Number of Loan Parts | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| 0% < Interest Rate <= 2.0% | 0 | 0.0% | - | 0.0% |
| 2.0% < Interest Rate <= 2.5% | 32 | 0.4% | 3,113,558.37 | 0.2% |
| 2.5% < Interest Rate <= 3.0% | 342 | 4.5% | 35,763,931.12 | 2.5% |
| 3.0% < Interest Rate <= 3.5% | 921 | 12.1% | 110,276,315.87 | 7.7% |
| 3.5% < Interest Rate <= 4.0% | 1066 | 14.0% | 170,847,086.30 | 11.9% |
| 4.0% < Interest Rate <= 4.5% | 1254 | 16.4% | 256,367,631.83 | 17.9% |
| 4.5% < Interest Rate <= 5.0% | 2183 | 28.6% | 499,116,377.95 | 34.8% |
| 5.0% < Interest Rate <= 5.5% | 1027 | 13.5% | 218,719,528.02 | 15.3% |
| 5.5% < Interest Rate <= 6.0% | 489 | 6.4% | 91,856,798.91 | 6.4% |
| 6.0% < Interest Rate <= 6.5% | 204 | 2.7% | 34,455,557.67 | 2.4% |
| 6.5% < Interest Rate <= 7.0% | 91 | 1.2% | 10,396,030.89 | 0.7% |
| 7.0% < Interest Rate <= 7.5% | 23 | 0.3% | 1,918,958.35 | 0.1% |
| 7.5% < Interest Rate <= 10% | 2 | 0.0% | 442,164.35 | 0.0% |
| TOTAL | 7,634 | 100.0% | 1,433,273,939.63 | 100.0% |

| Mortgage Type | | | | |
|---------------|----------------------|-------------------------|--|------------------------|
| Mortgage Type | Number of Loan Parts | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| Interest Only | 4339 | 56.8% | 726,064,865.95 | 50.7% |
| Annuity | 225 | 2.9% | 9,603,796.37 | 0.7% |
| Investment | 1069 | 14.0% | 368,703,076.66 | 25.7% |
| Life | 1721 | 22.5% | 297,836,722.34 | 20.8% |
| Linear | 153 | 2.0% | 18,642,370.50 | 1.3% |
| Savings | 127 | 1.7% | 12,423,107.81 | 0.9% |
| TOTAL | 7,634 | 100.0% | 1,433,273,939.63 | 100.0% |

| Geographical Distribution | | | | |
|---------------------------|---------------------|-------------------------|--|------------------------|
| Province | Number of Borrowers | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| Drenthe | 40 | 1.0% | 14,330,686.54 | 1.0% |
| Flevoland | 40 | 1.0% | 14,061,434.04 | 1.0% |
| Friesland | 24 | 0.6% | 9,453,187.96 | 0.7% |
| Gelderland | 321 | 8.4% | 119,835,501.33 | 8.4% |
| Groningen | 37 | 1.0% | 12,898,997.34 | 0.9% |
| Limburg | 103 | 2.7% | 34,146,888.93 | 2.4% |
| Noord-Brabant | 812 | 21.2% | 232,743,988.35 | 16.2% |
| Noord-Holland | 667 | 17.4% | 338,177,836.14 | 23.6% |
| Not Available | 48 | 1.3% | 17,417,688.14 | 1.2% |
| Overijssel | 78 | 2.0% | 23,693,147.51 | 1.7% |
| Utrecht | 939 | 24.5% | 264,462,173.71 | 18.5% |
| Zeeland | 26 | 0.7% | 8,302,241.47 | 0.6% |
| Zuid-Holland | 695 | 18.1% | 343,750,168.17 | 24.0% |
| TOTAL | 3,830 | 100.0% | 1,433,273,939.63 | 100.0% |

| Interest Payment Frequency | | | | |
|----------------------------|----------------------|-------------------------|--|------------------------|
| Interest Payment Frequency | Number of Loan Parts | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| Annual | 4 | 0.1% | 920,517.26 | 0.1% |
| Quarterly | 553 | 7.2% | 148,793,454.69 | 10.4% |
| Monthly | 7077 | 92.7% | 1,283,559,967.68 | 89.6% |
| TOTAL | 7,634 | 100.0% | 1,433,273,939.63 | 100.0% |

| Interest Rate Type | | | | |
|-----------------------------|----------------------|-------------------------|--|------------------------|
| Interest Rate Type | Number of Loan Parts | Proportion of Total (%) | Aggregate Outstanding Principal (euro) | Proportion of Pool (%) |
| Floating | 778 | 10.2% | 231,376,608.39 | 16.1% |
| Floating with cap | 819 | 10.7% | 193,946,141.20 | 13.5% |
| Floating with cap and floor | 186 | 2.4% | 41,955,297.95 | 2.9% |
| Fixed | 5833 | 76.4% | 964,000,341.09 | 67.3% |
| Start | 18 | 0.2% | 1,995,551.00 | 0.1% |
| TOTAL | 7,634 | 100.0% | 1,433,273,939.63 | 100.0% |

LENDING PRINCIPLES AND PROCESSES

1. Origination, Underwriting and Administration of the Loans

1.1 Overview

1.1.1 Corporate Lending Division

The Credit and Risk Committee sets the risk strategy, policy assumptions and credit risk limits. Responsibility for preparing policy and supervising its implementation has been delegated to the credit risk management department.

The credit risk management department (CRM) is divided in three sub-divisions:

1. Credit Assessment Division
2. Recovery Division
3. International Division

1.1.2 Credit Assessment Division

The Credit Assessment Division is responsible for the credit applications, credit reviews as well as general credit management. Furthermore, this division also provides advice to business and private bankers concerning more complex loan applications.

1.1.3 Recovery Division

The Recovery Division is responsible for the management and recovery of non-performing loans. The activities are divided in (i) special monitoring of borrowers with a less favourable financial position and (ii) control & administration of defaulted loans. Van Lanschot will take provisions for defaulted loans if there is doubt that the loan will be repaid in accordance with applicable IFRS rules.

1.1.4 International Division

The International Division is responsible for controlling country and counterparty limits. This division also maintains an extensive network of corresponding banks and has responsibility for product management of documentary payments.

All risk managers have a proven track record within Van Lanschot and have significant expertise in evaluating and monitoring loans.

1.2 Mortgage Application and Approval

1.2.1 The application process

Private banking mortgage applications have to be input through the ASK programme. ASK is a workflow programme which supports the financing administration from application until repayment. It registers per contract the securities and the relevant documents related to the mortgage: valuation reports, income tax declarations and annual figures. The branch executes the input of the relevant items of the credit application and sends the application via ASK to Product Management and CRM. After the acceptance, the Regional Service Unit ("RSU") will send the offer to the borrower. After the agreement and signing of the borrower, RSU will execute and follow up the necessary administration.

1.2.2 Qualified Borrowers

Under 1.2.4 you will find a description of the borrowers who, subject to conditions and exceptions, are able to be granted a mortgage loan. Amongst other things, also the full legal name, including the main borrowers, and the local address, which is never a mere post box number, are registered. General information, e.g. the institution of the relationship, curriculum vitae, profession, employer, marital status and family composition need to be included as well.

1.2.3 Required Documents

The ASK programme is capable of storing a multitude of documents, such as valuation reports and income tax declarations which will be stored by the system. The system requires some crucial documents to be delivered before the contract can be exercised by notarial deed and before the application can be treated by CRM. If CRM

approves the mortgage without the necessary documents, then the account manager will be responsible for controlling these documents.

1.2.4 Qualified Borrowers are:

(i) Employee with permanent contract (“*Werknemer in loondienst*”)

Employees of a Dutch employer and with a Dutch permanent labour contract can be accepted as a debtor.

(ii) Employee with temporary contract (“*Werknemer met een tijdelijk contract*”)

Employees with a temporary contract are in principle not accepted as debtors. Exceptions may arise when the chance of re-employment is considered high, dependent on characteristics such as education, position, prior professional experience, etc.

(iii) Double income families (“*Tweeverdieners*”)

A mortgage can be granted based on the income of a double income family, when the debtors are within the target client base of Van Lanschot and both incomes will be expected to be received during the entire tenor of the mortgage.

(iv) Self-employed (“*Zelfstandige*”)

A person which is self-employed is a worker who does not fall within the categories above. Examples are lawyers, doctors and independent accountants. Someone who is self-employed can be accepted as debtor when his company exists at least 3 years or his future income can be determined with a high degree of certainty.

(v) Main (co-)debtor (“*Hoofdelijk (mede)schuldenaarschap*”)

A cohabiting (registered) partner or wedded partner of the applicant has to, independent of his/her marital status, be included as main co-debtor in the mortgage certificate.

(vi) Co-debtor relief / divorce (“*Hoofdelijk ontslag / echtscheiding*”)

Co-debtor relief, for example related to a divorce, can be granted when the risk of the other debtor can be accepted, in some cases after the redemption of part of the mortgage.

1.2.5 Income Evaluation

All relevant information, particularly the total financial position and the stability and amount of income combined with the wealth of the debtor, is key to gauge the limits of the mortgage offer.

1.2.6 Redemption payments

An amortisation schedule should be put forward for a minimum of 75% - 100% of the foreclosure value, subject to the following guidelines:

- (i) Up to 100 per cent. loan to foreclosure value: only for target group relationship clients, according to minimum wealth requirements or due to their position/function (e.g. executives and millionaires), and only when the conditions precedent regarding income and wealth are respected;
- (ii) Between 85 per cent. and 100 per cent. loan to foreclosure value: only for target group relationship clients and only in case a capital will be present within 5 years that will cover 0 – 15 per cent. of the foreclosure value;
- (iii) Maximum 75 per cent. loan to foreclosure value: for expats and clients not belonging to a target group;
- (iv) When the retirement date falls within the mortgage tenor, an income check should be performed 10 years before the expected retirement. When the client is expected not to be able to comply with the financing requirements, adequate measures should be undertaken, such as a change in the repayment schedule. Starting point for check should be, even in case the income after retirement is insufficient, a financing of 75 per cent. of the foreclosure value. In any case, if the tenor of the mortgage goes beyond the retirement age and the income after retirement should not be sufficient to observe the mortgage payments, sufficient capital should be available at retirement age to be able to redeem 75 per cent. of the foreclosure value.

1.2.7 Mortgage deed (“*Hypotheekakte*”)

The mortgage is only approved in combination with a first ranking mortgage right on the property.

1.2.8 Maximum tenor of the mortgage

A mortgage is granted for a maximum tenor of 30 years.

1.2.9 Currency of the mortgage loan

All mortgage loans are offered in euros. Other currencies are not allowed, although some exceptions could be accepted under specified approval guidelines.

1.2.10 Determining the mortgage loan limit

Only the Investment Mortgage uses a fixed limit for financing at 125% of the foreclosure value. The limit for all other mortgages is assessed on a case-by-case basis.

1.2.11 AFIN

In order to assess the capability of the borrower to redeem the credit facility under review, Van Lanschot uses a budgeting programme AFIN. The Available Income for Consumption (“*Consumptief Besteedbaar Inkomen*”) which is the outcome of AFIN calculations, has to be checked against benchmark figures set by Van Lanschot and is ideally discussed with the debtor. The Available Income for Consumption includes for example clothing, food, holidays, education and leisure expenses. The Available Income for Consumption includes for example clothing, food, holidays, education and leisure expenses. The income appraisal will also incorporate a careful analysis of the quality of the income in general and especially regarding foreign debtors, (starting) self-employed professionals, manager key shareholders and talents. When some doubt exists about the stability of the income and/or the financing is largely based on the growth forecasts, the application should be rejected or, to cover these income risks, additional securities in the form of (liquid) wealth should be pledged to the bank.

1.2.12 Maximum financing for mortgages below EUR 3m foreclosure value

The limits will not exceed the following:

- (i) 125 per cent. of the foreclosure value; and
- (ii) Only for newly build properties, 100% of the “*stichtingskosten*” which include purchase amount, rate loss during the construction phase, construction rate, additional works and costs relating to financing.

1.2.13 Maximum financing for mortgages above EUR 3m foreclosure value

An additional layer of attention should be directed towards this kind of financing, especially focusing on the wealth position of the client, with stricter requirements for the information to be provided regarding type of investments (stocks, bonds, real estate, etc.), the liquidity of investments and the realised and forecasted income derived from these investments. Moreover, also liabilities originating from these investments (e.g. financing, interest payments, running costs, etc.) are being looked at more closely.

1.2.14 Maximum financing for a second mortgage

The same conditions as for first mortgages apply. The maximum financing for the second mortgage is the same as the one of the first mortgage after deduction of the prior charged amount of this first mortgage. The prior charge equals the amount submitted for the first mortgage or the outstanding amount of the first mortgage. The foreclosure value should be reduced with the prior charged amount.

1.2.15 Underlying Property

The underlying property has to be situated in the Netherlands (excluding the Netherlands Antilles).

The property has to be the primary residence of the debtor and be owner occupied. However, temporary renting e.g. for a few months when the owner is for instance abroad could be allowed. Some property types that fall within this category are:

- (i) Villa, bungalow, country house;
- (ii) One family house; and
- (iii) Flat / apartment.

A full appraisal should be carried out conform the requirements of the Dutch Central Bank (“*De Nederlandsche Bank*”, “*DNB*”). Valuation reports are only accepted from quality appraisers and valuation agents. The appraisal should be recent, with a maximum of 12 months before the start date of the mortgage. The need for a valuation report might be waived and replaced with the current Valuation Immovable Property (“*Waardering Onroerende Zaken*”, “*WOZ*”) report, for which the execution value will be equal to the WOZ-value, subject to the following conditions:

- (i) Mortgage balance of ≤ 50 per cent. of the WOZ-value;
- (ii) Mortgage balance of \leq EUR 500,000;
- (iii) The period between surrendering the WOZ-report and granting the financing was characterised by a rising or stable market;
- (iv) The property is a common house/apartment;
- (v) The property is used as permanent primary self-occupied residence; and

- (vi) The property is located in the region where the debtor is employed and there are no factors that degrade the property such as heavy traffic, airline approach routes, dike demolition/renovation, soil pollution, etc.

A valuation report or WOZ-report is in principle also necessary for the application of a new or additional mortgage or for the conversion of an existing mortgage into an interest only mortgage. For the conversion, no appraisal is required when the original value is sufficient for the approval of the interest only mortgage and the market did not exhibit a general drop in value for such properties.

Different kinds of valuation will take place dependent on the specifics of the property:

- (i) For newly built properties, no valuation report is required when the property is part of a bigger project as the price of the house is then in essence the same as the prices of the surrounding houses. The sales document is then sufficient. However, when the newly built property is a stand-alone project, comparison with surrounding houses is difficult or the property is considered to be relatively expensive, a full appraisal will be requested;
- (ii) Often a “*geveltaxatie*” will be requested in cases when the property is comparable to the surrounding ones. An appraiser will only assess the visible outside characteristics of the property and the existing valuation report will be modified correspondingly;
- (iii) When the mortgage is only for a small amount or based on a small advance rate, the WOZ report will be consulted to determine the property value; or
- (iv) In 80 per cent. of the cases, a standard and full appraisal will be executed.

1.2.16 Other aspects

Bureau Krediet Registratie (“BKR”)

The Dutch Credit Bureau (“BKR”, “*Bureau Krediet Registratie*”) will be consulted to check the solvency of the borrower. Van Lanschot is complying with all existing rules related to the BKR, which implies that with every credit application the borrower is fully checked. The liabilities which become apparent after consultation of the BKR system, will be reflected in the credit evaluation. When the BKR system exhibits a delinquency or some other form of credit irregularity, Van Lanschot will in principle not offer credit to the borrower. However, exceptions remain possible. Van Lanschot complies with the current regulations regarding BKR.

Compulsory insurance

The property has to be sufficiently insured during the tenor of the mortgage against fire and storm damage, based on the reconstruction value.

Compulsory minimum life insurance

Van Lanschot requires the client to hold an additional life insurance for the part of the mortgage amount exceeding 90% of the foreclosure value. For all types of offered insurance by Van Lanschot, the requirements below apply:

- (i) For mortgages below 90% of the foreclosure value: no life insurance has to be in place; and
- (ii) For mortgages above 90% of the foreclosure value: at least the financed amount above 90% of the foreclosure value should be insured by a life insurance.

1.3 Arrears Management

Credit Risk Management Department

The delinquent credit handling experience within this recovery team averages around 7 years, with many of its members having additional private banking or credit experience on top of this. Two persons within this team are fully dedicated to support the PB mortgage lending business. No performance incentives are given.

80 per cent. of the number of files which end up with the recovery division (“*Bijzonder Beheer*”) of the Credit Risk Management (“*CRM*”), relates to delinquent mortgage contracts.

All mortgage payments will be made through direct debit.

When a client is not paying his mortgage obligations, his current account with Van Lanschot will be debited for those delinquent amounts, even if the client exceeds his predefined current account limit. Van Lanschot therefore effectively covers the payment shortfall from the client for the time being. After 3 months or earlier when the client does not hold a current account limit, the delinquent contract is passed on to the Recovery Division, which will contact the client and assess his position with Van Lanschot, both in terms of value and relationship. If the Recovery Division considers the situation to be curable, based on its assessment of the payment problem (e.g. divorce, temporary income decline, temporary unemployment, etc.), the income expectations and some more general features (e.g. age, experience, education, etc.), it will direct the account manager to work out a tailor-

made rectification plan with the client and to vigorously track its implementation. When the Recovery Division does not believe such a process to be successful for the delinquent client, it will initiate a foreclosure process. This process of selling off the property is done preferably through a voluntary sale, which is possible in the majority of these cases. If the client, however, does not want to sell the property on a voluntary basis, for example in case of divorce or death, the sale will be forced and lead to a public auction.

When a debit is recorded on a deposit, which is not justified by the credit agreements, the following procedure should be followed. This part is managed by the account manager of the customer.

During an inventory information phase, the following aspects should be brought to light:

- (i) Who is responsible for the relationship with the client and who opened the account?
- (ii) Does the client have other accounts or a safe with Van Lanschot?
- (iii) Is there a linkage with other credits or relations?
- (iv) How and when did the debit occur?
- (v) How did the account balance evolve and is the account still active and used?
- (vi) Check with the BKR records

If an agreement can be worked out based on the aforementioned information, this has to be fixed corresponding the applicable instructions. If no credit agreement can be worked out, the following actions should be undertaken:

- (i) The client will be contacted by phone or mail;
- (ii) Code FK ("*Fiat Kredieten*") or BD ("*blokkade debetzijde*") should be put into the client profile;
- (iii) The savings account, the safe or the securities deposit should be blocked;
- (iv) Periodic payment instructions should be checked manually;
- (v) If necessary, manual and uncommon bookings should be made; and
- (vi) Pay attention to the cashing of cheques.

A second action could be one of the following:

- (i) If the client reacts in due time:
 - Try to receive information on the income and capital position;
 - Try to obtain additional securities;
 - Put the principal repayment schedule in formal writing;
 - If necessary, implement a limit and amortisation schedule; and
 - Monthly check on the compliance with the agreed terms.
- (ii) If the client does not react in due time:
 - Make a direct booking to block the remaining direct debits;
 - Block the current account;
 - Withdraw the rights for direct debits in writing;
 - Void instructions for periodic transfers; and
 - Send reminder letter and/or contact by phone and/or contact in person on location.

If even the reminder letter does not bring about the required result, then the Recovery Division will be solicited to take on the further treatment of the claim. This department would be able to ultimately get some payment by the use of judicial steps. The department of exceptional cases will therefore receive a yellow page containing the findings during the inventory of information phase and all results of earlier actions undertaken as well as the advice for further action to be taken.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will purchase the Mortgage Receivables and will, on the Closing Date, accept from the Seller the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables is transferred to the Issuer. The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder ('**Assignment Notification Events**'). Until such notification the Borrowers will only be entitled to validly pay ("*bevrjndend betalen*") to the Seller. The Issuer will be entitled to all principal proceeds in respect of the Mortgage Receivables from, but excluding 30 April 2007 (the '**Cut-Off Date**') and to all interest relating to the Mortgage Receivables as of the Closing Date. 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**') and a deferred purchase price (the '**Deferred Purchase Price**'). The Initial Purchase Price in respect of (a) the Mortgage Receivables purchased on the Closing Date, will be EUR 1,466,200,000, being the aggregate Outstanding Principal Amount at the Cut-Off Date which shall be payable on the Closing Date and (b) the Substitute Mortgage Receivables and the Further Advance Receivables shall be the Outstanding Principal Amount on the first day of the month in which the relevant Quarterly Payment Date falls and shall be payable on such Quarterly Payment Date. The Deferred Purchase Price shall be equal to the sum of all instalments in respect of the Deferred Purchase Price and each instalment (each a '**Deferred Purchase Price Instalment**') will, with respect to any Quarterly Payment Date, 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 (n) or, as the case may be, (B) following delivery of an Enforcement Notice, the amount remaining after all the payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (k) (see *Credit Structure* above) on such date have been made. 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.

Representations and warranties

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

- (a) each of the Mortgage Receivables and the Beneficiary Rights 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;
- (b) it has full right and title ("*titel*") to the Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and assignment of the Mortgage Receivables or the Beneficiary Rights relating thereto are in effect and the Mortgage Receivables and the Beneficiary Rights relating thereto are capable of being assigned;
- (c) it has the power ("*is beschikkingsbevoegd*") to sell and assign the Mortgage Receivables and the Beneficiary Rights relating thereto;
- (d) 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 have been granted in favour of any third party with regard to the Mortgage Receivables or the Beneficiary Rights relating thereto;
- (e) each Mortgage Receivable is secured by a mortgage right on one or more Mortgaged Assets located in the Netherlands and is governed by Netherlands law;

- (f) each Mortgaged Asset concerned was valued (i) by an independent qualified valuer when application for a Mortgage Loan was made and such valuation was not older than 12 months on the date of such mortgage application by a Borrower or (ii) on the basis of and assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"). No revaluation of the Mortgaged Assets has been made for the purpose of this transaction;
- (g) 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;
- (h) all mortgage rights and all rights of pledge securing the Mortgage Loans (i) constitute valid mortgage rights ("*hypotheekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of the 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*"), and (ii) were vested for a principal sum 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 at least 140 per cent. of the Outstanding Principal Amount in respect of the Mortgage Receivables upon origination;
- (i) each of the Mortgage Loans has been granted, and each of the Mortgages 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;
- (j) the particulars of each Mortgage Loan, as set forth in the list of Mortgage Receivables as attached to the Mortgage Receivables Purchase Agreement, are correct and complete in all material aspects;
- (k) each of the Mortgage Loans meets the Mortgage Eligibility Criteria;
- (l) each of the Mortgage Loans and, if offered by the Seller, the Insurance Policies connected thereto, has been granted in accordance with (i) all applicable legal requirements and the Code of Conduct on Mortgage Loans ("*Gedragscode Hypothecaire Financieringen*") prevailing at the time of origination in all material respects, and (ii) the Seller's standard underwriting criteria and procedures and such underwriting criteria and procedures are in a form as may be expected from a reasonably prudent lender of residential mortgage loans in the Netherlands;
- (m) other than the aggregate Construction Amounts, the principal sum was in case of each of the Mortgage Loans fully disbursed to the relevant Borrower, whether or not through the relevant civil-law-notary and no amounts are held in deposit with respect to premia and interest payments (*geen rente- en premiedepots*);
- (n) each of the Mortgaged Assets had, at the time the relevant Mortgage Loan was advanced, the benefit of a buildings insurance ("*opstalverzekering*") for at least the full reinstatement value ("*herbouwwaarde*");
- (o) in respect of each of the Savings Mortgage Receivables, the Seller has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the Seller has the benefit of an appointment as beneficiary under such Savings Insurance Policies, upon the terms of the relevant Mortgage Loans and the relevant Savings Insurance Policies, which appointment has been notified to the relevant Savings Insurance Company, or (ii) the relevant Savings Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable;
- (p) in respect of each of the Life Mortgage Receivables, the Seller has the benefit of a valid right of pledge on the rights under the Life Insurance Policies and either (i) the Seller has the benefit of the appointment as beneficiary under such Life Insurance Policies upon the terms of the relevant Mortgage Loans and the relevant Life Insurance Policies, which appointment has been notified to the relevant Life Insurance Companies, or (ii) the relevant Life Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable;
- (q) in respect of each of the Investment Mortgage Receivables the Seller has the benefit of a valid right of pledge on the relevant Investment Portfolio;

- (r) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables;
- (s) the notarial mortgage deeds relating to the Mortgages are kept by a civil-law-notary in the Netherlands, while the loan files, which include authentic copies of the notarial mortgage deeds, are kept by the Seller;
- (t) to the best of its knowledge, the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (u) the mortgage conditions of the Mortgage Loans originated by CenE provide that all payments to be made by the Borrowers should be made without set-off;
- (v) the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Cut-Off Date is equal to eur 1,433,273,939.63;
- (w) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same Mortgage is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (x) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");
- (y) on the Cut-Off Date or, in respect of the purchase of Substitute Mortgage Receivables and any Further Advance Receivables, the first day of the month in which the relevant Quarterly Payment Date falls, no amounts due and payable under any of the Mortgage Loans were in arrears;
- (z) with respect to each of the Mortgage Receivables secured by a mortgage right on a long lease ("*erfpacht*"), the Mortgage Conditions provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates for whatever reason;
- (aa) the claims of any Borrower under Index Guaranteed Contracts are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and the Index Guaranteed Contracts cannot be terminated by the Seller prematurely, but can be terminated by the relevant Borrower on a monthly basis;
- (bb) with respect to Mortgage Loans for the granting of which a Life Insurance Policy is entered into by the relevant Borrower (i) a Borrower Insurance Pledge is granted on the rights under such policy in favour of the Seller, (ii) the Mortgage Loan and the Life Insurance Policy are in the Seller's or the Life Insurance Company's promotional materials not offered as one product, under one name and (iii) the Borrowers are free to enter into a life insurance policy with any insurance company and (iv) none of the Insurance Companies is a group entity (within the meaning of article 2:24b of the Netherlands Civil Code) of the Seller;
- (cc) there is no connection between any of the Investment Mortgage Loans and any Investment Portfolio, other than the right of pledge thereof granted by the relevant Borrower to the Seller;
- (dd) the aggregate Construction Amount did not on the Cut-Off Date exceed the amount of euro 17,345,551.50; and
- (ee) the Investment Portfolios are either in the form of (i) "*Wge-effecten*" (securities regulated under the Netherlands Securities Transfer Act ("*Wet Giraal Effectenverkeer*") or (ii) securities held by an independent custodian ("*bewaarder*") or (iii) Index Guaranteed Contracts.

Mortgage Eligibility Criteria

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

- (i) the Mortgage Loans are in the form of:
 - a. Life Mortgage Loans ("*levenhypotheken*");

- b. Investment Mortgage Loans ("*beleggingshypotheken*");
 - c. Savings Mortgage Loans ("*spaarhypotheken*");
 - d. Linear Mortgage Loans ("*lineaire hypotheken*");
 - e. Annuity Mortgage Loans ("*annuïteiten hypotheken*");
 - f. Interest-only Mortgage Loans ("*aflossingsvrije hypotheken*"); or
 - g. a combination thereof.
- (ii) the Borrower is a private individual and is a resident of the Netherlands;
 - (iii) the Mortgaged Asset was not the subject of residential letting at the time of origination of the Mortgage Loan;
 - (iv) each Mortgage Loan is secured by a first-ranking mortgage right, or in case of Mortgage Loans secured by the same Mortgaged Assets, first and sequentially lower ranking mortgage rights;
 - (v) the Mortgaged Asset should primarily be used for residential purposes;
 - (vi) the Mortgaged Asset is located in the Netherlands;
 - (vii) no Mortgage Loan will have a legal maturity beyond July 2049;
 - (viii) the interest rate is fixed, subject to an interest reset from time to time, floating or a combination thereof;
 - (ix) payments on each Mortgage Receivable should be made by direct debit;
 - (x) the Outstanding Principal Amount of each Mortgage Loan, or of all Mortgage Loans secured by the same Mortgaged Assets, did not exceed 150 per cent. of the most recent foreclosure value of the relevant Mortgaged Assets of the relevant Mortgage Loan or the Mortgage Loans;
 - (xi) each Mortgage Loan was originated by one of the Originators;
 - (xii) each Mortgage Receivable is denominated in Euro.

The same criteria apply to Substitute Mortgage Receivables and Further Advance Receivables.

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, the Seller shall within fourteen (14) days of having knowledge of such breach or 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 fourteen (14) days, the Seller shall on the next succeeding Mortgage Payment Date repurchase and accept re-assignment of such Mortgage Receivable.

In addition, the Seller shall repurchase and accept re-assignment of the relevant Mortgage Receivable resulting from such Mortgage Loan on the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower (i) to a Mortgage Loan Amendment or (ii) to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer.

In case of a repurchase of Mortgage Receivables by the Seller in any of the events described above, the Seller shall repurchase and accept the assignment of all Mortgage Receivables resulting from Mortgage Loans granted to the same Borrower.

The purchase price in case of a repurchase by the Seller of Mortgage Receivables in any of the events described above, will be equal to the Outstanding Principal Amount of the Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of purchase and assignment of the Mortgage Receivable, except that with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure

proceedings, the purchase price shall be at least the lesser of (i) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value, or (ii) the Outstanding Principal Amount together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Receivable.

Regulatory Call Option

On each Quarterly Payment Date the Seller has the option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change. The purchase price of the Mortgage Receivables upon the exercise by the Seller of the Regulatory Call Option shall be the same as described in *Repurchase* above.

Clean-Up Call Option

On each Quarterly Payment Date the Seller may exercise 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 purchase price of the Mortgage Receivables upon the exercise by the Seller of the Clean-Up Call Option shall be the same as described in *Repurchase* above.

Assignment 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 it under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within ten (10) business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within twenty (20) business days after 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 pursuant to the terms of the Mortgage Receivables Purchase Agreement, or under any of the other Relevant Documents to which the Seller is a party or if any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after expiration of any applicable grace period provided for in any Relevant Document, untrue or incorrect in any material respect; or
- (d) the Seller has given materially incorrect information or not given material information which was essential for the Issuer and/or the Security Trustee in connection with the entering into the Mortgage Receivables Purchase Agreement or any of the other Relevant Documents; or
- (e) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") involving the Seller or its assets are placed under administration ("*onder bewind gesteld*"); or
- (f) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Act on the Financial Supervision ("*Wet Financieel Toezicht*", or "*Wft*") or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (g) the rating of the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller falls below A- by Fitch; or
- (h) a Trustee Pledge Notification Event occurs,

then the Seller, unless the Security Trustee, after having received confirmation from Fitch that no downgrading of the then current ratings assigned to the Notes will occur as a result of not giving notice as described below,

instructs it otherwise, shall forthwith notify the relevant Borrowers of the Mortgage Receivables and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself.

Furthermore, pursuant to the Mortgage Receivables Purchase Agreement, upon the occurrence of a Trustee Pledge Notification Event the Seller shall (a) use its best efforts to terminate the appointment of the Seller as beneficiary and appoint as first beneficiary under the Insurance Policies (x) the Issuer under the dissolving condition of a Trustee Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Trustee Pledge Notification Event and (b) with respect to Insurance Policies where a Borrower Insurance Proceeds Instruction has been given, use its best efforts to withdraw the Borrower Insurance Proceeds Instruction in favour of the Seller and to issue such instruction in favour of (x) the Issuer subject to the dissolving condition of the occurrence of a Trustee Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Trustee Pledge Notification Event.

Purchase of Substitute Mortgage Receivables

The Mortgage Receivables Purchase Agreement provides that the Issuer will apply the Substitution Available Amount on any Quarterly Payment Date up to and including the Quarterly Payment Date immediately preceding the Step-Up Date to purchase any Substitute Mortgage Receivables from the Seller if and to the extent offered by the Seller. The Issuer will be entitled to all proceeds in respect of the Substitute Mortgage Receivables following such assignment from (and including) the first day of the month in which the relevant Quarterly Payment Date falls. The purchase price payable by the Issuer as consideration for any Substitute Mortgage Receivables shall be equal to the aggregate Outstanding Principal Amount in respect of such Substitute Mortgage Receivables on the first day of the month in which such Quarterly Payment Date falls, plus a portion of the Deferred Purchase Price attributable to such Substitute Mortgage Receivables.

The purchase by the Issuer of any Substitute Mortgage Receivables will be subject to the satisfaction of all of the following conditions on the relevant Quarterly Payment 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 Mortgage Loans relating to the Substitute Mortgage Receivables sold (the "**Substitute Mortgage Loans**") (with certain amendments to reflect that the Substitute Mortgage Receivables are sold and may have been originated after the Closing Date);
- (b) no Enforcement Notice has been served in accordance with Condition 10;
- (c) no Assignment Notification Event has occurred and is continuing on the date of such completion;
- (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 amount standing to the balance of the Reserve Account is equal to the Reserve Account Target Level;
- (f) the Substitution Available Amount is sufficient to pay (part of) the Initial Purchase Price for the relevant Substitute Mortgage Receivables;
- (g) the aggregate Outstanding Principal Amount of all Savings Mortgage Receivables does not exceed an amount equal to 1 (one) per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables;
- (h) the Outstanding Principal Amount of each Substitute Mortgage Receivable, together with any other Mortgage Receivables secured by the same Mortgaged Asset, does not exceed Eur 3 million;
- (i) the aggregate Outstanding Principal Amount of all Employee Mortgage Receivables does not exceed an amount equal to 40 (forty) per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables;

- (j) the cumulative Realised Losses do not exceed 0.8 per cent. of the outstanding principal amount of the Mortgage Receivables at the Closing Date; and
- (k) the aggregate amount of the Substitution Amount applied by the Issuer towards the purchase of any Substitute Mortgage Receivables on the three consecutive Quarterly Payment Dates immediately preceding the relevant Quarterly Payment Date does not exceed an amount equal to 20 (twenty) per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Closing Date.

Purchase of Further Advance Receivables

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

The purchase by the Issuer of any Further Advance Receivables will be subject to the satisfaction of all of the following conditions on the relevant Quarterly Payment 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 Mortgage Loans relating to the Further Advance Receivables sold (with certain amendments to reflect that the Substitute Mortgage Receivables are sold and may have been originated after the Closing Date);
- (b) no Enforcement Notice has been served in accordance with Condition 10;
- (c) no Assignment Notification Event has occurred and is continuing on the date of such completion;
- (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 amount standing to the balance of the Reserve Account is equal to the Reserve Account Target Level;
- (f) the aggregate Outstanding Principal Amount of all Savings Mortgage Receivables does not exceed an amount equal to 1 (one) per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables;
- (g) the Outstanding Principal Amount of each Further Advance Receivable together with any other Mortgage Receivables secured by the same Mortgaged Asset, does not exceed Eur 4 million;
- (h) the aggregate Outstanding Principal Amount of all Employee Mortgage Receivables does not exceed an amount equal to 40 (forty) per cent of the aggregate Outstanding Principal Amount of all Mortgage Receivables;
- (i) the cumulative Realised Losses do not exceed 0.8 per cent. of the outstanding principal amount of the Mortgage Receivables at the Closing Date; and
- (j) the aggregate amount applied by the Issuer towards the purchase of any Further Advance Receivables on the three consecutive Quarterly Payment Dates immediately preceding the relevant Quarterly Payment Date does not exceed an amount equal to 20 (twenty) per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Closing Date.

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.

SERVICING AND ADMINISTRATION AGREEMENT

Services

In the Servicing and Administration Agreement (i) the Pool Servicer will agree to provide (a) administration and management services to the Issuer in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables including the direction of amounts received by the Seller to the Master Collection Account and the production of monthly reports in relation thereto and (b) the implementation of arrears procedures including the enforcement of the Mortgages (see further *Mortgage Loan Underwriting and Lending Principles and Processes*) and (ii) the 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 Reserve Account, (b) all payments to be made by the Issuer under the Swap Agreement, (c) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (d) the maintaining of all required ledgers in connection with the above, (e) all calculations to be made pursuant to the Conditions under the Notes and (f) the preparation of the quarterly investor reports. The Administrator and the Pool Servicer will provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

The Pool Servicer will be obliged to (i) 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 and (ii) hold a licence under the Act on the Financial Supervision ("*Wet Financieel Toezicht*") as intermediary ("*bemiddelaar*") and offeror of credit ("*aanbieder van krediet*").

The Administrator does not have any relationship with the Seller other than pursuant to the Servicing and Administration Agreement.

Termination

The appointment of the Pool Servicer and/or the Administrator under the Servicing and Administration 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 is made by the Pool Servicer and/or the Administrator in the payment on the due date of any payment due and payable by either of them under the Servicing and Administration Agreement and such default continues unremedied for a period of fourteen (14) days after the earlier (i) of the Pool Servicer and/or the Administrator becoming aware of such default and (ii) receipt by the Pool Servicer and/or the Administrator of written notice by the Issuer or the Security Trustee requiring the same to be remedied, (b) a default is made by the Pool Servicer and/or the Administrator in the performance or observance of any of its other covenants and obligations under the Servicing and Administration Agreement, which in the opinion of the Security Trustee is materially prejudicial to the interests of the Secured Parties and (except where, in the reasonable opinion of the Security Trustee, such default is incapable of remedy, when no such continuation and/or notice as is hereinafter mentioned will be required) such default continues unremedied for a period of fourteen (14) days after the earlier of (i) the Pool Servicer and/or the Administrator becoming aware of such default and (ii) receipt by the Pool Servicer and/or the Administrator of written notice from the Security Trustee requiring the same to be remedied, (c) the Pool Servicer and/or the Administrator 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*"), (d) the Pool Servicer and/or the Administrator has taken any corporate action or any steps have been taken and/or legal proceedings have been instituted or threatened against it for its entering into suspension of payments or, as the case may be, emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Act on the Financial Supervision ("*Wet Financieel Toezicht*") or for bankruptcy or has become subject to any analogous insolvency proceeding under any applicable law or for the appointment of a receiver or a similar officer of its or any or all of its assets, (e) the Pool Servicer no longer holds a licence under the Act on the Financial Supervision ("*Wet Financieel Toezicht*") as intermediary ("*bemiddelaar*") and offeror of credit ("*aanbieder van krediet*") or (f) at any time it becomes unlawful for the Pool Servicer and/or the Administrator to perform all or a material part of its obligations hereunder.

In such events, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute pool servicer and/or administrator and such substitute pool servicer and/or administrator shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing and Administration Agreement, provided that such substitute pool servicer and/or administrator shall have the benefit of a fee at a level to be then determined. With respect to the services to be provided under the Servicing and Administration Agreement

such substitute pool servicer and/or administrator must have (i) experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a license as intermediary ("*bemiddelaar*") and offeror of credit ("*aanbieder van krediet*") under the Act on the Financial Supervision ("*Wet Financieel Toezicht*") 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 Pool Servicer and/or the Administrator under the Servicing and Administration Agreement may be terminated by the Pool Servicer and/or the Administrator upon the expiry of not less than twelve (12) months' notice of termination given by the Pool Servicer and/or the 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 pool servicer and/or administrator shall be appointed, such appointment to be effective no later than the date of termination of the Servicing and Administration Agreement and the Pool Servicer and/or Administrator shall not be released from its obligations under the Servicing and Administration Agreement until such substitute pool servicer and/or administrator has entered into such new agreement.

THE ISSUER

Citadel 2007-I B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") was incorporated under the laws of the Netherlands on 23 May 2007 under B.V. number SE 1434570. 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, the Netherlands and its telephone number is +31 20 470 79 78. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34274526.

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 Citadel 2007-I Holding.

Stichting Citadel 2007-I Holding is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 11 May 2007. The objects of Stichting Citadel 2007-I Holding 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 Citadel 2007-I Holding is ATC Management B.V..

Statement of the managing director

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 or its prospects 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 legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer 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 Johannes Hendricus Scholts and Andreas Gerardus Maria Nagelmaker. The managing directors of ATC Management B.V. have chosen domicile at the office address of ATC Management B.V., being Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

ATC Management B.V. belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., the sole managing director of the Security Trustee. The sole shareholder of ATC Management B.V. and Amsterdamsch Trustee's Kantoor B.V. is Amsterdam Trust Corporation B.V.

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

Each of the managing directors of Stichting Citadel 2007-I Holding 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 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 Fitch 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 financial year of the Issuer coincides with the calendar year, except for the first financial year which started on 23 May 2007 and ends 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:

Share Capital

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

Borrowings

| | |
|----------------------------|--------------------|
| Senior Class A Notes | euro 1,300,000,000 |
| Mezzanine Class B Notes | euro 108,350,000 |
| Junior Class C Notes | euro 36,150,000 |
| Subordinated Class D Notes | euro 21,700,000 |

AUDITOR'S REPORT

Auditor's Report

The following is the text of a report issued at the request of and received by the Board of Managing Directors of the Issuer drawn up by Ernst & Young Accountants, the auditors to the Issuer:

"To the Directors of Citadel 2007-I B.V.

Dear Sirs,

Citadel 2007-I B.V. (the "**Issuer**") was incorporated on 23 May 2007 with an issued share capital of euro 18,000.

The Issuer has not yet prepared any financial statements. Since its incorporation, the Issuer has not traded, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation included in the Prospectus to be dated 30 May 2007.

Eindhoven, 30 May 2007

Ernst & Young Accountants

The undersigned is a registered accountant ("*registeraccountant*") and is a member of the Dutch Institute for Registered Accountants ("*Nederlands Instituut Voor Register Accountants*" or "*NIVRA*").

Ernst & Young Accountants do not have any material interest in the Issuer and does not have any connection with the Issuer other than the connection between Issuer and Ernst & Young Accountants resulting from the fact that Ernst & Young Accountants are auditors to the Issuer. "

USE OF PROCEEDS

The net proceeds of the Notes to be issued on the Closing Date amount to euro 1,466,200,000. The net proceeds of the issue of the Notes, other than the net proceeds of the issue of the Subordinated Class D Notes, will be applied on the Closing Date to pay the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement on the Closing Date. The net proceeds of the issue of the Subordinated Class D Notes will be credited to the Reserve Account.

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 Pool Servicer and the Administrator under the Servicing and Administration Agreement, (d) as fees and expenses to the Paying Agents and the Reference Agent under the Paying Agency Agreement, (e) to the Swap Counterparty under the Swap Agreement and (f) to the Seller under the Mortgage Receivables Purchase 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 Priority of Payments upon Enforcement. The amounts due to the Secured Parties will be the sum of (a) amounts recovered ("*verhaald*") by it (i) on the Mortgage Receivables and (ii) 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; less (y) any amounts already paid by the Security Trustee to the Secured Parties 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*, Fitch and any legal advisor, auditor or accountant appointed by the Security Trustee).

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 Substitute Mortgage Receivables and Further Advance Receivables and the Beneficiary Rights relating thereto undertakes to grant a first ranking right of pledge on such Substitute Mortgage Receivables and such Further Advance Receivables and the Beneficiary Rights relating thereto on the Quarterly Payment Date on which they are acquired. The pledge on the Mortgage Receivables will not be notified to the Borrowers, except in case certain notification events occur, relating to the Issuer (the '**Trustee Pledge Notification Events**'). Prior to notification of the pledge to the Borrowers, the pledge will be a 'silent' right of pledge ("*stil pandrecht*") within the meaning of section 3:239 of the Netherlands Civil Code.

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 in favour of the Security Trustee over all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing and Administration Agreement, (iii) the GIC and (iv) the Swap 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 Pledge Notification Events.

From the occurrence of a Trustee Pledge Notification Event and, consequently notification to the Borrowers and withdrawal of the power to collect, the Security Trustee will collect ("*innen*") all amounts due to the Issuer whether by Borrowers, the Insurance Companies 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, pay or procure the payment of certain amounts from a bank account opened in the name of the Security Trustee which will be used to collect the such amounts, 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 Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the

Subordinated Class D Noteholders, but, *inter alia*, amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, amounts owing to the Junior Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders and the Mezzanine Class B Noteholders and amounts owing to the Subordinated Class D Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Junior Class C Noteholders (see *Credit Structure*).

THE SECURITY TRUSTEE

Stichting Security Trustee Citadel 2007-I (the '**Security Trustee**') is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 11 May 2007. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee of the Noteholders and any other creditor of the Issuer under the Relevant Documents; (b) to acquire, keep 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 to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from, *inter alia*, the Issuer, which are conducive to the holding of the abovementioned security rights; (c) to borrow money; and (d) to perform any and all acts which are related, incidental or which may be conducive to the above. The Security Trustee will only act as trustee in connection with the Mortgage Receivables.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the euro 1,300,000,000 floating rate Senior Class A Mortgage-Backed Notes 2007 due 2049 (the '**Senior Class A Notes**'), the euro 108,350,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2007 due 2049 (the '**Mezzanine Class B Notes**'), the euro 36,150,000 floating rate Junior Class C Mortgage-Backed Notes 2007 due 2049 (the '**Junior Class C Notes**') and the euro 21,700,000 floating rate Subordinated Class D Notes 2007 due 2049 (the '**Subordinated Class D Notes**', and together with the Senior Class A Notes, the Mezzanine Class B Notes, and the Junior Class C Notes, the '**Notes**') was authorised by a resolution of the managing director of Citadel 2007-I B.V. (the '**Issuer**') passed on 24 May 2007. The Notes are issued under a trust deed dated on or about the date of this Prospectus (the '**Trust Deed**') between the Issuer, Stichting Citadel 2007-I Holding and Stichting Security Trustee Citadel 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 form of the Notes and the interest coupons appertaining to the Notes (the '**Coupons**') and the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the '**Paying Agency Agreement**') dated on or about the date of this Prospectus between the Issuer, the Security Trustee, Fortis Banque Luxembourg S.A. as principal paying agent (the '**Principal Paying Agent**'), Fortis Bank Nederland as paying agent (the '**Paying Agent**' and together with the Principal Paying Agent, the '**Paying Agents**') and Fortis Bank S.A./N.V. as reference agent (the '**Reference Agent**'), (iii) a servicing and administration agreement (the '**Servicing and Administration Agreement**') dated on or about the date of this Prospectus between the Issuer, Van Lanschot as the Pool Servicer, ATC Financial Services B.V. as the Administrator and the Security Trustee, (iv) a parallel debt agreement (the '**Parallel Debt Agreement**') dated on or about the date of this Prospectus between the Issuer, the Security Trustee and the Secured Parties, (v) a pledge agreement (the '**Trustee Receivables Pledge Agreement**') dated on or about the date of this Prospectus between the Issuer and the Security Trustee and (vi) a pledge agreement dated on or about the date of this Prospectus between the Issuer, the Security Trustee and others (the '**Trustee Assets Pledge Agreement**' and together with the Trustee Receivables Pledge Agreement, the '**Pledge Agreements**').

Certain words and expressions used in these Conditions are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated on or about the date of this Prospectus and signed by the Issuer, the Security Trustee, the Paying Agents and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the terms or definitions in the Master Definitions Agreement would conflict with terms or definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, '**Class**' means either the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D Notes, as the case may be.

Copies of, *inter alia*, 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 the Noteholders at the specified office of the Principal Paying Agent and the present office of the Security Trustee, being at the date hereof Frederik Roeskestraat 123, 1076 EE, Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 50,000 each. Under Netherlands law, the valid transfer of Notes requires, *inter alia*, delivery ('*levering*') thereof. The Issuer, the Security Trustee and the Paying Agents may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing

thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

2. Status, Relationship between the Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and ratably without any preference or priority among Notes of the same Class;
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Junior Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes and (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes;
- (c) The security for the obligations of the Issuer towards the Noteholders (the '**Security**') will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
 - (i) a first ranking pledge by the Issuer to the Security Trustee on the Mortgage Receivables and the Beneficiary Rights relating thereto;
 - (ii) a first ranking 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 Pool Servicer and the Administrator under or in connection with the Servicing and Administration Agreement; (c) against the Swap Counterparty under or in connection with the Swap Agreement; (d) against the GIC Provider under or in connection with the GIC; and (e) against the GIC Provider under or in connection with the Transaction Accounts;
- (d) The Notes will be secured (directly or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Mezzanine Class B Notes will rank in priority to the Junior Class C Notes and the Junior Class C Notes will rank in priority to the Subordinated Class D Notes in the event of the Security being enforced. The '**Most Senior Class of Notes**' means the Senior Class A Notes or if there are no Senior Class A Notes outstanding, the Mezzanine Class B Notes, or if there are no Mezzanine Class B Notes outstanding, the Junior Class C Notes, or if there are no Junior Class C Notes outstanding, the Subordinated Class D Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the holders of the Senior Class A Notes (the '**Senior Class A Noteholders**'), the holders of the Mezzanine Class B Notes (the '**Mezzanine Class B Noteholders**'), the holders of the Junior Class C Notes (the '**Junior Class C Noteholders**') and the holders of the Subordinated Class D Notes (the '**Subordinated Class D 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 holders of the Most Senior Class of Notes. 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 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 Dutch 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 Servicing and Administration Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Swap Agreement, the GIC, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Deed of Assignment, any deed of assignment relating to the purchase and assignment of Further Advance Receivables and/or Substitute Receivables (each a '**Purchase Deed of Assignment**') and the Trust Deed (and together with the Master Definitions Agreement, the '**Relevant Documents**') or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus 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; or
- (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).

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 Principal 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) *Floating Rate Interest Periods and Quarterly Payment Dates*

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 arrears in euro on the 26th day of July, October, January and April (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 26th 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, Brussels and Luxembourg 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 July 2007.

(c) *Interest on the Notes up to the Step-Up Date*

Interest on the Notes for each Floating Rate Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three (3) months deposits (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for 1 and 2 months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus, up to (but excluding) the Step-Up Date and in respect of the Subordinated Class D Notes up to the Final Maturity Date:

- (i) for the Senior Class A Notes, a margin of 0.15 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.25 per cent. per annum;
- (iii) for the Junior Class C Notes, a margin of 0.60 per cent. per annum; and
- (iv) for the Subordinated Class D Notes, a margin of 1.70 per cent. per annum.

(d) Interest following the Step-Up Date

If on the Step-Up Date any Class of Notes has 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 (3) months deposits, payable by reference to Floating Rate Interest Periods on each succeeding Quarterly Payment Date, plus:

- (i) for the Senior Class A Notes, a margin of 0.30 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.50 per cent. per annum; and
- (iii) for the Junior Class C Notes, a margin of 1.20 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 the amount of Euribor for three (3) 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 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 (2) 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 (4) major banks in the euro-zone interbank market (the '**Reference Banks**') to provide a quotation for the rate at which three (3) 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 (2) 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 (2) 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 (3) 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 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 Rates of Interest and Interest Amounts

The Reference Agent will cause the relevant Quarterly Payment Date, the relevant Rates of Interest and the relevant Interest Amounts to be notified to the Issuer, the Security Trustee, the Principal Paying Agent, the 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 Eurolist by 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 (4) 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 ninety (90) days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Class of Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as a Reference Bank or the Reference Agent (as the case may be) or if the appointment of any Reference Bank or the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor Reference Bank or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

5. Payment

- (a) Payment of principal and interest in respect of Notes will be made upon presentation of the Note in and against surrender of the relevant Coupon appertaining thereto, at any specified office of any of the Paying Agents 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(a)), 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 (5) 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 relevant 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 each of the Paying Agents and of its offices are set out below.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of any of the Paying Agents 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 Eurolist by 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 Agents 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 July 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 and the Mezzanine Class C Notes, subject to Condition 9(b).

(b) Mandatory Redemption

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date the Issuer shall be obliged to apply the Notes Redemption Available Amount (as defined in Condition 6(g)) to redeem (or partially redeem) the Notes at their Principal Amount Outstanding on a *pro rata* basis within each Class in the following order:

- (i) *firstly*, the Senior Class A Notes until fully redeemed;
- (ii) *secondly*, the Mezzanine Class B Notes until fully redeemed; and
- (iii) *thirdly*, the Junior Class C Notes until fully redeemed.

The principal amount so redeemable (each a '**Principal Redemption Amount**') in respect of each Note, other than the Subordinated Class D Notes, on the relevant Quarterly Payment Date, shall be the Notes Redemption Available Amount on the Quarterly Calculation Date relating to that Quarterly Payment Date divided by the number of Notes of the relevant Class subject to redemption (rounded down to the nearest euro), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) Mandatory redemption of the Subordinated Class D Notes

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date falling on or after the Quarterly Payment Date on which the Junior Class C Notes have been fully redeemed, the Issuer will be obliged to apply the Class D Redemption Available Amount to redeem (or partially redeem) on a *pro rata* basis, the Subordinated Class D Notes, until fully redeemed. For the purpose of this Condition, '**Class D Redemption Available Amount**' shall mean on the Quarterly Calculation Date immediately preceding the Quarterly Payment Date on or after the Quarterly Payment Date on which the Junior Class C Notes have been or will be redeemed in full and any Quarterly Calculation Date thereafter until the Subordinated Class D Notes are redeemed in full, the Notes Interest Available Amount, if and to the extent that all payments ranking above item (l) in the Interest Priority of Payments have been made in full.

The principal amount so redeemable in respect of each Subordinated Class D Note (the '**Class D Redemption Amount**'), on the relevant Quarterly Payment Date shall be the Class D Redemption Available Amount on the Quarterly Calculation Date relating to the Quarterly Payment Date divided by the number of Notes (rounded down to the nearest euro), provided always that the amount so redeemable may never exceed the Principal Amount Outstanding of the Subordinated Class D Notes. Following application of the relevant amount

redeemable in respect of the Subordinated Class D Notes, the Principal Amount Outstanding of such Subordinated Class D Notes shall be reduced accordingly.

(d) Optional Redemption

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on the Quarterly Payment Date falling in July 2017 (the '**Step-Up Date**') 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 at their Principal Amount Outstanding on such date or, in case of a Junior Class C Principal Shortfall or a Mezzanine Class B Principal Shortfall, redeem the Junior Class C Notes or the Mezzanine Class B Notes, respectively, at their Principal Amount Outstanding less such Junior Class C Principal Shortfall or such Mezzanine Class B Principal Shortfall, as the case may be. The Issuer shall notify the exercise of such option by giving not more than sixty (60) nor less than thirty (30) days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, prior to the relevant Optional Redemption Date.

(e) 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, 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 charge 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; 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 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 (or such of them as are then outstanding) are also redeemed in full at the same time, subject to Condition 6(b).

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

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(b)) and, with respect to the Subordinated Class D Notes, the Class D Redemption Amount (as defined in Condition 6(c)). Following application of the Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(f) Determination of Principal Redemption Amount, Class D Redemption Amount and Principal Amount Outstanding

- (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Administrator to determine) (a) the Principal Redemption Amount and, as the case may be, the Class D Redemption Amount due for the relevant Class of Notes on the Quarterly Payment Date and (b) the Principal Amount Outstanding of the relevant Note on the first day following the Quarterly Payment Date. Each determination by or on behalf of the Issuer of any Principal Redemption Amount and, as the case may be the Class D 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, Class D Redemption Amount and Principal Amount Outstanding of Notes to be notified forthwith to the Security Trustee, the

Paying Agents, the Reference Agent, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam N.V. and to the holders of Notes, as long as the Notes are listed on Eurolist by Euronext Amsterdam N.V., by an advertisement in the English language in the Euronext Official Daily List ("*Officiële Prijscourant*") of Euronext Amsterdam N.V. If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13.

- (iii) If the Issuer does not at any time for any reason determine (or cause the Administrator to determine) the Principal Redemption Amount, the Class D Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount, the Class D Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (f) and paragraphs (b) and (c) above (but based upon the information in its possession as to the Principal Redemption Amount and Class D Redemption Amount due for the relevant Class of Notes on the Quarterly Payment Date and each such determination or calculation shall be deemed to have been made by the Issuer.

(g) *Definitions*

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

- (i) **'Principal Amount Outstanding'** of any Note shall on any Quarterly Payment Date 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) **'Principal Available Amount'**, shall mean, on any Quarterly Payment Date, the sum of the amounts set out in items (a) up to and including (h) as being received or deposited during the immediately preceding Quarterly Calculation Period and **'Notes Redemption Available Amount'** shall mean, on any Quarterly Payment Date, the sum of the amounts set out in items (a) up to and including (k) as being received or deposited during the immediately preceding Quarterly Calculation Period:
 - (a) as repayment and prepayment of principal under the Mortgage Receivables, excluding prepayment penalties, if any;
 - (b) as Net Proceeds on any Mortgage Receivable, to the extent such proceeds relate to principal;
 - (c) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
 - (d) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
 - (e) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Servicing and Administration Agreement;
 - (f) as amounts debited from the Construction Account in accordance with the Mortgage Receivables Purchase Agreement;
 - (g) the Reserved Amount on the last day of the preceding Quarterly Calculation Period; and
 - (h) as amounts equal to the excess (if any) of (a) the aggregate proceeds of the issue of the Notes, other than the Subordinated Class D Notes, over (b) the Initial Purchase Price of the Mortgage Receivables,

less the sum of:

- (i) any amount applied towards the purchase of Further Advance Receivables on such Quarterly Payment Date (the '**Further Advance Amount**');
- (j) any amount applied towards the purchase of Substitute Mortgage Receivables on such Quarterly Payment Date (the '**Substitution Amount**'); and
- (k) any amount reserved and/or withheld for the purchase of Substitute Mortgage Receivables on the immediately following Quarterly Payment Date (the '**Reserved Amount**');
- (iii) '**Net Proceeds**' shall mean (a) the proceeds of a foreclosure on the Mortgage, (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, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs;
- (iv) '**Quarterly Calculation Date**' means, in relation to a Quarterly Payment Date, the fourth Business Day prior to such Quarterly Payment Date;
- (v) '**Quarterly Calculation Period**' means a period of three (3) 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 June 2007;

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 Principal 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 Principal Paying Agent (as the case may be) shall make such payment after the required withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither any of the Paying Agents 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 (5) years from the date on which such payment first becomes due.

9. Subordination

(a) Interest

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

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

(b) Principal

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Mezzanine Class B 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 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.

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 Junior Class C Noteholders will not be entitled to any repayment of principal in respect of the Junior Class C Notes. If, on any Quarterly Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class C Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Junior Class C Principal Shortfall on such Quarterly Payment Date. The Junior Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class C Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

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 Junior Class C Notes is reduced to zero, the Subordinated Class D Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class D Notes. The Subordinated Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class D Notes, after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

The term '**Mezzanine Class B Principal Shortfall**' shall mean an amount equal to the quotient of the balance on the Mezzanine Class B Principal Deficiency Ledger on a Quarterly Payment Date divided by the number of the Mezzanine Class B Notes on such Quarterly Payment Date.

The term '**Junior Class C Principal Shortfall**' shall mean an amount equal to the quotient of the balance on the Junior Class C Principal Deficiency Ledger on a Quarterly Payment Date divided by the number of the Junior Class C Notes on such Quarterly Payment Date.

(c) *General*

In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to 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 (30) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment ("*conservatoir beslag*") or an executory attachment ("*executoriaal beslag*") on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or 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 Security;

provided that, if any Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Mezzanine Class B Notes or the Junior Class C Notes or the Subordinated Class D Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders or the Junior Class C Noteholders or the Subordinated Class D Noteholders unless an Enforcement Notice in respect of the Senior Class A Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the 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, 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 holders 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 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.

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 (1) 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 Eurolist by 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

- (a) The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders 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, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal 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 Fitch and (ii) Fitch has confirmed that the current ratings assigned to the Notes will not be adversely affected by such Basic Terms Change, then no such Extraordinary Resolution is required.
- (b) A meeting as referred to above may be convened by the Issuer or by Noteholders of any Class holding not less than ten (10) per cent. in Principal Amount Outstanding of the Notes of such Class. The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-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 (1) 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.

- (c) No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Class A Notes shall take effect unless it shall have been sanctioned with respect to the Senior Class A Notes by an Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Junior Class C Noteholders and/or the Subordinated Class D Noteholders.
- (d) An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Junior Class C Noteholders and/or the Subordinated Class D Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Junior Class C Noteholders and/or, as the case may be, the Subordinated Class D Noteholders or it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Junior Class C Noteholders and/or, as the case may be, the Subordinated Class D Noteholders. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, irrespective of the effect on their interests.
- (e) 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).
- (f) 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 Fitch and (ii) Fitch has confirmed that the then current ratings of the Notes will not be adversely affected by any such modification, authorisation or waiver. For the avoidance of doubt, any such confirmation from Fitch 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.
- (g) In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D 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 Principal 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.

THE GLOBAL NOTES

The Notes are intended to be issued in new global note form. Each Class of Notes shall be initially represented by a temporary global note in bearer form, without coupons (the '**Temporary Global Note**') (i) in the case of the Senior Class A Notes, in the principal amount of euro 1,300,000,000, (ii) in the case of the Mezzanine Class B Notes, in the principal amount of euro 108,350,000, (iii) in the case of the Junior Class C Notes, in the principal amount of euro 36,150,000 and (iv) in the case of the Subordinated Class D Notes, in the principal amount of euro 21,700,000. Each Temporary Global Note will on or about the Closing Date be deposited with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('**Euroclear**') and for Clearstream Banking, société anonyme ('**Clearstream, Luxembourg**'). Upon deposit of each such Temporary Global Note, Euroclear and/or Clearstream, Luxembourg will credit each purchaser of Notes 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 payment 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 forty (40) days after the issue date of the Notes (the '**Exchange Date**') for interests in a permanent global note (each a '**Permanent Global Note**'), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression '**Global Notes**' meaning the Temporary Global Notes of each Class of Notes and the Permanent Global Notes of each Class of Notes. 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 a common safekeeper for Euroclear and/or Clearstream.

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 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 or, as the case may be, in the Principal Amount Outstanding of the Notes of such Class on such exchange date. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-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 Notes is 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 fourteen (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, the Issuer or Principal Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

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

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

TAXATION IN THE NETHERLANDS

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

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

1. Withholding tax

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

2. Taxes on income and capital gains

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

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

3. Turnover tax

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

4. Other Taxes and Duties

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

PURCHASE AND SALE

Fortis Bank S.A./N.V. (the '**Manager**') has pursuant to a notes purchase agreement dated on or about the date of this Prospectus among the Manager, the Issuer and the Seller (the '**Notes Purchase Agreement**'), agreed with the Issuer, subject to certain conditions, to purchase the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Manager against certain liabilities and expenses in connection with the issue of the 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, warranted and agreed that (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the '**FSMA**') with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 (iii) 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 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 it 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.

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

- 1) 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
- 2) 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 latter of copies of this Prospectus or any other document relating to the Notes in the Republic of 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.

The Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of its distribution at any time or (ii) otherwise until forty (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 Regulations under the US Securities Act.

In addition, until forty (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 requirement 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 Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. This 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.

The Manager has undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish this Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except 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 of the Issuer passed on 24 May 2007.
2. Application has been made to list the Notes on Eurolist by Euronext Amsterdam. The estimated total costs involved with such admission amount to euro 25,000.
3. The 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 030323840, ISINCODE XS0303238405 and Fondscode 88698.
4. 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 030323955, ISINCODE XS0303239551 and Fondscode 88699.
5. The Junior 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 030323963, ISINCODE XS0303239635 and Fondscode 88700.
6. The Subordinated 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 303234030, ISINCODE XS0303240302 and Fondscode 88701.
7. 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.
8. Ernst & Young Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with their report included herein in the form and context in which it appears. The accountants of Ernst & Young Accountants are members of the Royal NIVRA ("*Nederlands Instituut voor Register Accountants*"), the Dutch accountants board.
9. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Principal Paying Agent during normal business hours:
 - (i) the Deed of Incorporation including the Articles of Association of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Notes Purchase Agreement;
 - (iv) the Paying Agency Agreement;
 - (v) the Trust Deed;
 - (vi) the Parallel Debt Agreement;
 - (vii) the Trustee Receivables Pledge Agreement;
 - (viii) the Trustee Assets Pledge Agreement;
 - (ix) the Servicing and Administration Agreement;
 - (x) the GIC;
 - (xi) the Swap Agreement;
 - (xii) the Master Definitions Agreement;
 - (xiii) the Management Agreement I;
 - (xiv) the Management Agreement II; and
 - (xv) the Management Agreement III.
10. A copy of the Prospectus will be available free of charge at the registered offices of the Issuer, the Security Trustee and the Paying Agents.
11. A copy of the articles of association of the Issuer will be available, free of charge, at the registered office of the Issuer.
12. US taxes:

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

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

13. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer.
14. A quarterly report on the performance, including the arrears and the losses, of the transaction can be obtained at: www.securitisation.nl
15. This document constitutes a prospectus within the meaning of the Wft.

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