

# E-MAC DE 2006-II B.V.

(incorporated with limited liability in the Netherlands)

**Euro 151,000,000 Senior Class A1 Mortgage-Backed Notes 2006 due 2048, issue price 100 per cent.**

**Euro 465,700,000 Senior Class A2 Mortgage-Backed Notes 2006 due 2058, issue price 100 per cent.**

**Euro 35,000,000 Mezzanine Class B Mortgage-Backed Notes 2006 due 2058, issue price 100 per cent.**

**Euro 24,500,000 Junior Class C Mortgage-Backed Notes 2006 due 2058, issue price 100 per cent.**

**Euro 14,000,000 Subordinated Class D Mortgage-Backed Notes 2006 due 2058, issue price 100 per cent.**

**Euro 9,800,000 Subordinated Class E Mortgage-Backed Notes 2006 due 2058, issue price 100 per cent.**

## **GMAC-RFC Investments B.V.** as Seller and MPT Provider

This document constitutes a prospectus in accordance with Prospectus (Directive 2003/71/EC) Regulations 2005 of E-MAC DE 2006-II B.V. in respect of asset backed securities within the meaning of Article 2(5) of the Commission Regulation (EC) no. 809/2004 of 29 April 2004 (the "**Prospectus**"). Application has been made to the Irish Financial Services Regulatory Authority ("**IFSRA**"), as competent authority under Directive 2003/71/EC. Application has been made to the Irish Stock Exchange ("**ISE**") for the Euro 151,000,000 Senior Class A1 Mortgage-Backed Notes 2006 due 2048 (the "**Senior Class A1 Notes**"), the Euro 465,700,000 Senior Class A2 Mortgage-Backed Notes 2006 due 2058 (the "**Senior Class A2 Notes**"), the Euro 35,000,000 Mezzanine Class B Mortgage-Backed Notes 2006 due 2058 (the "**Mezzanine Class B Notes**"), the Euro 24,500,000 Junior Class C Mortgage-Backed Notes 2006 due 2058 (the "**Junior Class C Notes**"), the Euro 14,000,000 Subordinated Class D Mortgage-Backed Notes 2006 due 2058 (the "**Subordinated Class D Notes**") and the Euro 9,800,000 Subordinated Class E Mortgage-Backed Notes 2006 due 2058 (the "**Subordinated Class E Notes**" and, together with the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes, the "**Put Option Notes**") to be admitted to the Official List of the ISE and trading on its regulated market. In addition, the Issuer will issue the Euro 3,500,000 Subordinated Class F Notes 2006 due 2058 (the "**Subordinated Class F Notes**" and, together with the Put Option Notes, the "**Notes**") which will not be listed. The Notes are expected to be issued on 14 December 2006 (or such later day as the Issuer may agree with the Managers) (the "**Closing Date**").

**APPROVAL OF THE FINANCIAL REGULATOR (IFSRA) RELATES ONLY TO THE PUT OPTION NOTES WHICH ARE TO BE ADMITTED TO TRADING ON THE REGULATED MARKET OF THE IRISH STOCK EXCHANGE OR OTHER REGULATED MARKETS FOR THE PURPOSES OF DIRECTIVE 93/22/EEC OR WHICH ARE TO BE OFFERED TO THE PUBLIC IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA.**

The Notes will carry floating rates of interest, payable quarterly in arrear on each Quarterly Payment Date. The respective rates of interest will be three month Euribor plus, up to (but excluding) the First Put Date, for the Senior Class A1 Notes a margin of 0.13 per cent. per annum, for the Senior Class A2 Notes a margin of 0.18 per cent. per annum, for the Mezzanine Class B Notes a margin of 0.22 per cent. per annum, for the Junior Class C Notes a margin of 0.41 per cent. per annum, for the Subordinated Class D Notes a margin of 0.67 per cent. per annum, for the Subordinated Class E Notes a margin of 0.85 per cent. per annum and for the Subordinated Class F Notes a margin of 2.00 per cent. per annum. On the First Put Date, the margin for each Class of Notes will be reset in accordance with the Conditions of the Notes.

In case the withholding or deduction of taxes, duties, assessments or charges is required by law in respect of payments of principal and/or interest on the Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the Noteholders.

Each Put Option Noteholder has the right to exercise the Put Option on the First Put Date and each Put Date thereafter by giving a Put Notice during the relevant Put Notice Period. The Put Option Notes in respect of which the Put Option is exercised will be redeemed at their Principal Amount Outstanding subject to and in accordance with the Conditions of the Notes. Any Put Option Notes in respect of which the Put Option is not exercised will not be redeemed on such Put Date, unless any of S&P, Moody's or Fitch does not confirm the then current ratings assigned to the Put Option Notes.

The Senior Class A1 Notes will mature on the Quarterly Payment Date falling in 2048, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes will mature on the Quarterly Payment Date falling in 2058. On the Quarterly Payment Date falling in February 2007 and each Quarterly Payment Date thereafter, the Put Option Notes will be subject to mandatory partial redemption in part or in whole in the circumstances set out in, and subject to and in accordance with, the Conditions of the Notes. If on any Quarterly Payment Date the aggregate Principal Amount Outstanding of the Put Option Notes (in the case of a Principal Shortfall in respect of any Class of Put Option Notes, less such aggregate Principal Shortfall) is not more than ten (10) per cent. of the Principal Amount Outstanding of the Put Option Notes on the Closing Date, the Issuer will, if so instructed by the MPT Provider, redeem all of the Notes in whole but not in part at their Principal Amount Outstanding, subject to and in accordance with the Conditions of the Notes. On or after the Quarterly Payment Date falling in November 2008, the Subordinated Class F Notes will be subject to mandatory partial redemption in the circumstances set out in, subject to and in accordance with the Conditions. In addition, in the event of certain tax changes affecting the Notes, the Issuer will, if so directed by the Seller, redeem all of the Notes in whole but not in part at their Principal Amount Outstanding, subject to and in accordance with the Conditions of the Notes.

It is a condition precedent to issuance that the Senior Class A1 Notes, on issue, be assigned an AAA rating by S&P, an Aaa rating by Moody's and an AAA rating by Fitch, the Senior Class A2 Notes, on issue, be assigned an AAA rating by S&P, an Aaa rating by Moody's and an AAA rating by Fitch, the Mezzanine Class B Notes, on issue, be assigned an AA rating by S&P, and Aa1 rating by Moody's and an AA- rating by Fitch, the Junior Class C Notes, on issue, be assigned an A rating by S&P, an Aa3 rating by Moody's and an A- rating by Fitch, the Subordinated Class D Notes, on issue, be assigned a BBB rating by S&P, an A3 rating by Moody's and a BBB rating by Fitch, the Subordinated Class E Notes, on issue, be assigned a BBB- rating by S&P, a Baa2 rating by Moody's and a BBB- rating by Fitch and the Subordinated Class F Notes, on issue, be assigned a BB rating by S&P, a Ba3 rating by Moody's and a BB+ rating by Fitch. These security ratings do not address the timely or ultimate payment of the Subordinated Extension Interest Part or of payments due to be made by the Issuer under the Put Option on a Put Date. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.**

**For a discussion of some of the risks associated with an investment in the Notes, see "Risk Factors" herein.**

Pursuant to the terms of the Issuer Security Documents, the Issuer will create security in favour of the Security Trustee for the benefit of the Noteholders, the Directors, the Issuer Administrator, the MPT Provider, the Principal Paying Agent, the Security Trustee, the Reference Agent, the Liquidity Facility Provider, the GIC Provider, the Extension Margin Agent, the Seller, the Originator, the Irish Paying Agent, the Listing Agent, the Swap Counterparty and any other Hedging Counterparty over, *inter alia*, all Assigned Mortgage Receivables, the Related Security and all claims and rights relating thereto, including without limitation the Mortgages, all (present and future) claims and rights the Issuer may have under any of the other Transaction Documents and all (present and future) claims and rights in relation to any amounts standing to the credit of the Transaction Accounts. The right to payment of interest and principal on the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes will be subordinated and may be limited as further described herein.

The Notes will be governed by the laws of the Federal Republic of Germany.

The Notes of each Class will be initially represented by a Temporary Global Note in bearer form, without coupons, which is expected to be deposited with a common depository for Euroclear and Clearstream, Luxembourg on or about the Closing Date. Interests in each Temporary Global Note will be exchangeable for interests in a Permanent Global Note of the relevant Class, without coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. economic ownership. None of the Permanent Global Notes will be exchangeable for Notes in definitive bearer form.

The Notes will be direct, secured and limited recourse obligations of the Issuer only and will not be the obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Managers, the Directors, Stichting Holding, the Issuer Administrator, the MPT Provider, the Sub-Servicer, the Delinquent Loan Servicer, the Principal Paying Agent, the Security Trustee, the Reference Agent, the GIC Provider, the Extension Margin Agent, the Liquidity Facility Provider, the Seller, the Originator, the Irish Paying Agent, the Listing Agent, the Swap Counterparty and any other Hedging Counterparty or any other person in whatever capacity acting. No liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes will be accepted by the Noteholders, the Directors, the Issuer Administrator, the MPT Provider, the Sub-Servicer, the Delinquent Loan Servicer, the Principal Paying Agent, the Security Trustee, the Reference Agent, the GIC Provider, the Extension Margin Agent, the Liquidity Facility Provider, the Seller, the Originator, the Irish Paying Agent, the Swap Counterparty and any other Hedging Counterparty (together, the "**Secured Creditors**"), the Managers, the Listing Agent or any other person in whatever capacity. None of the Secured Creditors, the Managers and the Listing Agent will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

This Prospectus will be published in electronic form on the website of the IFSRA.

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meanings as set out in Annex A to this Prospectus.

**Arranger and Sole Bookrunner**  
**The Royal Bank of Scotland plc**  
**Co-Manager**  
**GMAC-RFC Securities Europe**

The date of this Prospectus is 12 December 2006.

## IMPORTANT INFORMATION

Only the Issuer is responsible for the information contained in this Prospectus, other than the information for which either the Seller, the Originator, HM or the Swap Counterparty are responsible as referred to in the following four paragraphs. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information (except for the information for which either the Seller, the Originator, HM or the Swap Counterparty are responsible as referred to in the following four paragraphs) contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained in this Prospectus (except for the information for which the Seller, the Originator, HM or the Swap Counterparty are responsible as referred to in the following four paragraphs) has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from the information published by such third parties, does not omit anything likely to 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: "*The Seller, the Issuer Administrator and the MPT Provider*", "*Description of the Mortgage Loans*", "*Mortgage Loan Underwriting*" and "*Origination and Administration of the Mortgage Receivables*" and not for information contained in any other section and consequently, the Seller does not assume any liability in respect of the information contained in any section other than the sections "*The Seller, the Issuer Administrator and the MPT Provider*", "*Description of the Mortgage Loans*", "*Mortgage Loan Underwriting*" and "*Origination and Administration of the Mortgage Receivables*". To the best of the knowledge and belief of the Seller (having taken all reasonable care to ensure that such is the case) the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained in these sections has been accurately reproduced and, as far as the Seller is aware and able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading. The Seller accepts responsibility accordingly.

The Originator is responsible solely for the information contained in the section "*The Originator*" and not for information contained in any other section and consequently, the Originator does not assume any liability in respect of the information contained in any section other than the section "*The Originator*". To the best of the knowledge and belief of the Originator (having taken all reasonable care to ensure that such is the case) the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third parties contained in this section has been accurately reproduced and, as far as the Originator is aware and able to ascertain from information published by such third parties, does not omit anything likely which would render the reproduced information inaccurate or misleading. The Originator accepts responsibility accordingly.

HM is responsible solely for the information contained in the section "*The Sub-Servicer*" and not for information contained in any other section and consequently, HM does not assume any liability in respect of the information contained in any other than the section "*The Sub-Servicer*". To the best of the knowledge and belief of HM (having taken all reasonable care to ensure that such is the case) the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained in this section has been accurately reproduced and, as far as HM is aware and able to ascertain from information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading. HM accepts responsibility accordingly.

The Swap Counterparty is responsible solely for the information contained in the section "*The Swap Counterparty*" and not for information contained in any other section and consequently, The Swap Counterparty does not assume any liability in respect of the information contained in any other than the section "*The Swap Counterparty*". To the best of the knowledge and belief of The Swap Counterparty (having taken all reasonable care to ensure that such is the case) the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained in this section has been accurately reproduced and, as far as The Swap Counterparty is aware and able to ascertain from information published by such third parties,

does not omit anything likely to render the reproduced information inaccurate or misleading. The Swap Counterparty accepts responsibility accordingly.

This Prospectus is to be read and construed in conjunction with any amendment or supplement thereto and the documents which are incorporated herein by reference (see *General Information*).

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 any of the Managers.

Neither this Prospectus nor any part hereof constitutes 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 distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus (or any part hereof) comes are required to inform themselves about, and to observe, any such restrictions. 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*". No one is authorised 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 of the Issuer 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 Managers 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 other party has any obligation to update this Prospectus, after completion of the offer of the Notes.

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

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed judgment upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), the securities law of any state of the United States or the securities laws of any other jurisdiction. The Notes may not be reoffered, resold, pledged, exchanged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S of the Securities Act). By its purchase of the Notes, such purchaser will be deemed to agree that it will only resell or otherwise transfer such Notes in accordance with the applicable restrictions set forth herein (see the section entitled "*Purchase and Sale*").

In connection with the issue of the Put Option Notes, The Royal Bank of Scotland plc as Stabilisation Manager (or any duly appointed person acting for the Stabilisation Manager) may over-allot or effect transactions with a view to supporting the price of the Put Option Notes at a level higher than that which might otherwise prevail (provided that the aggregate Principal Redemption Amount of the Put Option Notes allotted does not exceed 105 per cent. of the aggregate Principal Redemption Amount of the Put Option Notes). However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of a

Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin at any time after the adequate public disclosure of the final terms of the offer of the Put Option Notes and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the date on which the Put Option Notes are issued and 60 days after the date of the allotment of the Put Option Notes. Stabilisation transactions shall be conducted in accordance with all applicable laws and regulations as amended from time to time.

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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 this Prospectus as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Civil liability attaches to the Issuer, being the entity which has tabled the summary, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus. Where a claim relating to the information contained in a Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant Member State of the European Economic Area (an "**EEA State**"), have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

*Capitalized terms used but not defined can be found elsewhere in this Prospectus, unless otherwise stated. A schedule of defined terms is set out in Annex A to this Prospectus.*

## PARTIES

Issuer	E-MAC DE 2006-II B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). The entire issued share capital of the Issuer is owned by Stichting Holding.
Stichting Holding	Stichting E-MAC Holding, established under the laws of the Netherlands as a foundation ( <i>stichting</i> ).
Seller	GMAC-RFC Investments B.V. (the " <b>Seller</b> "), incorporated under the laws of the Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). The Seller's registered office is at Prinses Margrietplantsoen 92, 2595 BR The Hague, the Netherlands.
Originator	GMAC-RFC Bank GmbH (the " <b>Originator</b> "), incorporated under the laws of Germany as a private company with limited liability ( <i>Gesellschaft mit beschränkter Haftung</i> ) and having its registered place of business at Kreuzberger Ring 24, 65205 Wiesbaden, Germany.
Issuer Administrator	GMAC-RFC Investments B.V.
MPT Provider	GMAC-RFC Investments B.V. The MPT Provider will appoint Kreditwerk Hypotheken-Management GmbH (" <b>HM</b> "), incorporated under the laws of Germany as a private company with limited liability ( <i>Gesellschaft mit beschränkter Haftung</i> ), as its sub-agent to provide certain of the MPT Services, see " <i>Issuer Services Agreement</i> ".
Security Trustee	Stichting Security Trustee E-MAC DE 2006-II, established under the laws of the Netherlands as a foundation ( <i>stichting</i> ).
Directors	ATC Management B.V., the sole director of the Issuer, Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee and ATC Management B.V., the sole director of Stichting Holding. The Directors belong to the same group of companies.
Liquidity Facility Provider	The Royal Bank of Scotland plc.
Swap Counterparty	The Royal Bank of Scotland plc.
GIC Provider	Deutsche Bank AG, Frankfurt Branch.
Principal Paying Agent	Deutsche Bank AG, London Branch.

Irish Paying Agent	Deutsche International Corporate Services (Ireland) Limited.
Reference Agent	Deutsche Bank AG, London Branch.
Listing Agent	Deutsche Bank Luxembourg S.A.
Extension Margin Agent	The Royal Bank of Scotland plc.
Common Depositary	Deutsche Bank AG, London Branch.

## THE NOTES

Notes Issue Price	<p>The Notes will be issued by the Issuer on the Closing Date. The issue prices of the Notes will be as follows:</p> <ul style="list-style-type: none"> <li>(a) the Senior Class A1 Notes 100 per cent.;</li> <li>(b) the Senior Class A2 Notes 100 per cent.;</li> <li>(c) the Mezzanine Class B Notes 100 per cent.;</li> <li>(d) the Junior Class C Notes 100 per cent.;</li> <li>(e) the Subordinated Class D Notes 100 per cent.;</li> <li>(f) the Subordinated Class E Notes 100 per cent.; and</li> <li>(g) the Subordinated Class F Notes 100 per cent.</li> </ul>
Denomination	The Notes will be issued in denominations of Euro 100,000 each.
Status and Ranking	<p>The Notes of each Class rank <i>pari passu</i> without any preference or priority among Notes of the same Class. In accordance with the terms and conditions of the Notes (the "<b>Conditions</b>") (i) payments of the interest on the Senior Class A1 Notes rank <i>pari passu</i> with the payments of interest on the Senior Class A2 Notes, and prior to the Enforcement Date, payments of principal on the Senior Class A2 Notes are subordinated to, <i>inter alia</i>, payments of principal on the Senior Class A1 Notes, and upon the Enforcement Date the payments of principal on the Senior Class A1 Notes rank <i>pari passu</i> with the payments of principal on the Senior Class A2 Notes, (ii) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, <i>inter alia</i>, payments of principal and interest on the Senior Class A1 Notes and the Senior Class A2 Notes, (iii) payments of principal and interest on the Junior Class C Notes are subordinated to, <i>inter alia</i>, payments of principal and interest on the Senior Class A1 Notes and the Senior Class A2 Notes and the Mezzanine Class B Notes, (iv) payments of principal and interest on the Subordinated Class D Notes are subordinated to, <i>inter alia</i>, payments of principal and interest on the Senior Class A1 Notes and the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes, (v) payments of principal and interest on the Subordinated Class E Notes are subordinated to, <i>inter alia</i>, payment of principal and interest on the Senior Class A1 Notes and the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes and (vi) payments of principal and interest on the Subordinated Class F Notes are subordinated to, <i>inter alia</i>, payment of principal and interest on the Senior Class A1 Notes and the Senior Class A2 Notes, the</p>

Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes and the Subordinated Class E Notes.

#### Security for the Notes

Pursuant to the terms of the Issuer Security Documents, the Issuer will create security in favour of the Security Trustee for the benefit of the Noteholders, the Directors, the Issuer Administrator, the MPT Provider, the Sub-Servicer, the Delinquent Loan Servicer, the Principal Paying Agent, the Security Trustee, the Reference Agent, the Liquidity Facility Provider, the GIC Provider, the Extension Margin Agent, the Seller, the Originator, the Irish Paying Agent, the Swap Counterparty and any other Hedging Counterparty (the "**Secured Creditors**") over:

- (a) all Assigned Mortgage Receivables;
- (b) the Related Security and all claims and rights relating thereto, including without limitation the Mortgages;
- (c) all (present and future) claims and rights the Issuer may have under any Transaction Document;
- (d) the Issuer's claims against the Security Trustee; and
- (e) all (present and future) claims and rights in relation to any amounts standing to the credit of the Transaction Accounts.

Pursuant to the Issuer Security Documents, the Security Trustee will hold the Issuer Security on trust (*treuhänderisch*) for the benefit of the Secured Creditors.

#### Limited Recourse

Each of the Notes constitutes limited recourse obligations of the Issuer. Interest and principal on the Notes will be payable only to the extent that funds are available from the proceeds of realisation of the Issuer Security and subject to the applicable Order of Priority. If the proceeds of realisation of the Issuer Security are insufficient to pay any amounts due in respect of the Notes, the Issuer will have no other assets available to meet such deficiency. If and to the extent that the funds available to the Issuer, or as applicable, if and to the extent that the proceeds of the liquidation and realisation of all the Issuer Security are exhausted, all claims against the Issuer in respect of such unpaid amounts will be extinguished.

#### Interest

Interest on the Notes will accrue during each Floating Rate Interest Period and will be payable quarterly on each Quarterly Payment Date in arrear in euro in respect of the Principal Amount Outstanding of the Notes on the first day of such Floating Rate Interest Period. Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in February 2007. The interest will be calculated on the basis of the actual days elapsed in the Floating Rate Interest Period divided by 360 days.

Interest on the Notes for each Floating Rate Interest Period will accrue from the Closing Date until the Quarterly Payment Date falling in November 2013 (the "**First Put Date**"), at an annual rate equal to the sum of Euribor for three month deposits in euro (or, in respect of the first



Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor two month and three month deposits in euro), rounded, if necessary, to the 5th decimal place with 0.000005 being rounded upwards as offered on or about 11.00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating Rate Interest Period plus the Initial Margins.

#### Initial Margins

Means the margins which will be applicable up to (but excluding) the First Put Date and be equal to 0.13 per cent. per annum for the Senior Class A1 Notes, 0.18 per cent. per annum for the Senior Class A2 Notes, 0.22 per cent. per annum for the Mezzanine Class B Notes, 0.41 per cent. per annum for the Junior Class C Notes, 0.67 per cent. per annum for the Subordinated Class D Notes, 0.85 per cent. per annum for the Subordinated Class E Notes and 2.00 per cent. per annum for the Subordinated Class F Notes.

As of the First Put Date, interest on the Notes will be equal to the sum of Euribor for three month deposits plus the relevant Extension Margin, see "*Determination of Extension Margins*". From the First Put Date, the Subordinated Extension Interest Part will be subordinated to certain other payment obligations of the Issuer as set forth in the Interest Priority of Payments.

#### Put Option

Each Put Option Noteholder has the right to exercise the Put Option on each Put Date, by giving a Put Notice to the Issuer and the Principal Paying Agent during the relevant Put Notice Period. The Subordinated Class F Noteholders do not have the right to exercise the Put Option, although as of the First Put Date the relevant Extension Margin will apply to the Subordinated Class F Notes.

As long as the Put Option Notes are held through Euroclear or Clearstream, Luxembourg, a Put Option Noteholder must, in order to exercise the Put Option with respect to a Put Option Note, deliver to the Issuer and the Principal Paying Agent a Put Notice within the relevant Put Notice Period, in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given, on the Put Option Noteholder's instruction, by Euroclear or Clearstream, Luxembourg or any common depositary acting for them to the Issuer and the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent.

#### First Put Date

With respect to the First Put Date, the following is applicable:

Sixty (60) days prior to the First Put Date, the Issuer will notify the Put Option Noteholders in accordance with the Conditions of the Notes of:

- (a) the upcoming First Put Date;
- (b) the Extension Margins;
- (c) the right to exercise the Put Option;
- (d) the assumed remaining average life of each Class of Put Option Notes; and
- (e) the requirement to give a Put Notice no later than by close of

business on the forty-fifth (45th) day prior to the First Put Date (unless such day is not a Business Day, in which case the immediately preceding Business Day).

Five (5) days before the First Put Date, the Issuer will make the Notifications setting out (a) which Put Option Notes will be redeemed in full, subject to **Condition 9**, (b) the confirmation that a Servicing Advance will be received on the First Put Date and (c) the confirmation of each of S&P, Moody's and Fitch of the then current ratings assigned to the Put Option Notes as of the First Put Date after taking into account the redemption of the Put Option Notes in respect of which the Put Option has been exercised.

The Put Option Notes in respect of which the Put Option is not exercised, will not be redeemed on the First Put Date. The Put Option Notes in respect of which the Put Option is exercised will be redeemed in full, subject to **Condition 9**, on the First Put Date, using the proceeds from the relevant Servicing Advance, see "*Risk Factors – The Servicing Advance*". In case any of S&P, Moody's and Fitch does not confirm the then current ratings assigned to the Put Option Notes (taking into account the redemption of the Put Option Notes in respect of which the Put Option has been exercised), all Put Option Notes will be redeemed in full, subject to **Condition 9**, on the First Put Date.

Any Put Notice given by any Put Option Noteholder will be irrevocable, except where prior to the First Put Date an Event of Default (as described in **Condition 10**) occurs and continues. In such event such Put Option Noteholder may, at its option, elect to withdraw the Put Notice given and instead declare such Put Option Note forthwith due and payable pursuant to **Condition 10** by giving notice to the Issuer and the Principal Paying Agent.

#### Further Put Dates

With respect to each Put Date after the First Put Date, the following is applicable:

Sixty (60) days before each Put Date, Notifications will be made which set out (a) the right to exercise the Put Option and (b) the requirement to give a Put Notice no later than by close of business on the forty-fifth (45th) day prior to such Put Date (unless such day is not a Business Day, in which case such Put Notice shall be given no later than close of business on the immediately preceding Business Day).

Five (5) days before the relevant Put Date, the Issuer will make the Notifications setting out (a) which Put Option Notes will be redeemed in full, subject to **Condition 9**, (b) the confirmation that a Servicing Advance will be received on this Put Date and (c) the confirmation of each of S&P, Moody's and Fitch of the then current ratings assigned to the Put Option Notes as of this Put Date after taking into account the redemption of the Put Option Notes in respect of which the Put Option has been exercised.

The Put Option Notes in respect of which the Put Option is not exercised, will not be redeemed on the Put Date. The Put Option Notes in respect of which the Put Option is exercised will be redeemed in full, subject to **Condition 9**, on the relevant Put Date using the proceeds from the relevant Servicing Advance. In case any of S&P, Moody's and Fitch does not confirm such ratings assigned to the Put Option Notes (taking into

account the redemption of the Put Option Notes in respect of which the Put Option has been exercised), all Put Option Notes will be redeemed in full, subject to **Condition 9**, on the relevant Put Date.

Any Put Notice given by any Put Option Noteholder will be irrevocable, except where prior to the relevant Put Date an Event of Default (as described in **Condition 10**) will have occurred and be continuing. In such event such Put Option Noteholder may, at its option, elect to withdraw the Put Notice given pursuant to **Condition 9(d)** and instead declare such Put Option Note forthwith due and payable pursuant to **Condition 10** by giving notice to the Issuer and the Principal Paying Agent.

#### Any Put Dates

With respect to any Put Date, the following is applicable:

If the Issuer does not receive sufficient amounts from the MPT Provider (or another party) in the form of a Servicing Advance to fully redeem the Put Option Notes in respect of which the Put Option is exercised or all Notes if the then current ratings assigned to the Put Option Notes are not confirmed by any of S&P, Moody's and Fitch as of the relevant Put Date, it will not constitute an Event of Default under the Conditions of the Put Option Notes if the Issuer does not redeem on the relevant Put Date the Notes in respect of which the Put Option has been exercised, see "*Risk Factors – The Servicing Advance*". In such case on each Put Date and thereafter payments on the Notes will be made in accordance with **Conditions 4, 6 and 9** as if the Put Option had not been exercised.

#### Servicing Advance

The MPT Provider will undertake in the Issuer Services Agreement to grant the Issuer a Servicing Advance up to an amount equal to (a) the aggregate Principal Amount Outstanding of the Put Option Notes, less (b) the Principal Deficiency, if any, after applying the Notes Redemption Available Amount in respect of such date (excluding item (i) thereof), to enable the Issuer on a Put Date to redeem the Put Option Notes then due for repayment. If the MPT Provider does not confirm that it will provide a Servicing Advance in the required amount on the relevant Put Date on ultimately forty-two (42) days prior to such Put Date, the Issuer (or its agents) will within fourteen (14) days approach and request third parties to (i) grant the relevant Servicing Advance in respect of that relevant Put Date and in respect of one or more subsequent Put Dates and (ii) purchase the Excess Mortgage Receivables, on terms substantially the same as set out in the Issuer Services Agreement. The MPT Provider (or any other party providing such Servicing Advance) will purchase the Excess Mortgage Receivables at a price equal to their Outstanding Principal Amounts, plus accrued but unpaid interest up to the relevant Quarterly Payment Date. At the request of the relevant Hedging Counterparty, the Issuer will stipulate as a condition for the sale of the Excess Mortgage Receivables that the relevant part of the relevant Hedging Agreement will be novated to the purchaser of the Excess Mortgage Receivables. The proceeds of such sale will be applied towards the repayment of the relevant Servicing Advance by way of set off.

If any of the Excess Mortgage Receivables to be acquired by the MPT Provider (or any other party providing the Servicing Advance) is a Construction Loan Receivable, the Non-Disbursed Amounts relating to such Construction Loan Receivable will be released from the Construction Loan Account and will be applied towards the repayment of the relevant

## Servicing Advance.

## Determination of Extension Margins

The Extension Margins applicable as of the First Put Date in respect of each Class of Put Option Notes and the Subordinated Class F Notes will be set as follows:

The Extension Margin Agent will select the top five (5) then leading European securitisation underwriters in recognised league tables showing volume of European Residential Mortgage Backed Securities transactions (excluding for the avoidance of doubt Residential Mortgage Backed Securities transactions with mortgages originated by these underwriters themselves). Such underwriters will be requested by the Extension Margin Agent to give quotes for the Extension Margins based on the assumptions set out in **Condition 4(e)**.

The Extension Margins will be equal to the arithmetic mean (rounded, if necessary, to the nearest basis point) of such five quotes of such underwriters as determined by the Extension Margin Agent.

The Extension Margins shall be notified to the Put Option Noteholders on the sixtieth (60th) day prior to the First Put Date in accordance with **Condition 6(d)(iv)(1)**. After the determination of the Extension Margins as of the First Put Date the Extension Margins will not be changed.

## Clean-Up Call Option

If on any Quarterly Payment Date the aggregate Principal Amount Outstanding of the Put Option Notes (in case of a Principal Shortfall in respect of any Class of Put Option Notes, less such aggregate Principal Shortfall) is not more than ten (10) per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes on the Closing Date, the Issuer will, if so instructed by the MPT Provider, redeem the Put Option Notes due to the exercise of the Clean-Up Call Option in accordance with the Conditions of the Notes. The Seller has undertaken in the Mortgage Receivables Purchase and Transfer Agreement (i) to repurchase and accept re-assignment of the then outstanding Mortgage Receivables from the Issuer at their respective Outstanding Principal Amounts, plus accrued but unpaid interest, in case the Clean-Up Call Option is exercised and (ii) to discharge the Issuer's payment obligations (if any) under items (a) to (e) (inclusive) of the Interest Priority of Payments as a result of the exercise of the Clean-up Call Option.

## Average Life

The estimated average life (on a 30/360 basis) of the Put Option Notes from the Closing Date up to the First Put Date based on the assumptions that (a) the Closing Date is 30 November 2006, (b) a CPR of 6 per cent. is effected, (c) the interest rate applicable to a Mortgage Loan will not change on an interest reset date, (d) the Mortgage Receivables are not prepaid (other than what is effected by the assumed CPR), (e) no delinquencies and no defaults in respect of the Mortgage Receivables will occur and (f) the New Mortgage Receivables to be purchased during the Pre-funding Period will meet the assumptions set forth in Annex B and will be purchased on the Closing Date, will be as follows:

- (a) the Senior Class A1 Notes 1.787 years;
- (b) the Senior Class A2 Notes 6.538 years;
- (c) the Mezzanine Class B Notes 6.986 years;

- (d) the Junior Class C Notes 6.986 years;
- (e) the Subordinated Class D Notes 6.986 years; and
- (f) the Subordinated Class E Notes 6.986 years.

The expected amortisation profile of the Notes (based on the assumptions stated above) is set out in Annex B.

#### Final Maturity Date

Unless previously redeemed, the Issuer will, subject to the Conditions of the Notes, redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in February 2048 with regard to the Senior Class A1 Notes and on the Quarterly Payment Date falling in February 2058 with regard to the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes (each, the "**Final Maturity Date**").

#### Mandatory Redemption

On the Quarterly Payment Date falling in February 2007 and each Quarterly Payment Date thereafter, provided that the Security Trustee has not given an Enforcement Notice to the Issuer in accordance with **Condition 10**, the Issuer will be obliged to apply the Notes Redemption Available Amount to redeem in whole or in part the Notes at their respective Principal Amount Outstanding, subject to **Condition 9**:

- (a) (x) before the Target Amortisation Date and (y) on or after the Target Amortisation Date if a Target Amortisation Event has occurred, which is not cured prior to such Quarterly Payment Date:
  - (i) *first*, the Senior Class A1 Notes, until fully redeemed; and thereafter
  - (ii) *second*, the Senior Class A2 Notes, until fully redeemed; and thereafter
  - (iii) *third*, the Mezzanine Class B Notes, until fully redeemed; and thereafter
  - (iv) *fourth*, the Junior Class C Notes, until fully redeemed; and thereafter
  - (v) *fifth*, the Subordinated Class D Notes, until fully redeemed; and thereafter
  - (vi) *sixth*, the Subordinated Class E Notes, until fully redeemed;

and
- (b) on or after the Target Amortisation Date, if no Target Amortisation Event has occurred, which is not cured prior to such Quarterly Payment Date:
  - (i) *first*, the Senior Class A1 Notes by applying the Senior Class Notes Redemption Available Amount;
  - (ii) *second*, the Senior Class A2 Notes by applying the Senior Class Notes Redemption Available Amount to the

extent not applied under (i) above;

- (iii) *third*, the Mezzanine Class B Notes by applying the Class B Notes Redemption Available Amount;
- (iv) *fourth*, the Junior Class C Notes by applying the Class C Notes Redemption Available Amount;
- (v) *fifth*, the Subordinated Class D Notes by applying the Class D Notes Redemption Available Amount; and
- (vi) *sixth*, the Subordinated Class E Notes by applying the Class E Notes Redemption Available Amount.

The Subordinated Class F Notes will be subject to mandatory partial redemption on the Quarterly Payment Date falling in November 2008 and each Quarterly Payment Date thereafter in the circumstances as described in the Conditions of the Notes. The amount available for redemption of the Subordinated Class F Notes on any such Quarterly Payment Date will be the positive difference, if any, between the balance standing to the Reserve Account and the Reserve Account Target Level.

Redemption due to  
Discontinuation Event

If a Discontinuation Event occurs with respect to any or all Construction Loans, the Issuer will, subject to the Conditions of the Notes, partly redeem the Put Option Notes on the next succeeding Quarterly Payment Date. The amount available for redemption of the Put Option Notes will be equal to the aggregate Non-Disbursed Amounts deposited in the Construction Loan Account related to the Construction Loans being subject to a Discontinuation Event. The Put Option Notes will be partly redeemed in accordance with the Principal Priority of Payments.

Method of Payment

Payments of principal and interest will be made by giro transfer in euro to a common depository for Euroclear and Clearstream, Luxembourg for the credit of the respective accounts of the Noteholders.

Withholding tax

All payments of, or in respect of, principal of, and interest on, the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax (including pursuant to the EC Council Directive 2003/48/EC on the taxation of savings income that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such directive), unless the withholding or deduction of such taxes, duties, assessments or charges is 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 and will have no obligation to pay any additional amounts to such Noteholders.

Redemption for tax reasons

In the event of certain tax changes affecting any Class(es) of Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), the Issuer will redeem, if so directed by the Seller, all (but not some only) of the Notes at their respective Principal Amount Outstanding together with accrued but unpaid interest thereon up to but excluding the date of such redemption,

subject to and in accordance with the Conditions of the Notes.

#### Use of proceeds

The Issuer will use part of the net proceeds from the issue of the Put Option Notes less the Pre-funded Amount to pay to the Seller part of the Initial Purchase Price for the Existing Mortgage Receivables pursuant to the provisions of the Mortgage Receivables Purchase and Transfer Agreement, see "*Mortgage Receivables Purchase and Transfer Agreement*".

An amount of euro 52,340,874 of the Initial Purchase Price, which is equal to the aggregate Non-Disbursed Amounts in respect of the Construction Loans as of the Closing Date, will be deposited by the Issuer in the Construction Loan Account.

The net proceeds from the issue of the Subordinated Class F Notes will be deposited in the Reserve Account.

The Pre-funded Amount will be deposited in the Pre-funding Account and will be available for the purchase of New Mortgage Receivables (including any Construction Loan Receivables) on any Pre-funding Purchase Date during the Pre-funding Period, see "*Mortgage Receivables Purchase and Transfer Agreement – Purchase of New Mortgage Receivables*" and "*Use of Proceeds*".

### MORTGAGE RECEIVABLES PURCHASE AND TRANSFER AGREEMENT

#### Purchase of Sub-Participations relating to Mortgage Receivables

On the Closing Date, the Issuer will enter into a purchase and transfer agreement relating to the Sub-Participations in respect of the Mortgage Receivables and the Related Security with the Seller and the Originator (the "**Mortgage Receivables Purchase and Transfer Agreement**").

#### Existing Mortgage Receivables

Means the Mortgage Receivables (including the Construction Loan Receivables) originated by the Originator until the Cut-off Date to the extent offered by the Seller to the Issuer for purchase on the Closing Date under the Mortgage Receivables Purchase and Transfer Agreement.

#### Eligible Mortgage Receivables

All Mortgage Receivables meet or, in case of New Mortgage Receivables or Further Advance Receivables, such New Mortgage Receivables and Further Advance Receivables, respectively, will meet the relevant criteria set forth in the Mortgage Receivables Purchase and Transfer Agreement and have been selected on the Closing Date or, in case of New Mortgage Receivables or Further Advance Receivables, will be selected on the relevant Pre-funding Purchase Date or, as the case may be, the relevant Mortgage Payment Date.

#### Sub-Participation

Under the sub-participation agreement between the Seller and the Originator dated 20 January 2004 (as amended from time to time) (the "**Sub-Participation Agreement**") the Originator granted a Sub-Participation in each of the Existing Mortgage Receivables and the Related Security to the Seller. Under the Sub-Participation Agreement, whilst the legal ownership in respect of the Existing Mortgage Receivables and the Related Security is retained by the Originator, the economic ownership in respect of the Existing Mortgage Receivables and the Related Security has been transferred to the Seller who is entitled to all Collections relating thereto. Under the Sub-Participation Agreement,

Security for the Mortgage  
Loans

the Seller may also request the Originator to assign and transfer legal title to the Existing Mortgage Receivables and the Related Security to itself (the "**Call Option**"). The Sub-Participation Agreement provides that further Sub-Participations in Mortgage Receivables and the Related Security originated after the Cut-off Date may be granted by the Originator to the Seller. The Seller may offer such Sub-Participations (including the Seller's right to exercise the Call-Option relating thereto) to the Issuer and, subject to the fulfilment of certain conditions, the Issuer will purchase such Sub-Participations, see "*Purchase of Sub-Participation in respect of New Mortgage Receivables*" and "*Further Advances*" below.

Prior to the exercise of the Call Option by the Issuer, the Originator holds legal title to the Mortgage Receivables and, upon origination, will be the legal owner of the New Mortgage Receivables together with, in each case, the Related Security. Pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement, and following the exercise of the Call-Option by the Issuer, the Originator will assign and transfer to the Issuer:

(a)

- (i) on the Closing Date, legal title to each of the Existing Mortgage Receivables; and
- (ii) thereafter, subject to the terms of the Mortgage Receivables Purchase and Transfer Agreement, legal title to any New Mortgage Receivables and any Further Advance Receivables following their origination and the exercise by the Issuer of the Call Option relating thereto,

provided that if a Mortgage Receivable constitutes a Construction Loan Receivable, assignment and transfer of legal title to the Construction Loan Receivable relating to the non-disbursed parts shall only become effective upon release and payment to the Seller (or its order) of the part of the Initial Purchase Price allocated to each such non-disbursed part of the Construction Loan Receivable in accordance with the Mortgage Receivables Purchase and Transfer Agreement and the Issuer Services Agreement,

(together the "**Assigned Mortgage Receivables**" and each of them an "**Assigned Mortgage Receivable**"); together with

(b) the Related Security.

In respect of the Related Security, the Originator will, following the exercise of the Call-Option by the Issuer, assign and transfer to the Issuer in respect of each Assigned Mortgage Receivable:

- (a) the Mortgage(s) (*Briefgrundschulden*) relating to the Assigned Mortgage Receivable;
- (b) any other non-accessory (*nicht-akzessorische*) security rights (including, without limitation, any security assignment over the Borrower's rights in relation to any Life Insurance Policy or any Savings Scheme in respect of which the Borrower is the beneficiary) created or existing in favour of the Originator and



securing the payment of the Assigned Mortgage Receivable;

- (c) any present and future claims and rights under the underlying Mortgage Loan or in relation to the Mortgaged Property;
- (d) any claims of the Originator against the relevant land owner arising out of the personal assumption of liability (*persönliche Haftungsübernahme*) pursuant to Section 780 of the German Civil Code (*Bürgerliches Gesetzbuch*) of such land owner and the submission to immediate foreclosure (*Unterwerfung unter die sofortige Zwangsvollstreckung*) pursuant to Section 794 No. 5 of the German Code of Civil Procedure (*Zivilprozessordnung*);
- (e) any ancillary rights in relation to the Assigned Mortgage Receivable (including, without limitation, rights to determine legal relationships (*Gestaltungsrechte*)); and
- (f) any claims to receive proceeds from the disposal of or enforcement in relation to any security interest,

(together, the "**Related Security**").

Purchase of Sub-Participations relating to Existing Mortgage Receivables

Pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement, the Issuer will, on the Closing Date, by way of assumption of contract (*Vertragsübernahme*) assume all rights and obligations of the Seller under the Sub-Participations with respect to the Existing Mortgage Receivables including, but not limited to, the right to request assignment and transfer of legal title to the Existing Mortgage Receivables and the Related Security to itself under the Call Option. Concurrently with the assumption by the Issuer of all rights and obligations of the Seller under the Sub-Participations pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement, the Issuer will exercise the Call Option and demand from the Originator transfer of legal title to the Existing Mortgage Receivables and the Related Security to itself.

If an Existing Mortgage Receivable constitutes a Construction Loan Receivable, assignment and transfer of legal title to the Construction Loan Receivable relating to the non-disbursed parts shall only become effective upon release and payment to the Seller (or its order) of the part of the Initial Purchase Price allocated to each such non-disbursed part of the Construction Loan Receivable from the Construction Loan Account upon receipt by the Issuer Administrator of the Funding Notice in respect of such Construction Loan. Following the exercise of the Call Option and the assignment and transfer of legal title to the Existing Mortgage Receivables and the Related Security from the Originator to the Issuer, the Issuer will be the legal and economic owner of the Existing Mortgage Receivables and the Related Security.

Purchase of Sub-Participations in respect of New Mortgage Receivables

The Mortgage Receivables Purchase and Transfer Agreement will provide that the Issuer will on a monthly basis apply the Purchase Available Amount as consideration payable to the Seller for the assumption of all rights and obligations of the Seller under the Sub-Participations (including the Seller's right to exercise the Call Option) in respect of New Mortgage Receivables (including, during the Pre-funding Period only, the Construction Loan Receivables) and the Related Security

subject to the fulfilment of certain conditions and to the extent offered by the Seller. Such conditions include, *inter alia*, the requirement that the New Mortgage Receivables and the Related Security meet the criteria set forth in the Mortgage Receivables Purchase and Transfer Agreement. Concurrently with the assumption by the Issuer of all rights and obligations of the Seller under the Sub-Participations pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement, the Issuer will exercise the Call Option and demand from the Originator transfer of legal title to the New Mortgage Receivables and the Related Security to itself.

During the Pre-funding Period only, such New Mortgage Receivables may also constitute Construction Loan Receivables. If and to the extent a New Mortgage Receivable constitutes a Construction Loan Receivable, assignment and transfer of legal title to the Construction Loan Receivable relating to the non-disbursed parts shall only become effective upon release and payment to the Seller (or its order) of the part of the Initial Purchase Price allocated to each such non-disbursed part of the Construction Loan Receivable from the Construction Loan Account upon receipt by the Issuer Administrator of the Funding Notice in respect of such non-disbursed part of such Construction Loan. Following the exercise of the Call Option and the assignment and transfer of legal title to the New Mortgage Receivables and the Related Security from the Originator to the Issuer, the Issuer will be the legal and economic owner of the New Mortgage Receivables and the Related Security.

#### Pre-funded Amount

The Pre-funded Amount comprises of Euro 149,915,525 from the net proceeds of the Put Option Notes. The Issuer will deposit the Pre-funded Amount in the Pre-funding Account and will apply the amount standing from time to time to the credit of the Pre-funding Account towards the purchase of New Mortgage Receivables (including any Construction Loan Receivables) and the Related Security and Further Advance Receivables on any Pre-funding Purchase Date during the Pre-funding Period. If upon expiration of the Pre-funding Period any part of the Pre-funded Amount remains credited to the Pre-funding Account, such amount will be used for redemption of the Put Option Notes in accordance with the Conditions of the Notes on the next following Quarterly Payment Date.

#### Repurchase of Mortgage Receivables

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

- (a) on the Mortgage Payment Date immediately following the expiration of any relevant remedy period, in case any of the representations and warranties given by the Seller (i) in respect of such Assigned Mortgage Receivable or the Related Security, including the representation and warranty that such Assigned Mortgage Receivable and the Related Security meet certain Mortgage Loans Criteria on the Closing Date or (ii) in respect of a New Mortgage Receivable or the Related Security or a Further Advance Receivable or its related Further Advance, including the representation and warranty that the New Mortgage Receivable or the related Further Advance Receivable meets certain Mortgage Loans Criteria on the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date, is untrue or

incorrect in any material respect; or

- (b) on the Mortgage Payment Date immediately following the decision of the Originator to amend the terms of the Mortgage Loan underlying such Assigned Mortgage Receivables upon the request of a Borrower as a result of which such Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase and Transfer Agreement or which, as a result, changes the interest rate of the relevant Mortgage Loan. For the avoidance of doubt, the Originator will not reset the interest rate unless upon the request of a Borrower (other than in respect of Reset Mortgage Receivables); or
- (c) on the Mortgage Payment Date immediately following the date on which a Further Advance is granted by the Originator in accordance with the Mortgage Conditions of the Mortgage Loan to which such Assigned Mortgage Receivable relates and such Mortgage Loan together with the Further Advance to which such Further Advance Receivable relates, no longer meets the Mortgage Loans Criteria; or
- (d) on the Mortgage Payment Date immediately following the failure by the Borrower to pay the first interest instalment under the Mortgage Loan or the Further Advance to which such Assigned Mortgage Receivable relates; or
- (e) on the Mortgage Payment Date immediately following the date on which the offer made by the Seller to the Issuer to purchase a Further Advance Receivable relating to such Assigned Mortgage Receivable has been rejected due to one or more of the following reasons:
  - (i) the Purchase Available Amount is insufficient to pay the Initial Purchase Price for such Further Advance Receivable; or
  - (ii) the Further Advance Receivable fails to meet the criteria applicable to the purchase of Further Advance Receivables;
- (f) on the Quarterly Payment Date immediately following the exercise of the Clean-Up Call Option; or
- (g) on the Quarterly Payment Date immediately following the direction from the Seller to redeem the Notes pursuant to **Condition 6(h)**.

In case of a repurchase of Mortgage Receivables, the Seller will be required to repurchase and accept re-assignment of legal title to the affected Assigned Mortgage Receivable (including, as the case may be, the relating Further Advance Receivable) and the Related Security for a price equal to the relevant Outstanding Principal Amount, together with accrued but unpaid interest thereon up to the relevant Mortgage Payment Date.

The Seller may, at its option and its sole discretion, at any time repurchase and accept re-assignment of any Delinquent Mortgage

Receivable and the Related Security for a price equal to the relevant Outstanding Principal Amount, together with accrued but unpaid interest thereon up to the relevant Mortgage Payment Date.

If any of the Assigned Mortgage Receivables that are to be repurchased and re-assigned to the Seller constitutes a Construction Loan Receivable, the Issuer (or the Issuer Administrator on its behalf) will release and transfer the Non-Disbursed Amounts relating to such Construction Loan Receivable to the Operating Account. For the avoidance of doubt, the Issuer will not be obliged to repay, and the Seller will not be entitled to receive any such Non-Disbursed Amounts.

#### Interest under the Mortgage Loans

The Mortgage Receivables transferred to the Issuer following the exercise of the Call Option on the Closing Date carry a fixed rate of interest for a certain pre-agreed interest period. At the end of such interest period, the interest rate will be reset, unless the Borrower redeems the Mortgage Loan. In general, fixed rate reset terms are set for periods of 5, 8, 10, 15 or 20 years (without affecting the Borrower's right to terminate the Mortgage Loan after a fixed rate reset period of 10 years)

#### Construction Loans

Certain Mortgage Loans comprised in the portfolio are, on the Closing Date or on the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date within the Pre-funding Period, not yet fully disbursed to the Borrowers, but are subject to partial disbursements depending on the progress of certain building construction milestones (*Auszahlung nach Baufortschritt*) (the "**Construction Loans**").

On the Closing Date or on the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date within the Pre-funding Period, the Seller will transfer the Sub-Participations relating to the Construction Loan Receivables to the Issuer. The Issuer will on the Closing Date or on the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date within the Pre-funding Period, (i) pay to the Seller a part of the Initial Purchase Price relating to the disbursed parts of the Construction Loan Receivables as of such date and (ii) deposit a part of the Initial Purchase Price in an amount equal to the aggregate of the Non-Disbursed Amounts as of the Closing Date in the Construction Loan Account. Upon the transfer of the Sub-Participations to the Issuer, the Issuer will exercise the Call Option and the Originator will assign and transfer to the Issuer on the Closing Date or on the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date, as applicable, legal title to the Construction Loan Receivables and the Related Security.

The assignment and transfer of legal title to the Construction Loan Receivables relating to the non-disbursed parts shall only become effective upon release and payment to the Seller (or its order) of the part of the Initial Purchase Price allocated to each such non-disbursed part of the Construction Loan Receivable from the Construction Loan Account upon receipt by the Issuer Administrator of the Funding Notice in respect of such non-disbursed part of the Construction Loan.

#### Further Advances

If and to the extent the Originator agrees with a Borrower to grant a Further Advance by way of entering into an additional Mortgage Loan with such Borrower (the "**Further Advance Receivable**"), and the Seller has entered into a Sub-Participation with the Originator with respect to such Further Advance Receivable under the Sub-Participation Agreement, the

Seller may offer the Sub-Participation relating to such Further Advance Receivable against payment of the Initial Purchase Price to the Issuer and, provided that the Issuer has sufficient funds available and subject to certain other conditions being satisfied, the Issuer will purchase such Further Advance Receivable.

## CASH FLOW STRUCTURE

Liquidity Facility	<p>On the Closing Date, the Issuer, the Security Trustee and the Liquidity Facility Provider will enter into a 364 day term Liquidity Facility Agreement under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. Under certain conditions, the Issuer shall have the right to ask for a renewal of the Liquidity Facility for another 364 days at the end of each preceding term.</p> <p>The Liquidity Facility Provider is not obliged to agree to renew the Liquidity Facility Commitment Period (in which case the Issuer will be required to make a Liquidity Facility Stand-by Drawing, see "<i>Credit Structure – Liquidity Facility</i>") and in no event may it be renewed beyond the Final Maturity Date.</p>
GIC	<p>The Issuer, the Security Trustee and the GIC Provider will enter into the GIC, under which the GIC Provider will agree to pay guaranteed rates of interest determined by reference to Euribor on the balance standing from time to time to the credit of the relevant Transaction Accounts.</p>
Collection Account	<p>The Issuer will maintain with the GIC Provider the Collection Account to which, <i>inter alia</i>, all Scheduled Amounts will be paid by the Borrowers by way of direct debit (<i>Lastschriftverfahren</i>). All unscheduled amounts, including prepayment penalties, principal and other Collections received by the Originator in connection with the Assigned Mortgage Receivables or the Related Security will be transferred to the Collection Account within one (1) Local Business Day by, or on behalf of, the Originator or, as the case may be, the MPT Provider in accordance with the Mortgage Receivables Purchase and Transfer Agreement or, as the case may be, the Issuer Services Agreement, see "<i>Credit Structure</i>".</p> <p>Other than transfers to the Operating Account no payments may be made from the Collection Account.</p>
Operating Account	<p>The Issuer will maintain with the GIC Provider the Operating Account to which the amounts standing to the credit of the Collection Account will be transferred on the 15th day of each calendar month (or if such day is not a Business Day, on the preceding Business Day). Payments may be made from the Operating Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Transaction Documents) and payable in connection with the Issuer's business; and (ii) the Initial Purchase Price for the Sub-Participations in respect of Further Advance Receivables and/or New Mortgage Receivables and the Related Security.</p>
Pre-funding Account	<p>The Issuer will maintain with the GIC Provider the Pre-funding Account to which on the Closing Date the Pre-funded Amount will be credited. The Pre-funding Account will be debited during the Pre-funding Period for payments to the Seller of the Initial Purchase Price for the Sub-</p>

Participations in respect of New Mortgage Receivables (including the Construction Loan Receivables) together with the Related Security and the Further Advance Receivables. Upon the expiration of the Pre-funding Period, any unused amount will be transferred to the Operating Account and applied towards redemption of the Put Option Notes on the immediately succeeding Quarterly Payment Date.

#### Reserve Account

The net issue proceeds of the Subordinated Class F Notes will be credited to the Reserve Account maintained with the GIC Provider. The purpose of the Reserve Account will be to enable the Issuer to meet its payment obligations under items (a) to and including (p) of the Interest Priority of Payments in the event of a shortfall of the Notes Interest Available Amount on a Quarterly Calculation Date. If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items (a) to and including (p) of the Interest Priority of Payments, such excess amount will be deposited in or, as the case may be, used to replenish the Reserve Account, by crediting such amount to the Reserve Account up to the Reserve Account Target Level. Any amounts exceeding the Reserve Account Target Level will be applied towards the redemption of the Subordinated Class F Notes (subject to **Condition 6(e)**) and thereafter be paid to the Seller as a Deferred Purchase Price.

For the amounts to be drawn from the Reserve Account available for redemption of the Subordinated Class F Notes on or after the Quarterly Payment Date falling in November 2008, see "*Credit Structure – Reserve Account*".

#### Construction Loan Account

The Issuer will maintain with the GIC Provider the Construction Loan Account to which the part of the Initial Purchase Price equal to the Non-Disbursed Amounts under the Construction Loans will be deposited. Upon receipt of a Funding Notice by the Issuer Administrator in respect of a Construction Loan, the part of the Initial Purchase Price allocated to the part of the Construction Loan to be disbursed pursuant to such Funding Notice will be released and transferred to the Seller (or its order). The Issuer Administrator will further apply the amounts standing to the credit of the Construction Loan Account in accordance with and subject to the Issuer Services Agreement. For further details, see "*Credit Structure – Construction Loan Account*".

#### Construction Loan Reserve Account

On the Closing Date, an amount equal to EUR 4,800,000 will be deposited in the Construction Loan Reserve Account maintained by the Issuer with the GIC Provider. The purpose of the Construction Loan Reserve Account will be to secure the Seller's obligation to repurchase Non-Eligible Construction Loan Receivables and to pay the repurchase price in respect thereof and to enable the Issuer to cover any losses arising in connection with any Non-Eligible Construction Loan Receivable which has not been repurchased by the Seller in accordance with the provisions of the Mortgage Receivables Purchase and Transfer Agreement. For further details, see "*Credit Structure – Construction Loan Reserve Account*".

#### Hedging Agreements

The Existing Mortgage Receivables transferred to the Issuer on the Closing Date carry fixed rates of interest while the Notes will carry floating rates of interest. The Issuer will enter into one Swap Agreement on or

about the Closing Date and, subsequently, possibly more Swap Agreements, in order to hedge against interest rate exposure arising from its floating rate payment obligations under the Notes. Under each Swap Agreement, the Issuer agrees to pay to the relevant Swap Counterparty an amount calculated by reference to a specified fixed swap rate multiplied by the Notional Amount, in respect of each Floating Rate Interest Period. The relevant Swap Counterparty will in respect of the same Floating Rate Interest Period pay to the Issuer an amount calculated by reference to Euribor, with a designated maturity of three (3) months, multiplied by the Notional Amount. If the amortisation rate of the Notional Amount varies from the expected rate of amortisation, a Notional Adjustment Payment may be due to or from the Issuer on the next Quarterly Payment Date. If the amount of the Prepayment Penalties received by the Issuer on any Quarterly Payment Date is less than the aggregate Notional Adjustment Payment due but unpaid by the Issuer to a Swap Counterparty, the difference will form part of the Swap Subordinated Amount to be paid under item (s) of the Interest Priority of Payments.

On each Quarterly Payment Date, the Issuer will enter into a Reset Swap Agreement to hedge against potential interest rate exposure arising from Reset Mortgage Receivables on which the rate of interest has been reset in the Quarterly Calculation Period preceding such Quarterly Payment Date.

Each Swap Counterparty will agree that the fixed swap rate to be paid by the Issuer in respect of a Reset Swap Agreement will be such that an excess spread of 0.35 per cent. (or 0.20 per cent, after the First Put Date) of the aggregate Outstanding Principal Amount of the relevant Reset Mortgage Receivables will remain after payment of the Issuer's funding costs (as listed in items (a), (b), (c), (d), (e), (f), (h), (j), (l) and (n) of the Interest Priority of Payments) on the first Quarterly Payment Date after the effective date of such Reset Swap Agreement. The Swap Counterparty will on the Closing Date agree to enter into one or more Reset Swap Agreements.

Each Swap Counterparty has the right on any Put Date to reprice the Swap Agreements to which it is a party, but such right may only be exercised once (and not on multiple Put Dates). If such repricing results in an increase in the fixed swap rates of more than 0.15 per cent., the excess will form part of the Swap Subordinated Amount.

To the extent that any amount other than a Swap Subordinated Amount is not paid to a Swap Counterparty on a Quarterly Payment Date, then failure to pay such shortfall constitutes a **"Failure to Pay"** under the relevant Swap Agreement which shall entitle that Swap Counterparty to terminate the relevant Swap Agreement.

## SERVICING

### Issuer Services Agreement

Following the full or, in the case of the Construction Loans, the partial disbursement of the Mortgage Loans to the Borrowers, but prior to the transfer of the relevant Sub-Participation to the Issuer under the Mortgage Receivables Purchase and Transfer Agreement the Existing Mortgage

Receivables are, and any New Mortgage Receivables and Further Advance Receivables will be serviced by the Originator for the account of the MPT Provider pursuant to the terms of the Sub-Participation Agreement. The Originator has appointed HM as sub-servicer to provide certain servicing and collection services in respect of the Mortgage Receivables pursuant to a sub-servicing agreement between the Originator and HM.

On or prior to the Closing Date, the Issuer will enter into a servicing agreement with, *inter alios*, the MPT Provider (the "**Issuer Services Agreement**"). Pursuant to the terms of the Issuer Services Agreement, the MPT Provider will act as servicer of the Existing Mortgage Receivables and any New Mortgage Receivables, in each case together with the Related Security, and Further Advance Receivables for the Issuer as follows:

- (a) Prior to the Closing Date, the Originator will appoint the MPT Provider to provide certain services to the Originator with respect to the Existing Mortgage Receivables. Upon assumption by the Issuer of all rights and obligations of the Seller under the Sub-Participations relating to the Existing Mortgage Receivables, the MPT Provider will provide certain services to the Issuer pursuant to the terms of the Issuer Services Agreement and the appointment of the MPT Provider by the Originator with respect to the Existing Mortgage Receivables will be terminated.
- (b) In respect of any New Mortgage Receivables and any Further Advance Receivables, the Originator will, prior to the assumption by the Issuer of all rights and obligations of the Seller under the Sub-Participation relating to the New Mortgage Receivables and the Further Advance Receivables appoint the MPT Provider to provide certain services to the Originator with respect to such Sub-Participations. Upon the assumption by the Issuer of all rights and obligations of the Seller under the Sub-Participations relating to the New Mortgage Receivables and the Further Advance Receivables, such appointment will be terminated. The MPT Provider will provide the MPT Services to the Issuer pursuant to the terms of the Issuer Services Agreement.

Under the Issuer Services Agreement (i) the MPT Provider will agree to provide certain services as agreed in the Issuer Services Agreement in relation to the Mortgage Receivables on a day-to-day basis, including, without limitation, the collection of payments of principal, interest, commitment fees and all other amounts in respect of the Assigned Mortgage Receivables (the "**MPT Services**"), (ii) the Delinquent Loan Servicer will agree to the implementation of arrears procedures including, if applicable, the enforcement of the Related Security and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services to 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 of the Notes.

The MPT Provider will appoint (i) HM to act as its sub-servicer and to provide certain administration and collection services to the MPT Provider pursuant to the terms of a sub-servicing agreement entered into between



the MPT Provider and HM (the "**Sub-Servicing Agreement**") and has appointed (ii) Paulus Westerwelle as its delinquent loan servicer to provide certain enforcement services pursuant to the terms of the Delinquent Loan Servicing Agreement. GMAC-RFC Investments B.V. as Sub-Participant, MPT Provider and Issuer Administrator will appoint the Originator to provide certain ancillary services in respect of the arrears procedure and the monitoring, reconciliation and on-transfer of Collections received on the Collection Account pursuant to the Ancillary Services Letter.

## OTHER

Management Agreements	Stichting Holding has entered, and each of the Issuer and the Security Trustee will enter, into a Management Agreement with the relevant Director, according to which the relevant Director has undertaken and will undertake, as the case may be, to act as director of the Issuer, Stichting Holding or the Security Trustee, respectively, and to perform certain services in connection therewith.
Listing	Application has been made for the Put Option Notes to be listed on the Irish Stock Exchange. The Subordinated Class F Note will not be listed.
Rating	<p>It is a condition precedent to issuance that (i) the Senior Class A1 Notes, on issue, will be assigned an AAA rating by S&amp;P, an Aaa rating by Moody's and an AAA rating by Fitch, (ii) the Senior Class A2 Notes, on issue, will be assigned an AAA rating by S&amp;P, an Aaa rating by Moody's and an AAA rating by Fitch, (iii) the Mezzanine Class B Notes, on issue, will be assigned, an AA rating by S&amp;P, an Aa1 rating by Moody's and an AA- rating by Fitch, (iv) the Junior Class C Notes, on issue, will be assigned, an A rating by S&amp;P, an Aa3 rating by Moody's and an A- rating by Fitch, (v) the Subordinated Class D Notes, on issue, will be assigned a BBB rating by S&amp;P, a A3 rating by Moody's and a BBB rating by Fitch, (vi) the Subordinated Class E Notes, on issue, will be assigned a BBB- rating by S&amp;P, a Baa2 rating by Moody's and a BBB- rating by Fitch and (vii) the Subordinated Class F Notes, on issue, will be assigned a BB rating by S&amp;P, a Ba3 rating by Moody's and a BB+ rating by Fitch.</p> <p>The ratings of the Notes do not take into account the (timely) payment of the Subordinated Extension Interest Part. It is a condition that, as of the relevant Put Date, S&amp;P, Moody's and Fitch confirm the then current ratings assigned to the Put Option Notes. In the absence of such confirmations, the Notes will be redeemed in full subject to <b>Condition 9</b>.</p>
Clearing	Euroclear and Clearstream, Luxembourg.
Governing Law	The Notes will be governed by, and construed in accordance with, German law.

## RISK FACTORS

*Set out in this Section is a disclosure of certain aspects of which prospective Noteholders should be aware before making a decision whether or not to invest in Notes of any Class. The following statements are not intended to be exhaustive. Therefore, prospective Noteholders should read also the detailed information set out elsewhere in this Prospectus and consult their own professional advisors if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus modify one another.*

### Liabilities under the Notes

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person in whatever capacity acting, including, without limitation, the Seller, the MPT Provider, the Issuer Administrator, Stichting Holding, the Managers, the Liquidity Facility Provider, the GIC Provider, the Swap Counterparty, any Hedging Counterparty, the Principal Paying Agent, the Irish Paying Agent, the Extension Margin Agent, the Reference Agent, the Directors, the Listing Agent, the Originator or the Security Trustee. Furthermore, none of the Seller, the MPT Provider, the Issuer Administrator, Stichting Holding, the Managers, the Liquidity Facility Provider, the GIC Provider, the Swap Counterparty, any Hedging Counterparty, the Principal Paying Agent, the Irish Paying Agent, the Extension Margin Agent, the Reference Agent, the Directors, the Listing Agent, the Originator, the Security Trustee or any other entity or person acting in whatever capacity will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

### Ability to meet Payment Obligations

The ability of the Issuer to meet its obligations to pay principal of and interest on the Notes in full will be dependent on the receipt by it of payments of principal and interest and certain other payments under the Mortgage Receivables, the proceeds resulting from the repurchase and reassignment by the Seller of any Mortgage Receivables as provided in the Mortgage Receivables Purchase and Transfer Agreement, the receipt by it of payments under the Hedging Agreements and the receipt by it of interest in respect of the balances standing to the credit of the Transaction Accounts. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Account, the Construction Loan Reserve Account and the amount available to be drawn under the Liquidity Facility for certain of its payment obligations. Finally, the Issuer will have available a Servicing Advance, which will enable the Issuer to redeem the Put Option Notes on a Put Date.

Other than the foregoing, the Issuer will not have any other funds available to meet its payment obligations in respect of the Notes.

### Exposure to Credit Risks of the Mortgage Receivables

The payment of principal and interest on the Notes is, *inter alia*, conditional upon the performance of the Mortgage Receivables.

In the event that a Borrower Event of Default occurs under a Mortgage Receivable and such Borrower Event of Default results in a loan loss in respect of a Mortgage Receivable and, consequently, the Noteholders may suffer a loss of amounts invested in the Notes. A shortfall of interest payments under the Notes may also occur as a result of a Mortgage Receivable becoming a Delinquent Mortgage Receivable.

The Mortgage Receivables and interest thereon are subject to credit risk. The likelihood and amount of a loan loss occurring with respect to a Delinquent Mortgage Receivable or a Borrower Event of Default will generally fluctuate with, among other things, the financial condition of the relevant Borrower(s), the state of the property market, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

Accordingly, holders of the Notes will be exposed to the credit risk of the Mortgage Receivables and the Borrowers thereunder to the full extent of their investment in the Notes. There is no certainty that the holder of any Note will receive the full principal amount of the Note or interest thereon.

### **Loan-to-Market-Value Ratio**

The Mortgage Loans have a LTMV Ratio of up to 110 per cent. The Lending Value (*Beleihungswert*) is 85 per cent. to 90 per cent. of the market value depending on region and occupancy. Upon origination of a Mortgage Loan (other than a *Baufälligkeit*) by the Originator, a Borrower will be required to take out a Risk Insurance Policy if the Borrower is older than 50 years and the Outstanding Principal Amount of the Mortgage Loan exceeds an amount equal to 75 per cent. of the Lending Value of the Mortgaged Property.

There can be no assurance that, on enforcement of a Mortgage Loan Receivable, the proceeds from the foreclosure of the Mortgage or any other Related Security are sufficient to cover interest and principal of the Notes after satisfying all prior ranking obligations of the Issuer, see "*Credit Structure – Priority of Payments prior to the Enforcement Date*".

### **No Independent Investigation**

None of the Issuer, the Issuer Administrator, Stichting Holding, the Managers, the Security Trustee, any Swap Counterparty, any Hedging Counterparty, the Liquidity Facility Provider, the Principal Paying Agent, the Irish Paying Agent, the Extension Margin Agent, the Reference Agent, the Listing Agent, the GIC Provider, the MPT Provider, the Sub-Servicer, the Delinquent Loan Servicer or any of the Directors has undertaken or will undertake any due diligence, investigations, searches or other actions to verify the details of the Mortgage Receivables, the related Mortgage Loans, the standard terms and conditions relating to the Mortgage Loans or any Related Security or to establish the creditworthiness of any Borrower, the Originator, the Seller or any other party to the Transaction Documents.

### **Reliance on Representations and Warranties**

Each of the Issuer and the Security Trustee will rely solely on the accuracy of the representations and warranties given by the Originator and the Seller to the Issuer in the Mortgage Receivables Purchase and Transfer Agreement in respect of, *inter alia*, the Mortgage Receivables, the Borrowers, the Mortgage Loans, the Mortgage Conditions, the Mortgages and the other Related Security.

The benefit of all representations and warranties given to the Issuer pursuant to the Mortgage Receivables Purchase and Transfer Agreement will be assigned for security purposes by the Issuer in favour of the Security Trustee under the Issuer Trust Agreement. The primary remedy of the Issuer and the Security Trustee for breaches of representations and warranties with respect to a Mortgage Receivable will be the obligation of the Seller to repurchase on the next Mortgage Payment Date such Assigned Mortgage Receivables against the payment of the repurchase price. No recourse can be had against the Originator and Noteholders must rely on the Seller in the event of a breach of representations and warranties by the Originator.

However, the Issuer's right to receive the repurchase price (other than in respect of the Non-Eligible Construction Loan Receivables) is unsecured. Consequently, a risk of loss exists in the event that a representation or warranty of the Originator or the Seller to the Issuer in the Mortgage Receivables Purchase and Transfer Agreement proves to be incorrect or is breached. The Issuer's right to receive the repurchase price in respect of the Non-Eligible Construction Loan Receivables is secured by the amounts standing to the credit of the Construction Loan Reserve Account. However, there is a risk that the amounts standing to the credit of the Construction Loan Reserve Account may be lower than the aggregate repurchase price to be paid by the Seller in respect of the Non-Eligible Construction Loan Receivables. This could potentially cause the Issuer to default under the Notes.

### **Assignability of Mortgage Receivables**

As a general rule under German law, receivables are assignable unless their assignment is excluded either by mutual agreement or by the nature thereof or legal restrictions applicable thereto. The Mortgage Conditions do not contain an explicit restriction on assignment for the Originator. However, see "*Bank Secrecy*" below.

Pursuant to the Mortgage Receivables Purchase and Transfer Agreement, each of the Originator and the Seller has represented and warranted to the Issuer that (a) the Mortgage Loans and the standard terms and conditions under which the Mortgage Receivables arise are valid and do not prohibit the Originator or the Seller from selling and assigning its rights under the relevant Mortgage Loans to a third party and (b) the Mortgage Receivables can be transferred by way of sale and assignment and such transfer is not subject to any legal restriction. However, see "*Reliance on Representations and Warranties*" above.

### **Notice of Assignment and Defences in respect of Mortgage Receivables; Set-off**

The Mortgage Receivables Purchase and Transfer Agreement and the Issuer Services Agreement provide that the assignment of the Mortgage Receivables may only be disclosed to the relevant Borrowers in certain limited circumstances, such as the occurrence of certain events in relation to the Originator or the termination of the appointment of the Seller as the MPT Provider, see "*Mortgage Receivables Purchase and Transfer Agreement*".

Prior to notification to the Borrowers of the assignment of the Mortgage Receivables to the Seller, the Borrower may effect payment to the Originator with discharging effect or enter into any other transactions with regard to the Mortgage Receivables with the Originator which will have binding effect on the Issuer and the Security Trustee. Further, each Borrower may raise defences against the Issuer and the Security Trustee arising from its relationship with the Originator which are in existence at the time of the assignment of the Mortgage Receivables to the Issuer. Each Borrower is furthermore entitled to set off against the Issuer and the Security Trustee any claims it has against the Originator unless (i) such Borrower had knowledge of the assignment upon acquiring such claims or (ii) such claims become due only after the Borrower has acquired knowledge and after the relevant Mortgage Receivables have become due. After notification of the assignment to the Borrowers, such Borrowers will no longer have any set-off right against the Originator in respect of the Mortgage Receivables.

To mitigate the risk of defences being raised by the Borrowers against the Issuer or the Security Trustee, each of the Originator and the Seller has represented and warranted in the Mortgage Receivables Purchase and Transfer Agreement that, in respect of the Mortgage Receivables offered for sale to the Issuer, it is not aware of any right of rescission, set-off, counterclaim, challenge or other defence raised by a Borrower.

In addition, the Mortgage Receivables Purchase and Transfer Agreement provides that in the event that a Borrower sets off amounts due to it by the Originator against the relevant Mortgage Receivable and, as a consequence of such set-off, the Issuer does not receive the amount it would have received in respect of such Mortgage Receivable without such set-off, 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 without the set-off and the amount actually received by the Issuer in respect of such Mortgage Receivable. No recourse can be had against the Originator and Noteholders must rely on payments made by the Seller to make up any such shortfall.

The set-off risk is further mitigated by the fact that neither the Originator nor the Seller engages in the deposit taking business. Accordingly, no Borrower has a deposit with the Originator and/or the Seller. Each of the Originator and the Seller has undertaken in the Mortgage Receivables Purchase and Transfer Agreement not to engage in the deposit taking business in the future, to the extent that such activity could have an adverse effect on the then current rating of the Notes.

The general business conditions (*allgemeine Geschäftsbedingungen*) of the Originator provide that the respective Borrower may set off any claims it has against the Originator against claims of the Originator

only if and to the extent that such Borrower's claims are not disputed by the Originator or have been ascertained by a non-appealable court judgment. Notwithstanding the restrictions under the general business conditions of the Originator, Section 496 of the German Civil Code provides that an agreement pursuant to which a borrower waives its right to invoke against the assignee any set-off right it has against the assignor according to Section 406 of the German Civil Code (*Bürgerliches Gesetzbuch*) is invalid. Section 496 of the German Civil Code also applies to real estate financing transactions. The rights granted by Section 496 of the German Civil Code cannot be waived by such Borrower.

However, pursuant to Section 1156 of the German Civil Code the owner of real estate cannot invoke any set-off right or other right discharging the debt against the assignee of mortgage claims in respect of mortgages. Therefore, the interest in the Mortgages acquired by the Issuer under the Mortgage Receivables Purchase and Transfer Agreement and the security interest of the Security Trustee therein can be enforced by the Issuer, or as the case may be, the Security Trustee even if the debtor has any set-off rights or other defences against the Originator arising from Sections 406 to 408 of the German Civil Code.

### **Bank Secrecy**

On 25 May 2004, the Appeal Court (*Oberlandesgericht*) of Frankfurt am Main rendered a ruling with respect to the enforcement of collateral securing non-performing loan receivables (the "**Frankfurt Ruling**"). In its ruling, the court took the view that the bank secrecy duties that are embedded in the banking relationship create an implied restriction on the assignability of loan receivables pursuant to Section 399 of the German Civil Code. The court also stated that where the loan agreement qualifies as a commercial transaction (*Handelsgeschäft*) within the meaning of Section 343 of the German Commercial Code (*Handelsgesetzbuch*) for both the borrower and the bank (see "*Assignability of Purchased Receivables*" above), Section 354a of the German Commercial Code would allow the valid assignment of a monetary claim resulting from such commercial transaction despite a contractual restriction on assignment agreed between the parties. However, since for the Borrowers the Mortgage Loans do not constitute commercial transactions, pursuant to the Frankfurt Ruling reliance on Section 354a of the German Commercial Code would not be possible.

As opposed to the view taken in the Frankfurt Ruling, the vast majority of legal authors (including a member of the German Federal Supreme Court) has taken the view that the principle of bank secrecy does not constitute a restriction on assignment pursuant to Section 399 of the German Civil Code. This view has been confirmed in number of subsequent appeal court decisions. Based thereon and given that the facts of the case underlying the Frankfurt Ruling differ from the present transaction the Issuer has been advised that the aforementioned court ruling should not apply to the transfer of Sub-Participations relating to Mortgage Receivables by the Seller to the Issuer or the assignment of the Mortgage Receivables by the Originator to the Issuer. To further mitigate the risk of an invalid transfer, the Mortgage Conditions provide that the Borrowers and any third-party security providers are requested to give their consent to the disclosure of their personal data to the Seller and certain other third parties in connection with the refinancing of the Mortgage Loans (including by way of a securitisation transaction). Each of the Seller and the Originator has represented and warranted that all Borrowers and, to the extent relevant, all third-party security providers have given their consent to the disclosure of personal data pursuant to the Consent Declaration.

### **Federal Data Protection Act (*Bundesdatenschutzgesetz*)**

According to the German Federal Data Protection Act, a transfer of a customer's personal data is only permitted if (a) the relevant customer has consented to such transfer, (b) such transfer is permitted by law or (c) such transfer is necessary in order to maintain the legitimate interests of the person storing the data and there is no reason to believe that the legitimate interests of the customer to prevent the processing and use of data should prevail over such other storer's interests. The Issuer has been advised that based on the Consent Declaration signed by each Borrower in connection with the Mortgage Loan the transfer of the

Borrowers' personal data to the Seller and the Issuer respectively is in compliance with the provisions of the German Federal Data Protection Act.

### **Consumer Protection**

Mortgage Loans (*Immobilienkreditverträge*) within the meaning of Section 492 subsec. 1a sentence 2 of the German Civil Code entered into by (or on behalf of) the Originator and the Borrowers are regulated by the provisions of the German Civil Code (*Bürgerliches Gesetzbuch*) incorporating the provisions of the former Consumer Credit Act (*Verbraucherkreditgesetz*) and the Distance Selling Act (*Fernabsatzgesetz*) and other consumer protection legislation. The provisions on consumer protection include, *inter alia*, form and information requirements with regard to the Mortgage Loans. Such provisions provide for a right of revocation (*Widerrufsrecht*), which grants to the consumer the right to revoke the relevant Mortgage Loan thereunder within a two (2) weeks' revocation period commencing on the later of the date on which (i) the Mortgage Loan were concluded; (ii) the consumer received the revocation instruction in proper form; (iii) the consumer received the contract documentation (*Vertragsurkunde*); or (iv) the consumer received the information required pursuant to Section 312c(2) No. 1 German Civil Code.

In the event the consumer receives the revocation instruction after the conclusion of the Mortgage Loan the revocation period lasts one month instead of two weeks.

The consumer's right of revocation expires at the latest six (6) months after the conclusion of the contract, unless the consumer has not received the revocation instruction or the information pursuant to Section 312c(2) No. 1 German Civil Code (*Bürgerliches Gesetzbuch*) both in proper form. If the consumer has not received the revocation instruction and the information pursuant to Section 312c(2) No. 1 German Civil Code both in proper form the consumer's right of revocation does not expire.

If the written form requirement (*Schriftformerfordernis*) or the information requirements pursuant to Section 492 Section (1) Sentence 5 German Civil Code (*Bürgerliches Gesetzbuch*) are not met the Mortgage Loan is invalid. Irrespective of any defect in the written form or such information required the Mortgage Loan becomes valid to the extent that the Borrower receives the loan or has recourse to it. However, the rate of interest applicable to the Mortgage Loan is reduced to the statutory interest rate if that rate of interest or the annual effective rate of interest (*effektiver Jahreszins*) or the initial annual effective rate of interest are not indicated. The Borrower does not owe any charges not indicated. Agreed instalments must be recalculated by reference to the reduced interest rate or charges. If there is no indication of conditions under which the price determining factors may be altered, they may not be altered to the detriment of the Borrower. If there is no indication regarding collateral, it may not be demanded; this does not apply if the net loan amount exceeds Euro 50,000.

If the annual effective rate of interest or the initial annual effective rate of interest is understated, the interest rate applicable to the Mortgage Loan is reduced by the percentage amount by which the annual effective rate of interest or the initial annual effective rate of interest are understated.

Each of the Originator and the Seller have represented and warranted to the Issuer in the Mortgage Receivables Purchase and Transfer Agreement that each Mortgage Receivable offered for sale to the Issuer the related Mortgage Loan and the standard terms and conditions applicable thereto has been created in all material respects in compliance with all applicable laws of Germany and constitutes legal, valid and binding obligations of the Borrower(s) enforceable against such Borrower(s) in accordance with its terms. If such representation and warranty proves not to have been true in any material respect, the Seller will be obliged to repurchase the related Mortgage Receivable against payment of an amount equal to the Outstanding Principal Amount together with accrued but unpaid interest thereon. No recourse can be had against the Originator and Noteholders must rely on the Seller to pay the repurchase price.

### **Construction Loans and Insolvency**

Pursuant to Section 103 of the German Insolvency Code (*Insolvenzordnung*) (the "**Insolvency Code**"), the insolvency administrator of an insolvent debtor is entitled to choose either to discontinue the relevant contract or to perform the debtor's obligations thereunder, provided that both parties to the contract have

not yet performed all of their respective obligations under such contract at the time of commencement of insolvency proceedings. The German Federal Supreme Court held in a ruling regarding the security assignment of receivables for the provision of services (BGH WM 2002, 1199, 1201) that the commencement of insolvency proceedings does not result in the extinction of the performance claims arising under such contract, but that the non-discharged claims cease to be enforceable against the insolvency estate, unless such claims relate to actions or services performed prior to the commencement of insolvency proceedings. According to the court, any assignment effected prior to the commencement of insolvency proceedings in respect of receivables that relate to services to be rendered after the commencement of insolvency proceedings (whether by way of outright sale or by way of security), will cease to be effective upon insolvency and be reinstated as claims of the insolvency estate (*originäre Forderungen der Masse*), if the insolvency administrator opts for the continuation of the contract.

There is some degree of legal uncertainty whether Section 103 of the Insolvency Code applies to loan agreements, in particular in cases where the loan has not been fully advanced prior to the commencement of insolvency proceedings with respect to the assigning lender.

According to what appears to be the majority amongst legal authors, Section 103 of the Insolvency Code does not apply to loans to the extent advanced. Their view is that by making the cash advance the lender has fully performed its funding obligation under the loan contract. To the extent advanced, the loan contract does not impose any ongoing obligation on the insolvency estate which would require a right of the insolvency administrator to discontinue such ongoing obligation. Further, according to the principles established by the Federal Supreme Court in its ruling dated 25 April 2002 (BGHZ 150, 353 *et seq.*) relating to partially performed contracts, if and to the extent services to be performed by the insolvent debtor are divisible (*teilbar*) into several parts (which should be the case for loan agreements relating to Construction Loans) the insolvency administrator would only be entitled to exercise its election right in respect of the non-performed part of a contract.

In addition, whether Section 103 of the Insolvency Code applies to loan contracts (to the extent the loan has been advanced), is held to be irrelevant for payment claims that have been assigned prior to the commencement of insolvency proceedings with respect to the assigning lender. In its ruling dated 27 May 2003 (ZIP 2003, 1208 *et seq.*) the Federal Supreme Court held that the assignment of a repayment claim relating to services rendered under a reciprocal contract (*gegenseitiger Vertrag*) prior to the commencement of insolvency proceedings would not be affected by the commencement of insolvency proceedings, in particular in cases where the assignor had refinanced the advance payment. Accordingly, based on the principles set out by the Federal Supreme Court in its ruling dated 27 May 2003 which according to legal literature should also apply to loan contracts, the assignment from the Originator to the Issuer of the claim for (i) repayment of principal advanced to the Borrower prior to the commencement of insolvency proceedings and (ii) interest payments to the extent such payments relate to the advanced part of the loan, both for the period prior to and after the commencement of insolvency proceedings should not be subject to Section 103 of the Insolvency Code.

Hence, the Issuer has been advised that the assignment of the Mortgage Receivables in respect of the Mortgage Loans and, to the extent advanced, the Construction Loans to the Issuer should not be affected by the subsequent commencement of insolvency proceedings with respect to the Originator.

In respect of the unfunded part of a Construction Loan, the insolvency administrator of the Originator would have the right to elect non-performance and as a result of the exercise of such right (i) a Discontinuation Event will occur resulting in the release of the funds allocated to the relevant Construction Loan to the Issuer for (partial) redemption of the Notes and (ii) the affected Borrower could assert damages (if any) for non-performance against the insolvency estate resulting from the obligation to prepay the relevant Mortgage Loan. There is a risk that the Borrower could set off such claim for damages against claims of the Issuer against the relevant Borrower (including the claim for payment of principal and interest under the relevant Mortgage Loan). To mitigate these risks the Issuer may make drawings on the Construction Loan Reserve Account, however, there is no assurance that the amounts standing to the credit of the Construction Loan Reserve Account will be sufficient to cover any related shortfalls.

## Hereditary Building Rights

The Mortgages may be vested on a hereditary building right (*Erbbaurecht*). When underwriting a Mortgage Loan to be secured by a Mortgage on a hereditary building right, the Originator will take into consideration the conditions, in particular the residual term (*Restlaufzeit*), of the hereditary building right. The underwriting guidelines used by the Originator require that the hereditary building right must have a residual term not less than the scheduled maturity of the Mortgage Loan.

Hereditary building right contracts may contain provisions requiring the holder of the hereditary building right under certain conditions (for example delay with hereditary building interest (*Erbbauzins*) payments for at least two years) to re-transfer title to the hereditary building right to the landowner (*Heimfall*). In such case the hereditary building right and any mortgages thereon will continue to exist.

The hereditary building right is usually granted in exchange of periodical hereditary building interest payments. To secure the obligation of the holder of the hereditary building right to make such hereditary building interest payments the hereditary building right can be encumbered with a registered obligation (*Reallast*), which will be entered into Section II of the hereditary building right register (*Erbbaugrundbuch*). Thus, even if the Mortgages are registered with a first ranking in favour of the mortgagee in Section III of the hereditary building right register, the registered obligation for the hereditary building interest payments has priority over a mortgage, unless otherwise agreed. Consequently, upon enforcement of the hereditary building right the proceeds available for distribution to the mortgagee might be reduced by the proceeds distributed to the prior ranking landowner. To the extent that any future hereditary building interest payments are capitalised, the amounts payable to the landowner may be substantial and, as a consequence, the respective Mortgage may not cover principal and interest in full. To mitigate this risk it is the current banking practice of the Originator to ensure that the landowner holding such a priority right to hereditary building interest payments enters into a stand still agreement (*Stillhalteerklärung*) whereby the landowner declares to the mortgagee not to capitalise the hereditary building interest payments in the event of a foreclosure sale but to agree to the continuity of the registered obligation for the hereditary building interest payments pursuant to Sections 59(1) or 91(2) of the German Foreclosure Sale Act (*Zwangsversteigerungsgesetz*). In addition, the underwriting guidelines used by the Originator provide that, when calculating the value of the hereditary building right as a security (*Beleihungswert*), the value of the land may not be considered and that any hereditary building interest payments must be capitalised with 6 per cent. per annum and be included in the lending limit (*Beleihungsgrenze*) with such value as a prior encumbrance (*Vorlast*). The landowner's right to increase the interest on the hereditary building right will not be considered separately.

## Prepayment Considerations

The maturity of the Put Option Notes of each relevant Class will depend on, among other things, the amount and timing of payment of principal (including full and partial prepayments, foreclosure proceeds on enforcement of Mortgage Receivables, and repurchases by the Seller under the Mortgage Receivables Purchase and Transfer Agreement) on the Mortgage Receivables. The average maturity of and, consequently the yield of investors in, the Put Option Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Receivables.

The rate of prepayment of the Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. Furthermore, the prepayment rate may vary as a result of the termination of the Originator's authorisation and the Hedging Counterparty's appointment to determine and set the interest rates and the determination and the realisation of Prepayment Penalties by the Hedging Counterparty following its appointment, *inter alia*, in the event that (i) the senior unsecured, unsubordinated and unguaranteed debt obligations of Residential Capital, LLC is lower than or is withdrawn in respect of any two of the following ratings: BB- or its equivalent by S&P or Ba3 or its equivalent by Moody's or BB- or its equivalent by Fitch or (ii) the Seller ceases to be a wholly owned indirect subsidiary of Residential Capital, LLC and thereafter the rating assigned to the senior unsecured, unsubordinated and unguaranteed debt obligations of the Seller or the



entity of which the Seller becomes a wholly owned (indirect) subsidiary is lower than or is withdrawn in respect of any two of the following ratings: BB- or its equivalent by S&P or Ba3 or its equivalent by Moody's or BB- or its equivalent by Fitch, see "*Issuer Services Agreement*" below.

Consequently, 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 Put Option Notes differently. The estimated average lives of each Class of Put Option Notes must therefore be viewed with considerable caution and Put Option Noteholders should make their own assessment thereof.

**Subordination of the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes**

To the extent set forth in **Conditions 4, 6 and 9** (a) the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A1 Notes and Senior Class A2 Notes, (b) the Junior Class C Notes are subordinated in right of payment to the Senior Class A1 Notes and Senior Class A2 Notes and the Mezzanine Class B Notes, (c) the Subordinated Class D Notes are subordinated in right of payment to the Senior Class A1 Notes and Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes, (d) the Subordinated Class E Notes are subordinated in right of payment to the Senior Class A1 Notes and Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes and (e) the Subordinated Class F Notes are subordinated in right of payment to the Senior Class A1 Notes and Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes and the Subordinated Class E 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 and after exercise by the MPT Provider of all available enforcement measures in respect of the applicable Mortgage Receivables, 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 such losses on the Mortgage Receivables will be allocated as described in "*Credit Structure*".

**Limited Liquidity of the Notes**

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

**Payments on the Mortgage Receivables**

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

**Risks of Losses Associated with Declining Property Values**

The security for the Notes created under the Issuer Security Documents may be affected by, among other things, a decline in the value of the Mortgaged Property. No assurance can be given that values of those Mortgaged Properties have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses to the Noteholders if such security is required to be enforced.

## Liquidity Risk

The ability of the Issuer to redeem all the Notes 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. There is not at present an active and liquid secondary market for loan receivables with characteristics similar to the Mortgage Receivables in Germany. It may not, therefore, be possible for the Issuer or, as the case may be, the Security Trustee or a receiver to sell the Mortgage Receivables on appropriate terms should such a course of action be required.

## The Servicing Advance

The MPT Provider will undertake in the Issuer Services Agreement to grant on a Put Date a Servicing Advance equal to the aggregate Principal Amount Outstanding of the Put Option Notes in respect of which a Put Option has been exercised, less the proportionate balance on the relevant sub-ledgers of the Principal Deficiency Ledger, if any, after applying the Notes Redemption Available Amount in respect of such date (excluding item (i) thereof) to enable the Issuer to redeem the Put Option Notes on the relevant Put Date in accordance with the Conditions of the Notes, in particular **Condition 6(d)**. Put Option Noteholders can exercise the Put Option to effect redemption of the Put Option Notes on the relevant Put Date. If the MPT Provider does not confirm that it will provide a Servicing Advance in the required amount on the relevant Put Date on ultimately forty-two (42) days prior to such Put Date, the Issuer (or its agents) will within fourteen (14) days approach and request third parties to (i) grant the relevant Servicing Advance in respect of that relevant Put Date and in respect of one or more subsequent Put Dates and (ii) purchase the Excess Mortgage Receivables, on terms substantially the same as set out in the Issuer Services Agreement.

IF THE ISSUER DOES NOT RECEIVE SUFFICIENT PRINCIPAL IN THE FORM OF A SERVICING ADVANCE TO FULLY REDEEM THE PUT OPTION NOTES IN RESPECT OF WHICH THE PUT OPTION HAS BEEN EXERCISED ON A PUT DATE, PRINCIPAL PAYMENTS ON THE PUT OPTION NOTES UNDER THE PUT OPTION WILL BE MATERIALLY ADVERSELY AFFECTED ON SUCH DATE. THIS DOES NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE CONDITIONS OF THE NOTES. IN SUCH CASE ON THE RELEVANT PUT DATE AND THEREAFTER PAYMENTS ON THE NOTES WILL BE MADE IN ACCORDANCE WITH CONDITIONS 4, 6 AND 9 AS IF THE PUT OPTION HAD NOT BEEN EXERCISED UNTIL THE PUT DATE ON WHICH THE ISSUER RECEIVES A SERVICING ADVANCE IN AN AMOUNT SUFFICIENT TO REDEEM THE PUT OPTION NOTES IN RESPECT OF WHICH THE PUT OPTION HAS BEEN EXERCISED.

## Reliance on Third Parties

Counterparties to the Issuer may not perform their obligations under the Transaction Documents, which may result in the Issuer not being able to meet its obligations.

## Extension Margins and Subordinated Extension Interest Part

It should be noted that there is no guarantee that the Extension Margins will be equal to or higher than the Initial Margins. The Subordinated Extension Interest Part will be subordinated in right of payment to other payment obligations of the Issuer as set forth in the Interest Priority of Payments under items (a) to and including (s). There can be no assurance on the (timely) payment of the Subordinated Extension Interest Part. Non-payment of the Subordinated Extension Interest Part will not result in an Event of Default under the Conditions of the Notes. Moreover, the ratings of the Notes do not take into account the (timely) payment of the Subordinated Extension Interest Part.

## Hedging Agreements

The amount of revenue receipts that the Issuer receives will fluctuate according to the interest rates applicable to the Mortgage Loans. The Issuer will be subject to floating rate interest obligations under the Notes while the Existing Mortgage Receivables are subject to a fixed rate of interest subject to a reset. To

hedge the Issuer's exposure against the possible variance between the revenue it receives from the Mortgage Loans subject to a fixed rate of interest and the interest it pays under the Notes, the Issuer will enter into Hedging Agreements with Hedging Counterparties on the Closing Date and where necessary, each Quarterly Payment Date, see "*Hedging Agreements*" below.

Should the Originator decide in the future to offer variable interest rates to its Borrowers (either in connection with an interest reset or in respect of a New Mortgage Receivable or a Further Advance Receivable) and the relating Mortgage Receivables are transferred to the Issuer, the Issuer's exposure against the possible variance between the revenue it receives from the Mortgage Loans subject to a variable rate of interest and the interest it pays under the Notes would not be hedged. Any variable interest rate may be set by reference to a margin over an index or interest rates prevailing in the German residential mortgage market. However, there can be no assurance that the interest rate set by the Originator will at all times be equal to or exceed the interest payable on the Notes. To the extent the interest rate set by the Originator is less than the interest payable on the Notes, the Issuer might have insufficient funds to cover interest payable on the Notes.

The Issuer may be liable to pay an amount calculated by reference to the change in the mark to market value of the Hedging Agreement following any adjustment in the Notional Amount of the Hedging Agreement pursuant to the terms thereof.

In addition, if a Hedging Agreement is terminated, the Issuer may be obliged to pay a termination payment to a Hedging Counterparty. The amount of any termination payment will be based on the market value of the terminated Hedging Agreement based on market quotations of the cost of entering into a transaction with the same terms and conditions 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).

The Issuer cannot give any assurance that it will be able to enter into a replacement Hedging Agreement, or if one is entered into, that the credit rating of the replacement Hedging Counterparty will be sufficiently high to prevent a downgrading of the then current ratings of the Notes by the Rating Agencies.

The funds which the Issuer has available to make payments on the Notes of any Class may be reduced if the Issuer is obliged to make a termination payment to a Hedging Counterparty or to pay any other additional amount as a result of the termination of a Hedging Agreement. Any termination payment due to a Hedging Counterparty, however, which arises due to (i) a default by that Hedging Counterparty under a Hedging Agreement or (ii) the failure of a Hedging Counterparty to comply with the requirements under the relevant Hedging Agreement following the loss of the Required Hedging Counterparty Rating, does not rank in priority to payments due to any Noteholder (but, in relation to (ii) only, to the extent that any premium is received by the Issuer from a replacement Hedging Counterparty in relation to a transaction entered into to replace that Hedging Agreement, the corresponding claim of such Hedging Counterparty will rank in priority to payments due to any Noteholder).

### **Reset Mortgage Receivables**

The Mortgage Loans carry a fixed rate of interest. In general, the terms of the Mortgage Loans stipulate a fixed rate of interest for 5, 8, 10, 15 or 20 years (without affecting the Borrower's right to terminate the Mortgage Loan after a reset period of 10 years) from the date of origination, after which the interest rate will be reset for a different or identical time period as selected by each Borrower. The Mortgage Conditions contain provisions relating to the interest rates and the interest periods to be offered to the Borrowers. According to the reset procedure, the Originator or, as the case may be, its assignee will set the interest rates. Pursuant to the Mortgage Conditions, if a Borrower does not accept the interest rate offered by the Originator, the Borrower has the obligation to prepay the Mortgage Receivable in full on the date on which the interest rate of a Mortgage Loan is to be reset.

The Originator will be authorised pursuant to the Mortgage Receivables Purchase and Transfer Agreement to set the interest rates of Mortgage Loans in accordance with such procedures. The Issuer or the Security Trustee, as the case may be, may revoke such authorisation in the cases stipulated in the Mortgage

Receivables Purchase and Transfer Agreement. The Issuer and the Hedging Counterparty have agreed that, *inter alia*, in case (i) the senior unsecured, unsubordinated and unguaranteed debt obligations of Residential Capital, LLC is lower than or is withdrawn in respect of any two of the following ratings: BB- or its equivalent by S&P or Ba3 or its equivalent by Moody's or BB- or its equivalent by Fitch or (ii) the Seller ceases to be a wholly owned indirect subsidiary of Residential Capital, LLC and thereafter the rating assigned to the senior unsecured, unsubordinated and unguaranteed debt obligations of the Seller or the entity of which the Seller becomes a wholly owned (indirect) subsidiary is lower than or is withdrawn in respect of any two of the following ratings: BB- or its equivalent by S&P or Ba3 or its equivalent by Moody's or BB- or its equivalent by Fitch, then the Issuer will revoke the authorisation of the Originator and will appoint the Hedging Counterparty to determine and set the rates of interest in accordance with the Mortgage Conditions.

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

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

### **Proposed Changes to the Basel Capital Accord**

The Basel Committee on Banking Supervision has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which places enhanced emphasis on market discipline and sensitivity to risk. The third consultative paper on the New Basel Capital Accord was issued on 29 April 2003, with the consultation period ending on 31 July 2003. The Committee announced on 11 May 2004 that it had achieved consensus on the remaining issues and published the text of the new framework on 26 June 2004 under the title Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework. This framework will serve as the basis for national rule-making and approval processes to continue and for banking organisations to complete their preparations for implementation of the new framework. The Committee confirmed that it is currently intended that the various approaches under the framework will be implemented in stages, some from year-end 2006, the most advanced at year-end 2007. As and when implemented, the new framework could affect the risk weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by the new framework. Consequently, prospective investors should consult their own advisers as to the consequences to and effect on them of the potential application of the New Basel Capital Accord. The precise effects of implementation of the new framework cannot be predicted.

### **Taxation in Germany**

#### *Withholding Tax*

If certain payments of capital gains to a Noteholder are treated as taxable interest income in Germany and the Notes are kept in a custodial account maintained with a German Disbursing Agent (see "*Taxation – Taxation in Germany*"), reference is made to the fact that a German Disbursing Agent will generally withhold tax at a rate of 30 per cent. (plus solidarity tax thereon at a rate of 5.5 per cent.) from the difference between the proceeds from the sale or redemption of the Note and the Noteholder's purchase price, provided the German Disbursing Agent has since the acquisition or issuance of the Note held such Note in custody, or, where such Note has afterwards been transferred into the custodial account of such German Disbursing Agent, from an amount equal to 30 per cent. of the proceeds derived from the sale or redemption of the Note. The withholding tax is credited against the Noteholder's final liability for personal or corporate income tax.

As discussed below in the section "*Taxation – Taxation in Germany*", a non-resident Noteholder should remain exempt from German tax on interest paid under the Notes pursuant to the securitised debt exception. In this context, however, the following should be noted:

- (a) Where Germany has concluded a tax treaty that provides for the exclusive right of the Noteholder's country of residence to tax interest from Germany, and where the Noteholder is entitled to the benefits of such tax treaty, the Noteholder can rely on the treaty exemption from German tax, regardless of the situation under German internal law. However, there is no assurance that the terms of such tax treaty will remain unchanged over the life of the Notes.
- (b) Where a non-resident Noteholder may not rely on the protection of an applicable tax treaty, such Noteholder may nonetheless assert that the interest is not taxable in Germany since the interest under consideration is derived from claims directed against the Issuer for which Notes have been issued (pursuant to the securitised debt exception as described in the section "*Taxation – Taxation in Germany*").

Doubts about the applicability of the securitised debt exception would arise if (i) the interest payments under the Mortgage Receivables could not be attributed to the Issuer for tax purposes and (ii) the securitised debt exception could not be viewed as applying to the interest paid under the Mortgage Receivables. While there are convincing and valid arguments why neither (i) nor (ii) should occur and, consequently, the exemption from German tax should apply, there remains some legal uncertainty. See "*Taxation – Taxation in Germany*".

#### *Possible Introduction of a Flat Tax (Abgeltungssteuer) on Investment Income and Private Capital Gains*

Based upon a Ministry of Finance press release dated 2 November 2006, the coalition government has reached agreement on the introduction of a flat tax (*Abgeltungssteuer*) on investment income and private capital gains as elements of a corporate income tax reform.

The flat tax would be levied as a withholding tax, *inter alia*, on interest income and capital gains from the disposal of securities held as non-business assets, irrespective of any holding period. Payment of the flat tax would satisfy any tax liability in respect of investment income or private capital gains from securities. The envisaged tax would be levied at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) from gross income. However, taxpayers would be able to apply for a tax assessment on the basis of net income. According to the press release, the flat tax would take effect from 1 January 2009 and would be imposed on capital gains deriving from assets acquired after 31 December 2008.

As of the date of this offering circular, no draft bill has been presented. Consequently, it remains unclear whether and in which form the envisaged legislative changes will become effective.

#### *Taxation of the Issuer – Corporate Income Tax*

With respect to the Issuer's liability for corporate income tax, it cannot be ruled out that a German tax authority or court could view the Issuer as having its place of effective management and control in Germany, maintaining a German permanent establishment or appointing a German permanent representative for its business. In this case, Germany would have the right to tax the income of the Issuer or a portion thereof. The Issuer, in computing its net taxable income, would be permitted to deduct expenses incurred in connection with gross interest income received from the Mortgage Receivables, including interest paid under the Notes and fees paid in consideration for services rendered by the MPT Provider and other third party service providers, subject however, to possible limitations on the deductibility of loan interest as provided for under the proposed corporate income tax reform rules explained below.

Provided that the Issuer is not deemed to have its place of effective management and control, maintain a permanent establishment or a permanent representative for its business in Germany or the Issuer would only be taxable under the rules described below of the German Income Tax Code dealing with a limited tax liability from certain income sources located in Germany (see "*Taxation – Taxation in Germany – Income*").

*Tax/Trade Tax on Income*"). According to these rules interest paid on the Mortgage Receivables to the Issuer would be subject to corporate income tax (plus solidarity tax thereon at a rate of 5.5 per cent.) as the Mortgage Receivables are secured by immovable property located in Germany. However, the provisions of the German Income Tax Code are superseded by Art. 14(1) and Art. 20(1) of the Double Tax Treaty between the Netherlands and Germany ("**Treaty**"). According to these provisions, the Netherlands, as the country of residence of the Issuer, has the exclusive right of taxation of the interest received from sources within Germany as the Issuer is a company which has its corporate seat based on its respective place of management and its statutory seat according to Art. 3(5) of the Treaty in the Netherlands.

In August 2006 the German government released legislative proposals as part of a proposed 2007 Tax Act (*Jahressteuergesetz 2007*). These proposals would modify Section 50d(3) of the German Income Tax Code by including increased substance requirements for entities resident in a treaty country that claim treaty benefits in respect of certain types of income derived from German sources. The new rules, if enacted as proposed, would not be applicable to the interest income derived by the Issuer from the Mortgage Receivables. Such interest does not constitute a category of income in respect of which German withholding tax would apply. Consequently, the Issuer would not be seeking relief from such withholding tax under Section 50d(3). However, one cannot rule out with certainty that Section 50(d)3 might be broadened in the context of parliamentary deliberations or that the German tax authorities might seek to apply the increased substance provisions by analogy under general anti-abuse considerations. If this were the case the Issuer while not able to rely on the Treaty to claim an exemption from German tax on the interest derived from the Mortgage Receivables, would nevertheless be entitled to net income taxation and, in computing its net taxable income, would generally be permitted to deduct expenses incurred in connection with gross interest received, including interest paid under the Notes and fees paid in consideration for services rendered by the MPT Provider and other third party service providers, subject, however, to possible limitations on the most deductibility of loan interest as provided for under the proposed corporate income tax reform rules explained below.

#### *Taxation of the Issuer – Trade Tax*

With respect to the assessment of trade tax on income on the business profits derived by the Issuer, such assessment would only apply if the Issuer maintained a permanent establishment in Germany and to the extent that the income derived by the Issuer were attributable to such permanent establishment. In this context reference is made to the fact that, at its place of incorporation, the Issuer will have business premises and office facilities at its disposal from which its directors will give instructions to, and supervise, the MPT Provider and third party service providers and will otherwise conduct the business activities of the Issuer. It is expected that this will fulfil the criteria of a permanent establishment located outside of Germany and that the indebtedness under the Notes and the interest payable thereon will be attributable to such non-German permanent establishment for trade tax purposes.

Even if the Notes were attributable to a German permanent establishment of the Issuer, the Issuer would be able to rely on Section 19(3) of the German Trade Tax Ordinance ("**GewStDV-Gewerbesteuerdurchführungsverordnung**"). Section 19(3) contains a special tax exemption for interest paid on long-term debt by entities engaged in the issuing of debentures for the purpose of funding solely the direct or indirect acquisition of credits or credit risks originated by credit institutions ("**bank-originated receivables**"). Based on Section 19(3) GewStDV the Issuer's trade tax base would likely not be different from its corporate income tax base.

**However, it cannot be ruled out with certainty that a German tax authority or court could take the position that Section 19(3) GewStDV is not applicable in the case at hand because the Issuer did not acquire beneficial ownership in the Mortgage Receivables directly from a financial institution. If the tax authorities were to take this position and were also be of the opinion that the Notes and the interest payable thereon were attributable to a German permanent establishment of the Issuer, trade tax would be applicable on the income of the Issuer in principle and only half of the interest payable on long-term debt would generally be deductible from the trade tax base in this case.**

### *Proposals for Corporate Tax Reform*

Based upon Ministry of Finance press releases, the German coalition government has reached agreement on certain elements of corporate tax reform, including a decrease of the corporate income tax rate from 25 per cent. to 15 per cent. (in each case plus 5.5 per cent. solidarity surcharge thereon) such that the nominal income tax burden for corporations (corporate income tax and trade tax) would decrease to below 30 per cent. The tax reform package would enter into force on 1 January 2008 and would also contain certain revenue raisers:

For purposes of corporate income tax, debt financing of companies would be limited by an anti interest-stripping rule (*modifizierte Zinsschranke*). Net interest expense exceeding Euro 1 million would only be deductible to an extent of 30 per cent. of current year net earnings before interest. Non-deductible interest expenses would be carried forward and would generally be deductible in subsequent fiscal years, subject to limitations similar to those applicable in the current year.

For purposes of trade tax, the addition of 50 per cent. of interest on long term debt would be replaced by an addition to the tax base for 25 per cent. of all interest payments and certain other interest components of rental and lease payments in excess of Euro 100,000.

Based upon private statements by leading tax officials it is expected that the law would provide for certain carve-outs from the rules described above for the benefit of financial institutions and, possibly, securitization vehicles.

It remains unclear whether and in which form the envisaged legislative changes will ultimately become effective.

### *EC Council Directive 2003/48/EC on the Taxation of Savings Income*

On 3 June 2003, the ECOFIN Council adopted a directive on the taxation of savings income under which member states of the European Union are required, with effect from 1 July 2005, to provide to the tax authorities of another member state of the European Union details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state of the European Union. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The ending of such transitional period depends on the conclusion of certain other agreements relating to information exchange with certain other countries.

Noteholders who are individuals should note that the Issuer will not pay additional amounts under **Condition 7** of the Notes in respect of any withholding tax imposed as a result of such EC Council Directive 2003/48/EC on the taxation of savings income.

## CREDIT STRUCTURE

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

### **Mortgage Loan Interest Rate**

The Mortgage Loans pay interest on a fixed rate basis, subject to a reset from time to time. On the Cut-off Date the weighted average interest rate of the Mortgage Loans was 5.09 per cent, per annum. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in "Description of the Mortgage Loans".

### **Cash Collection Arrangements**

Scheduled Amounts payable by the Borrowers under the Mortgage Loans are due and payable on the last day of each calendar month. Interest on the Mortgage Loans is payable in arrear. All payments made by the Borrowers will by way of direct debit (*Lastschriftverfahren*) be paid, on the due date or, if such date is not a business day at the place of the GIC Provider, on the following business day at the place of the GIC Provider, into the Collection Account maintained with the GIC Provider. The amounts standing to the credit of the Collection Account will be pledged to the Security Trustee for the benefit of the Secured Creditors. If the Borrower wishes to make any unscheduled payments, such as prepayments and any prepayment penalties and, for this purpose, approaches HM, HM will, to the extent such payments are not made by direct debit, request the Borrower to make payment to the Collection Account. Otherwise, the Borrower will pay any unscheduled amounts to the Bank Account. The Bank Account will also be used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys belonging to the Originator.

To the extent that payments in respect of Assigned Mortgage Receivables or the Related Security are made to the Bank Account, the Originator will transfer (or procure that HM will transfer on its behalf) any amounts received by the Originator in respect of Assigned Mortgage Receivables or the Related Security within one (1) Local Business Day to the Collection Account.

On the 15th day of each calendar month (or if such day is not a Business Day, on the preceding Business Day), the Issuer Administrator (or the Originator on behalf of the Issuer Administrator) will transfer all amounts standing to the credit of the Collection Account to the Operating Account.

### **Transaction Accounts**

The Issuer will maintain with the GIC Provider:

- (a) the Collection Account to which all amounts received from the Borrowers in respect of the Mortgage Loans will be paid;
- (b) the Operating Account to which (i) all amounts standing to the credit of the Collection Account will be transferred and (ii) all amounts received from the other parties to the Transaction Documents will be paid;
- (c) the Pre-funding Account, to which, on the Closing Date, the Pre-funded Amount will be credited;
- (d) the Reserve Account, to which, on the Closing Date, the net issue proceeds of the Subordinated Class F Notes will be credited;
- (e) the Construction Loan Account to which, the part of the Initial Purchase Price equal to the aggregate Non-Disbursed Amounts in respect of the Construction Loans will be credited;
- (f) the Liquidity Facility Account, to which any drawing under the Liquidity Facility Agreement will be debited;
- (g) the Construction Loan Reserve Account; and



- (h) following a Liquidity Facility Stand-by Drawing, a Liquidity Facility Stand-by Account.

The Issuer Administrator will identify all amounts paid into the Operating 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 the Principal Ledger or the Revenue Ledger, as the case may be.

Payments may be made from the Operating Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Transaction Documents) and payable in connection with the Issuer's business and (ii) the Initial Purchase Price for Sub-Participations in respect of Further Advance Receivables and/or New Mortgage Receivables and the Related Security.

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

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are assigned a rating of lower than A-1+ by S&P or Prime-1 by Moody's or F1 by Fitch or any such rating is withdrawn by S&P, Moody's or Fitch, then the Issuer will within 30 days of reduction or withdrawal of such rating use its best endeavours to (i) find an alternative GIC Provider acceptable to S&P, Moody's, Fitch and the Security Trustee or (ii) find any other solution acceptable to S&P, Moody's and Fitch to maintain the then current ratings assigned to the Notes.

## **Priority of Payments prior to the Enforcement Date**

### *Interest Priority of Payments*

Prior to the delivery of an Enforcement Notice by the Security Trustee or, in the case of **Condition 11(b)** by the Instructing Majority to the Issuer, the Notes Interest Available Amount as calculated on each Quarterly Calculation Date will, pursuant to the terms of the Issuer Trust Agreement be applied by the Issuer (acting through the Issuer Administrator) on the immediately succeeding Quarterly Payment Date in accordance with the following Interest Priority of Payments (in each case only if and to the extent that payments of a higher order of priority have been made in full):

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, 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 Transaction Documents;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) administration fees and expenses due and payable to the Issuer Administrator and (prior to the termination of the MPT Provider's appointment under the Issuer Services Agreement) the MPT Provider under the Issuer Services Agreement and (ii) (following the termination of the MPT Provider's appointment under the Issuer Services Agreement pursuant to the terms thereof) any remuneration payable by the Issuer to the Sub-Servicer and the Delinquent Loan Servicer for the performance of the Sub-Servicer and the Delinquent Loan Servicer of their respective services in respect of the Assigned Mortgage Receivables;
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax

and the fees and expenses of S&P, Moody's and Fitch and any legal advisor, auditor and accountants appointed by the Issuer or the Security Trustee, (ii) fees and expenses due to (1) the Principal Paying Agent, the Irish Paying Agent, the Extension Margin Agent and the Reference Agent under the Paying Agency Agreement, (2) to the Security Trustee under the Issuer Trust Agreement, (iii) the fees due to the GIC Provider under GIC and (iv) the Liquidity Facility Commitment Fee due to the Liquidity Facility Provider under the Liquidity Facility Agreement, but excluding, for the avoidance of doubt, any Liquidity Facility Subordinated Amount, payable under item (r) below;

- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility, other than any Liquidity Facility Subordinated Amount, payable under item (r), or (ii) following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Account;
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of amounts, if any, due or accrued but unpaid under the Hedging Agreements to the Swap Counterparty and to any other Hedging Counterparty but excluding any Swap Subordinated Amount payable under item (s) and, for the avoidance of doubt, excluding any amount relating to Excess Swap Collateral;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu* of all amounts of interest due or interest accrued but unpaid in respect of (i) the Senior Class A1 Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Senior Class A1 Notes and (ii) the Senior Class A2 Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Senior Class A2 Notes;
- (g) *seventh*, in or towards making good any shortfall reflected in the Senior Class Principal Deficiency Ledger until the debit balance, if any, on the Senior Class Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Mezzanine Class B Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Mezzanine Class B Notes;
- (i) *ninth*, 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;
- (j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Junior Class C Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Junior Class C Notes;
- (k) *eleventh*, 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;
- (l) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class D Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Subordinated Class D Notes;
- (m) *thirteenth*, in or towards making good any shortfall reflected in the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (n) *fourteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class E Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Subordinated Class E Notes;

- (o) *fifteenth*, in or towards making good any shortfall reflected in the Class E Principal Deficiency Ledger until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;
- (p) *sixteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class F Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Subordinated Class F Notes;
- (q) *seventeenth*, in or towards satisfaction of any sums required to be deposited on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (r) *eighteenth*, in or towards satisfaction of a Liquidity Facility Subordinated Amount due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (s) *nineteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, to the relevant Hedging Counterparties of any Swap Subordinated Amount due under the Hedging Agreements;
- (t) *twentieth*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on (i) the Senior Class A1 Notes as Subordinated Extension Interest Part relating to the Senior Class A1 Notes and (ii) the Senior Class A2 Notes as Subordinated Extension Interest Part relating to the Senior Class A2 Notes;
- (u) *twenty-first*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Mezzanine Class B Notes as Subordinated Extension Interest Part relating to the Mezzanine Class B Notes;
- (v) *twenty-second*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Junior Class C Notes as Subordinated Extension Interest Part relating to the Junior Class C Notes;
- (w) *twenty-third*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class D Notes as Subordinated Extension Interest Part relating to the Subordinated Class D Notes;
- (x) *twenty-fourth*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class E Notes as Subordinated Extension Interest Part relating to the Subordinated Class E Notes;
- (y) *twenty-fifth*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class F Notes as Subordinated Extension Interest Part relating to the Subordinated Class F Notes;
- (z) *twenty-sixth*, on the Quarterly Payment Date falling in November 2008 and on each Quarterly Payment Date thereafter, in or towards satisfaction, *pro rata* and *pari passu*, of principal amounts due under the Subordinated Class F Notes; and
- (aa) *twenty-seventh*, in or towards satisfaction of a Deferred Purchase Price Instalment due and payable to the Seller.

#### *Principal Priority of Payments*

Prior to the delivery of an Enforcement Notice by the Security Trustee, or in the case of **Condition 11(b)** by the Instructing Majority, the Notes Redemption Available Amount as calculated at any Quarterly Calculation Date will be applied by the Issuer (acting through the Issuer Administrator) on the immediately succeeding 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) after the payment of the Initial Purchase Price for Sub-Participations in respect of New Mortgage Receivables and Further Advance Receivables to redeem:

- (a) (x) before the Target Amortisation Date or (y) on or after the Target Amortisation Date in case a Target Amortisation Event has occurred, which is not cured prior to such Quarterly Payment Date:
  - (i) *first*, the Senior Class A1 Notes, until fully redeemed; and thereafter
  - (ii) *second*, the Senior Class A2 Notes, until fully redeemed; and thereafter
  - (iii) *third*, the Mezzanine Class B Notes, until fully redeemed; and thereafter
  - (iv) *fourth*, the Junior Class C Notes, until fully redeemed; and thereafter
  - (v) *fifth*, the Subordinated Class D Notes, until fully redeemed; and thereafter
  - (vi) *sixth*, the Subordinated Class E Notes, until fully redeemed; and
- (b) on or after the Target Amortisation Date, unless a Target Amortisation Event has occurred which is not cured prior to such Quarterly Payment Date:
  - (i) *first*, the Senior Class A1 Notes by applying the Senior Class Notes Redemption Available Amount;
  - (ii) *second*, the Senior Class A2 Notes by applying the Senior Class Notes Redemption Available Amount to the extent not applied under (i) above;
  - (iii) *third*, the Mezzanine Class B Notes by applying the Class B Notes Redemption Available Amount;
  - (iv) *fourth*, the Junior Class C Notes by applying the Class C Notes Redemption Available Amount;
  - (v) *fifth*, the Subordinated Class D Notes by applying the Class D Notes Redemption Available Amount; and
  - (vi) *sixth*, the Subordinated Class E Notes by applying the Class E Notes Redemption Available Amount.

*Priority of Payments upon Enforcement*

After the Enforcement Date any amounts payable by the Security Trustee under the Issuer Trust Agreement will be applied in the following order towards fulfilling the payment obligations of the Issuer, in each case only to the extent payments of a higher priority have been made in full:

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) the fees and expenses of the Principal Paying Agent, the Irish Paying Agent, the Extension Margin Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iii) the fees due to the GIC Provider under the GIC, (iv) the Liquidity Facility Commitment Fee due to the Liquidity Facility Provider under the Liquidity Facility Agreement, but excluding, for the avoidance of doubt, any Liquidity Facility Subordinated Amount, payable under item (o) below, and (v) the fees and expenses of the Issuer Administrator and (prior to the termination of the MPT Provider's appointment under the Issuer Services Agreement) the MPT Provider or (following the termination of the MPT Provider's appointment under the Issuer Services Agreement pursuant to the terms thereof) any amounts payable by the Issuer to the Sub-Servicer and the Delinquent Loan Servicer for the performance of the Sub-Servicer and the Delinquent Loan Servicer of their respective services in respect of the Assigned Mortgage Receivables;
- (b) *second*, in or towards satisfaction of any sums due or sums accrued but unpaid under the Liquidity Facility Agreement, but excluding (1) the Liquidity Facility Commitment Fee payable under item (a) above and (2) any Liquidity Facility Subordinated Amount payable under item (o) below;

- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, of amounts, if any, due or accrued but unpaid under the Hedging Agreements to the Swap Counterparty and to any other Hedging Counterparty, but excluding any Swap Subordinated Amount payable under item (p) and, for the avoidance of doubt, excluding any amount relating to Excess Swap Collateral;
- (d) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of (i) the Senior Class A1 Notes, excluding the Subordinated Extension Interest Part relating to the Senior Class A1 Notes and (ii) the Senior Class A2 Notes, excluding the Subordinated Extension Interest Part relating to the Senior Class A2 Notes;
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of (i) the Senior Class A1 Notes and (ii) the Senior Class A2 Notes;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class B Notes, excluding the Subordinated Extension Interest Part relating to the Mezzanine Class B Notes;
- (g) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Junior Class C Notes, excluding the Subordinated Extension Interest Part relating to the Junior Class C Notes;
- (i) *ninth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Junior Class C Notes;
- (j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class D Notes, excluding the Subordinated Extension Interest Part relating to the Subordinated Class D Notes;
- (k) *eleventh*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class D Notes;
- (l) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class E Notes, excluding the Subordinated Extension Interest Part relating to the Subordinated Class E Notes;
- (m) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class E Notes;
- (n) *fourteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class F Notes, excluding the Subordinated Extension Interest Part relating to the Subordinated Class F Notes;
- (o) *fifteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of a Liquidity Facility Subordinated Amount due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (p) *sixteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all Swap Subordinated Amounts due under the Hedging Agreements to the Swap Counterparty and to any other Hedging Counterparty;
- (q) *seventeenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on (i) the Senior Class A1 Notes as Subordinated Extension Interest Part relating to the Senior Class A1 Notes and (ii) the Senior Class A2 Notes as Subordinated Extension Interest Part relating to the Senior Class A2 Notes;

- (r) *eighteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Mezzanine Class B Notes as Subordinated Extension Interest Part relating to the Mezzanine Class B Notes;
- (s) *nineteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Junior Class C Notes as Subordinated Extension Interest Part relating to the Junior Class C Notes;
- (t) *twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class D Notes as Subordinated Extension Interest Part relating to the Subordinated Class D Notes;
- (u) *twenty-first*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class E Notes as Subordinated Extension Interest Part relating to the Subordinated Class E Notes;
- (v) *twenty-second*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class F Notes as Subordinated Extension Interest Part relating to the Subordinated Class F Notes;
- (w) *twenty-third*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class F Notes;
- (x) *twenty-fourth*, the repayment of any Servicing Advance to the MPT Provider or any other party which has provided a Servicing Advance, respectively, under the Issuer Services Agreement; and
- (y) *twenty-fifth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller.

After the Enforcement Date all amounts standing to the credit of the Liquidity Facility Stand-by Account will be applied in or towards repayment of any Liquidity Facility Stand-by Drawings under the Liquidity Facility Agreement. Amounts standing to the credit of the Liquidity Facility Stand-by Account will not be available to the Issuer or any of the Secured Creditors (other than the Liquidity Facility Provider) at any time after the Enforcement Date.

### **Liquidity Facility**

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will on any Quarterly Payment Date (other than a Quarterly Payment Date if and to the extent that on such date the Notes are redeemed in full) make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount. The Liquidity Facility Agreement is for a term of maximum 364 days. The commitment of the Liquidity Facility Provider is renewable, beginning on the Quarterly Payment Date falling in November 2007. Any drawing under the Liquidity Facility by the Issuer will only be made on a Quarterly Payment Date if and to the extent that, after the application of amounts available in the Reserve Account, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (n) (inclusive) (but not items (g), (i), (k) and (m)) in the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawing may be made to meet item (f) in the Interest Priority of Payments if there is a debit balance on the Senior Class Principal Deficiency Ledger exceeding 75 per cent. of the aggregate Principal Amount Outstanding of the Senior Class A1 Notes and Senior Class A2 Notes no drawing may be made to meet item (h) in the Interest Priority of Payments if there is a debit balance on the Class B Principal Deficiency Ledger exceeding 50 per cent. of the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes and no drawing may be made to meet item (j) in the Interest Priority of Payments if there is a debit balance on the Class C Principal Deficiency Ledger exceeding 30 per cent. of the aggregate Principal Amount Outstanding of the Junior Class C Notes and no drawing may be made to meet item (l) in the Interest Priority of Payments if there is a debit balance on the Class D Principal Deficiency Ledger exceeding 30 per cent. of the aggregate Principal Amount Outstanding of the Subordinated Class D Notes and no drawing may be made to meet item (n) in the Interest Priority of Payments if there is a debit balance

on the Class E Principal Deficiency Ledger exceeding 30 per cent. of the aggregate Principal Amount Outstanding of the Subordinated Class E Notes.

The Issuer will make a Liquidity Facility Stand-by Drawing and credit such amount to the Liquidity Facility Stand-by Account if at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating lower than A-1+ by S&P or P-1 by Moody's or F1 by Fitch or any such rating is withdrawn and (i) the Liquidity Facility is not renewed or replaced within 30 days of such downgrading or withdrawal by an alternative Liquidity Facility Provider acceptable to S&P, Moody's, Fitch and the Security Trustee, and (ii) Liquidity Facility Provider has not entered into an agreement transferring its rights and obligations under the Liquidity Facility Agreement as required by the Issuer, the Security Trustee, S&P, Moody's and Fitch, and (iii) no other solution acceptable to S&P, Moody's and Fitch is found to maintain the then current ratings of the Notes. A Liquidity Facility Stand-by Drawing will also be made if the Liquidity Facility is not renewed following its commitment termination date.

### **Reserve Account**

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

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

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 item (q) in the Interest Priority of Payments, the excess amount will be applied to the Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

The "**Reserve Account Target Level**" will, on any Quarterly Calculation Date, be equal to:

- (a) 1.2 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes at the Closing Date; or
- (b) 1.9 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes at the Closing Date, if on such Quarterly Calculation Date the quotient of the aggregate Outstanding Principal Amount in respect of the Delinquent Mortgage Receivables divided by the aggregate Outstanding Principal Amount on such date exceeds 2.0 per cent.; or
- (c) zero, if on the immediately succeeding Quarterly Payment Date the Put Option Notes will be redeemed in full.

If and to the extent that the Notes Interest Available Amount (remaining after items (a) up to and including (p) have been met) on the Quarterly Payment Date falling in November 2008 and on each Quarterly Payment Date thereafter exceeds the amounts required to meet items (q) up to and including (y) of the Interest Priority of Payments, such excess will be deposited in the Reserve Account.

To the extent that the balance standing to the credit of the Reserve Account on the Quarterly Payment Date falling in November 2008 or any Quarterly Payment Date thereafter exceeds the Reserve Account Target Level and items (a) up to and including (p) of the Interest Priority of Payments have been met in full, such excess will be drawn from the Reserve Account on such Quarterly Payment Date falling in November 2008 or, if applicable, any Quarterly Payment Date thereafter, and shall be applied towards redemption of the Subordinated Class F Notes (subject to **Condition 6(e)**) until fully repaid and shall thereafter be paid to the Seller as a Deferred Purchase Price Instalment.

### **Construction Loan Account**

On the Closing Date, any Pre-funding Purchase Date or on any Mortgage Payment Date within the Pre-funding Period the Issuer Administrator will deposit any Non-Disbursed Amounts in the Construction Loan

Account. The amounts standing to the credit of the Construction Loan Account will be applied by the Issuer Administrator (on behalf of the Issuer) as follows pursuant to the Issuer Services Agreement:

- (a) on any date and upon receipt of a Funding Notice by the Issuer Administrator, an amount equal to the part of the Initial Purchase Price allocated to the part of the Construction Loan to be disbursed pursuant to such Funding Notice will be released and transferred to the Seller (or its order);
- (b) on a Mortgage Payment Date, on which the Seller is required pursuant to the Mortgage Receivables Purchase and Transfer Agreement to repurchase any Assigned Mortgage Receivables being Construction Loan Receivables, the Issuer Administrator will release and transfer to the Operating Account an amount equal to the Non-Disbursed Amount in respect of such Construction Loan Receivables being repurchased by the Seller. For the avoidance of doubt, the Issuer will not be obliged to repay, and the Seller will not be entitled to, any such Non-Disbursed Amounts;
- (c) upon the occurrence of a Discontinuation Event in respect of any or all Construction Loans, the Issuer Administrator will release and transfer to the Operating Account an amount equal to the aggregate Non-Disbursed Amounts relating to such Construction Loans being subject to the Discontinuation Event to be applied in accordance with the Conditions of the Notes;
- (d) upon a repurchase of any Excess Mortgage Receivable which is a Construction Loan Receivable, the Issuer will release the Non-Disbursed Amount relating to such Construction Loan Receivable and will apply such amount towards the repayment of the relevant Servicing Advance; and
- (e) if on the Construction Loan Target Date the pool of Mortgage Receivables contains Non-Eligible Construction Loan Receivables, the Non-Disbursed Amounts relating to such Non-Eligible Construction Loan Receivable will be released and transferred to the Operating Account.

#### **Construction Loan Reserve Account**

On the Closing Date, an amount equal to EUR 4,800,000 will be deposited in the Construction Loan Reserve Account maintained by the Issuer with the GIC Provider. The amounts standing to the credit of the Construction Loan Reserve Account will be applied by the Issuer Administrator (on behalf of the Issuer) as follows pursuant to the Issuer Services Agreement:

- (a) on any date following a Mortgage Payment Date, on which the Seller failed to comply with its obligation to repurchase any Non-Eligible Construction Loan Receivable pursuant to the Mortgage Receivables Purchase and Transfer Agreement, to cover any losses arising in connection with any such Non-Eligible Construction Loan Receivable; or
- (b) if on the Construction Loan Target Date the pool of Mortgage Receivables contains Non-Eligible Construction Loan Receivables, then an amount equal to the lower of (i) the amount standing to the credit of the Construction Loan Reserve Account and (ii) an amount equal to the Outstanding Principal Amount plus the Non-Disbursed Amounts of such Non-Eligible Construction Loan Receivable will be retained in the Construction Loan Reserve Account and any excess thereto will be released by the Issuer Administrator to the Seller; or
- (c) if on the Construction Loan Target Date the pool of Mortgage Receivables does not contain any Non-Eligible Construction Loan Receivables the amount standing to the credit of the Construction Loan Reserve Account will be released by the Issuer Administrator to the Seller and the Construction Loan Reserve Account will be closed; or
- (d) if on any day following the Construction Loan Target Date any Non-Eligible Construction Loan Receivable is finally discharged in full or the MPT Provider determines that in respect of such Non-Eligible Receivable no further amounts can reasonably be expected to be recovered, the Issuer (or the Issuer Administrator on its behalf) shall release to the Seller from the Construction Loan Reserve Account an amount equal to the difference between (i) the amount retained in the



Construction Loan Reserve Account allocated to such Non-Eligible Construction Loan Receivable pursuant to paragraph (b)(ii) above and (ii) the aggregate of any losses for which amounts were applied by the Issuer pursuant to paragraph (a) above.

**Principal Deficiency Ledger**

A Principal Deficiency Ledger comprising five sub-ledgers (the Senior Class Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger and the Class E Principal Deficiency Ledger) will be established by or on behalf of the Issuer in order to record any Principal Deficiency. An amount equal to any Principal Deficiency will be debited to the Class E Principal Deficiency Ledger (such debit items being credited at item (o) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such sub-ledger is less than the Class E Principal Deficiency Limit and thereafter such amount will be debited, to the Class D Principal Deficiency Ledger (such debit items being credited at item (m) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such sub-ledger is less than the Class D Principal Deficiency Limit and thereafter such amount will be debited, to the Class C Principal Deficiency Ledger (such debit items being credited at item (k) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the Class C Principal Deficiency Limit and thereafter such amount will be debited to the Class B Principal Deficiency Ledger (such debit items being credited at item (i) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the Class B Principal Deficiency Limit and thereafter such amount will be debited to the Senior Class Principal Deficiency Ledger (such debit items being credited at item (g) of the Interest Priority of Payments (to the extent funds become available for such purpose).

**THE SELLER, THE ISSUER ADMINISTRATOR, THE MPT PROVIDER  
AND THE SUB-PARTICIPANT**

GMAC-RFC Investments B.V. (in its capacity as "**Sub-Participant**" under the Sub-Participation Agreement, "**Seller**" under the Mortgage Receivables Purchase and Transfer Agreement, as "**Issuer Administrator**" and as "**MPT Provider**" under the Issuer Services Agreement) is a private limited company ("*besloten vennootschap met beperkte aansprakelijkheid*") and was incorporated in the Netherlands on 13 March 2003. The Seller is currently an indirect wholly owned subsidiary of Residential Capital, LLC. Residential Capital, LLC is an indirect wholly owned subsidiary of GMAC LLC. GMAC LLC was – directly – wholly owned by General Motors Corporation. On 30 November 2006 General Motors Corporation sold a 51 per cent. controlling interest in its subsidiary GMAC LLC to a consortium of investors led by Cerberus Capital Management, L.P. The Seller's primary business is to invest in mortgage loans to borrowers resident in continental Europe.

The registered office GMAC-RFC Investments B.V. is at Prinses Margrietplantsoen 92, 2595 BR, the Hague, the Netherlands.

GMAC-RFC Investments B.V. is appointed by the Issuer as Issuer Administrator and MPT Provider pursuant to, and such appointment can be terminated in accordance with, the terms of Issuer Services Agreement as further described herein (see "*Issuer Services Agreement*").

## THE ORIGINATOR

GMAC-RFC Bank GmbH (in its capacity as "**Originator**") is a private limited liability company (*Gesellschaft mit beschränkter Haftung*). It was incorporated in Germany on 23 April 2001 under the name DFH AG, which subsequently changed its name into DFH Eigenheimbank AG. Effective as of 19 December 2003, DFH Eigenheimbank AG was transformed from a private stock corporation into a private limited liability company, named DFH Eigenheimbank GmbH.

DFH Eigenheimbank GmbH was acquired by GMAC-RFC Deutschland GmbH, an indirect wholly owned subsidiary of Residential Capital, LLC. Residential Capital, LLC is an indirect wholly owned subsidiary of GMAC LLC. After the closing of the acquisition on 5 January 2004, the bank changed its name into GMAC-RFC Bank GmbH and transferred its registered seat from Saarbrücken to Wiesbaden. GMAC LLC was – directly – wholly owned by General Motors Corporation. On 30 November 2006 General Motors Corporation sold a 51 per cent. controlling interest in its subsidiary GMAC LLC to a consortium of investors led by Cerberus Capital Management, L.P.

GMAC-RFC Bank's primary business is to originate mortgage loans to borrowers in Germany through intermediaries and other financial institutions. As a bank, GMAC-RFC Bank GmbH is subject to the supervision of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

The office of GMAC-RFC Bank GmbH is at Kreuzberger Ring 24, 65205 Wiesbaden, Germany. It is registered with the commercial register Wiesbaden under the number 21053.

## **DESCRIPTION OF THE MORTGAGE LOANS**

### **Types of Mortgage Loans**

The Mortgage Loans will consist mainly of annuities. There are two other redemption types:

- (a) The client has the possibility to choose to redeem the loan by entering into a Savings Scheme or building up capital via a Life Insurance Policy; and
- (b) Interest-Only Mortgage Loans.

### **Characteristics of the Mortgage Loans**

The Mortgage Loans will have different repayment methods as described below. Prepayment of principal is possible, subject, in certain circumstances, to a prepayment penalty.

### **Annuity Mortgage Loans**

Under an annuity, the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion. The first annuity payment is calculated from the contractual interest and redemption rate. After the first interest period the redemption rate is chosen such that the Mortgage Loan is repaid in full not later than as if the Mortgage Loan has started repaying 1 per cent. per annum from the origination date.

### **Mortgage Loans opting for the choice of building up capital**

Under the Mortgage Loans that build up capital via a Savings Scheme or a Life Insurance Policy, no principal is scheduled to be repaid prior to maturity. Until maturity, the Borrower is only required to pay interest in connection with the Mortgage Loan. Prepayment of principal is possible in certain circumstances, subject to a prepayment penalty. Instead, moneys are invested in order to build up capital, either under a combined risk and capital insurance policy or outside an insurance policy (as further described below) and the rights to receive the proceeds of the Savings Scheme or, as the case may be, the life insurance proceeds will be assigned to the Originator. In all cases, the provider of the Life Insurance Policy or the Savings Scheme is a third party and is not related to the Originator. Accordingly, the Borrower will not be entitled to set off amounts due and payable under the Mortgage Loans against payment claims resulting from a Life Insurance Policy or a Savings Scheme. Although, the proceeds of the Savings Scheme or the Life Insurance Policy will be utilised to repay the Mortgage Loan, to the extent such proceeds are insufficient to discharge all amounts owed under the Mortgage Loan, the Borrower remains liable for the repayment of the Mortgage Loan.

### **Life Insurance Policy**

The Mortgage Loans which redeem with capital from a Life Insurance Policy are, and the other Mortgage Loans may be, connected to a Life Insurance Policy. Mortgage Loans which redeem with capital from a life insurance policy are connected to a combined risk and capital insurance policy. The other Mortgage Loans are not connected to a combined risk and capital insurance policy. They may, however, be connected to a Risk Insurance Policy. See "*Risk Insurance Policy*" below.

Pursuant to the Mortgage Conditions, the Mortgage Receivable becomes due and payable if the Borrower fails to perform in timely fashion any (payment) obligations under a connected Life Insurance Policy.

### **Interest-Only Mortgage Loans**

For a maximum period of the first interest period (maximum of 10 years) the customer can choose only to pay interest for the part of the Mortgage Loan up to 80 per cent. of the Lending Value.

After the first interest period the redemption rate is chosen such that the Mortgage Loan is repaid in full not later than as if the Mortgage Loan had started repaying 1 per cent. per annum from the origination date.

### Interest Payments / Interest Rate Setting

All Mortgage Loans carry a fixed rate of interest for a certain set interest period (Zinsfestschreibung). At the end of an interest period, the interest rate will be reset, unless the relevant Borrower redeems the Mortgage Loans. In general, the terms of the Mortgage Loans stipulate, fixed rate of interest for periods of 5, 8, 10, 15 or 20 years (without affecting the borrower's right to terminate the Mortgage Loan after a reset period of 10 years).

### Prepayment

Prepayment of principal is possible in certain circumstances, subject to a prepayment penalty. However, the borrower has the possibility to repay without prepayment penalty 5 per cent. per annum of the outstanding amount of the Mortgage Loan as of thirty-first (31st) December of the year preceding such year in which prepayment is made. For redemptions above 5 per cent. the Borrower has to make whole the lender if there is an income loss.

### Valuation

Properties relating to Mortgage Loans are required to be valued. The valuation type is determined according to the following table:

Loan in % of the Lending Value	Loan amount in Euro Loan amount in Euro		Drive by	Valuation report by an appraiser of GMAC-RFC	Valuation report prepared by an independent qualified appraiser
	From	To			
>0%	>0	<500.000*			
	>500.000	No limit	X		
>60%	>0		X		
	>500.000	No limit		X	
>80%	>0			X	
	>300.000	No limit			X

\* For properties in the former East Germany a drive by valuation is always done.

For drive bys and the valuation reports created by appraisers of GMAC-RFC Bank GmbH the following companies are hired:

Company / Type of property	Aufina / ERA HW Haus & Wert GmbH	HSG Technischer Service GmbH
Existing buildings ( <i>Neubauobjekte nach Maklerpreisangabenverordnung</i> )	X	X
Construction Progress – Baufortschritt ( <i>Baukredite</i> )		X
Modernisation ( <i>Modernisation</i> )		X
Additions ( <i>Anbauten</i> )		X
Alterations ( <i>Umbauten</i> )		X

For loans equal to or above 300,000 Euro and an LTV Ratio of equal to or above 80 per cent., the prospective Borrower has to pay for the valuation report. In such cases the prospective Borrower may choose a qualified independent appraiser.

### **Drive by Valuation**

In a drive by valuation report the following information is recorded:

- (a) Location of the property
- (b) Infrastructure
  - (i) Availability by public transport
  - (ii) Distance to shops
  - (iii) Availability of schools etc.
- (c) Properties in the neighbourhood
  - (i) Type of properties in the neighbourhood
  - (ii) Industry around
  - (iii) Possible spoil possibilities due to noise or emission gasses
- (d) Information on the property itself
  - (i) Number of floors
  - (ii) Number of units (in case of an condominium)
  - (iii) Building year
  - (iv) Façade
  - (v) Roof
  - (vi) Windows
  - (vii) Possibilities to park a car

In an inspection report the following items are added to the drive by report:

- (a) Condition of the property
  - (i) Kitchen
  - (ii) Bathroom
  - (iii) Heating
  - (iv) Carpet
- (b) Statement of the appraiser on the condition of the property (from very good to very bad)

### **Valuation report**

A valuation report contains the same items as an inspection report. Extra items are price measures. The price of the property needs to be compared to market relevant measures as average price per square meter for that type of property in that region.

For all types of valuations photos need to be taken and added to the report.

## **Risk Insurance Policy**

A Borrower is required to take out a Risk Insurance Policy in respect of Mortgage Loans to the extent that (i) the Borrower is older than 50 years of age and (ii) the Outstanding Principal Amount of the Mortgage Loan exceeds an amount equal to 75 per cent. of the Lending Value of the mortgaged property.

## **Lending Criteria**

### *Minimum and Maximum Amounts*

The minimum amount for a Mortgage Loan is Euro 50,000. Mortgage Loans with an amount of more than Euro 500,000 have been decided by senior underwriters or a managing director of GMAC-RFC Bank GmbH.

### *Minimum and Maximum Term*

The minimum term for a Mortgage Loan is five (5) years. The maximum term including any extension is calculated on the basis of the applicable interest rate and (deemed) minimum redemption rate of 1 per cent. per annum.

GMAC-RFC Bank originates three types of mortgage loans:

- 1) Standard product
- 2) Baufilgenz
- 3) Privatization

The difference between the products is related to the origination channel, and slight changes in underwriting guidelines.

- 1) Standard product

This product is originated through the intermediary channel

### *Creditworthiness and Affordability (Überschuss)*

The creditworthiness and affordability is checked via the following steps:

- (a) Borrowers must verify monthly income, living expenses and other financial obligations.
- (b) Affordability is determined by calculation of an excess income (Überschuss).
- (c) Excess income is the monthly net income minus the cost of living (maximum of fixed minimum amounts or 30 per cent. of the income) minus monthly instalments on other financial obligations minus the monthly instalment of the prospective loan.

The following checks are conducted on the income of the prospective Borrower:

- (a) A check on the income of a prospective borrower who is an employee is generally conducted by requesting the borrower's last three salary slips and a tax statement of the previous year.
- (b) In respect of a self-employed applicant, creditworthiness is checked by the Originator's underwriters generally on the basis of annual accounts, including auditors' reports for the business over the past three years.
- (c) A director or majority shareholder of a company (unless otherwise employed) is regarded as self-employed.

### *National Credit Register (Schufa)*

A credit check is conducted for every prospective borrower with the Schufa. All financial commitments (e.g. banks, credit card companies, telephone companies, and leasing companies), that prospective borrowers

have entered into with financial institutions and certain other types of businesses are recorded in this register. The main data are the amount of the obligation, the start date and the maturity.

Data on missed payments will be recorded with the Schufa and be erased three years after the payments are made whole.

#### *LTV Ratio*

Mortgage Loans are granted up to a maximum LTV Ratio of 120 per cent.

The basis for calculating the LTV Ratio for Mortgage Loans is 90 per cent. of market value where the Borrower occupies the house that serves as collateral in West Germany and 85 per cent. of market value for properties in East Germany.

The basis for calculating the LTV Ratio for Mortgage Loans on investment properties is 85 per cent. of the lowest value of:

- (a) the market value;
- (b) a desk top valuation conducted by the Credit Department of GMAC-RFC Bank GmbH; and
- (c) (if available) the value as stated in the valuation report (Gutachterausschuss).

When an official valuation report prepared by a certified and independent appraiser is available, the value as stated in this report will be used to determine the LTV Ratio.

#### 2) Baufiligenz

Baufiligenz is originated through the intermediary channel.

#### *Creditworthiness and Affordability*

The creditworthiness and affordability is checked via the following steps:

- (a) Borrowers must verify monthly income, living expenses and other financial obligations.
- (b) Affordability is determined by a multiple of net income.
- (c) Minimum monthly net income is 1.500 Euro
- (d) Personal consumer loans are capped at the lower of 20.000 EUR or 7 times monthly net income.

The following checks are conducted on the income of the prospective Borrower:

- (a) A check on the income of a prospective borrower who is an employee is generally conducted by requesting the borrower's last salary slip and a tax statement of the previous year.
- (b) Any form of self employed income is not accepted as income.
- (c) Rental income will not be taken into account.

The above described Risk Insurance Policy is not applicable on Baufiligenz mortgage loans. Prospective borrowers aged 60 years or above will get a maximum loan of 80% of Market Value and a minimum redemption percentage of 2 per cent. per annum.

#### *National Credit Register (Schufa)*

A credit check is conducted for every prospective borrower with the Schufa. All financial commitments (e.g. banks, credit card companies, telephone companies, and leasing companies), that prospective borrowers have entered into with financial institutions and certain other types of businesses are recorded in this register. The main data are the amount of the obligation, the start date and the maturity.



Data on missed payments will be recorded with the Schufa and be erased three years after the payments are made whole.

#### *Loan to Market Value Ratio*

Mortgage Loans are granted up to a maximum Loan to Market Value Ratio of 110 per cent, which relates to Purchase Price plus the cost of acquiring the property.

#### 3) Privatization

The privatization product is a product targeted on large investors who own buildings that consist of residential properties that are rented to private individuals. After renovating the properties, the investor sells the property to the tenants while GMAC-RFC Bank GmbH offers the tenants the possibility to take out a mortgage loan with GMAC-RFC Bank GmbH.

The minimum loan size is 35.000 EUR for Privatization mortgage loans.

#### *Creditworthiness and Affordability*

The creditworthiness and affordability checks as before described under Standard product are applicable. For the tenants there will be an exception if the monthly instalment for the mortgage loans is less than 110% of the monthly rent the tenant paid before and at least 3 year history of undisrupted payment of the rent is available.

#### *National Credit Register (Schufa)*

A credit check is conducted for every prospective borrower with the Schufa. All financial commitments (e.g. banks, credit card companies, telephone companies, and leasing companies), that prospective borrowers have entered into with financial institutions and certain other types of businesses are recorded in this register. The main data are the amount of the obligation, the start date and the maturity.

Data on missed payments will be recorded with the Schufa and be erased three years after the payments are made whole.

#### *LTV Ratio*

Mortgage Loans are granted up to a maximum LTV Ratio of 120 per cent.

The methodology of calculating the Lending Value are similar to the methodology for the Standard product. The Lending Value for each privatisation project is determined by the underwriters of GMAC-RFC Bank before applications are sent out to the prospective borrowers. Detailed third party appraisals are a standard part of this determination.

For all three types the following general items are applicable.

#### *Other Lending Criteria*

Apart from the principal criteria already mentioned, the following criteria also apply to each Mortgage Loan: (i) mortgage loans are granted only to individuals, and (ii) if there is more than one borrower, there must be joint and several liability for the Mortgage Receivable.

#### *Mortgage Pool*

All of the Mortgage Loans met the lending criteria set out above and the other Mortgage Loans Criteria set forth under Mortgage Receivables Purchase and Transfer Agreement as of the Cut-off Date. All of the Mortgage Loans forming the mortgage pool were originated by the Originator on or after 25 June 2004. For a description of the representations and warranties given by the Seller and the Originator with respect to the Mortgage Loans, see "Mortgage Receivables Purchase and Transfer Agreement".

GMAC-RFC Investments B.V. will be acting as MPT Provider in this transaction, but it has delegated most of the MPT Services to HM.

## Summary

Outstanding balance	€ 550,084,475		
No. of loans	3,178		
No. of loan parts	4,686		
		<b>Min</b>	<b>Max</b>
Average mortgage loan balance (By # Borrowers)	€ 173,091	€ 40,200	€ 600,000
Average mortgage loan balance (By # Loanparts)	€ 117,389	€ 6,700	€ 600,000
WA Coupon (WAC)	5.09%	3.57%	6.53%
Weighted Average Maturity (Months)	397.62	40.97	589.00
Weighted Average Seasoning (Months)	8.22	0.03	28.20
Weighted Average Remaining reset (Months)	113.61	38.00	238.97
WA Current LTLV (Lending Value)	111.10%	18.89%	129.41%
WA Current LTMV (Market Value)	98.17%	17.00%	110.00%

## Redemption Type

Redemption type	Amount (€)	% of Total Amount	Number of Loanparts	% of Total Loanparts	Average loan (€)	WAC (%)	WAM (months)
Annuity	335,488,433	61.0%	3,064	65.4%	109,494	5.09%	404
Interest Only with Redemption by Life Policy Scheme	16,128,163	2.9%	106	2.3%	152,152	5.08%	347
Interest Only with Redemption by Building Saving Scheme	28,605,600	5.2%	191	4.1%	149,768	5.04%	261
Interest Only	169,862,279	30.9%	1,325	28.3%	128,198	5.09%	412
	<b>550,084,475</b>	<b>100.0%</b>	<b>4,686</b>	<b>100.0%</b>	<b>117,389</b>	<b>5.09%</b>	<b>398</b>

## Next Rate Change (Year)

Next Rate Change (Year)	Amount (€)	% of Total Amount	Number of Loanparts	% of Total Loanparts	Average loan (€)	WAC (%)	WAM (months)
2009	50,000	0.0%	1	0.0%	50,000	4.26%	447
2010	460,000	0.1%	4	0.1%	115,000	4.25%	360
2011	949,833	0.2%	11	0.2%	86,348	5.40%	377
2013	263,500	0.0%	4	0.1%	65,875	4.61%	363
2014	3,692,448	0.7%	29	0.6%	127,326	5.29%	375
2015	198,472,217	36.1%	1,479	31.6%	134,194	4.65%	410
2016	332,767,564	60.5%	3,062	65.3%	108,677	5.33%	392
2021	10,214,290	1.9%	77	1.6%	132,653	5.44%	344
2026	3,214,623	0.6%	19	0.4%	169,191	5.43%	377
	<b>550,084,475</b>	<b>100.0%</b>	<b>4,686</b>	<b>100.0%</b>	<b>117,389</b>	<b>5.09%</b>	<b>398</b>

**Region**

<b>Region</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loans</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
Baden-Württemberg	129,991,157	23.6%	630	19.8%	206,335	4.93%	406
Bayern	64,613,654	11.7%	343	10.8%	188,378	4.96%	401
Berlin	34,640,858	6.3%	220	6.9%	157,458	5.24%	401
Brandenburg	27,898,409	5.1%	151	4.8%	184,758	4.95%	400
Bremen	2,396,188	0.4%	18	0.6%	133,122	5.29%	377
Hamburg	3,583,933	0.7%	16	0.5%	223,996	5.24%	414
Hessen	37,836,203	6.9%	181	5.7%	209,040	4.89%	405
Mecklenburg-Vorp.	3,351,320	0.6%	23	0.7%	145,710	4.95%	394
Niedersachsen	32,997,218	6.0%	207	6.5%	159,407	5.14%	393
Nordrhein-Westfalen	75,470,295	13.7%	425	13.4%	177,577	5.14%	394
Rheinland-Pfalz	32,985,565	6.0%	173	5.4%	190,668	4.93%	393
Saarland	11,522,288	2.1%	75	2.4%	153,631	5.27%	380
Sachsen	58,756,271	10.7%	461	14.5%	127,454	5.47%	382
Sachsen-Anhalt	21,219,001	3.9%	170	5.3%	124,818	5.47%	390
Schleswig-Holstein	7,966,876	1.4%	50	1.6%	159,338	5.05%	414
Thüringen	4,855,239	0.9%	35	1.1%	138,721	5.25%	392
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>

**Current Loan to lending Value (per cent.)**

<b>Current Loan to Lending Value</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loans</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
<= 25.00	150,000	0.0%	2	0.1%	75,000	5.53%	354
25.01 - 50.00	200,000	0.0%	2	0.1%	100,000	4.71%	328
50.01 - 55.00	0	0.0%	0	0.0%	0	0.00%	0
55.01 - 60.00	282,000	0.1%	3	0.1%	94,000	4.45%	434
60.01 - 65.00	342,400	0.1%	4	0.1%	85,600	4.74%	360
65.01 - 70.00	681,200	0.1%	4	0.1%	170,300	4.23%	461
70.01 - 80.00	3,926,709	0.7%	26	0.8%	151,027	4.55%	412
80.01 - 85.00	3,204,296	0.6%	21	0.7%	152,586	4.74%	389
85.01 - 90.00	6,402,351	1.2%	36	1.1%	177,843	4.59%	423
90.01 - 95.00	10,535,914	1.9%	54	1.7%	195,110	4.50%	416
95.01 - 100.00	52,877,169	9.6%	264	8.3%	200,292	4.58%	418
100.01 - 105.00	45,379,920	8.2%	211	6.6%	215,071	4.80%	409
105.01 - 110.00	79,459,615	14.4%	379	11.9%	209,656	4.86%	409
110.01 - 115.00	102,199,296	18.6%	524	16.5%	195,037	5.03%	395
115.01 - 120.00	228,351,353	41.5%	1,529	48.1%	149,347	5.38%	387
120.01 - 125.00	6,741,148	1.2%	49	1.5%	137,574	5.59%	378
125.01 - 130.00	9,351,104	1.7%	70	2.2%	133,587	5.73%	395
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>

**Current Loan to Market Value (per cent.)**

<b>Current Loan to Market Value</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loans</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
<= 25.00	150,000	0.0%	2	0.1%	75,000	5.53%	354
25.01 - 50.00	329,000	0.1%	4	0.1%	82,250	4.59%	363
50.01 - 55.00	218,000	0.0%	2	0.1%	109,000	4.64%	442
55.01 - 60.00	958,600	0.2%	7	0.2%	136,943	4.36%	428
60.01 - 65.00	1,097,300	0.2%	7	0.2%	156,757	4.31%	449
65.01 - 70.00	2,753,164	0.5%	19	0.6%	144,903	4.68%	369
70.01 - 80.00	9,107,086	1.7%	57	1.8%	159,773	4.61%	413
80.01 - 85.00	14,701,329	2.7%	79	2.5%	186,093	4.56%	414
85.01 - 90.00	51,441,510	9.4%	255	8.0%	201,731	4.60%	420
90.01 - 95.00	64,438,430	11.7%	309	9.7%	208,539	4.84%	407
95.01 - 100.00	177,971,505	32.4%	1,051	33.1%	169,335	5.14%	395
100.01 - 105.00	141,855,600	25.8%	870	27.4%	163,052	5.29%	389
105.01 - 110.00	85,062,950	15.5%	516	16.2%	164,851	5.29%	393
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>

**Current Loan Balance**

<b>Current Loan Balance</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loans</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
0.01 - 50,000.00	639,643	0.1%	13	0.4%	49,203	5.43%	306
50,000.01 - 100,000.00	44,558,565	8.1%	542	17.1%	82,211	5.60%	369
100,000.01 - 150,000.00	98,125,435	17.8%	780	24.5%	125,802	5.41%	386
150,000.01 - 200,000.00	129,364,265	23.5%	739	23.3%	175,053	5.04%	400
200,000.01 - 250,000.00	155,054,840	28.2%	693	21.8%	223,744	4.92%	406
250,000.01 - 300,000.00	80,445,260	14.6%	295	9.3%	272,696	4.89%	408
300,000.01 - 350,000.00	21,723,147	3.9%	67	2.1%	324,226	4.96%	400
350,000.01 - 400,000.00	9,333,785	1.7%	25	0.8%	373,351	4.95%	398
400,000.01 - 450,000.00	6,298,811	1.1%	15	0.5%	419,921	4.66%	394
450,000.01 - 500,000.00	2,796,221	0.5%	6	0.2%	466,037	5.02%	409
500,000.01 - 550,000.00	549,000	0.1%	1	0.0%	549,000	4.98%	235
550,000.01 - 600,000.00	1,195,503	0.2%	2	0.1%	597,752	5.02%	331
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>

**Current Loan Coupon (per cent.)**

<b>Current Loan Coupon</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loanparts</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
3.50 - 3.75	477,900	0.1%	3	0.1%	159,300	3.66%	490
3.76 - 4.00	8,477,796	1.5%	49	1.0%	173,016	3.90%	416
4.01 - 4.25	23,068,613	4.2%	157	3.4%	146,934	4.16%	430
4.26 - 4.50	52,987,714	9.6%	385	8.2%	137,630	4.39%	419
4.51 - 4.75	86,649,678	15.8%	589	12.6%	147,113	4.63%	417
4.76 - 5.00	89,344,476	16.2%	689	14.7%	129,673	4.88%	405
5.01 - 5.25	76,098,590	13.8%	648	13.8%	117,436	5.14%	393
5.26 - 5.50	76,653,784	13.9%	695	14.8%	110,293	5.38%	387
5.51 - 5.75	66,291,922	12.1%	643	13.7%	103,098	5.63%	382
5.76 - 6.00	36,699,981	6.7%	385	8.2%	95,325	5.86%	371
6.01 - 6.25	29,430,185	5.4%	396	8.5%	74,319	6.12%	362
6.26 - 6.50	3,681,936	0.7%	45	1.0%	81,821	6.33%	359
6.51 - 6.75	221,900	0.0%	2	0.0%	110,950	6.52%	370
	<b>550,084,475</b>	<b>100.0%</b>	<b>4,686</b>	<b>100.0%</b>	<b>117,389</b>	<b>5.09%</b>	<b>398</b>

**Property type**

<b>Property type</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loans</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
Apartment	149,695,192	27.2%	1,183	37.2%	126,539	5.50%	382
Single Family House	320,392,884	58.2%	1,628	51.2%	196,802	4.91%	406
Single Family House & Granny Flat	19,734,992	3.6%	82	2.6%	240,671	4.70%	420
Shop / House	775,000	0.1%	4	0.1%	193,750	4.95%	428
Multifamily House	36,359,891	6.6%	170	5.3%	213,882	5.32%	381
Two Family House	22,976,517	4.2%	110	3.5%	208,877	4.91%	392
Other	150,000	0.0%	1	0.0%	150,000	4.97%	428
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>

**Employment Status**

<b>Employment Status</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loans</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
Employed (white collar)	250,446,897	45.5%	1,433	45.1%	174,771	5.06%	400
Employed (blue collar)	241,661,559	43.9%	1,405	44.2%	172,001	5.10%	398
Self Employed	11,654,626	2.1%	65	2.0%	179,302	5.23%	388
Civil Servant	26,754,617	4.9%	160	5.0%	167,216	5.18%	384
Pensioner	3,466,126	0.6%	21	0.7%	165,054	5.00%	337
Other	16,100,649	2.9%	94	3.0%	171,283	4.91%	396
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>

**Remaining term (months)**

Remaining term (months)	% of		Number of Loanparts	% of Total Loanparts	Average loan (€)	WAC (%)	WAM (months)
	Amount (€)	Total Amount					
0 - 60	487,800	0.1%	4	0.1%	121,950	4.13%	44
61 - 120	4,244,800	0.8%	34	0.7%	124,847	4.91%	109
121 - 180	5,067,662	0.9%	40	0.9%	126,692	5.15%	158
181 - 240	11,944,840	2.2%	78	1.7%	153,139	5.01%	213
241 - 300	29,288,435	5.3%	210	4.5%	139,469	5.34%	279
301 - 360	33,551,346	6.1%	206	4.4%	162,871	4.99%	339
361 - 420	236,220,878	42.9%	2,383	50.9%	99,128	5.52%	401
421 - 480	227,341,010	41.3%	1,717	36.6%	132,406	4.64%	438
481 - 540	1,720,704	0.3%	12	0.3%	143,392	3.91%	493
541 >=	217,000	0.0%	2	0.0%	108,500	4.18%	586
	<b>550,084,475</b>	<b>100.0%</b>	<b>4,686</b>	<b>100.0%</b>	<b>117,389</b>	<b>5.09%</b>	<b>398</b>

**Loan age (months)**

Loan age (months)	% of		Number of Loanparts	% of Total Loanparts	Average loan (€)	WAC (%)	WAM (months)
	Amount (€)	Total Amount					
0 - 6	197,741,120	35.9%	1,883	40.2%	105,014	5.57%	383
7 - 12	245,650,189	44.7%	2,043	43.6%	120,240	4.92%	404
13 - 18	93,633,022	17.0%	672	14.3%	139,335	4.50%	412
19 - 24	11,883,956	2.2%	81	1.7%	146,716	4.92%	391
25 - 30	1,176,189	0.2%	7	0.1%	168,027	5.64%	383
	<b>550,084,475</b>	<b>100.0%</b>	<b>4,686</b>	<b>100.0%</b>	<b>117,389</b>	<b>5.09%</b>	<b>398</b>

**Political Region**

Political Region	% of		Number of Loans	% of Total Loans	Average loan (€)	WAC (%)	WAM (months)
	Amount (€)	Total Amount					
West Germany	399,363,377	72.6%	2,118	66.6%	188,557	5.00%	400
East Germany	150,721,098	27.4%	1,060	33.4%	142,190	5.30%	391
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>

### Owner Occupancy

	Amount (€)	% of Total Amount	Number of Loans	% of Total Loans	Average loan (€)	WAC (%)	WAM (months)
<b>Owner Occupancy</b>							
Owner Occupied	437,797,298	79.6%	2,284	71.9%	191,680	4.95%	403
Non-Owner Occupied	112,287,177	20.4%	894	28.1%	125,601	5.63%	376
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>

### Remaining Interest Reset Term (Months)

	Amount (€)	% of Total Amount	Number of Loanparts	% of Total Loanparts	Average loan (€)	WAC (%)	WAM (months)
<b>Remaining Interest Reset Term</b>							
38 - 43	300,000	0.1%	2	0.0%	150,000	4.19%	454
44 - 48	100,000	0.0%	2	0.0%	50,000	3.79%	44
49 - 53	226,381	0.0%	3	0.1%	75,460	4.75%	434
54 - 58	833,452	0.2%	9	0.2%	92,606	5.50%	369
79 - 83	263,500	0.0%	4	0.1%	65,875	4.61%	363
84 - 88	152,136	0.0%	3	0.1%	50,712	5.14%	417
89 - 93	929,689	0.2%	6	0.1%	154,948	5.61%	386
94 - 98	2,610,623	0.5%	20	0.4%	130,531	5.18%	369
99 - 103	14,609,711	2.7%	97	2.1%	150,616	4.85%	394
104 - 108	106,774,565	19.4%	771	16.5%	138,488	4.51%	413
109 - 113	207,610,090	37.7%	1,704	36.4%	121,837	4.90%	406
114 - 118	176,810,225	32.1%	1,749	37.3%	101,092	5.59%	383
119 - 123	25,435,191	4.6%	220	4.7%	115,615	5.46%	396
169 - 173	2,119,273	0.4%	19	0.4%	111,541	5.12%	342
174 - 178	6,559,517	1.2%	47	1.0%	139,564	5.58%	336
179 - 183	1,535,500	0.3%	11	0.2%	139,591	5.29%	380
229 - 233	1,549,223	0.3%	8	0.2%	193,653	5.26%	379
234 - 238	1,202,400	0.2%	9	0.2%	133,600	5.82%	359
239 - 243	463,000	0.1%	2	0.0%	231,500	4.93%	418
	<b>550,084,475</b>	<b>100.0%</b>	<b>4,686</b>	<b>100.0%</b>	<b>117,389</b>	<b>5.09%</b>	<b>398</b>

### Loan Purpose

	Amount (€)	% of Total Amount	Number of Loans	% of Total Loans	Average loan (€)	WAC (%)	WAM (months)
<b>Loan Purpose</b>							
New Property - Prefabricated House	55,468,202	10.1%	249	7.8%	222,764	4.72%	411
New Property - Standard	191,253,177	34.8%	877	27.6%	218,077	4.82%	411
New Property - Construction Loan	38,513,895	7.0%	190	6.0%	202,705	4.89%	413
Purchase	180,766,642	32.9%	1,259	39.6%	143,580	5.40%	383
Purchase & Refurbishment	70,818,189	12.9%	531	16.7%	133,368	5.45%	382
Refinance	9,544,574	1.7%	51	1.6%	187,149	4.85%	383
Refinance & Refurbishment	3,433,396	0.6%	17	0.5%	201,964	4.80%	402
Refurbishment	286,400	0.1%	4	0.1%	71,600	4.60%	384
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>



**Proportion drawn (per cent.)**

<b>Proportion drawn</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loans</b>	<b>Undrawn Amount</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
Undrawn	87,894	0.0%	1	0.0%	87,894	87,894	4.06%	465
< 25.00	25,760,701	4.7%	133	4.2%	22,239,441	193,689	5.28%	403
25.00 - 49.99	64,992,124	11.8%	352	11.1%	41,964,105	184,637	5.19%	404
50.00 - 54.99	6,975,427	1.3%	35	1.1%	3,311,699	199,298	5.12%	399
55.00 - 59.99	8,130,364	1.5%	47	1.5%	3,434,420	172,986	5.22%	402
60.00 - 64.99	8,592,702	1.6%	50	1.6%	3,185,966	171,854	5.13%	400
65.00 - 69.99	9,412,110	1.7%	46	1.4%	3,068,252	204,611	4.93%	400
70.00 - 79.99	35,860,752	6.5%	197	6.2%	8,842,366	182,034	5.13%	394
80.00 - 84.99	20,557,273	3.7%	117	3.7%	3,533,448	175,703	4.99%	396
85.00 - 89.99	32,577,588	5.9%	171	5.4%	3,991,427	190,512	4.91%	403
90.00 - 94.99	53,239,818	9.7%	285	9.0%	3,779,679	186,806	4.86%	402
95.00 - 99.99	133,225,518	24.2%	721	22.7%	2,997,351	184,779	4.93%	400
Fully drawn	150,672,205	27.4%	1,023	32.2%	0	147,285	5.26%	390
	<b>550,084,475</b>	<b>100.0%</b>	<b>3,178</b>	<b>100.0%</b>	<b>100,436,049</b>	<b>173,091</b>	<b>5.09%</b>	<b>398</b>

**East Germany: Summary**

Outstanding balance	€ 150,721,098		
No. of loans	1060		
No. of loan parts	1484		
		<b>Min</b>	<b>Max</b>
Average mortgage loan balance (By # Borrowers)	€ 142,190	€ 49,651	€ 460,112
Average mortgage loan balance (By # Loanparts)	€ 101,564	€ 6,700	€ 400,000
WA Coupon (WAC)	5.30%	3.79%	6.53%
Weighted Average Maturity (Months)	391.46	43.97	523.00
Weighted Average Seasoning (Months)	8.45	0.67	24.83
Weighted Average Remaining reset (Months)	111.96	38.00	238.97
WA Current LTLV (Lending Value)	115.69%	129.41%	58.05%
WA Current LTMV (Market Value)	98.72%	110.00%	49.34%

**Redemption Type**

<b>Redemption type</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loanparts</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
Annuity	102,615,451	68.1%	1,017	68.5%	100,900	5.30%	395
Interest Only with Redemption by Life Policy Scheme	3,322,800	2.2%	25	1.7%	132,912	5.27%	320
Interest Only with Redemption by Building Saving Scheme	5,301,500	3.5%	41	2.8%	129,305	4.98%	275
Interest Only	39,481,347	26.2%	401	27.0%	98,457	5.36%	403
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,484</b>	<b>100.0%</b>	<b>101,564</b>	<b>5.30%</b>	<b>391</b>

**Next Rate Change (Year)**

<b>Next Rate Change (Year)</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loanparts</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
2009	50,000	0.0%	1	0.1%	50,000	4.26%	447
2010	100,000	0.1%	2	0.1%	50,000	3.79%	44
2011	234,000	0.2%	2	0.1%	117,000	5.45%	376
2013	34,000	0.0%	1	0.1%	34,000	4.36%	408
2014	1,145,771	0.8%	11	0.7%	104,161	5.28%	375
2015	55,304,887	36.7%	456	30.7%	121,283	4.87%	401
2016	93,242,788	61.9%	1,007	67.9%	92,595	5.56%	387
2021	297,651	0.2%	3	0.2%	99,217	5.61%	312
2026	312,000	0.2%	1	0.1%	312,000	4.66%	447
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,484</b>	<b>100.0%</b>	<b>101,564</b>	<b>5.30%</b>	<b>391</b>

**Region**

<b>Region</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
Berlin	34,640,858	23.0%	220	20.8%	157,458	5.24%	401
Brandenburg	27,898,409	18.5%	151	14.2%	184,758	4.95%	400
Mecklenburg-Vorpommern	3,351,320	2.2%	23	2.2%	145,710	4.95%	394
Sachsen	58,756,271	39.0%	461	43.5%	127,454	5.47%	382
Sachsen-Anhalt	21,219,001	14.1%	170	16.0%	124,818	5.47%	390
Thüringen	4,855,239	3.2%	35	3.3%	138,721	5.25%	392
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,060</b>	<b>100.0%</b>	<b>142,190</b>	<b>5.30%</b>	<b>391</b>

**Current Loan to lending Value (per cent.)**

Current Loan to Lending Value	% of		Number of Loans	% of Total Loanparts	Average loan (€)	WAC (%)	WAM (months)
	Amount (€)	Total Amount					
<= 25.00	0	0.0%	0	0.0%	0	0.00%	0
25.01 - 50.00	0	0.0%	0	0.0%	0	0.00%	0
50.01 - 55.00	0	0.0%	0	0.0%	0	0.00%	0
55.01 - 60.00	129,000	0.1%	2	0.2%	64,500	4.41%	417
60.01 - 65.00	65,000	0.0%	1	0.1%	65,000	5.00%	427
65.01 - 70.00	271,200	0.2%	3	0.3%	90,400	4.49%	450
70.01 - 80.00	1,218,000	0.8%	9	0.8%	135,333	4.42%	431
80.01 - 85.00	1,687,051	1.1%	12	1.1%	140,588	4.69%	370
85.01 - 90.00	693,870	0.5%	6	0.6%	115,645	4.94%	411
90.01 - 95.00	840,018	0.6%	7	0.7%	120,003	4.44%	385
95.01 - 100.00	5,193,767	3.4%	31	2.9%	167,541	4.56%	415
100.01 - 105.00	2,433,927	1.6%	16	1.5%	152,120	4.95%	412
105.01 - 110.00	6,374,598	4.2%	37	3.5%	172,286	5.06%	408
110.01 - 115.00	18,729,831	12.4%	99	9.3%	189,190	4.97%	393
115.01 - 120.00	104,047,114	69.0%	767	72.4%	135,655	5.42%	388
120.01 - 125.00	1,464,708	1.0%	13	1.2%	112,670	5.88%	372
125.01 - 130.00	7,573,014	5.0%	57	5.4%	132,860	5.67%	400
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,060</b>	<b>100.0%</b>	<b>142,190</b>	<b>5.30%</b>	<b>391</b>

**Current Loan to Market Value (per cent.)**

Current Loan to Market Value	% of		Number of Loans	% of Total Loanparts	Average loan (€)	WAC (%)	WAM (months)
	Amount (€)	Total Amount					
<= 25.00	0	0.0%	0	0.0%	0	0.00%	0
25.01 - 50.00	129,000	0.1%	2	0.2%	64,500	4.41%	417
50.01 - 55.00	65,000	0.0%	1	0.1%	65,000	5.00%	427
55.01 - 60.00	271,200	0.2%	3	0.3%	90,400	4.49%	450
60.01 - 65.00	872,300	0.6%	6	0.6%	145,383	4.29%	448
65.01 - 70.00	1,019,052	0.7%	8	0.8%	127,381	4.77%	344
70.01 - 80.00	2,333,959	1.5%	18	1.7%	129,664	4.64%	401
80.01 - 85.00	4,726,529	3.1%	30	2.8%	157,551	4.57%	413
85.01 - 90.00	2,456,394	1.6%	15	1.4%	163,760	4.90%	416
90.01 - 95.00	12,993,532	8.6%	75	7.1%	173,247	4.95%	400
95.01 - 100.00	52,456,639	34.8%	405	38.2%	129,523	5.53%	386
100.01 - 105.00	64,304,918	42.7%	430	40.6%	149,546	5.26%	390
105.01 - 110.00	9,092,575	6.0%	67	6.3%	135,710	5.66%	397
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,060</b>	<b>100.0%</b>	<b>142,190</b>	<b>5.30%</b>	<b>391</b>

**Current Loan Balance**

<b>Current Loan Balance</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
0.01 - 50,000.00	399,568	0.3%	8	0.8%	49,946	5.37%	280
50,000.01 - 100,000.00	25,122,716	16.7%	304	28.7%	82,641	5.68%	374
100,000.01 - 150,000.00	45,392,632	30.1%	366	34.5%	124,024	5.45%	391
150,000.01 - 200,000.00	32,391,605	21.5%	188	17.7%	172,296	5.20%	391
200,000.01 - 250,000.00	30,300,261	20.1%	135	12.7%	224,446	5.02%	407
250,000.01 - 300,000.00	12,174,235	8.1%	45	4.2%	270,539	5.02%	410
300,000.01 - 350,000.00	2,499,033	1.7%	8	0.8%	312,379	5.19%	359
350,000.01 - 400,000.00	1,142,000	0.8%	3	0.3%	380,667	4.82%	332
400,000.01 - 450,000.00	838,936	0.6%	2	0.2%	419,468	5.31%	390
450,000.01 - 500,000.00	460,112	0.3%	1	0.1%	460,112	5.00%	415
500,000.01 - 550,000.00	0	0.0%	0	0.0%	0	0.00%	0
550,000.01 - 600,000.00	0	0.0%	0	0.0%	0	0.00%	0
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,060</b>	<b>100.0%</b>	<b>142,190</b>	<b>5.30%</b>	<b>391</b>

**Current Loan Coupon (per cent.)**

<b>Current Loan Coupon</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loanparts</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
3.50 - 3.75	0	0.0%	0	0.0%	0	0.00%	0
3.76 - 4.00	1,557,635	1.0%	12	0.8%	129,803	3.90%	430
4.01 - 4.25	2,305,079	1.5%	22	1.5%	104,776	4.17%	443
4.26 - 4.50	6,879,565	4.6%	48	3.2%	143,324	4.38%	408
4.51 - 4.75	13,092,886	8.7%	94	6.3%	139,286	4.63%	426
4.76 - 5.00	23,005,259	15.3%	181	12.2%	127,101	4.90%	399
5.01 - 5.25	26,535,139	17.6%	242	16.3%	109,649	5.14%	389
5.26 - 5.50	22,276,300	14.8%	220	14.8%	101,256	5.38%	389
5.51 - 5.75	20,761,930	13.8%	223	15.0%	93,103	5.65%	388
5.76 - 6.00	15,583,034	10.3%	168	11.3%	92,756	5.87%	375
6.01 - 6.25	16,690,406	11.1%	244	16.4%	68,403	6.13%	367
6.26 - 6.50	1,811,964	1.2%	28	1.9%	64,713	6.31%	349
6.51 - 6.75	221,900	0.1%	2	0.1%	110,950	6.52%	370
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,484</b>	<b>100.0%</b>	<b>101,564</b>	<b>5.30%</b>	<b>391</b>

**Property type**

<b>Property type</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
Apartment	82,769,418	54.9%	688	64.9%	120,304	5.59%	381
Single Family House	60,171,614	39.9%	328	30.9%	183,450	4.94%	408
Single Family House & Granny Flat	2,101,433	1.4%	11	1.0%	191,039	4.99%	397
Shop / House	510,000	0.3%	2	0.2%	255,000	4.73%	437
Multifamily House	1,517,238	1.0%	10	0.9%	151,724	5.21%	332
Two Family House	3,651,396	2.4%	21	2.0%	173,876	4.91%	376
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,060</b>	<b>100.0%</b>	<b>142,190</b>	<b>5.30%</b>	<b>391</b>

**Employment Status**

<b>Employment Status</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
Employed (white collar)	82,019,406	54.4%	577	54.4%	142,148	5.30%	392
Employed (blue collar)	47,181,684	31.3%	343	32.4%	137,556	5.35%	392
Self Employed	5,592,831	3.7%	34	3.2%	164,495	5.29%	387
Civil Servant	12,172,009	8.1%	79	7.5%	154,076	5.26%	384
Pensioner	802,922	0.5%	5	0.5%	160,584	4.78%	388
Other	2,952,245	2.0%	22	2.1%	134,193	5.13%	397
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,060</b>	<b>100.0%</b>	<b>142,190</b>	<b>5.30%</b>	<b>391</b>

**Remaining term (months)**

<b>Remaining term (months)</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loanparts</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
0 - 60	100,000	0.1%	2	0.1%	50,000	3.79%	44
61 - 120	441,200	0.3%	7	0.5%	63,029	4.89%	109
121 - 180	532,333	0.4%	5	0.3%	106,467	5.00%	148
181 - 240	2,179,025	1.4%	19	1.3%	114,686	5.23%	217
241 - 300	11,521,888	7.6%	86	5.8%	133,975	5.39%	278
301 - 360	6,870,967	4.6%	48	3.2%	143,145	5.09%	335
361 - 420	91,377,570	60.6%	1,018	68.6%	89,762	5.57%	399
421 - 480	37,507,548	24.9%	297	20.0%	126,288	4.68%	436
481 - 540	190,567	0.1%	2	0.1%	95,283	4.09%	489
541 >=	0	0.0%	0	0.0%	0	0.00%	0
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,484</b>	<b>100.0%</b>	<b>101,564</b>	<b>5.30%</b>	<b>391</b>

**Loan age (months)**

<b>Loan age (months)</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loanparts</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
0 - 6	51,396,357	34.1%	566	38.1%	90,806	5.77%	383
7 - 12	65,935,609	43.7%	653	44.0%	100,973	5.19%	396
13 - 18	29,423,783	19.5%	233	15.7%	126,282	4.75%	399
19 - 24	3,649,849	2.4%	30	2.0%	121,662	5.14%	370
25 - 30	315,500	0.2%	2	0.1%	157,750	5.61%	383
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,484</b>	<b>100.0%</b>	<b>101,564</b>	<b>5.30%</b>	<b>391</b>

**Owner Occupancy**

<b>Owner Occupancy</b>	<b>Amount (€)</b>	<b>% of Total Amount</b>	<b>Number of Loans</b>	<b>% of Total Loanparts</b>	<b>Average loan (€)</b>	<b>WAC (%)</b>	<b>WAM (months)</b>
Owner Occupied	70,961,622	47.1%	398	37.5%	178,296	4.98%	403
Non-Owner Occupied	79,759,476	52.9%	662	62.5%	120,483	5.59%	381
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,060</b>	<b>100.0%</b>	<b>142,190</b>	<b>5.30%</b>	<b>391</b>

## Loan Purpose

Region	Amount (€)	% of Total Amount	Number of Loans	% of Total Loanparts	Average loan (€)	WAC (%)	WAM (months)
New Property - Prefabricated House	10,407,019	6.9%	53	5.0%	196,359	4.74%	414
New Property - Standard	42,222,984	28.0%	212	20.0%	199,165	4.96%	405
New Property - Construction Loan	4,546,568	3.0%	33	3.1%	137,775	5.17%	410
Purchase	31,996,950	21.2%	285	26.9%	112,270	5.56%	381
Purchase & Refurbishment	59,164,396	39.3%	460	43.4%	128,618	5.53%	383
Refinance	1,971,682	1.3%	13	1.2%	151,668	5.02%	351
Refinance & Refurbishment	192,500	0.1%	1	0.1%	192,500	4.84%	438
Refurbishment	219,000	0.1%	3	0.3%	73,000	4.31%	434
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,060</b>	<b>100.0%</b>	<b>142,190</b>	<b>5.30%</b>	<b>391</b>

## Proportion drawn (per cent.)

Proportion drawn  
(per cent.)

Proportion drawn	Amount (€)	% of Total Amount	Number of Loans	% of Total Loanparts	Undrawn Amount	Average loan (€)	WAC (%)	WAM (months)
Undrawn	0	0.0%	0	0.0%	0	0	0.00%	0
< 25.00	4,729,200	3.1%	27	2.5%	3,904,124	175,156	5.22%	394
25.00 - 49.99	21,372,500	14.2%	160	15.1%	14,173,292	133,578	5.56%	393
50.00 - 54.99	1,726,300	1.1%	11	1.0%	809,680	156,936	5.06%	406
55.00 - 59.99	2,595,400	1.7%	21	2.0%	1,098,068	123,590	5.46%	396
60.00 - 64.99	3,355,500	2.2%	26	2.5%	1,229,983	129,058	5.48%	382
65.00 - 69.99	1,730,710	1.1%	11	1.0%	552,559	157,337	5.29%	397
70.00 - 79.99	13,390,848	8.9%	82	7.7%	3,316,385	163,303	5.49%	373
80.00 - 84.99	4,852,367	3.2%	32	3.0%	831,541	151,636	5.23%	399
85.00 - 89.99	8,551,000	5.7%	51	4.8%	1,073,682	167,667	5.08%	398
90.00 - 94.99	13,054,565	8.7%	78	7.4%	879,759	167,366	5.04%	402
95.00 - 99.99	31,703,012	21.0%	202	19.1%	690,914	156,946	5.09%	399
Fully drawn	43,659,696	29.0%	359	33.9%	0	121,615	5.40%	385
	<b>150,721,098</b>	<b>100.0%</b>	<b>1,060</b>	<b>100.0%</b>	<b>28,559,986</b>	<b>142,190</b>	<b>5.30%</b>	<b>391</b>

## **MORTGAGE LOAN UNDERWRITING AND ORIGINATION**

### **Underwriting**

The underwriting rules for mortgage loans originated by GMAC-RFC Bank GmbH (the "**Originator**" or "**GMAC-RFC Bank**") allow for the evaluation of the borrower's credit and the prospective property to be financed. The underwriting rules typically include but are not limited to the following aspects:

- Standardised formulas for the calculation of the borrower's income, expenses, and debt capacity
- The borrower's capacity to service the debt as evidenced by income documents
- Standardised formulas for evaluating a property's value
- Detailed requirements to evidence eligibility of the property
- Procedures for establishing property value via reliable third-party sources and/or professional valuation practitioners
- Procedures for evaluating additional collateral such as life insurance policies, cash funds, or securities

The underwriting rules are embedded in proprietary tools, i.e. loan calculator (a special software to achieve the results aimed for on the basis of the underwriting rules), created for the purpose of not only facilitating the credit decision but also to ensure the consistent and accurate implementation of the rules.

### **Origination Process: Pre-Qualification**

GMAC-RFC encourages the pre-qualification of loans at the source before actual submission to the Originator. A large portion of the Originator's loan applications now undergo pre-qualification via two methods. Firstly, GMAC-RFC Bank has a partnership with Europace, an open-market platform existing in the German marketplace. Europace electronically brings together lenders and introducers on a single platform. GMAC-RFC Bank maintains its underwriting rules on Europace, allowing an introducer to check a loan against GMAC-RFC Bank requirements. Secondly, GMAC-RFC maintains and distributes GMAC-RFC Professional (the "**GMAC-RFCPro**"), a proprietary off-line pre-qualification tool, used by introducers to qualify prospective borrowers. GMAC-RFCPro contains an up-to-date set of underwriting rules. The underwriting rules, and the software itself, are kept current via Internet-based updates from the GMAC-RFC download site.

### **Origination Process: Packaging and Credit Decision**

Loan application packages are received daily by the credit department of GMAC-RFC Bank. Packages are sorted and checked to ensure that the required borrower authorizations and waivers exist. The borrower's data is electronically obtained from the Schufa. Data is then entered into the Mid-Office System and loans are assigned to analyst teams. Loans are evaluated against the current underwriting rules. Those that fail to meet established rules are rejected and the decision is immediately communicated to the introducer. Loans that meet the underwriting rules or those that require more complex analysis are passed on to mandated credit underwriters. The credit underwriters are responsible for the final decision and sign-off on the loans, including the specification of any additional requirements from the borrower.

When the official credit decision by an underwriter is obtained, complete loan packages including a cover sheet with the detailed credit decision are securely transported to HM.

### **Origination Process: Generating the Offer to the Borrower**

Upon receipt of the approved and decided loan packages at HM, the documents are scanned and indexed. The imaged documents are now available to the HM processors. The hard copy loan packages are stored at HM until they are archived off-site.

HM processors enter the data relating to the loan packages into their system. If everything is in order, HM generates, on behalf of GMAC-RFC Bank, the official loan offer to the borrower and sends these out via post. All offers to the borrower are conditional i.e. GMAC-RFC Bank reserves the right to back out of the offer, even after the borrower's acceptance, should the borrower a) fail to comply with all the requirements listed in the offer and b) withhold or misrepresent any information in his application.

#### **Origination Process: Pre-Disbursement Requirements and Disbursement**

Upon receipt of a signed (accepted) offer from the borrower, HM works with the borrower and his introducer to complete any outstanding requirements for disbursement. For the actual disbursement and closing of the mortgage, HM is responsible for arranging all the details with a notary. An average of 60 days can elapse between the time that the offer is accepted by the borrower and the actual disbursement.

Should HM receive any additional information from the borrower that has the potential to change the decision on the loan, HM is required to convey this information to GMAC-RFC Bank. GMAC-RFC Bank then re-evaluates the new information and re-validates its previous approval. If the application has to be rejected based on the new information, HM is notified to terminate processing on the loan. Otherwise, HM will be asked to proceed normally.

HM prepares daily reports to GMAC-RFC Bank on loans scheduled to disburse. On the scheduled disbursement day, HM prepares the wiring instructions to GMAC-RFC's bank. GMAC-RFC Bank compares the wiring instructions to the scheduled disbursement reports. If everything is in order, GMAC-RFC Bank approves the disbursement on the banking system. Otherwise, the disbursement is cancelled, and GMAC-RFC Bank works with HM to reschedule the disbursement when all issues have been resolved.

Post-disbursement, HM works with the Notary to ensure that closing documents are sent to HM. Closing documents are scanned and stored with the borrower's electronic file. The collateral documents are then secured at HM until shipped to secure off-site storage.

No further disbursement will be made to a Borrower that went into arrears as long as any arrears of such Borrower are outstanding, save for (i) disbursements to be applied only towards the payment of any costs that arise in connection with the registration of the Mortgage with the relevant land register and/or (ii) specific disbursements that, if not made, will be detrimental to the revenues from a foreclosure, provided in each case that such disbursement will not result in the loan becoming 100 per cent. disbursed.



## ADMINISTRATION OF THE MORTGAGE LOANS

### Mortgage Administration

Kreditwerk Hypotheken-Management GmbH ("**HM**") administers Mortgage Loans within a customer-specific ledger system (*Mandantensystem*). These customer specific ledgers (*Mandanten*) (each, a "**Mandant**") allow for the separate and independent processing of mortgages according to the asset owner's requirements. The set-up of a Mandant includes the establishment of both relationships and interfaces with the banks designated by the asset owners.

As a loan is prepared for disbursement, HM also enters all the necessary information to service the loan, including but not limited to, e.g. monthly payments, interest rates and the borrower's direct debit information. In preparation for the monthly direct debits, HM generates and books the expected daily receivables for each loan, per the individual loan contracts (the data of which were previously entered into the system). Each Mandant can initiate the regular direct debits from Borrowers by transmitting information to the asset owner's bank, which then initiates the actual debit of payments via the German direct debit system.

Most direct debit failures are known the day after and HM can immediately initiate exception processing on the failed debit. If this is the loan's first debit, HM contacts the Borrower and re-verifies the direct debit information. If this is not the Borrower's first payment, then it is immediately known that the loan is in arrears.

On a daily basis, HM performs a reconciliation via comparison of expected vs. received amounts and prepares a report to the asset owner summarizing the cash flows from the most recent direct debits. HM also reports any loans where direct debits have failed. Upon confirmation of amounts received, the balances (and other information) are updated for each loan.

If a direct debit has failed contact with the Borrower is made with two types of actions: phone calls and reminder letters. The reminder letters are sent by HM, while the phone calls are placed by the internal arrears management team of GMAC-RFC Bank. Timing and content of phone calls and reminder letters are closely co-ordinated.

The day after the direct debit fails the arrears management team of GMAC-RFC Bank can see the return debit notes on the account. They immediately make a phone call to the Borrower to find out why the payment was missed and to remind him to make the payment swiftly. If payment is not received after the first call, follow-up phone calls will be made to the Borrower. In all follow-up phone calls the arrears management team tries to better understand the Borrower's situation, encourage payment, or find out under what conditions the Borrower can make payments. The arrears management team is required to work with the MPT Provider should the Borrower request any deviations from his normal payment schedule.

Should the payment not be received 14 days after the direct debit has failed, a first friendly written reminder, referring to the phone call, is sent out to the Borrower. If the Borrower still fails to make his payments thereafter, a first official reminder (*Mahnstufe 1*) is generated 28 days from the missed payment. This reminder explicitly requests the Borrower to send in his payment. Should the Borrower remain delinquent, additional reminders are sent out per the following schedule:

- 42 Days: Second official reminder (*Mahnstufe 2*)
- 56 Days: Third official reminder (*Mahnstufe 3*)

At the latest 59 Days after the missed payment: The Mortgage Loan is handed to Rechtsanwälte Paulus Westerwelle (the "**Delinquent Loan Servicer**") in cases where the Borrower could not be reached and/or did not react at all. If an agreement can be reached with the Borrower (e.g. deferral of the payments), the loan is not handed to the Delinquent Loan Servicer but will be looked after by the internal arrears management team.

The second and third official reminders are more explicit in their explanation of the consequences of continued delinquency and threaten legal action should the payments not be brought back on schedule.

Until resolution of the delinquency through reinstatement of payment, implementation of a workout plan, or initiation of foreclosure proceedings, HM coordinates with the Delinquent Loan Servicer by providing additional information or documentation as required. Should there be additional payments/amounts received on the loan, HM will continue accounting for and reporting these payments while maintaining the loan's data on the system – until such time that the loan becomes current or pays off.

Since the beginning of 2006, the MPT Provider has begun to enhance its internal arrears management capabilities with the aim of reducing arrears on Mortgage Loans by contacting borrowers who fall into arrears sooner and more regularly. An analysis of arrears in the existing portfolio of Mortgage Loans managed by the MPT Provider suggests that, compared to periods prior to the introduction of these changes (i) fewer Borrowers increase their arrears from month to month, (ii) more Borrowers reduce their arrears from month to month and (iii) more Borrowers do not increase their arrears from month to month.

These developments are preliminary only and may not represent a sustained trend. Further analysis would have to be undertaken to confirm whether the changes introduced by the MPT Provider represent an enhanced ability to reduce the occurrence of arrears.

### **Arrears procedure**

The MPT Provider currently sub-contracts arrears management responsibilities to Rechtsanwälte Paulus Westerwelle as Delinquent Loan Servicer.

A Borrower who has reached *Mahnstufe 3* or who could not be reached and/or did not react at all will be handed over to the Delinquent Loan Servicer. They start with sending out a letter to the Borrower and guarantors explaining the legal consequences in detail if payment is not fulfilled. Thereafter the Borrower is contacted – by sending a letter – to ascertain whether a solution to a delinquent Borrower's payment problem can be reached. The Borrower may also propose to sell the property at any stage through a private sale. The MPT Provider may accept a private sale if (a) revenues from the sale are expected to cover the outstanding debt in full, or (b) it is estimated that the costs of the foreclosure process will result in a lower recovery value than a private sale of the property by the Borrower. Simultaneously the foreclosure procedure is started.

### **Foreclosure process**

The Delinquent Loan Servicer initiates the foreclosure measures against the Borrower and his guarantees. These measures will include other assets of the Borrower and his guarantors. In all cases the Borrower has submitted to immediate foreclosure (*Unterwerfung unter die sofortige Zwangsvollstreckung*). Therefore the Delinquent Loan Servicer can start the foreclosure process without the need of suing the Borrower in advance.

A private sale can replace a public auction and normally achieves better results. A private sale requires the approval of the Borrower. If the Delinquent Loan Servicer fails in achieving this approval the Delinquent Loan Servicer can foreclose on the property which will lead to a public auction.

The manner in which the proceeds from the public auction are divided depends on whether there is only one mortgage holder or several. If there is only one mortgage holder, the proceeds will be passed on to the mortgage holder after deducting the costs of the execution. In the case of more than one mortgage holder, the division of the proceeds takes place according to the priority of the mortgages.

In general, it takes between six months and one-and-a-half years to foreclose on a property once the decision to foreclose has been made.

**Outstanding amounts**

If the proceeds of the property sale prove insufficient to repay the debt under German law, the lender has recourse to all of the borrower's assets, including future income. If amounts are still outstanding after the foreclosure process or sale of the property has been completed, the Delinquent Loan Servicer continues to manage the remaining receivables. These amounts still have to be repaid by the Borrower for which, if possible, a settlement agreement will be entered into. In the event a Borrower does not comply with a settlement agreement or does not wish to cooperate with the Delinquent Loan Servicer on finding a solution to make up the unpaid amounts, other measures can be taken by the Delinquent Loan Servicer. These measures include the engagement of a bailiff and the appointment of an attorney to levy an attachment over the Borrower's salary as permitted by German law.

### **THE SUB-SERVICER**

Kreditwerk Hypotheken-Management GmbH ("**HM**"), since January 2006 a fully owned subsidiary of VR Kreditwerk Hamburg – Schwäbisch Hall AG, is a leading mortgage outsourcing services provider for third party loans in Germany. HM currently services a portfolio of 200,000 loans totalling €13 billion for nine clients. HM offers services to banks and insurance companies providing all loan-related processing services from origination to the administration and enforcement of the loans and the related security rights.

HM provides a servicing platform where both origination and servicing processes can be tracked and managed automatically and in paperless form. Knowledgeable and skilled staff undergoing continuous training operate the platform. HM has an ISO 9001:2000 certified quality management system. Fitch Ratings has assigned a residential primary servicer rating to HM of "RPS3+D".

As part of its long-term commitment to the GMAC-RFC relationship, HM has developed the processes and tools to enable large portfolios of mortgages to be transferred from one owner to another, i.e. from the Seller and the Originator to the Issuer, efficiently and accurately. The system itself was enhanced to support the segregated and independent processing of mortgages sold to an investor while retaining the high-processing standards co-developed with the Bank.

## MORTGAGE RECEIVABLES PURCHASE AND TRANSFER AGREEMENT

*The following is a summary of the Sub-Participation Agreement and of the key provisions of the Mortgage Receivables Purchase and Transfer Agreement and should be read in conjunction with, and is qualified by reference to, the more detailed information appearing elsewhere in this Prospectus and the provisions of the Mortgage Receivables Purchase and Transfer Agreement.*

### The Sub-Participation Agreement

Under the sub-participation agreement between the Seller and the Originator dated 20 January 2004 (as amended from time to time) (the "**Sub-Participation Agreement**") the Originator has granted a Sub-Participation in each of the Existing Mortgage Receivables to the Seller. Under the Sub-Participations the economic ownership in respect of the Existing Mortgage Receivables and the Related Security has been transferred to the Seller. Whereas the Originator remains the legal owner of the Existing Mortgage Receivables and the Related Security, the Seller is entitled to all Collections relating thereto and may request the Originator to assign and transfer the Existing Mortgage Receivables and the Related Security to itself (the "**Call Option**"). The Sub-Participation Agreement provides further that Sub-Participations in Mortgage Receivables (including Further Advance Receivables and New Mortgage Receivables and Construction Loans) and the Related Security originated after the Cut-off Date may be granted by the Originator to the Seller and the Seller may offer such Sub-Participations (including the Seller's right to exercise the Call-Option) to the Issuer. Subject to the fulfilment of certain conditions, the Issuer will assume all rights and obligations of the Seller under such Sub-Participations pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement, see "*Purchase of New Mortgage Receivables and Purchase of Further Advance Receivables*" below.

### The Mortgage Receivables Purchase and Transfer Agreement

Pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement, the Issuer will, on the Closing Date, by way of assumption of contract (*Vertragsübernahme*) assume all rights and obligations of the Seller under the Sub-Participations existing with respect to the Existing Mortgage Receivables and the Related Security including, but not limited to, the right to request assignment and transfer of the Existing Mortgage Receivables and the Related Security to itself under the Call Option. As a consideration, the Issuer will, on the Closing Date:

- (a) pay the Initial Purchase Price relating to the Existing Mortgage Receivables and the Related Security less the aggregate Non-Disbursed Amounts to the Seller Account; and
- (b) deposit the part of the Initial Purchase Price in an amount equal to the part of the aggregate of the aggregate Non-Disbursed Amounts as of the Closing Date to the Construction Loan Account.

Concurrently with the assumption by the Issuer of all rights and obligations of the Seller under the Sub-Participations pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement the Issuer will exercise the Call Option and demand from the Originator transfer of legal title to the Existing Mortgage Receivables and the Related Security to itself. Upon the exercise of the Call Option, the Originator will assign and transfer to the Issuer legal title to the Existing Mortgage Receivables and the Related Security. Following the assignment and transfer, the Issuer will be the legal and economic owner of the Existing Mortgage Receivables and the Related Security.

If an Existing Mortgage Receivable constitutes a Construction Loan Receivable, assignment and transfer of the Construction Loan Receivable relating to the non-disbursed parts shall only become effective upon release and payment to the Seller (or its order) of the part of the Initial Purchase Price allocated to each such non-disbursed part of the Construction Loan Receivable from the Construction Loan Account upon receipt by the Issuer Administrator of the Funding Notice in respect of such non-disbursed part of the Construction Loan.

The Mortgage Receivables Purchase and Transfer Agreement provides further that the Issuer will on a monthly basis apply the Purchase Available Amount as consideration payable to the Seller for the

assumption of all rights and obligations of the Seller under the Sub-Participations (including the Seller's right to exercise the Call Option) in respect of New Mortgage Receivables and the Related Security or Further Advance Receivables respectively subject to the fulfilment of certain conditions and to the extent such Sub-Participations will be offered by the Seller to the Issuer. Such conditions include, *inter alia*, the requirement that the Mortgage Receivables and the Related Security meet the criteria set forth below. Concurrently with the assumption by the Issuer of all rights and obligations of the Seller under the Sub-Participations pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement the Issuer will exercise the Call Option and demand from the Originator transfer of legal title to the New Mortgage Receivables and the Related Security or the Further Advance Receivables, as applicable, to itself.

During the Pre-funding Period only, such New Mortgage Receivables may also constitute Construction Loan Receivables. If and to the extent a New Mortgage Receivable constitutes a Construction Loan Receivable, assignment and transfer of legal title to the Construction Loan Receivable relating to the non-disbursed parts shall only become effective upon release and payment to the Seller (or its order) of the part of the Initial Purchase Price allocated to each such non-disbursed part of the Construction Loan Receivable from the Construction Loan Account upon receipt by the Issuer Administrator of the Funding Notice in respect of such non-disbursed part of the Construction Loan.

### **Purchase Price**

The purchase price for the Sub-Participations relating to the Existing Mortgage Receivables and the Related Security will consist of the Initial Purchase Price which will be payable on the Closing Date or, in respect of the New Mortgage Receivables and the Related Security and Further Advance Receivables, on the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date, as the case may be, and the Deferred Purchase Price. Part of the Initial Purchase Price in an amount equal to any Non-Disbursed Amounts will, on the Closing Date, or the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date within the Pre-funding Period, be deposited in the Construction Loan Account to be released only in accordance with the Issuer Services Agreement.

### **Representations and Warranties**

The Seller and, where applicable, the Originator will represent and warrant, on the Closing Date, with respect to the Mortgage Loans, the Existing Mortgage Receivables and the related Sub-Participations that on the Cut-off Date, *inter alia*:

- (a) the Mortgage Receivables (other than non-fully disbursed Construction Loan Receivables) are duly and validly existing;
- (b) each Mortgage Loan was originated by the Originator;
- (c) each of the Mortgage Loans conforms to the Mortgage Loans Criteria in all material respects;
- (d) the Seller has full right and title to the Sub-Participations and the Originator has full right and title to the Mortgage Receivables and the Related Security, and no restrictions on the sale and assignment of the Sub-Participations and the Mortgage Receivables and the Related Security are in effect;
- (e) the Seller has the power to sell and assign the Sub-Participations and the Originator has the power to assign and transfer the Mortgage Receivables and the Related Security;
- (f) the Sub-Participations and the Mortgage Receivables are free and clear of any rights, encumbrances and attachments and no rights have been granted in favour of any third party with regard to the acquisition or encumbrances in respect of the Sub-Participations and the Mortgage Receivables, respectively;

- (g) the Mortgage Loans and the Mortgage Conditions comply in all material respects with the laws of Germany applicable thereto, including mortgage credit and consumer protection legislation;
- (h) the Borrowers and, to the extent relevant, any third-party security providers have given their consent to the disclosure of personal data pursuant to the Mortgage Conditions;
- (i) each Mortgage Receivable is secured by a mortgage on a Mortgaged Property located in Germany and is governed by German law;
- (j) all Mortgages (i) constitute valid mortgage rights on the Mortgaged Properties and, to the extent relating to the Mortgages, have been entered into the appropriate land register; (ii) are first ranking or first ranking and sequentially lower ranking in favour of the Originator and (iii) were vested in respect of the Mortgage Receivables (other than fully disbursed Construction Loan Receivables) to secure the repayment of an Outstanding Principal Amount which at least equals the Outstanding Principal Amount at origination, plus up to 15 per cent. per annum of the Outstanding Principal Amount for interest and penalties and up to 10 per cent. of the Outstanding Principal Amount for costs and any damages (*Nebenleistungen*) at origination;
- (k) each Mortgage Receivable and the related Mortgage constitute legal, valid, binding and enforceable obligations of the relevant Borrower *vis-à-vis* the Originator, except for any limitation on enforceability due to applicable bankruptcy, insolvency or similar laws affecting creditors rights generally;
- (l) in respect of the Mortgage Receivables at origination, each Mortgaged Property was valued according to the table in "*The Description of the Mortgage Loans*";
- (m) the maximum Outstanding Principal Amount of each Mortgage Loan did not, upon its origination and on the Closing Date, exceed a LTMV Ratio of 110 per cent. of the Mortgaged Property;
- (n) each Mortgage Loan has been granted to a Borrower in accordance with all applicable legal requirements prevailing at the time of origination in all material respects and each Mortgage Loan meets in all material respects the standard underwriting criteria and procedures of the Originator prevailing at the time of origination;
- (o) other than in respect of Construction Loans, all Mortgage Loans have been fully disbursed and all Sub-Participations have been fully funded;
- (p) payments in respect of the Mortgage Loans are made in arrear in monthly instalments by direct debit;
- (q) to the best knowledge of the Seller and the Originator, the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (r) in respect of Mortgage Loans originated after the Cut-off Date only, the Mortgage Conditions provide that all payments by the Borrower should be made without any deduction or set-off;
- (s) except for the Construction Loans, each Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the Mortgage and not merely one or more loan parts;
- (t) in respect of any Construction Loan, any partial disbursement to be granted to the relevant Borrower, depending on the progress of the building construction (milestones) (*Auszahlung nach Baufortschritt*), is subject to a confirmation of the current status of the progress of the building construction (*Bautenstandsbestätigung*) or a completion protocol (*Baubabnahmeprotokoll*), as applicable, in each case by a competent architect or company;
- (u) the particulars of each Mortgage Receivable, as set forth in the list of Mortgage Receivables attached to the Mortgage Receivables Purchase and Transfer Agreement are true, correct and complete in all material respects;

- (v) neither the Seller nor the Originator is aware of any right of rescission, set-off, counterclaim, challenge or other defence raised by a Borrower;
- (w) all Mortgages qualify as certificated Mortgages (*Briefgrundschulden*);
- (x) in respect of any non-fully disbursed Construction Loan:
  - (i) a part thereof has been disbursed;
  - (ii) to the extent disbursed, the related Construction Loan Receivable is duly and validly existing;
  - (iii) the aggregate Non-Disbursed Amounts of the Construction Loans does not exceed the amount deposited on the Construction Loan Account;
  - (iv) any partial disbursement granted to the relevant Borrower, has been fully disbursed;
  - (v) the Sub-Participation has, to the extent the Construction Loan has been disbursed, been fully funded;
  - (vi) the related Mortgage secures the disbursed and all non-disbursed parts of the Construction Loan;
  - (vii) all Mortgages (i) constitute valid mortgage rights on the Mortgaged Properties and, to the extent relating to the Mortgages, have been entered into the appropriate land register; (ii) are first ranking or first ranking and sequentially lower ranking in favour of the Originator and (iii) were vested to secure the repayment of the an Outstanding Principal Amount which at least equals the Outstanding Principal Amount at origination and the Non-Disbursed Amount, plus up to 15 per cent. per annum of the Outstanding Principal Amount and the Non-Disbursed Amount for interest and penalties and up to 10 per cent. of the Outstanding Principal Amount and the Non-Disbursed Amount for costs and any damages (*Nebenleistungen*) at origination;
  - (viii) it will be fully disbursed the earlier of (a) 12 months after the date on which the first part of such Construction Loan was disbursed and (b) 15 months after the Closing Date;
  - (ix) in case of any amounts remaining non-disbursed three (3) months after granting of the Construction Loan, the relevant Borrower pays a commitment fee in respect thereof;
- (y) in respect of the Construction Loans which have been granted for buildings to be put up in accordance with the German Estate Agent and Developer Order (*Makler- und Bauträgerverordnung*) a guarantee granted by the relevant developer in accordance with the German Estate Agent and Developer Order, if required, has been obtained;
- (z) no Mortgage Loan has been granted to a Borrower whereby such Borrower would be entitled to put up a single occupancy house by way of self-construction (*Selbstbauweise*);
- (aa) under a Mortgage Loan, the Borrower is not entitled to receive a Further Advance; any Further Advance will be granted by way of entering into an additional Mortgage Loan with the relevant Borrower;
- (bb) if the Mortgage Receivable is secured on a hereditary building right (*Erbbaurecht*), the Mortgage Loan is scheduled to be repaid prior to the expiry of the hereditary building right;
- (cc) as at the date of origination of the relevant Mortgage Loan, the Borrower did not have his habitual place of residence in the Netherlands; and
- (dd) in respect of any Mortgage there are no rights registered in section II (*Abteilung 2*) of the land register ranking prior to the Mortgage which would materially effect the value of the Mortgage.



### Repurchase of Mortgage Receivables

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

- (a) on the Mortgage Payment Date immediately following the expiration of any relevant remedy period, in case any of the representations and warranties given by the Seller or, to the extent relevant, the Originator (i) in respect of such Assigned Mortgage Receivable or the Related Security, including the representation and warranty that such Assigned Mortgage Receivable and the Related Security meet certain Mortgage Loans Criteria on the Closing Date or (ii) in respect of a New Mortgage Receivable or the Related Security or a Further Advance Receivable, including the representation and warranty that the New Mortgage Receivable or the Related Security or the Further Advance Receivable, meets certain Mortgage Loans Criteria on the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date, is untrue or incorrect in any material respect; or
- (b) on the Mortgage Payment Date immediately following the decision of the Originator to amend the terms of the Mortgage Loan underlying such Assigned Mortgage Receivable upon the request of a Borrower as a result of which such Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase and Transfer Agreement or which, as a result, changes the interest rate of the relevant Mortgage Loan. For the avoidance of doubt, the Originator will not reset the interest rate unless upon the request of a Borrower (other than in respect of Reset Mortgage Receivables); or
- (c) on the Mortgage Payment Date immediately following the date on which a Further Advance is granted by the Originator in accordance with the Mortgage Conditions of the Mortgage Loan to which such Assigned Mortgage Receivable relates and such Mortgage Loan together with the Further Advance to which such Further Advance Receivable relates, no longer meets the Mortgage Loans Criteria; or
- (d) on the Mortgage Payment Date immediately following the failure by the Borrower to pay the first interest instalment under the Mortgage Loan or the Further Advance; or
- (e) on the Mortgage Payment Date immediately following the date on which the offer made by the Seller to the Issuer to purchase a Further Advance Receivable relating to such Assigned Mortgage Receivable has been rejected due to one or more of the following reasons:
  - (i) the Purchase Available Amount is insufficient to pay the Initial Purchase Price for such Further Advance Receivable; or
  - (ii) the Further Advance Receivable fails to meet the criteria applicable to the purchase of Further Advance Receivables, see "*Purchase of Further Advance Receivables*" below;
- (f) on the Quarterly Payment Date immediately following the exercise of the Clean-Up Call Option; or
- (g) on the Quarterly Payment Date immediately following the direction from the Seller to redeem the Notes pursuant to **Condition 6(h)**.

In case of a repurchase of Mortgage Receivables, the Seller shall repurchase and accept re-assignment of the affected Assigned Mortgage Receivable (including, as the case may be, the relating Further Advance Receivable) and the Related Security for a price equal to the relevant Outstanding Principal Amount, together with accrued but unpaid interest thereon up to the relevant Mortgage Payment Date.

The Seller may, at its option and its sole discretion, at any time repurchase and accept re-assignment of any Delinquent Mortgage Receivable and the Related Security for a price equal to the relevant Outstanding Principal Amount, together with accrued but unpaid interest thereon up to the relevant Mortgage Payment Date.

If any of the Assigned Mortgage Receivables that are to be repurchased and re-assigned to the Seller constitutes a Construction Loan Receivable, the Issuer (or the Issuer Administrator on its behalf) will release and transfer the Non-Disbursed Amounts relating to such Construction Loan Receivable to the Operating Account. For the avoidance of doubt, the Issuer will not be obliged to repay, and the Seller will not be entitled to receive any such Non-Disbursed Amounts.

The Originator will not be under any obligation to repurchase any Assigned Mortgage Receivables. The Issuer will have recourse exclusively to the Seller.

### **Mortgage Loans Criteria**

On the Cut-off Date, each of the Mortgage Loans satisfied the following "**Mortgage Loans Criteria**":

- (a) the Mortgage Loans are in one of the following forms:
  - (i) Annuity Mortgage Loans,
  - (ii) Mortgage Loans with redemption by Life Insurance Policy (*Tilgungsaussetzung durch Renten- oder Kapitallebensversicherung*),
  - (iii) Mortgage Loans with redemption by Savings Scheme (*Tilgungsaussetzung durch Bausparvertrag*), or
  - (iv) Interest-Only Mortgage Loans (*Endfällige Darlehen*);
- (b) the Borrower is a resident of Germany and not employed by either the Seller or the Originator;
- (c) each Mortgage Loan is covered by a first ranking or first ranking and sequentially lower ranking right of mortgage on property situated in Germany;
- (d) there are no arrears in the payment of interest and/or redemption and, as the case may be, in respect of a Life Insurance Policy with the exception of Mortgage Loans that were originated one month preceding the Cut-off Date or, in respect of New Mortgage Receivables or Further Advance Receivables originated in the month preceding the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date;
- (e) except for Mortgage Loans originated one month preceding the Cut-off Date or, in respect of New Mortgage Receivables and Further Advance Receivables originated in the calendar month preceding the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date, at least one (interest) payment has been made;
- (f) none of the Mortgage Loans are bridging loans;
- (g) the interest rate on each Mortgage Loan is a fixed rate, subject to an interest reset from time to time;
- (h) interest payments on the Mortgage Loans are scheduled to be made monthly in arrear by direct debit;
- (i) the Outstanding Principal Amount of each of the Mortgage Loans did not exceed a LTMV Ratio of 110 per cent. of the Mortgaged Property upon origination of the Mortgage Receivable;
- (j) (without affecting the Borrower's right to terminate the Mortgage Loan after a reset period of 10 years) no Mortgage Loan provides for fixed rate interest periods longer than 20 years;
- (k) each Mortgage Loan has an Outstanding Principal Amount of not more than € 1,000,000.00;
- (l) except for the Construction Loans, all Mortgage Loans are fully disbursed; and

- (m) in respect of all Interest-Only Mortgage Loans, or in the case of a combination of types of Mortgage Loans, the interest-only loan part did not exceed 80 per cent. of the Lending Value of the Mortgaged Property upon origination of the Mortgage Loan, provided that if a Borrower is older than 50 years such Interest-Only Mortgage Loan has the benefit of a Risk Insurance Policy for that part of the Interest-Only Mortgage Loan which is in excess of 75 per cent. of the Lending Value of the Mortgaged Property.

The Mortgage Loans Criteria apply also to the selection of New Mortgage Receivables and Further Advance Receivables unless stated otherwise.

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

The Mortgage Receivables Purchase and Transfer Agreement provides that the Issuer will apply (i) the Purchase Available Amount on any Pre-funding Purchase Date during the Pre-funding Period and (ii) the Purchase Available Amount, if any, on any Mortgage Payment Date, to purchase Sub-Participations in respect of any New Mortgage Receivables and the Related Security from the Seller if and to the extent offered by the Seller, provided that the Issuer may purchase any Sub-Participations in respect of Construction Loan Receivables and the Related Security only during the Pre-funding Period. The Initial Purchase Price payable by the Issuer as consideration for the Sub-Participations relating to any New Mortgage Receivables and the Related Security will be equal to the aggregate of the Outstanding Principal Amount plus Non-Disbursed Amounts (if any) of such New Mortgage Receivables on the first day of the month of the relevant Pre-funding Purchase Date or relevant Mortgage Payment Date. The Issuer will be entitled to all proceeds in respect of the New Mortgage Receivables following such assignment as of the first day of the month of the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date.

The purchase by the Issuer of New Mortgage Receivables will be subject to a number of conditions, which include, *inter alia*, the conditions that on the relevant date of completion of the sale and purchase of the New Mortgage Receivables (except that items (e) and (f) below will not apply to New Mortgage Receivables purchased on a Pre-funding Purchase Date):

- (a) no Notification Event has occurred and is continuing;
- (b) there has been no failure by the Seller to repurchase any Mortgage Receivable and the Related Security which it is required to repurchase pursuant to Clause 12 (*Repurchase*) of the Mortgage Receivables Purchase and Transfer Agreement;
- (c) the Purchase Available Amount is sufficient to pay the Initial Purchase Price for the relevant Sub-Participations relating to the New Mortgage Receivables and the Related Security;
- (d) during the Pre-funding Period the then current ratings assigned to the Notes by any of S&P, Moody's and Fitch are not adversely affected as a result of such purchase;
- (e) in respect of the New Mortgage Receivables, the Issuer and the Originator have executed an Assignment Agreement and an Originator Assignment of Mortgages substantially in the form as set out in Schedule 4 Part 1 and Part 2 to the Mortgage Receivables Purchase and Transfer Agreement, respectively, and such Originator Assignment of Mortgages has been notarised (beglaubigt) by a German public notary;
- (f) the weighted average LTV Ratio of all Mortgage Loans, including Mortgage Loans in respect of the New Mortgage Receivables, does not exceed 111.1 per cent. The Issuer and the Seller may agree to a higher weighted average LTV Ratio, subject to the confirmation of S&P, Moody's and Fitch that no downgrading of the Notes will occur as a result thereof;
- (g) the aggregate Outstanding Principal Amount of all Interest-Only Mortgage Loans does not exceed 39 per cent. of the aggregate Outstanding Principal Amount; and
- (h) the aggregate of the Non-Disbursed Amounts of the Construction Loan Receivables do not exceed 20 per cent. of the aggregate Outstanding Principal Amount.

In addition, in respect of the purchase by the Issuer of New Mortgage Receivables, the Seller and the Originator will, as of the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date (as applicable), represent and warrant to the Issuer and the Security Trustee (i) 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 and Transfer Agreement with respect to (and to the extent required, modified for) the New Mortgage Receivables sold and relating to the Seller and (ii) upon the expiry of the Pre-funding Period, that none of the New Mortgage Receivables to be purchased by the Issuer after the expiry of the Pre-funding Period constitutes a non-disbursed Construction Loan Receivable.

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

The Mortgage Receivables Purchase and Transfer Agreement provides that if the Originator decides to grant a Further Advance to a Borrower, provided that the Seller will have entered into a Sub-Participation relating to such Further Advance Receivable and has offered such Sub-Participation (including the right to exercise the Call Option), the Issuer will purchase such Sub-Participations relating to the relevant Further Advance Receivable, subject to a number of conditions which include, *inter alia*, the conditions that on the relevant Pre-funding Purchase Date or on the relevant Mortgage Payment Date:

- (a) no Notification Event has occurred and is continuing;
- (b) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to Clause 12 (*Repurchase*) of the Mortgage Receivables Purchase and Transfer Agreement;
- (c) the Purchase Available Amount is sufficient to pay the Initial Purchase Price for the relevant Further Advance Receivables;
- (d) not more than 2 per cent. of the aggregate Outstanding Principal Amount are related to Delinquent Mortgage Receivables;
- (e) the weighted average LTV Ratio of all Mortgage Loans, including the Further Advances, does not exceed 111.1 per cent. The Issuer and the Seller may agree to a higher weighted average LTV Ratio, subject to the confirmation of S&P, Moody's and Fitch that no downgrading of the Notes will occur as a result thereof;
- (f) the aggregate Outstanding Principal Amount in respect of all Interest-Only Mortgage Loans does not exceed 39 per cent. of the aggregate Outstanding Principal Amount; and
- (g) all Mortgage Receivables to which such Further Advance Receivable relates with a security right having a higher ranking priority to the Further Advance Receivables, if any, are owned by the Issuer.

In addition, in respect of the purchase by the Issuer of Further Advance Receivables, the Seller and the Originator will, as of the relevant Pre-funding Purchase Date, or the relevant Mortgage Payment Date (as applicable) 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 and Transfer Agreement with respect to (and to the extent relevant) the Further Advance and the Further Advance Receivables sold and relating to the Seller.

The Initial Purchase Price payable by the Issuer for any Further Advance Receivables will be equal to the aggregate of their Outstanding Principal Amount on the first day of the month of the relevant Pre-funding Purchase Date or on the relevant Mortgage Payment Date.

The Mortgage Receivables Purchase and Transfer Agreement is governed by German law.

### Disclosure of Borrower related data

Pursuant to the Mortgage Conditions the Borrowers and any third-party security providers are requested to give their consent to the disclosure of their personal data to the Seller and certain other third parties in connection with the refinancing of the Mortgage Loans (including by way of a securitisation transaction). Each of the Seller and the Originator has represented and warranted in the Mortgage Receivables Purchase and Transfer Agreement that all Borrowers and, to the extent relevant, all third-party security providers have given their consent to the disclosure of personal data pursuant to the Mortgage Conditions.

### Notification Events

The Mortgage Receivables Purchase and Transfer Agreement provides for the following "**Notification Events**":

- (a) the Seller fails to pay on the due date any amount due and payable by it under the Mortgage Receivables Purchase and Transfer Agreement or under any other Transaction Document to which it is a party and such default is not remedied within five (5) Business Days after having knowledge of such failure or notice thereof has been given by the Issuer or the Security Trustee to the Seller;
- (b) the Seller or the Originator fails to perform or comply with any of its other obligations under the Mortgage Receivables Purchase and Transfer Agreement or under any other Transaction Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within thirty (30) days after having knowledge of such failure or notice thereof has been given by the Issuer or the Security Trustee to the Seller or the Originator, respectively;
- (c) in respect of any of the Seller or the Originator, as applicable, (i) it is over-indebted or unable to pay its debts as they become due, (ii) insolvency proceedings are instituted against it, (iii) the inability to pay its due debt is imminent (*drohende Zahlungsunfähigkeit*), (iv) an order for its winding-up, administration or dissolution is made, (v) a meeting of its shareholders, directors or other officers is convened for the purposes of considering any resolution for, to petition for or to file documents with a court or any registrar for, its winding-up, administration or dissolution or any such resolution is passed, (vi) if applicable, a supervisory or regulatory body imposes a moratorium or issues an order, decree or decision having a similar effect, or (vii) it admits in writing its inability generally to pay its debts as they become due;
- (d) the Mortgage Receivables Purchase and Transfer Agreement or any other Transaction Documents ceases to be the legal, valid and binding obligation of the Seller and/or the Originator or the Seller and/or the Originator declares or admits that the Mortgage Receivables Purchase and Transfer Agreement or any other Transaction Documents is not its legal, valid and binding obligation; or
- (e) any representation or warranty of the Seller or the Originator under the Mortgage Receivables Purchase and Transfer Agreement or any other Transaction Document are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and such failure is not remedied within thirty (30) days after the Issuer or the Security Trustee has served a notice on the Seller.

Upon the occurrence of a Notification Event the Seller shall, unless the Security Trustee instructs it otherwise, forthwith notify or, at the Security Trustee's option, the Security Trustee will notify, the relevant Borrowers, any life insurance company and any savings bank with whom the Borrower has entered into a Life Insurance Policy or a Savings Scheme, respectively, which is included in the Related Security and any other relevant party indicated by the Security Trustee of the assignment of the Assigned Mortgage Receivables or, at its option, the Issuer will be entitled to make such notifications itself.

## ISSUER SERVICES AGREEMENT

*The following is a summary of the Issuer Services Agreement and should be read in conjunction with, and is qualified by reference to, the other information appearing elsewhere in this Prospectus and the more detailed provisions of the Issuer Services Agreement.*

### Appointment of MPT Provider

In the Issuer Services Agreement the MPT Provider will agree to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Loans. In accordance with the Issuer Services Agreement the MPT Provider has appointed the Delinquent Loan Servicer who has agreed to provide the implementation of arrears procedures including the enforcement of mortgage rights in respect of Delinquent Mortgage Receivables (see further "*Mortgage Loan Underwriting and Origination*"). The MPT Provider will be obliged to provide the mortgage payment transactions and other services as set out above as well as the implementation of arrears procedures in respect of the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as mortgage loans in its own respective portfolio. The MPT Provider will, in accordance with the Issuer Services Agreement and the Sub-Servicing Agreement, appoint HM as its sub-agent to carry out the activities, other than the services provided by the Delinquent Loan Servicer and by the Originator pursuant to the below-mentioned Ancillary Services Letter, described above upon the terms and provisions of, and in accordance with, the Issuer Services Agreement and the Sub-Servicing Agreement. HM will accept this appointment and will commit itself, in favour of the Issuer, to carry out the activities subject to and on the terms provided in the Issuer Services Agreement and the Sub-Servicing Agreement. GMAC-RFC Investments B.V. as Sub-Participant, MPT Provider and Issuer Administrator will, in accordance with the Issuer Services Agreement and the Ancillary Services Letter appoint the Originator to provide certain ancillary services in respect of the arrears procedure and the monitoring, reconciliation and on-transfer of Collections in respect of the Collection Account pursuant to the terms of the Ancillary Services Letter. In the Issuer Services Agreement, the Issuer and the Security Trustee consent to the appointment of HM as sub-servicer and the Originator as provider of certain ancillary monitoring and reconciliation services.

Furthermore, in case the Put Option in respect of any of the Put Option Notes is exercised or the then current ratings assigned to the Put Option Notes are not confirmed as of a Put Date, the MPT Provider (or another party but not its sub-agent) will grant the Issuer a Servicing Advance in an amount equal to the aggregate Principal Amount Outstanding of the Put Option Notes which are subject to redemption, less the *pro rata* part of the balance on the relevant sub-ledgers of the Principal Deficiency Ledger, if any, after applying the Notes Redemption Available Amount in respect of such date (excluding item (i) thereof) to enable the Issuer to redeem such Put Option Notes on such Put Date. The obligation to repay a Servicing Advance will be set-off against the obligation to pay the purchase price for any Excess Mortgage Receivables sold by the Issuer to the provider of a Servicing Advance. If the MPT Provider does not confirm that it will provide the Servicing Advance in the required amount on such Put Date on ultimately forty-two (42) days prior to the relevant Put Date, the Issuer (or its agents) will within fourteen (14) days approach and request third parties to (i) grant the relevant Servicing Advance in respect of that relevant Put Date and in respect of one or more subsequent Put Dates and (ii) purchase the Excess Mortgage Receivables, on terms substantially the same as set out in the Issuer Services Agreement. The MPT Provider (or any other party providing the relevant Servicing Advance) will purchase the Excess Mortgage Receivables at a price equal to their Outstanding Principal Amounts, plus accrued but unpaid interest up to the relevant Quarterly Payment Date. At the request of the relevant Hedging Counterparty, the Issuer will stipulate as a condition for the sale of the Excess Mortgage Receivables that the relevant part of the relevant Hedging Agreement will be novated to the purchaser of the Excess Mortgage Receivables. The proceeds of such sale will be applied towards the repayment of a Servicing Advance by way of set off. If any of the Excess Mortgage Receivables to be acquired by the MPT Provider (or any other party providing the Servicing Advance) is a Construction Loan Receivable, the Non-Disbursed Amounts relating to such

construction Loan Receivable will be released from the Construction Loan Amount and will be applied towards the repayment of the relevant Servicing Advance.

The Issuer Administrator will in the Issuer Services Agreement agree to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the Seller to the Transaction Accounts held with the GIC Provider and the production of monthly reports in relation thereto, (b) drawings (if any) to be made by the Issuer from any Transaction Account, (c) drawings (if any) to be made by the Issuer from the Liquidity Facility Stand-by Account, (d) all payments to be made by the Issuer under the Hedging Agreements, (e) all payments to be made by the Issuer under the Notes in accordance with the Conditions of the Notes, (f) the maintaining of all required ledgers in connection with the above and (g) all calculations to be made pursuant to the Conditions of the Notes.

### **Termination Events**

The Issuer Services Agreement provides for the following termination events upon the occurrence of which the Security Trustee shall, subject to certain provisions, terminate the Issuer Services Agreement in relation to such defaulting party but not in relation to the other parties to the Issuer Services Agreement:

- (a) a payment to be made by the MPT Provider and/or the Issuer Administrator is not received on the due date of any payment by either of them under the Issuer Services Agreement and such default continues unremedied for a period of fourteen (14) days, except in case such default is caused by *force majeure*; or
- (b) (i) a default is made by the MPT Provider and/or the Issuer Administrator in the performance or observance of certain of its obligations or (ii) a default occurs which in the reasonable opinion of the Security Trustee is incapable of remedy; and which default is in the reasonable opinion of the Security Trustee materially prejudicial to the interests of any Class of holders of Notes; or
- (c) (in respect of the MPT Provider only) the Sub-Servicing Agreement is terminated by HM and/or the Delinquent Loan Servicing Agreement is terminated by the Delinquent Loan Servicer following a default by the MPT Provider under the Sub-Servicing Agreement or Delinquent Loan Servicing Agreement, as the case may be; or
- (d) the MPT Provider or Issuer Administrator takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution and liquidation; or
- (e) the MPT Provider or Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into suspension of payments or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or any analogous insolvency proceedings under any applicable law; or
- (f) at any time it becomes unlawful for the MPT Provider or Issuer Administrator to perform all or a material part of its obligations under the Issuer Services Agreement.

Upon and after termination of the Issuer Services Agreement in relation to the defaulting party:

- (i) all authority and power of the MPT Provider and/or the Issuer Administrator, as the case may be, thereunder will terminate and be of no further effect, and the MPT Provider and/or the Issuer Administrator, as the case may be, will not thereafter hold itself out in any way as the agent of the Issuer or the Security Trustee; and
- (ii) a substitute MPT Provider or Issuer Administrator, as the case may be, will be appointed by the Issuer (or the Security Trustee on its behalf) and such substitute MPT Provider or Issuer Administrator will accede to the Issuer Services Agreement, or enter into an agreement with the Issuer and the Security Trustee substantially on the same terms of the Issuer Services Agreement. Any such substitute MPT Provider must have experience in providing services with regard to mortgages of residential property in Germany and any

such substitute Issuer Administrator shall be a credit institution, finance company or trust company.

The Issuer Services Agreement may be terminated upon the expiry of not less than 12 months' notice of termination given by the MPT Provider or the Issuer Administrator to each of the Issuer and the Security Trustee provided that:

- (a) the Security Trustee consents in writing to such termination, which consent shall not unreasonably be withheld;
- (b) one or more substitute MPT Providers and/or Issuer Administrator will be appointed;
- (c) such substitute MPT Provider has experience in providing MPT Services with regard to loans secured by mortgages on residential property in Germany, and such substitute Issuer Administrator shall be a credit institution, finance company or trust company and is approved by the Security Trustee; and
- (d) the then current ratings assigned to the Notes by the Rating Agencies are not affected as a result thereof.

Notwithstanding any other provisions of the Issuer Services Agreement, the Issuer Services Agreement will terminate at such time as neither the Issuer nor the Security Trustee has any further interest in any of the Assigned Mortgage Receivables or, if later, upon discharge of all Secured Obligations.

None of the provisions of the Issuer Services Agreement shall affect the right of each party thereto to resign from its office for good cause (*aus wichtigem Grund*) with immediate effect.

The Issuer or, as the case may be, the Security Trustee will terminate the authority of the Originator to set the interest rates in respect of the Assigned Mortgage Receivables, if (i) a Notification Event has occurred, (ii) the senior unsecured, unsubordinated and unguaranteed debt obligations of Residential Capital, LLC is lower than or is withdrawn in respect of any two of the following ratings: BB- or its equivalent by S&P or Ba3 or its equivalent by Moody's or BB- or its equivalent by Fitch or (iii) the Seller ceases to be a wholly owned indirect subsidiary of Residential Capital, LLC and thereafter the rating assigned to the senior unsecured, unsubordinated and unguaranteed debt obligations of the Seller or the entity of which the Seller becomes a wholly owned (indirect) subsidiary is lower than or is withdrawn in respect of any two of the following ratings: BB- or its equivalent by S&P or Ba3 or its equivalent by Moody's or BB- or its equivalent by Fitch and the Issuer or the Security Trustee, respectively, will appoint the Hedging Counterparty (or if the Hedging Counterparty refuses to accept such appointment, a third party) to determine and set the interest rates for the Mortgage Loans and the Prepayments Penalties, in each case in accordance with the Mortgage Conditions and applicable law.

### **Financial Services Act**

Under the new Dutch Financial Services Act (*Wet financiële dienstverlening*), which entered into force on 1 January 2006, a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the Issuer, must, in principle, have a licence under that Act. An exemption from the licence requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Financial Services Act or when the special purpose vehicle is otherwise exempted from the obligation to hold a license. The exemption regulation for the Financial Services Act (*Vrijstellingsregeling Wet financiële dienstverlening en besluit financiële dienstverlening*) provides an exemption from the license requirements under the Financial Services Act for financial service providers that offer financial services to consumers outside the Netherlands. The Issuer has been advised that due to the fact that no financial services are being provided to Dutch consumers, the license requirements of the Financial Services Act do not apply to the Issuer. However, the Issuer has outsourced the servicing and administration of the Mortgage Loans to the MPT Provider. The MPT Provider has been advised that in respect of this Transaction, the foregoing exemption from the license requirements under the Financial Services Act also applies to it.



The Seller has been advised that, while being engaged in the business of offering mortgage loans to private individuals, the Seller is exempted from the obligation to hold a licence under the Financial Services Act in respect of this Transaction due to the fact that no financial services are being provided to Dutch consumers.

## THE SWAP COUNTERPARTY

The Royal Bank of Scotland Group plc (the "**Group**") is the holding company of one of the world's largest banking and financial services groups, with a market capitalisation of £56.8 billion at 30 June 2006. Headquartered in Edinburgh, the Group operates in the UK, the US and internationally through its two principal subsidiaries, The Royal Bank of Scotland plc ("**RBS**") and National Westminster Bank Plc ("**NatWest**"). Both RBS and NatWest are major UK clearing banks whose origins go back over 275 years. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The Group's operations are conducted principally through RBS and its subsidiaries (including NatWest) other than the general insurance business (primarily Direct Line Group and Churchill Insurance).

The Group had total assets of £839.3 billion and shareholders' equity of £37.4 billion at 30 June 2006. The Group is strongly capitalised with a total capital ratio of 11.9 per cent. and tier 1 capital ratio of 7.6 per cent as at 30 June 2006.

The short-term unsecured and unguaranteed debt obligations of RBS are currently rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch. The long-term senior unsecured and unguaranteed debt obligations of RBS are currently rated AA by S&P, Aa1 by Moody's and AA+ by Fitch.

In its capacity as the Swap Counterparty, RBS will be acting through its branch at 135 Bishopsgate, London, EC2M 3UR.

The information contained herein with respect to RBS and the Group relates to and has been obtained from it. Delivery of this Prospectus shall not create any implication that there has been no change in the affairs of RBS or the Group since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

## HEDGING AGREEMENTS

*The following is a summary of the Hedging Agreements and should be read in conjunction with, and is qualified by reference to, the other information appearing elsewhere in this Prospectus and the more detailed provisions of each of the Hedging Agreements.*

The Mortgage Loans transferred to the Issuer following the exercise of the Call Option on the Closing Date carry fixed rates of interest while the Notes will carry floating rates of interest. The Issuer will enter into one or more Hedging Agreements in order to hedge against interest rate exposure arising from its Mortgage Loans carrying fixed rates of interest and its floating rate payment obligations under the Notes.

Under the Swap Agreement, the Swap Counterparty will receive from the Issuer, in respect of each Floating Rate Interest Period, an amount calculated by reference to a specified fixed swap rate multiplied by the Notional Amount and the Issuer will receive from the Swap Counterparty, in respect of each Floating Rate Interest Period, an amount calculated by reference to Euribor, with a designated maturity of three months, multiplied by the Notional Amount.

If the amortisation rate of the Notional Amount of the Swap Agreement varies from the expected rate of amortisation, a Notional Adjustment Payment may be due to or from the Issuer on the next Quarterly Payment Date. If the amount of the Prepayment Penalties received by the Issuer on any Quarterly Payment Date is less than the aggregate Notional Adjustment Payment due but unpaid by the Issuer, the difference will form part of the Swap Subordinated Amount to be paid under item (s) of the Interest Priority of Payments.

On each Quarterly Payment Date, the Issuer will enter into a Reset Swap Agreement to hedge against potential interest rate exposure arising from Mortgage Loans to which the Reset Mortgage Receivables relate on which the rate of interest has been reset in the Quarterly Calculation Period preceding such Quarterly Payment Date. If the amortisation rate of the Notional Amount of a Reset Swap Agreement varies from the expected rate of amortisation, a Notional Adjustment Payment may be due to or from the Issuer on the next Quarterly Payment Date. If the amount of the Prepayment Penalties received by the Issuer on any Quarterly Payment Date is less than the aggregate Notional Adjustment Payment due but unpaid by the Issuer, the difference will form part of the Swap Subordinated Amount to be paid under item (s) of the Interest Priority of Payments.

Each Hedging Agreement entered into by the Issuer will be documented under an ISDA Master Agreement and will be an over-the-counter-transaction negotiated at arm's length between the Issuer and the relevant Hedging Counterparty. The Hedging Agreements may be terminated in accordance with Events of Default and Termination Events (each as defined in the relevant ISDA Master Agreement) commonly found in standard ISDA documentation. Each Hedging 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 relevant Hedging Agreement or (iii) an Enforcement Notice is served. Events of Default under the Hedging Agreements in relation to the Issuer will be limited to (i) non-payment under the relevant Hedging Agreement and (ii) certain insolvency events.

Subject to satisfaction of certain conditions, upon a redemption in full of all Classes of Notes, the Issuer, the MPT Provider and each Hedging Counterparty will enter into a novation agreement with respect to the Hedging Agreements and no payments will be due to or from the Issuer thereupon. In the event that such conditions are not met and the Notes are redeemed in full pursuant to **Conditions 6(d), (g) and (h)**, the Issuer and each Hedging Counterparty will be entitled to terminate all or a part of the Hedging Agreements and (subject to the Swap Counterparty's option to match the rate offered by the replacement counterparty) the Issuer will be entitled to terminate any Hedging Agreement after each Put Date if, *inter alia*, (i) the fixed swap rate to be paid by the Issuer under that Hedging Agreement is increased and (ii) a replacement counterparty with the Required Hedging Counterparty Rating has agreed to enter into a replacement Hedging Agreement on the same terms as the Hedging Agreement being terminated, except that the fixed swap rate to be paid by the Issuer is lower.

Upon the early termination of a Hedging Agreement, the Issuer or the relevant Hedging 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 relevant terminated Hedging 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).

No Hedging Agreement will provide a guarantee of any level of excess spread. In relation to each Reset Swap Agreement, however, each Hedging Counterparty will agree that the fixed swap rate to be paid by the Issuer will be such that an excess spread of 0.35 per cent. (or after the First Put Date 0.20 per cent.) of the aggregate Outstanding Principal Amount of the Mortgage Loans to which the relevant Reset Mortgage Receivables relate will remain after payment of the applicable part of items (a), (b), (c), (d), (e), (f), (h), (j), (l) and (n) of the Interest Priority of Payments in respect of interest on the first Quarterly Payment Date after the effective date of the relevant Reset Swap Agreement. Such Swap Counterparty will on the Closing Date agree that it will enter into one or more Reset Swap Agreements.

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

In the event that a Hedging Counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Hedging Counterparty will be required pursuant to the terms of the relevant Hedging 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 Hedging Counterparty will at its own cost, if it is unable to transfer its rights and obligations under the Hedging Agreement to another office, have the right to terminate such Hedging Agreement. Upon such termination, the Issuer or the Hedging Counterparty may be liable to make a termination payment to the other party.

A Hedging Counterparty may, at its own discretion and at its own expense, novate its rights and obligations under a Hedging Agreement to any third party provided that, *inter alia*, such third party has the same or equivalent external credit rating as such Hedging Counterparty.

Under a Hedging Agreement, in the event that a relevant rating of a Hedging Counterparty, or its guarantor, as applicable, is downgraded by a rating agency below the rating specified in such Hedging Agreement and as set out below (in accordance with the requirements of that rating agency), such Hedging Counterparty will at its own cost be required to take certain remedial measures which include the provision of collateral for its obligations under such Hedging Agreement the transfer of such obligations to an entity with at least the ratings required by the relevant rating agency (as specified in such Hedging Agreement), the procurement of another entity with such rating as co-obligor or guarantor in respect of such obligations or the taking of such other action as such Hedging Counterparty may agree with the relevant rating agency.

The specified ratings, in respect of the unsecured, unsubordinated and unguaranteed debt obligations of a Hedging Counterparty, are (i) long-term A1 (or its equivalent) by Moody's, (ii) short-term Prime 1 (or its equivalent) by Moody's, (iii) short-term A-1 (or its equivalent) by S&P and (iv) short-term F1 (or its equivalent) or (v) long-term A+ (or its equivalent) by Fitch. In addition, if the unsecured, unsubordinated debt obligations of a Hedging Counterparty are downgraded below (i) long-term A3 (or its equivalent), (ii) short-term Prime-2 (or its equivalent) by Moody's, (iii) long-term BBB- (or its equivalent) by S&P, (iv) short-term F2 (or its equivalent) or (v) long-term BBB+ (or its equivalent) by Fitch, the requirement to provide collateral is subject to stricter criteria.

A failure to take such steps will give the Issuer a right to terminate the relevant Hedging Agreement.

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

The Swap Counterparty has the right on any Put Date to reprice the Hedging Agreements to which it is a party, but such right may only be exercised once (and not on multiple Put Dates). If such repricing results in an increase in the fixed swap rates of more than 0.15 per cent. the excess will form part of the Swap Subordinated Amount.

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 due under any Hedging Agreement, the amount available (if any) will be paid *pro rata* to the amounts due to the relevant Hedging Counterparty. To the extent that any amount other than a Swap Subordinated Amount is not paid to a Hedging Counterparty on a Quarterly Payment Date, then failure to pay such shortfall will constitute a "Failure to Pay" under the relevant Hedging Agreement which will entitle the relevant Hedging Counterparty to terminate the relevant Hedging Agreement. To the extent that the Swap Subordinated Amount is not paid to a Hedging Counterparty on a Quarterly Payment Date, then such shortfall will be deemed to be due on the next Quarterly Payment Date provided, however, that default interest will be payable by the Issuer to the Hedging Counterparty on such shortfall from the Quarterly Payment Date on which it was due at the default rate agreed in the relevant Hedging Agreement. Such amount will rank below all payments of interest to the Noteholders but will rank higher than the Subordinated Extension Interest Part due to any Class of Notes.

A termination payment to be made by the Issuer to a Hedging Counterparty pursuant to item (e) of the Interest Priority of Payments which arises, following the loss of the Required Hedging Counterparty Rating, due to the failure of that Hedging Counterparty to comply with the terms of the relevant Hedging Agreement relating to such loss of the Required Hedging Counterparty Rating will rank in priority to payments due to any Noteholders to the extent that the Issuer receives a premium from any replacement Hedging Counterparty in relation to a transaction entered into to replace that Hedging Agreement. If the amount of any premium received by the Issuer from a replacement Hedging Counterparty is less than the amount due to the Hedging Counterparty following the Hedging Counterparty's failure to comply with the requirements under the relevant Hedging Agreement following the loss of the Required Hedging Counterparty Rating, the amount by which the termination payment exceeds the premium payable by the replacement Hedging Counterparty will be payable on each Quarterly Payment Date (to the extent not previously paid) after the payment of all amounts due to the Noteholders has been made on that Quarterly Payment Date.

Finally, the Issuer, the MPT Provider and each Hedging Counterparty will, subject to consents and/or certain conditions, enter into a novation agreement with respect to the Hedging Agreements upon (i) a redemption in full of all Classes of the Notes and (ii) the repurchase and acceptance of the re-assignment of the Excess Mortgage Receivables by the MPT Provider.

## THE ISSUER

E-MAC DE 2006-II B.V. was incorporated with limited liability under the laws of the Netherlands on 16 November 2006 under number B.V. 34260143, having its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands, telephone number + 31 (0)20 577 1177. The Issuer is registered with the commercial register of the Chamber of Commerce of Amsterdam under number 34260143. The Issuer was established as a special purpose vehicle for the purpose of issuing asset-backed securities. The Issuer was established for an indefinite period of time.

The statutory auditor of the Issuer is PricewaterhouseCoopers Accountants N.V., having its office at Thomas R. Malthusstraat 5, 1066 JR Amsterdam, The Netherlands. The accountants of the statutory auditor of the Issuer are a member of the Royal Dutch Institute for Registered Accountants (*Koninklijk Nederlands Instituut voor Register Accountants*).

The objectives of the Issuer set out in Article 3 of the Issuer's articles of association 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 mentioned under (a), (c) to invest and on-lend any funds held by the Issuer, (d) to hedge 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 Holding.

Stichting Holding is a foundation (*stichting*) incorporated under the laws of the Netherlands on 9 July 2002. The objects of Stichting 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 Holding is ATC Management B.V.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform the Transaction Documents.

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

The sole shareholder of ATC Management B.V. is Amsterdam Trust Corporation B.V.. The objectives of ATC Management B.V. are (a) advising on and mediation by financial and related transactions, (b) acting as a finance company, and (c) management of legal entities.

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2007. Since the date of incorporation the Issuer has not commenced operations and no financial statements have been made up as at the date of this Prospectus.

### Capitalisation

The following table, taking into account the issue of the Notes, shows the capitalisation of the Issuer as of 12 December 2006 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 A1 Notes .....	Euro	151,000,000
Senior Class A2 Notes .....	Euro	465,700,000
Mezzanine Class B Notes .....	Euro	35,000,000
Junior Class C Notes .....	Euro	24,500,000
Subordinated Class D Notes .....	Euro	14,000,000
Subordinated Class E Notes .....	Euro	9,800,000
Subordinated Class F Notes .....	Euro	3,500,000

**Legal and arbitration proceedings**

The Issuer is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threat and of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.

**Material adverse change in the Issuer's financial position**

Save as disclosed herein, since 16 November 2006 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) the significant change in the trading of financial position of the Issuer.

**USE OF PROCEEDS**

The proceeds of the Notes to be issued on the Closing Date will amount to euro 703,500,000.

The net proceeds of the issue of the Put Option Notes less the Pre-funded Amount will be applied on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase and Transfer Agreement.

An amount of euro 52,340,874 of the Initial Purchase Price, which is equal to the aggregate Non-Disbursed Amounts as of the Closing Date, will be deposited by the Issuer in the Construction Loan Account.

The remaining part of the net proceeds of the issue of the Put Option Notes, being an amount of euro 149,915,525, will be deposited in the Pre-funding Account and will be available for the purchase of New Mortgage Receivables during the Pre-funding Period.



## THE SECURITY STRUCTURE

### Bank Security

Prior to the exercise of the Call Option by the Issuer, the Originator holds legal title to the Existing Mortgage Receivables and, upon origination, will be the legal owner of the New Mortgage Receivables together with, in each case, the Related Security. Pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement, the Originator will assign and transfer to the Issuer immediately following the exercise by the Issuer of the Call Option:

(a)

- (i) on the Closing Date, legal title to each of the Existing Mortgage Receivables; and
- (ii) thereafter, subject to the terms of the Mortgage Receivables Purchase and Transfer Agreement, legal title to any New Mortgage Receivables and any Further Advance Receivables following their origination and the exercise by the Issuer of the Call Option,

provided that if and to the extent a Mortgage Receivable constitutes a Construction Loan Receivable, assignment and transfer of legal title to the Construction Loan Receivable relating to the non-disbursed parts shall only become effective upon release and payment to the Seller (or its order) of the part of the Initial Purchase Price allocated to each such non-disbursed part of the Construction Loan Receivable in accordance with the Mortgage Receivables Purchase and Transfer Agreement and the Issuer Services Agreement,

(together the "**Assigned Mortgage Receivables**" and each of them an "**Assigned Mortgage Receivable**"; together with

(b) the Related Security.

In respect of the Related Security, the Originator will, following the exercise of the Call-Option, assign and transfer to the Issuer in respect of each Assigned Mortgage Receivable:

- (a) the Mortgage(s) (*Briefgrundschulden*) relating to the Assigned Mortgage Receivable;
- (b) any other non-accessory (*nicht-akzessorische*) security rights (including, without limitation, any security assignment over the Borrower's rights in relation to any Life Insurance Policy or any Savings Scheme in respect of which the Borrower is the beneficiary) created or existing in favour of the Originator and securing the payment of the Assigned Mortgage Receivable;
- (c) any present and future claims and rights under the Assigned Mortgage Receivable or in relation to the Mortgaged Property;
- (d) any claims of the Originator against the relevant land owner arising out of the personal assumption of liability (*persönliche Haftungsübernahme*) pursuant to Section 780 of the German Civil Code (*Bürgerliches Gesetzbuch*) of such land owner and the submission to immediate foreclosure (*Unterwerfung unter die sofortige Zwangsvollstreckung*) pursuant to Section 794 No. 5 of the German Code of Civil Procedure (*Zivilprozessordnung*);
- (e) any ancillary rights in relation to the Assigned Mortgage Receivable (including, without limitation, rights to determine legal relationships (*Gestaltungsrechte*)); and
- (f) any claims to receive proceeds from the disposal of or enforcement in relation to the security.

Since the Mortgage Certificates (*Grundschuldbriefe*) are deposited with the Custodian, the delivery of the Mortgage Certificates will be substituted by the assignment of the delivery claims (*Herausgabeanspruch*) according to Sections 1154, 1117 and 931 of the German Civil Code (*Bürgerliches Gesetzbuch*) (the "**Delivery Claims**") to the Issuer.

### Issuer Security

Pursuant to the terms of the Issuer Security Documents, the Issuer will create security in favour of the Security Trustee for the benefit of the Noteholders, the Directors, the Issuer Administrator, the MPT Provider, the Sub-Servicer, the Delinquent Loan Servicer, the Principal Paying Agent, the Security Trustee, the Reference Agent, the Liquidity Facility Provider, the GIC Provider, the Extension Margin Agent, the Seller, the Originator, the Irish Paying Agent, the Swap Counterparty and any other Hedging Counterparty (the "**Secured Creditors**") over:

- (a) all Assigned Mortgage Receivables;
- (b) the Related Security and all claims and rights relating thereto, including without limitation the Mortgages;
- (c) all (present and future) claims and rights the Issuer may have under any of the other Transaction Documents;
- (d) the Issuer's claims against the Security Trustee; and
- (e) all (present and future) claims and rights in relation to any amounts standing to the credit of the Transaction Accounts.

Pursuant to the terms of the Issuer Security Documents, the delivery (*Übergabe*) of the respective Mortgage Certificates necessary to effect the transfer of title from the Issuer to the Security Trustee in relation to the Mortgages will be substituted by the assignment by the Issuer by way of security of the Delivery Claims against the Custodian.

Pursuant to the Issuer Security Documents, the Security Trustee will hold the Issuer Security on trust for the benefit of the Secured Creditors.

### THE SECURITY TRUSTEE

The Security Trustee is a foundation (*stichting*) incorporated under the laws of the Netherlands on 16 November 2006. It has its registered office in Amsterdam, The Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee; (b) (in summary) to acquire security rights as agent and/or trustee and/or for itself; (c) to hold, administer and to enforce the security rights mentioned under (b); (d) to borrow money and (e) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V. The Security Trustee has its registered office at Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are F.E.M. Kuijpers and D.P. Stolp.

Amsterdamsch Trustee's Kantoor B.V. is appointed by the Issuer as Security Trustee pursuant to, and such appointment can be terminated in accordance with, the terms of the Issuer Trust Agreement as attached as Schedule 2 to the Conditions of the Notes.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions applicable to each Class of Notes which will be attached to each Global Note. The definitions in Schedule 1 and the Issuer Trust Agreement in Schedule 2 constitute an integral part of these terms and conditions.*

Terms used and not otherwise defined in these terms and conditions shall have the meaning given to them in **Schedule 1** hereto.

THE PAYMENT OF PRINCIPAL OF, AND INTEREST ON, THE NOTES IS, INTER ALIA, CONDITIONAL UPON THE PERFORMANCE OF THE MORTGAGE RECEIVABLES, AS DESCRIBED HEREIN. HOLDERS OF THE NOTES WILL BE EXPOSED TO CREDIT RISKS OF THE MORTGAGE RECEIVABLES AND THE RESPECTIVE BORROWERS THEREUNDER TO THE FULL EXTENT OF THEIR INVESTMENT IN THE NOTES. THERE IS NO CERTAINTY THAT THE HOLDER OF ANY NOTE WILL RECEIVE THE FULL PRINCIPAL AMOUNT OF THE NOTE OR INTEREST THEREON. THE OBLIGATIONS OF THE ISSUER TO PAY PRINCIPAL OF, AND INTEREST ON, THE NOTES COULD BE REDUCED TO ZERO AS A RESULT OF LOSSES IN RESPECT OF THE MORTGAGE RECEIVABLES.

THE NOTES ARE DIRECT, SECURED AND LIMITED RECOURSE OBLIGATIONS OF THE ISSUER. THE ISSUER'S ABILITY TO SATISFY ITS PAYMENT OBLIGATIONS UNDER THE NOTES AND ITS OPERATING AND ADMINISTRATIVE EXPENSES WILL BE WHOLLY DEPENDENT UPON RECEIPT BY IT IN FULL OF (A) PAYMENTS OF PRINCIPAL AND INTEREST AND OTHER AMOUNTS PAYABLE UNDER THE MORTGAGE RECEIVABLES, (B) CERTAIN INDEMNITIES PAYABLE (IF ANY) BY THE SELLER, (C) PAYMENTS (IF ANY) DUE FROM THE HEDGING COUNTERPARTY UNDER THE HEDGING AGREEMENT(S), (D) INTEREST INCOME ON THE TRANSACTION ACCOUNTS AND (E) PAYMENTS (IF ANY) UNDER THE OTHER TRANSACTION DOCUMENTS IN ACCORDANCE WITH THE TERMS THEREOF. OTHER THAN THE FOREGOING, THE ISSUER WILL HAVE NO OTHER FUNDS AVAILABLE TO MEET ITS OBLIGATIONS UNDER THE NOTES AND THE NOTES WILL NOT GIVE RISE TO ANY PAYMENT OBLIGATION IN EXCESS OF THE FOREGOING. RECOURSE TO THE ISSUER SHALL BE LIMITED TO THE EXTENT OF THE ASSETS OF THE ISSUER COMPRISED IN THE ISSUER SECURITY OR THE PROCEEDS OF THE REALISATION OF THE ISSUER SECURITY, APPLIED IN ACCORDANCE WITH THESE TERMS AND CONDITIONS. IF THE AFOREMENTIONED ASSETS AND PROCEEDS PROVE ULTIMATELY INSUFFICIENT (AFTER PAYMENT OF ALL CLAIMS RANKING IN PRIORITY TO AMOUNTS DUE UNDER THE NOTES) TO PAY IN FULL ALL PRINCIPAL AND INTEREST ON THE NOTES, THEN THE ISSUER SHALL NOT BE LIABLE FOR ANY SHORTFALL ARISING. THE TERMS ON WHICH THE ISSUER SECURITY IS TO BE HELD PROVIDE THAT UPON ENFORCEMENT THEREOF, CERTAIN FEES, COSTS, EXPENSES, AND LIABILITIES OF THE ISSUER (INCLUDING FEES PAYABLE TO THE SECURITY TRUSTEE AND THE MPT SERVICER AND THE FIXED RATE PAYMENTS UNDER THE HEDGING AGREEMENT(S)) WILL RANK SENIOR TO AMOUNTS OWED BY THE ISSUER TO THE NOTEHOLDERS UNDER THE NOTES.

THE NOTES ARE OBLIGATIONS SOLELY OF THE ISSUER. THE NOTES DO NOT REPRESENT AN INTEREST IN, OR CONSTITUTE A LIABILITY OR OTHER OBLIGATION OF THE MANAGERS, THE DIRECTORS, THE ISSUER ADMINISTRATOR, STICHTING HOLDING, THE GIC PROVIDER, THE EXTENSION MARGIN AGENT, THE REFERENCE AGENT, THE LISTING AGENT, THE PRINCIPAL PAYING AGENT, THE IRISH PAYING AGENT, THE SECURITY TRUSTEE, THE LIQUIDITY FACILITY PROVIDER, THE ORIGINATOR, THE SELLER, THE MPT PROVIDER, THE SUB-SERVICER, THE DELINQUENT LOAN SERVICER, THE SWAP COUNTERPARTY OR ANY OTHER HEDGING COUNTERPARTY. THE NOTES ARE NOT, AND WILL NOT BE, INSURED OR GUARANTEED BY THE MANAGERS, THE DIRECTORS, THE ISSUER ADMINISTRATOR, STICHTING HOLDING, THE GIC PROVIDER, THE EXTENSION MARGIN AGENT, THE REFERENCE AGENT, THE LISTING AGENT, THE PRINCIPAL PAYING AGENT, THE IRISH PAYING AGENT, THE SECURITY TRUSTEE, THE LIQUIDITY FACILITY PROVIDER, THE ORIGINATOR, THE SELLER, THE MPT PROVIDER, THE SUB-SERVICER, THE DELINQUENT LOAN SERVICER, THE SWAP COUNTERPARTY OR ANY OTHER HEDGING COUNTERPARTY AND NONE OF THE FOREGOING ASSUMES, OR WILL ASSUME, ANY

LIABILITY OR OBLIGATION TO THE HOLDERS OF THE NOTES IF THE ISSUER FAILS TO MAKE ANY PAYMENT DUE IN RESPECT OF THE NOTES.

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 SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

## 1. Form, Denomination and Transfer

### (a) Issue of Notes

E-MAC DE 2006-II B.V. (the "**Issuer**") will issue notes in an aggregate principal balance of Euro 703,500,000 consisting of the following classes:

- (i) Euro 151,000,000 Senior Class A1 Mortgage-Backed Notes 2006 due 2048 (the "**Senior Class A1 Notes**");
- (ii) Euro 465,700,000 Senior Class A2 Mortgage-Backed Notes 2006 due 2058 (the "**Senior Class A2 Notes**");
- (iii) Euro 35,000,000 Mezzanine Class B Mortgage-Backed Notes 2006 due 2058 (the "**Mezzanine Class B Notes**");
- (iv) Euro 24,500,000 Junior Class C Mortgage-Backed Notes 2006 due 2058 (the "**Junior Class C Notes**");
- (v) Euro 14,000,000 Subordinated Class D Mortgage-Backed Notes 2006 due 2058 (the "**Subordinated Class D Notes**");
- (vi) Euro 9,800,000 Subordinated Class E Mortgage-Backed Notes 2006 due 2058 (the "**Subordinated Class E Notes**"); and
- (vii) Euro 3,500,000 Subordinated Class F Notes 2006 due 2058 (the "**Subordinated Class F Notes**" and, together with the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes and the Subordinated Class E Notes, the "**Notes**").

The issue of the Notes was authorised by a resolution of the managing directors of the Issuer passed on 4 December 2006.

### (b) Exchange

The Notes of each Class will be in bearer form in the denomination of Euro 100,000 each and will be initially represented by a Temporary Global Note without coupons in the initial principal balance of Euro 151,000,000 for the Senior Class A1 Notes, Euro 465,700,000 for the Senior Class A2 Notes, Euro 35,000,000 for the Mezzanine Class B Notes, Euro 24,500,000 for the Junior Class C Notes, Euro 14,000,000 for the Subordinated Class D Notes, Euro 9,800,000 for the Subordinated Class E Notes and Euro 3,500,000 for the Subordinated Class F Notes for (each, a "**Temporary Global Note**").

Each Temporary Global Note will be exchangeable not earlier than the date which is 40 days after the Closing Date (the "**Exchange Date**"), provided certification of non-U.S. economic ownership in respect of the relevant Noteholders has been received, for interests in a Permanent Global Note representing the same Class of Notes, without coupons (each, a "**Permanent Global Note**", and the expression "**Global Notes**" and "**Global Note**" meaning, respectively, (i) all of the Temporary Global Notes and the Permanent Global Notes, or the Temporary Global Note and the Permanent Global Note of a particular Class, or (ii) any of the Temporary Global Notes or the Permanent Global Notes, as the context may require). Interest payments on Notes represented by a Temporary Global Note shall be made only after delivery of such certification. A separate certification shall be required in respect of each such interest payment. Any such

certification received on or after the day which is 40 days after the Closing Date shall be treated as a request to exchange such Temporary Global Note.

On the exchange of the Temporary Global Note for the Permanent Global Note of the relevant Class, the Temporary Global Note shall be cancelled. The Temporary Global Note and the Permanent Global Note shall each be signed manually by a duly authorised officer of the Issuer and shall each be authenticated by a duly authorised officer of the Principal Paying Agent or by such other person as the Principal Paying Agent may appoint for such purpose with the consent of the Issuer.

Definitive Notes, interest coupons and talons will not be issued.

*(c) Common Depositary*

The Global Notes shall be kept in custody by the Common Depositary until all obligations of the Issuer under the Notes have been satisfied. The Global Notes represent the Notes kept in custody for financial institutions that are accountholders of Clearstream Luxembourg or Euroclear.

*(d) Transfer*

The Noteholders shall be entitled to co-ownership participations in the respective Global Note. Transfer of any Note shall require appropriate entries in the relevant securities account.

*(e) Holder*

The Issuer, the Security Trustee and the Paying Agents may, to the fullest extent permitted by law, treat the holder of any Note appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note is 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 will be liable for so treating such holder. The signatures on the Notes will be in original.

*(f) Paying Agency Agreement*

In connection with the issuance of the Notes, the Issuer has entered into a paying agency agreement dated the Closing Date (the "**Paying Agency Agreement**") between the Issuer, Deutsche Bank AG, London Branch as interest determination bank (the "**Reference Agent**"), Royal Bank of Scotland plc as extension margin agent (the "**Extension Margin Agent**"), Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**") and Deutsche International Corporate Services (Ireland) Limited as Irish paying agent (the "**Irish Paying Agent**" and, together with the Principal Paying Agent, the "**Paying Agents**" and each, a "**Paying Agent**" and the Paying Agents together with the Extension Margin Agent and the Reference Agent, the "**Agents**").

## **2. Status, Relationship between the Notes and Issuer Security**

*(a) Status*

The Notes of each Class are direct and unconditional limited recourse obligations of the Issuer and rank *pari passu* and *pro rata* without any preference or priority among Notes of the same Class.

*(b) Subordination*

In accordance with the provisions of **Condition 4, 6 and 9** (i) payments of the interest on the Senior Class A1 Notes rank *pari passu* with the payments of interest on the Senior Class A2 Notes, and prior to the Enforcement Date, payments of principal on the Senior Class A2 Notes are subordinated to, *inter alia*, payments of principal on the Senior Class A1 Notes, and upon the Enforcement Date the payments of principal on the Senior Class A1 Notes rank *pari passu* with the payments of principal on the Senior Class A2 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 A1 Notes and the Senior Class A2 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 A1 Notes and the

Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes, (iv) payments of principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A1 Notes and the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes and (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A1 Notes and the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes and the Subordinated Class E Notes.

(c) *Issuer Security*

The security for the obligations of the Issuer towards the Noteholders, the Directors, the Issuer Administrator, the Principal Paying Agent, the Security Trustee, the Reference Agent, the Liquidity Facility Provider, the GIC Provider, the MPT Provider, the Sub-Servicer, the Delinquent Loan Servicer, the Extension Margin Agent, the Seller, the Originator, the Irish Paying Agent, the Swap Counterparty and any other Hedging Counterparty (the "**Secured Creditors**") will be created pursuant to, and on the terms set out in, the Issuer Security Documents, including but not limited to the Issuer Trust Agreement, the Account Pledge Agreement and the English Deed of Assignment. The Issuer Security will include security over:

- (i) all Assigned Mortgage Receivables by way of security assignment;
- (ii) the Related Security and all claims and rights relating thereto, including without limitation the Mortgages by way of security assignment and transfer, or as appropriate, by way of pledge;
- (iii) all (present and future) claims and rights the Issuer may have under any of the other Transaction Documents; to the extent such claims and rights are governed by German law, security will be created either by way of a German law security assignment or by way of a German law pledge (*Verpfändung*), and to the extent such claims and rights are governed by English law, security will be created by way of an English law assignment;
- (iv) the amounts standing to the Transaction Accounts by way of a German law pledge (*Verpfändung*); and
- (v) the claims of the Issuer against the Security Trustee by way of security assignment.

Pursuant to the terms of the Issuer Security Documents, the delivery (*Übergabe*) of the respective Mortgage Certificates necessary to effect the transfer of title from the Issuer to the Security Trustee in relation to the Mortgages will be substituted by the assignment by the Issuer by way of security of the Delivery Claims against the Custodian.

Pursuant to the Issuer Security Documents, the Security Trustee will hold the Issuer Security on trust for the benefit of the Secured Creditors.

(d) *Issuer Security Documents*

The Notes are subject to, and have the benefit of, the Issuer Trust Agreement, the Account Pledge Agreement and the English Deed of Assignment. As long as any Notes are outstanding, the Issuer shall ensure that at all times a security trustee is appointed who meets the requirements of, and has undertaken substantially the same functions and obligations as, the Security Trustee pursuant to the Notes, including the Conditions of the Notes, the Issuer Trust Agreement, the Account Pledge Agreement and the English Deed of Assignment. The Issuer Trust Agreement is attached as **Schedule 2** to these Conditions and forms an integral part hereof. The Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes will be secured (indirectly) by the Issuer Security. The Senior Class A1 Notes and the Senior Class A2 Notes will rank in priority to the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes; the Mezzanine Class B Notes will rank in priority to the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes; the Junior Class C Notes will rank in priority to the Subordinated Class D Notes, the Subordinated Class E Notes and the

Subordinated Class F Notes; the Subordinated Class D Notes will rank in priority to the Subordinated Class E Notes and the Subordinated Class F Notes; and the Subordinated Class E Notes will rank in priority to the Subordinated Class F Notes.

The Security Trustee shall perform such functions, exercise such rights and fulfil such obligations as are specified in the Issuer Trust Agreement and incorporated by reference into the English Deed of Assignment and the Account Pledge Agreement. The Issuer Trust Agreement and, by incorporation by reference, the English Deed of Assignment and the Account Pledge Agreement, contain provisions requiring the Security Trustee to have regard to the interests of the Senior Class A1 Noteholders, the Senior Class A2 Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders, the Subordinated Class D Noteholders, the Subordinated Class E Noteholders and the Subordinated Class F Noteholders, as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the Senior Class A1 Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A1 Noteholders on the one hand and the Senior Class A2 Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders, the Subordinated Class D Noteholders, the Subordinated Class E Noteholders and the Subordinated Class F Noteholders on the other hand and, if no Senior Class A1 Notes, are outstanding, to have regard only to the interests of the Senior Class A2 Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A2 Noteholders on the one hand and the Mezzanine Class B Noteholders, the Junior Class C Noteholders, the Subordinated Class D Noteholders, the Subordinated Class E Noteholders and the Subordinated Class F Noteholders on the other hand and, if no Senior Class A1 Notes and no Senior Class A2 Notes are outstanding, to have regard only to the interests of the Mezzanine Class B Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class B Noteholders on the one hand and the Junior Class C Noteholders, the Subordinated Class D Noteholders, the Subordinated Class E Noteholders and the Subordinated Class F Noteholders on the other hand and if no Mezzanine Class B Notes are outstanding, to have regard only to the interests of the Junior Class C Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Junior Class C Noteholders on the one hand and the Subordinated Class D Noteholders, the Subordinated Class E Noteholders and the Subordinated Class F Noteholders on the other hand and if no Junior Class C Notes are outstanding to have regard only to the interests of the Subordinated Class D Noteholders if, in the Security Trustee's opinion there is a conflict between the interests of the Subordinated Class D Noteholders on the one hand and the Subordinated Class E Noteholders and the Subordinated Class F Noteholders on the other hand and if no Junior Class D Notes are outstanding to have regard only to the interests of the Subordinated Class E Noteholders if, in the Security Trustee's opinion there is a conflict between the interests of the Subordinated Class E Noteholders on the one hand and the Subordinated Class F Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors, provided that in case of a conflict of interest between the Secured Creditors the priority of payments upon enforcement set forth in the Issuer Trust Agreement determines which interest of which Secured Creditor prevails.

As long as any Notes are outstanding, the Issuer shall ensure that a security trustee is appointed at all times who will perform the same functions, exercise the same rights and fulfil the same obligations as the Security Trustee under the Transaction Documents.

### **3. Covenants of the Issuer**

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with the requirements of Dutch law and accounting practice and shall not, except to the extent permitted by the Mortgage Receivables Purchase and Transfer Agreement, the English Deed of Assignment, the Issuer Trust Agreement, the Issuer Services Agreement, the Sub-Servicing Agreement, the Delinquent Loan Servicing Agreement, the Hedging Agreements, each Assignment Agreement, each Originator Assignment of Mortgages, each Issuer Assignment of Mortgages, the GIC, the Liquidity Facility Agreement, the Notes Purchase Agreements, the Paying Agency Agreement, the Management Agreements, the Account Pledge



Agreement, the Master Definitions Agreement and the Intercreditor Agreement or under these Conditions or with the prior written consent of the Security Trustee:

- (i) carry out any business other than as described in the Prospectus dated 12 December 2006 relating to the issue of the Notes and as contemplated in the Transaction Documents;
- (ii) 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 Transaction Documents;
- (iii) create or promise to create any mortgage, charge, pledge, lien or other encumbrances and whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Transaction Documents;
- (iv) take action for its dissolution, request the court to grant a suspension of payments or declare its bankruptcy;
- (v) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (vi) permit the validity or effectiveness of the Issuer Security Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Transaction Documents;
- (vii) have any employees or premises or have any subsidiary or subsidiary undertaking; or
- (viii) have an interest in any bank account other than the Transaction Accounts or an account to which collateral under the Hedging Agreements is transferred, unless all rights in relation to such account will have been pledged to the Security Trustee as provided in **Condition 2(c)(iv)** hereof.

#### **4. Interest**

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

Each of the Notes shall bear interest on its Principal Amount Outstanding 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 judgment) 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 (7th) day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with **Condition 14** hereof) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on the basis of actual days elapsed in the Floating Rate Interest Period divided by 360 days.

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

Interest on the Notes will be payable by reference to successive quarterly interest periods (each, a **"Floating Rate Interest Period"**) and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding of each of the Notes, respectively, on the 25th day of February, May, August and November (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 25th 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 Frankfurt, Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement European Transfer System (**"TARGET System"**) or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Rate Interest Period will commence on (and

include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and end (but exclude) the Quarterly Payment Date falling in February 2007.

*(c) Interest on the Notes up to (but excluding) the First Put Date*

Interest on the Notes for each Floating Rate 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 month deposits (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three month deposits in euro), rounded, if necessary, to the 5th decimal place with 0.000005 being rounded upwards increased with, up to (but excluding) the First Put Date:

- (1) for the Senior Class A1 Notes, a margin of 0.13 per cent. per annum;
- (2) for the Senior Class A2 Notes, a margin of 0.18 per cent. per annum;
- (3) for the Mezzanine Class B Notes, a margin of 0.22 per cent. per annum;
- (4) for the Junior Class C Notes, a margin of 0.41 per cent. per annum;
- (5) for the Subordinated Class D Notes a margin of 0.67 per cent. per annum;
- (6) for the Subordinated Class E Notes a margin of 0.85 per cent. per annum; and
- (7) for the Subordinated Class F Notes a margin of 2.00 per cent. per annum.

*(d) Interest on the Notes following the First Put Date*

If on the First Put Date the Notes of any Class have not been redeemed in full, the rate of interest applicable to the relevant Class of Notes will be equal to the sum of Euribor for three month deposits, payable by reference to Floating Rate Interest Periods on each Quarterly Payment Date, increased with the relevant Extension Margin.

*(e) Determination of Extension Margins*

The Extension Margin Agent shall determine the margins applicable to each Class of Notes as of the First Put Date at least sixty two (62) days prior to the First Put Date (the "**Extension Margins**"). The Extension Margin Agent shall determine the Extension Margins as follows: The Extension Margin Agent will select the top five then leading European securitisation underwriters in recognised league tables showing volume of European Residential Mortgage Backed Securities transactions (excluding, for the avoidance of doubt, Residential Mortgage Backed Securities transactions with mortgages originated by these underwriters themselves). Such underwriters are requested by the Extension Margin Agent to give quotes for the Extension Margins based on the following assumptions:

- (i) no Noteholder exercises its Put Option;
- (ii) the Notes will have a remaining assumed average life (on a 30/360 basis) based on a constant prepayment rate ("**CPR**") of 6 per cent. applied to the then outstanding Mortgage Loans to which the Mortgage Receivables relate;
- (iii) the interest rate applicable to the Mortgage Loans to which the Mortgage Receivables relate will not change on an interest reset date;
- (iv) the Mortgage Loans to which the Mortgage Receivables relate are not prepaid on an interest reset date (other than what is effected by the assumed CPR);
- (v) no delinquencies and no defaults of Mortgage Loans to which the Mortgage Receivables relate will occur;
- (vi) the Conditions of the Notes remain the same;

- (vii) the Clean-Up Call Option will be exercised; and
- (viii) the then current ratings assigned to each Class of Notes will be confirmed on the First Put Date by each Rating Agency which has assigned a rating to such Class of Notes.

The Extension Margins will be equal to the arithmetic mean (rounded, if necessary, to the nearest basis point) of such five quotations of such underwriters as determined by the Extension Margin Agent. The Extension Margins shall be notified to the Noteholders on the sixtieth (60th) day prior to the First Put Date in accordance with **Condition 6(d)(iv)(1)**.

After the determination of the Extension Margins applicable as of the First Put Date the Extension Margins will not be changed.

(f) *Euribor*

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

- (i) the Reference Agent will obtain for each Floating Rate Interest Period the rate equal to the sum of Euribor for three month deposits in euro. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI – The Financial Market Association and which appears for information purposes on the Telerate Page 248 (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuters Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) as at or about 11.00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating Rate Interest Period (each, an "**Interest Determination Date**"); or
- (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:
  - (1) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the "**Reference Banks**") to provide a quotation for the rate at which three month 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; or
  - (2) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there will be at least two in number, in the Euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for one month 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 will be the rate per annum equal to the Euro-interbank offered rate for euro deposits as determined in accordance with this **Condition 4(f)**, 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.

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

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each relevant Interest Determination Date, determine the floating rates of interest referred to in **Conditions 4(c)** and **6(d)** above for each relevant Class of Notes (the "**Floating Rate of Interest**") and calculate the amount of interest payable on this Class of Notes for the following Floating Rate Interest Period (the "**Floating Interest Amount**") by applying the relevant Floating Rate of Interest to the principal amount outstanding of the relevant Class of Notes. The determination of the relevant Floating Rate of Interest and the Floating Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

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

The Reference Agent will cause the relevant Floating Rate of Interest and the relevant Floating Interest Amount and the Quarterly Payment Date applicable to each relevant Class of Notes to be notified to the Issuer, the Security Trustee, the Principal Paying Agent, the Irish Paying Agent, the Issuer Administrator, the Irish Stock Exchange (the "**Irish Stock Exchange**") for so long as the Put Option Notes are listed on the Irish Stock Exchange and to the holders of such Class of Notes in accordance with **Condition 14**. The Floating Interest Amount and 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.

*(i) Determination or Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the relevant Floating Rate of Interest or fails to calculate the relevant Floating Interest Amount in accordance with **Condition 4(g)** above, the Security Trustee shall determine the relevant Floating Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in **Condition 4(g)** above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Floating Interest Amount in accordance with **Condition 4(h)** above, and each such determination or calculation will be final and binding on all parties.

*(j) Reference Banks and Reference Agent*

The Issuer will procure that, as long as any of the Notes remains outstanding, there will be at all times four Reference Banks and a Reference Agent.

## **5. Payment**

*(a) Payments*

Payments of principal and interest in respect of the Notes will be made by the Issuer to the Principal Paying Agent for payment by the Principal Paying Agent to the Noteholders on the Quarterly Payment Date to, or to the order of, Euroclear and Clearstream Luxembourg, as relevant, for credit to the relevant participants in Euroclear and Clearstream Luxembourg for subsequent transfer to the Noteholders. All payments are subject to any fiscal laws or other laws and regulations applicable of the place of payment.

*(b) Final Maturity*

On the Final Maturity Date, or on such earlier date on which the Notes become due and payable, payment in respect of the Notes will be made only against presentation of the relevant Global Note at the specified office of the Principal Paying Agent.

*(c) Discharge*

All payments made by the Principal Paying Agent on behalf of the Issuer to the Noteholder shall discharge the liability of the Issuer under the Notes to the extents of the sums so paid.

(d) *Payment Business Days*

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 (for the purposes of this Condition a "**local business day**"), the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to a Euro account as referred to above, the Principal Paying Agent and the Irish Paying Agent shall not be obliged to credit such account until the local business day immediately following the day on which banks are open for business in the Netherlands and Ireland. The name of the Principal Paying Agent and of its office is set out below.

## 6. Redemption

(a) *Final redemption*

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 February 2048 with regard to the Senior Class A1 Notes and February 2058 with regard to the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes (the "**Final Maturity Date**"), but in respect of the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes subject to **Condition 9(b)** hereof.

(b) *Mandatory redemption*

Provided that no Enforcement Notice has been served in accordance with **Condition 10**, the Issuer will be obliged to apply the Notes Redemption Available Amount after payment of the Initial Purchase Price for Sub-Participations relating to New Mortgage Receivables, together with the Related Security, and/or, as the case may be, Further Advance Receivables, to redeem (or partially redeem), on the Quarterly Payment Date falling in February 2007 and each Quarterly Payment Date thereafter, the Notes at their Principal Amount Outstanding, subject to **Condition 9** hereof:

- (i) before the Target Amortisation Date and on or after the Target Amortisation Date in case a Target Amortisation Event has occurred, which is not cured prior to such Quarterly Payment Date:
  - (1) *first*, the Senior Class A1 Notes, until fully redeemed; and thereafter
  - (2) *second*, the Senior Class A2 Notes, until fully redeemed; and thereafter
  - (3) *third*, the Mezzanine Class B Notes, until fully redeemed; and thereafter
  - (4) *fourth*, the Junior Class C Notes, until fully redeemed; and thereafter
  - (5) *fifth*, the Subordinated Class D Notes, until fully redeemed; and thereafter
  - (6) *sixth*, the Subordinated Class E Notes, until fully redeemed; and
- (ii) on or after the Target Amortisation Date unless a Target Amortisation Event has occurred, which is not cured prior to such Quarterly Payment Date:
  - (1) *first*, the Senior Class A1 Notes by applying the Senior Class Notes Redemption Available Amount;
  - (2) *second*, the Senior Class A2 Notes by applying the Senior Class Notes Redemption Available Amount to the extent not applied under (1) above;
  - (3) *third*, the Mezzanine Class B Notes by applying the Class B Notes Redemption Available Amount;
  - (4) *fourth*, the Junior Class C Notes by applying the Class C Notes Redemption Available Amount;

- (5) *fifth*, the Subordinated Class D Notes by applying the Class D Notes Redemption Available Amount; and
  - (6) *sixth*, the Subordinated Class E Notes by applying the Class E Notes Redemption Available Amount.
- (c) *Determination of Principal Redemption Amount and Principal Amount Outstanding*
- (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (1) the Principal Redemption Amount and (2) the Principal Amount Outstanding of the relevant Notes on the first day following the Quarterly Payment Date. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
  - (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of Notes to be notified forthwith to the Security Trustee, the Principal Paying Agent, the Irish Paying Agent, the Reference Agent, Euroclear, Clearstream, Luxembourg, the Irish Stock Exchange and to the holders of Notes in accordance with **Condition 14**. 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 14**.
  - (iii) If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with **Conditions 6(c)(i) and 6(c)(ii)** above (but based upon the information in its possession as to the Notes Redemption Available Amount each such determination or calculation shall be deemed to have been made by the Issuer).
- (d) *Redemption of the Put Option Notes at the option of Put Option Noteholders*
- (i) Each Put Option Noteholder has the option (a "**Put Option**") to offer any or all Put Option Notes held by it to the Issuer for redemption on the Quarterly Payment Date falling in November 2013 (the "**First Put Date**") and each Quarterly Payment Date thereafter (each a "**Put Date**") in accordance with the following provisions of this **Condition 6(d)**.
  - (ii) If a Put Option Noteholder exercises the Put Option in respect of Put Option Notes held by it then the Issuer will be obliged, subject to **Condition 9** to redeem such Put Option Notes in full, on the relevant Put Date, at their aggregate Principal Amount Outstanding.
  - (iii) To exercise the Put Option, the Put Option Noteholder shall deliver, at the specified office of the Issuer and the Principal Paying Agent at any time during normal business hours of the Issuer within a period of not less than forty-five (45) days (unless such forty-fifth (45th) day is not a Business Day, in which case the immediately preceding day) and not more than sixty (60) days prior to the Put Date (the "**Put Notice Period**"), a duly completed and signed notice of exercise in the form obtainable from the Issuer or, in case the Put Option Notes are held through Euroclear or Clearstream, Luxembourg, as required by Euroclear or Clearstream, Luxembourg (the "**Put Notice**") in which the Put Option Noteholder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this **Condition 6(d)** accompanied by the Put Option Note or evidence satisfactory to the Issuer concerned that the relevant Put Option Note will, following delivery of the Put Notice, be held to its order or under its control.
  - (iv) With respect to the First Put Date the following is applicable:
    - (1) On or before the sixtieth (60th) day prior to the First Put Date, the Issuer shall notify in accordance with **Condition 14** the Put Option Noteholders of the upcoming First Put Date and that any Put Option Notes in respect of which the Put Option may be exercised will be

redeemed in full, subject to **Condition 9**, on the First Put Date and shall notify the Put Option Noteholders of:

- (A) the right to exercise the Put Option;
  - (B) each Extension Margin;
  - (C) the assumed remaining average life of each Class of Put Option Notes; and
  - (D) the requirement to give a Put Notice no later than by close of business on the forty-fifth (45th) day prior to the First Put Date (unless such day is not a Business Day, in which case the immediately preceding Business Day).
- (2) On or before the fifth (5th) day before the First Put Date, the Issuer will notify the Put Option Noteholders which Put Option Notes will be redeemed on the First Put Date, subject to **Condition 9** and the confirmation of each of S&P, Moody's and Fitch of the then current ratings assigned to the Put Option Notes as of the First Put Date after taking into account the redemption of the Put Option Notes in respect of which the Put Option has been exercised.
- (3) The Put Option Notes in respect of which the Put Option is not exercised, will not be redeemed on the First Put Date. The Put Option Notes in respect of which the Put Option is exercised will be redeemed in full, subject to **Condition 9**, on the First Put Date.
- (4) If any of S&P, Moody's or Fitch is not able to confirm the then current ratings assigned to the Put Option Notes (as set forth in **Condition 6(d)(iv)(2)**), then all Put Option Notes will be redeemed, subject to **Condition 9**, in full on the First Put Date.

Any Put Notice given by a holder of any Put Option Note shall be irrevocable, except where prior to the First Put Date an Event of Default (as described in **Condition 10**) shall have occurred and be continuing in which event such Put Option Noteholder, at its option, may elect, by giving notice to the Issuer and the Principal Paying Agent, to withdraw the Put Notice given pursuant to this paragraph and instead to declare such Put Option Note forthwith due and payable pursuant to **Condition 10**.

(v) With respect to each Put Date after the First Put Date the following is applicable:

- (1) On or before the sixtieth (60th) day before the relevant Put Date, the Issuer shall notify the Put Option Noteholders of:
- (A) the right to exercise the Put Option; and
  - (B) the requirement to give a Put Notice no later than by close of business on the forty-fifth (45th) day prior to such Put Date (unless such day is not a Business Day, in which case the immediately preceding day).
- (2) On or before the fifth (5th) day before the relevant Put Date, the Issuer will notify the Put Option Noteholders which Put Option Notes will be redeemed on the relevant Put Date, subject to **Condition 9** and the confirmation of each of S&P, Moody's and Fitch of the then current ratings assigned to the Put Option Notes as of such Put Date after taking into account the redemption of the Put Option Notes in respect of which the Put Option has been exercised.
- (3) The Put Option Notes in respect of which the Put Option is not exercised, will not be redeemed on such Put Date. The Put Option Notes in respect of which the Put Option is exercised will be redeemed in full, subject to **Condition 9**, on the relevant Put Date.

- (4) If any of S&P, Moody's or Fitch is not able to confirm the then current ratings assigned to the Put Option Notes (as set forth in **Condition 6(d)(v)(2)**), then all Put Option Notes will be redeemed, subject to **Condition 9**, in full on the relevant Put Date.

Any Put Notice given by a holder of any Put Option Note shall be irrevocable, except where prior to the relevant Put Date an Event of Default (as described in **Condition 10**) shall have occurred and be continuing in which event such Put Option Noteholder, at its option, may elect, by giving notice to the Issuer and the Principal Paying Agent, to withdraw the Put Notice given pursuant to this paragraph and instead to declare such Put Option Note forthwith due and payable pursuant to **Condition 10**.

- (vi) In the event that on a Put Date the Issuer has insufficient funds available to redeem the Put Option Notes in respect of which the Put Option has been exercised, the Put Option Notes Redemption Available Amount shall be applied in accordance with **Condition 6(b)**. If on a Put Date the Put Option Notes are not redeemed for whatever reason, this will not constitute an Event of Default as described in **Condition 10**. After the relevant Put Date, in case the Put Option Notes are not redeemed in full, payments on the Put Option Notes will be made in accordance with **Conditions 4 and 6** until the Put Date on which the Issuer receives a Servicing Advance in an amount sufficient to redeem the Put Option Notes in respect of which the Put Option has been exercised.

*(e) Redemption of Subordinated Class F Notes*

Provided that no Enforcement Notice has been served in accordance with **Condition 10** the Issuer will be obliged on the Quarterly Payment Date falling in November 2008 and each Quarterly Payment Date thereafter to apply the positive difference, if any, between the balance standing to the credit of the Reserve Account and the Reserve Account Target Level to redeem (or partially redeem) on a *pro rata* basis the Subordinated Class F Notes on each such date until fully redeemed.

*(f) Partial Redemption of the Put Option Notes upon Discontinuation Event*

If a Discontinuation Event has occurred and provided that no Enforcement Notice has been served in accordance with **Condition 10**, the Issuer shall be obliged to partially redeem the Put Option Notes on the immediately following Quarterly Payment Date. The amount available for partial redemption of the Put Option Notes shall be equal to the Non-Disbursed Amounts deposited in the Construction Loan Account relating to the Construction Loans being subject of such Discontinuation Event. The Put Option Notes shall be redeemed in accordance with the Principal Priority of Payments.

*(g) Clean-Up Call*

In case on any Quarterly Payment Date the aggregate Principal Amount Outstanding of the Put Option Notes (in case of a Principal Shortfall in respect of any Class of Put Option Notes, less such aggregate Principal Shortfall) is not more than ten (10) per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes on the Closing Date the Issuer will, if so instructed by the MPT Provider, redeem all of the Notes, in whole but not in part at their Principal Amount Outstanding together with accrued interest thereon up to but excluding the date of redemption, subject to and in accordance with **Condition 9(b)**. No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time. The Issuer shall notify the exercise of such option by giving not more than sixty (60) nor less than thirty (30) days' written notice to the Noteholders and the Security Trustee prior to the relevant Quarterly Payment Date.

*(h) General*

In the event of certain tax changes affecting the Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction) which is evidenced by written legal (tax) advice, the Issuer will, if so directed by the Seller, redeem all of the Notes, in whole but not in part, at their Principal Amount Outstanding together with accrued interest thereon



up to but excluding the date of redemption, subject to and in accordance with **Condition 9 (b)**. No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

## 7. Taxation

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges is 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 and will have no obligation to 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 any EC Council Directive 2003/48/EC on the taxation of savings income that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such directive.

## 8. Prescription / Presentation

The presentation period provided in Section 801 para. 1, sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten (10) years for the Notes.

The period for prescription for Notes presented for payment during the presentation period shall be three (3) years beginning at the end of the relevant presentation period.

## 9. Subordination

### (a) Interest

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

In the event that on any Quarterly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes and on the Subordinated Extension Interest Part relating to the Senior Class A1 Notes and the Senior Class A2 Notes, on the next Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of such Class of Notes. In the event of a shortfall (the "**Interest Shortfall**"), the Issuer shall credit the relevant Interest Deficiency Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on such Class of Notes on any Quarterly Payment Date (in accordance with this Condition) falls short of the aggregate amount of interest payable on that Class of Notes on that date pursuant to **Condition 4**. An Interest Shortfall shall not be treated as due on that date for the purposes of **Conditions 4** and **10**, but shall become due and payable (subject to this **Condition 9(a)**) together with lump sum damages in respect thereof calculated at the Default Interest Rate on the next succeeding Quarterly Payment Date and on any following Quarterly Payment Date until reduced to zero. Lump sum damages shall be payable on any Interest Shortfall, provided that the Issuer shall be free to prove that no damage has arisen or that a damage has not arisen in the asserted amount, whereas the relevant Noteholder shall be entitled to assert further damages.

### (b) Principal

If, on any Quarterly Payment Date, there is a balance on the Principal Deficiency Ledger of a Class of Put Option Notes, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each such Put Option Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Quarterly Payment Date. The Put Option

Noteholders of a Class of Notes shall have no further claim against the Issuer for the Principal Amount Outstanding on such Put Option Notes after the earlier of (i) the Final Maturity Date or (ii) the relevant Put Date or such other date on which such Put Option Note(s) is/are fully redeemed or (iii) 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.

Subordinated Class F Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding of the Subordinated Class F Notes after the earlier of (i) the Final Maturity Date or (ii) the relevant Put Date or such other date on which such Subordinated Class F Note(s) is/are fully redeemed or (iii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Reserve Account.

(c) *General*

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

## 10. Events of Default

Following the occurrence of an Event of Default, the Security Trustee at its discretion may, and following receipt of written instructions by the holders of at least 25 per cent. of the Notes of each Class calculated on a Class by Class basis (the "**Instructing Majority**") and provided that the Security Trustee is indemnified to its satisfaction, shall deliver an enforcement notice (the "**Enforcement Notice**") to the Issuer specifying the occurrence of the relevant Event of Default and, if applicable, the date determined by the Security Trustee as being the date on which the Event of Default first occurred. Any written instruction by a Noteholder shall be made by means of a written declaration delivered by hand or registered mail (*Einschreiben Rückschein*) to the specified office of the Principal Paying Agent who shall forward any written request immediately upon receipt to the Security Trustee.

The occurrence of any of the following events shall constitute an "**Event of Default**":

- (i) 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 other than under the Put Option on a Put Date; or
- (ii) the Issuer fails to perform any of its other obligations binding on it under the Notes, the Paying Agency Agreement or the Issuer Security Documents 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 following the delivery of written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (iii) 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
- (iv) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (v) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with its creditors; or
- (vi) the Issuer files a petition for a suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or is declared bankrupt.

## 11. Enforcement

- (i) At any time after the Notes of any Class become due and payable as a result of the delivery of an Enforcement Notice, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Issuer Trust Agreement, the other Issuer Security Documents and the Notes.
- (ii) No Secured Creditor (other than the Security Trustee) has any independent power to (i) enforce any Issuer Security, (ii) exercise any rights, remedies, discretion or powers in relation to the Issuer Security or under or pursuant to the Issuer Security Documents, (iii) grant any consents or releases under or pursuant to the Issuer Security Documents or (iv) otherwise have direct recourse to the Issuer Security, provided that the Instructing Majority shall be entitled to deliver an Enforcement Notice to the Issuer and to enforce the Issuer Security in accordance with the provisions of the Issuer Security Documents in the event the Security Trustee fails, after having been so instructed, to deliver an Enforcement Notice to the Issuer or otherwise fails to enforce the Issuer Security (in each case within a reasonable period of time following notice of such failure by the Instructing Majority) and such failure continues. In addition, no Secured Creditor is entitled to require the Security Trustee to take any action or proceedings under or in relation to any of the Issuer Security Documents or to exercise any of the rights or powers of discretion conferred on it by the Issuer Trust Agreement or any of the other Issuer Security Documents.
- (iii) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceedings 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 of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to **Condition 10** is to enforce the Issuer Security.

## 12. Indemnification of the Security Trustee

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

## 13. Principal Paying Agent, Irish Paying Agent, Extension Margin Agent and Reference Agent

### (a) Specified Offices

The Principal Paying Agent, the Irish Paying Agent, the Extension Margin Agent and the Reference Agent and their respective offices are:

Principal Paying Agent: Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Irish Paying Agent: Deutsche International Corporate Services (Ireland) Limited  
5 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
Ireland

Reference Agent: Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street

London EC2N 2DB  
United Kingdom

Extension Margin Agent: The Royal Bank of Scotland plc  
135 Bishopsgate  
London EC2M 3UR  
United Kingdom

*(b) Termination of Appointment*

As long as any of the Notes remains outstanding (and, in case of the Extension Margin Agent, prior to the First Put Date) there shall at all times be a Reference Agent, an Extension Margin Agent, a Principal Paying Agent and an Irish Paying Agent provided that no Paying Agent located in the United States of America will be appointed and that the Issuer will at all times maintain an Irish Paying Agent with a specified office in Ireland and a Principal Paying Agent with a specified office in the European Union for as long as the Put Option Notes are listed on the Irish Stock Exchange.

The Issuer reserves the right at any time to terminate the appointment of any Agent with the prior written consent of the Security Trustee upon giving such Agent not less than thirty (30) calendar days' prior notice.

Any Agent may at any time resign from its office by giving the Issuer and the Security Trustee not less than thirty (30) calendar days' prior notice.

Any termination or resignation of any Agent shall, as long as any of the Notes remains outstanding (and, in case of the Extension Margin Agent, prior to the First Put Date) becomes effective only upon (i) the appointment by the Issuer with the prior written consent of the Security Trustee (provided that the Security Trustee may, without prejudice to its duty of care pursuant to the Issuer Trust Agreement and in particular, without limitation, subject to its duty to act in a timely manner, requests a confirmation from each of S&P, Moody's and Fitch that such appointment would not negatively affect or result in a downgrading or withdrawal of the rating of any Note) of one or more, as the case may be, banks or financial institutions in the required capacity and (ii) the giving of prior notice of such appointment to the Noteholders in accordance with **Condition 14**.

The foregoing shall not affect the right of any Agent to resign *for good cause (aus wichtigem Grund)* with immediate effect.

*(c) Agents of the Issuer*

In acting hereunder and in connection with the Notes, each of the Agents shall act solely as agents of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with the Noteholders, and shall not have any obligation towards the Noteholders except that all funds held by the Paying Agents for payments under the Notes shall be held exclusively for the benefit of and for payment to the Noteholders, but need not be segregated from other funds, except as required by law or as set forth in these Conditions, and shall be applied as set forth in these Conditions. Each of the Agents shall be released from the restrictions set out in Section 181 German Civil Code (*Bürgerliches Gesetzbuch*).

*(d) Determinations Binding*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Conditions by the Security Trustee shall (in the absence of manifest error) be binding on the Issuer, the Agents and the Noteholders and shall be made in accordance with Section 317 of the German Civil Code (*Bürgerliches Gesetzbuch*) in its reasonable discretion (*billiges Ermessen*).

*(e) Liability of Agents*

None of the Agents shall have any liability in respect of any error or omission or subsequent correction made in the calculation or publication of any amount in relation to the Notes, unless caused by negligence

or by not following the standard of care of a prudent merchant (*mit der Sorgfalt eines ordentlichen Kaufmanns*).

#### **14. Notices**

- (i) With the exception of the publications of the Reference Agent in **Condition 4(h)** and of the Issuer in **Condition 6**, all notices to the Noteholders shall be published in at least one daily newspaper printed in the English language and with wide circulation in Ireland, or, if all such newspapers shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe.
- (ii) Any notice so given shall be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first of such publications).
- (iii) Any publication provided for in the first paragraph of this **Condition 14** may, provided that as long as the Put Option Notes are listed on a stock exchange and the rules of the relevant stock exchange so permit, be substituted with the delivery of the relevant notice to the applicable Clearing System for communication by it to the Noteholders. Any such notice shall be deemed to have been given to all the Noteholders on the seventh day after the day on which the said notice was delivered to the respective Clearing System.

#### **15. Replacements of Notes**

If any of the Notes is lost, stolen, damaged or destroyed, it may be replaced by the Issuer upon payment by the claimant of the costs arising in connection therewith. As a condition of replacement, the Issuer may require the fulfilment of certain conditions, the provisions of proof regarding the existence of indemnification and/or the provision of adequate collateral. In the event of any of the Notes being damaged, such Note shall be surrendered before a replacement is issued. If any Note is lost or destroyed, the foregoing shall not limit any right to file a petition for the annulment of such Note pursuant to the provisions of the laws of the Federal Republic of Germany.

#### **16. Severability**

Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall remain in force.

#### **17. Limited Recourse**

The Notes are direct, secured and limited recourse obligations of the Issuer. The Issuer's ability to satisfy its payment obligations under the Notes and its operating and administrative expenses will be wholly dependent upon receipt by it in full of (a) payments of principal and interest and other amounts payable under the Mortgage Receivables; (b) certain indemnities payable (if any) by the Seller, (c) payments (if any) due from the Swap Counterparty under the Hedging Agreement(s), (d) interest income on the Transaction Accounts and (e) payments (if any) under the other Transaction Documents in accordance with the terms thereof. Other than the foregoing, the Issuer will have no other funds available to meet its obligations under the Notes and the Notes will not give rise to any payment obligation in excess of the foregoing. Recourse to the Issuer shall be limited to the extent of the assets of the Issuer comprised in the Issuer Security or the proceeds of the realisation of the Issuer Security, applied in accordance with these Conditions. If the aforementioned assets and proceeds prove ultimately insufficient (after payment of all claims ranking in priority to amounts due under the Notes) to pay in full all principal and interest on the Notes, then the Issuer shall not be liable for any shortfall arising.

#### **18. Applicable Law, Place of Performance, Place of Jurisdiction, Process Agent**

##### **(a) Governing Law**

The Notes, as to form and content, and all rights and obligations of the Noteholders, the Issuer, and each of the Agents shall in all respects be governed by, and construed in accordance with, German law. The

creation of the security interests created under the English Deed of Assignment shall be governed by, and construed in accordance with, English law and the creation of the security interests created under the Issuer Trust Agreement and under the Account Pledge Agreement shall be governed by, and construed in accordance with, German law.

*(b) Place of Performance*

Place of performance shall be Frankfurt am Main, Federal Republic of Germany.

*(c) Submission to Jurisdiction*

The Issuer hereby expressly submits to the jurisdiction of the courts of the Federal Republic of Germany. The Noteholders however are entitled at their option to pursue their claims also before any competent court in the Netherlands. In any such court the laws of the Federal Republic of Germany shall likewise be applied.

The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Notes. The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Global Notes.

*(d) Process Agent*

The Issuer has appointed GMAC-RFC Deutschland GmbH, Kreuzberger Ring 24, 65205 Wiesbaden, Germany as its agent for service of process with respect to any legal proceedings brought before any German court. The Issuer undertakes to maintain an agent for the service of process in the Federal Republic of Germany so long as any Note remains outstanding.

**19. Additional obligations**

For as long as the Put Option Notes are listed on the Irish Stock Exchange, the Issuer shall comply with the provisions of the Irish Stock Exchange or any amended form of the said provisions as in force at the date of the issue of the Put Option Notes.

## SCHEDULE 1 – DEFINITIONS

**"Account Pledge Agreement"** means the account pledge agreement dated on or about the Closing Date entered into by the Issuer and the Security Trustee;

**"Agents"** means the Principal Paying Agent, the Irish Paying Agent, the Reference Agent and the Extension Margin Agent;

**"Ancillary Services Letter"** means the letter dated on or about the Closing Date between GMAC-RFC Investments B.V. as Sub-Participant, MPT Provider and Issuer Administrator and the Originator relating to certain ancillary services in respect of the arrears procedure and the monitoring, reconciliation and on-transfer of Collections received on the Collection Account;

**"Assigned Mortgage Receivable"** means any Existing Mortgage Receivables, any New Mortgage Receivables and any Further Advance Receivables, to the extent assigned and transferred to the Issuer and, for the avoidance of doubt, including any Mortgage Receivables relating to non-disbursed parts of the Construction Loans;

**"Assignment Agreement"** means each agreement between the Originator and the Issuer for the assignment of Mortgage Receivables and certain Related Security substantially in the form of Schedule 4 Part 1 of the Mortgage Receivables Purchase and Transfer Agreement;

**"Bank Account"** means the operating account of the Originator;

**"Borrowers"** means the debtors, including any jointly and severally liable co-debtors, of the Mortgage Receivables;

**"Business Day"** means a day on which banks are open for business in Frankfurt am Main, Amsterdam and London, provided that such day is also a day on which the TARGET System or any successor thereto is operating credit or transfer instructions in respect of payments in euro;

**"Call Notice"** means (i) in respect of Existing Mortgage Receivables a notice substantially in the form as set out in Schedule 3 Part 1 of the Mortgage Receivables Purchase and Transfer Agreement and (ii) in respect of New Mortgage Receivables and in respect of Further Advance Receivables a notice substantially in the form as set out in Schedule 3 Part 2 of the Mortgage Receivables Purchase and Transfer Agreement, whereby the Issuer exercises its rights under the related Call Option;

**"Class"** means either the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes or the Subordinated Class F Notes;

**"Class B Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Mezzanine Class B Notes will be credited in accordance with **Condition 9(a)**;

**"Class B Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes;
- (b) the Notes Redemption Available Amount less the Senior Class Notes Redemption Available Amount; and
- (c) the positive difference between (i) the sum of the aggregate Principal Amount Outstanding of the Senior Class A1 Notes and the aggregate Principal Amount Outstanding of the Senior Class A2 Notes on the first day of the following Quarterly Calculation Period and the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes; and (ii) 86.20 per cent. of the aggregate Outstanding Principal Amount on the last day of the relevant Quarterly Calculation Period;

**"Class B Principal Deficiency"** means any Realised Losses debited to the Class B Principal Deficiency Ledger, less any amounts credited to the Class B Principal Deficiency Ledger;

**"Class B Principal Redemption Amount"** means the principal amount redeemable in respect of each Mezzanine Class B Note on the relevant Quarterly Payment Date being equal to the Class B Notes Redemption Available Amount divided by the number of Mezzanine Class B Notes subject to such redemption, provided always that the Class B Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Mezzanine Class B Note;

**"Class C Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Junior Class C Notes will be credited in accordance with **Condition 9(a)**;

**"Class C Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Junior Class C Notes;
- (b) the Notes Redemption Available Amount less the sum of the Senior Class Notes Redemption Available Amount and the Class B Notes Redemption Available Amount; and
- (c) the positive difference between (i) the sum of the aggregate Principal Amount Outstanding of the Senior Class A1 Notes, the aggregate Principal Amount Outstanding of the Senior Class A2 Notes and the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes on the first day of the following Quarterly Calculation Period and the aggregate Principal Amount Outstanding of the Junior Class C Notes; and (ii) 93.20 per cent. of the aggregate Outstanding Principal Amount on the last day of the relevant Quarterly Calculation Period;

**"Class C Principal Deficiency"** means any Realised Losses debited to the Class C Principal Deficiency Ledger, less any amounts credited to the Class C Principal Deficiency Ledger;

**"Class C Principal Redemption Amount"** means the principal amount redeemable in respect of each Junior Class C Note on the relevant Quarterly Payment Date being equal to the Class C Notes Redemption Available Amount divided by the number of Junior Class C Notes subject to such redemption, provided always that the Class C Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Junior Class C Note;

**"Class D Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Subordinated Class D Notes will be credited in accordance with **Condition 9(a)**;

**"Class D Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Subordinated Class D Notes;
- (b) the Notes Redemption Available Amount less the sum of the Senior Class Notes Redemption Available Amount and the Class B Notes Redemption Available Amount and the Class C Notes Redemption Available Amount; and
- (c) the positive difference between (i) the sum of the aggregate Principal Amount Outstanding of the Senior Class A1 Notes, the aggregate Principal Amount Outstanding of the Senior Class A2 Notes and the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes and the aggregate Principal Amount Outstanding of the Junior Class C Notes on the first day of the following Quarterly Calculation Period and the aggregate Principal Amount Outstanding of the Subordinated Class D Notes; and (ii) 97.20 per cent. of the aggregate Outstanding Principal Amount on the last day of the relevant Quarterly Calculation Period;

**"Class D Principal Deficiency"** means any Realised Losses debited to on the Class D Principal Deficiency Ledger, less any amounts credited to the Class D Principal Deficiency Ledger;

**"Class D Principal Redemption Amount"** means the principal amount redeemable in respect of each Subordinated Class D Note on the relevant Quarterly Payment Date being equal to be the Class D Notes Redemption Available Amount divided by the number of Subordinated Class D Notes subject to such



redemption (rounded down to the nearest euro), provided always that the Class D Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Subordinated Class D Note;

**"Class E Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Subordinated Class E Notes will be credited in accordance with **Condition 9(a)**;

**"Class E Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Subordinated Class E Notes;
- (b) the Notes Redemption Available Amount less the sum of the Senior Class Notes Redemption Available Amount and the Class B Notes Redemption Available Amount and the Class C Notes Redemption Available Amount and the Class D Notes Redemption Available Amount; and
- (c) the positive difference between (i) the sum of the aggregate Principal Amount Outstanding of the Senior Class A1 Notes, the aggregate Principal Amount Outstanding of the Senior Class A2 Notes, the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes, the aggregate Principal Amount Outstanding of the Junior Class C Notes and the aggregate Principal Amount Outstanding of the Subordinated Class D Notes on the first day of the following Quarterly Calculation Period and the aggregate Principal Amount Outstanding of the Subordinated Class E Notes; and (ii) 100 per cent. of the aggregate Outstanding Principal Amount on the last day of the relevant Quarterly Calculation Period;

**"Class E Principal Deficiency"** means any Realised Losses debited to on the Class E Principal Deficiency Ledger, less any amounts credited to the Class E Principal Deficiency Ledger;

**"Class E Principal Redemption Amount"** means the principal amount redeemable in respect of each Subordinated Class E Note on the relevant Quarterly Payment Date being equal to the Class E Notes Redemption Available Amount divided by the number of Subordinated Class E Notes subject to such redemption, provided always that the Class E Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Subordinated Class E Note;

**"Class F Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Subordinated Class F Notes will be credited in accordance with **Condition 9(a)**;

**"Class of Notes"** means any of the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes or the Subordinated Class F Notes;

**"Clean-Up Call Option"** means the right of the Issuer to redeem all of the Put Option Notes subject to and in accordance with **Condition 6(g)** of the Notes;

**"Clearing System"** means each of Clearstream, Luxembourg and Euroclear;

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*;

**"Closing Date"** means 14 December 2006 (or such later date as may be agreed between the Issuer and the Lead Manager);

**"Collection Account"** means the account of the Issuer maintained with the GIC Provider, to which, *inter alia*, (i) all Scheduled Amounts received under the Mortgage Loans relating to the Mortgage Receivables will be credited; and (ii) Prepayment Penalties and all other Collections received under the Mortgage Loans relating to the Mortgage Receivables on the Bank Account will be transferred by the Originator, in accordance with the Mortgage Receivables Purchase and Transfer Agreement or, as the case may be, the Issuer Administrator in accordance with the Issuer Services Agreement;

**"Collections"** means any payment of interest, repayment of principal or any other financial advantage (*finanzieller Vorteil*) received by the Originator discharging or reducing the Outstanding Principal Amount in relation to the Mortgage Receivable and including any commitment fee payable by the Borrowers;

**"Co-Manager"** means RFSC International Ltd.;

**"Common Depositary"** means Deutsche Bank AG, London Branch and its successor(s);

**"Conditions of the Notes"** or **"Conditions"** means the terms and conditions endorsed on (or incorporated by reference) to any Class of Notes in the form or substantially in the form set out in section Terms and Conditions of the Notes;

**"Construction Loan Account"** means the account of the Issuer held with the GIC Provider to which, on the Closing Date, on each Pre-Funding Purchase Date and on each Mortgage Payment Date within the Pre-funding Period, as applicable, an amount corresponding to the Non-Disbursed Amount in respect of the Construction Loans will be credited;

**"Construction Loan Receivable"** means an Existing Mortgage Receivable or, as the case may be, a New Mortgage Receivable relating to a Construction Loan;

**"Construction Loan Reserve Account"** means an account of the Issuer maintained with the GIC Provider into which, on the Closing Date, an amount equal to EUR 4,800,000 will be deposited;

**"Construction Loan Target Date"** means the Quarterly Payment Date occurring fifteen (15) months after the Closing Date;

**"Construction Loans"** means the Mortgage Loans that, on the Closing Date, on the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date within the Pre-funding Period, are not fully disbursed but are subject to partial disbursements, depending on the progress of the building construction milestones (*Auszahlung nach Baufortschritt*);

**"CPR"** means constant prepayment rate;

**"Custodian"** means Kreditwerk Hypotheken-Management GmbH;

**"Cut-off Date"** means 1 November 2006;

**"Default Interest Margin"** means for:

- (a) the Senior Class A1 Notes a margin of 0.13 per cent. per annum;
- (b) the Senior Class A2 Notes a margin of 0.18 per cent. per annum;
- (c) the Mezzanine Class B Notes a margin of 0.22 per cent. per annum;
- (d) the Junior Class C Notes a margin of 0.41 per cent. per annum;
- (e) the Subordinated Class D Notes a margin of 0.67 per cent. per annum;
- (f) the Subordinated Class E Notes a margin of 0.85 per cent. per annum; and
- (g) the Subordinated Class F Notes a margin of 2.00 per cent. per annum;

**"Default Interest Rate"** means the sum of three month Euribor plus the relevant Default Interest Margin;

**"Deferred Purchase Price Instalment"** is equal to (i) prior to the Enforcement Date, 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 (cc) and (ii) after the Enforcement Date, the amount remaining after payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (x) have been made on such date;

**"Delinquent Loan Servicer"** means Rechtsanwälte Paulus Westerwelle and any other servicer appointed as Delinquent Loan Servicer from time to time by the MPT Provider;

**"Delinquent Loan Servicing Agreement"** means the servicing agreement dated 9 February 2004 between the Delinquent Loan Servicer and the MPT Provider;

**"Delinquent Mortgage Receivables"** means (i) Mortgage Receivables under which amounts are due and payable, have remained unpaid for a consecutive period exceeding 90 days or (ii) in respect of Mortgage Receivables which have remained unpaid for less than 90 days and for which an instruction has been given to the Delinquent Loan Servicer to commence foreclosure proceedings;

**"Delinquent Quotient"** means the sum of the aggregate Outstanding Principal Amount in respect of Mortgage Receivables in arrears for a period exceeding 60 days divided by the aggregate Outstanding Principal Amount;

**"Delivery Claims"** means any (present and future) claims to request transfer of possession (*Herausgabeanspruch*) of the relevant Mortgage Certificate from the land register (*Grundbuchamt*) or any other third parties being in possession thereof and any ancillary claims relating thereto including any claims for the delivery of any documents, data and records relating to any Mortgage Loan or Mortgage;

**"Director"** means Amsterdamsch Trustee's Kantoor B.V., Frederik Roeskestraat 123, 1HG, 1076 EE Amsterdam as the sole director of the Security Trustee and ATC Management B.V., Frederik Roeskestraat 123, 1HG, 1076 EE Amsterdam as the sole director of the Issuer and the Stichting Holding;

**"Discontinuation Event"** means, with respect to a Construction Loan, the occurrence of any of the following events:

- (a) in the event of insolvency of the Originator, the insolvency administrator of the Originator pursuant to Section 103 of the German Insolvency Code (*Insolvenzordnung*) chooses to discontinue a loan agreement under which a Construction Loan has been granted and the Issuer Administrator has received a notice thereof from the insolvency administrator; or
- (b) the Issuer Administrator has received a notice from the Seller that a commitment in respect of the non-disbursed parts of a Construction Loan has been cancelled;

**"Enforcement Date"** means the date of an Enforcement Notice;

**"Enforcement Notice"** means an enforcement notice referred to in **Condition 10**;

**"English Deed of Assignment"** means the deed of assignment dated on or about the Closing Date entered into between the Issuer and the Security Trustee;

**"Euribor"** has the meaning ascribed to it in the **Condition 4**;

**"Euro", "euro" and "€"** means the currency of the member states of the European Union that adopt a single currency in accordance with the treaty establishing the European Communities, as amended by the Treaty on the European Union;

**"Euroclear"** means Euroclear Bank S.A./N.V. or its successors, as operator of the Euroclear System;

**"Event of Default"** means an event of default occurred under **Condition 10** of the Notes;

**"Excess Mortgage Receivables"** means, on any day, any Mortgage Receivables selected at random in an amount up to the amount by which the aggregate Outstanding Principal Amount of the Mortgage Receivables exceeds the aggregate Principal Amount Outstanding of the Put Option Notes on such day;

**"Excess Swap Collateral"** means an amount equal to the value of any collateral transferred to the Issuer by a Hedging Counterparty under an ISDA Master Agreement in respect of a Hedging Agreement that (i) is in excess of such Hedging Counterparty's liability to the Issuer thereunder as at the date such Hedging

Agreement is terminated or (ii) is otherwise due to such Hedging Counterparty in accordance with the terms of such ISDA Master Agreement;

**"Exchange Date"** means the date at least 40 days after the issue of the Notes;

**"Existing Mortgage Loan"** means a Mortgage Loan relating to an Existing Mortgage Receivable;

**"Existing Mortgage Receivables"** means the Mortgage Receivables originated by the Originator until the Cut-off Date to the extent offered by the Seller to the Issuer for purchase on the Closing Date under the Mortgage Receivables Purchase and Transfer Agreement;

**"Extension Margin Agent"** means The Royal Bank of Scotland plc in its capacity as extension margin agent under the Paying Agency Agreement or its successor(s);

**"Extension Margins"** means the margins applicable to each Class of Notes as of the First Put Date in accordance with **Condition 4**;

**"Final Maturity Date"** means the Quarterly Payment Date falling in February 2048 with regard to the Senior Class A1 Notes and February 2058 with regard to the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes;

**"First Put Date"** means the Quarterly Payment Date falling in November 2013;

**"Fitch"** means Fitch Ratings Ltd.;

**"Floating Interest Amount"** has the meaning ascribed thereto in **Condition 4(g)**;

**"Floating Rate Interest Period"** means the successive quarterly interest periods in which interest on the Notes will be payable, which will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in February 2007;

**"Floating Rate of Interest"** has the meaning ascribed thereto in **Condition 4(g)**;

**"Funding Notice"** means, with respect to a Construction Loan, a notice served by the Originator to the Seller pursuant to the Sub-Participation Agreement and setting out, amongst others, an amount to be further disbursed under such Construction Loan;

**"Further Advance"** means a loan or a further advance to be made to a Borrower under a relevant Mortgage Loan to be entered into between the Originator and the relevant Borrower in addition to the existing Mortgage Loan pursuant to and in accordance with the Mortgage Conditions, which will be secured by the Mortgage or by a mortgage on the same property as on which the Mortgage is vested;

**"Further Advance Receivable"** means any and all rights of the Seller against any Borrower under or in connection with any Further Advance;

**"GIC"** means the guaranteed investment contract to be entered into by the Issuer and the GIC Provider on or about the Closing Date;

**"GIC Provider"** means Deutsche Bank AG, Frankfurt Branch in its capacity as GIC provider under the GIC;

**"Global Notes"** means the Temporary Global Notes and the Permanent Global Notes;

**"GMAC-RFC Investments B.V."** means GMAC-RFC Investments B.V., a private company with limited liability organised under the laws of the Netherlands and established in Amsterdam, the Netherlands;

**"Hedging Agreement"** means the Swap Agreement and any Reset Swap Agreement, as the case may be;

**"Hedging Counterparty"** means the Swap Counterparty and any suitably rated counterparty to any Hedging Agreement, as the case may be;

**"HM"** means Kreditwerk Hypotheken-Management GmbH;

**"Initial Margins"** means the margins which will be applicable up to (but excluding) the First Put Date and be equal to 0.13 per cent. per annum for the Senior Class A1 Notes, 0.18 per cent. per annum for the Senior Class A2 Notes, 0.22 per cent. per annum for the Mezzanine Class B Notes, 0.41 per cent. per annum for the Junior Class C Notes, 0.67 per cent. per annum for the Subordinated Class D Notes, 0.85 per cent. per annum for the Subordinated Class E Notes and 2.00 per cent. per annum for the Subordinated Class F Notes;

**"Initial Purchase Price"** means, with respect to the Sub-Participations relating to the Existing Mortgage Receivables, an amount of Euro 550,084,475, being equal to the aggregate Outstanding Principal Amount plus the Non-Disbursed Amounts (if any) of the Existing Mortgage Receivables and the Related Security and, with respect to any Sub-Participations relating to any New Mortgage Receivables and any Further Advance Receivables an amount equal to the aggregate Outstanding Principal Amount plus the Non-Disbursed Amounts (if any) of the New Mortgage Receivables or the Further Advance Receivables, respectively;

**"Instructing Majority"** means at least 25 per cent. of the holders of the Notes of each Class calculated on a Class by Class basis;

**"Intercreditor Agreement"** means the intercreditor agreement dated on or about the Closing Date entered into between, *inter alios*, the Issuer and the Security Trustee;

**"Interest Deficiency Ledger"** means each of the Class B Interest Deficiency Ledger, Class C Interest Deficiency Ledger, the Class D Interest Deficiency Ledger, the Class E Interest Deficiency Ledger and the Class F Interest Deficiency Ledger;

**"Interest Determination Date"** means each day that is two Business Days preceding the first day of each Floating Rate Interest Period;

**"Interest Priority of Payments"** means the priority of payments applicable to the Notes Interest Available Amount prior to the occurrence of an Enforcement Date as set out in Clause 9.1 of the Issuer Trust Agreement;

**"Interest Shortfall"** has the meaning given to such term in **Condition 9(a)**;

**"Irish Paying Agent"** means Deutsche International Corporate Services (Ireland) Limited and its successor(s) in its capacity as Irish paying agent under the Paying Agency Agreement;

**"Irish Stock Exchange"** means the Irish Stock Exchange Limited;

**"ISDA Definitions"** means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**");

**"ISDA Master Agreement"** means the 1992 ISDA Master Agreement (Multicurrency Cross Border), as published by ISDA, and the Schedule thereto, as amended from time to time, governed by English law;

**"Issuer"** means E-MAC DE 2006-II B.V., a private company with limited liability organised under the laws of the Netherlands and established in Amsterdam;

**"Issuer Administrator"** means GMAC-RFC Investments B.V., in its capacity as Issuer Administrator of the Issuer under the Issuer Services Agreement or its successor(s);

**"Issuer Assignment of Mortgages"** means each assignment of Mortgages entered into between the Issuer and the Security Trustee from time to time;

**"Issuer Security"** has the meaning ascribed to such term in Clause 7 of the Issuer Trust Agreement;

**"Issuer Security Documents"** means the Issuer Trust Agreement, the Account Pledge Agreement and the English Deed of Assignment;

**"Issuer Services Agreement"** means the issuer services agreement to be entered into by the Issuer Administrator, the MPT Provider, the Delinquent Loan Servicer, the Issuer and the Security Trustee on or about the Closing Date;

**"Issuer Trust Agreement"** means the security trust agreement dated on or about the Closing Date entered into between the Issuer, the Security Trustee and Stichting E-MAC Holding;

**"Junior Class C Noteholders"** means the holders of any Junior Class C Notes;

**"Junior Class C Notes"** means the Euro 24,500,000 floating rate Junior Class C Mortgage-Backed Notes 2006 due 2058;

**"Lead Manager"** means The Royal Bank of Scotland plc;

**"Life Insurance Policy"** means an insurance policy taken by any Borrower with any life insurance company, which pays out upon the death of the insured, combined with a capital insurance policy which pays out on an agreed date (which may not necessarily be the date on which the Mortgage Loan is repayable) any amount (which may be less than the Outstanding Principal Amount under the Mortgage Loan);

**"Liquidity Facility"** means the liquidity facility granted to the Issuer pursuant to the terms of the Liquidity Facility Agreement;

**"Liquidity Facility Account"** means the account to which any drawing under the Liquidity Facility will be debited;

**"Liquidity Facility Agreement"** means the 364 day term liquidity facility agreement to be entered into by the Issuer, the Liquidity Facility Provider and the Security Trustee on or about the Closing Date;

**"Liquidity Facility Commitment Fee"** has the meaning ascribed to such term in the Liquidity Facility Agreement;

**"Liquidity Facility Maximum Amount"** means, on each Quarterly Calculation Date, the higher of (a) an amount equal to 3 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes on such date and (b) 0.60 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes on the Closing Date;

**"Liquidity Facility Provider"** means The Royal Bank of Scotland plc in its capacity as liquidity facility provider under the Liquidity Facility Agreement or its successor(s);

**"Liquidity Facility Stand-by Drawing"** means the drawing of the Issuer of the entirety of the undrawn portion of the Liquidity Facility if (a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than A-1+ by S&P and/or Prime-1 by Moody's and/or F1 by Fitch or (b) the Liquidity Facility Provider does not extend the Liquidity Facility notwithstanding the request of the Issuer;

**"Liquidity Facility Stand-by Account"** means the account to which a Liquidity Facility Stand-by Drawing will be credited;

**"Liquidity Facility Subordinated Amount"** means, with respect to any Quarterly Payment Date after the First Put Date, the sum of (i) the positive difference between the Liquidity Facility Commitment Fee after the First Put Date and the Liquidity Facility Commitment Fee before the First Put Date per annum calculated by reference to the daily undrawn and uncanceled amount of the Liquidity Facility Maximum Amount during the Quarterly Calculation Period immediately preceding such Quarterly Payment Date, (ii) the positive difference between the interest rate after the First Put Date and the interest rate before the First Put Date per annum calculated by reference to the amount drawn under the Liquidity Facility during the Quarterly

Calculation Period immediately preceding such Quarterly Payment Date; and (iii) any amounts payable under Clause 9.2 of the Liquidity Facility Agreement;

**"Listing Agent"** means Deutsche Bank Luxembourg S.A.;

**"Local Business Day"** means a day on which banks at the place of the Originator are open for business;

**"Management Agreement I"** means the amended and restated management agreement entered into by amongst others Stichting E-MAC Holding, ATC Management B.V. and Stichting Security Trustee E-MAC DE 2006-II on 16 November 2006, originally dated 15 July 2002 and entered into between Stichting Holding and ATC Management B.V.;

**"Management Agreement II"** means the management agreement entered into by the Issuer and ATC Management B.V. dated on or about 7 December 2006;

**"Management Agreement III"** means the management agreement entered into by the Security Trustee and Amsterdamsch Trustee's Kantoor B.V. dated on or about 7 December 2006;

**"Management Agreements"** means the Management Agreement I, the Management Agreement II and the Management Agreement III collectively;

**"Managers"** means the Lead Manager and the Co-Manager (and each a **"Manager"**);

**"Master Definitions Agreement"** means the master definitions agreement dated on or about the Closing Date and signed, *inter alios*, by the Issuer, the Security Trustee and the Seller;

**"Mezzanine Class B Noteholders"** means the holders of any Mezzanine Class B Notes;

**"Mezzanine Class B Notes"** means the Euro 35,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2058;

**"Moody's"** means Moody's Investors Service Limited;

**"Mortgage"** means a mortgage (*Grundschuld*) in the form of a certificated mortgage (*Briefgrundschuld*) securing the relevant Mortgage Receivable;

**"Mortgage Calculation Period"** means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month, except for the first calculation period which commences on (and includes) the first day of November 2006 and ends on (and includes) the last day of December 2006;

**"Mortgage Certificate"** means the certificate (*Grundschuldbrief*) issued pursuant to Sections 1116(1), 1192(1) of the German Civil Code in respect of each Mortgage;

**"Mortgage Conditions"** means, in relation to a Mortgage Loan, the terms and conditions applicable to the Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document and/or in any applicable general terms and conditions for mortgages of the Originator from time to time in effect;

**"Mortgaged Property"** means (i) a real property; (ii) an apartment right (*Wohnungseigentum*); or (iii) a hereditary building right (*Erbbaurecht*), in each case situated in Germany;

**"Mortgage Loans"** means the residential mortgage loans including any construction loans, whether fully disbursed or not, granted by the Originator to the relevant Borrowers and secured by, *inter alia*, mortgages (*Grundschulden*) for which a mortgage certificate (*Grundschuldbrief*) has been issued, as evidenced by the relevant loan agreements, set out in the Mortgage Receivables Purchase and Transfer Agreement, provided that after any transfer of New Mortgage Receivables having taken place in accordance with the Mortgage Receivables Purchase and Transfer Agreement and, as the case may be Further Advance Receivables having taken place in accordance with the Mortgage Receivables Purchase and Transfer

Agreement, the Mortgage Loans shall include any such New Mortgage Loans and any such Further Advances;

**"Mortgage Loans Criteria"** means the criteria relating to the Mortgage Loans, which are set forth in Mortgage Receivables Purchase and Transfer Agreement;

**"Mortgage Receivables"** means any and all, present and future, rights of the Originator against any Borrower under or in connection with any Mortgage Loans, including for the avoidance of doubt, upon the transfer of New Mortgage Receivables, such New Mortgage Receivables, and, upon the transfer of any receivables resulting from the granting of a Further Advance, such Further Advance Receivables;

**"Mortgage Receivables Purchase and Transfer Agreement"** means the mortgage receivables purchase and transfer agreement entered into by the Originator, the Seller, the Issuer and the Security Trustee on or about the Closing Date;

**"MPT Provider"** means GMAC-RFC Investments B.V. in its capacity of MPT Provider under the Issuer Services Agreement and its successor(s);

**"Net Proceeds"** means (a) the proceeds of a foreclosure on the mortgage; (b) the proceeds of foreclosure on any other Related Security; (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to 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 in respect of such Mortgage Receivable;

**"New Mortgage Loan"** means a Mortgage Loan relating to a new Mortgage Receivable;

**"New Mortgage Receivable"** means any and all rights of the Originator against any Borrower under or in connection with any Mortgage Loan between the Originator and that Borrower which meets the Mortgage Loans Criteria and which are, for the avoidance of doubt, transferred to the Issuer after the Closing Date;

**"Non-Disbursed Amounts"** means, with respect to each Construction Loan and as of any date, an amount equal to the non-disbursed amount under such Construction Loan;

**"Noteholders"** means the holders of any Notes;

**"Notes"** means the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes;

**"Notes Interest Available Amount"** means, on any Quarterly Calculation Date, the sum of the following amounts received by the Issuer during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date:

- (a) as interest on the Mortgage Loans (including the Construction Loans to the extent disbursed to the Borrowers) and the Further Advance Receivables;
- (b) as interest credited to any of the Transaction Accounts;
- (c) as Prepayment Penalties under the Mortgage Loans and the Further Advance Receivables;
- (d) as Net Proceeds on any Mortgage Receivable and Further Advance Receivable, to the extent such proceeds do not relate to principal;
- (e) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) on the immediately succeeding Quarterly Payment Date;
- (f) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;



- (g) as amounts to be received from the Hedging Counterparties under the Hedging Agreements on the immediately succeeding Quarterly Payment Date;
- (h) as amounts received in connection with the repurchase of any Mortgage Receivable or Further Advance Receivable pursuant to the Mortgage Receivables Purchase and Transfer Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase and Transfer Agreement to the extent such amounts do not relate to principal;
- (i) as amounts received in connection with the sale of any Mortgage Receivable or Further Advance Receivable pursuant to the Issuer Services Agreement to the extent such amounts do not relate to principal except in the case of a sale of Excess Mortgage Receivables which is set off against repayment of a Servicing Advance;
- (j) as amounts received as post-foreclosure proceeds on the Mortgage Receivables and Further Advance Receivables;
- (k) as amounts standing to the credit of the Operating Account after all Put Option Notes have been redeemed in full; and
- (l) as amounts to be drawn by the Issuer Administrator (on behalf of the Issuer) from the Construction Loan Reserve Account on the immediately succeeding Quarterly Payment Date to cover any failure by the Seller to repurchase a Non-Eligible Construction Loan Receivable pursuant to the Mortgage Receivables Purchase and Transfer Agreement or any other losses arising in connection with such Non-Eligible Construction Loan Receivable to the extent such amounts do not relate to principal;

**"Notes Purchase Agreements"** means the notes purchase agreement I dated 7 December 2006, among the Managers, the Issuer and the Seller, to purchase the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes and the Subordinated Class E Notes at their respective issue prices and the notes purchase agreement II dated 7 December 2006, among the Managers, the Issuer and the Seller to purchase the Subordinated Class F Notes at their respective issue prices (and each a **"Notes Purchase Agreement"**);

**"Notes Redemption Available Amount"** means, on any Quarterly Payment Date, the aggregate amount received by the Issuer during the immediately preceding Quarterly Calculation Period as items (a) through (i), to the extent not applied towards payment of the Initial Purchase Price of the Sub-Participations relating to the New Mortgage Receivables and/or Further Advance Receivables:

- (a) as repayment and prepayment in full of principal under the Mortgage Receivables and the Further Advance Receivables, from any person (including any Insurance Company), whether by set-off or otherwise, but, for the avoidance of doubt, excluding Prepayment Penalties, if any;
- (b) as Net Proceeds, to the extent such proceeds relate to principal;
- (c) as amounts received in connection with a repurchase of Mortgage Receivables and the Further Advance Receivables pursuant to the Mortgage Receivables Purchase and Transfer Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase and Transfer Agreement to the extent such amounts relate to principal;
- (d) as amounts received in connection with a sale of Mortgage Receivables and the Further Advance Receivables pursuant to the Issuer Services Agreement to the extent such amounts relate to principal except in the case of a sale of Excess Mortgage Receivables which is set off against repayment of a Servicing Advance;
- (e) as amounts of interest received to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;

- (f) as partial prepayment in respect of Mortgage Receivables and the Further Advance Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding Prepayment Penalties;
- (g) as amounts standing to the credit of the Pre-funding Account upon the expiry of the Pre-funding Period;
- (h) as amounts received on the Operating Account from the credit of the Construction Loan Account in accordance with the Issuer Services Agreement;
- (i) as amount received as a Servicing Advance on a Put Date; and
- (j) as amounts to be drawn by the Issuer Administrator (on behalf of the Issuer) from the Construction Loan Reserve Account on the immediately succeeding Quarterly Payment Date to cover any failure by the Seller to repurchase a Non-Eligible Construction Loan Receivable pursuant to the Mortgage Receivables Purchase and Transfer Agreement or any other losses arising in connection with such Non-Eligible Construction Loan Receivable to the extent such amounts relate to principal;

**"Notification"** means the notification of the Common Depositary for communication of certain information in connection with the Put Option to the relevant accountholders holding interests in the Global Notes representing the Put Option Note;

**"Operating Account"** means the account of the Issuer maintained with the GIC Provider, to which, *inter alia*, (i) all amounts standing to the credit of the Collection Account will be transferred by the Issuer Administrator (or the Originator on behalf of the Issuer Administrator) in accordance with the Issuer Services Agreement and, where applicable, the Ancillary Services Letter and (ii) all amounts received from all parties to the Transaction Documents will be paid;

**"Originator"** means GMAC-RFC Bank GmbH;

**"Originator Assignment of Mortgages"** means each assignment of Mortgages entered into between the Originator and the Issuer from time to time in connection with the purchase by the Issuer of Sub-Participations relating to Mortgage Receivables pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement;

**"Outstanding Principal Amount"** means, at any moment in time, the principal balance of a Mortgage Receivable resulting from a Mortgage Loan at such time and, after a Realised Loss has occurred in respect of such Mortgage Receivable, zero;

**"Paying Agents"** means the Principal Paying Agent and the Irish Paying Agent (and each a **"Paying Agent"**);

**"Paying Agency Agreement"** means the paying agency agreement to be entered into by the Issuer, the Principal Paying Agent, the Irish Paying Agent, the Reference Agent and the Extension Margin Agent on or about the Closing Date;

**"Permanent Global Notes"** means the permanent global note of each Class of Notes;

**"Pre-funding Account"** means the account of the Issuer held with the GIC Provider to which on the Closing Date the Pre-funded Amount will be credited;

**"Pre-funded Amount"** means an amount of Euro 149,915,525 of the net proceeds from the issue of the Notes;

**"Pre-funding Period"** means the period commencing on the Closing Date and ending on (but excluding) 25 February 2007;

**"Prepayment Penalties"** means any prepayment penalties to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) otherwise permitted;

**"Principal Amount Outstanding"** means, on any Quarterly Calculation Date in respect of any Note, 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 Calculation Date;

**"Principal Deficiency Ledger"** means the ledger comprising of five (5) sub ledgers for each Class of Put Option Notes to which any Realised Losses are credited;

**"Principal Paying Agent"** means Deutsche Bank AG, London Branch in its capacity as principal paying agent under the Paying Agency Agreement or its successor(s);

**"Principal Priority of Payments"** means the priority of payments applicable to the Notes Redemption Available Amount prior to the occurrence of an Enforcement Date as set out in Clause 9.2 of the Issuer Trust Agreement;

**"Principal Redemption Amount"** means the principal amount redeemable in respect of each Note on the relevant Quarterly Payment Date being equal to (a) on or after the Target Amortisation Date, unless a Target Amortisation Event has occurred which is not cured, the aggregate of any and all of the Senior Class Principal Redemption Amount, the Class B Principal Redemption Amount, the Class C Principal Redemption Amount, the Class D Principal Redemption Amount and the Class E Principal Redemption Amount and (b) before the Target Amortisation Date (and on or after the Target Amortisation Date in case a Target Amortisation Event has occurred which is not cured) the Notes Redemption Available Amount divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro). 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;

**"Principal Shortfall"** means an amount equal to the quotient of the balance of the relevant sub-ledger of the Principal Deficiency Ledger, divided by the number of Notes of the relevant Class of Notes on such Quarterly Payment Date;

**"Priority of Payments upon Enforcement"** means the priority of payments applicable upon the occurrence of an Enforcement Date as set out in Clause 23.2 of the Issuer Trust Agreement;

**"Prospectus"** means the offering document issued by the Issuer in connection with the issuance of the Notes dated 12 December 2006;

**"Put Date"** means the First Put Date or any Quarterly Payment Date thereafter;

**"Put Notice"** means a duly completed and signed notice of exercise in the form obtainable from the Issuer or, in case the Notes are held through Euroclear or Clearstream, Luxembourg, such notice as required by Euroclear and Clearstream, Luxembourg;

**"Put Notice Period"** means the period not less than 45 days (unless such 45th day is not a Business Day, in which case the immediately preceding Business Day) and not more than 60 days prior to the relevant Put Date;

**"Put Option"** means the right of each Put Option Noteholder to offer the Put Option Notes for redemption on the Put Date in accordance with **Condition 6(d)**;

**"Put Option Noteholder"** means the Senior Class A1 Noteholders, the Senior Class A2 Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders, the Subordinated Class D Noteholders and the Subordinated Class E Noteholders;

**"Put Option Notes"** means the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes and the Subordinated Class E Notes jointly;

**"Put Option Notes Redemption Available Amount"** means the sum of (i) the Senior Class Notes Redemption Available Amount, (ii) the Class B Notes Redemption Available Amount, (iii) the Class C Notes Redemption Available Amount, (iv) the Class D Notes Redemption Available Amount, and (v) the Class E Notes Redemption Available Amount;

**"Quarterly Calculation Date"** means, in relation to a Quarterly Payment Date, the third Business Day prior to such Quarterly Payment Date;

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

**"Quarterly Payment Date"** means 25 February, 25 May, 25 August and 25 November of each year, provided that, 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 case it will be the immediately preceding Business Day;

**"Rating Agencies"** (each, a **"Rating Agency"**) means S&P, Moody's and Fitch;

**"Realised Losses"** means, on any Quarterly Calculation Date, the sum of (I) the amount of the difference between (a) the aggregate Outstanding Principal Amount on all Mortgage Loans relating to Mortgage Receivables on which the Seller, the MPT Provider or the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including such Quarterly Calculation Date and (b) the sum of (i) the Net Proceeds on the Mortgage Receivables other than the Further Advance Receivables together with the relevant Mortgage Receivables; and (ii) the *pro rata* Net Proceeds on the Further Advance Receivables and the relevant Mortgage Receivables, and (II) with respect to Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (x) the aggregate Outstanding Principal Amounts and (y) the purchase price received in respect of such Mortgage Receivables and the Further Advance Receivables to the extent relating to the principal;

**"Reference Agent"** means Deutsche Bank AG, London Branch in its capacity as reference agent under the Paying Agency Agreement and its successor(s);

**"Reference Bank"** means each of four major banks (together, the **"Reference Banks"**) in the Euro-zone interbank market as referred to in **Condition 4(f)(ii)(1)**;

**"Related Security"** means:

- (a) the Mortgage(s) (*Briefgrundschulden*) relating to the Assigned Mortgage Receivable;
- (b) any other non-accessory (*nicht-akzessorische*) security rights (including, without limitation, any security assignment over the Borrower's rights in relation to any Life Insurance Policy or Savings Scheme in respect of which the Borrower is the beneficiary) created or existing in favour of the Originator which secures the payment of the Assigned Mortgage Receivable;
- (c) any present and future claims and rights under the Assigned Mortgage Receivable or in relation to the Mortgaged Property;
- (d) any claims of the Originator against the relevant land owner arising out of the personal assumption of liability (*persönliche Haftungsübernahme*) pursuant to Section 780 of the German Civil Code of such land owner and the submission to immediate foreclosure (*Unterwerfung unter die sofortige Zwangsvollstreckung*) pursuant to Section 794 No. 5 of the German Code of Civil Procedure;
- (e) any ancillary rights in relation to the Assigned Mortgage Receivable (including, without limitation, rights to determine legal relationships (*Gestaltungsrechte*)); and

(f) any claims to receive proceeds from the disposal of or enforcement in relation to the security;

**"Reserve Account"** means the account maintained with the GIC Provider or such other account approved by the Security Trustee in the name of the Issuer, to which the net proceeds of the Subordinated Class F Notes will be credited;

**"Reserve Account Target Level"** means, on any Quarterly Calculation Date, an amount equal to:

- (a) 1.2 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes at the Closing Date, or
- (b) 1.9 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes at the Closing Date, if on such Quarterly Calculation Date the quotient of the aggregate Outstanding Principal Amount of the Mortgage Loans associated with the Delinquent Mortgage Receivables divided by the aggregate Outstanding Principal Amount of the Mortgage Loans on such date exceeds 2.0 per cent., or
- (c) zero, if on the immediately succeeding Quarterly Payment Date the Put Option Notes will be redeemed in full;

**"Reset Mortgage Receivables"** means the Mortgage Receivables or, as the case may be, the relevant loan part of such Mortgage Receivable of which the rate of interest has been reset in accordance with the Mortgage Conditions;

**"Reset Swap Agreement"** means any interest rate swap transaction entered into pursuant to an ISDA Master Agreement and Confirmation (incorporating the ISDA Definitions) thereunder to be entered into in connection with certain Reset Mortgage Receivables with any Hedging Counterparty;

**"S&P"** means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.;

**"Savings Scheme"** means a savings scheme contract (*Bausparvertrag*) entered into by the Borrower with a savings institute;

**"Scheduled Amount"** means, with respect to a Mortgage Calculation Period, an amount equal to the sum of interest and principal scheduled to be received under the Mortgage Receivables during such Mortgage Calculation Period;

**"Secured Creditors"** means the Noteholders, the Directors, the Issuer Administrator, the MPT Provider, the Sub-Servicer, the Delinquent Loan Servicer, the Principal Paying Agent, the Security Trustee, the Reference Agent, the GIC Provider, the Extension Margin Agent, the Liquidity Facility Provider, the Seller, the Originator, the Irish Paying Agent, the Swap Counterparty, any other Hedging Counterparty and any party which accedes to the Intercreditor Agreement in the future;

**"Security Trustee"** means Stichting Security Trustee E-MAC DE 2006-II, established under the laws of the Netherlands as a foundation (*stichting*);

**"Seller"** means GMAC-RFC Investments B.V., a private company with limited liability organised under the laws of the Netherlands and established in Amsterdam, the Netherlands;

**"Senior Class A1 Noteholders"** means the holders of any Senior Class A1 Notes;

**"Senior Class A2 Noteholders"** means the holders of any Senior Class A2 Notes;

**"Senior Class A1 Notes"** means the Euro 151,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2006 due 2048;

**"Senior Class A2 Notes"** means the Euro 465,700,000 floating rate Senior Class A2 Mortgage-Backed Notes 2006 due 2058;

**"Senior Class Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (b) the Notes Redemption Available Amount; and
- (c) the positive difference between (i) the aggregate Principal Amount Outstanding of the Senior Class A1 Notes and the Senior Class A2 Notes; and (ii) 76.20 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the last day of the relevant Quarterly Calculation Period;

**"Senior Class Principal Deficiency"** means any Realised Losses debited to the Senior Class Principal Deficiency Ledger, less any amounts credited to the Senior Class Principal Deficiency Ledger;

**"Senior Class Principal Deficiency Ledger"** means a sub-ledger of the Principal Deficiency Ledger;

**"Senior Class Principal Redemption Amount"** means the principal amount redeemable in respect of each Senior Class A1 Note and each Senior Class A2 Note on the relevant Quarterly Payment Date being equal to the Senior Class Notes Redemption Available Amount divided by the number of Senior Class A1 Notes and Senior Class A2 Notes subject to such redemption, provided always that the Senior Class Principal Redemption Amount may never exceed the aggregate Principal Amount Outstanding of the Senior Class A1 Note and the Senior Class A2 Notes;

**"Servicing Advance"** means an advance made by the MPT Provider or any other party to the Issuer pursuant to the Issuer Services Agreement to enable the Issuer to redeem the Put Option Notes on the Put Date;

**"Stabilisation Manager"** means The Royal Bank of Scotland plc;

**"Stichting Holding"** means Stichting E-MAC Holding, a foundation organised under the laws of the Netherlands, and established in Amsterdam;

**"Subordinated Class D Noteholders"** means the holders of any Subordinated Class D Notes;

**"Subordinated Class D Notes"** means the Euro 14,000,000 floating rate Subordinated Class D Mortgage-Backed Notes 2006 due 2058;

**"Subordinated Class E Noteholders"** means the holders of any Subordinated Class E Notes;

**"Subordinated Class E Notes"** means the Euro 9,800,000 floating rate Subordinated Class E Mortgage-Backed Notes 2006 due 2058;

**"Subordinated Class F Noteholders"** means the holders of any Subordinated Class F Notes;

**"Subordinated Class F Notes"** means the Euro 3,500,000 floating rate Subordinated Class F Notes 2006 due 2058;

**"Subordinated Extension Interest Part"** means, with respect to a Quarterly Calculation Period after the First Put Date, an amount equal to the positive difference, if any, between (a) the sum of Euribor increased with the relevant Extension Margin multiplied by the aggregate Principal Amount Outstanding of the relevant Class of Notes and (b) the sum of Euribor increased with the relevant Initial Margin multiplied by the aggregate Principal Amount Outstanding of the relevant Class of Notes;

**"Sub-Participant"** means GMAC-RFC Investments B.V.;

**"Sub-Participation"** means, present or future, a 100 per cent. fully funded undisclosed sub-participation (*stille Unterbeteiligung*) in each of the Mortgage Receivables and the Related Security granted by the Originator to the Seller against payment of the Funding Amount in a Mortgage Loan that entitles the Seller to receive all Collections in relation to that Mortgage Receivable and the Related Security;

**"Sub-Participation Agreement"** means the sub-participation agreement between the Seller and the Originator dated 20 January 2004 (as amended from time to time);

**"Sub-Servicer"** means Kreditwerk Hypotheken-Management GmbH or its successor(s);

**"Sub-Servicing Agreement"** means the sub-servicing agreement dated on or about the Closing Date between, *inter alios*, HM and the MPT Provider;

**"Swap Agreement"** means the interest rate swap transaction entered into pursuant to an ISDA Master Agreement, Schedule and Confirmation (incorporating the ISDA Definitions) thereunder to be entered into by the Swap Counterparty and the Issuer on or about the Closing Date in connection with the Mortgage Receivables, excluding the Reset Mortgage Receivables;

**"Swap Counterparty"** means The Royal Bank of Scotland plc, in its capacity as swap counterparty under the Swap Agreement;

**"Target Amortisation Date"** means the Quarterly Payment Date falling in November 2010;

**"Target Amortisation Event"** means, on the Target Amortisation Date or on any Quarterly Payment Date after the Target Amortisation Date, any of the following (a) the balance standing to the credit of the Reserve Account is less than the Reserve Account Target Level or (b) the Delinquent Quotient is equal to or higher than 1.5 per cent. or (c) any drawing under the Liquidity Facility is not repaid or a drawing under the Liquidity Facility is made on such date or (d) there is a balance on the Principal Deficiency Ledgers;

**"TARGET System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer System, or any successor thereto;

**"Temporary Global Notes"** means the temporary global notes to be issued in respect of each Class of Notes;

**"Transaction Accounts"** means the Collection Account, the Operating Account, the Reserve Account, the Pre-funding Account, the Liquidity Facility Account, the Construction Loan Account and the Construction Loan Reserve Account as well as any other account of the Issuer contemplated by the Transaction Documents;

**"Transaction Documents"** means the Mortgage Receivables Purchase and Transfer Agreement, each Assignment Agreement, each Originator Assignment of Mortgages, each Issuer Assignment of Mortgages, the English Deed of Assignment, the Sub-Servicing Agreement, the Delinquent Loan Servicing Agreement, the Master Definitions Agreement, the Issuer Services Agreement, the Ancillary Services Letter, the Notes Purchase Agreements, the Notes, the Paying Agency Agreement, the Issuer Trust Agreement, the Hedging Agreements, the GIC, the Liquidity Facility Agreement, the Management Agreements, the Account Pledge Agreement, the Intercreditor Agreement and any further documents relating to the transaction envisaged in the above mentioned documents; and

**"Treaty"** means the Double Tax Treaty between the Netherlands and Germany.

## SCHEDULE 2 – ISSUER TRUST AGREEMENT

*The following is the text of the Issuer Trust Agreement (without Annexes). The text is attached as Schedule 2 to the Conditions of the Notes and constitutes an integral part of the Conditions of the Notes. In case of any overlap or inconsistency in the definition of a term or expression in the Issuer Trust Agreement and elsewhere in this Prospectus, the definition in the Issuer Trust Agreement will prevail.*

The Issuer Trust Agreement is made on 13 December, 2006 between E-MAC DE 2006-II B.V., a limited liability company established under the laws of the Netherlands with its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands (the "**Issuer**"); Stichting Security Trustee E-MAC DE 2006-II, established under the laws of the Netherlands as a foundation (*stichting*), with its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands (in its capacity as security trustee under the Issuer Trust Agreement together with any assignees and successors from time to time in accordance with the Issuer Trust Agreement, the "**Security Trustee**"); and Stichting E-MAC Holding, established under the laws of The Netherlands as a foundation (*stichting*), with its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands ("**Stichting Holding**").

### WHEREAS:

- (A) The Seller and the Originator have entered into a sub-participation agreement dated 20 January 2004 (as amended from time to time) (the "**Sub-Participation Agreement**") whereby the Seller is entitled to receive all Collections in relation to the Mortgage Receivables in respect of which it has present and future 100 per cent. fully funded silent sub-participation in each of the Mortgage Receivables and the Related Security (each, a "**Sub-Participation**"). Under the Sub-Participation Agreements, the Seller and the Bank may, from time to time, enter into further Sub-Participations in relation to New Mortgage Receivables, together with the Related Security, and Further Advance Receivables.
- (B) The Issuer, the Originator, the Security Trustee and the Seller will enter into a mortgage receivables purchase and transfer agreement dated as of the date hereof (the "**Mortgage Receivables Purchase and Transfer Agreement**") for the purchase by way of contract assumption (*Vertragsübernahme*) by the Issuer of the rights and obligations under the Sub-Participations from the Seller.
- (C) The Issuer and the Originator will enter into assignment agreements (each, an "**Assignment Agreement**") and assignments of Mortgages (each, an "**Originator Assignment Agreement of Mortgages**") pursuant to which the legal ownership of the Mortgage Receivables and the Related Security, respectively, shall be assigned and transferred from the Originator to the Issuer upon receipt of the relevant Call Notice by the Originator.
- (D) The Issuer, the Issuer Administrator, the MPT Provider, the Swap Counterparty, the Delinquent Loan Servicer and the Security Trustee, *inter alios*, will enter into a servicing agreement dated as of the date hereof (the "**Issuer Services Agreement**") under which the MPT Provider will collect the Mortgage Receivables and the Related Security and will render certain other services to the Issuer in relation to the Assigned Mortgage Receivables and the Related Security.
- (E) The Issuer, the MPT Provider, the Security Trustee, the Sub-Servicer and the Custodian will enter into a sub-servicing agreement dated as of the date hereof (the "**Sub-Servicing Agreement**") under which the Sub-Servicer will act as sub-agent of the MPT Provider in the performance of certain services in relation to the Assigned Mortgage Receivables and the Related Security and act as Custodian with respect to the Mortgage Certificates in relation to the Assigned Mortgage Receivables.
- (F) The MPT Provider has entered into an arrangement with the Delinquent Loan Servicer on 9 February 2004 pursuant to which the Delinquent Loan Servicer has agreed to provide services in respect of delinquent loan receivables.



- (G) The Issuer and the Hedging Counterparty will enter into a hedging agreement dated as of the date hereof and may enter into further hedging agreements in the future (each, a **"Hedging Agreement"**).
- (H) The Issuer, the Liquidity Facility Provider and the Security Trustee will enter into a liquidity facility agreement dated as of the date hereof (the **"Liquidity Facility Agreement"**).
- (I) The Issuer, the Security Trustee and ATC Management B.V. have entered into a management agreement (the **"Management Agreement II"**) dated 7 December 2006. The Issuer, the Security Trustee and Amsterdamsch Trustee's Kantoor B.V. have entered into a management agreement (the **"Management Agreement III"**) dated 7 December 2006. Stichting Holding, the Issuer, ATC Management B.V. and the Security Trustee have on 16 November 2006 entered into an amended and restated management agreement originally dated 15 July 2002 and entered into between ATC Management B.V. and Stichting Holding (the **"Management Agreement I"** and, together with the Management Agreement II and the Management Agreement III, the **"Management Agreements"**).
- (J) The Issuer, the Security Trustee and the GIC Provider will enter into a guaranteed investment contract dated as of the date hereof (the **"GIC"**) with respect to the Transaction Accounts.
- (K) The Issuer and the Security Trustee will enter into an account pledge agreement dated as of the date hereof (the **"Account Pledge Agreement"**).
- (L) The Issuer and the Security Trustee will enter into an English deed of assignment dated as of the date hereof (the **"English Deed of Assignment"**).
- (M) The Issuer and the Security Trustee will enter into an assignment agreement (the **"Issuer Assignment of Mortgages"**) dated on or about 14 December 2006 pursuant to which the legal ownership of the Mortgages shall be transferred from the Issuer to the Security Trustee for security purposes in accordance with Clause 5.1(i) of this Issuer Trust Agreement.
- (N) The Issuer, the Seller and the Managers have entered into a notes purchase agreement I dated 7 November 2006 and the Issuer, the Seller and the Lead Manager have entered into a notes purchase agreement II dated 7 November 2006 (together, the **"Notes Purchase Agreements"**).
- (O) The Issuer, the Irish Paying Agent, the Reference Agent, the Extension Margin Agent and the Principal Paying Agent will enter into a paying agency agreement with respect to the Put Option Notes dated the date hereof (the **"Paying Agency Agreement"**).
- (P) The Security Trustee has agreed to act as trustee for the benefit of the Noteholders and the other Secured Creditors upon and subject to the provisions of this Issuer Trust Agreement.
- (Q) The Security Trustee is aware of the rights granted to it and, as the case may be, assigned to it under this Issuer Trust Agreement which arise under the Mortgage Receivables Purchase and Transfer Agreement, each Assignment Agreement, each Originator Assignment of Mortgages, each Hedging Agreement, the GIC, the Liquidity Facility Agreement, each Management Agreement, the Notes Purchase Agreements, the Paying Agency Agreement, the Issuer Services Agreement, the Sub-Servicing Agreement, each Swap Agreement and the other Transaction Documents (to the extent executed on or about the date hereof) and has received a copy of such documents and agreements.

**NOW, THEREFORE**, the Parties hereby agree as follows:

## **1. Definitions and Construction**

- 1.1 In this Issuer Trust Agreement (including its recitals), except so far as the context otherwise requires, words, expressions and capitalised terms used herein and not otherwise defined or construed herein shall have the meanings defined or construed in the master definitions agreement signed on 13 December 2006 by, amongst others, the parties to this Issuer Trust Agreement, as the same may be amended, restated, supplemented or otherwise modified from

time to time (the "**Master Definitions Agreement**"). The rules of usage and of interpretation as set forth in the Master Definitions Agreement and all other agreements and understandings between the parties hereto contained therein shall apply to this Issuer Trust Agreement, unless otherwise provided herein.

- 1.2 In this Issuer Trust Agreement the following terms shall have the following meanings unless required otherwise by context:

**"Credit"** has the meaning given to such term in Clause 23.1 (*Priority of Payments upon Enforcement*).

**"Enforcement Notice"** has the meaning given to such term in Clause 19.2 (*Enforcement of Security*).

**"Instructing Majority"** has the meaning given to such term in Clause 19.2 (*Enforcement of Security*).

**"Issuer Security"** has the meaning given to such term in Clause 7 (*Security Purpose*).

**"Priority of Payments upon Enforcement"** has the meaning given to such term in Clause 23.1 (*Priority of Payments upon Enforcement*).

**"Secured Obligations"** has the meaning given to such term in Clause 7 (*Security Purpose*).

**"Transaction Security Trustee Claim"** has the meaning given to such term in Clause 4.2 (*Transaction Security Trustee Claim*).

- 1.3 Save where the contrary is indicated in this Issuer Trust Agreement, any reference in this Issuer Trust Agreement to a time of day shall be construed as a reference to time in Frankfurt am Main.

- 1.4 Where a German legal term has been used in this Issuer Trust Agreement such German legal term (and not the English term to which it relates) shall be authoritative for the purpose of the construction of this Issuer Trust Agreement and the relating English legal term.

## 2. Duties of the Security Trustee

This Issuer Trust Agreement sets out the general rights and obligations of the Security Trustee which govern the performance of its functions under this Issuer Trust Agreement. The Security Trustee shall perform the activities and services set out in this Issuer Trust Agreement or contemplated to be performed by the Security Trustee pursuant to the terms of any other Transaction Document to which the Security Trustee is a party. Unless otherwise stated herein or in the Transaction Documents to which the Security Trustee is a party, the Security Trustee is not obliged to supervise the discharge by the Issuer of its payment and other obligations arising from the Notes or any other relevant Transaction Documents or to carry out duties which are the responsibility of the Issuer.

## 3. Position of Security Trustee in Relation to the Secured Creditors

- 3.1 The Security Trustee shall acquire and hold the security granted to it under this Issuer Trust Agreement and exercise its rights (other than its rights under Clause 23.2 and Clauses 28 to 30 of this Issuer Trust Agreement) and discharge its duties under the Transaction Documents as a trustee (*Treuhänder*) for the benefit of the Secured Creditors. Without prejudice to the Priority of Payments upon Enforcement pursuant to Clause 23 (*Priority of Payments upon Enforcement*), the Security Trustee shall exercise its duties under this Issuer Trust Agreement with regard (i) as long as any of the Senior Class A 1 Notes are outstanding, only to the interests of the Senior Class A 1 Noteholders, (ii) if no Senior Class A 1 Notes remain outstanding, only to the interests of the Senior Class A 2 Noteholders, (iii) if no Senior Class A 1 Notes and Senior Class A 2 Notes remain outstanding, only to the interests of the Mezzanine Class B Noteholders, (iv) if no Senior Class A 1 Notes, Senior Class A 2 Notes and Mezzanine Class B Notes remain outstanding, only to the

interests of the Junior Class C Noteholders, (v) if no Senior Class A 1 Notes, Senior Class A 2 Notes, Mezzanine Class B Notes and Junior Class C Notes remain outstanding, only to the interests of the Subordinated Class D Noteholders, (vi) if no Senior Class A 1 Notes, Senior Class A 2 Notes, Mezzanine Class B Notes, Junior Class C Notes and Subordinated Class D Notes remain outstanding, only to the interests of the Subordinated Class E Noteholders, (vii) if no Senior Class A 1 Notes, Senior Class A 2 Notes, Mezzanine Class B Notes, Junior Class C Notes, Subordinated Class D Notes and Subordinated Class E Notes remain outstanding, only to the interests of the Subordinated Class F Noteholders and (viii) if no Notes remain outstanding, only to the interests of the other Secured Creditors ranking highest in the Priority of Payments upon Enforcement to whom any amounts are owed.

- 3.2 In exercising its duties under this Issuer Trust Agreement, the Security Trustee (i) shall have regard to the interests of the Senior Class A 1 Noteholders, the Senior Class A 2 Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders, the Subordinated Class D Noteholders, the Subordinated Class E Noteholders and the Subordinated Class F Noteholders, each, as a Class and in accordance with **Condition 9** (*Subordination*) and (ii) shall not have regard to the consequences of such exercise for individual Noteholders. The Security Trustee shall not be entitled to require, nor shall any Noteholders be entitled to claim from the Issuer any indemnification or payment in respect of any tax or other consequence of any such exercise upon individual Noteholders. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors, provided that in case of a conflict of interest between the Secured Creditors the priorities of payments set forth in Clauses 9 (*Priority of Payments prior to the Enforcement Date*) and 23 (*Priority of Payment upon Enforcement*) of this Issuer Trust Agreement shall determine which interests of which Secured Creditor prevails.
- 3.3 This Issuer Trust Agreement constitutes a genuine contract for the benefit of third parties (*echter Vertrag zugunsten Dritter*) pursuant to § 328 subsection 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) in respect of the obligations of the Security Trustee contained herein to act as trustee (*Treuhänder*) for the benefit of present and future Secured Creditors. The rights of the Issuer pursuant to Clause 4.2 (*Transaction Security Trustee Claim*) in the event of an enforcement of the Transaction Security Trustee Claim shall remain unaffected.

#### **4. Position of Security Trustee in Relation to the Issuer**

##### **4.1 Security Trustee as Secured Creditor/Insolvency of Security Trustee**

With respect to its own claims against the Issuer under this Issuer Trust Agreement or otherwise, in particular with respect to any fees, and with respect to the Transaction Security Trustee Claim (as set out below in Clause 4.2 (*Transaction Security Trustee Claim*)) the Security Trustee shall, in addition to the Secured Creditors, be a secured party (*Sicherungsnehmer*) with respect to the Security (as defined in Clause 7 (*Security Purpose*)).

To the extent that the Assigned Security (as defined in Clause 5.1 (*Assignment and Transfer*) below) will be transferred to the Security Trustee for security purposes in accordance with Clause 5 (*Transfer for Security Purposes of the Assigned Security*), in the event of insolvency proceedings being commenced in respect of the Security Trustee, any Security held by the Security Trustee shall be transferred by the Security Trustee to the relevant new Security Trustee appointed in accordance with this Issuer Trust Agreement.

The Issuer and each Secured Creditor hereby undertakes to assign any claim for segregation (*Aussonderung*) it may have in an insolvency of the Security Trustee with respect to this Issuer Trust Agreement and the Security to the relevant new Security Trustee appointed in accordance with this Issuer Trust Agreement for the purposes set out herein.

#### 4.2 *Transaction Security Trustee Claim*

- (a) The Issuer hereby grants the Security Trustee a separate claim (the "**Transaction Security Trustee Claim**"), entitling the Security Trustee to demand from the Issuer:
  - (i) that any present or future, actual or contingent obligation of the Issuer in relation to any Noteholder under any Note be fulfilled; and
  - (ii) that any present or future, actual or contingent obligation of the Issuer in relation to any Secured Creditor under any other Transaction Document to which the Issuer is a party be fulfilled.
- (b) The obligation of the Issuer to make payments to the relevant Secured Creditor shall remain unaffected by the provisions of paragraph (a) above. The Transaction Security Trustee Claim may be enforced separately from the Secured Creditor's claim in respect of the same payment obligation of the Issuer. The Security Trustee agrees to the Issuer and the Secured Creditors to pay any sums received from the Issuer pursuant to this Clause 4.2 (*Transaction Security Trustee Claim*) to the relevant Secured Creditors in accordance with the Priority of Payments upon Enforcement (as such term is defined in Clause 23.1 (*Priority of Payments upon Enforcement*)) following the delivery of an Enforcement Notice; the relevant Secured Obligations shall only be deemed fulfilled when the payment due has been made by the Security Trustee to the relevant Secured Creditor.

### 5. **Transfer for Security Purposes of the Assigned Security**

#### 5.1 *Assignment and Transfer*

The Issuer hereby assigns and transfers the following rights and claims (including any contingent rights (*Anwartschaftsrechte*) to such rights and claims) (together, the "**Assigned Security**") to the Security Trustee for the security purposes set out in Clause 7 (*Security Purpose*) (*Sicherungsabtretung und Sicherungsübereignung*) in:

- (i) all Assigned Mortgage Receivables together with any Related Security and all rights, claims and interests relating thereto, including, without limitation, the Mortgages. The Mortgages shall be transferred by way of an agreement in the form as set out in Schedule 1 (*Form of Issuer Assignment of Mortgages*);
- (ii) all rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Seller and/or any other party pursuant to or in respect of the Mortgage Receivables Purchase and Transfer Agreement;
- (iii) all rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Originator and/or any other party pursuant to or in respect of each Assignment Agreement and each Originator Assignment of Mortgages, including all rights of the Issuer relating to any additional security;
- (iv) all rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the MPT Provider, the Issuer Administrator and the Delinquent Loan Servicer and/or any other party pursuant to or in respect of the Issuer Services Agreement;
- (v) all rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Sub-Servicer and the Custodian and/or any other party pursuant to or in respect of the Sub-Servicing Agreement;
- (vi) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Liquidity Facility Provider and/or any other party pursuant to or in respect of the Liquidity Facility Agreement;

- (vii) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to any Manager and/or any other party pursuant to or in respect of the Notes Purchase Agreements;
- (viii) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to any of the Agents and/or any other party pursuant to or in respect of the Paying Agency Agreement;
- (ix) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to each other party to the Management Agreements;
- (x) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to under any other Transaction Documents; and
- (xi) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Directors,

in each case (i) to (xi) above including any and all related non-ancillary (*selbständige*) and ancillary (*unselbständige*) rights to determine unilaterally legal relationships (*Gestaltungsrechte*), including any termination rights (*Kündigungsrechte*).

The Issuer hereby covenants in favour of the Security Trustee that it will assign and/or transfer any future assets received by it as security for any of the foregoing or otherwise in connection with the Transaction Documents, in particular such assets which it receives from any of its counterparties in relation to any of the Transaction Documents as collateral for the obligations of such counterparty towards the Issuer, to the Security Trustee. The Issuer will perform such covenant in accordance with the provisions of this Issuer Trust Agreement.

- 5.2 The Security Trustee hereby accepts the assignment and the transfer of the Assigned Security and any security related thereto and the covenants of the Issuer hereunder.
- 5.3 The existing Assigned Security shall be transferred to the Security Trustee on the date on which this Issuer Trust Agreement becomes effective, and any future Assigned Security shall be directly transferred to the Security Trustee on the date on which such Assigned Security arises, and in each case at the earliest at the time at which the Issuer has acquired the rights and claims of which the Assigned Security consists.

The Issuer undertakes to assign and transfer to the Security Trustee, on the terms and conditions and for the purposes set out herein, any rights and claims under any future Transaction Documents or further agreements relating to the Transaction Documents upon execution of such documents.

The Issuer shall create security for the benefit of the Secured Creditors in its rights under the Transaction Accounts and the GIC pursuant to the Account Pledge Agreement.. The Issuer shall create security for the benefit of the Secured Creditors in its rights under the Hedging Agreements pursuant to the English Deed of Assignment in accordance with the laws of England.

- 5.4 To the extent that title to the Assigned Security cannot be transferred by mere agreement between the Issuer and the Security Trustee as effected in the foregoing Clauses 5.1 through 5.3, the Issuer and the Security Trustee agree that:
  - (i) the delivery (*Übergabe*) of the Mortgage Certificates relating to the Assigned Mortgage Receivables and any other Related Security necessary to effect the transfer of title for security purposes is hereby replaced by the Issuer and the Security Trustee agreeing that the Issuer assigns to the Security Trustee all claims, present or future, to request transfer of possession (*Abtretung aller Herausgabeansprüche*) pursuant to Sections 931, 1117 and 1154 of the German Civil Code (*Bürgerliches Gesetzbuch*) against any third party (including the Custodian) which is in the direct possession (*unmittelbarer Besitz*) or

indirect possession (*mittelbarer Besitz*) of the Mortgage Certificates relating to the Assigned Mortgage Receivables or other Related Security;

- (ii) any notice to be given in order to effect transfer of title in the Assigned Security shall immediately be given by the Issuer in such form as the Security Trustee requires and the Issuer hereby agrees that if it fails to give such notice, the Security Trustee is hereby irrevocably authorised to give such notice on behalf of the Issuer;
- (iii) any other thing to be done or form or registration to be effected to perfect a first priority security interest in the Assigned Security for the Security Trustee in favour of the Secured Creditors shall be immediately done and effected by the Issuer at its own costs; and
- (iv) the Issuer shall provide any and all necessary details in order to identify the Mortgage Certificates relating to the Assigned Mortgage Receivables title to which has been transferred hereunder from the Issuer to the Security Trustee as contemplated herein by providing at the latest on the date on which this Issuer Trust Agreement becomes effective the number of each Mortgage Certificate (*Grundschuldbrief*) and the details of the land registration (*Grundbucheintragsdaten*) of each Assigned Mortgage title to which it has acquired under or pursuant to the relevant Mortgage Receivables Assignment Agreement upon receipt of the relevant Call Notice by the Originator to the Security Trustee (either directly or by instructing the Originator to send such details to the Security Trustee).

The Security Trustee hereby accepts the assignment.

#### 5.5 *Assignment of Claims under Account Relationship*

If an express or implied current account relationship (*echtes oder unechtes Kontokorrentverhältnis*) exists or is later established between the Issuer and a third party, the Issuer hereby assigns to the Security Trustee (without prejudice to the generality of the provisions in Clause 5.1 (*Assignment and Transfer*)) the right to receive a periodic account statement and the right to receive payment of present or future balances and the right to demand the drawing of a balance (including a final net balance determined upon the institution of any insolvency proceedings in respect of the assets of the Issuer), as well as the right to terminate the current account relationship and the right to receive payment of the closing net balance upon termination. The Issuer shall notify the Security Trustee of any future current account relationship it enters into in accordance with the Transaction Documents.

#### 5.6 *Acknowledgement of Assignment*

All parties to this Issuer Trust Agreement hereby acknowledge that the rights and claims of the Issuer which constitute the Assigned Security and which have arisen under contracts and agreements between the Issuer and the parties hereto and which are owed by such parties, are assigned to the Security Trustee and that the Issuer is entitled to continue to exercise and collect such rights and claims only in accordance with the provisions of and subject to the restrictions contained in this Issuer Trust Agreement. For the avoidance of doubt, upon notification to any party hereto by the Security Trustee in respect of the occurrence of an Event of Default, the Security Trustee shall be entitled to exercise the rights of the Issuer under the Transaction Documents referred to in Clause 5.1 (i) to (xi), including, without limitation, the right to give instructions to each such party pursuant to the relevant Transaction Document and each party hereto agrees to be bound by such instructions of the Security Trustee given pursuant to the relevant Transaction Document to which such party is a party.

### 6. **Pledge**

The Issuer hereby pledges (*Verpfändung*) to the Security Trustee all its present and future claims against the Security Trustee arising under this Issuer Trust Agreement. The Security Trustee hereby accepts the pledge.

The Issuer hereby gives notice to the Security Trustee of such pledge and the Security Trustee hereby confirms receipt of such notice. The Security Trustee is under no obligation to enforce any claims of the Issuer against the Security Trustee pledged to the Security Trustee pursuant to this Clause 6 (*Pledge*).

## 7. Security Purpose

The transfer for security purposes of rights and claims pursuant to Clause 5 (*Transfer for Security Purposes*) and the pledge pursuant to Clause 6 (*Pledge*) (and the Assigned Security together with such pledges are referred to herein as the "**Security**", and together with the security interest established under (i) the Account Pledge Agreement in respect of the Issuer's powers, rights and interest in the Transaction Accounts and the GIC and (ii) the English Deed of Assignment in respect of the Issuer's powers, rights and interest in or pursuant to the Hedging Agreements, the "**Issuer Security**") serve to secure the Transaction Security Trustee Claim.

In addition, the transfer for security purposes of the Security is made for the purpose of securing the due payment and performance by the Issuer of any and all obligations (present and future, actual and contingent) which are (or are expressed to be) or become owing by the Issuer to the Noteholders under the Notes and the other Secured Creditors or any of them (including any future Secured Creditor following a transfer or assignment, accession, assumption of contract (*Vertragsübernahme*) or novation of certain rights and obligations in accordance with the relevant provisions of the relevant current or future Transaction Documents) under or in connection with any of the Transaction Documents, as each may be amended, novated, supplemented or extended from time to time (the "**Secured Obligations**"), and which Secured Obligations shall, for the avoidance of doubt, include, without limitation, (i) any fees to be paid by the Issuer to any Secured Creditor in connection with the Transaction Documents irrespective of whether such fees are agreed or determined in the Transaction Documents or in any fee arrangement relating thereto, (ii) any obligations incurred by the Issuer on, as a consequence of or after the opening of any insolvency proceedings and (iii) any potential obligations on the grounds of any invalidity or unenforceability of any of the Transaction Documents, in particular claims on the grounds of unjustified enrichment (*ungerechtfertigter Bereicherung*).

## 8. Collection Authorisation; Further Transfer

### 8.1 Collection Authorisation

- (a) The Issuer shall be authorised (*ermächtigt*) to collect or, have collected in the ordinary course of business or otherwise exercise or deal with (which term shall, for the avoidance of doubt, include the enforcement of any security) the rights transferred for security purposes under Clause 5 (*Transfer for Security Purposes of the Assigned Security*) and the rights pledged pursuant to Clause 6 (*Pledge*).
- (b) Without affecting the generality of paragraph (a), it is hereby agreed that the Security Trustee consents to the release by the MPT Provider of any Mortgage Certificate as contemplated in the Issuer Services Agreement.
- (c) The authority and consents provided in paragraph (a) and (b) above, are deemed to be granted only to the extent that all obligations of the Issuer are fulfilled in accordance with Condition 6 (*Redemption and Purchase*) of the Notes and the requirements under this Issuer Trust Agreement.
- (d) The authority and consents contained in paragraphs (a) and (b) may be revoked by the Security Trustee if, in the Security Trustee's opinion, such revocation is necessary in order to avoid an adverse effect on the Security or their value which the Security Trustee considers material, and the Security Trustee gives notice thereof to the Issuer and the Seller. The authority and consents contained in paragraph (a) and (b) shall automatically terminate upon the occurrence of an Event of Default, but with respect to the MPT

Provider and the Seller only upon the delivery of an Enforcement Notice to the Seller or the MPT Provider (as the case may be).

## 8.2 *Transfer Authorisation*

The Security Trustee shall be authorised to transfer the Assigned Security in the event that the Security Trustee is replaced and the Security is to be transferred to the new Security Trustee pursuant to Clauses 31 (*Resignation*) and 33.1 (*Transfer of Issuer Security*).

## 9. **Priority of Payments prior to the Enforcement Date**

### 9.1 *Interest Priority of Payments*

Prior to the delivery of an Enforcement Notice to the Issuer, the Notes Interest Available Amount as calculated on each Quarterly Calculation Date shall be applied by the Issuer (acting through the Issuer Administrator) on the immediately succeeding Quarterly Payment Date in accordance with the following Interest Priority of Payments (in each case only if and to the extent that payments of a higher order of priority have been made in full):

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, 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 Transaction Documents;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) administration fees and expenses due and payable to the Issuer Administrator and (prior to the termination of the MPT Provider's appointment under the Issuer Services Agreement) the MPT Provider under the Issuer Services Agreement and (ii) (following the termination of the MPT Provider's appointment under the Issuer Services Agreement pursuant to the terms thereof) any remuneration payable by the Issuer to the Sub-Servicer and the Delinquent Loan Servicer for the performance of the Sub-Servicer and the Delinquent Loan Servicer of their respective services in respect of the Assigned Mortgage Receivables;
- (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and the fees and expenses of S&P, Moody's and Fitch and any legal advisor, auditor and accountants appointed by the Issuer or the Security Trustee, (ii) fees and expenses due to (1) the Principal Paying Agent, the Irish Paying Agent, the Extension Margin Agent and the Reference Agent under the Paying Agency Agreement, (2) to the Security Trustee under the Issuer Trust Agreement, (iii) the fees due to the GIC Provider under GIC and (iv) the Liquidity Facility Commitment Fee due to the Liquidity Facility Provider under the Liquidity Facility Agreement, but excluding, for the avoidance of doubt, any Liquidity Facility Subordinated Amount, payable under item (r) below;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility, other than any Liquidity Facility Subordinated Amount, payable under item (r), or (ii) following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Account;
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of amounts, if any, due or accrued but unpaid under the Hedging Agreements to the Swap Counterparty and to any other Hedging Counterparty but



excluding any Swap Subordinated Amount payable under item (s) and, for the avoidance of doubt, excluding any amount relating to Excess Swap Collateral;

- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu* of all amounts of interest due or interest accrued but unpaid in respect of (i) the Senior Class A1 Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Senior Class A1 Notes and (ii) the Senior Class A2 Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Senior Class A2 Notes;
- (g) *seventh*, in or towards making good any shortfall reflected in the Senior Class Principal Deficiency Ledger until the debit balance, if any, on the Senior Class Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Mezzanine Class B Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Mezzanine Class B Notes;
- (i) *ninth*, 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;
- (j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Junior Class C Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Junior Class C Notes;
- (k) *eleventh*, 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;
- (l) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class D Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Subordinated Class D Notes;
- (m) *thirteenth*, in or towards making good any shortfall reflected in the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (n) *fourteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class E Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Subordinated Class E Notes;
- (o) *fifteenth*, in or towards making good any shortfall reflected in the Class E Principal Deficiency Ledger until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;
- (p) *sixteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class F Notes, excluding, after the First Put Date, the Subordinated Extension Interest Part relating to the Subordinated Class F Notes;
- (q) *seventeenth*, in or towards satisfaction of any sums required to be deposited on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (r) *eighteenth*, in or towards satisfaction of a Liquidity Facility Subordinated Amount due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;

- (s) *nineteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, to the relevant Hedging Counterparties of any Swap Subordinated Amount due under the Hedging Agreements;
- (t) *twentieth*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on (i) the Senior Class A1 Notes as Subordinated Extension Interest Part relating to the Senior Class A1 Notes and (ii) the Senior Class A2 Notes as Subordinated Extension Interest Part relating to the Senior Class A2 Notes;
- (u) *twenty-first*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Mezzanine Class B Notes as Subordinated Extension Interest Part relating to the Mezzanine Class B Notes;
- (v) *twenty-second*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Junior Class C Notes as Subordinated Extension Interest Part relating to the Junior Class C Notes;
- (w) *twenty-third*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class D Notes as Subordinated Extension Interest Part relating to the Subordinated Class D Notes;
- (x) *twenty-fourth*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class E Notes as Subordinated Extension Interest Part relating to the Subordinated Class E Notes;
- (y) *twenty-fifth*, after the First Put Date, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class F Notes as Subordinated Extension Interest Part relating to the Subordinated Class F Notes;
- (z) *twenty-sixth*, on the Quarterly Payment Date falling in November 2008 and on each Quarterly Payment Date thereafter, in or towards satisfaction, *pro rata* and *pari passu*, of principal amounts due under the Subordinated Class F Notes; and
- (aa) *twenty-seventh*, in or towards satisfaction of a Deferred Purchase Price Instalment due and payable to the Seller.

## 9.2 *Principal Priority of Payments*

Prior to the delivery of an Enforcement Notice to the Issuer, the Notes Redemption Available Amount as calculated on any Quarterly Calculation Date shall be applied by the Issuer (acting through the Issuer Administrator) on the immediately succeeding 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) after the payment of the Initial Purchase Price of New Mortgage Receivables and Further Advance Receivables to redeem:

- (a) (x) before the Target Amortisation Date or (y) on or after the Target Amortisation Date in case a Target Amortisation Event has occurred, which is not cured prior to such Quarterly Payment Date:
  - (i) *first*, the Senior Class A 1 Notes, until fully redeemed; and thereafter
  - (ii) *second*, the Senior Class A 2 Notes, until fully redeemed; and thereafter
  - (iii) *third*, the Mezzanine Class B Notes, until fully redeemed; and thereafter
  - (iv) *fourth*, the Junior Class C Notes, until fully redeemed; and thereafter
  - (v) *fifth*, the Subordinated Class D Notes, until fully redeemed; and thereafter

- (vi) *sixth*, the Subordinated Class E Notes, until fully redeemed; and
- (b) on or after the Target Amortisation Date, unless a Target Amortisation Event has occurred which is not cured prior to such Quarterly Payment Date:
  - (i) *first*, the Senior Class A1 Notes by applying the Senior Class Notes Redemption Available Amount;
  - (ii) *second*, the Senior Class A2 Notes by applying the Senior Class Notes Redemption Available Amount to the extent not applied under (i) above;
  - (iii) *third*, the Mezzanine Class B Notes by applying the Class B Notes Redemption Available Amount;
  - (iv) *fourth*, the Junior Class C Notes by applying the Class C Notes Redemption Available Amount;
  - (v) *fifth*, the Subordinated Class D Notes by applying the Class D Notes Redemption Available Amount; and
  - (vi) *sixth*, the Subordinated Class E Notes by applying the Class E Notes Redemption Available Amount.

#### **10. Enforceability**

The Security shall be enforced upon an Event of Default in accordance with Clause 19 (*Enforcement of Security*).

#### **11. Release of Security**

As soon as the Security Trustee is satisfied that the Issuer has fully performed all obligations secured by this Issuer Trust Agreement and to the extent the Security has not been previously released pursuant to this Issuer Trust Agreement, the Security Trustee shall promptly transfer back to the Issuer or to the Issuer's order the Security transferred to it under this Issuer Trust Agreement.

#### **12. Representations of the Issuer with respect to Security, Covenants**

- 12.1 The Issuer hereby represents, covenants and warrants with the Security Trustee that it has (and will have, insofar as future rights and claims are concerned) full and unaffected title to the Security and any related security thereto which is assigned or pledged hereby and that such Security and such related security is (and will be insofar as future rights and claims are concerned) free and clear from any encumbrances and adverse rights and claims of any third parties, always subject only to the rights and encumbrances created under the Issuer Security Documents.
- 12.2 The Issuer shall be liable to pay damages (*Schadensersatz wegen Nichterfüllung*) in the event that any Security transferred for security purposes in accordance with this Issuer Trust Agreement proves to be invalid or if the transfer itself proves to be invalid.
- 12.3 The Issuer hereby covenants with the Security Trustee to notify the Security Trustee of the issue of any Notes within 10 Business Days from the date of issue thereof by way of notice in substantially the form set out in Schedule 2 (*Form of Note Identification Notice*).

#### **13. Representations and Warranties of the Security Trustee**

- 13.1 The Security Trustee hereby represents to the Issuer that it has the legal capacity, is in a position to perform and has obtained all authorisations and licences required for the performance of its duties and obligations hereunder in accordance with the provisions of this Issuer Trust Agreement and the other Issuer Security Documents (and the only other Issuer Security Document in force as of the Closing Date is the Account Pledge Agreement and the English Deed of Assignment dated

as of the date hereof) and that, at the time of concluding this Issuer Trust Agreement, it does not, to the best of its knowledge, see actual or foreseeable grounds for terminating this Issuer Trust Agreement pursuant to Clause 31 (*Resignation*) or for replacing any director of the Security Trustee pursuant to Clause 32 (*Replacement of Directors of Security Trustee*).

- 13.2 The Security Trustee hereby represents to the Issuer that it has its "centre of main interests" at the place of its incorporation and that it does not have an "establishment" other than at the place of its incorporation, as such terms are used by Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Procedures.
- 13.3 It is hereby agreed (without prejudice to the other provisions of this Issuer Trust Agreement, and in particular Clauses 32 (*Replacement of Directors of Security Trustee*) and 33.1 (*Transfer of Issuer Security*) hereof) that, in the event that any grounds for terminating this Issuer Trust Agreement pursuant to Clauses 31 (*Resignation*) exist or come into existence, or if the Security Trustee does not possess any authorisation or licence which is required for the performance of its duties and obligations hereunder, the Security Trustee shall, without undue delay remedy any such grounds, obtain such authorisations and licences, and any other obligations of the Security Trustee and the other provisions of this Issuer Trust Agreement shall not be affected by the Security Trustee failing to remedy such grounds or to have obtained such authorisations or licences.

#### **14. Receipt and Custody of Documents; Notices**

- 14.1 The Security Trustee shall take delivery of and keep in custody the documents which are delivered to it under the Transaction Documents (if any) and shall:
- (i) keep such documents for one year after the termination of this Issuer Trust Agreement; or
  - (ii) forward the documents to the new Security Trustee if the Security Trustee is replaced in accordance with Clause 33 (*Transfer of Issuer Security*) hereof.
- 14.2 In the event that the Security Trustee becomes aware of any variations in writing of the Transaction Documents, it shall immediately give notice thereof to the Rating Agencies.

#### **15. Consent of the Security Trustee**

If the Issuer requests that the Security Trustee grants its consent pursuant to Clause 39 (*Actions of the Issuer Requiring Consent*) hereof, the Security Trustee may grant or withhold the requested consent at its discretion taking into account what the Security Trustee believes to be the interests of the Secured Creditors. The Security Trustee shall not give such consent unless the Rating Agencies have confirmed that such action would not negatively affect or result in downgrading or withdrawal of the rating of any Note.

#### **16. Breach of Obligations by the Issuer**

- 16.1 If the Security Trustee in the course of its activities obtains knowledge that the existence or the value of the Issuer Security is at risk due to any failure of the Issuer properly to discharge its obligations under this Issuer Trust Agreement or the other Transaction Documents to which it is a party, the Security Trustee shall, at its discretion and subject to Clause 16.2 below, take or initiate all actions which in the opinion of the Security Trustee are desirable or expedient to avert such risk. To the extent that the Issuer, in the opinion of the Security Trustee, does not duly discharge its obligations pursuant to Clause 33 (*Transfer of Issuer Security*) in respect of the Issuer Security, the Security Trustee shall in particular be authorised and obliged to exercise all rights arising under the relevant Transaction Documents on behalf of the Issuer.
- 16.2 If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with **Conditions 6(c)(i) and 6(c)(ii)** (but based upon the

information in its possession as to the Notes Redemption Available Amount and each such determination or calculation shall be deemed to have been made by the Issuer).

- 16.3 The Security Trustee shall only be obliged to intervene in accordance with Clauses 16.1 and 16.2 if, and to the extent that, it is satisfied that it will be fully indemnified (either by reimbursement of costs, its ranking under the Interest Priority of Payments or the Priority of Payments upon Enforcement (as applicable) or in any other way it deems appropriate) against all costs and expenses resulting from its activities (including fees for retaining counsel, banks, auditors or other experts as well as the expenses of retaining third parties to perform certain duties) and against all liabilities (except for liabilities which arise from its own negligence), obligations and attempts to bring any action in or outside court. Clause 34 (*Standard of Care for Liability*) shall remain unaffected.

## 17. Further Obligations

- 17.1 The Security Trustee shall perform its tasks and obligations under the other Transaction Documents to which it is a party in accordance with this Issuer Trust Agreement.
- 17.2 The Security Trustee shall, unless otherwise provided for under this Issuer Trust Agreement, decide on any consents or approvals to be given by it pursuant to the other Transaction Documents in its reasonable discretion in accordance with this Issuer Trust Agreement (in particular Clause 35 (*General*) hereof).

## 18. Power of Attorney

The Issuer hereby grants the Security Trustee power of attorney, waiving the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions under the laws of any other countries, with the right to grant substitute power of attorney, to act in the name of the Issuer with respect to all rights of the Issuer arising under the Transaction Documents to which it is a party (except for the rights *vis-à-vis* the Security Trustee). Such power of attorney shall be irrevocable. It shall expire as soon as a new Security Trustee has been appointed pursuant to Clauses 31 (*Resignation*) and the Issuer has issued a power of attorney to such new Security Trustee having the same contents as the power of attorney previously granted in accordance with the provisions of this Clause 18. The Security Trustee shall only act under this power of attorney in relation to the exercise of its rights and obligations under this Issuer Trust Agreement.

## 19. Enforcement of Security

### 19.1 Event of Default

The Security may be subject to enforcement upon the occurrence of an Event of Default. The Security Trustee shall promptly, upon obtaining knowledge of an Event of Default, give notice thereof to the Noteholders and the Rating Agencies pursuant to the Intercreditor Agreement.

### 19.2 Enforcement of Security

Upon becoming aware of the occurrence of an Event of Default, the Security Trustee

- (i) may deliver an enforcement notice (the "**Enforcement Notice**") to the Issuer specifying the occurrence of the relevant Event of Default and, if applicable, the date determined by the Security Trustee as being the date on which such Event of Default first occurred and enforce or cause enforcement of the Security in a manner determined at its reasonable discretion, or
- (ii) shall deliver an Enforcement Notice to the Issuer specifying the occurrence of the relevant Event of Default and, if applicable, the date determined by the Security Trustee as being the date on which such Event of Default first occurred and enforce or cause enforcement of the Security following receipt of written instructions by the holders of at least 25 per cent. of the Notes of each Class calculated on a Class by Class basis (the "**Instructing**

**Majority").** The Security Trustee shall send a copy of any Enforcement Notice to each Secured Creditor (other than the Noteholders).

In the event that the Security Trustee fails, after having been instructed in accordance with (ii) above, to deliver an Enforcement Notice to the Issuer or otherwise fails to enforce the Issuer Security (in each case, within a reasonable period of time following notice of such failure by the Instructing Majority) the Instructing Majority shall be entitled to deliver an Enforcement Notice to the Issuer and to enforce the Issuer Security in accordance with the provisions of the Issuer Security Documents. For the avoidance of doubt, no Secured Creditor is entitled to require the Security Trustee to take any action or proceedings under or in relation to any Issuer Security Document or to exercise any of the rights or powers of discretion conferred on the Security Trustee by this Issuer Trust Agreement or any other Issuer Security Document.

## **20. Payments upon Occurrence of an Event of Default**

Upon the occurrence of an Event of Default:

- (i) The Security may be exercised, collected, claimed and enforced exclusively by the Security Trustee; it shall be at the sole discretion of the Security Trustee how such enforcement shall be effected.
- (ii) The Security Trustee shall deposit the proceeds of any enforcement which it receives in any of the Transaction Accounts, or, in the event that the Security Trustee has opened an operating account in its own name, such account.
- (iii) Payments on the obligations of the Issuer may not be made as long as, in the opinion of the Security Trustee, there is a risk that such payment will jeopardise the fulfilment of any later maturing obligation of the Issuer ranking with senior priority pursuant to and in accordance with the Priority of Payments upon Enforcement (as such term is defined in Clause 23.1 (*Priority of Payments upon Enforcement*)).
- (iv) The Security Trustee shall make payments out of the proceeds of any enforcement of Security in accordance with Clause 23 (*Priority of Payments upon Enforcement*).
- (v) Subject to Clause 23.2 (*Priority of Payments upon Enforcement*), after all Secured Obligations have been satisfied in full, the Security Trustee shall pay out any remaining amounts to the Issuer.

## **21. Continuing Duties**

For the avoidance of doubt and without affecting general applicable law with respect to any continuing effect of any other provisions of this Issuer Trust Agreement, it is hereby agreed that Clauses 14 to 18 shall continue to apply after the occurrence of an Event of Default.

## **22. Transaction Accounts**

- 22.1 The Transaction Accounts of the Issuer set up and maintained pursuant to the GIC and this Issuer Trust Agreement shall be used for receipt of amounts relating to the Transaction Documents and for the fulfilment of the payment obligations of the Issuer.
- 22.2 The Issuer shall ensure that all payments made to the Issuer be made by way of a bank transfer to or deposit in the Transaction Accounts. Should any amounts payable to the Issuer be paid in any way other than by deposit or bank transfer to the Transaction Accounts, the Issuer shall promptly credit such amounts to the Transaction Accounts. Clause 9 (*Priority of Payments prior to the Enforcement Date*) and Clause 23 (*Priority of Payments upon Enforcement*) shall remain unaffected.
- 22.3 The Issuer shall not open any new bank account in addition to or as a replacement of any Transaction Account, unless it has pledged any and all rights relating thereto to the Security

Trustee in accordance with the Account Pledge Agreement, and only after having obtained the consent of the Security Trustee in accordance with this Issuer Trust Agreement. For the avoidance of doubt, upon notification to the GIC Provider by the Security Trustee in respect of the occurrence of an Event of Default, the Security Trustee shall be entitled to exercise the rights of the Issuer under the GIC pledged to the Security Trustee in accordance with the Account Pledge Agreement, including, without limitation, the right to give instructions to the GIC Provider pursuant to the GIC.

- 22.4 After the Enforcement Date all amounts standing to the credit of the Liquidity Facility Stand-by Account shall be applied in or towards repayment of any Liquidity Facility Stand-by Drawings under the Liquidity Facility Agreement. Amounts standing to the credit of the Liquidity Facility Stand-by Account shall not be available to the Issuer or any of the Secured Creditors (other than the Liquidity Facility Provider) at any time after the Enforcement Date.

### **23. Priority of Payments upon Enforcement**

- 23.1 After the Enforcement Date, and prior to the full discharge of all Secured Obligations, any credit in the Transaction Accounts (excluding the Liquidity Facility Stand-by Account but including, for the avoidance of doubt, any account opened by the Security Trustee) and any proceeds obtained from the enforcement of the Security (after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, fees and expenses of the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) in accordance with Clause 19 (*Enforcement of Security*) (together, the "**Credit**") shall be applied exclusively in accordance with the priority of payments (the "**Priority of Payments upon Enforcement**") set out in Clause 23.2.
- 23.2 After the Enforcement Date on any Quarterly Payment Date any Credit, together with any proceeds obtained from the enforcement of the other Issuer Security, shall be applied in the following order towards fulfilling the payment obligations of the Issuer, in each case only to the extent payments of a higher priority have been made in full:
- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) the fees and expenses of the Principal Paying Agent, the Irish Paying Agent, the Extension Margin Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iii) the fees due to the GIC Provider under the GIC, (iv) the Liquidity Facility Commitment Fee due to the Liquidity Facility Provider under the Liquidity Facility Agreement, but excluding, for the avoidance of doubt, any Liquidity Facility Subordinated Amount, payable under item (o) below, and (v) the fees and expenses of the Issuer Administrator and (prior to the termination of the MPT Provider's appointment under the Issuer Services Agreement) the MPT Provider or (following the termination of the MPT Provider's appointment under the Issuer Services Agreement pursuant to the terms thereof) any amounts payable by the Issuer to the Sub-Servicer and the Delinquent Loan Servicer for the performance of the Sub-Servicer and the Delinquent Loan Servicer of their respective services in respect of the Assigned Mortgage Receivables;
  - (b) *second*, in or towards satisfaction of any sums due or sums accrued but unpaid under the Liquidity Facility Agreement, but excluding (1) the Liquidity Facility Commitment Fee payable under item (a) above and (2) any Liquidity Facility Subordinated Amount payable under item (o) below;
  - (c) *third*, in or towards satisfaction, *pro rata* and *pari passu*, of amounts, if any, due or accrued but unpaid under the Hedging Agreements to the Swap Counterparty and to any other Hedging Counterparty, but excluding any Swap Subordinated Amount payable under item (p) and, for the avoidance of doubt, excluding any amount relating to Excess Swap Collateral;
  - (d) *fourth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of (i) the Senior Class A1 Notes, excluding the

Subordinated Extension Interest Part relating to the Senior Class A1 Notes and (ii) the Senior Class A2 Notes, excluding the Subordinated Extension Interest Part relating to the Senior Class A2 Notes;

- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of (i) the Senior Class A1 Notes and (ii) the Senior Class A2 Notes;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class B Notes, excluding the Subordinated Extension Interest Part relating to the Mezzanine Class B Notes;
- (g) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Junior Class C Notes, excluding the Subordinated Extension Interest Part relating to the Junior Class C Notes;
- (i) *ninth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Junior Class C Notes;
- (j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class D Notes, excluding the Subordinated Extension Interest Part relating to the Subordinated Class D Notes;
- (k) *eleventh*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class D Notes;
- (l) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class E Notes, excluding the Subordinated Extension Interest Part relating to the Subordinated Class E Notes;
- (m) *thirteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class E Notes;
- (n) *fourteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class F Notes, excluding the Subordinated Extension Interest Part relating to the Subordinated Class F Notes;
- (o) *fifteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of a Liquidity Facility Subordinated Amount due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (p) *sixteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of all Swap Subordinated Amounts due under the Hedging Agreements to the Swap Counterparty and to any other Hedging Counterparty;
- (q) *seventeenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on (i) the Senior Class A 1 Notes as Subordinated Extension Interest Part relating to the Senior Class A 1 Notes and (ii) the Senior Class A 2 Notes as Subordinated Extension Interest Part relating to the Senior Class A 2 Notes;
- (r) *eighteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Mezzanine Class B Notes as Subordinated Extension Interest Part relating to the Mezzanine Class B Notes;



- (s) *nineteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Junior Class C Notes as Subordinated Extension Interest Part relating to the Junior Class C Notes;
- (t) *twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class D Notes as Subordinated Extension Interest Part relating to the Subordinated Class D Notes;
- (u) *twenty-first*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class E Notes as Subordinated Extension Interest Part relating to the Subordinated Class E Notes;
- (v) *twenty-second*, in or towards satisfaction, *pro rata* and *pari passu*, of interest due or interest accrued but unpaid on the Subordinated Class F Notes as Subordinated Extension Interest Part relating to the Subordinated Class F Notes;
- (w) *twenty-third*, in or towards satisfaction, *pro rata* and *pari passu*, of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class F Notes;
- (x) *twenty-fourth*, the repayment of any Servicing Advance to the MPT Provider or any other party which has provided a Servicing Advance, respectively, under the Issuer Services Agreement; and
- (y) *twenty-fifth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller.

23.3 The Priority of Payments upon Enforcement shall be applicable upon an Event of Default and the delivery of an Enforcement Notice to the Issuer.

## **24. Relation to Third Parties**

24.1 In relation to the Issuer Security, the Priority of Payments upon Enforcement shall, subject to applicable law, be binding on all creditors of the Issuer, provided that in relation to any other assets of the Issuer, the Priority of Payments upon Enforcement shall only apply internally between the Secured Creditors, the Security Trustee and the Issuer; in third party relationships, the rights of the Secured Creditors and the Security Trustee shall have equal rank to those of third party creditors of the Issuer.

24.2 The Priority of Payments upon Enforcement shall also apply if the Secured Obligations are transferred to third parties by way of assignment, subrogation into a contract or otherwise. Prior to such transfer, such third parties shall accede to the Intercreditor Agreement.

## **25. Retaining Third Parties**

25.1 In individual instances, the Security Trustee may, at market prices (if appropriate, after obtaining several offers), retain the services of a suitable law firm, accounting firm or credit institution or seek information and advice from legal counsel, financial consultants, banks and other experts in the Federal Republic of Germany, The Netherlands, or elsewhere (and irrespective of whether such persons are already retained by the Security Trustee, the Issuer, a Secured Creditor, or any other person involved in the transactions in connection with the Transaction Documents), to assist it in performing the duties assigned to it under this Issuer Trust Agreement and the other Issuer Security Documents, by delegating the entire or partial performance of the following duties:

- (i) the taking of specific measures under Clause 16 (*Breach of Obligations by the Issuer*), particularly the enforcement of certain claims of the Issuer or any Secured Creditor;
- (ii) enforcement of Security pursuant to Clause 19.2 (*Enforcement of Security*);

- (iii) the settlement of payments under Clause 20 (*Payments upon Occurrence of an Event of Default*);
- (iv) any other duty of the Security Trustee under this Issuer Trust Agreement if the delegation of the entire or partial performance of such duty is not, in the discretion of the Security Trustee, subject to Clause 3.1 (*Position of Security Trustee in Relation to Secured Creditors*), materially prejudicial to the interests of the Secured Creditors.

Any fees, costs, charges and expenses, indemnity claims and any other amounts payable by the Security Trustee to such third parties or advisers shall be reimbursed by the Issuer.

- 25.2 (i) Subject to Clause 25.2 (ii), the Security Trustee may rely on such third parties and any information and advice obtained therefrom without having to make its own investigations. The Security Trustee shall not be liable for any wilful misconduct or negligence of such persons (*Vorsatz und Fahrlässigkeit*).
- (ii) The Security Trustee shall be liable for any damages or losses caused by it relying on such third parties or acting in reliance on information or advice of such advisers only in accordance with Clause 34 (*Standard of Care for Liability*).
- 25.3 The Security Trustee may sub-contract or delegate the performance of some (but not all) of any of its obligations other than those referred to in Clause 25.1 provided that the Security Trustee shall not thereby be released or discharged from and shall remain responsible for the performance of such obligations and the performance or non-performance, and the manner of performance, of any sub-contractor or delegate of any of such delegated obligations shall not affect the Security Trustee's obligations. Any breach in the performance of the delegated obligations by such sub-contractor or delegate shall not be treated as a breach of obligation by the Security Trustee pursuant to Section 278 of the German Civil Code (*Bürgerliches Gesetzbuch*); however, the Security Trustee shall remain liable for diligently selecting and supervising such sub-contractors and delegates in accordance with Clause 34 (*Standard of Care for Liability*) hereof.
- 25.4 The Security Trustee shall promptly notify in writing the Rating Agencies of every retainer of a third party made pursuant to this Clause 25 (such notice to include the name of the third party).

## **26. Representation and Warranties of the Issuer**

The Issuer hereby represents and warrants that, at the date hereof:

- (a) it is a company duly incorporated under the laws of The Netherlands with power to enter into this Issuer Trust Agreement and each other document and agreement relating hereto, to issue the Notes and to exercise its rights and perform its obligations hereunder and thereunder and all corporate and other action required to authorise the execution of and the performance by the Issuer of its obligations hereunder and thereunder has been duly taken;
- (b) it is a company which is managed and administered from The Netherlands, it maintains its actual place of business in The Netherlands and take its decisions and board resolutions in The Netherlands; it has its centre of main interests within the meaning of Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Procedures (the "**Regulation**") in The Netherlands and has no establishment (within the meaning of the Regulation) in any jurisdiction within the European Union other than in The Netherlands; it is a tax resident of The Netherlands and it has no fixed place of business in Germany;
- (c) it has no employees and undertakes no activities other than those described in the Prospectuses in the Netherlands;
- (d) under the laws of The Netherlands in force at the date hereof, it will not be required to make any deduction or withholding from any payment it may make under this Issuer Trust

Agreement or any other document or agreement relating thereto to which it is expressed to be a party;

- (e) in any proceedings taken in The Netherlands in relation to all or any of this Issuer Trust Agreement and each other document and agreement relating hereto it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process;
- (f) in any proceedings taken in The Netherlands in relation to this Issuer Trust Agreement and each other document and agreement relating hereto the choice of the laws of the Federal Republic of Germany or any other relevant law as the governing law of this Issuer Trust Agreement and any such other documents and agreements relating hereto, as well as any judgment obtained in the Federal Republic of Germany or in any other relevant country will be recognised in The Netherlands;
- (g) all acts, conditions and things required to be done, fulfilled and performed in order (i) to enable it lawfully to enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in this Issuer Trust Agreement and each other document and agreement relating hereto and (ii) to ensure that the obligations expressed to be assumed by it herein and therein are legal, valid and binding have been done, fulfilled and performed;
- (h) under the laws of The Netherlands in force at the date hereof, it is not necessary that any of this Issuer Trust Agreement or any other document or agreement relating hereto be filed, recorded or enrolled with any court or other authority in The Netherlands or that any stamp, registration or similar tax be paid on or in relation to any of this Issuer Trust Agreement and each other document and agreement relating hereto;
- (i) under the laws of The Netherlands in force at the date hereof the obligations expressed to be assumed by it in this Issuer Trust Agreement and each other document and agreement relating hereto are (assuming that such obligations are legal and valid under German law or any other relevant governing law) legal and valid obligations binding on it in accordance with the terms hereof and thereof save as the same may be limited by the bankruptcy, insolvency or other similar laws of general application;
- (j) it has not taken any corporate action nor have any other steps been taken or legal proceedings been started or (to the best of its knowledge and belief) threatened against it for its winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee in bankruptcy, liquidator, sequestrator or similar officer of it or of any or all of its assets or revenues and it is not unable to pay its debts when they fall due;
- (k) no action or administrative proceeding of or before any court or agency has been started or (to the best of its knowledge and belief) threatened as to which, in its judgment there is a likelihood of an adverse judgment which would have a material adverse effect on its business or financial condition or on its ability to perform its obligations under any of this Issuer Trust Agreement or the other documents and agreements relating hereto;
- (l) save for the Issuer Security Documents it has not created any encumbrance over all or any of its present or future revenues or assets and the execution of this Issuer Trust Agreement and each other document and agreement relating hereto and the exercise by it of its rights and performance of its obligations hereunder and thereunder will not result in the existence of nor oblige it to create any encumbrance over all or any of its present or future revenues or assets except as provided therein;
- (m) the execution of this Issuer Trust Agreement and each other document and agreement relating hereto and the exercise by it of its rights and performance of its obligations

hereunder and thereunder do not constitute and will not result in any breach of any agreement or treaty to which it is a party or which is binding upon it;

- (n) the execution of this Issuer Trust Agreement and each other document and agreement relating hereto constitute, and the exercise of its rights and performance of its obligations hereunder and thereunder will constitute, private and commercial acts done and performed for private and commercial purposes;
- (o) no Event of Default has occurred and is continuing; and
- (p) its obligations hereunder were entered into on arm's length terms.

## **27. Fees**

The Issuer shall pay the Security Trustee a fee as separately agreed upon between the Issuer and the Security Trustee in a fee letter dated on or about the date hereof.

## **28. Reimbursement of Expenses**

In addition to the remuneration of the Security Trustee, the Issuer shall pay all reasonable out-of-pocket costs, charges, liabilities and expenses (including, without limitation, legal and travelling expenses and fees and expenses of its agents, delegees and advisors as well as of the Rating Agencies) which the Security Trustee properly incurs in relation to the negotiation, preparation, execution of, and the exercise of its powers and the performance of its duties under this Issuer Trust Agreement and the other Transaction Documents, any action taken by it under or in relation to the Notes, this Issuer Trust Agreement or any of the other Transaction Documents or any amendment, renewals or waivers made in accordance with the Transaction Documents in respect hereof.

## **29. Right to Indemnification**

- 29.1 The Issuer shall indemnify the Security Trustee in respect of all proceedings (including claims and liabilities in respect of taxes other than on the Security Trustee's own overall net profits, income or gains and subject to Clause 30.2 (*Taxes*)), losses, claims and demands and all costs, charges, expenses, and liabilities to which the Security Trustee (or any third party pursuant to Clause 24 (*Relation to Third Parties*)) may be or become liable or which may be incurred by the Security Trustee (or any such third party) in respect of anything done or omitted in relation to this Issuer Trust Agreement and any of the other Transaction Documents, unless such costs and expenses are incurred by the Security Trustee due to a breach of the duty of care provided for in Clause 34 (*Standard of Care for Liability*).

For the avoidance of doubt, it is hereby agreed that any indemnities shall be owed by the Issuer and that the Security Trustee has no right of indemnification against the Secured Creditors hereunder unless it has received instruction from the Instructing Majority in accordance with Clause 19.2 (*Enforcement of Security*).

- 29.2 The Security Trustee shall not be bound to take any action under or in connection with this Issuer Trust Agreement or any other Transaction Document or any document executed pursuant to any of them including, without limitation, forming any opinion or employing any agent, unless in all cases, it is fully indemnified (including under the Priority of Payments upon Enforcement as set out in Clause 23 hereof), and is reasonably satisfied that the Issuer will be able to honour any indemnity in accordance with the Priority of Payments upon Enforcement as set out in Clause 23 (*Priority of Payments upon Enforcement*) hereof, against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection with them for which purpose the Security Trustee may require payment in advance of such liabilities being incurred of an amount which it considers (without prejudice to any further demand) sufficient to indemnify it or security satisfactory to it.

- 29.3 The Security Trustee shall be entitled to enter into any commercial transaction with any party to any Transaction Document, including, without limitation, the Issuer, without having to account for any profit resulting from such commercial transaction.

### **30. Taxes**

- 30.1 The Issuer shall bear all stamp duties, transfer taxes and other similar taxes, duties or charges which are imposed in The Netherlands or in the Federal Republic of Germany on or in connection with (i) the creation of, holding of, or enforcement of the Issuer Security, (ii) any action taken by the Security Trustee pursuant to the terms and conditions of the Notes or the other Transaction Documents, and (iii) the issue of the Notes or the conclusion of Transaction Documents.
- 30.2 All payments of fees and reimbursements of expenses to the Security Trustee shall include any turnover taxes, value added taxes or similar taxes, other than taxes on the Security Trustee's net profits, overall income or gains, which are imposed in the future on the services of the Security Trustee.

### **31. Resignation**

The Security Trustee shall have the right to resign from its office for good cause (*aus wichtigem Grund*) with immediate effect. Any replacement of the Security Trustee shall be notified by the Issuer to the Rating Agencies by giving not less than 30 calendar days notice.

### **32. Replacement of Directors of Security Trustee**

The Issuer shall be authorised and obliged to replace any director of the Security Trustee with a new director (who is experienced in the business of directorship of security trustees in securitisation transactions), if the Issuer has been so instructed in writing by (i) the Instructing Majority or (ii) if no Notes remain outstanding, any Secured Creditor (other than any Noteholder) or Secured Creditors (other than any Noteholders) representing at least 25 per cent. of all Secured Creditors (other than any Noteholders) to which any amounts are owed, unless Secured Creditors representing at least 50 per cent. of all Secured Creditors (other than any Noteholders) to which any amounts are owed instruct the Issuer not to replace the directors of the Security Trustee.

### **33. Transfer of Issuer Security**

#### **33.1 *Transfer of Issuer Security***

In the case of a replacement of the Security Trustee pursuant to Clause 31 (*Resignation*), the Security Trustee shall forthwith transfer the Issuer Security and other assets and other rights it holds as fiduciary (*Treuhänder*) under any Issuer Security Document, as well as its Transaction Security Trustee Claim under Clause 4 (*Position of Security Trustee in Relation to the Issuer*) and the pledge granted to it pursuant to Clause 6 (*Pledge*) to the new Security Trustee. Without prejudice to this obligation, the Issuer shall hereby be irrevocably authorised to effect such transfer on behalf of the Security Trustee as set out in the first sentence and is for that purpose exempted from the restrictions under Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar provisions contained in the laws of any other country.

#### **33.2 *Assumption of Obligations***

In the event of a replacement of the Security Trustee pursuant to Clause 31 (*Resignation*), the Security Trustee shall reach an agreement with the new Security Trustee that the new Security Trustee assumes the obligations of the Security Trustee's obligations under each Issuer Security Document.

#### **33.3 *Costs***

The costs incurred in connection with replacing the Security Trustee pursuant to Clause 31 (*Resignation*) or with replacing a director of the Security Trustee pursuant to Clause 32

*(Replacement of Directors of Security Trustee)* shall be borne by the Issuer. If such replacement is due to the conduct of the Security Trustee constituting good cause (*wichtiger Grund*) for termination, the Issuer shall be entitled, without prejudice to any additional rights, to claim damages from the Security Trustee in the amount of such costs.

**33.4 Notification to and Confirmation by the Rating Agencies; Publications**

The appointment of a new Security Trustee in accordance with Clause 31 (*Resignation*) or the appointment of a new director of the Security Trustee in accordance with Clause 32 (*Replacement of Directors of Security Trustee*) shall be notified by the Issuer to the Rating Agencies and shall be subject to the confirmation from each Rating Agency that such appointment would not result in the then current rating of the Notes being downgraded or withdrawn. Following such confirmation from each Rating Agency, the appointment of the new Security Trustee shall take effect and shall be published without delay in accordance with the Conditions of the Notes or, if this is not possible, in any other appropriate way.

**33.5 Accounting**

The Security Trustee shall be obliged to account to the new Security Trustee for its activities under or with respect to each Issuer Security Document.

**34. Standard of Care for Liability**

The Security Trustee shall be liable for any breach of its obligations under this Issuer Trust Agreement only if it fails to meet the standard of care of a prudent businessman (*Sorgfalt eines ordentlichen Kaufmanns*).

**35. General**

35.1 The Security Trustee shall not be liable for: (i) any action or failure to act of the Issuer or of other parties to the Transaction Documents; (ii) the Transaction Documents (including any security interest created thereunder) not being legal, valid, binding or enforceable, or for the fairness of the provisions of the Transaction Documents; and (iii) a loss of documents related to the Issuer Security not attributable to the negligence of the Security Trustee.

35.2 The Security Trustee may call for and shall be at liberty to accept a certificate signed by any two directors of the Issuer as sufficient evidence of any fact or matter or the expediency of any transaction or thing, and to treat such a certificate to the effect that any particular dealing or transaction or step or thing is, in the opinion of the persons so certifying, expedient or proper as sufficient evidence that it is expedient or proper, and the Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be caused by acting on any such certificate.

35.3 The Security Trustee shall (save as otherwise expressly provided herein) as regards all the powers, authorities and discretions vested in it by or pursuant to any Transaction Document (including this Issuer Trust Agreement) to which the Security Trustee is a party or conferred upon the Security Trustee by operation of law (the exercise of which, as between the Security Trustee and the Secured Creditors, shall be conclusive and binding on the Secured Creditors) have discretion as to the exercise or non-exercise thereof and, provided it shall not have acted in violation of its standard of care as set out in Clause 34 (*Standard of Care for Liability*), the Security Trustee shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise thereof.

35.4 The Security Trustee, as between itself and the Secured Creditors, shall have full power to determine all questions and doubts arising in relation to any of the provisions of any Transaction Document and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Security Trustee, shall be conclusive and shall bind the Security Trustee and the Secured Creditors. In particular, the Security Trustee may determine whether or

not any event described in this Issuer Trust Agreement is, in its opinion, materially prejudicial to the interests of Secured Creditors and if the Security Trustee shall certify that any such event is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer and the relevant Secured Creditors.

- 35.5 The Security Trustee may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of any Transaction Document is capable of remedy and, if the Security Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Secured Creditors.
- 35.6 Any consent given by the Security Trustee for the purposes of any Transaction Document may be given on such terms and subject to such conditions (if any) as the Security Trustee thinks fit in its discretion and, notwithstanding anything to the contrary contained in any Transaction Document may be given retrospectively. If a consent or approval of the Security Trustee is not to be given pursuant to the Conditions, this Issuer Trust Agreement or any other Transaction Document unless the Rating Agencies have confirmed that the relevant action subject of the consent or approval would not negatively affect or result in a downgrading or withdrawal of the then current rating of any Note, the Security Trustee shall seek such confirmation from the Rating Agencies without undue delay.
- 35.7 The Security Trustee shall not be responsible for recitals, statements, warranties or representations of any party (other than those relating to or provided by it) contained in any Transaction Document or other document entered into in connection therewith and may rely on the accuracy and correctness thereof (absent actual knowledge to the contrary) and shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or security thereby constituted or evidenced. The Security Trustee may accept without enquiry, requisition or objection such title as the Issuer may have to the Issuer Security or any part thereof from time to time and shall not be bound to investigate or make any enquiry into the title of the Issuer to the Issuer Security or any part thereof from time to time.
- 35.8 The Security Trustee shall not be liable for any error of judgement made in good faith by any officer or employee of the Security Trustee assigned by the Security Trustee to administer its corporate trust matters unless such officer or employee has failed to observe the standard of care provided for in Clause 34 (*Standard of Care for Liability*).
- 35.9 No provision of this Issuer Trust Agreement shall require the Security Trustee to do anything which may be illegal or contrary to applicable law or regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers or otherwise in connection with any Transaction Document (including, without limitation, forming any opinion or employing any legal, financial or other adviser), if it determines in its reasonable discretion that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.
- 35.10 The Security Trustee shall not be responsible for the genuineness, validity, effectiveness or suitability of any Transaction Documents or any other documents entered into in connection therewith or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto, nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents or the unenforceability thereof, whether arising from statute, law or decisions of any court and (without prejudice to the generality of the foregoing) the Security Trustee shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:

- (i) the nature, status, creditworthiness or solvency of the Issuer or any other person or entity who has at any time provided any security or support whether by way of guarantee, charge or otherwise in respect of any advance made to the Issuer;
- (ii) the execution, legality, validity, adequacy, admissibility in evidence or enforceability of any Transaction Document or any other document entered into in connection therewith;
- (iii) the scope or accuracy of any representations, warranties or statements made by or on behalf of the Issuer or any other person or entity who has at any time provided any Transaction Document or in any document entered into in connection therewith;
- (iv) the performance or observance by the Issuer or any other person of any provisions or stipulations relating to Notes or contained in any other Transaction Document or in any document entered into in connection therewith or the fulfilment or satisfaction of any conditions contained therein or relating thereto or as to the existence or occurrence at any time of any default, event of default or similar event contained therein or any waiver or consent which has at any time been granted in relation to any of the foregoing;
- (v) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with the Transaction Documents;
- (vi) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the Issuer Security or the Transaction Documents or the failure to effect or procure registration of or to give notice to any person in relation to or otherwise protect the security created or purported to be created by or pursuant to any of the Issuer Security or the Transaction Documents or other documents entered into in connection therewith; or
- (vii) any accounts, books, records or files maintained by the Issuer or any other person in respect of any of the Issuer Security or the Transaction Documents.

35.11 The Security Trustee may, in the absence of actual knowledge to the contrary, assume without enquiry that the Issuer and each of the other parties to the Transaction Documents is duly performing and observing all of the provisions of those documents binding on or relating to it and that no event has happened which constitutes an Event of Default.

35.12 The Security Trustee may rely on reports, other information engagement letter or other document from professional advisers or other experts whether or not such report, other information, engagement letter or other document entered into by the Security Trustee and the relevant person in connection thereto contains any monetary or other limit as to the liability of the relevant professional adviser or expert.

### **36. Undertakings of the Issuer in Relation to the Issuer Security**

The Issuer hereby undertakes *vis-à-vis* the Security Trustee:

- (i) not to sell, transfer or otherwise dispose of the Issuer Security and to refrain from all actions and omissions to act (excluding, for the avoidance of doubt, the collection and enforcement of the Issuer Security in the ordinary course of business or otherwise dealing with the Issuer Security in accordance with the Transaction Documents) which may result in a significant (*wesentlichen*) decrease in the aggregate value or in a loss of the Issuer Security;
- (ii) promptly to notify the Security Trustee in the event of becoming aware that the rights of the Security Trustee in the Issuer Security are impaired or jeopardised by way of an attachment or other actions of third parties, by sending a copy of the attachment or transfer order or of any other document on which the enforcement claim of the third party is based and which it has received, as well as all further documents available to it which



are required or useful to enable the Security Trustee to file proceedings and take other actions in defence of its rights. In addition, the Issuer shall promptly inform the attachment creditor and other third parties in writing of the rights of the Security Trustee in the Issuer Security; and

- (iii) to permit the Security Trustee or its representatives to inspect its books and records at any time during usual business hours for purposes of verifying and enforcing the Issuer Security, to give any information necessary for such purpose, and to make the relevant records available for inspection.

### **37. Other Undertakings of the Issuer**

The Issuer undertakes:

- (i) to duly and punctually pay all monies and discharge all liabilities whatsoever which now are or at any time hereafter may become due and payable by it to the Security Trustee and to any Secured Creditor under or in connection with the Notes and any of the other Transaction Documents to which it is a party;
- (ii) to comply with, perform and observe all its other obligations and liabilities under the Notes and any of the other Transaction Documents to which it is a party and comply with all requirements of any law, rule or regulation applicable to it;
- (iii) to maintain its corporate existence and at all times continue to be duly organised under the laws of The Netherlands and conduct its business in accordance with the terms of its articles of association and in accordance with the Transaction Documents;
- (iv) to keep or procure to be kept books and records of accounts of its assets and business, substantially in accordance with the relevant provisions of the Issuer Services Agreement;
- (v) to promptly notify the Security Trustee and the Rating Agencies in writing if circumstances occur which constitute an Event of Default and promptly, upon becoming aware of the same, inform the Security Trustee in writing of the occurrence of a breach of the representations and warranties set out in Clauses 9 and 10 of the Mortgage Receivables Purchase and Transfer Agreement;
- (vi) to give the Security Trustee all the information referred to in Clause 18 of the Issuer Services Agreement and at any time such other information available to it which the Security Trustee may reasonably demand for the purpose of performing its duties under the Transaction Documents;
- (vii) to send to the Security Trustee one copy in English of any balance sheet, any profit and loss accounts, any schedule on the origin and the allocation of funds, any report or notice or any other memorandum sent out by the Issuer to its shareholders either at the time of the mailing of those documents to the shareholders or as soon as possible thereafter;
- (viii) to send or have sent to the Security Trustee a copy of any notice given to the Noteholders in accordance with the terms and conditions of the Notes immediately, or at the latest, on the day of the publication of such notice;
- (ix) to ensure that the Principal Paying Agent, the Irish Paying Agent and the Issuer Administrator notify the Security Trustee and the Rating Agencies immediately if they do not receive the monies needed to discharge in full any obligation to pay or repay the full or partial principal or interest amounts due to the Noteholders and/ or the Notes on any Quarterly Payment Date;
- (x) to apply or procure the application of all amounts received by it in accordance with the relevant provisions of the Issuer Services Agreement and this Issuer Trust Agreement and for no other purpose;

- (xi) not to waive, modify or amend, or consent to any waiver, modification or amendment of, any provisions of any Transaction Document, except with the prior written consent of the Security Trustee;
- (xii) to comply with the requirements set out in the Decree of the Minister of Finance of The Netherlands dated June 26, 2002, as amended, issued pursuant to, *inter alia*, Section 6 paragraph 2 of the Dutch Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*) or any successor thereto;
- (xiii) not to take action (including any instruction, decision or approval) to dissolve the Issuer, enter into a legal merger or legal demerger involving the Issuer or to request a court to grant a suspension of payments (*surséance van betaling*) or to declare the bankruptcy (*faillissement*) of the Issuer or to have the Issuer enter into any analogous proceedings under any applicable law;
- (xiv) to have always at least one independent director; and
- (xv) to remain a company which is managed and administered from The Netherlands, to maintain its actual place of business in The Netherlands and take its decisions and board resolutions in The Netherlands; to maintain its centre of main interests within the meaning of Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Procedures (the "**Regulation**") in The Netherlands and not to have any establishment (within the meaning of the Regulation) in any jurisdiction within the European Union other than in The Netherlands; to remain a tax resident of The Netherlands and not to have any fixed place of business in Germany.

### **38. Undertakings of Stichting Holding**

Stichting Holding undertakes:

- (a) not to amend the articles of association of the Issuer without the prior written consent of the Security Trustee;
- (b) to be and continue to be the sole shareholder of the Issuer;
- (c) not to resolve to (i) issue any additional shares in the capital of the Issuer, (ii) transfer shares in the capital of the Issuer, (iii) grant rights to third parties to acquire shares in the capital of the Issuer or (iv) pledge, dispose of or encumber in any other way the shares in the capital of the Issuer;
- (d) to exercise its voting and other shareholder rights and powers (if any) in accordance with the Issuer's obligations under the Transaction Documents or as otherwise instructed by the Security Trustee;
- (e) not to take action (including any instruction, decision or approval) to dissolve the Issuer, enter into a legal merger (*juridische fusie*) or legal demerger (*juridische splitsing*) involving the Issuer or to have the Issuer request a court to grant a suspension of payments (*surséance van betaling*) or to declare its bankruptcy (*faillissement*) or to have the Issuer enter into any analogous insolvency proceedings under any applicable law; and
- (f) not to enter into a legal merger or legal demerger involving Stichting Holding.

### **39. Actions of the Issuer requiring consent**

So long as any part of the Notes remains outstanding, the Issuer shall not be entitled, without the prior written approval of the Security Trustee (such approval shall not be given unless the Rating Agencies have confirmed that such action would not negatively affect or result in a downgrading or withdrawal of the rating of any Note) or unless required by applicable law, to:

- (i) engage in any business or any other activities other than:
  - (A) the performance of its obligations under the Notes and the other Transaction Documents to which it is a party and under any other agreements which have been entered into in connection with the issue of the Notes or the other Transaction Documents;
  - (B) the enforcement of its rights;
  - (C) the performance of any acts which are necessary or desirable in connection with (A) or (B) above; and
  - (D) the execution of all further documents and undertaking of all other actions, at any time and to the extent permitted by law, which, in the opinion of the Security Trustee, are necessary or desirable having regard to the interests of the Noteholders in order to ensure that the terms and conditions of the Notes are always valid;
- (ii) hold shares in any entity;
- (iii) own any assets or dispose of any assets or any part thereof or interest therein, unless permitted or contemplated under (i) above;
- (iv) pay dividends or make any other distribution to its shareholders;
- (v) incur further indebtedness (other than as contemplated in (i) above);
- (vi) have any employees or own any real estate asset (other than the Mortgage Property in relation to the Assigned Mortgage Receivables);
- (vii) create or permit to subsist any mortgage, lien, pledge, security interest or other encumbrance in respect of any of its assets (except as hereunder permitted and except as otherwise contemplated in (i) above);
- (viii) consolidate or merge with or into any other person;
- (ix) materially amend its memorandum and articles of association;
- (x) issue new shares or acquire shares; or
- (xi) open new accounts (other than as contemplated in (i) above).

#### **40. Severability; Co-ordination**

- 40.1 Without prejudice to any other provision hereof, if one or more provisions hereof is or becomes invalid, illegal or unenforceable for any reason in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party or parties shall not, to the fullest extent permitted by applicable law, render invalid, illegal or unenforceable such provision or provisions in any other jurisdiction or with respect to any other party or parties hereto. Such invalid, illegal or unenforceable provision shall, to the extent permitted by applicable law, be replaced by the relevant parties with a provision which comes as close as reasonably possible to the commercial intentions of the invalid, illegal or unenforceable provision. In the event of any contractual gaps, that provision shall, to the extent permitted by applicable law, be considered as agreed upon which most closely approximates the intended commercial purpose hereof.

This Issuer Trust Agreement shall not be affected by the invalidity, illegality or unenforceability with respect to any provision in any jurisdiction or with respect to any party of any other Transaction Document or amendment agreement thereto.

- 40.2 The parties mutually agree to take all measures and actions that become necessary under Clause 40.1 or for other reasons for the continued performance of this Issuer Trust Agreement.

#### **41. Variations, Remedies and Waivers**

- 41.1 No variation of this Issuer Trust Agreement shall be effective unless it is in writing, unless expressly provided otherwise. Waivers of this requirement as to form shall also be made in writing. Any requirement of a written form (*Schriftformerfordernis*) agreed between the parties to this Issuer Trust Agreement shall not prevent the parties from making a reference to any other agreement or document which is not attached as such to this Issuer Trust Agreement. The Issuer and the Security Trustee shall immediately inform the Rating Agencies in writing of any variation of this Issuer Trust Agreement.
- 41.2 This Issuer Trust Agreement may be amended by the Issuer and the Security Trustee without the consent of the Secured Creditors (but with effect for the Secured Creditors) if such amendments, in the opinion of the Security Trustee, do not significantly adversely affect the interests of the Secured Creditors. For that purpose the Security Trustee is hereby irrevocably authorised to execute such amendments for and on behalf of the Secured Creditors and is hereby irrevocably exempted to the fullest extent possible under law from the restrictions set out in Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar provisions under any applicable law of any other country.
- 41.3 This Issuer Trust Agreement may only be amended with the consent of the Security Trustee.
- 41.4 No failure to exercise, nor any delay in exercising, on the part of any party hereto, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy.
- 41.5 The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law or any other Transaction Document.

#### **42. No Liability and No Right to Petition**

- 42.1 No recourse under any obligation, covenant, or agreement of the Issuer contained in this Issuer Trust Agreement shall be held against any shareholder, officer, agent or director of the Issuer as such, by the enforcement of any obligation (including, for the avoidance of doubt, any obligation arising from false representations under this Issuer Trust Agreement (other than wilful or gross negligent false representations)) or by any proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Issuer Trust Agreement is a corporate obligation of the Issuer and no liability shall attach to or be incurred by the shareholders, officers, agents or directors of the Issuer as such, or any of them, under or by reason of any of the obligations, covenants or agreements of such Issuer contained in this Issuer Trust Agreement, or implied therefrom, and that any and all personal liability for breaches by the Issuer of any of such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent or director is hereby expressly waived by the other parties hereto as a condition of and consideration for the execution of this Issuer Trust Agreement.
- 42.2 Each party hereby agrees with the other parties that they shall not (otherwise than as contemplated in any Issuer Security Document), until the expiration of one year and one day after all outstanding amounts under the last maturing Note issued by the Issuer have been paid:
- (a) take any corporate action or other steps or legal proceedings for the winding-up, dissolution or re-organisation or for the appointment of a receiver, administrator, administrative receiver, trustee in bankruptcy, liquidator, sequestrator or similar officer regarding some or all of the revenues and assets of the Issuer; or

- (b) have any right to take any steps for the purpose of obtaining payment (other than through the enforcement of the Issuer Security) of any amounts payable to it under the Transaction Documents by the Issuer (including, for the avoidance of doubt, any payment obligation arising from false representations under this Issuer Trust Agreement (other than wilful or gross negligent false representations)) and shall not until such time take any steps to recover any debts or liabilities of any nature whatsoever owing to it by the Issuer.

**43. Applicable Law; Place of Performance; Jurisdiction; Miscellaneous**

- 43.1 This Issuer Trust Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.
- 43.2 Place of performance for all obligations of all parties is Frankfurt am Main.
- 43.3 The courts of Frankfurt am Main shall have non-exclusive jurisdiction over disputes arising out of or in connection with this Issuer Trust Agreement.

The Issuer has appointed GMAC-RFC Deutschland GmbH (the "**Process Agent**"), with its seat at Kreuzberger Ring 24, 65205 Wiesbaden, Germany as its authorised agent for service of process with respect to any legal proceedings brought before any German court. If the Process Agent is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall appoint another acceptable person in the Federal Republic of Germany to accept service of process on its behalf and notify such appointment to the Security Trustee within 15 calendar days of the termination of the appointment of the Process Agent, and failing to do so within such 15 calendar days, the Security Trustee shall be entitled (but shall have no obligation) to appoint such a person by written notice to the Issuer. Nothing contained herein shall affect the right to serve process in any other manner permitted by law. The restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions contained in any law of any other country shall not apply.

**44. Condition Precedent**

The parties hereto hereby agree that this Issuer Trust Agreement and the rights and obligations hereunder shall only become effective upon fulfilment of the condition precedent (*aufschiebende Bedingung*) that on or about the Closing Date, the Issuer has issued the Notes.

**45. Counterparts**

This Issuer Trust Agreement is executed (including by fax) in any number of counterparts each of which (when executed) constitutes an original.

## TAXATION

*The following summary describes certain tax consequences of the acquisition, holding, redemption and disposal of Notes. This summary does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Notes. Each prospective Noteholder should consult a professional adviser with respect to the tax consequences of an investment in the Notes. The discussion of certain taxes set forth below is included for general information purposes only.*

### Taxation in Germany

#### *Income Tax/Trade Tax on Income*

Interest paid to a Noteholder resident in Germany is subject to personal or corporate income tax (plus solidarity tax thereon currently at a rate of 5.5 per cent.). Such interest is also subject to trade tax on income if the Notes form part of the property of a German business. Where the Notes are kept in a custodial account maintained with a German financial or financial services institution (including a German branch of a non-German financial or financial services institution, but excluding a non-German branch of a German financial or financial services institution, "**German Disbursing Agent**") such institution is generally required to withhold a tax at a rate of 30 per cent, (plus solidarity tax thereon at a rate of 5.5 per cent.) of the gross amount of interest paid to a Noteholder resident in Germany. Such withholding tax is credited against the Noteholder's final liability for personal or corporate income tax.

With respect to interest paid to a non-resident Noteholder reference is made to Section 49(1) No. 5(c)(aa), first sentence, German Income Tax Code (*Einkommensteuergesetz*) (the "**collateralised debt rule**"). Under this rule, interest paid to a person not resident in Germany is generally subject to personal or corporate income tax where the underlying principal is collateralised, directly or indirectly, by immovable property located in Germany, or by property rights governed by civil law provisions on immovable property. Reference is furthermore made to Section 49(1) No. 5(c)(aa), second sentence, German Income Tax Code (*Einkommensteuergesetz*), which carves out from the collateralised debt rule interest that is payable under debentures or other indebtedness for which global certificates are issued (the "**securitised debt exception**"). The Noteholder could rely on this securitised debt exception pursuant to which the interest paid under the Notes would be exempt from German tax.

Doubts relating to the applicability of the securitised debt exception arise if (i) the interest payments under the Mortgage Receivables could not be attributed to the Issuer for tax purposes and (ii) the securitised debt exception could not be viewed as applying to the interest paid under the Mortgage Receivables. There are persuasive arguments why neither (i) nor (ii) should occur and, consequently, the exemption from German tax should apply.

There are good and valid reasons to treat the Issuer as the economic owner of the Mortgage Receivables for tax purposes. The Issuer is in and of itself a viable company exposed to the risks of the marketplace. There exists a risk that the Issuer's liabilities could lead to the Issuer's bankruptcy. Also, according to the provisions of Art. 14(1) and Art. 20(1) of the Double Tax Treaty (*Doppelbesteuerungsabkommen*) between The Netherlands and Germany ("**Treaty**"), The Netherlands, as the country of residence of the Issuer, has the exclusive right of taxation of the interest received from sources within Germany. Thus, the Issuer should be entitled to the benefits of the Treaty and should therefore not be characterised as a mere conduit entity as between the Noteholders and the Borrowers.

Furthermore, interest payments under the Mortgage Receivables should not be attributed to the Noteholders on grounds that the Mortgage Receivables are transferred as collateral to the Trustee in order to secure, *inter alia*, the Notes. In this regard, the Noteholders should merely be considered as holders of collateral and not as economic owners of the Mortgage Receivables.

Even if it were to be assumed that the Noteholders are the economic owners of the Mortgage Receivables they should be able to avail themselves of the securitised debt exception relative also to interest payments made on the Mortgage Receivables. If, on the one hand, the Issuer were to be considered as transparent,

and therefore the Noteholders were to be considered as economic owners of the Mortgage Receivables for tax purposes, then the Issuer should not, on the other hand, be considered to be the debtor under the Notes. Rather, under a consistent approach, the Borrowers should be treated as the debtors of the Notes from an economic perspective. This is true, in particular, as Noteholders will never be entitled to interest or principal from the Mortgage Receivables in excess of their entitlements under the Notes. Therefore, the securitised debt exception should equally apply with respect to interest payable under the Mortgage Receivables in this situation.

In any case, a Noteholder who is resident in a country with which Germany has concluded a tax treaty that provides for the Noteholder's residence country's exclusive right to tax interest from Germany and who is entitled to the benefits of such tax treaty could rely on the treaty exemption from German tax with respect to interest payable under the Notes.

Interest, including interest having accrued up to the sale of a Note, derived by a non-resident Noteholder is subject to German personal or corporate income tax (plus solidarity tax thereon at a rate of 5.5 per cent.) if the Notes form part of the business property of a permanent establishment (in which case such interest is also subject to trade tax on income) or a fixed base maintained in Germany by the Noteholder. Tax treaties concluded by Germany generally permit Germany to tax the interest income in this situation.

Where the non-resident Noteholder keeps the Notes in a custodial account maintained with a German Disbursing Agent the Disbursing Agent is generally required to withhold a tax at a rate of 30 per cent. (plus solidarity tax thereon at a rate of 5.5 per cent.) of the gross amount of interest paid, provided the interest constitutes income from German sources (e.g., because the Notes form part of the business property of a permanent establishment which the Noteholder maintains in Germany). Such withholding tax is credited against the Noteholder's final liability for personal or corporate income tax.

Any excess of proceeds from a sale and/or partial or final redemption of Notes over the acquisition costs ("**capital gains**") derived by an individual Noteholder resident in Germany not holding the Notes as business assets will be treated as interest income. Capital gains derived by an individual Noteholder resident in Germany holding Notes as a business asset are subject to personal income tax (plus solidarity tax thereon at a rate of 5.5 per cent.) and trade tax on income. Capital gains derived by a corporate Noteholder resident in Germany are subject to corporate income tax (plus solidarity tax thereon at a rate of 5.5 per cent.) and trade tax on income. Capital gains derived by a non-resident Noteholder are subject to personal or corporate income tax (plus solidarity tax thereon at a rate of 5.5 per cent.) if the Notes form part of the business property of a permanent establishment (in which case such gains are also subject to trade tax on income) or fixed base maintained in Germany by the Noteholder. Tax treaties concluded by Germany generally permit Germany to tax the capital gain in this situation. Where the capital gain is taxable in Germany and the Noteholder keeps the Note in a custodial account maintained with a German Disbursing Agent withholding tax generally has to be deducted at a rate of 30 per cent. (plus solidarity tax thereon at a rate of 5.5 per cent.) from the positive difference between the proceeds from the sale or redemption of the Note and the Noteholder's purchase price, provided the German Disbursing Agent has since the acquisition or issuance of the Note held such Note in custody, or, where such Note has afterwards been transferred into the custodial account of such Agent, from an amount equal to 30 per cent. of the proceeds derived from the sale or redemption of the Note. The withholding tax is credited against the Noteholder's final liability for personal or corporate income tax.

#### *Gift or Inheritance Tax*

The gratuitous transfer of a Note by a Noteholder as a gift or by reason of the death of the Noteholder is subject to German gift or inheritance tax if the Noteholder or the recipient is resident or deemed to be resident in Germany under German law at the time of the transfer. If neither the Noteholder nor the recipient is resident, or deemed to be resident, in Germany at the time of the transfer no German gift or inheritance tax is levied unless the Notes form part of the business property of a permanent establishment or fixed base maintained in Germany by the Noteholder. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany. Tax treaties concluded by Germany generally permit Germany to tax the transfer in these situations.

### *Possible Introduction of a Flat Tax (Abgeltungssteuer) on Investment Income and Private Capital Gains*

Based upon a Ministry of Finance press release dated 2 November 2006, the coalition government has reached agreement on the introduction of a flat tax (*Abgeltungssteuer*) on investment income and private capital gains as elements of a corporate income tax reform.

The flat tax would be levied as a withholding tax, *inter alia*, on interest income and capital gains from the disposal of securities held as non-business assets, irrespective of any holding period. Payment of the flat tax would satisfy any tax liability in respect of investment income or private capital gains from securities. The envisaged tax would be levied at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) from gross income. However, taxpayers would be able to apply for a tax assessment on the basis of net income. According to the press release, the flat tax would take effect from 1 January 2009 and would be imposed on capital gains deriving from assets acquired after 31 December 2008.

As of the date of this offering circular, no draft bill has been presented. Consequently, it remains unclear whether and in which form the envisaged legislative changes will become effective.

### **Taxation in the Netherlands**

#### *General*

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on the tax legislation, published case law, treaties, regulations and published policy, in force as of the date of this Prospectus, though it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (a) holders of Notes holding a substantial interest (*aanmerkelijk belang*) in the Issuer. Generally speaking, a holder of Notes holds a substantial interest in the Issuer, if such holder of Notes, alone or, where such holder is an individual, together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (b) pension funds or other entities that are exempt from Netherlands corporate income tax;
- (c) investment institutions (*fiscale beleggingsinstellingen*).

#### *Withholding Tax*

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

#### *Corporate and Individual Income Tax*

- (a) Residents of the Netherlands

If a holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate



income tax in respect of its enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption or disposal of the Notes are generally taxable in the Netherlands.

If an individual holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption or disposal of the Notes are taxable at the progressive rates of the Netherlands income tax act 2001, if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Notes will be included as an asset in the individual's yield basis. The deemed return on income from savings and investments of 4 per cent. will be taxed at a rate of 30 per cent.

(b) Non-residents of the Netherlands

If a holder is not a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes (nor has opted to be taxed as a resident of the Netherlands), such holder is not taxable in respect of income derived from the Notes and gains realised upon the redemption or disposal of the Notes, unless:

- (i) the holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Notes are attributable; or
- (ii) the holder is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Notes are attributable; or
- (iii) the holder is an individual and such income or gains qualify as income from miscellaneous activities in the Netherlands, which include the performance of activities in the Netherlands with respect to the Notes that exceed regular, active portfolio management.

### *Gift and Inheritance Taxes*

(a) Residents of the Netherlands

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands at any time during the twelve months proceeding the time of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

(b) Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Notes by way of gift by, or as a result of the death of, a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, unless:

- (i) such holder at the time of the gift has, or at the time of his or her death had, an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or a permanent representative, the Notes are or were attributable; or
- (ii) the Notes are or were attributable to the assets of an enterprise that is effectively managed in the Netherlands and the donor is or the deceased was entitled, other than by way of Notes or through an employment contract, to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death; or
- (iii) in the case of a gift of the Notes by a holder that at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, while at the time of his or her death being a resident or deemed to be a resident of the Netherlands.

*Value Added Tax*

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of the cash payment made under the Notes, or in respect of a transfer of Notes.

*Other Taxes and Duties*

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

*EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from the 1st July 2005, to provide to the tax authorities of another Member State details of payment of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Also with effect from 1st July 2005, a number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or

associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

## PURCHASE AND SALE

Subject to the terms of the Notes Purchase Agreements dated on or about 7 December 2006 between, *inter alios*, the Issuer and The Royal Bank of Scotland plc, having its registered office at 36 St. Andrew Square, Edinburgh, EH2 2YB, United Kingdom and GMAC-RFC Securities Europe, having its registered address at Eastern Gate, Brants Bridge, Bracknell, Berkshire, RG12 9BZ, United Kingdom (the "**Managers**"), the Managers have agreed with the Issuer to purchase from the Issuer, at an issue price of 100 per cent. of their initial principal balance, the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes. The Note Purchase Agreements provide that the obligations of the Managers thereunder to purchase the respective Classes of Notes are subject to approval of certain legal matters by counsel and to certain other conditions.

The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the relevant Class of Notes.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except to certain persons in offshore transactions in reliance on Regulation S under the Securities Act. Each of the Managers 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 40 days after the later of the commencement of the offering and 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 dealer to which it sells Notes during such distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of US persons. In addition, until the expiration of 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes 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 US 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 and regulations thereunder.

The Notes will bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING DATE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES."

### 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**"), each of the Managers 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, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time 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;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000 and (3) an annual turnover of more than € 50,000,000, as shown in the last annual or consolidated accounts; or
- (d) at any time 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 Notes to the public" in relation to any such 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 such Notes to be offered so as to enable an investor to decide to purchase or subscribe such Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## France

Each Manager has represented and agreed that it has not, in connection with their initial distribution, offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and that, in connection with their initial distribution, it has not distributed or caused to be distributed and has undertaken that it will not distribute or cause to be distributed the Prospectus or any amendment, supplement or replacement thereto to it or any other offering material relating to such Notes to the public in the Republic of France. Nevertheless, such Notes, in connection with their initial distribution, can be offered or sold and the Prospectus or any amendment, supplement or replacement thereto or any other offering material relating to such Notes may be distributed or caused to be distributed to any French Qualified Investor (*investisseurs qualifié*), or to a limited circle of investors (*cercle restreint d'investisseurs*), as defined in article L.411-1 of the French *Code monétaire et financier* and *décret* no. 98-880 dated 1 October 1998 and in compliance with all relevant regulations issued from time to time by the French financial market authority (i.e. *Autorité des Marchés Financier*).

Investors in France are informed that:

- (a) neither the offer and sale of such Notes nor the Prospectus have been submitted for clearance to the French financial market authority (i.e. *Autorité des Marchés Financier*);
- (b) investors or entities described in article L.411-2-II-4 of the French Monetary Finance Code (*Code monétaire et financier*) can only acquire such Notes for their own account and in accordance with the provisions of articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of French Monetary Finance Code (*Code monétaire et financier*); and
- (c) the direct and indirect distribution or sale of the public of such Notes acquired by them can only be made in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of French Monetary Finance Code (*Code monétaire et financier*).

## Italy

The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may any documents relating to the Notes be distributed in the Republic of Italy, except:

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

The Managers represent and agree that any offer, sale or delivery of Notes or distribution of documents relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of September 1, 1993 (the "**Banking Act**") as amended;
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (c) in compliance with any applicable laws and regulations.

## United Kingdom

Each of the Managers has represented and agreed that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investment (as principal or as agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of such Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**");
- (b) it has complied and will comply with all applicable provisions of the FSMA, with respect to anything done by them in relation to such Notes in, from or otherwise involving the United Kingdom; and
- (c) 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 them in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

As used herein, "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

## General

Except for listing the Notes on the regulated market of the Irish Stock Exchange, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this

Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Managers have undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

### GENERAL INFORMATION

- (1) The issue of the Notes has been authorised by a resolution of the board of directors of the Issuer passed on 4 December 2006.
- (2) It is expected that listing of the Put Option Notes on the Official List of the Irish Stock Exchange will be granted on or about the Closing Date, subject only to the issue of the Global Notes. The listing of the Put Option Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in euro and for delivery on the third working day after the day of the transaction.
- (3) The estimated total expenses related to the admission to trading are Euro 14,032.40.
- (4) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	<i>Common Code</i>	<i>ISIN</i>
Senior Class A1 Notes	027693253	XS0276932539
Senior Class A2 Notes	027693334	XS0276933347
Mezzanine Class B Notes	027693385	XS0276933859
Junior Class C Notes	027693466	XS0276934667
Subordinated Class D Notes	027693504	XS0276935045
Subordinated Class E Notes	027693601	XS0276936019
Subordinated Class F Notes	027693695	XS0276936951

- (5) No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. For so long as the Put Option Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Irish Paying Agent in Dublin. The Issuer does not publish interim accounts.
- (6) The proceeds of the Notes to be issued on the Closing Date will amount to Euro 703,500,000.  
  
The net proceeds of the issue of the Put Option Notes less the Pre-funded Amount will be applied on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase and Transfer Agreement. The net proceeds of the issue of the Subordinated Class F Notes will be credited to the Reserve Account.  
  
The remaining part of the net proceeds of the issue of the Put Option Notes, being an amount of Euro 149,915,525, will be deposited in the Pre-funding Account and will be available for the purchase of New Mortgage Receivables during the Pre-funding Period.
- (7) Since the date of its incorporation and prior to the Closing Date, the Issuer will have entered into the Notes Purchase Agreements.
- (8) The articles of association of the Issuer are incorporated herein by reference. A free copy of the Issuer's articles of association is available at the office of the Issuer.
- (9) The Issuer Trust Agreement and the English Deed of Assignment will provide that the Security Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Issuer Trust Agreement and the English Deed of Assignment, respectively, whether or not such report or other information or engagement letter or other document entered into by the Security Trustee and the relevant person in connection thereto, contains any monetary or other limit as to the liability of the relevant professional adviser or expert.
- (10) This Prospectus includes as an Appendix 1 a form of application for the Notes solely to comply with certain Irish legal requirements. It is not necessary for potential purchasers to complete the



application form to apply for the Notes. Neither the Issuer nor any other person or entity will be bound in any way whatsoever to issue or sell any Notes to any person who completes and returns such application form.

(11) 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.

(12) A quarterly report on the performance, including the arrears and the losses, of the transactions can be obtained at the website [www.emac-investors.com](http://www.emac-investors.com). This website does not form part of this Prospectus.

**DOCUMENTS ON DISPLAY**

As long as this Prospectus is valid, copies of the following documents will be available for inspection physically at the specified offices of the Issuer and the Irish Paying Agent during normal business hours as long as the Notes remain outstanding:

- (a) the memorandum and articles of association of the Issuer;
- (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by an expert at Issuer's request any part of which is included or referred to in Issuer's description;
- (c) this Prospectus;
- (d) the Mortgage Receivables Purchase and Transfer Agreement;
- (e) the Intercreditor Agreement;
- (f) the Paying Agency Agreement;
- (g) the Account Pledge Agreement;
- (h) the Issuer Services Agreement;
- (i) the GIC;
- (j) the Hedging Agreement;
- (k) the Liquidity Facility Agreement;
- (l) the Sub-Servicing Agreement;
- (m) the Delinquent Loan Servicing Agreement;
- (n) the Notes Purchase Agreement in respect of the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes and the Subordinated Class E Notes;
- (o) the Management Agreements;
- (p) the Master Definitions Agreement;
- (q) the Issuer Trust Agreement;
- (r) the English Deed of Assignment; and
- (s) the Ancillary Services Letter.

## APPENDIX 1 - APPLICATION FORM

This application form is issued with this Prospectus in accordance with the requirements of the European Communities (Stock Exchange) Regulations, 1984 (as amended) of Ireland. If you have already received a confirmation of your purchase of Put Option Notes with this Prospectus, you should not take any action with regard to this application form. Neither E-MAC DE 2006-II B.V. nor any other person or entity shall be bound in any way whatsoever to sell any Put Option Notes to any person who completes and returns this application form.

To: [●]

[●]

We offer to purchase [ ] Put Option Notes issued by E-MAC DE 2006-II B.V. in the aggregate principal amount of [ ].

[specify Senior Class A1 and/or Senior Class A2 and/or Mezzanine Class B and/or Junior Class C and/or Subordinated Class D and/or Subordinated Class E as appropriate]

MR/MRS/MISS (TITLE)  
FORENAME(S) (IN FULL)  
SURNAME  
ADDRESS (IN FULL)  
SIGNATURE

Any joint applicants should complete the following details:

MR/MRS/MISS (TITLE)  
FORENAME(S) (IN FULL)  
SURNAME  
ADDRESS (IN FULL)  
SIGNATURE  
MR/MRS/MISS (TITLE)  
FORENAME(S) (IN FULL)  
SURNAME  
ADDRESS (IN FULL)  
SIGNATURE

## ANNEX A – DEFINED TERMS

THE FOLLOWING EXPRESSIONS, AS USED IN THE PROSPECTUS, HAVE THE FOLLOWING MEANINGS:

**"Account Pledge Agreement"** means the account pledge agreement dated on or about the Closing Date entered into by the Issuer and the Security Trustee;

**"Agents"** means the Principal Paying Agent, the Irish Paying Agent, the Reference Agent and the Extension Margin Agent;

**"Ancillary Services Letter"** means the letter dated on or about the Closing Date between GMAC-RFC Investments B.V. as Sub-Participant, MPT Provider and Issuer Administrator and the Originator relating to certain ancillary services in respect of the arrears procedure and the monitoring, reconciliation and on-transfer of Collections received on the Collection Account;

**"Annuity Mortgage Loans"** means any Mortgage Loan for which a Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, whereby the first annuity payment is calculated from the contractual interest and redemption rate and the annuity payment for the second interest period is calculated from the then current interest rate, the contractual redemption rate and the original principal balance;

**"Arranger"** means The Royal Bank of Scotland plc;

**"Assigned Mortgage Receivable"** means any Existing Mortgage Receivables, any New Mortgage Receivables and any Further Advance Receivables, to the extent assigned and transferred to the Issuer and, for the avoidance of doubt, including any Mortgage Receivables relating to non-disbursed parts of the Construction Loans;

**"Assignment Agreement"** means each agreement between the Originator and the Issuer for the assignment of Mortgage Receivables and certain Related Security substantially in the form of Schedule 4 Part 1 of the Mortgage Receivables Purchase and Transfer Agreement;

**"Bank Account"** means the operating account of the Originator;

**"Borrower Event of Default"** means the occurrence of an event entitling the Originator pursuant to the Mortgage Conditions to terminate the Mortgage Loan and to demand immediate repayment of the Outstanding Principal Amount and interest accrued thereon;

**"Borrowers"** means the debtors, including any jointly and severally liable co-debtors, of the Mortgage Receivables;

**"Business Day"** means a day on which banks are open for business in Frankfurt am Main, Amsterdam and London, provided that such day is also a day on which the TARGET System or any successor thereto is operating credit or transfer instructions in respect of payments in euro;

**"Call Notice"** means (i) in respect of Existing Mortgage Receivables a notice substantially in the form as set out in Schedule 3 Part 1 of the Mortgage Receivables Purchase and Transfer Agreement and (ii) in respect of New Mortgage Receivables and in respect of Further Advance Receivables a notice substantially in the form as set out in Schedule 3 Part 2 of the Mortgage Receivables Purchase and Transfer Agreement, whereby the Issuer exercises its rights under the related Call Option;

**"Call Option"** means the right of the holder of the Sub-Participation to demand delivery of legal title to the Mortgage Receivables and the Related Security;

**"Class"** means either the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes or the Subordinated Class F Notes;

**"Class B Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Mezzanine Class B Notes will be credited in accordance with **Condition 9(a)**;

**"Class B Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes;
- (b) the Notes Redemption Available Amount less the Senior Class Notes Redemption Available Amount; and
- (c) the positive difference between (i) the sum of the aggregate Principal Amount Outstanding of the Senior Class A1 Notes and the aggregate Principal Amount Outstanding of the Senior Class A2 Notes on the first day of the following Quarterly Calculation Period and the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes; and (ii) 86.20 per cent. of the aggregate Outstanding Principal Amount on the last day of the relevant Quarterly Calculation Period;

**"Class B Principal Deficiency"** means any Realised Losses debited to the Class B Principal Deficiency Ledger, less any amounts credited to the Class B Principal Deficiency Ledger;

**"Class B Principal Deficiency Ledger"** means a sub-ledger of the Principal Deficiency Ledger;

**"Class B Principal Deficiency Limit"** means the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes;

**"Class B Principal Redemption Amount"** means the principal amount redeemable in respect of each Mezzanine Class B Note on the relevant Quarterly Payment Date being equal to the Class B Notes Redemption Available Amount divided by the number of Mezzanine Class B Notes subject to such redemption, provided always that the Class B Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Mezzanine Class B Note;

**"Class C Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Junior Class C Notes will be credited in accordance with **Condition 9(a)**;

**"Class C Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Junior Class C Notes;
- (b) the Notes Redemption Available Amount less the sum of the Senior Class Notes Redemption Available Amount and the Class B Notes Redemption Available Amount; and
- (c) the positive difference between (i) the sum of the aggregate Principal Amount Outstanding of the Senior Class A1 Notes, the aggregate Principal Amount Outstanding of the Senior Class A2 Notes and the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes on the first day of the following Quarterly Calculation Period and the aggregate Principal Amount Outstanding of the Junior Class C Notes; and (ii) 93.20 per cent. of the aggregate Outstanding Principal Amount on the last day of the relevant Quarterly Calculation Period;

**"Class C Principal Deficiency"** means any Realised Losses debited to the Class C Principal Deficiency Ledger, less any amounts credited to the Class C Principal Deficiency Ledger;

**"Class C Principal Deficiency Ledger"** means a sub-ledger of the Principal Deficiency Ledger;

**"Class C Principal Deficiency Limit"** means the aggregate Principal Amount Outstanding of the Junior Class C Notes;

**"Class C Principal Redemption Amount"** means the principal amount redeemable in respect of each Junior Class C Note on the relevant Quarterly Payment Date being equal to the Class C Notes Redemption Available Amount divided by the number of Junior Class C Notes subject to such redemption, provided

always that the Class C Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Junior Class C Note;

**"Class D Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Subordinated Class D Notes will be credited in accordance with **Condition 9(a)**;

**"Class D Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Subordinated Class D Notes;
- (b) the Notes Redemption Available Amount less the sum of the Senior Class Notes Redemption Available Amount and the Class B Notes Redemption Available Amount and the Class C Notes Redemption Available Amount; and
- (c) the positive difference between (i) the sum of the aggregate Principal Amount Outstanding of the Senior Class A1 Notes, the aggregate Principal Amount Outstanding of the Senior Class A2 Notes and the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes and the aggregate Principal Amount Outstanding of the Junior Class C Notes on the first day of the following Quarterly Calculation Period and the aggregate Principal Amount Outstanding of the Subordinated Class D Notes; and (ii) 97.20 per cent. of the aggregate Outstanding Principal Amount on the last day of the relevant Quarterly Calculation Period;

**"Class D Principal Deficiency"** means any Realised Losses debited to on the Class D Principal Deficiency Ledger, less any amounts credited to the Class D Principal Deficiency Ledger;

**"Class D Principal Deficiency Ledger"** means a sub-ledger of the Principal Deficiency Ledger;

**"Class D Principal Deficiency Limit"** means the aggregate Principal Amount Outstanding of the Subordinated Class D Notes;

**"Class D Principal Redemption Amount"** means the principal amount redeemable in respect of each Subordinated Class D Note on the relevant Quarterly Payment Date being equal to be the Class D Notes Redemption Available Amount divided by the number of Subordinated Class D Notes subject to such redemption (rounded down to the nearest euro), provided always that the Class D Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Subordinated Class D Note;

**"Class E Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Subordinated Class E Notes will be credited in accordance with **Condition 9(a)**;

**"Class E Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Subordinated Class E Notes;
- (b) the Notes Redemption Available Amount less the sum of the Senior Class Notes Redemption Available Amount and the Class B Notes Redemption Available Amount and the Class C Notes Redemption Available Amount and the Class D Notes Redemption Available Amount; and
- (c) the positive difference between (i) the sum of the aggregate Principal Amount Outstanding of the Senior Class A1 Notes, the aggregate Principal Amount Outstanding of the Senior Class A2 Notes, the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes, the aggregate Principal Amount Outstanding of the Junior Class C Notes and the aggregate Principal Amount Outstanding of the Subordinated Class D Notes on the first day of the following Quarterly Calculation Period and the aggregate Principal Amount Outstanding of the Subordinated Class E Notes; and (ii) 100 per cent. of the aggregate Outstanding Principal Amount on the last day of the relevant Quarterly Calculation Period;

**"Class E Principal Deficiency"** means any Realised Losses debited to on the Class E Principal Deficiency Ledger, less any amounts credited to the Class E Principal Deficiency Ledger;

**"Class E Principal Deficiency Ledger"** means a sub-ledger of the Principal Deficiency Ledger;

**"Class E Principal Deficiency Limit"** means the aggregate Principal Amount Outstanding of the Subordinated Class E Notes;

**"Class E Principal Redemption Amount"** means the principal amount redeemable in respect of each Subordinated Class E Note on the relevant Quarterly Payment Date being equal to the Class E Notes Redemption Available Amount divided by the number of Subordinated Class E Notes subject to such redemption, provided always that the Class E Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Subordinated Class E Note;

**"Class F Interest Deficiency Ledger"** means the ledger to which any interest due but not paid in respect of the Subordinated Class F Notes will be credited in accordance with **Condition 9(a)**;

**"Class of Notes"** means any of the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes or the Subordinated Class F Notes;

**"Clean-Up Call Option"** means the right of the Issuer to redeem all of the Put Option Notes subject to and in accordance with **Condition 6(g)** of the Notes;

**"Clearing System"** means each of Clearstream, Luxembourg and Euroclear;

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*;

**"Closing"** and **"Closing Date"** means 14 December 2006 (or such later date as may be agreed between the Issuer and the Lead Manager);

**"Collection Account"** means the account of the Issuer maintained with the GIC Provider, to which, *inter alia*, (i) all Scheduled Amounts received under the Mortgage Loans relating to the Mortgage Receivables will be credited; and (ii) Prepayment Penalties and all other Collections received under the Mortgage Loans relating to the Mortgage Receivables on the Bank Account will be transferred by the Originator, in accordance with the Mortgage Receivables Purchase and Transfer Agreement or, as the case may be, the Issuer Administrator in accordance with the Issuer Services Agreement;

**"Collections"** means any payment of interest, repayment of principal or any other financial advantage (*finanzieller Vorteil*) received by the Originator discharging or reducing the Outstanding Principal Amount in relation to the Mortgage Receivable and including any commitment fee payable by the Borrowers;

**"Co-Manager"** means RFSC International Ltd.;

**"Common Depositary"** means Deutsche Bank AG, London Branch and its successor(s);

**"Conditions of the Notes"** or **"Conditions"** means the terms and conditions endorsed on (or incorporated by reference) to any Class of Notes in the form or substantially in the form set out in section Terms and Conditions of the Notes;

**"Consent Declaration"** means any declaration of consent signed by each Borrower in connection with the Mortgage Loan agreeing to the transfer of the respective Borrowers' personal data to the Seller and the Issuer respectively;

**"Construction Loan Account"** means the account of the Issuer held with the GIC Provider to which, on the Closing Date, on each Pre-Funding Purchase Date and on each Mortgage Payment Date within the Pre-funding Period, as applicable, an amount corresponding to the Non-Disbursed Amount in respect of the Construction Loans will be credited;

**"Construction Loan Receivable"** means an Existing Mortgage Receivable or, as the case may be, a New Mortgage Receivable relating to a Construction Loan;

**"Construction Loan Reserve Account"** means an account of the Issuer maintained with the GIC Provider into which, on the Closing Date, an amount equal to EUR 4,800,000 will be deposited;

**"Construction Loan Target Date"** means the Quarterly Payment Date occurring fifteen (15) months after the Closing Date;

**"Construction Loans"** means the Mortgage Loans that, on the Closing Date, on the relevant Pre-funding Purchase Date or the relevant Mortgage Payment Date within the Pre-funding Period, are not fully disbursed but are subject to partial disbursements, depending on the progress of the building construction milestones (*Auszahlung nach Baufortschritt*);

**"CPR"** means constant prepayment rate;

**"Custodian"** means Kreditwerk Hypotheken-Management GmbH;

**"Cut-off Date"** means 1 November 2006;

**"Default Interest Margin"** means for:

- (a) the Senior Class A1 Notes a margin of 0.13 per cent. per annum;
- (b) the Senior Class A2 Notes a margin of 0.18 per cent. per annum;
- (c) the Mezzanine Class B Notes a margin of 0.22 per cent. per annum;
- (d) the Junior Class C Notes a margin of 0.41 per cent. per annum;
- (e) the Subordinated Class D Notes a margin of 0.67 per cent. per annum;
- (f) the Subordinated Class E Notes a margin of 0.85 per cent. per annum; and
- (g) the Subordinated Class F Notes a margin of 2.00 per cent. per annum;

**"Default Interest Rate"** means the sum of three month Euribor plus the relevant Default Interest Margin;

**"Deferred Purchase Price"** means the aggregate of the Deferred Purchase Price Instalments;

**"Deferred Purchase Price Instalment"** is equal to (i) prior to the Enforcement Date, 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 (cc) and (ii) after the Enforcement Date, the amount remaining after payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (x) have been made on such date;

**"Delinquent Loan Servicer"** means Rechtsanwälte Paulus Westerwelle and any other servicer appointed as Delinquent Loan Servicer from time to time by the MPT Provider;

**"Delinquent Loan Servicing Agreement"** means the servicing agreement dated 9 February 2004 between the Delinquent Loan Servicer and the MPT Provider;

**"Delinquent Mortgage Receivables"** means (i) Mortgage Receivables under which amounts are due and payable, have remained unpaid for a consecutive period exceeding 90 days or (ii) in respect of Mortgage Receivables which have remained unpaid for less than 90 days and for which an instruction has been given to the Delinquent Loan Servicer to commence foreclosure proceedings;

**"Delinquent Quotient"** means the sum of the aggregate Outstanding Principal Amount in respect of Mortgage Receivables in arrears for a period exceeding 60 days divided by the aggregate Outstanding Principal Amount;



**"Delivery Claims"** means any (present and future) claims to request transfer of possession (*Herausgabeanspruch*) of the relevant Mortgage Certificate from the land register (*Grundbuchamt*) or any other third parties being in possession thereof and any ancillary claims relating thereto including any claims for the delivery of any documents, data and records relating to any Mortgage Loan or Mortgage;

**"Director"** means Amsterdamsch Trustee's Kantoor B.V., Frederik Roeskestraat 123, 1 HG, 1076 EE Amsterdam as the sole director of the Security Trustee and ATC Management B.V., Frederik Roeskestraat 123, 1 HG, 1076 EE Amsterdam as the sole director of the Issuer and the Stichting Holding;

**"Discontinuation Event"** means, with respect to a Construction Loan, the occurrence of any of the following events:

- (a) in the event of insolvency of the Originator, the insolvency administrator of the Originator pursuant to Section 103 of the German Insolvency Code (*Insolvenzordnung*) chooses to discontinue a loan agreement under which a Construction Loan has been granted and the Issuer Administrator receives a notice thereof from the insolvency administrator; or
- (b) the Issuer Administrator has received a notice from the Seller that a commitment in respect of the non-disbursed parts of a Construction Loan has been cancelled;

**"Enforcement Date"** means the date of an Enforcement Notice;

**"Enforcement Notice"** means an enforcement notice referred to in **Condition 10**;

**"English Deed of Assignment"** means the deed of assignment dated on or about the Closing Date entered into between the Issuer and the Security Trustee;

**"Euribor"** has the meaning ascribed to it in the **Condition 4**;

**"Euro"**, **"euro"** and **"€"** means the currency of the member states of the European Union that adopt a single currency in accordance with the treaty establishing the European Communities, as amended by the Treaty on the European Union;

**"Euroclear"** means Euroclear Bank S.A./N.V. or its successors, as operator of the Euroclear System;

**"Event of Default"** means an event of default occurred under **Condition 10** of the Notes;

**"Excess Mortgage Receivables"** means, on any day, any Mortgage Receivables selected at random in an amount up to the amount by which the aggregate Outstanding Principal Amount of the Mortgage Receivables exceeds the aggregate Principal Amount Outstanding of the Put Option Notes on such day;

**"Excess Swap Collateral"** means an amount equal to the value of any collateral transferred to the Issuer by a Hedging Counterparty under an ISDA Master Agreement in respect of a Hedging Agreement that (i) is in excess of such Hedging Counterparty's liability to the Issuer thereunder as at the date such Hedging Agreement is terminated or (ii) is otherwise due to such Hedging Counterparty in accordance with the terms of such ISDA Master Agreement;

**"Exchange Date"** means the date at least 40 days after the issue of the Notes;

**"Existing Mortgage Loan"** means a Mortgage Loan relating to an Existing Mortgage Receivable;

**"Existing Mortgage Receivables"** means the Mortgage Receivables originated by the Originator until the Cut-off Date to the extent offered by the Seller to the Issuer for purchase on the Closing Date under the Mortgage Receivables Purchase and Transfer Agreement;

**"Extension Margin Agent"** means The Royal Bank of Scotland plc in its capacity as extension margin agent under the Paying Agency Agreement or its successor(s);

**"Extension Margins"** means the margins applicable to each Class of Notes as of the First Put Date in accordance with **Condition 4**;

**"Final Maturity Date"** means the Quarterly Payment Date falling in February 2048 with regard to the Senior Class A1 Notes and February 2058 with regard to the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes;

**"First Put Date"** means the Quarterly Payment Date falling in November 2013;

**"Fitch"** means Fitch Ratings Ltd.;

**"Floating Interest Amount"** has the meaning ascribed thereto in **Condition 4(g)**;

**"Floating Rate Interest Period"** means the successive quarterly interest periods in which interest on the Notes will be payable, which will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in February 2007;

**"Floating Rate of Interest"** has the meaning ascribed thereto in **Condition 4(g)**;

**"Frankfurt Ruling"** means the decision of the Appeal Court (*Oberlandesgericht*) of Frankfurt am Main dated 25 May 2004 (Az.: 8 U 84/4);

**"Funding Amount"** means, in respect of each Mortgage Receivable and the Related Security an amount equal to the nominal amount of such Mortgage Receivable and the Related Security at the relevant date;

**"Funding Notice"** means, with respect to a Construction Loan, a notice served by the Originator to the Seller pursuant to the Sub-Participation Agreement and setting out, amongst others, an amount to be further disbursed under such Construction Loan;

**"Further Advance"** means a loan or a further advance to be made to a Borrower under a relevant Mortgage Loan to be entered into between the Originator and the relevant Borrower in addition to the existing Mortgage Loan pursuant to and in accordance with the Mortgage Conditions, which will be secured by the Mortgage or by a mortgage on the same property as on which the Mortgage is vested;

**"Further Advance Principal Outstanding Amount"** means, at any time, in respect of a Further Advance Receivable, the relevant Outstanding Principal Amount at such time;

**"Further Advance Receivable"** means any and all rights of the Seller against any Borrower under or in connection with any Further Advance;

**"German Disbursing Agent"** means any German financial or financial services institution (including a German branch of a non-German financial or financial services institution, but excluding a non-German branch of a German financial or financial services institution where the Notes are kept in a custodial account);

**"GIC"** means the guaranteed investment contract to be entered into by the Issuer and the GIC Provider on or about the Closing Date;

**"GIC Provider"** means Deutsche Bank AG, Frankfurt Branch in its capacity as GIC provider under the GIC;

**"Global Notes"** means the Temporary Global Notes and the Permanent Global Notes;

**"GMAC-RFC Bank"** means GMAC-RFC Bank GmbH or the Originator;

**"GMAC-RFC Investments B.V."** means GMAC-RFC Investments B.V., a private company with limited liability organised under the laws of the Netherlands and established in Amsterdam, the Netherlands;

**"Hedging Agreement"** means the Swap Agreement and any Reset Swap Agreement, as the case may be;

**"Hedging Counterparty"** means the Swap Counterparty and any suitably rated counterparty to any Hedging Agreement, as the case may be;

**"HM"** means Kreditwerk Hypotheken-Management GmbH;

**"Initial Margins"** means the margins which will be applicable up to (but excluding) the First Put Date and be equal to 0.13 per cent. per annum for the Senior Class A1 Notes, 0.18 per cent. per annum for the Senior Class A2 Notes, 0.22 per cent. per annum for the Mezzanine Class B Notes, 0.41 per cent. per annum for the Junior Class C Notes, 0.67 per cent. per annum for the Subordinated Class D Notes, 0.85 per cent. per annum for the Subordinated Class E Notes and 2.00 per cent. per annum for the Subordinated Class F Notes;

**"Initial Purchase Price"** means, with respect to the Sub-Participations relating to the Existing Mortgage Receivables, an amount of Euro 550,084,475, being equal to the aggregate Outstanding Principal Amount plus the Non-Disbursed Amounts (if any) of the Existing Mortgage Receivables and the Related Security and, with respect to any Sub-Participations relating to any New Mortgage Receivables and any Further Advance Receivables an amount equal to the aggregate Outstanding Principal Amount plus the Non-Disbursed Amounts (if any) of the New Mortgage Receivables or the Further Advance Receivables, respectively;

**"Instructing Majority"** means at least 25 per cent. of the holders of the Notes of each Class calculated on a Class by Class basis;

**"Intercreditor Agreement"** means the intercreditor agreement dated on or about the Closing Date entered into between, *inter alios*, the Issuer and the Security Trustee;

**"Interest Deficiency Ledger"** means each of the Class B Interest Deficiency Ledger, Class C Interest Deficiency Ledger, the Class D Interest Deficiency Ledger, the Class E Interest Deficiency Ledger and the Class F Interest Deficiency Ledger;

**"Interest Determination Date"** means each day that is two Business Days preceding the first day of each Floating Rate Interest Period;

**"Interest-Only Mortgage Loans"** means any Mortgage Loan in respect of which the Borrower does not pay principal towards repayment of the relevant Mortgage Receivable for the first interest period (maximum of 10 years) of such Mortgage Receivable;

**"Interest Priority of Payments"** means the priority of payments applicable to the Notes Interest Available Amount prior to the occurrence of an Enforcement Date as set out in Clause 9.1 of the Issuer Trust Agreement;

**"Interest Shortfall"** has the meaning given to such term in **Condition 9(a)**;

**"Irish Paying Agent"** means Deutsche International Corporate Services (Ireland) Limited and its successor(s) in its capacity as Irish paying agent under the Paying Agency Agreement;

**"Irish Stock Exchange"** means the Irish Stock Exchange Limited;

**"ISDA Definitions"** means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**");

**"ISDA Master Agreement"** means the 1992 ISDA Master Agreement (Multicurrency Cross Border), as published by ISDA, and the Schedule thereto, as amended from time to time, governed by English law;

**"Issuer"** means E-MAC DE 2006-II B.V., a private company with limited liability organised under the laws of the Netherlands and established in Amsterdam;

**"Issuer Administrator"** means GMAC-RFC Investments B.V., in its capacity as Issuer Administrator of the Issuer under the Issuer Services Agreement or its successor(s);

**"Issuer Assignment of Mortgages"** means each assignment of Mortgages entered into between the Issuer and the Security Trustee from time to time;

**"Issuer Security"** has the meaning ascribed to such term in Clause 7 of the Issuer Trust Agreement;

**"Issuer Security Documents"** means the Issuer Trust Agreement, the Account Pledge Agreement and the English Deed of Assignment;

**"Issuer Services Agreement"** means the issuer services agreement to be entered into by the Issuer Administrator, the MPT Provider, the Delinquent Loan Servicer the Issuer and the Security Trustee on or about the Closing Date;

**"Issuer Trust Agreement"** means the security trust agreement dated on or about the Closing Date entered into between the Issuer, the Security Trustee and Stichting E-MAC Holding;

**"Junior Class C Noteholders"** means the holders of any Junior Class C Notes;

**"Junior Class C Notes"** means the Euro 24,500,000 floating rate Junior Class C Mortgage-Backed Notes 2006 due 2058;

**"Lead Manager"** means The Royal Bank of Scotland plc;

**"Lending Value"** means, in each case, a percentage of the market value of the Mortgaged Property calculated on the basis of the valuation of such Mortgaged Property undertaken in accordance with the underwriting and origination guidelines of the Originator and, in particular, depending on the region where such Mortgaged Property is situated (West Germany or East Germany) and the occupancy of such Mortgaged Property;

**"Life Insurance Policy"** means an insurance policy taken by any Borrower with any life insurance company, which pays out upon the death of the insured, combined with a capital insurance policy which pays out on an agreed date (which may not necessarily be the date on which the Mortgage Loan is repayable) any amount (which may be less than the Outstanding Principal Amount under the Mortgage Loan);

**"Liquidity Facility"** means the liquidity facility granted to the Issuer pursuant to the terms of the Liquidity Facility Agreement;

**"Liquidity Facility Account"** means the account to which any drawing under the Liquidity Facility will be debited;

**"Liquidity Facility Agreement"** means the 364 day term liquidity facility agreement to be entered into by the Issuer, the Liquidity Facility Provider and the Security Trustee on or about the Closing Date;

**"Liquidity Facility Commitment Fee"** has the meaning ascribed to such term in the Liquidity Facility Agreement;

**"Liquidity Facility Commitment Period"** means the period from (and including) the Closing Date to (and including) the date falling 364 days after the Closing Date (or, if such date is not a Business Day, the preceding Business Day) and, upon extension of the Liquidity Facility, from (and including) the date of the extension to (and including) the date falling 364 days after the extension date (or, if such date is not a Business Day, the preceding Business Day);

**"Liquidity Facility Maximum Amount"** means, on each Quarterly Calculation Date, the higher of (a) an amount equal to 3 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes on such date and (b) 0.60 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes on the Closing Date;

**"Liquidity Facility Provider"** means The Royal Bank of Scotland plc in its capacity as liquidity facility provider under the Liquidity Facility Agreement or its successor(s);

**"Liquidity Facility Stand-by Drawing"** means the drawing of the Issuer of the entirety of the undrawn portion of the Liquidity Facility if (a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than A-1+ by S&P and/or Prime-1

by Moody's and/or F1 by Fitch or (b) the Liquidity Facility Provider does not extend the Liquidity Facility notwithstanding the request of the Issuer;

**"Liquidity Facility Stand-by Account"** means the account to which a Liquidity Facility Stand-by Drawing will be credited;

**"Liquidity Facility Subordinated Amount"** means, with respect to any Quarterly Payment Date after the First Put Date, the sum of (i) the positive difference between the Liquidity Facility Commitment Fee after the First Put Date and the Liquidity Facility Commitment Fee before the First Put Date per annum calculated by reference to the daily undrawn and uncanceled amount of the Liquidity Facility Maximum Amount during the Quarterly Calculation Period immediately preceding such Quarterly Payment Date, (ii) the positive difference between the interest rate after the First Put Date and the interest rate before the First Put Date per annum calculated by reference to the amount drawn under the Liquidity Facility during the Quarterly Calculation Period immediately preceding such Quarterly Payment Date; and (iii) any amounts payable under Clause 9.2 of the Liquidity Facility Agreement;

**"Listing Agent"** means Deutsche Bank Luxembourg S.A.;

**"Local Business Day"** means a day on which banks at the place of the Originator are open for business;

**"LTMV Ratio"** means the loan to market value ratio;

**"LTV Ratio"** means the loan to lending value ratio;

**"Management Agreement I"** means the amended and restated management agreement entered into by amongst others Stichting E-MAC Holding, ATC Management B.V. and Stichting Security Trustee E-MAC DE 2006-II on 16 November 2006, originally dated 15 July 2002 and entered into between Stichting Holding and ATC Management B.V.;

**"Management Agreement II"** means the management agreement entered into by the Issuer and ATC Management B.V. dated on or about 7 December 2006;

**"Management Agreement III"** means the management agreement entered into by the Security Trustee and Amsterdamsch Trustee's Kantoor B.V. dated on or about 7 December 2006;

**"Management Agreements"** means the Management Agreement I, the Management Agreement II and the Management Agreement III collectively;

**"Managers"** means the Lead Manager and the Co-Manager (and each a **"Manager"**);

**"Mandant"** means each customer specific ledger within the customer-specific ledger system run by HM for the administration of mortgages owned by the Originator;

**"Master Definitions Agreement"** means the master definitions agreement dated on or about the Closing Date and signed, *inter alios*, by the Issuer, the Security Trustee and the Seller;

**"Mezzanine Class B Noteholders"** means the holders of any Mezzanine Class B Notes;

**"Mezzanine Class B Notes"** means the Euro 35,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2058;

**"Moody's"** means Moody's Investors Service Limited;

**"Mortgage"** means a mortgage (*Grundschuld*) in the form of a certificated mortgage (*Briefgrundschuld*) securing the relevant Mortgage Receivable;

**"Mortgage Calculation Period"** means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month, except for the first calculation period which commences on (and includes) the first day of November 2006 and ends on (and includes) the last day of December 2006;

**"Mortgage Certificate"** means the certificate (*Grundschuldbrief*) issued pursuant to Sections 1116(1), 1192(1) of the German Civil Code in respect of each Mortgage;

**"Mortgage Conditions"** means, in relation to a Mortgage Loan, the terms and conditions applicable to the Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document and/or in any applicable general terms and conditions for mortgages of the Originator from time to time in effect;

**"Mortgaged Property"** means (i) a real property; (ii) an apartment right (*Wohnungseigentum*); or (iii) a hereditary building right (*Erbbaurecht*), in each case situated in Germany;

**"Mortgage Loans"** means the residential mortgage loans including any construction loans, whether fully disbursed or not, granted by the Originator to the relevant Borrowers and secured by, *inter alia*, mortgages (*Grundschulden*) for which a mortgage certificate (*Grundschuldbrief*) has been issued, as evidenced by the relevant loan agreements, set out in the Mortgage Receivables Purchase and Transfer Agreement, provided that after any transfer of New Mortgage Receivables having taken place in accordance with the Mortgage Receivables Purchase and Transfer Agreement and, as the case may be Further Advance Receivables having taken place in accordance with the Mortgage Receivables Purchase and Transfer Agreement, the Mortgage Loans shall include any such New Mortgage Loans and any such Further Advances;

**"Mortgage Loans Criteria"** means the criteria relating to the Mortgage Loans, which are set forth in Mortgage Receivables Purchase and Transfer Agreement;

**"Mortgage Payment Date"** means the twelfth (12th) business day following the last day of each Mortgage Calculation Period;

**"Mortgage Receivables"** means any and all, present and future, rights of the Originator against any Borrower under or in connection with any Mortgage Loans, including for the avoidance of doubt, upon the transfer of New Mortgage Receivables, such New Mortgage Receivables, and, upon the transfer of any receivables resulting from the granting of a Further Advance, such Further Advance Receivables;

**"Mortgage Receivables Purchase and Transfer Agreement"** means the mortgage receivables purchase and transfer agreement entered into by the Originator, the Seller, the Issuer and the Security Trustee on or about the Closing Date;

**"Mortgaged Property"** means (i) a real property; (ii) an apartment right (*Wohnungseigentum*); or (iii) a hereditary building right (*Erbbaurecht*), in each case situated in Germany;

**"MPT Provider"** means GMAC-RFC Investments B.V. in its capacity of MPT Provider under the Issuer Services Agreement and its successor(s);

**"MPT Services"** means the services to be provided by the MPT Provider in relation to the Assigned Mortgage Receivables in accordance with the Issuer Services Agreement;

**"Net Proceeds"** means (a) the proceeds of a foreclosure on the mortgage; (b) the proceeds of foreclosure on any other Related Security; (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to 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 in respect of such Mortgage Receivable;

**"New Basel Capital Accord"** means the text of the new framework published on 26 June 2004 by the Basel Committee on Banking Supervision under the title **"Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework"**;

**"New Mortgage Loan"** means a Mortgage Loan relating to a new Mortgage Receivable;

**"New Mortgage Receivable"** means any and all rights of the Originator against any Borrower under or in connection with any Mortgage Loan between the Originator and that Borrower which meets the Mortgage Loans Criteria and which are, for the avoidance of doubt, transferred to the Issuer after the Closing Date;

**"Non-Disbursed Amounts"** means, with respect to each Construction Loan and as of any date, an amount equal to the non-disbursed amount under such Construction Loan;

**"Non-Eligible Construction Loan Receivable"** means any Construction Loan Receivable which is not fully disbursed the earlier of (a) 12 months after the date on which the first part of such Construction Loan was advanced and (b) 15 months after the Closing Date;

**"Noteholders"** means the holders of any Notes;

**"Notes"** means the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes, the Subordinated Class E Notes and the Subordinated Class F Notes;

**"Notes Interest Available Amount"** means, on any Quarterly Calculation Date, the sum of the following amounts received by the Issuer during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date:

- (a) as interest on the Mortgage Loans (including the Construction Loans to the extent disbursed to the Borrowers) and the Further Advance Receivables;
- (b) as interest credited to any of the Transaction Accounts;
- (c) as Prepayment Penalties under the Mortgage Loans and the Further Advance Receivables;
- (d) as Net Proceeds on any Mortgage Receivable and Further Advance Receivable, to the extent such proceeds do not relate to principal;
- (e) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) on the immediately succeeding Quarterly Payment Date;
- (f) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (g) as amounts to be received from the Hedging Counterparties under the Hedging Agreements on the immediately succeeding Quarterly Payment Date;
- (h) as amounts received in connection with the repurchase of any Mortgage Receivable or Further Advance Receivable pursuant to the Mortgage Receivables Purchase and Transfer Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase and Transfer Agreement to the extent such amounts do not relate to principal;
- (i) as amounts received in connection with the sale of any Mortgage Receivable or Further Advance Receivable pursuant to the Issuer Services Agreement to the extent such amounts do not relate to principal except in the case of a sale of Excess Mortgage Receivables which is set off against repayment of a Servicing Advance;
- (j) as amounts received as post-foreclosure proceeds on the Mortgage Receivables and Further Advance Receivables;
- (k) as amounts standing to the credit of the Operating Account after all Put Option Notes have been redeemed in full; and
- (l) as amounts to be drawn by the Issuer Administrator (on behalf of the Issuer) from the Construction Loan Reserve Account on the immediately succeeding Quarterly Payment Date to cover any failure by the Seller to repurchase a Non-Eligible Construction Loan Receivable pursuant to the Mortgage Receivables Purchase and Transfer Agreement or any other losses arising in connection

with such Non-Eligible Construction Loan Receivable to the extent such amounts do not relate to principal;

**"Notes Purchase Agreements"** means the notes purchase agreement I dated 7 December 2006, among the Managers, the Issuer and the Seller, to purchase the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes and the Subordinated Class E Notes at their respective issue prices and the notes purchase agreement II dated 7 December 2006, among the Managers, the Issuer and the Seller to purchase the Subordinated Class F Notes at their respective issue prices (and each a **"Notes Purchase Agreement"**);

**"Notes Redemption Available Amount"** means, on any Quarterly Payment Date, the aggregate amount received by the Issuer during the immediately preceding Quarterly Calculation Period as items (a) through (i), to the extent not applied towards payment of the Initial Purchase Price of the Sub-Participations relating to the New Mortgage Receivables and/or Further Advance Receivables:

- (a) as repayment and prepayment in full of principal under the Mortgage Receivables and the Further Advance Receivables, from any person (including any Insurance Company), whether by set-off or otherwise, but, for the avoidance of doubt, excluding Prepayment Penalties, if any;
- (b) as Net Proceeds, to the extent such proceeds relate to principal;
- (c) as amounts received in connection with a repurchase of Mortgage Receivables and the Further Advance Receivables pursuant to the Mortgage Receivables Purchase and Transfer Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase and Transfer Agreement to the extent such amounts relate to principal;
- (d) as amounts received in connection with a sale of Mortgage Receivables and the Further Advance Receivables pursuant to the Issuer Services Agreement to the extent such amounts relate to principal except in the case of a sale of Excess Mortgage Receivables which is set off against repayment of a Servicing Advance;
- (e) as amounts of interest received to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
- (f) as partial prepayment in respect of Mortgage Receivables and the Further Advance Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding Prepayment Penalties;
- (g) as amounts standing to the credit of the Pre-funding Account upon the expiry of the Pre-funding Period;
- (h) as amounts received on the Operating Account from the credit of the Construction Loan Account in accordance with the Issuer Services Agreement;
- (i) as amount received as a Servicing Advance on a Put Date; and
- (j) as amounts to be drawn by the Issuer Administrator (on behalf of the Issuer) from the Construction Loan Reserve Account on the immediately succeeding Quarterly Payment Date to cover any failure by the Seller to repurchase a Non-Eligible Construction Loan Receivable pursuant to the Mortgage Receivables Purchase and Transfer Agreement or any other losses arising in connection with such Non-Eligible Construction Loan Receivable to the extent such amounts relate to principal;

**"Notification"** means the notification of the Common Depositary for communication of certain information in connection with the Put Option to the relevant accountholders holding interests in the Global Notes representing the Put Option Note;

**"Notification Event"** means any of the following events:



- (a) the Seller fails to pay on the due date any amount due and payable by it under the Mortgage Receivables Purchase and Transfer Agreement or under any other Transaction Document to which it is a party and such default is not remedied within five (5) Business Days after having knowledge of such failure or notice thereof has been given by the Issuer or the Security Trustee to the Seller;
- (b) the Seller or the Originator fails to perform or comply with any of its obligations under the Mortgage Receivables Purchase and Transfer Agreement or under any other Transaction Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within thirty (30) days after having knowledge of such failure or notice thereof has been given by the Issuer or the Security Trustee to the Seller or the Originator, respectively;
- (c) in respect of any of the Seller or the Originator, as applicable, (i) it is over-indebted or unable to pay its debts as they become due, (ii) insolvency proceedings are instituted against it, (iii) the inability to pay its due debt is imminent (*drohende Zahlungsunfähigkeit*) (iv) an order for its winding-up, administration or dissolution is made, (v) a meeting of its shareholders, directors or other officers is convened for the purposes of considering any resolution for, to petition for or to file documents with a court or any registrar for, its winding-up, administration or dissolution or any such resolution is passed, (vi) if applicable, a supervisory or regulatory body imposes a moratorium or issues an order, decree or decision having a similar effect, or (vii) it admits in writing its inability generally to pay its debts as they become due;
- (d) the Mortgage Receivables Purchase and Transfer Agreement or any other Transaction Documents ceases to be the legal, valid and binding obligation of the Seller and/or the Originator or the Seller and/or the Originator declares or admits that the Mortgage Receivables Purchase and Transfer Agreement or any other Transaction Documents is not its legal, valid and binding obligation; or
- (e) any representation or warranty of the Seller or the Originator under the Mortgage Receivables Purchase and Transfer Agreement or any other Transaction Document are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and such failure is not remedied within thirty (30) days after the Issuer or the Security Trustee has served a notice on the Seller.

**"Notional Adjustment Payment"** means, on any Quarterly Payment Date, the amount to be paid by the Issuer to a Hedging Counterparty or by a Hedging Counterparty to the Issuer as a result of the amortisation rate of the Notional Amount (i) varying from the expected rate of amortisation under the Swap Agreement or (ii) varying from the expected rate of amortisation under a Reset Swap Agreement in accordance with the terms of the relevant hedging agreement;

**"Notional Amount"** means (i) in respect of the Swap Agreement, an amount equal to the aggregate Outstanding Principal Amount of the Mortgage Loans relating to the Mortgage Receivables less (a) the aggregate Outstanding Principal Amount of the Mortgage Loans relating to the Mortgage Receivables in respect of which a Reset Swap Agreement has been entered into and (b) the aggregate Outstanding Principal Amount of the Mortgage Loans relating to the Mortgage Receivables in respect of which the interest rate is reset on a monthly basis or (ii) in respect of a Reset Swap Agreement, an amount equal to the aggregate Outstanding Principal Amount of the Reset Mortgage Receivables in relation to that Reset Swap Agreement;

**"Operating Account"** means the account of the Issuer maintained with the GIC Provider, to which, *inter alia*, (i) all amounts standing to the credit of the Collection Account will be transferred by the Issuer Administrator (or the Originator on behalf of the Issuer Administrator) in accordance with the Issuer Services Agreement and, where applicable, the Ancillary Services Letter and (ii) all amounts received from all parties to the Transaction Documents will be paid;

**"Order of Priority"** means each of the Interest Priority of Payments, the Principal Priority of Payments and the Priority of Payments upon Enforcement;

**"Originator"** means GMAC-RFC Bank GmbH;

**"Originator Assignment of Mortgages"** means each assignment of Mortgages entered into between the Originator and the Issuer from time to time in connection with the purchase by the Issuer of Sub-Participations relating to Mortgage Receivables pursuant to the terms of the Mortgage Receivables Purchase and Transfer Agreement;

**"Other Claims"** means any claims of the Originator against the Borrower which are secured by the Mortgage which also secures the Mortgage Receivable;

**"Outstanding Principal Amount"** means, at any moment in time, the principal balance of a Mortgage Receivable resulting from a Mortgage Loan at such time and, after a Realised Loss has occurred in respect of such Mortgage Receivable, zero;

**"Paying Agents"** means the Principal Paying Agent and the Irish Paying Agent (and each a **"Paying Agent"**);

**"Paying Agency Agreement"** means the paying agency agreement to be entered into by the Issuer, the Principal Paying Agent, the Irish Paying Agent, the Reference Agent and the Extension Margin Agent on or about the Closing Date;

**"Permanent Global Notes"** means the permanent global note of each Class of Notes;

**"Pre-funding Account"** means the account of the Issuer held with the GIC Provider to which on the Closing Date the Pre-funded Amount will be credited;

**"Pre-funded Amount"** means an amount of Euro 149,915,525 of the net proceeds from the issue of the Notes;

**"Pre-funding Period"** means the period commencing on the Closing Date and ending on (but excluding) 25 February 2007;

**"Pre-funding Purchase Date"** means any Business Day during the Pre-funding Period;

**"Prepayment Penalties"** means any prepayment penalties to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) otherwise permitted;

**"Principal Amount Outstanding"** means, on any Quarterly Calculation Date in respect of any Note, 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 Calculation Date;

**"Principal Deficiency"** means the sum of the Senior Class Principal Deficiency, the Class B Principal Deficiency, the Class C Principal Deficiency, the Class D Principal Deficiency and the Class E Principal Deficiency;

**"Principal Deficiency Ledger"** means the ledger comprising of five (5) sub ledgers for each Class of Put Option Notes to which any Realised Losses are credited;

**"Principal Ledger"** means a ledger relating to the Operating Account to which payments made by the Borrowers that are identified by the Issuer Administrator as principal receipts are credited;

**"Principal Paying Agent"** means Deutsche Bank AG, London Branch in its capacity as principal paying agent under the Paying Agency Agreement or its successor(s);

**"Principal Priority of Payments"** means the priority of payments applicable to the Notes Redemption Available Amount prior to the occurrence of an Enforcement Date as set out in Clause 9.2 of the Issuer Trust Agreement;

**"Principal Redemption Amount"** means the principal amount redeemable in respect of each Note on the relevant Quarterly Payment Date being equal to (a) on or after the Target Amortisation Date, unless a

Target Amortisation Event has occurred which is not cured, the aggregate of any and all of the Senior Class Principal Redemption Amount, the Class B Principal Redemption Amount, the Class C Principal Redemption Amount, the Class D Principal Redemption Amount and the Class E Principal Redemption Amount and (b) before the Target Amortisation Date (and on or after the Target Amortisation Date in case a Target Amortisation Event has occurred which is not cured) the Notes Redemption Available Amount divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro). 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;

**"Principal Shortfall"** means an amount equal to the quotient of the balance of the relevant sub-ledger of the Principal Deficiency Ledger, divided by the number of Notes of the relevant Class of Notes on such Quarterly Payment Date;

**"Priority of Payments upon Enforcement"** means the priority of payments applicable upon the occurrence of an Enforcement Date as set out in Clause 23.2 of the Issuer Trust Agreement;

**"Prospectus"** means the offering document issued by the Issuer in connection with the issuance of the Notes dated 12 December 2006;

**"Purchase Available Amount"** means:

- (a) during the Pre-funding Period, the sum of (i) the balance standing to the credit of the Pre-funding Account and (ii) any amounts received by the Issuer in the Operating Account in connection with the repurchase of Assigned Mortgage Receivables and the Related Security by the Seller pursuant to Clause 12 of the Mortgage Receivables Purchase and Transfer Agreement (other than a repurchase following the exercise of the Clean-Up Call Option) and not applied on a Quarterly Payment Date in accordance with the Interest Priority of Payments or the Principal Priority of Payments; and
- (b) following the Pre-funding Period, on any Quarterly Calculation Date until (and including) the Quarterly Calculation Date immediately preceding the Final Maturity Date, any amounts received by the Issuer in the Operating Account in connection with the repurchase of Assigned Mortgage Receivables and the Related Security by the Seller pursuant to Clause 12 of the Mortgage Receivables Purchase and Transfer Agreement (other than a repurchase following the exercise of the Clean-Up Call Option) and not applied on a Quarterly Payment Date in accordance with the Interest Priority of Payments or the Principal Priority of Payments.

**"Put Date"** means the First Put Date or any Quarterly Payment Date thereafter;

**"Put Notice"** means a duly completed and signed notice of exercise in the form obtainable from the Issuer or, in case the Notes are held through Euroclear or Clearstream, Luxembourg, such notice as required by Euroclear and Clearstream, Luxembourg;

**"Put Notice Period"** means the period not less than 45 days (unless such 45th day is not a Business Day, in which case the immediately preceding Business Day) and not more than 60 days prior to the relevant Put Date;

**"Put Option"** means the right of each Put Option Noteholder to offer the Put Option Notes for redemption on the Put Date in accordance with **Condition 6(d)**;

**"Put Option Noteholder"** means the Senior Class A1 Noteholders, the Senior Class A2 Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders, the Subordinated Class D Noteholders and the Subordinated Class E Noteholders;

**"Put Option Notes"** means the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes, the Subordinated Class D Notes and the Subordinated Class E Notes jointly;

**"Put Option Notes Redemption Available Amount"** means the sum of (i) the Senior Class Notes Redemption Available Amount, (ii) the Class B Notes Redemption Available Amount, (iii) the Class C Notes Redemption Available Amount, (iv) the Class D Notes Redemption Available Amount, and (v) the Class E Notes Redemption Available Amount;

**"Quarterly Calculation Date"** means, in relation to a Quarterly Payment Date, the third Business Day prior to such Quarterly Payment Date;

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

**"Quarterly Payment Date"** means 25 February, 25 May, 25 August and 25 November of each year, provided that, 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 case it will be the immediately preceding Business Day;

**"Rating Agencies"** (each, a **"Rating Agency"**) means S&P, Moody's and Fitch;

**"Realised Losses"** means, on any Quarterly Calculation Date, the sum of (I) the amount of the difference between (a) the aggregate Outstanding Principal Amount on all Mortgage Loans relating to Mortgage Receivables on which the Seller, the MPT Provider or the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including such Quarterly Calculation Date and (b) the sum of (i) the Net Proceeds on the Mortgage Receivables other than the Further Advance Receivables together with the relevant Mortgage Receivables; and (ii) the *pro rata* Net Proceeds on the Further Advance Receivables and the relevant Mortgage Receivables, and (II) with respect to Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (x) the aggregate Outstanding Principal Amounts and (y) the purchase price received in respect of such Mortgage Receivables and the Further Advance Receivables to the extent relating to the principal;

**"Records"** means with respect to any Mortgage Receivables, Related Security and the respective debtors all contracts, correspondence, files, interests and other documents, notes, books of accounts, registers, records and other information regardless how stored;

**"Reference Agent"** means Deutsche Bank AG, London Branch in its capacity as reference agent under the Paying Agency Agreement and its successor(s);

**"Reference Bank"** means each of four major banks (together the **"Reference Banks"**) in the Euro-zone interbank market as referred to in **Condition 4(f)(ii)(1)**;

**"Related Security"** means:

- (a) the Mortgage(s) (*Briefgrundschulden*) relating to the Assigned Mortgage Receivable;
- (b) any other non-accessory (*nicht-akzessorische*) security rights (including, without limitation, any security assignment over the Borrower's rights in relation to any Life Insurance Policy or Savings Scheme in respect of which the Borrower is the beneficiary) created or existing in favour of the Originator which secures the payment of the Assigned Mortgage Receivable;
- (c) any present and future claims and rights under the Assigned Mortgage Receivable or in relation to the Mortgaged Property;
- (d) any claims of the Originator against the relevant land owner arising out of the personal assumption of liability (*persönliche Haftungsübernahme*) pursuant to Section 780 of the German Civil Code of such land owner and the submission to immediate foreclosure (*Unterwerfung unter die sofortige Zwangsvollstreckung*) pursuant to Section 794 No. 5 of the German Code of Civil Procedure;
- (e) any ancillary rights in relation to the Assigned Mortgage Receivable (including, without limitation, rights to determine legal relationships (*Gestaltungsrechte*)); and

(f) any claims to receive proceeds from the disposal of or enforcement in relation to the security;

**"Required Hedging Counterparty Rating"** means a rating in respect of the unsecured, unsubordinated and unguaranteed debt obligations of a Hedging Counterparty of (i) long-term A1 (or its equivalent) by Moody's, (ii) short-term Prime-1 (or its equivalent) by Moody's, (iii) short-term A-1 (or its equivalent) by S&P and (iv) short-term F1 (or its equivalent) or (v) long-term A+ (or its equivalent) by Fitch;

**"Reserve Account"** means the account maintained with the GIC Provider or such other account approved by the Security Trustee in the name of the Issuer, to which the net proceeds of the Subordinated Class F Notes will be credited;

**"Reserve Account Target Level"** means, on any Quarterly Calculation Date, an amount equal to:

- (a) 1.2 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes at the Closing Date, or
- (b) 1.9 per cent. of the aggregate Principal Amount Outstanding of the Put Option Notes at the Closing Date, if on such Quarterly Calculation Date the quotient of the aggregate Outstanding Principal Amount of the Mortgage Loans associated with the Delinquent Mortgage Receivables divided by the aggregate Outstanding Principal Amount of the Mortgage Loans on such date exceeds 2.0 per cent., or
- (c) zero, if on the immediately succeeding Quarterly Payment Date the Put Option Notes will be redeemed in full;

**"Reset Mortgage Receivables"** means the Mortgage Receivables or, as the case may be, the relevant loan part of such Mortgage Receivable of which the rate of interest has been reset in accordance with the Mortgage Conditions;

**"Reset Swap Agreement"** means any interest rate swap transaction entered into pursuant to an ISDA Master Agreement and Confirmation (incorporating the ISDA Definitions) thereunder to be entered into in connection with certain Reset Mortgage Receivables with any Hedging Counterparty;

**"Revenue Ledger"** means a ledger relating to the Operating Account to which payments made by the Borrowers that are identified by the Issuer Administrator as revenue are credited;

**"Risk Insurance Policy"** means any insurance policy insuring the risk of death of a Borrower;

**"S&P"** means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.;

**"Savings Scheme"** means a savings scheme contract (*Bausparvertrag*) entered into by the Borrower with a savings institute;

**"Scheduled Amount"** means, with respect to a Mortgage Calculation Period, an amount equal to the sum of interest and principal scheduled to be received under the Mortgage Receivables during such Mortgage Calculation Period;

**"Schufa"** means Schufa Holding AG, Hagenauer Straße 44, 65203 Wiesbaden, a German national credit register, or any of its assignees;

**"Secured Creditors"** means the Noteholders, the Directors, the Issuer Administrator, the MPT Provider, the Sub-Servicer, the Delinquent Loan Servicer, the Principal Paying Agent, the Security Trustee, the Reference Agent, the GIC Provider, the Extension Margin Agent, the Liquidity Facility Provider, the Seller, the Originator, the Irish Paying Agent, the Swap Counterparty, any other Hedging Counterparty and any party which accedes to the Intercreditor Agreement in the future;

**"Securities Act"** means the United States Securities Act of 1933, as amended;

**"Secured Obligations"** has the meaning ascribed thereto in Clause 7 of the Issuer Trust Agreement;

**"Security Trustee"** means Stichting Security Trustee E-MAC DE 2006-II, established under the laws of the Netherlands as a foundation (*stichting*);

**"Seller"** means GMAC-RFC Investments B.V., a private company with limited liability organised under the laws of the Netherlands and established in Amsterdam, the Netherlands;

**"Seller Account"** means the account no. 42.91.03.190 with ABN Amro Bank or such other account as notified in writing by the Seller;

**"Senior Class A1 Noteholders"** means the holders of any Senior Class A1 Notes;

**"Senior Class A2 Noteholders"** means the holders of any Senior Class A2 Notes;

**"Senior Class A1 Notes"** means the Euro 151,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2006 due 2048;

**"Senior Class A2 Notes"** means the Euro 465,700,000 floating rate Senior Class A2 Mortgage-Backed Notes 2006 due 2058;

**"Senior Class Notes Redemption Available Amount"** means, with respect to any Quarterly Calculation Date, an amount equal to the lesser of:

- (a) the aggregate Principal Amount Outstanding of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (b) the Notes Redemption Available Amount; and
- (c) the positive difference between (i) the aggregate Principal Amount Outstanding of the Senior Class A1 Notes and the Senior Class A2 Notes; and (ii) 76.20 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the last day of the relevant Quarterly Calculation Period;

**"Senior Class Principal Deficiency"** means any Realised Losses debited to the Senior Class Principal Deficiency Ledger, less any amounts credited to the Senior Class Principal Deficiency Ledger;

**"Senior Class Principal Deficiency Ledger"** means a sub-ledger of the Principal Deficiency Ledger;

**"Senior Class Principal Redemption Amount"** means the principal amount redeemable in respect of each Senior Class A1 Note and each Senior Class A2 Note on the relevant Quarterly Payment Date being equal to the Senior Class Notes Redemption Available Amount divided by the number of Senior Class A1 Notes and Senior Class A2 Notes subject to such redemption, provided always that the Senior Class Principal Redemption Amount may never exceed the aggregate Principal Amount Outstanding of the Senior Class A1 Note and the Senior Class A2 Notes;

**"Servicing Advance"** means an advance made by the MPT Provider or any other party to the Issuer pursuant to the Issuer Services Agreement to enable the Issuer to redeem the Put Option Notes on the Put Date;

**"Stabilisation Manager"** means The Royal Bank of Scotland plc;

**"Stabilisation Period"** means a limited period for which, in connection with this issue of the Notes, The Royal Bank of Scotland plc or any person acting for it may conduct activities (including over-allotment) to support the exchange or market price of the Notes in order to balance short term price movements of a particular class of Notes at a level higher than that which might otherwise prevail for such limited period;

**"Stichting Holding"** means Stichting E-MAC Holding, a foundation organised under the laws of the Netherlands, and established in Amsterdam;

**"Subordinated Class D Noteholders"** means the holders of any Subordinated Class D Notes;

**"Subordinated Class D Notes"** means the Euro 14,000,000 floating rate Subordinated Class D Mortgage-Backed Notes 2006 due 2058;

**"Subordinated Class E Noteholders"** means the holders of any Subordinated Class E Notes;

**"Subordinated Class E Notes"** means the Euro 9,800,000 floating rate Subordinated Class E Mortgage-Backed Notes 2006 due 2058;

**"Subordinated Class F Noteholders"** means the holders of any Subordinated Class F Notes;

**"Subordinated Class F Notes"** means the Euro 3,500,000 floating rate Subordinated Class F Notes 2006 due 2058;

**"Subordinated Extension Interest Part"** means, with respect to a Quarterly Calculation Period after the First Put Date, an amount equal to the positive difference, if any, between (a) the sum of Euribor increased with the relevant Extension Margin multiplied by the aggregate Principal Amount Outstanding of the relevant Class of Notes and (b) the sum of Euribor increased with the relevant Initial Margin multiplied by the aggregate Principal Amount Outstanding of the relevant Class of Notes;

**"Sub-Participant"** means GMAC-RFC Investments B.V.;

**"Sub-Participation"** means, present or future, a 100 per cent. fully funded undisclosed sub-participation (*stille Unterbeteiligung*) in each of the Mortgage Receivables and the Related Security granted by the Originator to the Seller against payment of the Funding Amount in a Mortgage Loan that entitles the Seller to receive all Collections in relation to that Mortgage Receivable and the Related Security;

**"Sub-Participation Agreement"** means the sub-participation agreement between the Seller and the Originator dated 20 January 2004 (as amended from time to time);

**"Sub-Servicer"** means Kreditwerk Hypotheken-Management GmbH or its successor(s);

**"Sub-Servicing Agreement"** means the sub-servicing agreement dated on or about the Closing Date between, *inter alios*, HM and the MPT Provider;

**"Swap Agreement"** means the interest rate swap transaction entered into pursuant to an ISDA Master Agreement, Schedule and Confirmation (incorporating the ISDA Definitions) thereunder to be entered into by the Swap Counterparty and the Issuer on or about the Closing Date in connection with the Mortgage Receivables, excluding the Reset Mortgage Receivables;

**"Swap Counterparty"** means The Royal Bank of Scotland plc, in its capacity as swap counterparty under the Swap Agreement;

**"Swap Subordinated Amount"** means,

- (a) prior to the Enforcement Date, with respect to a Quarterly Payment Date:
  - (i) the aggregate of Notional Adjustment Payments, if any, due but unpaid by the Issuer under the Swap Agreement or any Reset Swap Agreement only to the extent such amount exceeds the Prepayment Penalties;
  - (ii) payments due from the Issuer under any Hedging Agreement after the First Put Date corresponding to that portion, if any, of the increase in any fixed swap rates in the relevant Hedging Agreement that is in excess of 0.15 per cent.;
  - (iii) any termination payment due from the Issuer under a Hedging Agreement following an Event of Default (as defined in the relevant Hedging Agreement) where the Hedging Counterparty is the Defaulting Party (as defined in the relevant Hedging Agreement);
  - (iv) except to the extent that any premium is received by the Issuer from a replacement Hedging Counterparty, any termination payment due from the Issuer under any Hedging

Agreement following an Additional Termination Event (as defined in the relevant Hedging Agreement) triggered by a failure of the Hedging Counterparty to comply with the requirements under the relevant Hedging Agreement following the loss of the Required Hedging Counterparty Rating;

(b) following the Enforcement Date:

- (i) payments due from the Issuer under any Hedging Agreement after the First Put Date corresponding to that portion, if any, of the increase in any fixed swap rates in the relevant Hedging Agreement that is in excess of 0.15 per cent.;
- (ii) any termination payment due from the Issuer under a Hedging Agreement following an Event of Default (as defined in the relevant Hedging Agreement) where the Hedging Counterparty is the Defaulting Party (as defined in the relevant Hedging Agreement);
- (iii) except to the extent that any premium is received by the Issuer from a replacement Hedging Counterparty, any termination payment due from the Issuer under the Hedging Agreement following an Additional Termination Event (as defined in the relevant Hedging Agreement) triggered by the failure of the Hedging Counterparty to comply with the requirements under the relevant Hedging Agreement following the loss of the Required Hedging Counterparty Rating;

**"Target Amortisation Date"** means the Quarterly Payment Date falling in November 2010;

**"Target Amortisation Event"** means, on the Target Amortisation Date or on any Quarterly Payment Date after the Target Amortisation Date, any of the following (a) the balance standing to the credit of the Reserve Account is less than the Reserve Account Target Level or (b) the Delinquent Quotient is equal to or higher than 1.5 per cent. or (c) any drawing under the Liquidity Facility is not repaid or a drawing under the Liquidity Facility is made on such date or (d) there is a balance on the Principal Deficiency Ledgers;

**"TARGET System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer System, or any successor thereto;

**"Temporary Global Notes"** means the temporary global notes to be issued in respect of each Class of Notes;

**"Transaction Accounts"** means the Collection Account, the Operating Account, the Reserve Account, the Pre-funding Account, the Liquidity Facility Account, the Construction Loan Account and the Construction Loan Reserve Account as well as any other account of the Issuer contemplated by the Transaction Documents;

**"Transaction Accounts Balances"** means, at any day, the balances standing to the credit of each of the Transaction Accounts at the close of business of such day;

**"Transaction Documents"** means the Mortgage Receivables Purchase and Transfer Agreement, each Assignment Agreement, each Originator Assignment of Mortgages, each Issuer Assignment of Mortgages, the English Deed of Assignment, the Sub-Servicing Agreement, the Delinquent Loan Servicing Agreement, the Master Definitions Agreement, the Issuer Services Agreement, the Ancillary Services Letter, the Notes Purchase Agreements, the Notes, the Paying Agency Agreement, the Issuer Trust Agreement, the Hedging Agreements, the GIC, the Liquidity Facility Agreement, the Management Agreements, the Account Pledge Agreement, the Intercreditor Agreement and any further documents relating to the transaction envisaged in the above mentioned documents;

**"Transaction Security Trustee Claim"** means a separate claim granted by the Issuer to the Security Trustee entitling the Security Trustee to demand from the Issuer:

- (a) that any present or future, actual or contingent obligation of the Issuer in relation to any Noteholder under any Note be fulfilled; and



- (b) that any present or future, actual or contingent obligation of the Issuer in relation to any Secured Creditor under any other Transaction Document to which the Issuer is a party be fulfilled;

**"Treaty"** means the Double Tax Treaty between the Netherlands and Germany; and

**"VAT"** means value added tax.

## ANNEX B – EXPECTED AMORTISATION SCHEDULE

### EXPECTED AMORTISATION PROFILE OF THE NOTES BASED ON ASSUMPTIONS

This profile takes into account the purchase of New Mortgage Receivables during the Pre-funding Period with the following characteristics:

The numerical information set out below has been calculated using the pool data from the Cut-Off Date and under the assumptions listed in the section "*Summary – The Notes – Average Life*" of this Prospectus (excluding the assumption listed under paragraph (b) thereon). The Mortgage Loans have been grouped by repayment type and remaining term. For the purposes of repayment type all Interest-only, Savings and Life Mortgage Loans have been grouped as Interest-only Mortgage Loans. The weighted average had then been calculated for interest rate and remaining term. The New Mortgage Receivables have been assumed to have the same characteristics as the initial pool and will have been purchased by the Issuer on the Closing Date.

Repayment Type	Loan Parts	Current Balance €	WA Rate %	WA Remaining Term	WA Months to Reset
Interest Only	126	18,037,200	5.00%	178	116
Interest Only	33	4,674,500	5.15%	279	121
Interest Only	53	8,966,063	4.80%	337	112
Interest Only	497	52,409,947	5.68%	381	116
Interest Only	913	130,508,332	4.88%	426	111
Annuity	43	5,936,864	5.01%	196	115
Annuity	164	22,384,973	5.41%	283	116
Annuity	71	11,672,930	4.90%	322	116
Annuity	685	57,802,015	5.82%	388	118
Annuity	2101	237,691,651	4.89%	429	113

**PERCENTAGE OF THE ORIGINAL PRINCIPAL AMOUNT OUTSTANDING OF THE A1 NOTES AT THE  
SPECIFIED CPRS**

	<b>Class A1</b>						
	<b>0%</b>	<b>4%</b>	<b>6%</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>	<b>14%</b>
November 2006	100.00	100.00	100.00	100.00	100.00	100.00	100.00
November 2007	96.56	78.16	68.95	59.75	50.55	41.34	32.14
November 2008	92.94	57.15	39.80	22.82	6.20	0.00	0.00
November 2009	89.13	36.95	12.44	0.00	0.00	0.00	0.00
November 2010	85.13	17.53	0.00	0.00	0.00	0.00	0.00
November 2011	80.91	0.00	0.00	0.00	0.00	0.00	0.00
November 2012	76.47	0.00	0.00	0.00	0.00	0.00	0.00
November 2013	71.81	0.00	0.00	0.00	0.00	0.00	0.00
November 2014	66.89	0.00	0.00	0.00	0.00	0.00	0.00
November 2015	61.72	0.00	0.00	0.00	0.00	0.00	0.00
November 2016	56.28	0.00	0.00	0.00	0.00	0.00	0.00
November 2017	50.56	0.00	0.00	0.00	0.00	0.00	0.00
November 2018	44.54	0.00	0.00	0.00	0.00	0.00	0.00
November 2019	38.20	0.00	0.00	0.00	0.00	0.00	0.00
November 2020	31.52	0.00	0.00	0.00	0.00	0.00	0.00
November 2021	9.30	0.00	0.00	0.00	0.00	0.00	0.00
November 2022	1.91	0.00	0.00	0.00	0.00	0.00	0.00
November 2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2024	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2025	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2026	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2027	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2028	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2029	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2030	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2031	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2032	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2033	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2034	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2035	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2036	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2037	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2038	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2039	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2040	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2041	0.00	0.00	0.00	0.00	0.00	0.00	0.00
November 2042	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Weighted Average Life (years)	10.20	2.50	1.79	1.40	1.15	0.98	0.85
Payment Window (start)	Feb 07	Feb 07	Feb 07	Feb 07	Feb 07	Feb 07	Feb 07
Payment Window (end)	May 23	Nov 11	May 10	Aug 09	Feb 09	Nov 08	Aug 08
<b>(Redeemed on the First Put Date)</b>							
Weighted Average Life (years)	6.09	2.50	1.79	1.40	1.15	0.98	0.85
Payment Window (start)	Feb 07	Feb 07	Feb 07	Feb 07	Feb 07	Feb 07	Feb 07
Payment Window (end)	Nov 13	Nov 11	May10	Aug 09	Feb 09	Nov 08	Aug 08













# **REGISTERED OFFICES**

## **ISSUER**

E-MAC DE 2006-II B.V.  
Frederik Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

## **SELLER**

GMAC-RFC Investments B.V.  
Prinses Margrietplantsoen 92  
2595 BR The Hague  
The Netherlands

## **MPT PROVIDER**

GMAC-RFC Investments B.V.  
Prinses Margrietplantsoen 92  
2595 BR The Hague  
The Netherlands

## **ISSUER ADMINISTRATOR**

GMAC-RFC Investments B.V.  
Prinses Margrietplantsoen 92  
2595 BR The Hague  
The Netherlands

## **SECURITY TRUSTEE**

Stichting Security Trustee E-MAC DE 2006-II  
Frederik Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

## **LEGAL AND TAX ADVISERS TO THE ORIGINATOR AND THE SELLER**

*as to German law*  
White & Case LLP  
Bockenheimer Landstraße 20  
60323 Frankfurt am Main  
Germany

## **LEGAL AND TAX ADVISERS TO THE SELLER AND THE ISSUER**

*as to Dutch law*  
Allen & Overy LLP  
Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

## **PRINCIPAL PAYING AGENT AND REFERENCE AGENT**

Deutsche Bank AG,  
London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

## **LISTING AGENT**

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2 Boulevard Conrad Adenauer  
L-1115 Luxembourg  
Luxembourg