

OFFERING CIRCULAR dated 19 October 2004

STORM 2004-II B.V.

(incorporated with limited liability in the Netherlands)

€1,234,500,000 Senior Class A Mortgage-Backed Notes 2004 due 2046, issue price 100 per cent.

€32,000,000 Mezzanine Class B Mortgage-Backed Notes 2004 due 2046, issue price 100 per cent.

€26,000,000 Mezzanine Class C Mortgage-Backed Notes 2004 due 2046, issue price 100 per cent.

€14,000,000 Junior Class D Mortgage-Backed Notes 2004 due 2046, issue price 100 per cent.

€13,000,000 Subordinated Class E Notes 2004 due 2046, issue price 100 per cent.

Obvion N.V. as Seller and Servicer

Application has been made to list the € 1,234,500,000 Senior Class A Mortgage-Backed Notes 2004 due 2046 (the "**Senior Class A Notes**"), the € 32,000,000 Mezzanine Class B Mortgage-Backed Notes 2004 due 2046 (the "**Mezzanine Class B Notes**"), the € 26,000,000 Mezzanine Class C Mortgage-Backed Notes 2004 due 2046 (the "**Mezzanine Class C Notes**"), the € 14,000,000 Junior Class D Mortgage-Backed Notes 2004 due 2046 (the "**Junior Class D Notes**") and the € 13,000,000 Subordinated Class E Notes 2004 due 2046 (the "**Subordinated Class E Notes**") and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**") on the Official Segment of the stock market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). The Notes are expected to be issued on 21 October 2004. This Offering Circular constitutes a prospectus for the purposes of the listing and issuing rules of Euronext Amsterdam.

The Notes will carry floating rates of interest, payable quarterly in arrear on each Quarterly Payment Date (as defined herein). The rate of interest will be equal to three-months Euribor (as defined in the terms and conditions of the Notes, the "**Conditions**") plus a margin per annum which will be 0.15 per cent. for the Senior Class A Notes, 0.24 per cent. for the Mezzanine Class B Notes, 0.35 per cent. for the Mezzanine Class C Notes, 0.65 per cent. for the Junior Class D Notes and 1.00 per cent. for the Subordinated Class E Notes. If on the First Optional Redemption Date (as defined below) the Notes of any Class have not been redeemed in full, the margin for the Notes (other than for the Subordinated Class E Notes) will increase and the interest applicable to such Notes will then be equal to three-months Euribor plus a margin per annum which will be for the Senior Class A Notes 0.80 per cent., for the Mezzanine Class B Notes 1.10 per cent., for the Mezzanine Class C Notes 1.50 per cent., and for the Junior Class D Notes 2.00 per cent. For the Subordinated Class E Notes such margin will remain at 1.00 per cent.

Payments of principal on the Senior Class A Notes and the Subordinated Class E Notes will be made quarterly in arrear on each Quarterly Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions. Payments of principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes will be made on the Quarterly Payment Date falling in October 2011 and each Quarterly Payment Date thereafter in the circumstances set out in, and subject to and in accordance with, the Conditions. The Notes will mature on the Quarterly Payment Date falling in October 2046. On the Quarterly Payment Date falling in October 2011 and each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") the Issuer will have the option to redeem all of the Notes (other than the Subordinated Class E Notes), in whole but not in part, at their Principal Amount Outstanding, subject to and in accordance with the Conditions.

It is a condition precedent to issuance that, on issue, the Senior Class A Notes be assigned an 'Aaa' rating by Moody's Investors Service Limited ("Moody's") and an 'AAA' rating by Standard & Poor's Rating Services ("S&P"), the Mezzanine Class B Notes be assigned an Aa2 rating by Moody's and an AA rating by S&P, the Mezzanine Class C Notes be assigned an A1 rating by Moody's and an A rating by S&P, the Junior Class D Notes be assigned an A3 rating by Moody's and a BBB rating by S&P, and the Subordinated Class E Notes be assigned a Baa3 rating by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Notes, see section *Special Considerations* herein.

The holders of the Notes (the "**Noteholders**") and the other Security Beneficiaries (as defined in *Description of Security*) will benefit from the security provided to the Security Trustee in the form of a pledge over the Mortgage Receivables and the Beneficiary Rights (both as defined herein) and a pledge over substantially all of the assets of the Issuer in the manner more fully described herein under *Description of Security*. The right to payment of interest and principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will be subordinated to the Senior Class A Notes and limited as more fully described herein under *Terms and Conditions of the Notes*.

The Notes of each class will be initially represented by a temporary global note in bearer form (each a "**Temporary Global Note**"), without coupons, which will be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), on or about the issue date of the Notes. Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the relevant class (each a "**Permanent Global Note**"), without coupons attached (the expression "**Global Notes**" means the Temporary Global Note of each class and the Permanent Global Note of each class and the expression "**Global Note**" means each Temporary Global Note or each Permanent Global Note, as the context may require), not earlier than forty (40) days after the Closing Date (as defined herein) upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for Definitive Notes in bearer form as described in the Conditions.

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, acting in whatever capacity, including, without limitation, the Seller, the persons named herein as Managers, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Swap Guarantor, the Paying Agents, the Savings Mortgage Participant or the Reference Agent (each as defined herein), except for certain limited obligations of the Security Trustee under the Trust Deed (as defined herein) to - *inter alia* - the Noteholders. Furthermore, none of the Seller, the Managers, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Swap Guarantor, the Paying Agents, the Savings Mortgage Participant, the Reference Agent or any other person, acting in whatever capacity, other than the Security Trustee in respect of limited obligations under the Trust Deed, will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Managers, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Swap Guarantor, the Paying Agents, the Savings Mortgage Participant, the Reference Agent and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

Arranger
Rabobank International

Joint Lead Managers
Rabobank International

NIBCcapital

Société Générale

Only the Issuer is responsible for the information contained in this Offering Circular other than the information referred to in the following two 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 the Seller and the Arranger are responsible, contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

The Seller is responsible solely for the information contained in the following sections of this Offering Circular: *Overview of the Dutch Residential Mortgage Market, Obvion N.V., Stichting Pensioenfond ABP, Description of Portfolio Mortgage Loans, Mortgage Loan Underwriting and Servicing and Annex 1* hereto. The Seller is not responsible for information contained in any other section than the sections mentioned above, and consequently does not assume any liability in respect of the information contained in any other section than the sections mentioned above.

The Arranger is responsible solely for the information contained in section *Rabobank* of this Offering Circular and not for information contained in any other section, and consequently, the Arranger does not assume any liability in respect of the information contained in any other section.

This Offering Circular is to be read in conjunction with the articles of association of the Issuer which are deemed to be incorporated herein by reference (see section *General Information* below). This Offering Circular shall be read and construed on the basis that such document is incorporated in, and forms part of, this Offering Circular.

No person has been authorised to give any information or to make any representation which is not contained in or consistent with this Offering Circular 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.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this document (or any part thereof) 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 Offering Circular is set out in *Subscription and Sale* below. 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 Offering Circular in accordance with applicable laws and regulations.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular 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 any of the Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular 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 Offering Circular.

The Managers and the Seller expressly do not undertake to review the financial condition 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 any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to United States persons (see *Subscription and Sale* below).

In connection with the issue of the Notes, Rabobank International, or any other appointed person acting for Rabobank International, may over-allot or effect transactions that stabilise or maintain the market price of the Notes at a level that might not otherwise prevail. However, there is no obligation on Rabobank International to undertake these actions. Such stabilisation may be discontinued at any time but will, in accordance with the rules of Euronext Amsterdam, in any event be discontinued thirty (30) days after the issue date of the Notes.

Any stabilisation activity on the stock market of Euronext Amsterdam shall be conducted in compliance with all applicable laws and regulations including those of Euronext Amsterdam and Article 32 of the Further Conduct of Business Regulation (*Nadere Regeling gedragstoezicht effectenverkeer 2002*), as amended.

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

CONTENTS

SUMMARY	5
SPECIAL CONSIDERATIONS	21
CREDIT STRUCTURE	39
OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET	53
OBVION N.V.	56
RABOBANK	59
STICHTING PENSIOENFONDS ABP	60
DESCRIPTION OF PORTFOLIO MORTGAGE LOANS	62
MORTGAGE LOAN UNDERWRITING AND SERVICING	70
MORTGAGE RECEIVABLES PURCHASE AGREEMENT	79
SERVICING AGREEMENT AND ISSUER ADMINISTRATION AGREEMENT	88
SUB-PARTICIPATION AGREEMENT	89
STORM 2004-II B.V.	92
USE OF PROCEEDS	94
DESCRIPTION OF SECURITY	95
THE SECURITY TRUSTEE	98
TERMS AND CONDITIONS OF THE NOTES	99
THE GLOBAL NOTES	120
DUTCH TAXATION	122
SUBSCRIPTION AND SALE	124
GENERAL INFORMATION	130
ANNEX I: AMORTISATION PROFILE OF THE A NOTES UNDER DIFFERENT CPR	132
REGISTERED OFFICES	133

SUMMARY

The following is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Offering Circular.

PARTIES:

Issuer: STORM 2004-II B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for Amsterdam under number 34213971 (the "**Issuer**"). The entire issued share capital of the Issuer is held by Stichting STORM 2004-II Holding.

Seller: Obvion N.V., incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*), having its corporate seat in Eindhoven, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for Zuid-Limburg under number 14054633 (the "**Seller**").

Issuer

Administrator: ATC Financial Services B.V (the "**Issuer Administrator**").

Servicer: Obvion N.V. (the "**Servicer**").

Security

Trustee: Stichting Security Trustee STORM 2004-II, established under the laws of the Netherlands as a foundation (*stichting*), having its seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for Amsterdam under number 34213970 (the "**Security Trustee**").

Stichting

STORM 2004-II

Holding: Stichting STORM 2004-II Holding, established under the laws of the Netherlands as a foundation (*stichting*), having its seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for Amsterdam under number 34212915.

Directors: ATC Management B.V., being the sole director of each of the Issuer and Stichting STORM 2004-II Holding and Amsterdamsch Trustee's Kantoor B.V., being the sole director of the Security Trustee (the "**Directors**"). The Directors belong to the same group of companies.

Swap

Counterparty: Obvion N.V. (the "**Swap Counterparty**").

Swap

Guarantor: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., trading as Rabobank International ("**Rabobank International**"), London Branch (the "**Swap Guarantor**").

Floating Rate

GIC Provider: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank**") (the "**Floating Rate GIC Provider**").

Commingling

Guarantor: Rabobank (the "**Commingling Guarantor**").

Construction

Deposits Guarantor: Rabobank (the "**Construction Deposits Guarantor**").

Liquidity Facility

Provider: Rabobank (the "**Liquidity Facility Provider**").

Principal Paying

Agent: Deutsche Bank AG, London (the "**Principal Paying Agent**").

Paying Agent:

Deutsche Bank AG, Amsterdam (the "**Paying Agent**" and together with the Principal Paying Agent, the "**Paying Agents**").

Reference

Agent: Deutsche Bank AG, London (the "**Reference Agent**").

Managers:

NIBCcapital Bank N.V., Rabobank International and Société Générale, London Branch (the "**Managers**").

Clearing Institutions: Euroclear and Clearstream, Luxembourg (the "**Clearing Institutions**").

Listing

Agent: Rabobank International, Utrecht Branch (the "**Listing Agent**").

Rating Agencies:

Moody's Investors Service Limited and Standard & Poor's Rating Services (the "**Rating Agencies**").

Savings Mortgage

Participant: Levensverzekering Maatschappij Stad Rotterdam N.V. ("**Stad Rotterdam**" or the "**Savings Mortgage Participant**").

NOTES:

Notes: The € 1,234,500,000 Senior Class A Mortgage-Backed Notes 2004 due 2046 (the "**Senior Class A Notes**"), the € 32,000,000 Mezzanine Class B Mortgage-Backed Notes 2004 due 2046 (the "**Mezzanine Class B Notes**"), the € 26,000,000 Mezzanine Class C Mortgage-Backed Notes 2004 due 2046 (the "**Mezzanine Class C Notes**"), the € 14,000,000 Junior Class D Mortgage-Backed Notes 2004 due 2046 (the "**Junior Class D Notes**") and the € 13,000,000 Subordinated Class E Notes 2004 due 2046 (the "**Subordinated Class E Notes**" and, together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**") will be issued by the Issuer on 21 October 2004 (or such later date as may be agreed between the Issuer and the Managers) (the "**Closing Date**").

Issue Price: The issue price of each Class of Notes will be 100 per cent.

Denomination: The Notes will be issued in denominations of € 500,000.

Status and

Ranking: The Notes of each Class (as defined in the Conditions) rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (as defined below): (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes. See further *Terms and Conditions of the Notes* below.

Interest: Interest on the Notes will accrue from (and including) the Closing Date by reference to successive interest periods (each a "**Quarterly Interest Period**") and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 21st day of January, April, July and October of each year or, if such day is not a Business Day (as defined below), 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 21st day is the relevant Business Day (each such day being a "**Quarterly Payment Date**"). A "**Business Day**" means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time

Gross Settlement Express Transfer System ("**TARGET System**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date.

Interest on the Notes for the first Quarterly Interest Period and successive Quarterly Interest Periods up to (but excluding) the Quarterly Payment Date falling in October 2011 (the "**First Optional Redemption Date**") will accrue from the Closing Date at an annual rate equal to the Euro Interbank Offered Rate ("**Euribor**") for three-months deposits in euro (determined in accordance with Condition 4) plus a margin per annum which will be 0.15 per cent. for the Senior Class A Notes, 0.24 per cent. for the Mezzanine Class B Notes, 0.35 per cent. for the Mezzanine Class C Notes, 0.65 per cent. for the Junior Class D Notes and 1.00 per cent. for the Subordinated Class E Notes.

Interest Step up: If on the First Optional Redemption Date the Notes of any Class have not been redeemed in full, the margin for each Class of Notes (other than for the Subordinated Class E Notes) will increase and the interest applicable to each Class of Notes will then be equal to Euribor for three-months deposits in euro, payable by reference to Quarterly Interest Periods on each Quarterly Payment Date, plus a margin per annum which is 0.80 per cent. for the Senior Class A Notes, 1.10 per cent. for the Mezzanine Class B Notes, 1.50 per cent. for the Mezzanine Class C Notes and 2.00 per cent. for the Junior Class D Notes. For the Subordinated Class E Notes such margin will remain at 1.00 per cent.

Final Maturity

Date: Unless previously redeemed as provided below, the Issuer will redeem any remaining Notes outstanding on the Quarterly Payment Date falling in October 2046 at their respective Principal Amount Outstanding on such date, subject to and in accordance with the Conditions.

**Payment of
Principal on
the Notes:**

Prior to the earlier of the First Optional Redemption Date and the delivery of an Enforcement Notice (as defined below), the Issuer shall on each Quarterly Payment Date apply the Notes Principal Available Amounts (as defined in Condition 6), subject to the possible application thereof up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date for payment of the purchase price for the Further Advance Receivables and/or Replacement Receivables (as defined below), and subject to and in accordance with the Conditions and the applicable priority of payments, towards redemption, at their respective Principal Amount Outstanding, of the Senior Class A Notes. If the Senior Class A Notes are redeemed in full before the First Optional Redemption Date, subject to and in accordance with the Conditions and the applicable priority of payments, the

Notes Principal Available Amounts will be deposited into the Transaction Account (as defined below) and will not be used for redemption of any other Class of Notes until the First Optional Redemption Date. As from the First Optional Redemption Date, the Notes Principal Available Amounts will be applied towards redemption, at their respective Principal Amount Outstanding, of (i) *firstly*, the Senior Class A Notes, until fully redeemed, (ii) *secondly*, the Mezzanine Class B Notes, until fully redeemed, (iii) *thirdly*, the Mezzanine Class C Notes, until fully redeemed, and (iv) *fourthly*, the Junior Class D Notes, until fully redeemed.

Payment of principal on the Subordinated Class E Notes will be made subject to and in accordance with the Conditions and the applicable priority of payments, on each Quarterly Payment Date to the extent Notes Interest Available Amounts are available in accordance with the Interest Priority of Payments as set forth in the Trust Deed (as defined below).

**Optional
Redemption
of the Notes:**

The Issuer will have the option to redeem, subject to Condition 9(b), all (but not only part of) the Notes (other than the Subordinated Class E Notes) on the First Optional Redemption Date and on each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") at their Principal Amount Outstanding (as defined in Condition 6) plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes.

**Redemption
following
clean-up call:**

In addition, on each Quarterly Payment Date following the exercise by the Seller of its Seller Clean-up Call Option (as defined below), the Issuer shall redeem, subject to Condition 9(b), all (but not only part of) the Notes (other than the Subordinated Class E Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes.

**Redemption
for tax
reasons:**

In the event of certain tax changes affecting any Class 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 any Class of Notes the Issuer (whilst not under any obligation to pay additional amounts in respect of any withholding or deduction) may (but is not obliged to) redeem all of the Notes, in whole but not in part, at their Principal Amount Outstanding together with accrued but unpaid interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, including, without limitation, 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.

**Method of
Payment:**

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro to a common 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 unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to such Noteholders.

Use of proceeds:

The Issuer will apply the net proceeds from the issue of the Notes (other than the Subordinated Class E Notes) towards payment of the Initial Purchase Price for the Mortgage Receivables (both as described below) purchased by the Issuer on the Closing Date pursuant to the provisions of an agreement (the "**Mortgage Receivables Purchase Agreement**") to be entered into on 19 October 2004 (the "**Signing Date**") and made between the Seller, the Issuer and the Security Trustee. See further *Mortgage Receivables Purchase Agreement* below.

The proceeds from the issue of the Subordinated Class E Notes will be used to fund the Reserve Account (as defined below).

SECURITY

**Security for
the Notes:**

The Noteholders will benefit from the security created by the Seller and the Issuer in favour of the Security Trustee pursuant to the trust deed entered into on the Signing Date between the Issuer and the Security Trustee (the "**Trust Deed**") and the Pledge Agreements (as defined in the Conditions) (together with the Trust Deed, the "**Security Documents**").

Under the Trust Deed, the Issuer will undertake to pay to the Security Trustee, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the Managers as initial Noteholders, the Directors, the Servicer, the Issuer Administrator, the Paying Agents, the Reference Agent, the Savings Mortgage Participant, the Liquidity Facility Provider, the Swap Counterparty, the Swap Guarantor, the Noteholders and the Seller (the "**Security Beneficiaries**") pursuant to the relevant Transaction Documents, provided that every payment in respect of

such Transaction Documents for the account of or made to the Security Beneficiaries directly shall operate in satisfaction pro tanto of the corresponding covenant in favour of the Security Trustee (such a payment undertaking and the obligations and liabilities resulting from it being referred to as the "**Parallel Debt**").

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking pledge granted by the Seller to the Security Trustee over the Mortgage Receivables, including all rights ancillary thereto in respect of the Portfolio Mortgage Loans and the Beneficiary Rights (as defined below), and (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Sub-Participation Agreement, the Beneficiary Waiver Agreement, and in respect of the GIC Accounts (as defined below).

The amounts payable by the Security Trustee to the Security Beneficiaries under the Trust Deed will be limited to the net amounts available for such purpose to the Security Trustee which, for the greater part, will consist of amounts recovered by the Security Trustee from the Mortgage Receivables. Payments to the Security Beneficiaries will be made in accordance with the Post-Enforcement Priority of Payments (as defined in *Credit Structure* below). See for a more detailed description *Description of Security* below.

MORTGAGE RECEIVABLES

Mortgage

Receivables:

Under the Mortgage Receivables Purchase Agreement, the Issuer will, on the Closing Date, purchase and accept the assignment of any and all rights (the "**Mortgage Receivables**", which will include any Further Advance Receivables, any Replacement Receivables and, for the avoidance of doubt, including any parts thereof corresponding with amounts placed on Construction Deposits (all as defined below)) of the Seller against certain borrowers (the "**Borrowers**") under or in connection with certain mortgage loans (which may consist of one or more loan parts (*leningdelen*)) originated by the Seller and secured by a right of mortgage (*hypothekrecht*) (each such right of mortgage a "**Mortgage**" and each such loan a "**Mortgage Loan**"). The Mortgage Receivables relating to Life Mortgage Loans, Investment Mortgage Loans and Savings Mortgage Loans (each as defined below) will hereinafter be referred to as the "**Life Mortgage Receivables**", "**Investment Mortgage Receivables**" and "**Savings Mortgage Receivables**" respectively.

Further Advances:

A portion of the Mortgage Receivables is secured by Mortgages that will also secure any further advances to be granted by the Seller to the relevant Borrower whereby further advances include: (i) further advances made under a

Mortgage Loan which will be secured by the same Mortgage as the loan previously disbursed under such Mortgage Loan (*verhoogde inschrijving*), (ii) further advances made under a Mortgage Loan which will be secured by a second or sequentially lower ranking Mortgage as the loan previously disbursed under such Mortgage Loan (*verhoging*) and (iii) withdrawals of monies which were previously repaid to redeem the Mortgage Loan (*heropname*) ((i), (ii) and (iii) hereinafter collectively defined a "**Further Advance**"). The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, if, subject to the terms and conditions of the relevant Mortgage Loan (the "**Mortgage Conditions**") the Seller has agreed with a Borrower to grant a Further Advance, the Issuer will purchase and accept assignment of the mortgage receivables resulting from the granting of such Further Advance on the next succeeding Quarterly Payment Date (the "**Further Advance Receivables**") provided, however, that the Further Advance Criteria are met (as described under *Mortgage Receivables Purchase Agreement* below) and the Issuer has sufficient funds available for payment of the purchase price.

When a Further Advance is granted to the relevant Borrower and the Issuer purchases and accepts assignment of the relevant Further Advance Receivable, the Seller will at the same time create a first right of pledge and a second right of pledge on such Further Advance Receivable in favour of the Security Trustee and the Issuer, respectively.

The Issuer will, subject to and in accordance with the Conditions and subject to the applicable priority of payments, apply the Notes Principal Available Amounts or part thereof towards payment of the purchase price for the Further Advance Receivables (as described in *Mortgage Receivables Purchase Agreement* below).

If, *inter alia*, (i) the Further Advance Receivables do not meet the Further Advance Criteria or (ii) the Issuer does not have sufficient funds available for payment of the purchase price for the Further Advance Receivables, the Seller shall repurchase and accept the re-assignment of the Mortgage Receivables resulting from the Portfolio Mortgage Loan (as defined below) in respect of which a Further Advance is granted.

Replacement

Receivables:

If any of the representations and warranties relating to the Portfolio Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, the Seller shall, if such matter is not capable of being remedied or is not remedied in accordance with the terms of the Mortgage Receivables Purchase Agreement, at the Seller's expense, repurchase and accept assignment of the Mortgage Receivable for a price equal to the outstanding principal amount of the relevant Mortgage Receivable together with interest accrued up to but

excluding the date of repurchase and re-assignment (each such amount (exclusive of the interest amount and any costs) a "**Replacement Available Amount**"). Up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer will on the Quarterly Payment Date immediately following the date of repurchase apply such Replacement Available Amount to purchase and accept assignment from the Seller any additional mortgage receivables ("**Replacement Receivables**") subject to the fulfilment of certain conditions and to the extent offered by the Seller. Such conditions include, *inter alia*, the requirement that any Replacement Receivables should meet the Mortgage Loan Criteria (as defined below) set forth in the Mortgage Receivables Purchase Agreement, that the Mortgage Loans to which such Replacement Receivables relate are fully disbursed (i.e. do not qualify as construction mortgages (*bouwhypothecken*), see *Construction Deposits* below) and that the purchase of such Replacement Receivables does not adversely affect the then current rating of the Notes by the Rating Agencies (see *Mortgage Receivables Purchase Agreement*). When the Issuer purchases and accepts assignment of the relevant Replacement Receivable, the Seller will at the same time create a first right of pledge and a second right of pledge on such Replacement Receivable in favour of the Security Trustee and the Issuer, respectively.

**Repurchase of
Mortgage
Receivables:**

In the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable:

- (i) within fourteen (14) days immediately following the expiration of the relevant remedy period (if any), if any of the representations and warranties given by the Seller in respect of a Portfolio Mortgage Loan and/or a Mortgage Receivable, including the representation and warranty that the Portfolio Mortgage Loan or, as the case may be, the Mortgage Receivable meets certain mortgage loan criteria, are untrue or incorrect;
- (ii) on the Quarterly Payment Date immediately following the date on which the Seller agrees with a Borrower to grant a Further Advance under the relevant Portfolio Mortgage Loan if and to the extent that the Further Advance Receivables do not meet the Further Advance Criteria; and
- (iii) within fourteen (14) days immediately following the date on which the Seller agrees with a Borrower to amend the terms of the Portfolio Mortgage Loan and as a result thereof such Portfolio Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Portfolio Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Portfolio Mortgage Loan due to a

deterioration of the credit quality of the Borrower of such Portfolio Mortgage Loan the Seller shall not repurchase the relevant Mortgage Receivable.

In addition, the Seller may (without the obligation to do so) repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on any Quarterly Payment Date on which the principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the principal amount of the Mortgage Receivables on the Closing Date (the "**Seller Clean-up Call Option**").

Portfolio Mortgage

Loans:

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will relate to Mortgage Loans secured by a first-ranking Mortgage or, in case of Mortgage Loans (for the avoidance of doubt including any Further Advance, as the case may be) secured on the same Mortgaged Asset, first and sequentially lower ranking Mortgages over (i) real estate (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*), or (iii) a long lease (*recht van erfpacht*) (collectively, the "**Mortgaged Assets**") situated in the Netherlands and entered into by the Seller and the Borrowers which meet the criteria for such Mortgage Loans set forth in the Mortgage Receivables Purchase Agreement (the "**Portfolio Mortgage Loans**"). The Portfolio Mortgage Loans, in whole or in part, will consist of (i) Linear Mortgage Loans (*lineaire hypotheken*), (ii) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*), (iii) Annuity Mortgage Loans (*annuïteitenhypotheken*), (iv) Life Mortgage Loans (*levenhypotheken*), (v) Investment Mortgage Loans (*beleggingshypotheken*) or (vi) Savings Mortgage Loans (*spaarhypotheken*) (all as defined below). See further *Description of Portfolio Mortgage Loans* below.

Each Portfolio Mortgage Loan shall have the benefit of a risk insurance policy (i.e. an insurance policy which pays out upon the death of the insured) (a "**Risk Insurance Policy**") taken out by the Borrower with an insurance company established in the Netherlands (each insurance company so selected and the Savings Mortgage Participant an "**Insurance Company**" and collectively the "**Insurance Companies**") in the event and to the extent the relevant Portfolio Mortgage Loan exceeds 100 per cent. of the foreclosure value (*executiewaarde*). In the case of Portfolio Mortgage Loans consisting of more than one loan part including a Life Mortgage Loan or Savings Mortgage Loan such Risk Insurance Policy will be included in the relevant Life Insurance Policy or Savings Insurance Policy (both as defined below).

Linear Mortgage

Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of linear mortgage loans (hereinafter "**Linear Mortgage Loans**"). Under a Linear Mortgage Loan the Borrower pays a fixed amount of principal each month

towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

Interest-only

Mortgage Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of interest-only mortgage loans (hereinafter "**Interest-only Mortgage Loans**"). Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

Annuity Mortgage

Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of annuity mortgage loans (hereinafter "**Annuity Mortgage Loans**"). Under an Annuity Mortgage Loan, the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that the Annuity Mortgage Loan will be fully redeemed at maturity.

Life Mortgage

Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of life mortgage loans (hereinafter "**Life Mortgage Loans**"), i.e. mortgage loans which have the benefit of insurance policies combining a risk insurance and a capital insurance (i.e. insurance policies that pay out upon the death of the insured, as well as on an agreed date) taken out by a Borrower with an Insurance Company in connection with a Life Mortgage Loan ("**Life Insurance Policies**"). Under a Life Mortgage Loan, no principal is paid until maturity but instead the Borrower pays a premium to the relevant Insurance Company on a monthly basis. The premiums paid by such Borrower are invested by the relevant Insurance Company in certain investment funds. It is the intention that a Life Mortgage Loan will be fully repaid by means of the proceeds of the relevant Life Insurance Policy. See for more detail *Special Considerations* and *Description of Portfolio Mortgage Loans*.

Investment

Mortgage

Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of investment mortgage loans (hereinafter "**Investment Mortgage Loans**"), i.e. mortgage loans under which the Borrower does not pay principal prior to the maturity of the mortgage loan, but instead undertakes to invest, on an instalment basis or up front, defined amounts in certain investment funds. The amounts invested take the form of participations in the investment funds selected by the Borrower and are credited to an investment account in the name of the relevant Borrower (the "**Investment Account**"). It is the intention that a Investment Mortgage Loan will be fully repaid with the proceeds of the

investments held in the relevant Investment Account. See for more detail *Special Considerations and Description of Portfolio Mortgage Loans*.

**Savings
Mortgage
Loans:**

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of savings mortgage loans (hereinafter "**Savings Mortgage Loans**") which consist of mortgage loans entered into by the Seller and the relevant Borrowers combined with a savings insurance policy (a "**Savings Insurance Policy**"). A Savings Insurance Policy consists of a combined risk and capital insurance policy taken out by a Borrower with Stad Rotterdam in connection with the relevant Savings Mortgage Loan. Under a Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity of the loan. Instead, the Borrower pays a premium on a monthly basis, which consists of a risk element and a savings element (the "**Savings Premium**"). The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Insurance Company to the relevant Borrower will be equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan. See for more detail *Special Considerations and Description of the Portfolio Mortgage Loans*.

Stad Rotterdam will, as Savings Mortgage Participant, agree to use the amount of the Savings Premiums (and the interest accrued thereon) to acquire a Savings Participation (as defined in *Sub-Participation Agreement* below) in the relevant Savings Mortgage Receivable.

**Sub
Participation
Agreement:**

The Issuer will enter into a sub-participation agreement with the Savings Mortgage Participant (the "**Sub-Participation Agreement**") under which the Savings Mortgage Participant will acquire participations in the relevant Savings Mortgage Receivables (see further *Savings Mortgage Loans* under *Special Considerations* below). In the Sub-Participation Agreement the Savings Mortgage Participant will undertake to pay to the Issuer all amounts scheduled to be received as Savings Premiums on the Savings Insurance Policies. In return, the Savings Mortgage Participant is entitled to receive the Savings Participation Redemption Available Amount (as defined in *Sub-Participation Agreement* below) from the Issuer. The amount of the Savings Participation with respect to a Savings Mortgage Receivable consists of the initial participation at the Closing Date (which is equal to the sum of all amounts scheduled to be received up to such date by the Insurance Company as Savings Premiums and accrued interest, being, in case of the initial participation at 31 August 2004, the amount of € 2,765,178), which will be increased on a monthly basis with the sum of (i) the Savings Premiums scheduled to be received by the Savings Mortgage Participant and paid to the Issuer and (ii) a pro rata part, corresponding to the Savings Participation in the

relevant Savings Mortgage Receivable, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable. See further *Sub-Participation Agreement* below.

Construction

Deposits:

Pursuant to the Mortgage Conditions, in respect of certain Portfolio Mortgage Loans, the Borrower has the right to request that part of the Portfolio Mortgage Loan will be applied towards construction of, or improvements to, the relevant Mortgaged Asset. In that case the Borrower has placed part of the monies drawn down under the Portfolio Mortgage Loan on deposit with the Seller, and the Seller has committed to pay out such deposits to or on behalf of the Borrower in order to enable the Borrower to pay for such construction of, or improvements to, the relevant Mortgaged Asset, provided certain conditions are met (such mortgages are called construction mortgages (*bouwhypotheken*)). The aggregate amount of the deposits placed with the Seller in connection with these construction mortgages (the "**Construction Deposits**") as per the Closing Date is € 1,587,342.

If following the occurrence of an Assignment Notification Event (as defined in *Mortgage Receivables Purchase Agreement* below) a Borrower invokes a right of set-off of the amount due under the Portfolio Mortgage Loan with the outstanding amount payable to it under or in connection with the Construction Deposit, the Issuer shall be entitled to invoke the Construction Deposits Guarantee (as defined below) in which case Rabobank in its capacity as construction deposits guarantor (the "**Construction Deposits Guarantor**") shall promptly pay to the Issuer an amount equal to the outstanding payment obligations of the Seller to the Borrower with respect to the relevant Construction Deposits (if any) in relation to which the Borrower has claimed such right of set-off.

Sale of

Mortgage

Receivables:

On any Optional Redemption Date the Issuer has the right to sell and assign all (but not only part of) the Mortgage Receivables to any party. The purchase price of the Mortgage Receivables shall be at least equal to the outstanding principal amount, together with interest accrued due but unpaid, of each Mortgage Receivable, except that, with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil law notary to start foreclosure proceedings, the purchase price shall be the lesser of (i) an amount equal to the foreclosure value of the Mortgaged Asset or, if no valuation report less than twelve (12) months old is available, the Indexed Foreclosure Value, or (ii) the sum of the outstanding principal amount together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, towards redemption of the Notes, other than the

Subordinated Class E Notes. For these purposes "**Indexed Foreclosure Value**" means the foreclosure value of the relevant Mortgaged Asset as determined upon origination of the relevant Portfolio Mortgage Loan multiplied by the transaction price (*transactieprijs*) for such Mortgaged Asset as published by the Dutch Association of Real Estate Brokers and Immovable Property Experts (*Nederlands Vereniging van Makelaars en vastgoeddeskundigen* (NVM)) as at the date on which the purchase price is determined divided by the transaction price for such Mortgaged Asset which was applicable at the date of determination of the above mentioned foreclosure value.

Servicing

Agreement:

Under a servicing agreement to be entered into on the Signing Date between the Issuer, the Servicer and the Security Trustee (the "**Servicing Agreement**"), the Servicer will agree to provide administration and management services in relation to the Portfolio Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Portfolio Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further *Mortgage Loan Underwriting and Servicing and Servicing Agreement and Issuer Administration Agreement* below).

Issuer

Administration

Agreement:

Under an administration agreement to be entered into on the Signing Date between the Issuer, the Issuer Administrator and the Security Trustee (the "**Issuer Administration Agreement**"), the Issuer Administrator will agree to provide certain management, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions (see further *Servicing Agreement and Issuer Administration Agreement* below).

Management

Agreements:

The Issuer, Stichting STORM 2004-II Holding and the Security Trustee will each enter into a management agreement (together the "**Management Agreements**") with the relevant Director in which the relevant Director will undertake to act as a director of the Issuer, Stichting STORM 2004-II Holding and the Security Trustee, respectively, and to perform certain services in connection therewith.

CASH FLOW STRUCTURE:

Transaction

Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Transaction Account**") to which, *inter alia*, all amounts of interest,

prepayment penalties and principal received under the Mortgage Receivables will be transferred by the Servicer in accordance with the Servicing Agreement.

Reserve

Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Reserve Account**") to which the proceeds of the Subordinated Class E Notes will be credited on the Closing Date. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (n) of the Interest Priority of Payments (as defined in *Credit Structure* below) in the event of a shortfall of the Notes Interest Available Amounts (as defined in *Credit Structure* below) on any Quarterly Payment Date. If and to the extent that the Notes Interest Available Amounts calculated on any Notes Calculation Date (as defined below) exceed the amounts required to meet items (a) up to and including (n) of the Interest Priority of Payments, such excess amount will be used to deposit on the Reserve Account or, as the case may be, to replenish the Reserve Account by crediting such amount to the Reserve Account up to the required level (the "**Reserve Account Target Level**") on the immediately succeeding Quarterly Payment Date. The Reserve Account Target Level will on any Notes Calculation Date be equal to 1.15 per cent. of the aggregate Principal Amount Outstanding of the Notes (excluding the Subordinated Class E Notes) as at the Closing Date.

Liquidity Facility

Agreement:

On the Signing Date, the Issuer will enter into a 364-day term liquidity facility agreement with the Liquidity Facility Provider (the "**Liquidity Facility Agreement**") under which the Issuer will be entitled to make drawings if there are insufficient funds available to the Issuer as a result of a shortfall in the Notes Interest Available Amounts. See under *Credit Structure* below.

Liquidity Facility

Account:

The Issuer shall maintain with the Liquidity Facility Provider an account (the "**Liquidity Facility Account**") through which, *inter alia*, all drawings to be made under the Liquidity Facility (as defined below) will be administered. Each such drawing made under the Liquidity Facility Agreement (other than a Liquidity Facility Stand-by Drawing (as defined below)) shall subsequently be deposited into the Transaction Account.

Liquidity Facility

Stand-by Drawing

Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Liquidity Facility Stand-by Drawing Account**") into which any Liquidity Facility Stand-by Drawing (as defined below) to be made under the Liquidity Facility Agreement (as defined below) will be deposited.

Floating Rate

GIC:

The Issuer, the Floating Rate GIC Provider and the Security Trustee will enter into a guaranteed investment contract (the "**Floating Rate GIC**"), whereunder

the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to three-months Euribor on the balance standing from time to time to the credit of the Transaction Account, the Reserve Account, and the Liquidity Facility Stand-by Drawing Account (such accounts being collectively referred to as the "**GIC Accounts**").

Swap

Agreement:

On the Signing Date, the Issuer, the Security Trustee, the Swap Counterparty and the Swap Guarantor will enter into a swap agreement (the "**Swap Agreement**") to hedge the risk between the rate of interest to be received by the Issuer on the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes. See further under *Credit Structure* below. The Swap Agreement further provides that if the Swap Counterparty fails to make, when due, any payment to the Issuer under the Swap Agreement or is declared bankrupt (*failliet*), the Swap Agreement shall be novated to the Swap Guarantor.

OTHER:

Listing:

Application has been made to list the Notes on Euronext Amsterdam. Listing is expected to take place on or about 21 October 2004.

Rating:

It is a condition precedent to issuance that, on issue, (i) the Senior Class A Notes be assigned an 'Aaa' rating by Moody's and an 'AAA' rating by S&P, (ii) the Mezzanine Class B Notes be assigned an Aa2 rating by Moody's and an AA rating by S&P, (iii) the Mezzanine Class C Notes be assigned an A1 rating by Moody's and an A rating by S&P, (iv) the Junior Class D Notes be assigned an A3 rating by Moody's and a BBB rating by S&P, and (v) the Subordinated Class E Notes will be assigned a Baa3 rating by Moody's.

Governing

Law:

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

SPECIAL CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. It is not intended to be exhaustive, and prospective Noteholders should read the detailed information set out elsewhere in this document.

Liabilities under the Notes and limited recourse

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, acting in whatever capacity, including, without limitation, the Seller, the Servicer, the Issuer Administrator, the Managers, the Savings Mortgage Participant, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Swap Guarantor, the Paying Agents, the Reference Agent or, except for certain limited obligations under the Trust Deed as more fully described in *Description of Security*, the Security Trustee. Furthermore, none of the Seller, the Servicer, the Issuer Administrator, the Managers, the Savings Mortgage Participant, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Swap Guarantor, the Paying Agents, the Reference Agent or any other person, acting in whatever capacity, other than the Security Trustee in respect of limited obligations under the Trust Deed, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

The obligations of the Issuer under the Notes are limited recourse obligations and the ability of the Issuer to meet its obligations to pay the principal of and interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, payments under the Swap Agreement and interest in respect of the balances standing to the credit of the GIC Accounts and the availability of the Reserve Account, the Excess Spread Margin (as defined below) and the Liquidity Facility (as defined below). See further under *Credit Structure* below.

Payment of principal and interest on the Notes will be secured indirectly by the security granted by the Seller and the Issuer to the Security Trustee pursuant to the Security Documents. If the security granted pursuant to the Security Documents is enforced and the proceeds of such enforcement, after payment of all other claims ranking in priority to amounts due under the Notes, are insufficient to repay in full all principal and interest and other amounts due in respect of the Notes, then, as the Issuer has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. Enforcement of the security by the Security Trustee pursuant to the terms of the Trust Deed, the Pledge Agreements and the Notes is the only remedy available to Noteholders for the purpose of recovering amounts owed in respect of the Notes.

Risks inherent to the Notes

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by the Conditions. The Issuer and the Paying Agents will not have any responsibility for the proper performance by the Clearing Institutions or their participants of their obligations under their respective rules, operating procedures and calculation methods.

(i) *Credit Risk*

There is a risk of non-payment of principal and interest on the Notes due to non-payment of

principal and interest on the Mortgage Receivables. This risk is mitigated by:

- in the case of the Senior Class A Notes, the subordinated ranking of the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes;
- in the case of the Senior Class A Notes and the Mezzanine Class B Notes, the subordinated ranking of the Mezzanine Class C Notes and the Junior Class D Notes;
- in the case of the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, the subordinated ranking of the Junior Class D Notes;
- the Reserve Account; and
- the Excess Spread Margin.

The proceeds of the Subordinated Class E Notes will be credited to the Reserve Account. Principal on the Subordinated Class E Notes will be paid out of the Excess Spread Margin in accordance with the Interest Priority of Payments.

(ii) *Liquidity Risk*

There is a risk that interest on the underlying Mortgage Receivables is not received on time thus causing temporary liquidity problems to the Issuer. This risk is mitigated by (i) the Excess Spread Margin, (ii) the Reserve Account and (iii) in certain circumstances, the Liquidity Facility provided by the Liquidity Facility Provider.

(iii) *Prepayment Risk*

There is a risk that the level of prepayments by the Borrowers can vary and therefore result in an average life of the Notes (and in particular of the Senior Class A Notes and the Subordinated Class E Notes) which is shorter or longer than anticipated. The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that any estimates and assumptions will prove in any way to be realistic. Nevertheless, subject to the Conditions, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes shall not be redeemed before the First Optional Redemption Date, unless an Enforcement Notice (as defined below) is delivered to the Issuer prior to such date.

(iv) *Maturity Risk*

There is a risk that the Issuer will not have received sufficient principal to fully redeem the Notes at maturity. The Final Maturity Date for the Notes is the Quarterly Payment Date falling in October 2046. The Issuer has the right to sell and assign all (but not only part of) the Mortgage Receivables to any party on any Optional Redemption Date, against a purchase price which, after payment of all items ranking higher in priority, is sufficient to redeem all (but not only part of) the Notes at their respective Principal Amount Outstanding together with accrued interest thereon, subject to Condition 9(b). The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes (other than the Subordinated Class E Notes) in accordance with Condition 6. If the Issuer does not exercise this option on the First Optional Redemption Date, the interest rate for the Notes will be a floating rate based on three-months Euribor plus the margin set out above under *Interest Step-up*. No guarantee can be given that the Issuer will exercise its option or that there will be a third party purchaser and therefore that the Notes will be redeemed on such First Optional Redemption Date. In this respect it is further of note that pursuant to the new Solvency Regulation on Securitisation

(*Solvabiliteitsregels securitisatie*) of the Dutch Central Bank (the "**Regulation**"), which came into force on 1 April 2004, an originator shall, for the purposes of calculation of its risk-weighted assets, have to set the effective maturity of a securitisation at the first possible date on which an option held by the special purpose entity to end the securitisation can be exercised, if such securitisation also includes incentives that would make it attractive for the originator to exercise such option. Accordingly, for the transaction described in this Offering Circular such effective maturity shall have to be set at the First Optional Redemption Date. Pursuant to the Regulation an originator is required to build up capital as from the date which is five years prior to effective maturity of the securitisation. However, an originator has the option to set the effective maturity at the legal maturity date of the securitisation (i.e. the Final Maturity Date). In that case, the originator is not allowed to repurchase the securitised assets (i.e. the Mortgage Receivables). Although the Seller does not qualify as an originator within the meaning of the Regulation and therefore is not bound by the provisions of the Regulation itself, the Seller will need to comply with these provisions if its financial data are being included in the consolidated annual accounts of a credit institution as defined in the Regulation, as is currently the case. At this moment the Seller has not yet decided whether it wishes to set the effective maturity of the securitisation at the Final Maturity Date instead of at the First Optional Redemption Date. Consequently, it may be possible that the Seller is not allowed to repurchase the Mortgage Receivables at the First Optional Redemption Date or on any Optional Redemption Date thereafter.

(v) *Interest Rate Risk*

There is a risk that, due to interest rate movements, the interest received on the Mortgage Receivables and the GIC Accounts is not sufficient to pay the floating interest on the Notes. This risk is mitigated by the Swap Agreement.

(vi) *Structural/Legal Risk*

As to the structural/legal risks relating to the Notes reference is made to, *inter alia*, *Transfer of Legal Title to Mortgage Receivables*, *Set-off*, *Bank Mortgages*, *Insurance Policies* and *Reduced Value of Investments* below.

Pass-Through Structure

Interest

Up to but excluding the First Optional Redemption Date, the Notes will bear a floating rate of interest based on three-months Euribor plus a margin. From the First Optional Redemption Date, all the Notes will continue to bear a floating rate of interest based on three-months Euribor but the margin for each Class of Notes (other than the Subordinated Class E Notes) will increase. The interest (including the step-up margin) will be paid, *inter alia*, from the amounts received by the Issuer from the Swap Counterparty under the Swap Agreement.

Principal

As from the Closing Date until the Quarterly Payment Date falling in October 2011, all amounts received by the Issuer as repayments or prepayments of principal on the Mortgage Receivables, payments made by the Savings Mortgage Participant for the Savings Participations, and all proceeds from a possible sale of Mortgage Receivables will, subject to certain conditions and up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, first be applied towards payment of the purchase price for Further Advance Receivables and the Replacement

Receivables, if any (see below under *Mortgage Receivables Purchase Agreement*), and thereafter, subject to and in accordance with the Conditions and the applicable priority of payments, towards redemption of the Senior Class A Notes. If the Senior Class A Notes are redeemed in full before the First Optional Redemption Date, the Notes Principal Available Amounts will be deposited into the Transaction Account and will not be used for redemption of the Notes until the First Optional Redemption Date. As from the First Optional Redemption Date, the Notes Principal Available Amounts will be applied towards redemption, at their respective Principal Amount Outstanding, of (i) *firstly*, the Senior Class A Notes, until fully redeemed, (ii) *secondly*, the Mezzanine Class B Notes, until fully redeemed, (iii) *thirdly*, the Mezzanine Class C Notes, until fully redeemed, and (iv) *fourthly*, the Junior Class D Notes, until fully redeemed.

Rating of the Notes

The ratings to be assigned to the Notes by the Rating Agencies are based on the value and cash flow-generating ability of the Mortgage Receivables and other relevant structural features of the transaction, including, *inter alia*, the short-term and long-term unsecured and unsubordinated debt rating of the other parties involved in the transaction, such as the providers and guarantors of ancillary facilities (i.e. Floating Rate GIC Provider, Swap Guarantor and Liquidity Facility Provider) and reflect only the views of the Rating Agencies.

It is a condition precedent to issuance that, upon issue (i) the Senior Class A Notes be assigned a rating of 'Aaa' by Moody's and 'AAA' by S&P, (ii) the Mezzanine Class B Notes be assigned a rating of Aa2 by Moody's and AA by S&P, (iii) the Mezzanine Class C Notes be assigned a rating of A1 by Moody's and A by S&P, (iv) the Junior Class D Notes be assigned a rating of A3 by Moody's and BBB by S&P, and (v) the Subordinated Class E Notes be assigned a rating of Baa3 by Moody's.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the Rating Agencies' judgement, circumstances so warrant. Any rating agency other than the Rating Agencies could seek to rate the Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by the Rating Agencies, such unsolicited ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt, any references to "ratings" or "rating" in this Offering Circular are to ratings assigned by the Rating Agencies only. Future events also, including events affecting the Swap Guarantor and/or circumstances relating to the Mortgage Receivables and/or the Dutch residential mortgage market, in general could have an adverse effect on the rating of the Notes.

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.

Value of the Notes and Liquidity

Prior to this offering, there has been no public secondary market for the Notes and there can be no assurance that the issue price of the Notes will correspond to the price at which the Notes will be traded after the initial offering of the Notes. Furthermore, there can be no assurance that active trading in the Notes will commence or continue after the offering. A lack of trading in the Notes could adversely affect the price of the Notes, as well as the Noteholders' ability to sell the Notes.

Loan to Foreclosure Value Ratio

The Portfolio Mortgage Loans have a loan to foreclosure value ratio ("**LTFV**") of up to and including 125 per cent. Generally, in the Dutch mortgage market the foreclosure value (*executiewaarde*) is approximately 90 per cent. of the market value (*vrije verkoopwaarde*) of the relevant mortgaged property. There can be no assurance that, on enforcement, all amounts owed by a Borrower under a Portfolio Mortgage Loan can be recovered from the proceeds of the foreclosure on the Mortgaged Asset or that the proceeds upon foreclosure will be at least equal to the estimated foreclosure value of such Mortgaged Asset (see *Description of Portfolio Mortgage Loans*).

Trust Deed

The Noteholders will benefit from the security granted in favour of the Security Trustee pursuant to the Security Documents. Under the terms of the Trust Deed, the Issuer will undertake to pay to the Security Trustee, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by the Issuer to the Security Beneficiaries (including, but not limited to, the Noteholders) in accordance with the terms and conditions of the relevant Transaction Documents (as defined in the Conditions) (such payment undertaking and the obligations and liabilities resulting from it being referred to as the "**Parallel Debt**"). The Parallel Debt represents an independent claim of the Security Trustee to receive payment thereof from the Issuer. The aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Issuer's obligations to the Security Beneficiaries pursuant to the Transaction Documents, and every payment in respect of such Transaction Documents for the account of or made to the Security Beneficiaries directly in respect of such undertaking shall operate in satisfaction pro tanto of the corresponding covenant in favour of the Security Trustee. The Parallel Debt is secured by the Pledge Agreements. Upon the occurrence of an event of default under the Notes, the Security Trustee may give notice to the Issuer that the amounts outstanding under the Notes (and under the Parallel Debt) are immediately due and payable and that it will enforce the Pledge Agreements. The Security Trustee will apply the amounts recovered upon enforcement of the Pledge Agreements in accordance with the provisions of the Trust Deed. The amounts payable to the Noteholders and other Security Beneficiaries under the Trust Deed will be limited to the amounts available for such purpose to the Security Trustee. Payments under the Trust Deed will be made in accordance with the Post-Enforcement Priority of Payments as set forth in the Trust Deed.

It is generally assumed that under Dutch law a right of pledge cannot be validly created in favour of a person who is not the creditor of the claim that the right of pledge purports to secure. The Parallel Debt is included in the Trust Deed to address this issue. It is noted that there is no statutory law or case law available on the validity or enforceability of a parallel covenant such as the Parallel Debt or the security provided for such debts. However, the Issuer has been advised that there are no reasons why a parallel covenant such as the Parallel Debt will not create a claim of the pledgee (the Security Trustee) thereunder which can be validly secured by a right of pledge such as the rights of pledge created pursuant to the Pledge Agreements.

Transfer of Legal Title to Mortgage Receivables

The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the Seller to the Issuer will not be notified to the Borrowers unless certain events occur. For a description of these notification events reference is made to the *Mortgage Receivables Purchase Agreement* below. Until 1 October 2004, under Dutch law a transfer of title by way of assignment of a

receivable was only effective if the assignment had been notified to the relevant Borrower. However, on 1 October 2004 new legislation came into force, pursuant to which an assignment can also be effected by means of a notarial or registered deed of assignment, without notification of the assignment to the relevant debtors being required. Notification to the debtors, however, will still be required to avoid that such debtors may validly discharge their obligations (*bevrijdend betalen*) by making a payment to the relevant assignor. This means that as from 1 October 2004, the Seller can also assign the Mortgage Receivables, and transfer legal ownership, to the Issuer by the mere registration of the deed of assignment and will not be restricted to completing the assignment by notification on the occurrence of an Assignment Notification Event (as defined below). However, the partial termination structure set out under *Bank Mortgages* below is only effective if the partial termination is perfected prior to the assignment being completed, whether by means of notification or registration. Consequently, registration of the deed of assignment prior to the occurrence of any of the Assignment Notification Events may not be an option. For this reason, in addition to certain tax-related concerns, the Mortgage Receivables Purchase Agreement provides that, the Issuer may only register the deed of assignment (i) upon the occurrence of an Assignment Notification Event (as set out below) or (ii) with the prior written approval of the Seller, which approval will not be unreasonably withheld, and of the Security Trustee, subject to the confirmation of the Rating Agencies that it will not adversely effect the then current ratings assigned to the Notes.

Prior to a notification of the assignment to a Borrower (or registration of the deed of assignment), legal title to the Mortgage Receivables will remain with the Seller. Notification of the assignment to a Borrower (or registration of the deed) after the Seller has been declared bankrupt or has been granted a suspension of payments will not be effective and, consequently, in such event the legal ownership to the Mortgage Receivables will not pass to the Issuer.

In order to mitigate this adverse effect on the Issuer and its ability to comply with its obligations under the relevant Transaction Documents in the situation where notification of the assignment of the Mortgage Receivables (or registration of the deed of assignment) can no longer be effectively made due to bankruptcy or suspension of payments involving the Seller, the Seller will grant a first-ranking undisclosed right of pledge (*stil pandrecht eerste in rang*) (i.e. without notification being required) under Dutch law to the Security Trustee and a second-ranking undisclosed right of pledge (*stil pandrecht tweede in rang*) to the Issuer over the relevant Mortgage Receivables, and the Issuer will grant a first-ranking disclosed right of pledge (*openbaar pandrecht eerste in rang*) to the Security Trustee over the rights deriving from, *inter alia*, the Mortgage Receivables Purchase Agreement, as more fully described in *Description of Security* below. Notification of the undisclosed rights of pledge in favour of the Security Trustee and the Issuer can be validly made after bankruptcy or the granting of a suspension of payments in respect of the Seller. Under Dutch law the Issuer and the Security Trustee can, in the event of bankruptcy or suspension of payments of the Seller, exercise the rights afforded by law to pledgees as if there were no bankruptcy or suspension of payments. However, bankruptcy or suspension of payments involving the Seller would affect the position of the Security Trustee and the Issuer as pledgees in some respects, the most important of which are: (i) payments made by Borrowers prior to notification but after bankruptcy or suspension of payments involving the Seller, will be part of the bankrupt estate of the Seller, although the relevant pledgee has the right to receive such amounts as a preferential creditor after deduction of certain bankruptcy-related costs, (ii) a mandatory freezing-period of up to two (2) months may apply in the case of bankruptcy or suspension of payments involving the Seller, which, if applicable, would delay the exercise of the right of pledge on

the Mortgage Receivables and (iii) the relevant pledgee may be obliged to enforce its right of pledge within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in the case of bankruptcy of the Seller.

Construction Deposits

Pursuant to the Mortgage Conditions, in respect of certain Portfolio Mortgage Loans, the Borrower has the right to request that part of the Portfolio Mortgage Loan will be applied towards construction of, or improvements to, the Mortgaged Asset. In that case the Borrower has placed part of the monies drawn down under the Portfolio Mortgage Loan on deposit with the Seller, and the Seller has committed to pay out such deposits to or on behalf of the Borrower in order to enable the Borrower to pay for such construction of, or improvements to, the relevant Mortgaged Asset, provided certain conditions are met (such mortgage are called construction mortgages (*bouwhypotheken*)). The applicable Mortgage Conditions provide in that case that, unless agreed otherwise between the Seller and the relevant Borrower, a Construction Deposit has to be paid out within twenty-four (24) months after the signing of the relevant Portfolio Mortgage Loan. After such 24-month period (or, as the case may be, agreed period), the remaining Construction Deposit will either (i) be paid out by the Seller to or on behalf of the relevant Borrower, or (ii) be set-off against the relevant Mortgage Receivable up to the amount of the relevant Construction Deposit. In the latter case the Seller will pay the amount of the relevant Construction Deposit to the Issuer to form part of the Notes Principal Available Amount.

Under the Mortgage Receivables Purchase Agreement, the Seller will sell to the Issuer the full amount of the Mortgage Receivables, which therefore includes the amounts represented by the Construction Deposits. A Borrower will be entitled to set-off the amounts represented by the relevant Construction Deposits against the amounts due by it to the Seller under the relevant Portfolio Mortgage Loan (see further *Set-off* below).

Upon the occurrence of an Assignment Notification Event (as defined in *Mortgage Receivables Purchase Agreement* below), the Servicer will notify the Issuer of the outstanding Construction Deposits (if any) and provide to the Issuer details of the Borrowers to which such Construction Deposits relate. Furthermore, if following the occurrence of an Assignment Notification Event, a Borrower invokes a right of set-off of the amount due under the Portfolio Mortgage Loan with the outstanding amount payable to it under or in connection with the Construction Deposit, the Issuer shall be entitled to invoke the Construction Deposits Guarantee (as defined below) in which case the Construction Deposits Guarantor shall promptly pay to the Issuer an amount equal to the outstanding payment obligations of the Seller to a Borrower with respect to the relevant Construction Deposit (if any) in relation to which such Borrower has claimed a right of set-off.

Furthermore, under Dutch law the distinction between 'existing' receivables and 'future' receivables is relevant in connection with Construction Deposits. If receivables are to be regarded as future receivables, an assignment and/or pledge thereof will not be effective to the extent the receivable comes into existence after or on the date on which the assignor or, as the case may be, the pledgor has been declared bankrupt or has had a suspension of payments granted to it or has been subject to emergency regulations. If, however, receivables are to be considered as existing receivables, the assignment and pledge thereof are not affected by the bankruptcy or suspension of payments of the assignor/pledgor.

Whether such part of a Mortgage Receivable as relates to a Construction Deposit should be considered as an existing or future receivable is difficult to establish on the basis of the applicable terms and conditions of the relevant Portfolio Mortgage Loans and has not been addressed conclusively in case law or legal literature. If the full Mortgage Receivable is considered to be drawn down under the Portfolio Mortgage Loan when the Construction Deposit is created, the part of the Mortgage Receivable relating to the Construction Deposit will be deemed to be existing as from the creation of the Construction Deposit. However, it is also conceivable that such part of the Portfolio Mortgage Loan concerned is considered drawn down only when and to the extent the Construction Deposit is paid out to or on behalf of the Borrower in which case such part of the Mortgage Receivable is deemed to be a future receivable until the Construction Deposit is paid out.

If the part of the Mortgage Receivable relating to the Construction Deposit is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Deposit is paid out on or after the date on which the Seller is declared bankrupt or granted a suspension of payments. In that case, the part of the Mortgage Receivable that is not subject to the assignment or pledge will no longer be available to the Issuer.

Set-off

Under Dutch law each Borrower will, subject to the legal requirements for set-off being met, be entitled to set off amounts due by the Seller to it (if any) against amounts it owes in respect of the Mortgage Receivables. After assignment and/or pledge of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, the Borrower will also have set-off rights against the Issuer, provided that the legal requirements for set-off are met, and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable or (ii) the counterclaim of the Borrower has been originated and become due prior to the assignment and/or pledge of the Mortgage Receivables and notification thereof to the relevant Borrower. The Construction Deposits meet these requirements.

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

Provided certain conditions are met under the relevant Portfolio Mortgage Loans, the Borrower has the right to require the Seller to pay out the Construction Deposit to or on behalf of such Borrower. Under Dutch law a creditor is entitled to dissolve (*ontbinden*) an agreement and/or demand payment of damages if its debtor defaults in the performance of its obligations under such agreement. A possible bankruptcy involving the Seller in itself would not be grounds for the Borrower to dissolve the agreements under which the Portfolio Mortgage Loans arise unless the parties have agreed otherwise. Should the Seller in that case make the Construction Deposits available to the Borrower in the manner agreed between the Seller and the Borrower, the Borrower will in turn have to perform its obligations to the Seller under the Mortgage Receivables (including in respect of the amounts placed on the Construction Deposit). Upon a bankruptcy or suspension of payments involving the Seller, the Borrower is entitled to require the Seller's bankruptcy trustee to confirm within a reasonable term

whether it will perform the Seller's obligations under the relevant Portfolio Mortgage Loan, i.e. making available to the Borrower the Construction Deposit. The Borrower can request that the Seller's bankruptcy trustee provides in these circumstances security for the performance of its obligations. If the Seller's bankruptcy trustee fails to provide such confirmation or such security the Seller's bankruptcy trustee (and possibly also the Issuer and/or the Security Trustee) will lose its/their right to demand performance by the Borrower of his obligations to the extent relating to the relevant Construction Deposit. The Borrower, however, will not be released from his payment obligations in respect of the amounts that it has received under the relevant Portfolio Mortgage Loan from the Seller by payment out of the Construction Deposit.

In addition, if the Seller would for any reason fail to fulfil its obligations relating to the Construction Deposits, the Borrower could invoke rights of set-off or other defences vis-à-vis the Issuer, which would reduce the proceeds of the Mortgage Receivables. In such event, provided an Assignment Notification Event has occurred, the Issuer is entitled under the terms of the Construction Deposits Guarantee to invoke the Construction Deposits Guarantee (as defined below) for payment by the Construction Deposits Guarantor to it at first written request of an amount equal to the outstanding payment obligations of the Seller to the Borrower with respect to the relevant Construction Deposits (if any).

The Seller will also have the right to set-off any amounts owing to a Borrower against a Mortgage Receivable in respect of such Borrower. The Mortgage Receivables Purchase Agreement will provide that, prior to notification of the assignment and/or pledges, the Seller will pay to the Issuer any amounts not received by the Issuer as a result of such right of set-off being invoked by the Seller. After notification of the assignment and/or pledges to the Borrowers, the Seller will no longer have any set-off right against the relevant Borrowers.

For specific set-off issues relating to Life Mortgage Loans and Savings Mortgage Loans reference is made to *Insurance Policies* below.

Payments in relation to Construction Deposits

The sale of the Mortgage Receivables to the Issuer includes such parts of the Mortgage Receivables as correspond to the amounts placed in deposit as Construction Deposits. In the event of any set-off defences of the Borrower with respect to repayment of the Mortgage Receivables based on the statement that such Borrower did not receive payment of the Construction Deposit, following an Assignment Notification Event, the Issuer has the right to invoke the construction deposits guarantee (the "**Construction Deposits Guarantee**") provided by the Construction Deposits Guarantor and demand payment from the Construction Deposits Guarantor at first written request of amounts up to the amounts of the Construction Deposits. All amounts received by the Issuer under the Construction Deposits Guarantee following such demand will become part of the Notes Principal Available Amounts.

Bank Mortgages

The Mortgage Receivables sold to the Issuer will be secured by mortgage rights which not only secure the initial loan granted to the Borrower, but also other liabilities and monies that the Borrower, now or in the future, may owe to the Seller (the so-called *bankhypotheek*, hereinafter referred to as "**Bank Mortgages**"). Under Dutch law it is uncertain whether, in the event of assignment or pledge of a receivable secured by a Bank Mortgage, the mortgage will follow such receivable. It has been argued by a number of Dutch legal commentators that a Bank Mortgage will only follow the receivable which it

secures if the relationship between the bank and a borrower has been terminated in such a manner that following the transfer, the bank cannot create or obtain new receivables against the borrower. Other Dutch legal commentators have, particularly in recent literature, defended the view that Bank Mortgages (partially) follow the receivable to the extent that it has been assigned, in particular where the mortgage deed indicates that the parties intended this to happen.

In the Mortgage Receivables Purchase Agreement the Seller represents and warrants that, upon creation of the mortgage rights securing the Mortgage Receivables, the conditions applicable to the Portfolio Mortgage Loans (the "**Mortgage Conditions**") contained a provision to the effect that, upon assignment or pledge of the relevant receivable, in whole or in part, the mortgage right will pro rata follow such receivable as an ancillary right. This provision is a clear indication of the intentions of the parties in respect of assignment of the receivable. In the determination of whether a Bank Mortgage follows the receivable to which it is connected, the wording of the Mortgage Conditions in the relevant mortgage deed is an all important factor. The inclusion of this provision in the Mortgage Conditions therefore provides strong support for the view that, in this case, the mortgage right will follow the Mortgage Receivable on a pro rata basis upon assignment or pledge as an ancillary right, albeit that there is no conclusive case law which supports this view.

Although there are strong arguments for defending the view that the mortgage right will follow the Mortgage Receivables, the Seller, consistent with previous transactions, has undertaken in the Mortgage Receivables Purchase Agreement to partially terminate (*opzeggen*) the relevant mortgage rights securing the Mortgage Receivables to the extent that such mortgage rights secure other debts than the relevant Mortgage Receivables (which, for the avoidance of doubt, includes, upon purchase and acceptance by the Issuer, Further Advance Receivables) granted by the Seller to the relevant Borrowers by giving notice of such partial termination to the relevant Borrowers prior to or at the same time as the Borrowers are notified of the assignment or the deed of assignment is registered (see *Transfer of Legal Title to Mortgage Receivables* above). As a consequence of such partial termination, the mortgage right would only secure the Mortgage Receivable (including, for the avoidance of doubt, any Further Advance Receivables) assigned to the Issuer and would, in effect, cease to be a Bank Mortgage. Although there is no case law to directly support such view, the Issuer has been advised that there are no reasons why the mortgage right will not follow the Mortgage Receivable upon its assignment if the bank mortgage character is removed through partial termination prior to transfer of legal title to the Mortgage Receivables to the Issuer. If a Further Advance has been granted by the Seller, this would imply that the mortgage right would be co-held by the Issuer and the Seller if (i) the further advance receivable was not sold and assigned by the Seller to the Issuer and (ii) the Seller had not repurchased and accepted re-assignment of the Mortgage Receivables resulting from the Portfolio Mortgage Loan in respect of which a Further Advance had been granted pursuant to the Mortgage Receivables Purchase Agreement.

Effectiveness of partial termination of mortgage rights

The relevant statutory provisions only address termination in general, and legal commentators, although accepting the right of partial termination, do not specifically discuss partial termination of mortgage rights in the manner described above. It is therefore unclear whether such a partial termination complies with the relevant statutory requirements. Based upon a reasonable interpretation of the statutory provisions and the views expressed by legal commentators, there are strong reasons for arguing that the Seller can effectively terminate the mortgage rights as described above. If,

however, the Seller is granted a suspension of payments or is declared bankrupt after notice of partial termination is given and the courts were to come to the conclusion, notwithstanding the arguments against such an interpretation, that a Bank Mortgage cannot be converted by way of partial termination into a mortgage right which only secures the Mortgage Receivables or, following such conversion, does not follow the Mortgage Receivables upon their assignment, the Issuer would not have the benefit of the mortgage rights securing such Mortgage Receivables and would have to rely on the assistance of the Seller's administrator (in the case of suspension of payments) or bankruptcy trustee (in the case of bankruptcy) to foreclose such mortgage rights. It is not certain whether such assistance would be given by an administrator or bankruptcy trustee.

Under Dutch law a mortgage right can be terminated by the mortgage holder provided that upon creation of the mortgage right, the mortgage holder was granted such right by the mortgage deed. The Mortgage Conditions contained in the mortgage deeds relating to the Portfolio Mortgage Loans provide for a partial as well as a general termination right in respect of the Mortgages.

Benefit of pledges or mortgage rights

Should the Seller be declared bankrupt or be granted a suspension of payments, its undertaking to give a notice of partial termination would no longer be enforceable and a notice of partial termination received after such date by a Borrower would not be effective. In addition, in such a situation the legal transfer of the relevant Mortgage Receivables could no longer be effected, although the Issuer and the Security Trustee would remain pledgees of such Mortgage Receivables (see *Transfer of Legal Title to Mortgage Receivables* above). The fact that notice can no longer be given means that it is uncertain, depending on the specific facts and circumstances involved, (i) whether the Issuer and the Security Trustee as pledgees, would have the benefit of a mortgage right securing such Mortgage Receivables, and (ii) if subsequently a Borrower fails to comply with its obligations under the Portfolio Mortgage Loan, whether the Issuer or the Security Trustee (as the case may be) would be in a position to foreclose the Mortgage as pledgee of the Mortgage Receivables. If not, the assistance of the Seller's administrator (in the case of suspension of payments) or bankruptcy trustee (in the case of bankruptcy) would be required to effect a foreclosure which would, in whole or in part, be for the benefit of the pledgees. It is uncertain whether such assistance would be forthcoming.

Borrower Pledges

What is stated in the various paragraphs under *Bank Mortgages* above in respect of mortgage rights applies mutatis mutandis in respect of the rights of pledge (each such right a "**Borrower Pledge**") granted by the Borrower as security for its payment obligations towards the Seller where such right of pledge secures the same liabilities as the Bank Mortgages or, as the case may be, all amounts which the Borrower owes under the mortgage deed and any Further Advances to be granted to the Borrower, unless otherwise stipulated below.

Insurance Policies

The Portfolio Mortgage Loans which in whole or in part consist of a Life Mortgage Loan or a Savings Mortgage Loan have the benefit of a Life Insurance Policy and Savings Insurance Policy, respectively. The Portfolio Mortgage Loans which do not include such a Life Mortgage Loan or Savings Mortgage Loan will have the benefit of a separate Risk Insurance Policy in the event and to the extent the relevant Portfolio Mortgage Loan exceeds 100 per cent. of the foreclosure value (*executiewaarde*) (the

Life Insurance Policies, Savings Insurance Policies and Risk Insurance Policies being together referred to as the "**Insurance Policies**").

In this paragraph, certain legal issues relating to the effects of the assignment of the Mortgage Receivables on the Insurance Policies are set out. Investors should be aware that it is possible that (i) the Issuer will not benefit from the Insurance Policies and/or (ii) the Issuer may not be able to recover any amounts from the relevant Borrower if the relevant Insurance Company defaults in its obligations as further described in this paragraph. As a consequence thereof the Issuer may not have a claim for such amounts on the Borrower and may, therefore, not have the benefit of the mortgage right securing such claim. In such case the rights of the Security Trustee will be similarly affected.

Pledge

Many of the Portfolio Mortgage Loans have the benefit of an Insurance Policy. All rights of the Borrowers under the Insurance Policies have been pledged to the Seller. However, the Issuer has been advised that it is possible that the right to receive payment, including the commutation payment (*afkoopsom*), under the Insurance Policies will be regarded by a Dutch court as a future right. The pledge of a future right is, under Dutch law, not effective if the pledgor is declared bankrupt or granted a suspension of payments prior to the moment such right comes into existence. This means that it is uncertain whether such right of pledge will be effective. Even if the pledge over the rights under the Insurance Policies was effective, it would be uncertain whether such right of pledge would pass to the Issuer or, as the case may be, the Security Trustee upon the assignment or pledge of the Mortgage Receivables, where such pledge secures not only all amounts which the Borrower owes under the mortgage deed but also any Further Advances to be granted to the Borrower. The observations on partial termination made in Bank Mortgages above apply equally to a right of pledge in respect of Insurance Policies.

Appointment of Beneficiary

Furthermore, the Seller has been appointed as beneficiary under the Insurance Policies up to the amount owed by the Borrowers to the Seller at the moment when the insurance proceeds under the Insurance Policies become due and payable by the relevant Insurance Company (the "**Beneficiary Rights**"), except for cases where another beneficiary has been appointed who will rank ahead of the Seller. In such cases it is provided that the relevant Insurance Company is irrevocably authorised by such beneficiary to apply the insurance proceeds in satisfaction of the Mortgage Receivables. It is unlikely that the Beneficiary Rights will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. The Beneficiary Rights will be pledged to the Security Trustee and the Issuer (see under *Description of Security* below), but it is uncertain whether this pledge will be effective. In order to mitigate the uncertainty surrounding whether or not the Issuer becomes the beneficiary of the Insurance Policies and whether or not the pledge of the Beneficiary Rights is effective, the Issuer will enter into a beneficiary waiver agreement at the Signing Date (the "**Beneficiary Waiver Agreement**") with the Seller and each of Stad Rotterdam, REAAL Levensverzekeringen N.V., Schweizerische Lebensversicherungs- und Rentenanstalt, and AMEV Levensverzekering N.V. with whom collectively 31.97 per cent. of the Life Insurance Policies linked to a Life Mortgage Loan are concluded (whereas the Life Mortgage Loans linked to Life Insurance Policies from those providers comprise 5.56 per cent. of the aggregate pool of Portfolio Mortgage Loans). In the Beneficiary Waiver Agreement the Seller, subject to the condition precedent of the occurrence of an Assignment Notification Event, waives its rights as beneficiary under the Insurance Policies and

appoints as first beneficiary (i) the Issuer subject to the dissolving condition of the occurrence of a pledge notification event (a "**Pledge Notification Event**") as referred to in Clause 7 of the Mortgage Receivables Pledge Agreement I relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event referred to in the Mortgage Receivables Pledge Agreement I relating to the Issuer. It is, however, uncertain whether such waiver and appointment will be effective. In view of this, the Seller and each of Stad Rotterdam, REAAL Levensverzekeringen N.V., Schweizerische Lebensversicherungs- und Rentenanstalt, and AMEV Levensverzekering N.V. will undertake to use its best efforts following an Assignment Notification Event to obtain the co-operation of all relevant parties to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies. It is uncertain whether such co-operation will be forthcoming. In the event that an irrevocable authorisation to apply the insurance proceeds in satisfaction of the Mortgage Receivables as described above exists, the Seller and Stad Rotterdam, REAAL Levensverzekeringen N.V., Schweizerische Lebensversicherungs- und Rentenanstalt, and AMEV Levensverzekering N.V. will undertake in the Beneficiary Waiver Agreement, following an Assignment Notification Event, to use their best efforts to change the payment instruction in favour of (i) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event relating to the Issuer. If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies and the pledge and the waiver of the Beneficiary Rights are not effective, any proceeds under the Insurance Policies will be payable to the Seller or to another beneficiary, instead of the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller, it will be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller and the Seller does not pay the amount involved to the Issuer or the Security Trustee, as the case may be, e.g. in the case of bankruptcy of the Seller or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the Mortgage Receivable. This may lead to the Borrower invoking defences against the Issuer or the Security Trustee, as the case may be, for the amounts so received by the Seller as further discussed under *Set-off or defences* below.

Insolvency of the Insurance Companies

If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, e.g. in case it is declared bankrupt or subjected to emergency regulations, this could result in the amounts payable under the Insurance Policies not or only partly being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences as further discussed under *Set-off or defences* below.

Set-off or defences

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

In order to invoke a right of set-off the Borrowers will need to comply with the applicable legal requirements. One of these requirements is that the relevant Borrower should have a claim which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the Insurance Companies and the Borrowers on the one hand and the Portfolio Mortgage Loans are

contracts between the Seller and the Borrowers on the other hand. Therefore, in order to invoke a right of set-off the Borrowers would have to establish that the Seller and the Insurance Companies are to be regarded as one legal entity or that, based upon interpretation of case law, set-off is allowed, even if the Seller and the Insurance Companies are not considered as one legal entity, since the Portfolio Mortgage Loans and the Insurance Policies are to be regarded as one interrelated relationship.

Furthermore, the Borrowers should have a counterclaim. If one of the Insurance Companies is declared bankrupt or is subjected to emergency regulations, the Borrower will have the right to unilaterally terminate the Insurance Policy and to receive a commutation payment (*afkoopsom*). These rights are subject to the Borrower Pledge (see *Pledge* above) and therefore, if the Borrower Pledge is effective, it is unlikely that the relevant Borrower will be entitled to invoke a right of set-off for the commutation payment. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to rescind the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Pledge. If not, the Borrower Pledge would not obstruct a right of set-off with such claim by the Borrowers.

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

Life Mortgage Loans

Although the possibility cannot be disregarded that the courts will honour any set-off or other defences, as described above, made by the Borrowers, if in the case of bankruptcy or emergency regulations of the relevant Insurance Company the Borrowers are not able to recover their claims under their Life Insurance Policies, the Issuer has been advised in respect of Life Mortgage Loans that, in view of the factual circumstances involved, the risk that the courts will honour such set-off or other defences is remote (save in respect of Life Mortgage Loans where the Life Insurance Policies have been taken out with N.V. Interpolis BTL). This view is based on the fact that (i) the relevant Insurance Companies and the Seller are not the same entity; therefore, the legal requirement for set-off that both the debt and the claim are owed and due to the same entity is not met, (ii) such Insurance Companies do not form part of the same group of companies to which the Seller belongs, (iii) there are no marketing ties between the Seller and the Insurance Companies, (iv) the Life Mortgage Loan and the relevant Life Insurance Policy are not sold as one single package, i.e. the Borrowers do have a free choice as to the Insurance Company with which they will take out a Life Insurance Policy in relation to their mortgage loan to be entered into with the Seller, provided that any such insurance company selected is established in the Netherlands and (v) there is no connection, whether from a legal or commercial view, between the Life

Mortgage Loans and the relevant Life Insurance Policies other than the relevant Borrower Pledge and Beneficiary Rights. Save for the Life Insurance Policies which have been taken out with N.V. Interpolis BTL (the balance of Mortgage Loans (or parts thereof) linked to such policies which have been taken out with N.V. Interpolis BTL representing 0.10 per cent. of the aggregate balance of the Portfolio Mortgage Loans as of the Portfolio Cut-Off Date (as defined below)), all Life Insurance Policies are taken out with Insurance Companies which do not form part of the same group of companies as the Seller. 0.56 per cent. of all Life Mortgage Loans are backed by Life Insurance Policies concluded with N.V. Interpolis BTL.

Savings Mortgage Loans

In respect of Savings Mortgage Loans the Issuer has been advised that the risk that the invoking of a right of set-off or other defences, as described above, would be successful is substantially greater than in case of Life Mortgage Loans in view, *inter alia*, of the close connection between the Savings Mortgage Loan and the Savings Insurance Policy and the fact that the Savings Mortgage Loans and the relevant Savings Insurance Policies are sold as one single package. This risk is mitigated, however, by the fact that the Sub-Participation Agreement will provide that in case of set-off or defences by Borrowers, including but not limited to a right of set-off or defence based upon a default in the performance by the Savings Mortgage Participant (e.g. the relevant Insurance Company) of its obligations under the relevant Savings Insurance Policy, as a consequence of which the Issuer has not received any amount due and outstanding, the relevant Savings Participation of the Savings Mortgage Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Savings Participation is equal to the amount of Savings Premiums received by the Issuer plus the accrued yield on such amount (see under *Sub-Participation Agreement* below), provided that the Savings Mortgage Participant will have paid all amounts due under the Sub-Participation Agreement to the Issuer. Therefore, normally the Issuer would not suffer any loss if the Borrower was to invoke any such right of set-off or defence, if and to the extent that the amount for which the Borrower was to invoke set-off or defences did not exceed the amount of the Savings Participation.

Investment Mortgage Loans

Under the Investment Mortgage Loans the Borrowers do not repay principal prior to maturity of the Mortgage Loans. Instead the Borrowers undertake to invest agreed amounts in certain investment funds. See further under *Description of Portfolio Mortgage Loans*.

Investment Accounts

Under the Investment Mortgage Loans the investments in certain investment funds are effected by the Borrowers paying certain agreed amounts to an entity (usually a foundation (*stichting*) which qualifies as a so-called 'effectengiro' or 'beleggersgiro' (see below) (each a "**Foundation**")), which amounts are subsequently applied to acquire participations (*deelnemingsrechten*) in certain selected investment funds in accordance with the instructions of the relevant Borrowers. Each of the investment funds are managed by separate legal entities. The participations that are purchased are credited to the Investment Accounts of the relevant Borrowers. It is the intention that the Mortgage Receivables will be fully or partially repaid with the proceeds of the investments. In this structure the Borrowers have a claim on the relevant Foundation for the value of the investments. The purpose of each of the Foundations is to hold participations in investment funds for custody purposes and normally its obligations to holders of the Investment Accounts should be equal to the value of the corresponding

participations of the relevant Foundation in the investment funds. Provided that each of the Foundations is in full compliance with all applicable laws, in particular the Act on the Supervision of the Securities Trade 1995 (*Wet toezicht effectenverkeer 1995*) and the Further Conduct of Business Regulation (*Nadere Regeling gedragtoezicht effectenverkeer 2002*), as amended with respect to an 'effectengiro', and the Act on the Investment Supervision 1990 (*Wet toezicht beleggingsinstellingen 1990*) and the Decree on the Investment Supervision Act 1990 (*Besluit toezicht beleggingsinstellingen 1990*), as amended with respect to a 'beleggersgiro', and provided the limitations on the scope of its business as set out in its corporate objective (pursuant to which it will be prohibited from conducting any commercial activity other than its activities as custodian in respect of the securities held for the Borrowers and the keeping of the books in respect of the securities accounts) are observed, the investments made by the Borrowers through any of the Foundations will form part of the estate of the relevant Foundation and each of the Foundations can be considered a bankruptcy remote entity. Should any of the Foundations not be able to meet its obligations towards the Borrowers, this could lead to set-off or defences by Borrowers similar to those described under *Insurance Policies* above, except for the set-off or defences described in *Appointment of Beneficiary* in respect of the situation where the Seller is insolvent.

Pledge

All rights of a Borrower in connection with the relevant Investment Account have been pledged to the Seller in order to secure the same liabilities as the relevant Mortgage. The observations made above in relation to Bank Mortgages apply equally here.

Reduced Value of Investments

If the development of the value of the investments made under the Investment Mortgage Loans is disappointing in the opinion of the Borrower, a Borrower may try to invoke set-off or other defences against the Issuer by arguing that he has not been properly informed of the risks involved in the investments. The merits of any such claim will, to a large extent, depend on the manner in which the Investment Mortgage Loans have been marketed by the Seller and/or its intermediaries and the promotional material provided to the Borrower. The above may also apply in the case of reduction in value of investments made by one of the Insurance Companies in connection with the Life Insurance Policies.

Long Leases

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

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or commits a material breach of other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder against the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease, the Seller will take into consideration the conditions, including the term, of the long lease. The underwriting criteria of the Seller provide that, in the case of a Mortgage Loan secured on a long lease, the Mortgage Loan shall have a maturity that is equal to or shorter than the term of the long lease. Furthermore, the general terms and conditions of the Mortgage Loans provide that the Borrower is obliged to pay all charges, expenses and other amounts that may be due by such Borrower in relation to the relevant Mortgage Asset. The general terms and conditions of the Mortgage Loans further provide that a Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, the Borrower breaches any of its obligations under the general terms and conditions or if an event occurs that results in or may result in a decline in the value of the relevant Mortgaged Asset. It may therefore be argued that, on the basis of the above-mentioned terms and conditions, the Mortgage Loan becomes immediately due and payable if, *inter alia*, the leaseholder has not paid the remuneration in relation to the long lease, the lease holder breaches any obligation under the long lease, or the long lease is dissolved or terminated.

Exemption Regulation Act on the Supervision of the Credit System 1992

The Notes will be offered to professional market parties within the meaning of Section 1 paragraph (e) of the Exemption Regulation of 26 June 2002 in respect of the Act on the Supervision of the Credit System 1992, as amended (*Vrijstellingsregeling Wet toezicht kredietwezen 1992*, the "**Exemption Regulation**"). Consequently, based on Section 2 of the Exemption Regulation, the Issuer is exempt from the obligation to obtain a licence within the meaning of Section 6 of the Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*), as amended. In addition, the notification requirement of Section 4 of the Exemption Regulation has been and will continue to be complied with.

Proposed European Union Directive on the taxation of savings

The EU has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required, from a date not earlier than 1 July 2005, to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise. Pursuant to Condition 5(b)(iv), the Issuer undertakes that, if European Council Directive 2003/48 or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 is brought into force, it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to such Directive.

Change of law

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

Swap Agreement

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary

to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that if due to (i) an action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a "**Tax Event**"), the Swap Counterparty may (with the consent of the Rating Agencies and the Issuer) transfer its rights and obligations to another of its offices, branches or affiliates or any other person to avoid the relevant Tax Event.

The Swap Agreement will be terminable by one party if - *inter alia* - (i) an event of default occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of default in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) insolvency events. If not previously terminated, the Swap Agreement will terminate on the earlier of the Final Maturity Date and the date on which the Notes have been redeemed or written off in full in accordance with the Conditions.

The Swap Agreement provides that if the Swap Counterparty fails to make, when due, any payment to the Issuer under the Swap Agreement or if the Swap Counterparty is declared bankrupt (*failliet*), the Swap Agreement will be novated to the Swap Guarantor.

The Swap Agreement provides that, in the event that any payment by the Issuer to the Swap Counterparty is less than the amount which the Issuer would be required to pay to the Swap Counterparty, the corresponding payment obligation of the Swap Counterparty to the Issuer shall be reduced by an amount equal to such shortfall. See further under *Credit Structure* below.

CREDIT STRUCTURE

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

Use of Proceeds

The Issuer will use the net proceeds from the issue of the Notes (other than the Subordinated Class E Notes) to pay the Initial Purchase Price for the Mortgage Receivables purchased by the Issuer on the Closing Date. The proceeds of the Subordinated Class E Notes will be used to fund the Reserve Account.

Mortgage Loan Interest Rates

The Mortgage Loans pay interest on a floating rate basis or fixed rate basis, subject to a reset from time to time. On the Portfolio Cut-Off Date (as defined below), the weighted average interest rate of the Portfolio Mortgage Loans amounted to 4.2 per cent.. The weighted average interest reset period is 6 years. Interest rates vary among individual Portfolio Mortgage Loans. The range of interest rates is described further in *Description of Portfolio Mortgage Loans* below.

Cash Collection Arrangements

Payments by the Borrowers under the Portfolio Mortgage Loans are collected by means of direct debit on or about the second Business Day before the end of each calendar month. All payments made by Borrowers will be paid into the relevant bank accounts maintained by the Seller (collectively the "**Collection Accounts**"). On the Closing Date the balances on these accounts are not pledged to any party, other than to the banks at which the accounts are established pursuant to the applicable general terms and conditions. The Collection Accounts will also be used for the collection of monies paid in respect of mortgages other than Portfolio Mortgage Loans and in respect of other monies belonging to the Seller.

On the 10th Business Day of each calendar month (each a "**Portfolio Payment Date**"), the Seller shall transfer (or procure that the Servicer shall transfer on its behalf) all amounts of principal, interest, interest penalties and prepayment penalties received by the Seller in respect of the Portfolio Mortgage Loans and paid to the Seller's Collection Accounts during the immediately preceding Portfolio Calculation Period (being the period commencing on (and including) the first day of each calendar month and ending on (but excluding) the first day of the next succeeding calendar month) to the Transaction Account. Rabobank will guarantee the payment by the Seller to the Transaction Account of the amounts received by the Seller up to a maximum of € 20,000,000 subject to the guarantee entered into between the Issuer, the Security Trustee, the Seller and Rabobank dated the Signing Date (the "**Commingling Guarantee**").

If the short-term unsecured, unsubordinated and unguaranteed debt obligations of Rabobank are assigned a rating of less than A-1 by S&P, then, unless a waiver is issued by S&P within five (5) Business Days thereafter, the Seller will on such fifth Business Day deposit into the Transaction Account an amount representing collections expected to be due by the Seller to the Issuer on the next Portfolio Payment Date, which payment obligation of the Seller is guaranteed by Rabobank up to a maximum of € 20,000,000. As long as the short-term unsecured, unsubordinated and unguaranteed debt obligations of Rabobank are assigned a rating of less than A-1 by S&P, the Seller will continue to

pay the expected collections at least twenty (20) days prior to each subsequent Portfolio Payment Date, such payment obligation to be guaranteed up to a maximum of € 20,000,000 by Rabobank, unless (i) as a result of the occurrence of an Assignment Notification Event or otherwise, the Borrowers have been instructed to make their payments to the Transaction Account and there has been at least one (1) Portfolio Payment Date since the occurrence of such Assignment Notification Event or (ii) a third party whose short-term unsecured, unsubordinated and unguaranteed debt obligations are assigned a rating of at least A-1 by S&P will guarantee the payment by the Seller to the Transaction Account of all amounts of principal, interest, interest penalties and prepayment penalties received by it in respect of the Portfolio Mortgage Loans up to a maximum of € 20,000,000. If the amounts actually received by the Seller in respect of the relevant Portfolio Calculation Period are less than the amounts deposited by it or, as the case may be, Rabobank, into the Transaction Account as expected collections, the excess will be repaid by the Issuer to the Seller or, as the case may be, Rabobank on the next Portfolio Payment Date.

Following an Assignment Notification Event as described under *Mortgage Receivables Purchase Agreement* below, the Borrowers will be required to pay all amounts due by them under the relevant Portfolio Mortgage Loans directly to the Transaction Account.

Construction Deposits Guarantee

The sale of the Mortgage Receivables to the Issuer includes such parts of the Mortgage Receivables as correspond to the amounts placed in deposit with the Seller as Construction Deposits. In the event of any set-off defences of a Borrower with respect to repayment of the Mortgage Receivables based on the statement that the Construction Deposit was not made available to such Borrower, following an Assignment Notification Event, the Issuer has the right to invoke the Construction Deposits Guarantee. All amounts received by the Issuer under the Construction Deposits Guarantee following such demand will become part of the Notes Principal Available Amounts.

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of Rabobank are assigned a rating of less than Prime-1 by Moody's and A-1+ by S&P (such event a "**Construction Deposits Guarantor Downgrade**"), the Construction Deposits Guarantor will within 30 days upon a first written request from the Issuer, by way of security for its payment obligations under the Construction Deposits Guarantee, deposit an amount equal to the total amount of the outstanding Construction Deposits at that time into the Transaction Account, where this amount will be administered by the Issuer on a ledger (the "**Construction Deposits Ledger**"). At the same time at which the Issuer will submit such request to the Construction Deposits Guarantor, it will serve a notice of the Construction Deposits Guarantor Downgrade to the Seller. Any interest received by the Issuer over that part of the balance of the Transaction Account corresponding with the amount on the Construction Deposits Ledger will be due and payable by the Issuer to the Construction Deposits Guarantor and will therefore not form part of the Notes Interest Available Amounts. The amount of the deposit made by Construction Deposits Guarantor following a Construction Deposits Guarantor Downgrade will not form part of the amounts to be distributed by the Security Trustee in accordance with the Post-Enforcement Priority of Payments.

Until such time as the Construction Deposits need to be paid out or the Construction Deposits Guarantor Downgrade no longer exists, the moneys standing in the Construction Deposits Ledger will serve as collateral ("**Construction Deposits Cash Collateral**") for the Issuer in the event a Borrower

would invoke a right of set-off of the amount due under the Portfolio Mortgage Loan with the outstanding amount payable to it under or in connection with the Construction Deposit. To the extent that the Seller makes payments of Construction Deposits to a Borrower by means of actual payment or by means of set-off, the Issuer will repay to the Construction Deposits Guarantor part of the collateral and at the same time make a debit to the Construction Deposits Ledger in an amount equal to the amount of such Construction Deposits.

GIC Accounts

Transaction Account

The Issuer will maintain with the Floating Rate GIC Provider the Transaction Account to which all amounts received (i) in respect of the Portfolio Mortgage Loans, (ii) from the Savings Mortgage Participant under the Sub-Participation Agreement, and (iii) from the Construction Deposits Guarantor in the event of a Construction Deposits Guarantor Downgrade (see *Cash Collection Arrangements* above) will be paid. Furthermore, any drawing (other than a Liquidity Facility Stand-by Drawing) made under the Liquidity Facility Agreement shall be deposited into the Transaction Account. The Issuer Administrator will identify all amounts paid into the Transaction Account. Payments received by the Issuer on each Portfolio Payment Date in respect of the Portfolio Mortgage Loans will be identified as principal, interest or other revenue receipts.

Reserve Account

The Issuer will maintain with the Floating Rate GIC Provider the Reserve Account (see under *Reserve Account* above). The proceeds of the Subordinated Class E Notes will be credited to the Reserve Account on the Closing Date.

Amounts credited to the Reserve Account will be available for drawing on any Quarterly Payment Date to meet items (a) up to and including (n) of the Interest Priority of Payments (see under *Priority of Payments in respect of interest (prior to Enforcement Notice)* below), in the event the Notes Interest Available Amounts are insufficient to meet such items in full.

If and to the extent that the Notes Interest Available Amounts calculated on any Notes Calculation Date (as defined below) exceed the amounts required to meet items (a) up to and including (n) in the Interest Priority of Payments, the excess amount will be deposited into the Reserve Account or, as the case may be, applied to replenish 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 Notes Calculation Date be equal to 1.15 per cent. of the aggregate Principal Amount Outstanding of the Notes (excluding the Subordinated Class E Notes) at the Closing Date.

To the extent that the balance standing to the credit of the Reserve Account on any Notes Calculation Date exceeds the Reserve Account Target Level, such excess will be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date and be deposited in the Transaction Account to form part of the Notes Interest Available Amounts on such Quarterly Payment Date and be applied in accordance with the Interest Priority of Payments.

If on any Notes Calculation Date all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class E Notes, have been paid on the Quarterly Payment Date immediately preceding such Notes Calculation Date or will be available for payment on the Quarterly Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will thereafter form part of the Notes Interest Available Amounts and will be available to redeem or partially redeem the Subordinated Class E Notes until fully redeemed and thereafter towards satisfaction of the Deferred Purchase Price (as defined in *Mortgage Receivables Purchase Agreement* below) to the Seller.

Liquidity Facility Stand-by Drawing Account

The Issuer shall maintain with the Floating Rate GIC Provider the Liquidity Facility Stand-by Drawing Account into which any Liquidity Facility Stand-by Drawing to be made under the Liquidity Facility Agreement will be deposited.

Rating of the Floating Rate GIC Provider

If at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Prime-1 by Moody's or A-1 by S&P, or if such rating is withdrawn, and/or (ii) the aggregate amount standing to the credit of the GIC Accounts held with the Floating Rate GIC Provider exceeds € 50,000,000 and at such time the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Aa3 by Moody's and/or (iii) at any time the aggregate amount standing to the credit of the GIC Accounts held with the Floating Rate GIC Provider exceeds an amount equal to 20 per cent. of the Principal Amount Outstanding of the Notes at that time and at such time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than A-1+ by S&P, the Issuer will be required within thirty (30) days of any such event (i) to transfer the balance on all such GIC Accounts to an alternative bank with the required minimum ratings (in case of (iii) above and provided the Floating Rate GIC Provider's rating is not lower than A-1, it is only the part of the balance representing the excess over 20 per cent. of the Principal Amount Outstanding of the Notes that would need to be transferred) or (ii) to procure that a third party, having at least the required ratings, guarantees the obligations of the Floating Rate GIC Provider or (iii) find another solution acceptable to Moody's and S&P in order to maintain the then current rating of the Notes.

Priority of Payments in respect of interest (prior to Enforcement Notice)

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Notes Calculation Date as being received during the Notes Calculation Period (as defined in the Conditions) immediately preceding such Notes Calculation Date (items (i) up to and including (x) being hereafter referred to as the "**Notes Interest Available Amounts**"):

- (i) interest on the Mortgage Receivables, *less*, with respect to each Savings Mortgage Receivable, an amount equal to the interest amount received multiplied by a fraction which is equal to the relevant Savings Participation divided by the outstanding principal amount of such Savings Mortgage Receivable (the "**Participation Fraction**");
- (ii) interest credited to the GIC Accounts, *less*, the interest due by the Issuer to the Construction

Deposits Guarantor under the terms of the Construction Deposits Guarantee in connection with any Construction Deposits Cash Collateral credited to the Transaction Account;

- (iii) prepayment penalties and penalty interest (*boeterente*) in respect of the Mortgage Receivables;
- (iv) Net Proceeds (as defined in the Conditions) in respect of any Mortgage Receivables, to the extent such proceeds do not relate to principal, less, with respect to each Savings Mortgage Receivable, an amount equal to the proceeds received multiplied by the Participation Fraction;
- (v) amounts to be drawn under the Liquidity Facility (other than a Liquidity Facility Stand-by Drawing)(as defined below) on the immediately succeeding Quarterly Payment Date;
- (vi) amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (vii) amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date;
- (viii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal, less, with respect to each Savings Mortgage Receivable, an amount equal to the amount received multiplied by the Participation Fraction;
- (ix) amounts received as post-foreclosure proceeds on the Mortgage Receivables; and
- (x) after all amounts of interest and principal due in respect of the Notes, other than the principal on the Subordinated Class E Notes, have been paid on the Quarterly Payment Date immediately preceding the relevant Notes Calculation Date or will be available for payment on the immediately succeeding Quarterly Payment Date, any amount standing to the credit of the Reserve Account,

will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the immediately succeeding Quarterly Payment Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the "**Interest Priority of Payments**"):

- (a) *First*, (i) in or towards satisfaction, pro rata, according to the respective amounts thereof, of fees or other remuneration due and payable to the Directors in connection with the Management Agreements and of the fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with the relevant Transaction Documents (including the fees and expenses payable to any legal advisors, accountants and auditors appointed by the Security Trustee) and (ii) by retaining an amount equal to 5 per cent. of the amount due and payable by the Issuer to its Director, pursuant to item (i) above, representing taxable income for corporate income tax purpose in the Netherlands;

- (b) *Second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees and expenses due and payable to the Issuer Administrator under the Issuer Administration Agreement and (ii) the fees and expenses due and payable to the Servicer under the Servicing Agreement;
- (c) *Third*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the amounts due and payable to third parties (but not yet paid prior to the relevant Quarterly Payment Date) under obligations incurred in the Issuer's business (other than under the relevant Transaction Documents), including, without limitation, in or towards satisfaction of amounts or provisions for any payment of the Issuer's liability, if any, to tax, (ii) the fees and expenses due and payable to the Paying Agents, the Reference Agent, the Common Depository and any other agent designated under any of the relevant Transaction Documents, (iii) the amounts due and payable to the Rating Agencies, (iv) the fees and expenses due and payable to any legal advisors, accountants and auditors appointed by the Issuer, (v) the fees due to the Swap Guarantor under the Swap Agreement and (vi) the commitment fee due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (d) *Fourth*, in or towards satisfaction of any amounts (other than the commitment fee) due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement or, following a Liquidity Facility Stand-by Drawing, in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Drawing Account, less, in the event a Liquidity Facility Stand-by Drawing is made, (i) an amount equal to the positive difference between (x) the interest due and payable to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement over that part of the balance standing to the debit of the Liquidity Facility Account which equals such Liquidity Facility Stand-by Drawing and (y) the interest received from the Floating Rate GIC Provider over the balance standing to the credit of the Liquidity Facility Stand-by Drawing Account and (ii) any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (r) below (the amounts under (i) and (ii) referred to as the "**Subordinated Liquidity Facility Amount**");
- (e) *Fifth*, in or towards satisfaction of amounts (other than the fees due and payable to the Swap Guarantor), if any, due and payable under the Swap Agreement, including a Settlement Amount (as defined therein), except for any termination payment due or payable as a result of the occurrence of an Event of Default (as defined therein) where the Swap Counterparty is the defaulting party or an Additional Termination Event (as defined therein) relating to the credit rating of the Swap Guarantor (a "**Swap Counterparty Default Payment**"), payable under (q) below;
- (f) *Sixth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Senior Class A Notes;
- (g) *Seventh*, in or towards making good, any shortfall reflected in the Class A Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *Eighth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;

- (i) *Ninth*, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (j) *Tenth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class C Notes;
- (k) *Eleventh*, in or towards making good any shortfall reflected in the Class C Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (l) *Twelfth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Junior Class D Notes;
- (m) *Thirteenth*, in or towards making good any shortfall reflected in the Class D Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (n) *Fourteenth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Subordinated Class E Notes;
- (o) *Fifteenth*, in or towards satisfaction of any sums required to deposit 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;
- (p) *Sixteenth*, in or towards satisfaction of principal amounts due on the Subordinated Class E Notes;
- (q) *Seventeenth*, in or towards satisfaction of the Swap Counterparty Default Payment to the Swap Counterparty under the terms of the Swap Agreement;
- (r) *Eighteenth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of any Subordinated Liquidity Facility Amount and gross-up amounts or additional amounts, if any, due under the Issuer Administration Agreement and/or the Servicing Agreement;
- (s) *Nineteenth*, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

Any amount due and payable to third parties (other than pursuant to any of the Transaction Documents) under obligations incurred in the Issuer's business and any amount due and payable to the Savings Mortgage Participant under the Sub-Participation Agreement at a date which is not a Quarterly Payment Date may be made on such date by the Issuer from the Transaction Account to the extent that the funds available on the Transaction Account are sufficient to make such payment.

Priority of Payments in respect of principal (prior to Enforcement Notice)

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following

amounts, calculated as at each Notes Calculation Date as being received during the Notes Calculation Period (as defined in the Conditions) immediately preceding such Notes Calculation Date (items (i) up to and including (ix) being hereafter referred to as the "**Notes Principal Available Amounts**"):

- (i) repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, *less*, with respect to each Savings Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable;
- (ii) Net Proceeds (as defined in the Conditions) in respect of any Mortgage Receivables, to the extent such proceeds relate to principal, *less*, with respect to each Savings Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable;
- (iii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, *less*, with respect to each Savings Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable;
- (iv) amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Administration Agreement;
- (v) Participation Increase pursuant to the Sub-Participation Agreement;
- (vi) partial prepayment in respect of Mortgage Receivables, excluding prepayment penalties, if any;
- (vii) amounts to be drawn from the Transaction Account on the First Optional Redemption Date which were deposited into the Transaction Account pursuant to item (c) of the Principal Priority of Payments prior to such date with a corresponding credit to the Further Redemption Ledger (as defined below);
- (viii) amounts received under or in connection with the Construction Deposits Guarantee after a request for payment made by the Issuer (other than the Construction Deposits Cash Collateral); and
- (ix) any part of the Notes Principal Available Amounts calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date,

will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the next succeeding Quarterly Payment Date as follows (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Principal Priority of Payments**"):

- (a) *First*, in or towards satisfaction of the purchase price of any Further Advance Receivables and, up to the Replacement Available Amount (if any), towards satisfaction of the purchase price of any Replacement Receivables;

- (b) *Second*, up to (but excluding) the First Optional Redemption Date, in or towards satisfaction of principal amounts due on the Senior Class A Notes, until fully redeemed in accordance with the Conditions;
- (c) *Third*, provided the Senior Class A have been redeemed in full, up to the Quarterly Payment Date immediately preceding the First Optional Redemption Date, as deposits into the Transaction Account;
- (d) *Fourth*, as from the First Optional Redemption Date, in or towards satisfaction of principal amounts due on the Senior Class A Notes, until fully redeemed in accordance with the Conditions;
- (e) *Fifth*, provided the Senior Class A Notes have been fully redeemed, in or towards satisfaction of principal amounts due on the Mezzanine Class B Notes, until fully redeemed in accordance with the Conditions;
- (f) *Sixth*, provided the Mezzanine Class B Notes have been fully redeemed, in or towards satisfaction of principal amounts due on the Mezzanine Class C Notes, until fully redeemed in accordance with the Conditions;
- (g) *Seventh*, provided the Mezzanine Class C Notes have been fully redeemed, in or towards satisfaction of principal amounts due on the Junior Class D Notes, until fully redeemed in accordance with the Conditions;
- (h) *Eighth*, provided the Junior Class D Notes have been fully redeemed, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

Any amount deposited to the Transaction Account pursuant to item (c) of the Principal Priority of Payments will, up to (but excluding) the First Optional Redemption Date, be credited to a ledger (the "**Further Redemption Ledger**") by the Issuer Administrator in accordance with the terms and conditions set forth in the Issuer Administration Agreement, such ledger being debited in full on the First Optional Redemption Date.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts to be distributed by the Security Trustee under the Trust Deed will be paid to the Security Beneficiaries (other than the Savings Mortgage Participant) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**"):

- (a) *First*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of fees or other remuneration due and payable to the Directors in connection with the Management Agreements and of the fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with the relevant Transaction Documents (including the fees and expenses payable to any legal advisors, accountants and auditors appointed by the Security Trustee);

- (b) *Second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees and expenses due and payable to the Issuer Administrator under the Issuer Administration Agreement, (ii) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (iii) amounts due and payable to the Rating Agencies, (iv) the fees and expenses due and payable to the Paying Agents and the Reference Agent under the Paying Agency Agreement, (v) the fees due to the Swap Guarantor under the Swap Agreement and (vi) the commitment fee due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (c) *Third*, in or towards satisfaction of any amounts (other than the commitment fee and the Subordinated Liquidity Facility Amount, if any) due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (d) *Fourth*, in or towards satisfaction pro rata, according to the respective amounts thereof, of (i) all amounts of interest due or accrued but unpaid in respect of the Senior Class A Notes and (ii) amounts (other than the fees due and payable to the Swap Guarantor), if any, due and payable to the Swap Counterparty under the Swap Agreement including a Settlement Amount (as defined therein), but excluding any Swap Counterparty Default Payment payable under (n) below;
- (e) *Fifth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Senior Class A Notes;
- (f) *Sixth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Mezzanine Class B Notes;
- (g) *Seventh*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Mezzanine Class B Notes;
- (h) *Eighth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class C Notes;
- (i) *Ninth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Mezzanine Class C Notes;
- (j) *Tenth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class D Notes;
- (k) *Eleventh*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Junior Class D Notes;
- (l) *Twelfth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class E Notes;
- (m) *Thirteenth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Subordinated Class E Notes;

- (n) *Fourteenth*, in or towards satisfaction of the Swap Counterparty Default Payment to the Swap Counterparty under the terms of the Swap Agreement;
- (o) *Fifteenth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of any Subordinated Liquidity Facility Amount and gross-up amounts or additional amounts, if any, due under the Issuer Administration Agreement and/or the Servicing Agreement; and
- (p) *Sixteenth*, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

Liquidity Facility

On the Signing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. On any Quarterly Payment Date (other than an Optional Redemption Date if and to the extent that on such date the Notes are redeemed in full) the Issuer will be entitled to make drawings under the Liquidity Facility (as defined in the Master Definitions Agreement) up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of 364 days. Payments to the Liquidity Facility Provider (other than the Subordinated Liquidity Facility Amount) will rank in priority higher than payments under the Notes. The commitment of the Liquidity Facility Provider is extendable at its discretion.

Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of any Notes Interest Available Amounts and the amounts available in the Reserve Account and before any drawing under the Liquidity Facility (each a "**Liquidity Facility Drawing**"), there is a shortfall in the Notes Interest Available Amounts to meet items (a) up to and including (n) of the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawings may be made to meet items (e), (g), (i), (k) and (m) of the Interest Priority of Payments, and provided further that no drawings may be made on any Quarterly Payment Date for shortfalls in interest:

- (i) on the Mezzanine Class B Notes if there was a Class B Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date;
- (ii) on the Mezzanine Class C Notes if there was a Class C Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date;
- (iii) on the Junior Class D Notes or the Subordinated Class E Notes if there was a Class D Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date.

For these purposes "**Liquidity Facility Maximum Amount**" means, on each Notes Calculation Date, an amount equal to the greater of (i) 2.50 per cent. of the Principal Amount Outstanding of the Notes on such date and (ii) € 25,000,000.

If, at any time, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are (i) assigned a credit rating of less than Prime-1 by Moody's and/or A-1+

by S&P and/or such rating is withdrawn and (ii) within thirty (30) days of such downgrading or withdrawal the Liquidity Facility Provider is not replaced by the Issuer with a suitable alternative liquidity facility provider, or a third party having the required ratings has not guaranteed the obligations of the Liquidity Facility Provider, or another solution acceptable to Moody's and S&P is not found, the Issuer will, unless the Rating Agencies have confirmed that the rating of the Notes will not be adversely affected, be required forthwith to draw down the entire undrawn portion of the Liquidity Facility (a "**Liquidity Facility Stand-by Drawing**") and deposit such amount into the Liquidity Facility Stand-by Drawing Account. Amounts so deposited into the Liquidity Facility Stand-by Drawing Account may be utilised by the Issuer in the same manner as if the Liquidity Facility Stand-by Drawing had not been made. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed prior to the commitment termination date.

Allocation of Realised Losses and Principal Deficiency Ledger

A Principal Deficiency Ledger comprising four sub-ledgers known as the "**Class A Principal Deficiency Ledger**", the "**Class B Principal Deficiency Ledger**", the "**Class C Principal Deficiency Ledger**" and the "**Class D Principal Deficiency Ledger**", respectively (together the "**Principal Deficiency Ledger**") will be established by or on behalf of the Issuer in order to record any Realised Losses (as defined in the Conditions) on the Mortgage Receivables (each respectively the "**Class A Principal Deficiency**", the "**Class B Principal Deficiency**", the "**Class C Principal Deficiency**" and the "**Class D Principal Deficiency**", and together the "**Principal Deficiency**"). Any Realised Losses will, on the relevant Notes Calculation Date be debited to the Class D Principal Deficiency Ledger (such debit items being re-credited at item (m) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Junior Class D Notes, and thereafter the Class C Principal Deficiency Ledger (such debit items being re-credited at item (k) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Mezzanine Class C Notes, and thereafter to the Class B Principal Deficiency Ledger (such debit items being re-credited at item (i) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Mezzanine Class B Notes, and thereafter such amounts shall be debited to the Class A Principal Deficiency Ledger (such debit item being re-credited at item (g) of the Interest Priority of Payments).

Interest Rate Hedging

The Mortgage Loan Criteria (as defined under *Mortgage Receivables Purchase Agreement* below) require that all Portfolio Mortgage Loans bear a floating rate of interest or fixed rate of interest, subject to a reset from time to time. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor, which margin (other than for the Subordinated Class E Notes) will increase after the First Optional Redemption Date. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty and the Swap Guarantor. Under the Swap Agreement, the Issuer will agree to pay amounts equal to the interest scheduled to be received on the Mortgage Receivables (minus with respect to each Savings Mortgage Receivable, an amount equal to the interest amount scheduled to be received multiplied by the relevant Participation Fraction) plus the interest credited to the Transaction Account (minus any interest due by the Issuer to the Construction Deposits Guarantor over the collateral posted following a Construction Deposits Guarantor Downgrade) and prepayment penalties, if any, less certain expenses as described under (a), (b), and (c) of the Interest Priority of Payments, and less an excess margin (the "**Excess Spread**

Margin") of 0.50 per cent. per annum applied to the Principal Amount Outstanding of each Class of Notes (other than the Subordinated Class E Notes) on the first day of the relevant Quarterly Interest Period reduced by the Principal Deficiency. In return, the Swap Counterparty will agree to pay amounts equal to the scheduled interest due under each Class of Notes, calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Quarterly Interest Period. The notional amount under the Swap Agreement, however, will be reduced to the extent there is a debit balance on any of the sub-ledgers of the Principal Deficiency Ledger. As there is no principal deficiency sub-ledger in respect of the Subordinated Class E Notes, the swap notional amount for the Subordinated Class E Notes will be reduced to zero if there is an outstanding debit on the Class D Note Principal Deficiency Ledger.

The Swap Agreement provides that, in the event that any payment by the Issuer to the Swap Counterparty is less than the amount which the Issuer would be required to pay to the Swap Counterparty, the corresponding payment obligation of the Swap Counterparty to the Issuer shall be reduced by an amount equal to such shortfall.

If (i) the Swap Counterparty fails to make, when due, any payment to the Issuer under the Swap Agreement or (ii) the Swap Counterparty is declared bankrupt (*failliet*), the Issuer shall promptly give notice thereof to the Swap Guarantor. Following such notice, the Swap Agreement shall be novated to the Swap Guarantor. Upon such novation (i) reference to the Swap Counterparty in respect of the Swap Agreement shall be deemed to be a reference to the Swap Guarantor, (ii) the Swap Counterparty shall be released from its obligations under the Swap Agreement towards the Issuer, (iii) the Swap Guarantor shall have assumed all obligations of the Swap Counterparty towards the Issuer under the Swap Agreement and (iv) the Swap Guarantor shall have acquired all rights of the Swap Counterparty as against the Issuer under the Swap Agreement.

Pursuant to the Swap Agreement, if, at any time, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Guarantor (or its successor) cease to be rated at least as high as A1 (or its equivalent) by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Guarantor (or its successor) cease to be rated at least as high as Prime-1 (or its equivalent) by Moody's (such ratings together the "**Moody's Required Ratings I**"), then the Swap Guarantor will on a reasonable efforts basis and at its own cost attempt to:

- (a) transfer all of the rights and obligations of the Swap Guarantor with respect to the Swap Agreement to either (x) a replacement third party with a rating of at least as high as the Moody's Required Ratings I domiciled in the same legal jurisdiction as the Swap Guarantor or the Issuer or (y) a replacement third party agreed by Moody's; or
- (b) procure another person to become a guarantor in respect of the obligations of the Swap Guarantor under the Swap Agreement. Such counterparty may be either (x) a person with a rating of at least as high as the Moody's Required Ratings I domiciled in the same legal jurisdiction as the Swap Guarantor or the Issuer, or (y) a person agreed by Moody's; or
- (c) take such other action as the Swap Guarantor may agree with Moody's; or
- (d) within thirty (30) days of the occurrence of such downgrade, put in place a mark-to-market

collateral agreement in form and substance acceptable to Moody's (which may be based on the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both (the "**Collateral Amount**")) in support of its obligations under the Swap Agreement which complies, in relation to the Collateral Amount, with certain criteria set by Moody's.

If any of (a), (b) or (c) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by the Swap Guarantor pursuant to (d) above will be retransferred to the Swap Guarantor and the Swap Guarantor will not be required to transfer any additional collateral.

Pursuant to the Swap Agreement, if, at any time, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Guarantor (or its successor) cease to be rated at least as high as A3 (or its equivalent) by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Guarantor (or its successor) cease to be rated at least as high as Prime-2 (or its equivalent) by Moody's (such ratings together the "**Moody's Required Ratings II**"), then the Swap Guarantor will:

- (i) on a best efforts basis and at its own cost attempt to take the action described under (a), (b) and (c) above; and
- (ii) at its own cost take the action described under (d) above within ten (10) days after the Swap Guarantor ceases to be rated at least as high as the Moody's Required Ratings II.

If the Swap Guarantor ceases to be rated at least as high as the Moody's Required Ratings II the criteria for the Collateral Amount will be stricter than if it ceases to be rated at least as high as the Moody's Required Ratings I.

Pursuant to the Swap Agreement, if, at any time, (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Guarantor are assigned a rating of less than A-1 by S&P (the "**S&P Required Rating**") or (ii) any such rating is withdrawn by S&P, then the Swap Guarantor will, within thirty (30) days of such reduction or withdrawal of any such rating, (i) obtain a third party, having the S&P Required Rating, to guarantee the obligations of the Swap Guarantor under the Swap Agreement, or (ii) provide credit support sufficient to maintain the rating of the Notes which would have subsisted but for the then current rating of the Swap Guarantor subject to written confirmation from S&P that the reduction or withdrawal of the rating of the Swap Guarantor will not, following the provision of such credit support, adversely affect the then current rating of the Notes, or (iii) transfer and assign its rights and obligations under the Swap Agreement to a third party having the S&P Required Rating, or (iv) find any other solution acceptable to S&P in order to maintain the then current rating of the Notes, in each case in accordance with and subject to the provisions of the Swap Agreement and the Trust Deed.

The Swap Guarantor can transfer its obligations under the Swap Agreement to another entity or branch of equivalent rating within the consolidated Rabobank Group (as defined below) (whether as a result of a tax event or otherwise), subject to the prior approval of the Rating Agencies and the confirmation that this will not adversely affect the then current ratings of the Notes. The costs (including the costs of the Issuer) of any such transfer are for the account of the Swap Guarantor.

Any capitalised term used above but not defined herein shall have the meaning given to it in the Swap Agreement.

OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

The Netherlands has one of the most liberal mortgage markets in the EU and, accordingly, there is a wide range of mortgage products and a high degree of competition between mortgage providers. Dutch consumers have a wide choice of possibilities on a mortgage market that has certain characteristics that it does not share with other mortgage markets in Europe. Historic practices, culture and most importantly tax legislation, especially that pertaining to the deductibility of mortgage interest, have shaped the Dutch market.

Unlike for instance the UK mortgage market which, while evolving, remains predominantly floating-rate, Dutch mortgages tend to be fixed rate and typically are set for five, ten or even thirty years. For this reason Dutch households are relatively well insulated against interest rate shocks.

Increased competition and the deregulation of the Dutch financial market resulted in the development of tailor-made mortgage loans consisting of various parts. The mortgage products offered by lenders reflect the, until recently, full tax deductibility of mortgage interest and have encouraged borrowers to defer repayment of principal for as long as possible. This is evidenced by the increased use of non-amortising mortgage products, that give full tax benefits for the whole maturity of the mortgage without the need to redeem the mortgage.

Over recent years, outstanding mortgage loans have continued to increase on the back of rising house prices, a gradual increase in the levels of owner-occupation and a low mortgage interest rates environment. Chart 1 below shows that the level of outstanding residential mortgage loans in the Netherlands reached € 389 billion in the fourth quarter of 2003 (excluding mortgages on commercial property).

As a result of the favourable tax regime, the Dutch property market is characterised by relatively high loan to value ratios. Full mortgage interest tax deductibility for owner-occupiers has led to borrowers often having considerable investments and savings available but choosing not to use them to pay down their mortgage, in order to minimise their tax liabilities.

As of January 2001, mortgage tax deductibility has been limited by new tax legislation, consisting of three main elements. Firstly, deductibility applies only to mortgages on the borrower's primary residence and not to second homes such as holiday homes. Secondly, interest deductibility on a mortgage loan for a principal residence is only allowed for periods of up to 30 years. Lastly, the top tax rate has been reduced from 60% to 52%.

However, these changes did not have a significant impact on the rate of mortgage origination, mainly because of the then ongoing decrease of mortgage interest rates.

On top of the limitations of 2001, tax deductibility of mortgage interest payments has been further restricted as of 1 January 2004. According to this new regulation (the 'Bijleenregeling'), tax deductibility is now only granted up to the purchase price of the new property less the realised net profit of the old property. Unlike the limitations introduced in 2001, the recent restrictions (i.e. the 'Bijleenregeling') will probably have a more noticeable impact. Homeowners moving property after 1 January 2004 are more likely to reinvest the net profit from the sale of their old property into their new property.

The announcement of the introduction of the 'Bijleenregeling' has led to a one-off increase in the number of house sales during the last months of 2003, as homeowners were still able to take advantage of the more favourable old tax system until 1 January 2004 (Chart 2). This extra demand also pushed up house prices in the last quarter of 2003 (Charts 3 and 4), especially in the more expensive segments where the impact of the 'Bijleenregeling' will be most felt.

Because of the 'Bijleenregeling', first time buyers now have an incentive to maximise and never pay off any part of their mortgage loan. That way they limit the amount they have to reinvest in their subsequent homes. This unintentional side effect of the new tax regulations will stimulate future mortgage production. On the other hand, the limitation of interest rate deductibility will probably have a downward impact on total mortgage debt in the medium to long term. Realised profits will have to be reinvested in the housing market, which will result in a larger share of home equity and a reduction in the total tax advantage. This will limit the financial means of consumers. Although it is too soon to tell for certain, it is expected therefore that the future increase in house price and mortgage debt will slow down.

As a result of the current economic downturn, the unemployment rate in the Netherlands has increased sharply. Not surprisingly the number of foreclosures registered by the Kadaster has been on an upward trend as well (Chart 5). In 2003, a total of 967 foreclosures took place, compared to 695 in 2002. In the first half year of 2004 the number of forced sales stabilised at a quarterly average of around 335. Although in a relative sense the increase is substantial (39% yoy), the absolute number of forced sales is obviously still extremely small compared to the total number of residential mortgage loans outstanding and even declined in the second quarter of 2004. There are no precise data of the number of residential mortgage loans outstanding in the Netherlands. However, based on the published total amount of residential mortgage debt outstanding (as per the end of 2003: € 389 billion) and the current average mortgage loan (as per the end of 2003: an estimated € 120,000) it is estimated that the total number of residential mortgage loans outstanding in the Netherlands is exceeding 3 million. A total of around 1,000 foreclosures per year therefore corresponds with approximately 0.03% of the total number of residential mortgage loans outstanding.

In the unforeseen case that the number of foreclosures were to increase dramatically, this could have a negative effect on house prices. Decreasing house prices could increase loss levels should a Borrower default on its mortgage obligations. However, the aggregate effect of such decrease in prices is likely to be negligible given the extreme low number of foreclosures.

Another effect of any unforeseen sharp increase in foreclosures causing a decrease in house prices could possibly be that the number of mortgage transactions would decrease, triggering further downward pressure on house prices.

However, given the current level of foreclosures compared to the number of housing transactions per year (0.5% - 0.75%) the risk of such a crash in house prices is negligible.

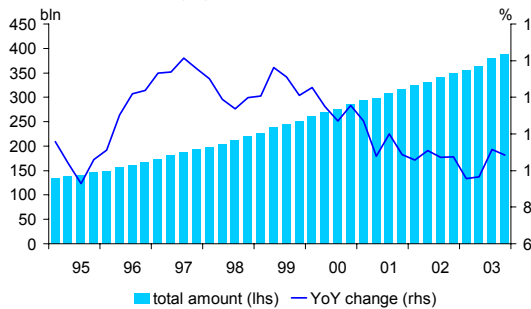
For the third and fourth quarter of 2004 a gradual reversal of the upward trend in the number of foreclosures is expected as the current economic recovery gains strength.

Chart 6 illustrates that the three main Dutch banks (Rabobank, ING and ABN AMRO) are responsible for originating almost half of all mortgages in the domestic residential market, although this combined share shows a slight downward trend (from around 53% in 2000 to around 45% last year). Specialist

mortgage banks, insurance companies and pension funds follow the main banks in size. The Dutch mortgage market is primarily dominated by domestic institutions although there is a small number of foreign banks who try to gain access.

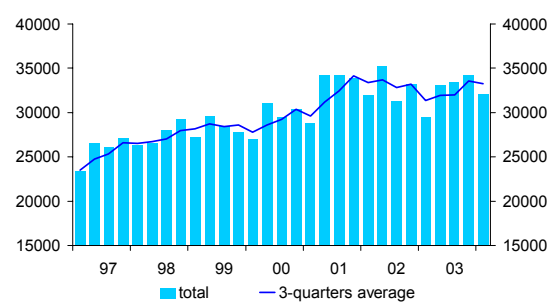
Most mortgage lenders have moved towards intermediaries (mortgage brokers, insurance brokers and real estate agents) for product distribution, which by most estimates now sell over half of all new mortgages in the Netherlands. Mortgage brokers are essentially intermediaries whose primary business is to offer products from a number of mortgage lenders. The change over time toward a market in which intermediaries sell most mortgages can be largely explained by the borrower's search for independent advice and the degree of flexibility offered by intermediaries.

Chart 1: Total mortgage debt



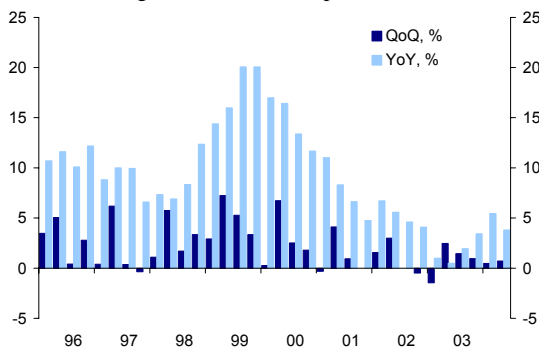
Source: CBS, Rabobank

Chart 2: Number of residential real estate transactions



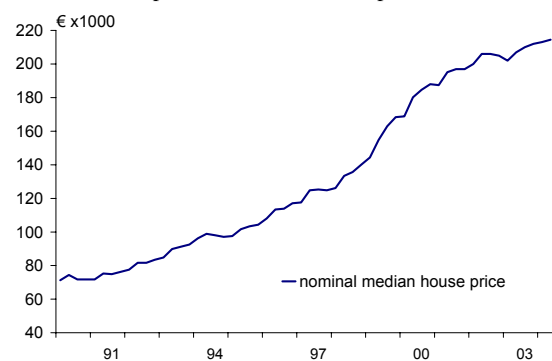
Source: NVM, Rabobank

Chart 3: Change in median house price



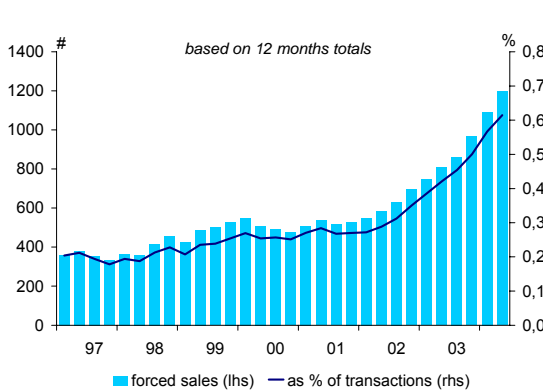
Source: NVM, Rabobank

Chart 4: Development of median house price



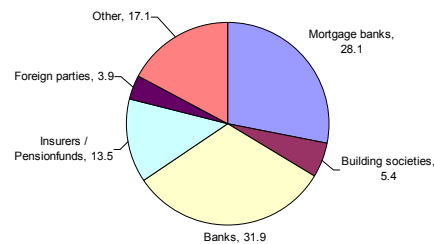
Source: NVM, Rabobank

Chart 5: Number of foreclosures



Source: Kadaster, Rabobank

Chart 6: Market share of residential mortgage production in 2003 (%)



Source: Kadaster, Rabobank

OBVION N.V.

Characteristics

Obvion N.V. ("**Obvion**"), formerly known as ABP Hypotheken N.V., is an established originator and servicer of Dutch Residential Mortgages.

As of 2 April 2002 Obvion's shares are held by Rabobank (70 per cent.) and ABP (30 per cent.). As a result of Rabobank having majority control, Rabobank consolidates Obvion in its financial statements.

Both Rabobank and ABP, each from its own point of view, have a strong commitment for being involved in Obvion. For Rabobank participating in Obvion is an excellent way to maintain and expand its market share in the Dutch residential mortgage market by entering into the intermediary channel. For ABP it is important to have a stake in the company that services the largest part of its own mortgage portfolio.

Strategy

Obvion sells residential mortgage loans exclusively through independent intermediaries. Obvion is seeking to distinguish itself from competitors in terms of operational excellence and its "partner in business" concept for its intermediaries.

Obvion's services to the intermediary are further developed in 2004. Obvion is implementing the one stop shopping concept called "Obvion Totaal". In this concept applications for mortgage loans as well as applications for various insurance products and investment accounts can be sent to Obvion via the internet. These applications are automatically passed through to the relevant insurance companies and investment managers. In addition Obvion monitors the timely assessment of these applications by these companies and investment managers. Intermediaries are able to monitor the status of their applications via the internet.

Instead of contacting two or more companies, now the intermediary only has to address Obvion.

This one stop shopping strategy enables the intermediary to concentrate on its core competence which is providing his customer with professional advise on all kinds of financial planning issues.

The process of sending applications to Obvion and returning offers to the intermediaries is highly automated, making optimal use of internet technology.

The pricing strategy of Obvion is to be in the top three of the relevant competitors i.e. mortgage originators using the same distribution channel and offering the same range of products. Obvion provides the management, servicing and administration of mortgage loans that it has originated and that are on its own balance sheet or on the balance sheet of third parties.

Organisational structure

Obvion's organisational structure consists of the following departments: Operations, Marketing & Sales, Treasury, Control & Financial Accounting and Human Resource Management.

The organisational structure of Operations is amongst others based on the Obvion Totaal concept. Operations consists of an Underwriting Department, a Servicing and Arrears Management Department,

a Service Centre, a Support Team, a Demand Management Team and an Anti-Fraud Team. The Underwriting Department is responsible for assessing the loan applications and granting the loans.

Loan modifications and arrears (including defaults) are dealt with by the Servicing and Arrears Management department. The Service Centre handles all queries from the most important intermediaries regarding loan applications, applications for insurances and applications for investment accounts. A Call Centre (within the Service Centre) deals with questions from the other intermediaries and from notaries and borrowers.

To optimally cope with a significant increase in the number of applications and changes in workflows, Obvion has hired a substantial number of flexible employees. A proportion of these employees consist of "classical" temporary workers, whilst the remaining are employees that have a contract with Obvion according to which they are guaranteed a minimum number of hours each week and are available for Obvion for a maximum number of hours per week. As soon as the workflow (e.g. number of applications) tends to increase or peak, the number of working hours of this part of the flexible staff can be extended unilaterally by Obvion, if necessary up to the agreed maximum.

To ensure that the flexible staff is competent for their various tasks, Obvion hires highly educated employees and has developed an intensive education and training program for its flexible staff.

Key figures

Loan Applications and Mortgage Deeds Obvion

	loan applications	mortgage deeds
2002 (April - December)	13,500	3,600
2003	32,900	18,900
2004 (January – August)	20,200	14,100

As of 31 August 2004 Obvion services a mortgage portfolio of around 104,550 mortgage loans, including the loans serviced for third parties (circa 87,000).

Mortgage portfolio Obvion at 31 August 2004	€ 3.6 bn.
Off balance mortgage portfolio originated by Obvion at 31 August 2004	€ 2.9 bn.
Estimated mortgage production Obvion in 2004	€ 4.0 bn.
Market share of Obvion in terms of new production 2004:	4.7 % (year to August 31)
Mortgage portfolio ABP at 31 August 2004	€ 6.8 bn. (incl. € 1,4 bn. STReAM I)
Number of mortgage loans ABP at 31 August 2004	69,500 (incl. STReAM I).

Management

The Management Team of Obvion consists of the following persons:

R. van Diem	(Chief Executive Officer)
W.P.C. Heijns	(Manager Operations)
D.M. Dijkstra	(Manager Marketing & Sales)
M.H.L.M. Bronzwaer	(Manager Treasury)
D.H.M. Brouwers	(Manager Control & Financial Accounting)
J.H. v.d. Vlis	(Manager HRM)

The Supervisory Board of Obvion consists of the following persons:

P.J.A. van Schijndel	(Chairman) (Rabobank)
J.H.P.M. van Lange	(Rabobank)
J.F. Maassen	(ABP)
S.J. van Driel	(ABP)

RABOBANK

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank**") founded over a century ago, is one of the largest banking groups in the Netherlands and ranks in the top twenty-five (25) banking institutions in the world in terms of Tier 1 capital. The group of companies to which Rabobank belongs (the "**Rabobank Group**") is a cooperative banking organisation comprised of Rabobank Nederland (a cooperative entity licensed as a credit institution in the Netherlands), Rabobank Nederland's local member credit institutions (the "**Local Rabobanks**") and numerous specialised finance and other subsidiaries. In the Netherlands, the Rabobank Group follows an 'Allfinanz' concept, meaning it provides an integrated range of financial services comprised primarily of retail banking, wholesale banking, asset management and investment, insurance and leasing to a wide range of both individual and corporate customers. Internationally, Rabobank pursues a niche strategy in investment and international corporate banking through Rabobank International. At 30 June 2004 the Rabobank Group operated in the Netherlands through 321 Local Rabobanks and 1,672 offices and internationally through overseas offices in countries outside the Netherlands.

Since Rabobank first obtained its credit ratings in 1984, it has generally received for its senior unsecured long term debt an Aaa rating from Moody's and an AAA rating from Standard & Poor's.

At 30 June 2004 Rabobank had total assets of € 440 billion, loans outstanding to private sector borrowers amounting to € 245.6 billion (net of reserves for loan losses), group equity of € 24.7 billion, funds entrusted of € 180.5 billion and € 75.1 billion in savings accounts. Rabobank's net return in the first half of 2004 on group equity as at 31 December 2003 was 10.8 per cent. (on an annual basis).

Capitalisation

As a result of Rabobank's cooperative ownership structure, it is not allowed to pay dividends, which benefits its capital base. Rabobank retains all profits after net payments on Rabobank Member Certificates (RMCs). Because a large part of Rabobank's assets is invested in residential mortgages, its risk adjusted capital ratios compare favourably to its peer banks. At 30 June 2004, Rabobank had a Tier 1 ratio of 10.6 per cent.

Market Position in the residential mortgage market in the Netherlands

As at 30 June 2004, 21 per cent. of the domestic share by amount was provided by local Rabobanks and Rabo Hypotheekbank N.V. and another 5 per cent. by Obvion N.V. making Rabobank Group the largest residential mortgage provider in the Netherlands.

STICHTING PENSIOENFONDS ABP

Profile

In 1922 the General Pension Fund for Public Employees (Algemeen Burgerlijk Pensioenfonds) ("**ABP**") was founded to serve as the state pension fund after parliament had adopted the Pension Act 1922 in that same year. The Pension Act 1922 marked the introduction of a new pension arrangement for civil servants.

ABP's core business is to provide collective pension arrangements for employers and employees in the public and education sectors. Over the years ABP became one of the world's largest pension funds, managing the pensions of approximately 2 million eligible participants (government sector employees), which represented a joint net value of € 157 billion at the end of June 2004. A total of approximately 5,400 organisations in the government sectors are associated with ABP.

Until 1996 ABP was required to operate in strict compliance with the ABP Act. In this act it was provided that ABP was only permitted to invest predominantly in the Kingdom of the Netherlands and also largely in risk-free categories (government bonds and loans to lower-tier authorities). In 1980 ABP set up a mortgage business in order to diversify its portfolio and to create an additional investment category. For this purpose, ABP set up the department ABP Mortgages (*ABP Hypotheken*).

In 1996 ABP was privatised and it no longer fell within the stringent regime of the ABP Act. As part of the privatisation ABP was transformed into a legal foundation (*stichting*) with a new name: "Stichting Pensioenfonds ABP".

Organisational structure

ABP employs approximately 2,400 staff and the head office is based in Heerlen, the Netherlands. ABP consists of several business departments, such as ABP Pensions (*ABP Pensioenen*), ABP Investments (*ABP Vermogensbeheer*) and supporting departments and staff (Facility Management Services, Corporate Information Systems, Management Bureau and central staff departments).

The board of directors of ABP is responsible for the daily management of ABP. The board of governors of ABP in turn is responsible for monitoring the board of directors. The board of governors exists of representatives of both workers' and employers' associations and has an independent chairperson. In addition to its monitoring function, the board of governors is also ultimately responsible for the business policy of ABP. Next to the board of governors and the board of directors, ABP has a participants' council and an employer's council. They both consist of 36 members and give advice to the board of governors of ABP in certain matters described in the articles of organisation of ABP and in all cases where the board of governors deem consultation appropriate. No advice is needed or requested in matters relating to the (disposition of) investments.

Mortgage portfolio in the Netherlands

The mortgage portfolio of ABP consists of mortgages originated through Obvion N.V. and its predecessor ABP Hypotheken until April 2nd, 2002 and mortgage portfolios bought from several Dutch financial institutions.

In 2001 part of the portfolio originated through ABP Hypotheken was securitised. The size of this RMBS transaction (STReAM I) was € 2.2 billion (July 2004: € 1.4 billion).

As at July 2004 the total amount invested in residential mortgages in the Netherlands was € 7.4 billion of which € 5.4 billion is serviced by Obvion.

DESCRIPTION OF PORTFOLIO MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date include any and all rights (whether actual or contingent) of the Seller against any Borrower under or in connection with any Mortgage Loans selected by agreement between the Seller and the Issuer. Payment for such sale shall occur on the Closing Date.

The Portfolio Mortgage Loans (or in case of Portfolio Mortgage Loans consisting of more than one loan part, the aggregate of such loan parts) are secured by a first-ranking, or as the case may be a first and sequentially lower ranking mortgage right, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) entered into by the Seller and the Borrowers. The mortgage rights secure the relevant Portfolio Mortgage Loan.

The Portfolio Mortgage Loans have been selected according to the Seller's underwriting criteria (see under *Mortgage Loan Underwriting and Servicing* below). For a description of the representations and warranties given by the Seller reference is made to *Mortgage Receivables Purchase Agreement* below.

The numerical information set out below relates to the Portfolio Mortgage Loans as of the Portfolio Cut-Off Date. The "**Portfolio Cut-Off Date**" is 31 August 2004, provided that in certain cases for calculation purposes 1 September 2004 is used, applying the data as of the Portfolio Cut-Off Date.

Mortgage types

The Portfolio Mortgage Loans in whole or in part (*leningdelen*) will consist of:

- (i) Linear Mortgage Loans (*lineaire hypotheken*);
- (ii) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*);
- (iii) Annuity Mortgage Loans (*annuïteitenhypotheken*);
- (iv) Life Mortgage Loans (*levenhypotheken*);
- (v) Investment Mortgage Loans (*beleggingshypotheken*); or
- (vi) Savings Mortgage Loans (*spaarhypotheken*).

Each Portfolio Mortgage Loan shall have the benefit of a Risk Insurance Policy taken out by the Borrower with an Insurance Company in the event and to the extent the relevant Portfolio Mortgage Loan exceeds 100 per cent. of the foreclosure value (*executiewaarde*). In the case of Portfolio Mortgage Loans including a Life Mortgage Loan or Savings Mortgage Loan such Risk Insurance Policy will be included in the relevant Life Insurance Policy or Savings Insurance Policy. Each of the above types of Portfolio Mortgage Loans can be in the form of a construction mortgage.

Linear Mortgage Loans

Under a Linear Mortgage Loan the Borrower pays a fixed amount of principal each month towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

Interest-only Mortgage Loans

Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

Annuity Mortgage Loans

Under an Annuity Mortgage Loan, the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that the Annuity Mortgage Loan will be fully redeemed at maturity.

Life Mortgage Loans

Under a Life Mortgage Loan, no principal is paid until maturity but instead the Borrower pays a premium on a monthly basis to the relevant Insurance Company under a Life Insurance Policy taken out with such Insurance Company. The premiums paid by the Borrowers are invested by the relevant Insurance Company in certain investment funds. It is the intention that a Life Mortgage Loan will be fully repaid by means of the proceeds of the Life Insurance Policy.

Investment Mortgage Loans

Under an Investment Mortgage Loan the Borrower does not pay principal prior to the maturity of the mortgage loan, but instead undertakes to invest, on an instalment basis or up front, defined amounts in certain investment funds. The amounts invested take the form of participations in the investment funds selected by the Borrower and are credited to the Investment Account in the name of the relevant Borrower. It is the intention that a Investment Mortgage Loan will be fully repaid with the proceeds of the investments held in the Investment Account.

Savings Mortgage Loans

A Savings Mortgage Loan is combined with a Savings Insurance Policy, which consists of a combined risk and capital insurance policy taken out by the Borrower with Stad Rotterdam in connection with the relevant Savings Mortgage Loan. Under a Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity of the loan. Instead, the Borrower pays a premium on a monthly basis, which consists of a risk element and a savings element. The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Insurance Company to the relevant Borrower will be equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan.

Interest Rates

Obvion offers the following options to the Borrowers regarding the payment of interest:

Fixed Interest

A fixed rate of interest is payable on the Portfolio Mortgage Loans (or relevant part thereof), subject to resets from time to time (often 2, 5, 7, 10, 12, 15 or 20 years).

Floating Interest (not available in combination with Savings Mortgage Loans)

A variable rate of interest is payable on the Portfolio Mortgage Loans (or relevant part thereof) based on the rate for one-month euribor plus a margin.

"Obvion Rentevrijheid"

A Borrower can choose for a two-year interest fixation period with the so-called "Obvion Rentevrijheid" option. With this option, the Borrower pays a fixed rate of interest during the first 24 months of the Portfolio Mortgage Loan (or relevant part thereof). During this 24 month period, the Borrower has the option to set his future interest payments either at a fixed rate for a period as mentioned under sub-paragraph *Fixed Interest* or at a floating rate as mentioned under sub-paragraph *Floating Interest* above. The 24-month "Obvion Rentevrijheid" option period cannot be renewed.

Key Characteristics

The following chart is a summary of the key characteristics of the pool of Portfolio Mortgage Loans as selected on the Portfolio Cut-Off Date. All amounts mentioned below are expressed in Euro.

TABLE A

Key Characteristics of the pool of Mortgage Loans as of 1 September 2004

Outstanding Principal Balance	1,309,212,897
Outstanding Savings Balance	2,765,178
Net Outstanding Principal Balance (Net Loan)	1,306,447,719
Outstanding Construction Deposits	1,587,342
Number of Mortgages	6,923
Number of Mortgage Loan Parts	13,733
WA Loan Balance	188,711
WALT Foreclosure Value (%)	91.95
WA Seasoning (months)	5
WA Remaining Maturity (months)	348
WA Coupon (%)	4.2
WA Remaining Period until Reset (years)	6

Loan to Foreclosure Value Ratio

The following chart shows the distribution of the pool of Portfolio Mortgage Loans on the Portfolio Cut-Off Date (both by net outstanding principal balance and number of loans) by reference to their loan to foreclosure value ratio.

TABLE B*Loan-to-Foreclosure Value of the pool of Mortgage Loans*

Range of Loan-to-Foreclosure Value	Number of Loans	Aggregate Outstanding Principal Amount (Net Loan)	Proportion of Pool (% amounts)	WAM (months)	WAC (%)
0 <= LTFV < 20	79	2,780,290	0.21%	348	4.0
20 <= LTFV < 30	154	8,800,980	0.67%	351	4.0
30 <= LTFV < 40	314	26,530,230	2.03%	352	3.9
40 <= LTFV < 50	482	54,205,753	4.15%	351	3.9
50 <= LTFV < 60	930	130,753,048	10.01%	350	3.9
60 <= LTFV < 70	691	108,635,463	8.32%	347	4.0
70 <= LTFV < 80	775	137,371,396	10.51%	352	4.0
80 <= LTFV < 90	469	97,284,031	7.45%	344	4.2
90 <= LTFV < 100	662	155,415,848	11.90%	346	4.2
100 <= LTFV < 105	254	62,515,978	4.79%	343	4.1
105 <= LTFV < 110	223	52,672,673	4.03%	344	4.3
110 <= LTFV < 115	244	57,242,652	4.38%	346	4.3
115 <= LTFV < 120	381	96,811,977	7.41%	348	4.4
120 <= LTFV <= 125	1,265	315,427,400	24.14%	349	4.3
	6,923	1,306,447,719	100.00%	348	4.2

Sizes

The following chart shows the distribution of the pool of Portfolio Mortgage Loans on the Portfolio Cut-Off Date (both by net outstanding principal balance and number of loans) by loan amounts outstanding per Borrower.

TABLE C*Distribution of Loan Size of the pool of Mortgage Loans*

Range of Sizes (EUR x 1,000)	Number of Loans	Aggregate Outstanding Principal Amount (Net Loan)	Proportion of Pool (% amounts)	WAM (months)	WAC (%)
0 <= Loan Size < 50	220	8,146,025	0.62%	349	4.1
50 <= Loan Size < 100	980	74,818,897	5.73%	349	4.0
100 <= Loan Size < 150	1,607	199,685,865	15.28%	348	4.2
150 <= Loan Size < 200	1,456	251,034,459	19.22%	347	4.2
200 <= Loan Size < 250	1,098	244,684,313	18.73%	350	4.2
250 <= Loan Size < 300	760	205,107,405	15.70%	347	4.2
300 <= Loan Size < 350	332	106,117,476	8.12%	349	4.2
350 <= Loan Size < 400	189	69,882,530	5.35%	349	4.2
400 <= Loan Size < 450	97	40,421,135	3.09%	348	4.0
450 <= Loan Size < 500	61	28,604,856	2.19%	344	3.9
500 <= Loan Size < 550	35	18,294,133	1.40%	343	4.1
550 <= Loan Size < 750	66	41,055,183	3.14%	344	4.1
750 <= Loan Size <= 1,000	22	18,595,443	1.42%	355	3.7
	6,923	1,306,447,719	100.00%	348	4.2

Weighted Average Interest Rates

The following chart shows the distribution of the pool of Portfolio Mortgage Loans on the Portfolio Cut-Off Date (both by net outstanding principal balance and number of loans) by interest rates.

TABLE D

Distribution of Interest Rates of the pool of Mortgage Loans

Range of Interest Rates (%)	Number of Loans	Aggregate Outstanding Principal Amount (Net Loan)	Proportion of Pool (% amounts)	WAM (months)	WAC (%)
R < 3.0%	1,232	204,194,539	15.63%	353	2.8
3.0% <= R < 3.5%	673	152,060,567	11.64%	350	3.1
3.5% <= R < 4.0%	751	146,788,104	11.24%	348	3.7
4.0% <= R < 4.5%	885	171,442,976	13.12%	348	4.2
4.5% <= R < 5.0%	2,008	366,739,036	28.07%	348	4.7
5.0% <= R < 5.5%	1,174	226,369,287	17.33%	346	5.1
5.5% <= R < 6.0%	186	36,595,040	2.80%	329	5.6
6.0% <= R < 6.5%	11	1,689,394	0.13%	322	6.1
6.5% <= R < 7.5%	3	568,776	0.04%	321	6.7
	6,923	1,306,447,719	100.00%	348	4.2

Mortgage Type

The following chart shows the distribution of the pool of Portfolio Mortgage Loans by loan type on the Portfolio Cut-Off Date (both by net outstanding principal balance and number of loan parts) by mortgage type.

TABLE E

Types of Mortgage Loans (specified on the basis of Loan Parts)

Mortgage Type	Number of Loans Parts	Aggregate Outstanding Principal Amount (Net Loan)	Proportion of Pool (% amounts)	WAM (months)	WAC (%)
Annuity	431	20,210,340	1.55%	332	4.1
Interest only	9,225	876,924,227	67.12%	358	4.0
Investment	644	65,960,870	5.05%	350	4.1
Life	2,233	227,076,785	17.38%	325	4.2
Linear	32	2,837,023	0.22%	272	4.0
Savings	1,168	113,438,475	8.68%	324	5.1
	13,733	1,306,447,719	100.00%	348	4.2

Origination Date

The following chart shows the distribution of the pool of Portfolio Mortgage Loans on the Portfolio Cut-Off Date (both by net outstanding principal balance and number of loan parts) by year of origination.

TABLE F*Origination Year of the Mortgage Loans (specified on the basis of Loan Parts)*

Year of Origination	Number of Loans Parts	Aggregate Outstanding Principal Amount (Net Loan)	Proportion of Pool (% amounts)	WAM (months)	WAC (%)
2002	295	30,898,642	2.37%	334	5.3
2003	2,256	242,184,385	18.54%	340	4.5
2004	11,182	1,033,364,692	79.10%	350	4.1
	13,733	1,306,447,719	100.00%	348	4.2

Geographical distribution

The following chart shows the distribution of the pool of Portfolio Mortgage Loans on the Portfolio Cut-Off Date (both by net outstanding principal balance and number of loans) by region.

TABLE G*Geographical Distribution of the Mortgage Loans*

Region	Number of Loans	Aggregate Outstanding Principal Amount (Net Loan)	Proportion of Pool (% amounts)	WAM (months)	WAC (%)
Drenthe	211	36,219,810	2.77%	343	4.1
Flevoland	142	26,245,488	2.01%	341	4.2
Friesland	157	25,135,020	1.92%	350	3.9
Gelderland	829	158,130,662	12.10%	352	4.2
Groningen	332	51,403,171	3.93%	344	4.2
Limburg	715	120,561,509	9.23%	349	4.3
Noord-Brabant	1,321	242,700,297	18.58%	350	4.2
Noord-Holland	972	204,750,536	15.67%	348	4.0
Overijssel	530	88,043,157	6.74%	348	4.0
Utrecht	593	128,883,888	9.87%	346	4.2
Zeeland	64	10,529,598	0.81%	344	4.2
Zuid-Holland	1,057	213,844,583	16.37%	347	4.2
	6,923	1,306,447,719	100.00%	348	4.2

Interest Reset Dates

The following chart shows the distribution of the pool of Portfolio Mortgage Loans on the Portfolio Cut-Off Date (both by net outstanding principal balance and number of loan parts) by interest reset year.

TABLE H*Interest Reset Years of the Mortgage Loans (specified on the basis of Loan Parts)*

Year	Number of Loans Parts	Aggregate Outstanding Principal Amount (Net Loan)	Proportion of Pool (% amounts)	WAM (months)	WAC (%)
2004	3,978	374,058,685	28.63%	353	2.9
2005	211	18,247,863	1.40%	342	3.6
2006	1,119	93,115,770	7.13%	349	3.6
2007	120	12,691,487	0.97%	333	5.0
2008	476	49,041,678	3.75%	339	4.1
2009	1,169	101,080,526	7.74%	349	4.2
2010	72	7,116,765	0.54%	345	4.9
2011	1,886	176,413,355	13.50%	354	4.7
2012	138	13,719,111	1.05%	336	5.5
2013	926	103,073,866	7.89%	342	4.9
2014	2,205	209,363,110	16.03%	348	5.0
2015	7	999,000	0.08%	321	5.2
2016	59	4,946,789	0.38%	337	5.1
2017	41	4,380,486	0.34%	333	5.7
2018	269	31,112,611	2.38%	338	5.2
2019	423	41,050,363	3.14%	339	5.2
2022	60	6,305,271	0.48%	323	5.9
2023	228	24,952,979	1.91%	341	5.4
2024	346	34,778,004	2.66%	340	5.4
	13,733	1,306,447,719	100.00%	348	4.2

Property type

The following chart shows the distribution of the pool of Portfolio Mortgage Loans (both by net outstanding principal balance and by number of loans) by type of underlying property.

TABLE I*Property Type specified per Mortgage Loan*

Property Type	Number of Loans	Aggregate Outstanding Principal Amount (Net Loan)	Proportion of Pool (% amounts)	WAM (months)	WAC (%)
Condominium	735	110,741,133	8.48%	350	4.2
Condominium with garage	30	4,622,867	0.35%	347	4.0
Residential Farm house	54	14,538,943	1.11%	352	4.1
Single family house	5,224	986,162,153	75.48%	348	4.2
Single family house with garage	880	190,382,623	14.57%	346	4.2
	6,923	1,306,447,719	100.00%	348	4.2

Age

The following chart shows the distribution of the pool of Portfolio Mortgage Loans (both by net outstanding principal balance and by number of loans) by age of the main borrower.

TABLE J*Age of the Main Borrower per Mortgage Loan*

Age	Number of Loans	Aggregate Outstanding Principal Amount (Net Loan)	Proportion of Pool (% amounts)	WAM (months)	WAC (%)
18 = Age < 20	4	515,722	0.04%	329	4.8
20 <= Age < 30	726	137,852,067	10.55%	355	4.5
30 <= Age < 40	2,184	475,616,470	36.41%	349	4.2
40 <= Age < 50	1,963	386,378,437	29.57%	344	4.1
50 <= Age < 60	1,288	210,327,091	16.10%	347	4.0
60 <= Age < 70	571	76,299,107	5.84%	354	4.0
70 <= Age < 80	170	17,655,869	1.35%	351	4.1
80 <= Age < 90	17	1,802,957	0.14%	338	3.4
	6,923	1,306,447,719	100.00%	348	4.2

MORTGAGE LOAN UNDERWRITING AND SERVICING

Obvion's Origination Process

In order to implement its strategy, Obvion develops and executes a marketing and sales plan based on market analyses carried out by Obvion (in cooperation with Rabobank) that may result in the development of new mortgage products. Obvion distributes its products through professional independent intermediaries and is focussed on maintaining its clients.

This section gives an overview of the entire origination process, starting from the distribution of the loans through intermediaries until the mortgage loan becomes active. Furthermore, it provides insight into the division of tasks between the intermediaries and Obvion in the origination process and the supporting role of STATER (as defined below) and its mortgage information system in the origination and arrears management process.

Independent intermediaries

Obvion distributes its mortgage loans exclusively through independent, professional (Dutch) intermediaries. The intermediaries are real estate brokers, insurance brokers or mortgage advisors. These parties can either be part of an organised network (franchise) or operate as a separate entity. Obvion cooperates with a total of approximately 800 intermediaries (with 1250 locations) throughout the Netherlands.

Within Obvion, two sales managers and fifteen account managers are responsible for the relationship with the intermediaries. In addition, the account managers are responsible for the ongoing classification of the relevant intermediaries on the basis of a number of criteria including sales volume. Classification of intermediaries takes place in the categories A, P and B. Categories A and P are the preferred categories. Category A intermediaries are considered to be the core intermediaries, which are serviced in a special way (e.g. dedicated contact persons at the Obvion Service Centre). Category P intermediaries are 'new' intermediaries for Obvion which are deemed to have the potential to become core intermediaries and which are serviced in the same way as Category A. Category B intermediaries are intermediaries with no special service arrangements.

Whether an intermediary gets the A or B status depends on the quality of the loan applications it sends to Obvion, the amount of mortgages originated by Obvion through its intermediation, the number of loans eventually closed related to the number of loan applications, et cetera. Obvion has implemented a bonus system similar to the system used by other participants in this distribution channel. As such, the bonus arrangement is considered to be 'market standard'. The criterion for the bonus system is sales volume. The contact with the borrower in relation to new loans as well as in relation to changes in the mortgage loans (e.g. refinancing, increase in amount, relocation and subsequent drawing after redemption) are channelled through the intermediary.

Mortgage advisory software for entering client data is provided to the intermediary.

STATER

In order to support its mortgage origination and servicing process, Obvion has entered into an agreement with Stater Nederland B.V. ("**STATER**"). STATER renders services pertaining to money transfers and payment transactions with regard to mortgage loans. STATER is the leading independent

third party provider of mortgage payment transactions services for residential mortgages in the Netherlands.

For the purpose of rendering the above-mentioned services, STATER has an organisation and an automated mortgage information system called *STATER Hypotheek Systeem* ("**SHS**"), which is developed and maintained by STATER. The agreement between Obvion and STATER specifies the money transfers and payment transactions services rendered by STATER to Obvion.

Obvion is responsible for marketing and sales support. The advisory role lies with the intermediary while client retention contacts fall within the activities and responsibilities of Obvion. In addition, the entire mortgage quote, acceptance, lending and servicing process is in the hands of Obvion, with the exception of collection of regular payments of interest, premiums and/or principal under mortgage loans and/or savings insurance policies. This collection falls within the services rendered by STATER, which is authorised to use the account of Obvion for these collection activities. STATER is also responsible for giving the civil law notary instructions and settling outgoing payments including arranging that the mortgage deed for the loan being extended is drawn up in the name of and for the account and risk of Obvion. Obvion is responsible for query handling as well as for arrears and default management and client file management. STATER also periodically provides information on the rendered services.

Mortgage offering process

The intermediary initiates the mortgage loan quote process after a client has opted for Obvion as the lender. The intermediary has all consumer brochures on the Obvion products as well as an extensive manual outlining Obvion's underwriting criteria, conditions and application forms on paper and electronically via the Obvion Portal, the special internet site of Obvion. The intermediary enters the loan application (or change) data and passes this on to Obvion either electronically via the Obvion Portal or "HDN" – the Mortgage Data Network- or on paper. At present, 49 per cent. of applications are electronic. Standard applications submitted by fax/mail are processed within three business days, whereas electronic applications are processed within one business day.

An employee of Obvion responsible for handling applications ensures that the data received by traditional mail or by fax is entered into the mortgage information system SHS. Applications sent via the Obvion Portal or by HDN are automatically entered into SHS, in most cases without interference of an employee of Obvion. SHS performs acceptance checks automatically on the basis of the underwriting criteria of Obvion and the general criteria and conditions of mortgage loans. Credit history (see section on Credit Registration Office, 'BKR') and fraud detection checks ('Sheriff') are automatically performed to find out whether the applicant has (had) any current or recent credit payment problems and to identify fraud cases. If SHS gives a 'stop' advice (i.e. if one of the underwriting criteria is not satisfied) the application will be individually assessed by the relevant member of staff (underwriting specialist). In this case it is up to this specialist to assess whether the failure to satisfy all the underwriting criteria is material and whether the loan entails an increased risk, and if so, whether this risk is acceptable. If the specialist decides to overrule the system, with or without demanding any additional requirements for the loan application, he/she must provide a written explanation for doing so and store that explanation in the system. These overrules are periodically evaluated by management.

If the non-fulfilment of the underwriting criteria is considered to be more than marginal but the underwriting specialist considers the risk acceptable, he/she will submit a proposal to the Krediet Commissie Acceptatie (Credit Underwriting Committee), which will deal with the proposal at one of its weekly meetings. The Credit Underwriting Committee consists of the CEO, manager Operations, manager Marketing and Sales, manager Treasury, Legal Counsel/Anti Fraud Officer, manager Underwriting and the underwriting specialist who submitted the proposal.

In the case of an approval either by SHS, the underwriting specialist or the Credit Underwriting Committee, Obvion will send a proposal for the mortgage loan and the applicable conditions to the client via the intermediary. This proposal is valid for three weeks. The client has to accept, sign and return the proposal to Obvion within this timeframe. Upon acceptance, the proposal is valid for a period of four months (calculated from the date of sending of the proposal) and granting the loan is still subject to the receipt of all required documents and final acceptance. Only in the case when the mortgage loan is needed to buy a house of which delivery is delayed, an extension of the validity of the proposal up to a maximum of twelve months is possible. In that case, a purchase agreement is required. After all documents have been received and approved, Obvion will arrange for all relevant documents to be scanned into SHS. At the same time notification is sent to the intermediary in order to inform the applicant that the loan will be granted. As soon as this is done, all relevant data are recorded in SHS, after which STATER will inform the civil law notary. Subsequently the civil law notary confirms (by fax or by internet) the transfer date to Obvion. Entering this date into SHS alerts STATER that it should transfer the amount of the mortgage loan by debiting the account of Obvion to a separate account of the civil law notary. This so-called third party account is used temporarily until the legal transfer of the collateral has been executed. After the transaction is finalised, the civil law notary will send all relevant documents (such as the mortgage deed) to Obvion. Obvion scans the documents into the electronic file. After completion of this filing, STATER will enter the mortgage loan into the administration system of Obvion. From this moment onwards the status of the mortgage loan is 'active'.

Application of savings mortgage loans

In the case of an application for a savings mortgage loan, Obvion produces an insurance proposal in addition to the mortgage offer. This insurance proposal is entered into the system of Stad Rotterdam by means of an on-line connection ("**OMNIS**") between Stad Rotterdam and Obvion. After the applicant has accepted the proposal the intermediary returns the signed proposal to Obvion. The proposal will also be sent to the civil law notary who will use this input for drafting the relevant mortgage deed in order to pledge the insurance policy to Obvion. It is a condition precedent to Obvion's approval of the mortgage loan that Stad Rotterdam shall accept the borrower as an insured person on the basis of a medical review, which is a requirement for a savings mortgage policy. After the mortgage loan has been entered into the administration, Obvion sends a statement to Stad Rotterdam with the request to issue the savings policy, a copy of which is sent to Obvion.

Underwriting criteria

The underwriting criteria of Obvion are incorporated in SHS. As soon as Obvion changes the criteria STATER is ordered to update the underwriting criteria in SHS. The most important criteria in relation to the borrower, the collateral and the loan terms and conditions are explained below.

The Collateral

The collateral must in all cases meet the following requirements:

- it is located within the Netherlands
- it will be owned by the borrower no later than date of conveyance of the mortgage deed
- it is intended and suitable for permanent occupation by the borrower (no buy-to-let)
- loan applications for residential/retail premises are accepted, provided the residential part makes up at least 50% of the estimated foreclosure value
- the maximum loan amount to be extended for apartments/condominiums is 100% of the foreclosure value of the premises unless the appraisal report states that the condition of the apartment is "good" and the expected selling time of the property is qualified as "current". In that case the maximum loan amount can be 125% of the foreclosure value.

Borrower

The borrower must be a natural person of at least 18 years old and must have full legal capacity. If the mortgage loan is applied for by two persons, they are both jointly and severally liable for the loan and must both sign the mortgage deed.

The income must be of a continuous nature (gross wage or salary, 13th month and holiday allowance, other structural emoluments).

To enable Obvion to determine the income of a borrower who is self-employed, the borrower must provide Obvion with balance sheet and profit and loss accounts over the past three years. Furthermore a forecast of the borrower's business in the current year and an auditor's report are required in the case of self-employment. In addition an unqualified auditor's opinion is required.

The loan amount is calculated on the basis of the so-called 'income ratio', which is the percentage of (gross) annual income available for mortgage loan expenses. Taking the relevant mortgage interest rate (at least 6% for interest fixation periods ≤ 5 years) into account, this is then converted into the maximum loan amount. For borrowers with an age of up to 65 years, the ratio rises from 28.8% for the lowest income category ($< \text{€ } 16,500$) to 39.8% for the highest income category ($> \text{€ } 78,000$). In the case of double-income households, the income of both partners can be counted in full but the applicable ratio is limited to the ratio for the highest income.

Another criterion is that the potential borrower has a sound credit history. A check on credit history is always carried out through the 'Bureau Krediet Registratie' (Credit Registration Office; 'BKR'). The standard policy of Obvion is to deny an application if the BKR check shows that the potential borrower has or had an A-code, indicating that the borrower is or has been in arrears on any of the financial obligations that are monitored by the BKR.

Mortgage Loan amount

The minimum principal sums of the mortgage loan (which may consist of different parts) are:

Initial mortgage loan: € 20,000
Further advances: € 5,000

The maximum loan amount is € 750,000. Above this amount, the underwriting specialist can overrule if the application fulfils all other underwriting criteria without exception and the Credit Underwriting

Committee is informed subsequently. For loan amounts in excess of € 1,000,000 the upfront approval of the Credit Underwriting Committee is needed.

The maximum loan amount is 125% of the foreclosure value of the collateral. Only if the borrower finances the upfront payment of an insurance for disability and unemployment, a loan amount up to 127.5% of the foreclosure value is allowed.

The interest-only part of the loan may not exceed 75% of the foreclosure value. Depending on the LTFV, the following risk surcharges on the mortgage base rate are applicable (NB: the base rate is only applicable to mortgage loans with NHG).

LTFV <= 60%	0.0%
LTFV > 60%, <= 75%	0.1%
LTFV > 75%, <= 100%	0.2%
LTFV > 100%, <= 127.5%	0.3%

In the case of a further advance in the mortgage loan, the new loan component is added to the existing loan. The new loan component is subject to the current interest rate and an applicable rate differentiation is applied to the entire loan, unless all the loan components in question are guaranteed (NHG). The current general terms and conditions applicable in respect of mortgage loans originated by Obvion are applicable to both the new loan component and all existing loan components.

Documents to be provided by the borrower

Valuation Report

The borrower needs to provide Obvion with an original valuation report, which must not be older than 1 year. The valuation must be done by a certified appraiser, who is not in any way involved in the sale of the property or the financing of the mortgage loan. The valuation report itself must be in a standardised format. The absence of a recent valuation report is only permitted in the case of a mortgage loan:

- (a) on a newly built property;
- (b) on existing, but newly acquired property, if the loan amount does not exceed 60% of the foreclosure value; or
- (c) on property already occupied by the borrower if the total loan amount does not exceed 75% of the foreclosure value.

Under (a), foreclosure value is determined by Obvion as a percentage of the acquisition price of the property (85% or 90% depending on the acquisition price). With regard to (b) and (c), the value determined in the most recent appraisal report of the municipality ('WOZ-beschikking') will be used as the foreclosure value.

Other Documents

In addition to the income data as described above and the valuation report, the applicant shall provide Obvion with a copy of the sale contract or the combined purchase agreement and building contract. In the case of an application for a savings mortgage loan, a completed application form for the savings mortgage insurance and a medical certificate will also be requested. With a life mortgage loan, either an existing policy or a copy of the insurance quote must be submitted.

Obvion's collection and servicing processes

Computer systems

The mortgage information system developed and managed by STATER, SHS, is the key computer system in the portfolio servicing activities of Obvion. In addition to SHS, Obvion uses several other computer systems and software applications. Some of these systems and applications serve to support and process the filing of both electronic mortgage files and paper files. Next to SHS, the most important computer systems and applications are OMNIS and HYARCHIS. All three systems mentioned will be addressed in the following paragraphs.

Mortgage Information system: STATER Hypotheek Systeem (SHS)

By means of its automated mortgage information system SHS, STATER offers services in relation to the assessment of applications for mortgage loans, initiating the drafting of agreements and other documents required for the execution of mortgage loans, the payment and handling of mortgage loans and/or savings insurances and the collection of whatever is owed on account of mortgage loans and/or the insurances linked to these loans.

All underwriting criteria and standards specified by Obvion are entered into SHS. SHS is designed in such a way that it can automatically carry out eligibility checks with regard to the loan application after all relevant data are entered. If the loan application is in accordance with all underwriting criteria and all specific requirements are met, SHS will automatically process a mortgage rate proposal. If the loan application fails one (or more) of the criteria, SHS will produce a 'warning' by interrupting the process (a so-called 'stop'). During the life/maturity of a mortgage loan, SHS handles all automated activities and all automated communication with borrowers (e.g. communication regarding approaching of interest reset date and arrears). Obvion handles all other (customised) communication with borrowers. All written communication will be stored in the electronic mortgage file.

Back-up facilities and security of SHS

Obvion has subscribed to the general ESCROW agreement that STATER has concluded with an ESCROW agent. Under this agreement, the source codes of STATER can continue to be used in the event that STATER goes bankrupt or ceases to exist for some other reason. In addition, STATER will arrange for on-line, immediate back-ups of applications and all Obvion data stored in the SHS. If any data and/or applications of Obvion are destroyed or are rendered unusable, STATER will restore these data and/or applications. STATER operates a second system in Hoevelaken alongside the primary system in Amersfoort, which duplicates the administration of all data on a real-time basis. SHS is updated and upgraded regularly resulting in six (6) new releases every year. Changes in relevant legislation are, if necessary, incorporated in SHS.

OMNIS

OMNIS is the computer communication system of Stad Rotterdam with which Obvion has an on-line connection. OMNIS is used by Obvion's employees to produce an insurance proposal on behalf of Stad Rotterdam where the application involves a savings mortgage loan and send the insurance proposal to the borrower on behalf of Stad Rotterdam.

HYARCHIS

HYARCHIS is the computer system used by Obvion for the scanning and imaging of all relevant documents regarding mortgage loans. After the final approval of the loan application by Obvion, HYARCHIS is used to scan all documents and files. HYARCHIS is owned by an external party (VDD).

Obvion Portal

Recently Obvion has developed the Obvion Portal on the internet. The Obvion Portal enables the intermediaries to enter the application data directly into SHS. During the data entry the application data are checked. Application data are only passed through to SHS if they are valid.

Cash flows and bank accounts

Obvion's mortgage activities cause certain cash flows between Obvion, ABP, STATER, STReAM I B.V., STORM 2003 B.V., STORM 2004 B.V. and other involved parties, such as the civil law notary, the borrowers, the insurance companies and the intermediaries.

Obvion provides the funding for the mortgage loans. For this purpose Obvion deposits funds in a bank account. The same account is used as a collection account in which amounts related to interest, prepayments, instalments or principal are paid. Obvion has authorised STATER to manage the account and execute the relevant payments on its behalf. STATER is not responsible for the collection of insurance premiums in relation to the mortgage loans originated by Obvion, if applicable. The borrower pays these premiums directly to the insurance companies.

In the case of a savings mortgage loan, the premiums paid by the borrower to Stad Rotterdam will be passed on by Stad Rotterdam to Obvion on a separate bank account of Obvion on a monthly basis.

Furthermore, Obvion uses a bank account for all cash flows, which are not related to principal and interest, e.g. payments of the monthly fee to STATER are paid from this account. Obvion also uses this account to pay out production fees and bonuses to the intermediaries and to collect the production fees and bonuses paid by the insurance companies.

Obvion's arrears and default management

The credit management policy of Obvion is focussed on detecting/contacting borrowers who fail to keep up their payments as early as possible. Within the Servicing and Arrears Management team, the credit management specialists are trained in, and carry overall responsibility for, the credit control function. They maintain contact with the borrower, decide what route should be followed, make payment arrangements with clients and maintain contact with bailiffs, etc.. Certain actions or arrangements must be submitted to the Krediet Commissie Beheer (Credit Management Committee) which consists of the CEO, Manager Operations, Manager Servicing and Arrears Management, Manager Treasury, Legal Counsel/Anti Fraud Officer and the relevant credit management specialist and which convenes every two weeks.

Obvion evaluates the credit management experiences and the findings are reported to the underwriting specialists and management. The experiences are used to improve the acceptance policy and the acceptance process.

Arrears management process

Direct debit

On the 22nd day of each month, STATER sends a tape with direct debit instructions to Interpay, after which the amount payable is debited from the borrower's account two business days before the end of the month. The monthly processing of the direct debits in SHS by Stater takes place not later than the first weekend of the subsequent month.

Actions and timeline

If, after the monthly processing, SHS identifies any borrowers who have failed to pay the monthly interest/instalments, SHS will automatically generate a reminder within 14 days. SHS also calculates default interest penalties. If the debtor continues to fail to settle the monthly interest/instalments another reminder/warning is sent fourteen days later (28 days after the first arrear).

If this second reminder/warning does not result in payment of the arrears by the Borrower (42 days after the first arrear), Obvion will send the Borrower another warning in which he is given 10 days to pay or make arrangements to repay the amount in arrear. Furthermore the Borrower is told in this letter that if he fails to pay the amounts he owes to Obvion, Obvion will ask a bailiff to use all the legal means at his disposal to force the Borrower to pay the amount in arrear.

Obvion will instruct a bailiff if the Borrower keeps failing to pay his debt (55 days after the first arrear). The bailiff will try to contact the Borrower during a period of approximately 6 weeks.

Should the efforts of the bailiff not be successful, the Credit Management Committee will be asked by the credit management specialist to approve that Obvion demands repayment of the loan and if necessary to foreclose the loan. The credit management specialist provides the Credit Management Committee with all relevant information in relation to the loan and the total outstanding debt, the collateral, the current financial situation of the borrower(s) and the value of any other security provided (for example insurance policies). At the same time a minimum selling price, which is an accurate representation of the current market value of the property, will be set for the property.

After approval of the Credit Management Committee the Borrower is required to repay the entire debt, including all amounts of principal, arrears, penalties and costs incurred (110 days after the first arrear).

If the Borrower does not repay the loan within a month after the latest request, a notary will be instructed to prepare the auction of the mortgaged property (140 days after the first arrear).

The civil law notary can make a last effort to reach a settlement with the borrower. If the notary is not successful, the public auction proceedings are initiated and Obvion or the notary, on behalf of Obvion, starts enforcing any other collateral (including, but not limited to, the rights of any pledge granted by the relevant borrower as security for its payment obligations towards Obvion). Prior to this auction, the civil law notary will place an auction advertisement, inviting interested parties to deposit a private bid in writing at the offices of the civil law notary. In a number of cases at least one of these bids will cover the entire amount owing to Obvion. However, the bid must reflect a realistic market price. The official receiver will decide whether the private sale can be approved or not. If no acceptable bid is received in response to the auction advertisement, public auction proceedings will be started.

The mortgaged property will then be sold in a public auction within approximately 80 days after the notary is instructed (220 days after the first arrear).

Obvion will also be represented at this auction to ensure that the collateral will be sold for at least the minimum selling price. If nobody offers the minimum selling price, an entity appointed by Obvion will buy the property at this price on its behalf for subsequent sale at a more appropriate time and price.

During the arrears management process Obvion can choose to have SHS send monthly dunning letters to the borrower, stating the amounts that are in arrears plus default interest penalties.

In any case SHS automatically sends notification to the BKR after the borrower has been in arrears for 120 days.

At any time during the arrears management period, the credit management specialist can reach agreement with the borrower on a payment arrangement. The first possibility is that the borrower pays the entire amount in a lump sum, the second is that a repayment schedule is agreed with the borrower. The aim is to minimise the repayment term while taking into account the borrower's financial means. If necessary, the credit management specialist will obtain additional information from a company specialised in 'bad debtors', such as a bailiff. The credit management specialist is responsible for the decision regarding a repayment schedule, provided that the arrangement is made for a period of not more than 12 months.

In the exceptional case of a period lasting longer than 12 months, the credit management specialist must submit the proposed arrangement together with an explanatory statement to the Credit Management Committee, which will then make a decision. The individual payment arrangements are recorded in SHS.

Management of deficits after foreclosure

When all the collateral has been executed, it is established whether there is still any remaining outstanding debt. Obvion notifies the borrower of the outstanding debt, as he will remain liable for the repayment of this amount. Unless the Borrower pays or makes arrangements with Obvion to pay the deficit, Obvion will ask a bailiff to use all his efforts and all the legal means at his disposal to get as much as possible of the deficit paid back by or on behalf of the Borrower.

One off the possibilities at the bailiff's disposal is attachment of income. In addition to the attachment of current income, in the Netherlands it is also possible to attach all future income of a natural person above the minimum subsistence level applicable to that person.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will, on the Closing Date, purchase and accept from the Seller the assignment of the Mortgage Receivables. The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers and the deed of assignment will not be registered, except in special events as further described hereunder (the "**Assignment Notification Events**"). The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables following the Closing Date and to all amounts of principal in respect of the Portfolio Mortgage Loans, which were received by the Seller between the Portfolio Cut-Off Date and the Closing Date.

Purchase Price

The purchase price for the Mortgage Receivables will consist of an initial purchase price (the "**Initial Purchase Price**"), payable on the Closing Date, which will be equal to € 1,309,212,897 and a deferred purchase price (the "**Deferred Purchase Price**"). The Initial Purchase Price will be paid by the Issuer by applying the net proceeds received from the issue of the Notes (other than the Subordinated Class E Notes). The Deferred Purchase Price will be equal to the sum of all Deferred Purchase Price Instalments and each such instalment (each a "**Deferred Purchase Price Instalment**") will be equal to (i) any amount remaining after all payments as set forth in the Interest Priority of Payments under (a) up to and including (r); (ii) any amount remaining after all payments set forth in the Principal Priority of Payments under (a) up to and including (g); and (iii), after an Enforcement Notice, the amount remaining after payments as set forth in the Post-Enforcement Priority of Payments under (a) up to and including (o) have been made on such date (see *Credit Structure* above).

Representations and warranties

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

- (a) the Mortgage Receivables are validly existing;
- (b) it has full right and title (*beschikkingsbevoegdheid*) to the Mortgage Receivables, and no restrictions on the sale and transfer of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being transferred;
- (c) it has power to sell and assign the Mortgage Receivables;
- (d) the Mortgage Receivables are free and clear of any rights of pledge or other similar rights (*bepaalde rechten*), encumbrances and attachments (*beslagen*) and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables, other than pursuant to the Transaction Documents;
- (e) each Mortgage Receivable is (i) secured by a first-ranking mortgage right (*eerste recht van hypotheek*) or, in the case of Portfolio Mortgage Loans (for the avoidance of doubt including any Further Advance, as the case may be) secured on the same Mortgaged Asset, first and sequentially lower ranking mortgage rights over real estate (*onroerende zaak*), an apartment right (*appartementsrecht*), or a long lease (*erfpacht*) situated in the Netherlands and (ii) governed by Dutch law;
- (f) upon creation of each mortgage right and each right of pledge securing the relevant Portfolio Mortgage Loan, it was granted the power under and pursuant to the mortgage deed to unilaterally terminate such mortgage right and right of pledge in whole or in part and such power

- to terminate has not been revoked, terminated or amended;
- (g) each Mortgaged Asset was valued by an independent qualified valuer or surveyor when the application for the relevant Portfolio Mortgage Loan was made and no such valuations were older than twelve (12) months on the date of such mortgage application by the relevant Borrower, except that no valuation is required if (i) the Portfolio Mortgage Loan (or, in the case of Portfolio Mortgage Loans secured on the same Mortgaged Asset, the aggregate of such Portfolio Mortgage Loans) does not exceed 75 per cent. of the value based upon an assessment by the Dutch tax authorities on the basis of the Act on Valuation of Real Estate (*Wet Waardering Onroerende Zaken*), or (ii) the Portfolio Mortgage Loan is secured by a Mortgage on newly built properties (other than constructions under the Borrower's own management (*onder eigen beheer*)), or (iii) the ratio, expressed as a percentage, of the principal amount of the Portfolio Mortgage Loan to the purchase price of the Mortgaged Asset (excluding movable property (*roerende zaken*)) does not exceed 60 per cent.;
 - (h) each Mortgage Receivable, and each Mortgage and Borrower Pledge, if any, securing such receivable, constitutes legal, valid, binding and enforceable obligations of the Borrower, subject, as to enforceability, to any applicable bankruptcy laws or similar laws affecting the rights of creditors generally;
 - (i) each Portfolio Mortgage Loan was originated by the Seller;
 - (j) all mortgage rights and rights of pledge granted to secure the Mortgage Receivables (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*), respectively, on the assets which are the subject of such mortgage rights and rights of pledge and, to the extent relating to the mortgage rights, have been entered into the appropriate public register, (ii) have first priority, or are first and sequentially lower ranking mortgage rights and (iii) were vested for a principal sum which is at least equal to the principal sum of the Portfolio Mortgage Loan when originated, increased with an amount in respect of interest, penalties and costs, up to an amount equal to 40 per cent. of such principal sum, therefore in total up to a maximum amount equal to 140 per cent. of at least the principal amount upon origination of the relevant Mortgage Receivables;
 - (k) the particulars of each Portfolio Mortgage Loan (or part thereof) as set out in Schedule 3 to the Mortgage Receivables Purchase Agreement and Schedule 1 to the Deed of Assignment (as defined in the Master Definitions Agreement) are complete, true and accurate in all material respects;
 - (l) each of the Portfolio Mortgage Loans meets the Mortgage Loan Criteria;
 - (m) the Seller only pays out monies under a Construction Deposit to or on behalf of a Borrower after having received relevant receipt by the relevant Borrower relating to the construction;
 - (n) the Construction Deposits relating to each individual relevant Borrower do not exceed € 10,000;
 - (o) each of the Portfolio Mortgage Loans has been granted in accordance with all applicable legal requirements and meets the Code of Conduct on Mortgage Loans (*Gedragscode Hypothecaire Financieringen*) and the Seller's underwriting policy and procedures prevailing at that time and is subject to terms and conditions customary in the Dutch mortgage market at the time of origination and not materially different from the terms and conditions applied by a prudent lender of Dutch residential mortgage loans;
 - (p) each of the Savings Mortgage Receivables has the benefit of a Savings Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Savings Insurance Policies, upon the terms of the Savings Mortgage Loans and the Savings Insurance Policies, which appointment has been notified to the relevant Insurance Company, or (ii) the

relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Savings Mortgage Receivable;

- (q) each of the Life Mortgage Receivables has the benefit of a Life Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Life Insurance Policy, upon the terms of the Life Mortgage Loans and the relevant Life Insurance Policy, which appointment has been notified to the relevant Insurance Company or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Life Mortgage Receivable;
- (r) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables;
- (s) the notarial mortgage deeds (*minuut*) relating to the Portfolio Mortgage Loans are held by a civil law notary (*notaris*) in the Netherlands, while scanned copies of such deeds and of the other mortgage documents are held by the Servicer and/or its sub-contractor (if any);
- (t) to the best of its knowledge, the Borrowers are not in any material breach of any provision of the Portfolio Mortgage Loans;
- (u) each Portfolio Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the same Mortgage or, as the case may be, if a Further Advance is granted, by first and sequentially lower ranking mortgage rights on the same Mortgaged Asset and not merely one or more loan parts (*leningdelen*);
- (v) with respect to each Mortgage Receivable resulting from a Life Mortgage Loan or, as the case may be, Savings Mortgage Loan to which an Insurance Policy is connected, a valid pledge agreement has been entered into by the Seller and the relevant Borrower and the right of pledge is valid and has been notified to the relevant Insurance Company;
- (w) with respect to each of the Mortgage Receivables resulting from an Investment Mortgage Loan, a valid pledge agreement has been entered into by the Seller and the relevant Borrower with respect to the relevant Investment Accounts and the right of pledge is valid and has been notified to the entity at which the Investment Accounts are held;
- (x) the Mortgage Conditions provide that each of the assets on which a Mortgage has been vested to secure the Mortgage Receivable should, at the time of origination of the Portfolio Mortgage Loan, have the benefit of buildings insurance (*opstalverzekering*) satisfactory to the Seller; and
- (y) the aggregate principal sum outstanding of all Mortgage Receivables is equal to € 1,309,212,897.

Repurchase

If at any time after the Closing Date any of the representations and warranties relating to the Portfolio Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, the Seller shall within fourteen (14) days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of remedy or is not remedied within the said period of fourteen (14) days, the Seller shall, at the Seller's expense, repurchase and accept assignment of the relevant Mortgage Receivable for a price equal to the outstanding principal amount of such Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of repurchase and re-assignment of the Mortgage Receivable. The Issuer will on each Quarterly Payment Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date apply the amount of principal so received (if any) to purchase and accept assignment from the Seller any additional mortgage receivables (i.e. Replacement

Receivables), if so offered by the Seller, subject to the fulfilment of certain conditions and to the extent offered by the Seller. Such conditions include, *inter alia*, the requirement that any such receivable should meet the Mortgage Loan Criteria set forth in the Mortgage Receivables Purchase Agreement. Upon purchase and acceptance of assignment of any Replacement Receivable by the Issuer, the Seller will at the same time create a first ranking right of pledge (*pandrecht eerste in rang*) in favour of the Security Trustee and a second ranking pledge (*pandrecht tweede in rang*) in favour of the Issuer.

If the Seller agrees with a Borrower to make a Further Advance prior to the occurrence of an Assignment Notification Event and partial termination of the relevant mortgage right (see under *Assignment Notification Events* below), the Seller shall repurchase and accept re-assignment of the Mortgage Receivable resulting from the Portfolio Mortgage Loan in respect of which a Further Advance has been granted unless such Further Advance Receivables shall be purchased by and assigned to the Issuer, subject to the terms and conditions set forth above on the immediately following Quarterly Payment Date (see also paragraph *Further Advance* below).

The Seller shall also undertake to repurchase and accept re-assignment of a Mortgage Receivable within fourteen (14) days immediately following the date on which it agrees with a Borrower to amend the terms of the relevant Portfolio Mortgage Loan in the event that such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, which include the condition that such amendment does not adversely affect the position of the Issuer or the Security Trustee and that after such amendment the relevant Mortgage Loan continues to meet each of the Mortgage Loan Criteria (as set out below) and the representations and warranties contained in the Mortgage Receivables Purchase Agreement (as set out above). However, the Seller shall not repurchase such Portfolio Mortgage Loan if the relevant amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Portfolio Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Portfolio Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Portfolio Mortgage Loan.

Furthermore, the Seller may, without the obligation to do so, repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables then outstanding on each Quarterly Payment Date on which the aggregate outstanding principal amount under the Portfolio Mortgage Loans is less than 10 per cent. of the aggregate outstanding principal amount under the Portfolio Mortgage Loans forming part of the portfolio on the Closing Date.

Mortgage Loan Criteria

Each of the Portfolio Mortgage Loans will meet the following criteria (the "**Mortgage Loan Criteria**"):

- (a) the Portfolio Mortgage Loan includes one or more of the following loan types:
 - (i) a Life Mortgage Loan (*levenhypotheek*);
 - (ii) a Savings Mortgage Loan (*spaarhypotheek*);
 - (iii) an Investment Mortgage Loan (*beleggingshypotheek*);

- (iv) an Annuity Mortgage Loan (*annuïteiten hypotheek*);
 - (v) an Interest-only Mortgage Loan (*aflossingsvrije hypotheek*); or
 - (vi) a Linear Mortgage Loan (*lineaire hypotheek*);
- (b) the Borrower was, at the time of origination, a resident of the Netherlands and not employed by the Seller;
 - (c) the Portfolio Mortgage Loan is secured by a first ranking mortgage right or, in the case of Portfolio Mortgage Loans (including, as the case may be, any Further Advance) secured on the same Mortgaged Asset, first and sequentially lower ranking rights of mortgage over (i) real estate (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpacht*) situated in the Netherlands;
 - (d) at least one (1) interest payment has been made in respect of the Portfolio Mortgage Loan prior to the Closing Date or, in the case of Replacement Receivables purchased after the Closing Date, the relevant Quarterly Payment Date;
 - (e) the Portfolio Mortgage Loan or part thereof does not qualify as a bridge loan (*overbruggingshypotheek*);
 - (f) the Portfolio Mortgage Loan (i) is fully disbursed (i.e. does not qualify as a construction mortgage (*bouwhypotheek*)), or (ii) is a construction mortgage with a related Construction Deposit not exceeding € 10,000;
 - (g) pursuant to the applicable Mortgage Conditions, (i) the Mortgaged Asset may not be the subject of residential letting at the time of origination, (ii) the Mortgaged Asset is for residential use only and has to be occupied by the relevant Borrower at and after the time of origination and (iii) no consent for residential letting of the Mortgaged Asset has been given by the Seller;
 - (h) the interest rate on the Portfolio Mortgage Loan (or, if the Portfolio Mortgage Loan consists of more than one loan part, on each loan part) is a floating rate or fixed rate, subject to an interest reset from time to time;
 - (i) interest payments on the Portfolio Mortgage Loan are collected by means of direct debit on or about the second Business Day before the end of each calendar month;
 - (j) the principal sum outstanding of each Portfolio Mortgage Loan (or, in the case of Portfolio Mortgage Loans (including, as the case may be, any Further Advance) secured on the same Mortgaged Asset, the aggregate principal sum outstanding of such Portfolio Mortgage Loans and Further Advance) did not exceed 125 per cent. of the foreclosure value (*executiewaarde*) of the Mortgaged Asset upon origination of the Portfolio Mortgage Loan (or in the case of Portfolio Mortgage Loans (including, as the case may be, any Further Advance) secured on the same Mortgaged Asset, upon origination of each such Portfolio Mortgage Loan and Further Advance);

- (k) the aggregate principal sum outstanding under each Portfolio Mortgage Loan does not exceed € 1,000,000;
- (l) on the Portfolio Cut-Off Date no amounts due under any of the Mortgage Receivables were unpaid;
- (m) where compulsory under the applicable Mortgage Conditions, the Portfolio Mortgage Loan has a Insurance Policy attached to it;
- (n) the Portfolio Mortgage Loan will not have a legal maturity beyond October 2044; and
- (o) in respect of a Portfolio Mortgage Loan which consists of one loan part that qualifies as an Interest-only Mortgage Loan, or in respect of a Portfolio Mortgage Loan which is made up of a combination of loan types, the interest-only loan part thereof, does not exceed 75 per cent. of the foreclosure value (*executiewaarde*) of the relevant Mortgaged Asset upon creation of the Portfolio Mortgage Loan.

The same criteria apply to the selection of Further Advance Receivables and Replacement Receivables, unless agreed otherwise with the Rating Agencies.

Assignment Notification Events

If:

- (a) the Seller fails in any material respect to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the other Transaction Documents to which it is a party and such failure, if capable of being remedied, is not remedied within ten (10) Business Days after notice thereof; or
- (b) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than the representations and warranties made in relation to the Portfolio Mortgage Loans and the Mortgage Receivables or under any of the Transaction Documents to which the Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (c) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its dissolution (*ontbinding*) and liquidation (*vereffening*), the Seller applies for or is granted a suspension of payments (*surseance van betaling*), the Seller applies for its bankruptcy or is declared bankrupt (*failliet verklaard*) or any steps have been taken for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (d) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under the Transaction Documents in such a manner that this would have a material adverse effect on its ability to perform such obligations; or

- (e) in case Rabobank has the majority control over the Seller and the financial data of the Seller are included in the consolidated annual accounts of Rabobank, the long-term unsecured, unsubordinated and unguaranteed debt obligations of Rabobank cease to be rated at least A3 by Moody's and/or A- by S&P; or
- (f) in case Stichting Pensioenfonds ABP has the majority control over the Seller and the financial data of the Seller are included in the consolidated annual accounts of Stichting Pensioenfonds ABP, the solvency ratio (*dekkingsgraad*) of Stichting Pensioenfonds ABP falls below 84 per cent. of the level required by the relevant regulator, the Dutch Pensions and Insurance Chamber (*Pensioen- en Verzekeringskamer* or *PVK*); or
- (g) in case neither Rabobank nor Stichting Pensioenfonds ABP has the majority control over the Seller or the financial data of the Seller are no longer included in the consolidated annual accounts of either Rabobank or Stichting Pensioenfonds ABP, unless at such time another entity whose long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A3 by Moody's and A- by S&P has majority control of the Seller and the financial data of the Seller are included in the consolidated annual accounts of such entity,

then, unless (i) in the event of the occurrence of an Assignment Notification Event referred to under (a), such failure, if capable of being remedied is so remedied to the satisfaction of the Issuer and the Security Trustee within a period of ten (10) Business Days, or (ii) in the event of the occurrence of an Assignment Notification Event referred to under (e), (f) or (g), the Issuer and the Security Trustee having received confirmation from the Rating Agencies that no downgrading of the ratings assigned to the Notes outstanding will occur as a result of not giving notice as described below, the Seller undertakes to (A) forthwith terminate (*opzeggen*), to the extent required, the relevant Mortgage and the relevant Borrower Pledge, if any, granted by the relevant Borrowers to the effect that such mortgage right or right of pledge, if any, no longer secures other debts (if any) than the Mortgage Receivables (including, for the avoidance of doubt, any Further Advance Receivables and Replacement Receivables), (B) forthwith notify the relevant Borrower and any other related party indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables, all this substantially in accordance with the form of the notification letter attached to the Mortgage Receivables Purchase Agreement, and (C) make the appropriate entries in the relevant mortgage register with regard to the assignment of the Mortgage Receivables. The Issuer or the Security Trustee, on behalf of the Issuer, shall be entitled to effect such termination, waiver, notification and entry itself for which the Seller, to the extent required, will grant an irrevocable power of attorney to the Issuer and the Security Trustee in the Mortgage Receivables Purchase Agreement.

Furthermore, the Issuer may at its option, but only (i) after the occurrence of an Assignment Notification Event, or (ii) with the prior written approval of the Seller, which approval will not be unreasonably withheld or delayed, and of the Security Trustee, subject to the confirmation of the Rating Agencies that it will not adversely affect the then current ratings assigned to the Notes, register the deed of assignment with any governmental authority or authority indicated for that purpose, in order to effect the transfer of the legal ownership of the Mortgage Receivables.

Further Advances

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the Quarterly Payment Date falling in October 2011, subject to the Principal Priority of Payments, the Issuer shall use the Notes Principal Available Amounts to purchase and accept assignment of any Further Advance Receivables granted by the Seller to a Borrower in accordance with the underwriting criteria and procedures prevailing at that time and which may be expected from a reasonably prudent mortgage lender in the Netherlands. The purchase price payable by the Issuer in respect of the purchase and assignment of any Further Advance Receivables shall be equal to the aggregate principal amount outstanding of such Further Advance Receivables at the date of completion of the sale and purchase thereof on the next succeeding Quarterly Payment Date.

The Issuer shall only purchase any Further Advance Receivables if sufficient funds are available for payment of the purchase price and each such Further Advance Receivable complies with certain conditions, including, *inter alia*, the conditions that at the relevant date of completion of the sale and purchase of the Further Advance Receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Portfolio Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Further Advance Receivables sold and relating to the Seller;
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) the Portfolio Mortgage Loan (including the Further Advance) meets the Mortgage Loan Criteria;
- (d) each of the Further Advance Criteria (as described below) are met; and
- (e) the Further Advance will not be placed on deposit as Construction Deposit.

Further Advance Criteria

Each of the following criteria (collectively the "**Further Advance Criteria**") applies in respect of an intended purchase of Further Advance Receivables:

- (i) the weighted average LTFV of all the Portfolio Mortgage Loans, including the Further Advance Receivables, does not exceed the weighted average LTFV of the Portfolio Mortgage Loans as at the Closing Date by more than 1.00 per cent.;
- (ii) the cumulative aggregate outstanding principal amount of the Further Advance Receivables to be purchased by the Issuer may in aggregate not exceed 10 per cent. of the aggregate outstanding principal amount of the Portfolio Mortgage Loans as at the Closing Date;
- (iii) if the balance standing to the credit of the Reserve Account is less than the Reserve Account Target Level applicable at that time, then the aggregate of the Realised Losses (as defined below) incurred as from the Closing Date up to the relevant purchase date for the Further Advance Receivables does not exceed 0.40 per cent. of the initial aggregate outstanding principal amount of the Portfolio Mortgage Loans at the Closing Date;

- (iv) the weighted average loss severity ("**WALS**") multiplied by the weighted average foreclosure frequency ("**WAFF**") for the Mortgage Receivables, according to S&P, as constituted following the proposed purchase and sale of the relevant Further Advance Receivables, does not exceed by more than 0.25 per cent. the product of the WALS and WAFF for the Mortgage Receivables, according to S&P and as constituted at the Closing Date;
- (v) the Further Advance Receivables will not have a legal maturity beyond October 2044;
- (vi) not more than 2.00 per cent. of the aggregate outstanding principal amount of the Mortgage Receivables are Mortgage Receivables under which amounts are due and payable which have remained unpaid for a consecutive period exceeding ninety (90) days;
- (vii) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (viii) the purchase of the Further Advance does not adversely affect the then current rating of the Notes by the Rating Agencies; and
- (ix) as a result of the purchase of the Further Advance Receivables the aggregate outstanding principal amount of the Mortgage Receivables due from self-employed Borrowers does not exceed 9.5 per cent. of the aggregate outstanding principal amount of all Mortgage Receivables at that time.

If either (i) any of the representations and warranties set out in the Mortgage Receivables Purchase Agreement in respect of the Portfolio Mortgage Loan and the Mortgage Receivables is not true or correct with respect to the Further Advance Receivables, or (ii) the Further Advance Receivables do not meet the above conditions and Further Advance Criteria, or (iii) the Issuer does not have sufficient funds available for payment of the purchase price for the Further Advance Receivables, or (iv) the Further Advance is granted on or following the First Optional Redemption Date, the Seller shall repurchase and accept the re-assignment of the Mortgage Receivables resulting from the Portfolio Mortgage Loan in respect of which a Further Advance is granted.

When Further Advances are granted to the relevant Borrower and the Issuer purchases and accepts assignment of the relevant Further Advance Receivable, the Seller will at the same time create a right of pledge on such Further Advance Receivable in favour of the Security Trustee and the Issuer, respectively.

SERVICING AGREEMENT AND ISSUER ADMINISTRATION AGREEMENT

Services

In the Servicing Agreement the Servicer will agree to provide management services to the Issuer on a day-to-day basis in relation to the Portfolio Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto and the implementation of arrears procedures including the enforcement of mortgage rights (see further *Mortgage Loan Underwriting and Servicing* above). The Servicer will be obliged to manage the Portfolio Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

The Servicer does not have any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. The Notes will be solely the obligations and responsibilities of the Issuer and not of any other entity or person involved in the transaction, including, without limitation, the Servicer, except for certain limited obligations of the Security Trustee under the Trust Deed.

Issuer Administration

The Issuer Administrator will in the Issuer Administration Agreement agree to provide certain Issuer Administration services to the Issuer, including, *inter alia*, (a) the application of amounts received by the Issuer to the GIC Accounts and the production of quarterly reports in relation thereto, (b) procuring that all drawings (if any) to be made by the Issuer from the Reserve Account are made, (c) procuring that all payments to be made by the Issuer under the Swap Agreement are made, (d) procuring that all payments to be made by the Issuer under the Notes are made in accordance with the Paying Agency Agreement and the Conditions, (e) the maintaining of all required ledgers in connection with the above, (f) all administrative actions in relation thereto, and (g) procuring that all calculations to be made pursuant to the Conditions under the Notes are made.

SUB-PARTICIPATION AGREEMENT

Under the Sub-Participation Agreement the Issuer will grant to the Savings Mortgage Participant a Savings Participation (as defined below) in the relevant Savings Mortgage Receivables.

Savings Participation

In the Sub-Participation Agreement the Savings Mortgage Participant undertakes to pay to the Issuer:

- (a) at the Closing Date or, in the case of the purchase and assignment of Replacement Receivables or Further Advance Receivables to which a Savings Insurance Policy is connected, at the relevant Quarterly Payment Date, the sum of the amounts scheduled to be received up to and including 30 September 2004 or, as the case may be, the last day of the calendar month immediately preceding the relevant Quarterly Payment Date, by the Savings Mortgage Participant from the relevant Borrowers as Savings Premiums and accrued interest thereon under the respective Savings Mortgage Loans (the "**Initial Savings Participations**"); and
- (b) on each Portfolio Payment Date an amount equal to the amount scheduled to be received by the Savings Mortgage Participant during the Portfolio Calculation Period immediately preceding such Portfolio Payment Date, as Savings Premium in respect of the relevant Savings Insurance Policies,

provided that in respect of each relevant Savings Mortgage Receivable no amounts will be paid to the extent that as a result thereof the Savings Participation in such relevant Savings Mortgage Receivable would exceed the outstanding principal amount of such Savings Mortgage Receivable at such time (the "**Maximum Savings Participation Amount**").

As a consequence of such payments the Savings Mortgage Participant will acquire a savings mortgage participation (the "**Savings Participation**") in the relevant Savings Mortgage Receivables, which is equal to the Initial Savings Participation in respect of the relevant Savings Mortgage Receivables, increased during each Portfolio Calculation Period with the amount calculated on the basis of the following formula (the "**Participation Increase**"):

$(\frac{P}{H}) \times R + S$, whereby

H

P = the Savings Participation on the first day of the relevant Portfolio Calculation Period in the Savings Mortgage Receivable;

S = the amount of the Savings Premium actually received by the Issuer from the Savings Mortgage Participant in the relevant Portfolio Calculation Period in respect of the relevant Savings Mortgage Receivable;

R = in respect of the relevant Savings Mortgage Receivable, the amount (i) of interest due, but not overdue, and actually received from the relevant Borrower in the relevant Portfolio Calculation Period and/or (ii) of interest due, but unpaid, by the Borrower, but received from the Savings Mortgage Participant under the Sub-Participation Agreement;

H = the principal sum outstanding on the Savings Mortgage Receivable on the first day of the relevant Portfolio Calculation Period.

In consideration for the undertaking of the Savings Mortgage Participant described above, the Issuer will undertake to pay to the Savings Mortgage Participant on each Portfolio Payment Date an amount equal to the Savings Participation in the Savings Mortgage Receivables in respect of which amounts have been received during the relevant Portfolio Calculation Period (i) by means of repayment and prepayment under the relevant Mortgage Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Savings Mortgage Receivables, (ii) in connection with a repurchase of Savings Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal, unless the Savings Participation is assigned to the purchaser of the relevant Savings Mortgage Receivable and (iv) as Net Proceeds on any Savings Mortgage Receivable to the extent such amounts relate to principal (the "**Savings Participation Redemption Available Amount**").

Reduction of Participation

If:

- (i) a Borrower invokes a right of set-off or a defence against any person in respect of the relevant Savings Mortgage Receivables based upon a default in the performance, whether in whole or in part and for any reason, by the Savings Mortgage Participant of its obligations under the relevant Savings Insurance Policy; or
- (ii) the Savings Mortgage Participant and/or the Seller fails to pay any amount due by it to the Issuer, as the case may be, under or in connection with any of the Savings Insurance Policies or the Mortgage Receivables Purchase Agreement, respectively;

and, as a consequence thereof, the Issuer will not have received any amount which it would have received if such defence or failure to pay would not have been made in respect of such Savings Mortgage Receivable, the Savings Participation of the Savings Mortgage Participant in respect of such Savings Mortgage Receivables will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Savings Participation Redemption Available Amount shall be adjusted accordingly.

Enforcement Notice

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

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

Termination

If one or more of the Savings Mortgage Receivables are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Trust Deed, the Savings Participation in such Savings Mortgage Receivables will terminate and the Savings Participation Redemption Available Amount in respect of such Savings Mortgage Receivables will be paid by the Issuer to the Savings Mortgage Participant. If so requested by the Savings Mortgage Participant, the Issuer will use its best efforts to ensure that the acquiror of the Savings Mortgage Receivables will enter into a sub-participation agreement with the Savings Mortgage Participant in a form similar to the Sub-Participation Agreement. Furthermore, the Savings Participation envisaged in the Sub-Participation Agreement shall terminate if at the close of business on the relevant calculation date the Savings Mortgage Participant has received each Savings Participation in respect of the Savings Mortgage Receivables.

STORM 2004-II B.V.

The Issuer was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 5 October 2004 under number BV 129067. The corporate seat (statutaire zetel) of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34213971. The sole managing director of the Issuer has elected domicile at the registered office of the Issuer at Frederik Roeskestraat 123, 1076 EE Amsterdam.

The objectives of the Issuer are (a) to acquire, purchase, conduct the management of, dispose of and encumber receivables and to exercise any rights connected to such receivables, (b) to take up loans by way of the issue of securities or by entering into loan agreements to acquire the receivables mentioned under (a), (c) to invest and on-lend any funds held by the Issuer, (d) to hedge interest rates and other financial risks amongst others by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, (i) to take up loans by issuing securities or by entering into loan agreements amongst other things to perform the obligations under the securities mentioned under (b) and (ii) 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 € 18,000 of which € 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting STORM 2004-II Holding.

Stichting STORM 2004-II Holding is a foundation (stichting) incorporated under the laws of the Netherlands on 14 September 2004. Stichting STORM 2004-II Holding is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34212915. The objectives of Stichting STORM 2004-II Holding are to, *inter alia*, acquire and 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 each of the Issuer and Stichting STORM 2004-II Holding is ATC Management B.V. The managing directors of ATC Management B.V. are J.H. Scholts, G.F.X.M. Nieuwenhuizen, J. Lont and A.G.M. Nagelmaker.

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 financial year of the Issuer coincides with the calendar year. The first financial year shall end on 31 December 2005.

Capitalisation

The following table shows the capitalisation of the Issuer as of 5 October 2004 as adjusted to give effect to the issue of the Notes. Copies of the Deed of Incorporation and the Articles of Association of the Issuer may be obtained at the specified offices of the Issuer and at the specified offices of the Paying Agent during normal business hours.

Share Capital

Authorised Share Capital	€ 18,000
Issued Share Capital	€ 18,000

Borrowings

Senior Class A Notes	€ 1,234,500,000
Mezzanine Class B Notes	€ 32,000,000
Mezzanine Class C Notes	€ 26,000,000
Junior Class D Notes	€ 14,000,000
Subordinated Class E Notes	€ 13,000,000
Initial Participation	€ 2,765,178

Exempted Credit Institution

The Issuer is not subject to any licence requirement under Section 6 of the Act on the Supervision of the Credit System 1992 (Wet toezicht kredietwezen 1992), as amended, due to the fact that the Notes will be offered solely to professional market parties within the meaning of Section 2 of the Exemption Regulation of 26 June 2002 in respect of the Act on the Supervision of the Credit System 1992 (Vrijstellingsregeling Wet toezicht kredietwezen 1992), as amended from time to time (the "Exemption Regulation") and Section 2 of the policy rules of the Dutch Central Bank (De Nederlandsche Bank N.V.) on key concepts of market access and enforcement of the Act on the Supervision of the Credit System 1992 published on 10 July 2002 (Beleidsregel kernbegrippen markttoetreding en handhaving Wtk 1992) ("PMP's"), and all other repayable funds (opvorderbare gelden) obtained by the Issuer are obtained from PMP's.

Auditors' Report

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

To the Director of STORM 2004-II B.V.

Eindhoven, 19 October 2004

Dear Sirs,

STORM 2004-II B.V. (the "Issuer") was incorporated on 5 October 2004 under number BV 129067 with an issued share capital of € 18,000. The Issuer has not yet prepared any financial statements. Since its incorporation, the Issuer has not traded, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in the Offering Circular dated 19 October 2004.

Yours faithfully,
Ernst & Young Accountants

USE OF PROCEEDS

The aggregate net proceeds of the Notes to be issued on the Closing Date amount to € 1,309,212,897. The net proceeds of the issue of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes will be applied on the Closing Date to pay the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement. The proceeds of the issue of the Subordinated Class E Notes will be used to fund the Reserve Account.

DESCRIPTION OF SECURITY

The Notes will be secured indirectly, through the Security Trustee, by the Trust Deed to be entered into by the Issuer and the Security Trustee, acting as security trustee for (i) the Managers as initial Noteholders, (ii) the Directors, (iii) the Issuer Administrator, (iv) the Servicer, (v) the Paying Agents, (vi) the Reference Agent, (vii) the Liquidity Facility Provider, (viii) the Swap Counterparty, (ix) the Swap Guarantor, (x) the Savings Mortgage Participant, (xi) the Seller and (xii) the Noteholders (together the "**Security Beneficiaries**"). The Issuer will agree in the Trust Deed, to the extent necessary in advance, to pay to the Security Trustee any amounts equal to the aggregate of all its liabilities to all the Security Beneficiaries from time to time due in accordance with the terms and conditions of the relevant Transaction Documents, including, without limitation, the Notes (the "**Principal Obligations**"), which payment undertaking and the obligations and liabilities resulting therefrom is herein referred to as the "**Parallel Debt**".

The Parallel Debt of the Issuer to the Security Trustee will be secured by (i) a first ranking pledge by the Seller to the Security Trustee over the Mortgage Receivables (including any parts thereof which are balanced by Construction Deposits) pursuant to the Mortgage Receivables Pledge Agreement I, including all rights ancillary thereto in respect of the Portfolio Mortgage Loans and the rights of the Seller as beneficiary under the Savings Insurance Policies, the Life Insurance Policies and the Risk Insurance Policies (the "**Beneficiary Rights**") and (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Beneficiary Waiver Agreement, the Sub-Participation Agreement and in respect of the GIC Accounts.

The Seller, the Issuer and the Security Trustee will enter into a pledge agreement (the "**Mortgage Receivables Pledge Agreement I**") pursuant to which a first ranking undisclosed right of pledge (*stil pandrecht eerste in rang*) will be granted by the Seller to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights in order to create security for all liabilities of (i) the Issuer to the Security Trustee in connection with the Trust Deed, including the Parallel Debt, and (ii) the Seller to the Security Trustee under or in connection with the Transaction Documents, amongst others the Mortgage Receivables Purchase Agreement, including, but not limited to, the Security Trustee Penalty provided in Clause 11 thereof, and the Servicing Agreement. Pursuant to the Mortgage Receivables Pledge Agreement I, the Seller further undertakes, in respect of any Further Advance Receivables or Replacement Receivables, to grant to the Security Trustee a first ranking undisclosed right of pledge on the relevant Further Advance Receivables (unless the Mortgage Receivables resulting from a Portfolio Mortgage Loan in respect of which a Further Advance is granted are being repurchased and reassigned by the Seller) or Replacement Receivables and any associated Beneficiary Rights on the relevant purchase date. In this respect, the Issuer and the Security Trustee acknowledge that (i) the Parallel Debt constitutes undertakings, obligations and liabilities of the Issuer to the Security Trustee which are separate and independent from and without prejudice to the Principal Obligations of the Issuer to any Security Beneficiary and (ii) the Parallel Debt represents the Security Trustee's own claim (*vordering*) to receive payment of the Parallel Debt from the Issuer, provided that the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Principal Obligations to the Security Beneficiaries. The same applies, *mutatis mutandis*, for the Security Trustee Penalty.

The pledge over the Mortgage Receivables provided in the Mortgage Receivables Pledge Agreement I will not be notified to the Borrowers except in the case of certain Pledge Notification Events. These Pledge Notification Events will, to a large extent, be similar to the Assignment Notification Events defined in the Mortgage Receivables Purchase Agreement. Prior to notification of the pledge to the Borrowers, the pledge will be an undisclosed right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the Dutch Civil Code. The pledge of the Beneficiary Rights will also be an undisclosed right of pledge until notification thereof to the relevant Insurance Companies.

In addition, the Seller, the Issuer and the Security Trustee will enter into a second pledge agreement (the "**Mortgage Receivables Pledge Agreement II**") pursuant to which a second ranking undisclosed right of pledge (*stil pandrecht tweede in rang*) over the Mortgage Receivables and the Beneficiary Rights will be granted by the Seller to the Issuer and pursuant to which the Seller in respect of any Further Advance Receivables, or Replacement Receivables if any, undertakes to grant to the Issuer a second ranking undisclosed right of pledge on the relevant Further Advance Receivables (unless the Mortgage Receivables resulting from a Portfolio Mortgage Loan in respect of which a Further Advance is granted are being repurchased and reassigned by the Seller) or Replacement Receivables and any associated Beneficiary Rights on the relevant purchase date. This right of pledge will secure all liabilities of the Seller under the Mortgage Receivables Purchase Agreement, including the obligation to pay a penalty if, for whatever reason, the transfer of legal ownership of Mortgage Receivables to the Issuer is not completed. The penalty will be due to the Issuer or, if a Pledge Notification Event (as defined in the Issuer Rights Pledge Agreement (as defined below)) has occurred, to the Security Trustee. The penalty is drafted in such a way that any detrimental effects resulting from the failure to transfer legal ownership of the Mortgage Receivables to the Issuer will, to the extent possible, be eliminated. Any amount due to the Security Trustee will be reduced by any amount paid in respect of the penalty to the Issuer and any amount due to the Issuer in respect of the penalty will be reduced by any amount paid to the Security Trustee. These rights of pledge on the Mortgage Receivables and the Beneficiary Rights will be undisclosed pledges as described above.

Finally, the Issuer will vest a right of pledge on any and all existing and future rights and claims that are owed and will be owed to the Issuer (the "**Issuer Rights**") under (i) the Mortgage Receivables Purchase Agreement (including the right to receive payment of the penalty as described above), (ii) the Servicing Agreement, (iii) the Swap Agreement, (iv) the Liquidity Facility Agreement, (v) the Sub-Participation Agreement, (vi) the Beneficiary Waiver Agreement, (vii) the Commingling Guarantee and (viii) the Construction Deposits Guarantee (the "**Issuer Rights Pledge Agreement**") in favour of the Security Trustee. This right of pledge secures any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt. Furthermore, on the Closing Date, the Issuer will vest, in favour of the Security Trustee, a right of pledge in respect of any and all current and future monetary claims of the Issuer against the Floating Rate GIC Provider, in respect of the Floating Rate GIC and the GIC Accounts (the "**Issuer Accounts Pledge Agreement**"). The pledge pursuant to each of the Issuer Rights Pledge Agreement and the Issuer Accounts Pledge Agreement will be notified to the relevant obligors and will therefore be a disclosed right of pledge (*openbaar pandrecht*).

Upon enforcement of the pledges created pursuant to the Security Documents (i.e. after delivery of an Enforcement Notice), the Security Trustee shall apply the net proceeds received or recovered towards satisfaction of the Parallel Debt. The Security Trustee shall distribute such net proceeds (after deduction of the amounts due and payable to the Savings Mortgage Participant under the Sub-

Participation Agreement) to the Security Beneficiaries (other than the Savings Mortgage Participant). All amounts to be so distributed by the Security Trustee will be paid in accordance with the Post-Enforcement Priority of Payments, as the case may be (as set forth in *Credit Structure* above).

The security provided pursuant to the provisions of the Trust Deed and the Pledge Agreements shall indirectly, through the Security Trustee, serve as security for the benefit of the Security Beneficiaries, including, without limitation, each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Notes and the Subordinated Class E Noteholders, but amounts owing to the Mezzanine Class B Noteholders will rank junior to Senior Class A Noteholders and amounts owing to the Mezzanine Class C Noteholders will rank junior to the Senior Class A Noteholders and the Mezzanine Class B Noteholders and amounts owing to the Junior Class D Noteholders will rank junior to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and amounts owing to the Subordinated Class E Noteholders will rank junior to the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and Junior Class D Noteholders (see *Credit Structure* above).

THE SECURITY TRUSTEE

Stichting Security Trustee STORM 2004-II is a foundation (*stichting*) incorporated under the laws of the Netherlands on 5 October 2004. It has its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34213970.

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

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands and having its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands.

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the € 1,234,500,000 Senior Class A Mortgage-Backed Notes 2004 due 2046 (the "**Senior Class A Notes**"), the € 32,000,000 Mezzanine Class B Mortgage-Backed Notes 2004 due 2046 (the "**Mezzanine Class B Notes**"), the € 26,000,000 Mezzanine Class C Mortgage-Backed Notes 2004 due 2046 (the "**Mezzanine Class C Notes**"), the € 14,000,000 Junior Class D Mortgaged-Backed Notes 2004 due 2046 (the "**Junior Class D Notes**" and the € 13,000,000 Subordinated Class E Notes 2004 due 2046 (the "**Subordinated Class E Notes**" and, together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**") was authorised by a resolution of the managing director of STORM 2004-II B.V. (the "**Issuer**") passed on 12 October 2004. The Notes will be issued on 21 October 2004 (or such later date as may be agreed between the Managers and the Issuer) (the "**Closing Date**") under a trust deed (the "**Trust Deed**") dated 19 October 2004 (the "**Signing Date**") between the Issuer and Stichting Security Trustee STORM 2004-II (the "**Security Trustee**").

Under a paying agency agreement (the "**Paying Agency Agreement**") dated the Signing Date by and between the Issuer, the Security Trustee, Deutsche Bank AG, London as principal paying agent (the "**Principal Paying Agent**"), Deutsche Bank AG, Amsterdam as paying agent (the "**Paying Agent**" and, together with the Principal Paying Agent, the "**Paying Agents**") and Deutsche Bank AG, London as reference agent (the "**Reference Agent**" and, together with the Principal Paying Agent and the Paying Agent, the "**Agents**") provision is made for, among other things, the payment of principal and interest in respect of the Notes.

The statements in these terms and conditions of the Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of (i) the Paying Agency Agreement, (ii) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the "**Coupons**"), the forms of the Temporary Global Notes and the Permanent Global Notes, (iii) a mortgage receivables purchase agreement (the "**Mortgage Receivables Purchase Agreement**") dated the Signing Date between Obvion N.V., as seller (the "**Seller**"), the Issuer and the Security Trustee, (iv) a servicing agreement (the "**Servicing Agreement**") dated the Signing Date between the Issuer, Obvion N.V., as servicer (the "**Servicer**") and the Security Trustee, (v) an administration agreement (the "**Issuer Administration Agreement**") dated the Signing Date between Issuer, ATC Financial Services B.V., as administrator (the "**Issuer Administrator**") and the Security Trustee, (vi) a Mortgage Receivables Pledge Agreement I dated the Signing Date between the Seller, the Issuer and the Security Trustee, (vii) a Mortgage Receivables Pledge Agreement II dated the Signing Date between the Seller, the Security Trustee and the Issuer, (viii) an Issuer Rights Pledge Agreement dated the Signing Date between, *inter alia*, the Issuer and the Security Trustee and (ix) an Issuer Accounts Pledge Agreement dated the Signing Date between, *inter alia*, the Issuer and the Security Trustee (jointly with the three pledge agreements referred to under (vi), (vii) and (viii) above, the "**Pledge Agreements**" and the Pledge Agreements together with the Trust Deed, the "**Security Documents**") and together with certain other agreements, including all the aforementioned agreements and the Notes, the "**Transaction Documents**").

Certain words and expressions used below are defined in a master definitions agreement (the "**Master Definitions Agreement**") dated the Signing Date and signed by the Issuer, the Security Trustee, the Seller and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. As used herein, "**Class**" means the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D or the Subordinated Class E Notes, as the case may be.

Copies of the Mortgage Receivables Purchase Agreement, the Trust Deed, the Security Beneficiaries Agreement, the Paying Agency Agreement, the Servicing Agreement, the Pledge Agreements, the Master Definitions Agreement and certain other agreements are available for inspection free of charge by holders of the Notes at the specified office of the Paying Agent and the current office of the Security Trustee, being at the date hereof Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Pledge Agreements and the Master Definitions Agreement.

1. Form, Denomination and Title

(a) Definitive Notes

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of € 500,000 each. Under Dutch law, the valid transfer of Notes requires, *inter alia*, delivery (*levering*) thereof. The Issuer, the Security Trustee and the Paying Agents may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment, and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

(b) Legend on Definitive Notes

The Definitive Notes and the Coupons will bear the following legend: "*Any United States Person (as defined in the Internal Revenue Code), who holds this obligation will be subject to the limitations under the United States income tax laws, including limitations provided in section 165(j) and 1287(a) of the Internal Revenue Code*". The sections referred to in the legend provide that such a United States Person will not, with certain exceptions, be permitted to deduct any loss, and will not be eligible for favourable capital gains treatment with respect to any gain realised on a sale, exchange or redemption of a Definitive Note or Coupon.

2. Status, Relationship between the Notes and Security

(a) Status

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

In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments

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

(b) *Security*

The Security Beneficiaries, including, *inter alia*, the Noteholders, benefit from the security for the obligations of the Issuer towards the Security Trustee (the "**Security**"), which will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create, *inter alia*, the following security rights:

- (i) a first ranking pledge by the Seller to the Security Trustee over the Mortgage Receivables and the rights of the Seller as beneficiary under the Insurance Policies (the "**Beneficiary Rights**") and all ancillary rights;
- (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC; (c) against the Servicer under or in connection with the Servicing Agreement; (d) against the Swap Counterparty and the Swap Guarantor under or in connection with the Swap Agreement; (e) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; (f) against the Savings Mortgage Participant under the Sub-Participation Agreement; (g) against the Seller under or in connection with the Beneficiary Waiver Agreement; and (h) against Rabobank under or in connection with the Commingling Guarantee;
- (iii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer's claims in respect of the GIC Accounts.

The holders of the Notes will benefit from the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, the Mezzanine Class B Notes will rank in priority to the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, the Mezzanine Class C Notes will rank in priority to the Junior Class D Notes and Subordinated Class E Notes, and the Junior Class D Notes will rank in priority to the Subordinated Class E Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders) each as a Class as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided

otherwise, and the Security Trustee need not have regard to the consequences of such exercise for individual Noteholders but is required in any such case to have regard only to the interests of the Senior Class A Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A Noteholders on the one hand and the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders or the Subordinated Class E Noteholders on the other hand and, if no Senior Class A Notes are outstanding, to have regard only to the interests of the Mezzanine Class B Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class B Noteholders on the one hand and the Mezzanine Class C Noteholders, the Junior Class D Noteholders or the Subordinated Class E Noteholders on the other hand and, if no Mezzanine Class B Notes are outstanding, to have regard only to the interests of the Mezzanine Class C Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class C Noteholders on the one hand and the Junior Class D Noteholders or the Subordinated Class E Noteholders on the other hand and, if no Mezzanine Class C Notes are outstanding, to have regard only to the interests of the Junior Class D Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Junior Class D Noteholders on the one hand and the Subordinated Class E Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Security Beneficiaries, provided that, in the case of a conflict of interest between the Security Beneficiaries, the priority of payments set forth in the Trust Deed determines which interest of which Security Beneficiary prevails.

3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice and shall not, except to the extent permitted by the Transaction Documents, or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Offering Circular dated 19 October 2004 relating to the issue of the Notes and as contemplated in the Transaction Documents;
- (b) incur or permit to subsist 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;
- (c) create, promise to create or permit to subsist any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed or the Pledge Agreements, and 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;

- (f) have an interest in any bank account other than the GIC Accounts and the Liquidity Facility Account, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(b)(iii);
- (g) amend, supplement or otherwise modify its articles of association or other constitutive documents;
- (h) pay any dividend or make any other distribution to its shareholder(s) or issue any further shares; or
- (i) have any employees or engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in.

4. Interest

(a) *Period of Accrual*

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

(b) *Interest Periods and Payment Dates*

Interest on the Notes shall be payable by reference to successive interest periods (each a "**Quarterly Interest Period**") and will be payable in arrear in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Notes, respectively, on the 21st day of January, April, July and October in each year, or if such day is not a Business Day (as defined below), 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 21st day is the relevant Business Day (each such day being a "**Quarterly Payment Date**"). A "**Business Day**" means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (the "**TARGET System**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date.

Interest on the Notes

Interest on the Notes for each Quarterly Interest Period up to (but excluding) the First Optional Redemption Date will accrue from (and including) the Closing Date at an annual rate equal to Euro Interbank Offered Rate ("**Euribor**") for three-months deposits in euro, plus:

- (i) for the Senior Class A Notes, a margin of 0.15 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.24 per cent. per annum;
- (iii) for the Mezzanine Class C Notes, a margin of 0.35 per cent. per annum;
- (iv) for the Junior Class D Notes a margin of 0.65 per cent. per annum; and
- (v) for the Subordinated Class E Notes a margin of 1.00 per cent. per annum.

(c) *Interest following the First Optional Redemption Date*

If on the First Optional Redemption Date (as defined in Condition 6) the Notes of any Class have not been redeemed in full, the margin on each Class of Notes (other than on the Subordinated Class E Notes) will increase and the rate of interest applicable to the Notes will then be equal to the sum of Euribor for three-months deposits in euro, payable by reference to Quarterly Interest Periods on each Quarterly Payment Date, plus:

- (i) for the Senior Class A Notes, a margin of 0.80 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 1.10 per cent. per annum;
- (iii) for the Mezzanine Class C Notes, a margin of 1.50 per cent. per annum;
- (iv) for the Junior Class D Notes, a margin of 2.00 per cent. per annum; and
- (v) for the Subordinated Class E Notes, a margin of 1.00 per cent. per annum.

(d) *Euribor*

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

- (i) The Reference Agent will obtain for each Quarterly Interest Period the rate equal to Euribor for three-months 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 Reuter Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) at or about 11:00 a.m. (Central European time) on the day that is two (2) Business Days preceding the first day of each Quarterly Interest Period (each an "**Interest Determination Date**").
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:

- (A) request the principal euro-zone office of each of four (4) major banks in the euro-

zone interbank market (the "**Reference Banks**") to provide a quotation for the rate at which three-months euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and

- (B) determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as are provided; and
- (iii) if fewer than two (2) such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for three-months deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Quarterly Interest Period shall be the rate per annum equal to the Euro Interbank Offered Rate for euro deposits as determined in accordance with this paragraph (d), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Quarterly Interest Period, Euribor applicable during such Quarterly Interest Period will be Euribor last determined in relation thereto.

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

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each relevant Interest Determination Date, determine the floating rates of interest referred to in paragraphs (b) and (c) 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 Quarterly 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.
- (f) *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 Paying Agents, the Issuer Administrator, Euronext Amsterdam N.V. ("**Euronext Amsterdam**") and to the holders of such Class of Notes by an advertisement in the English language in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam. 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 Quarterly Interest Period.

(g) *Determination or Calculation by Security Trustee*

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

(h) *Reference Banks and Reference Agent*

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

5. **Payment**

(a) *Global Notes*

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in Euro to Euroclear and Clearstream, Luxembourg, as the case may be, for the credit of the respective accounts of the Noteholders.

(b) *Definitive Notes*

(i) Payment of principal and interest in respect of Definitive Notes will be made upon presentation of the Definitive Note and against surrender of the relevant Coupon appertaining thereto at any specified office of the Paying Agents in cash or by transfer to a euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.

(ii) On the Final Maturity Date (as defined in Condition 6), or such earlier date on which the Notes become due and payable, the Definitive Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid

in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).

- (iii) If the relevant Quarterly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon ("**Local Business Day**"), the holder thereof shall not be entitled to payment until the next following Local Business 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 Paying Agents 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 the United Kingdom. The names of the Paying Agents and details of their offices are set out below.
- (iv) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agents and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and that the Issuer will at all times maintain a paying agent having a specified office in the European Union which, for as long as the Notes are listed on the Official Segment of the stock market of Euronext Amsterdam, shall be located in the Netherlands, and provided further that, if the European Council Directive 2004/48 or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 is brought into force, the Issuer will maintain a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to such directive. Notice of any termination or appointment of a Principal Paying Agent or Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 13.

6. Redemption

(a) Definitions

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

The "**Principal Amount Outstanding**" on any Notes Calculation Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Notes Principal Redemption Amounts (as defined in Condition 6(c) and Condition 6(g) below) in respect of that Note that have become due and payable prior to such Notes Calculation Date.

"**Notes Principal Available Amounts**" shall mean, on any Notes Calculation Date, the sum of the following amounts received by the Issuer during the Notes Calculation Period immediately preceding such Notes Calculation Date:

- (i) repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding

prepayment penalties, if any, *less*, with respect to each Savings Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable;

- (ii) Net Proceeds in respect of any Mortgage Receivables, to the extent such proceeds relate to principal, *less*, with respect to each Savings Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable;
- (iii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, *less*, with respect to each Savings Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable;
- (iv) amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Administration Agreement;
- (v) Participation Increase pursuant to the Sub-Participation Agreement;
- (vi) partial prepayment in respect of Mortgage Receivables, excluding prepayment penalties, if any;
- (vii) amounts to be drawn from the Transaction Account on the First Optional Redemption Date which were deposited to the Transaction Account pursuant to item (c) of the Principal Priority of Payments prior to such date with a corresponding credit to the Further Redemption Ledger;
- (viii) amounts received under or in connection with the Construction Deposits Guarantee after a request for payment made by the Issuer (other than a deposit of cash by way of security); and
- (ix) any part of the Notes Principal Available Amounts calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date.

"Net Proceeds", shall mean (i) the proceeds of a foreclosure on the Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (iii) the proceeds, if any, of collection of any Insurance Policies or other insurance policies in connection with the Mortgage Receivable, including but not limited to fire insurance, (iv) the proceeds of any guarantees or sureties, and (v) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs in respect of such Mortgage Receivable. The term "foreclosure" shall include any lawful manner of generating proceeds from collateral, whether by public auction, by private sale or otherwise.

"Notes Calculation Date" means, in relation to a Quarterly Payment Date, the third Business Day prior to such Quarterly Payment Date.

"Notes Calculation Period" means, in relation to a Notes Calculation Date, the three (3) successive Portfolio Calculation Periods immediately preceding such Notes Calculation Date;

"Portfolio Calculation Period" means the period commencing on (and including) the first day of each calendar month and ending on (but excluding) the first day of the next succeeding calendar month.

"Realised Losses" means, on any Notes Calculation Date, the amount of the difference between (i) the aggregate outstanding principal amount of all Mortgage Receivables on which the Seller, the Servicer or the Security Trustee has foreclosed from the Closing Date up to and including such Notes Calculation Date and (ii) the Net Proceeds applied to reduce the outstanding principal amount of such Mortgage Receivables, excluding the Savings Participations.

(b) *Final Redemption*

Unless previously redeemed as provided below, the Issuer will, subject to Condition 9(b), redeem any remaining Notes at their Principal Amount Outstanding on the Quarterly Payment Date falling in October 2046 (the **"Final Maturity Date"**).

(c) *Redemption prior to delivery of an Enforcement Notice*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall on each Quarterly Payment Date apply the Notes Principal Available Amounts (as defined above), subject to the possible application thereof for payment of the purchase price for Further Advance Receivables and/or, up to the Replacement Available Amount, for Replacement Receivables, subject to and in accordance with the applicable priority of payments towards redemption of the Senior Class A Notes. If the Senior Class A Notes are redeemed in full before the First Optional Redemption Date (as defined below), the Notes Principal Available Amounts will be deposited into the Transaction Account and will not be used for redemption of the Notes until the First Optional Redemption Date. As from the First Optional Redemption Date, the Notes Principal Available Amounts will be applied towards redemption, at their respective Principal Amount Outstanding, of (i) *firstly*, the Senior Class A Notes, until fully redeemed, and (ii) *secondly*, the Mezzanine Class B Notes, until fully redeemed, (iii) *thirdly*, the Mezzanine Class C Notes, until fully redeemed and (iv) *fourthly*, the Junior Class D Notes, until fully redeemed.

The principal amount so redeemable in respect of each Note (each a **"Principal Redemption Amount"**) on the relevant Quarterly Payment Date shall be the Notes Principal Available Amounts on the Notes Calculation Date (as defined above) relating to that Quarterly Payment Date divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro), provided always that the Notes Principal Available Amounts 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.

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

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

(e) *Optional redemption*

The Issuer may, at its option, on giving not more than sixty (60) nor less than thirty (30) days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, on the Quarterly Payment Date falling in October 2011 (the "**First Optional Redemption Date**") and on each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") redeem, subject to Condition 9(b), all (but not only part of) the Notes (other than the Subordinated Class E Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes.

(f) *Redemption following clean-up call*

On the Quarterly Payment Date following the exercise by the Seller of its Seller Clean-up Call Option the Issuer shall redeem, subject to Condition 9(b), all (but not only part of) the Notes (other than the Subordinated Class E Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes.

(g) Redemption of Subordinated Class E Notes

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Notes Interest Available Amounts, if and to the extent that all payments ranking above item (p) in the Interest Priority of Payments set forth in the Trust Deed have been made in full, to redeem (or partially redeem) on a pro rata basis the Subordinated Class E Notes on each Quarterly Payment Date until fully redeemed. Any amount so redeemed will be deemed to be a Principal Redemption Amount for the purpose of calculating the Principal Amount Outstanding of each of the Subordinated Class E Notes in accordance with Condition 6(d). Unless previously redeemed in full, the Issuer will, subject to Condition 9(b), redeem the Subordinated Class E Notes at their Principal Amount Outstanding on the Quarterly Payment Date falling in October 2046.

(h) Redemption for tax reasons

The Issuer may (but is not obliged to) redeem all of the Notes, in whole but not in part, at their Principal Amount Outstanding plus accrued but unpaid interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, including, without limitation, Condition 9(b), if (a) the Issuer or any of the Paying Agents has become or would become obligated to make any withholding or deduction from payments in respect of any of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction) and/or (b) the Issuer has become or would become subject to any limitation of the deductibility of interest on any of the Notes as a result of (i) a change in any laws, rules or regulations or in the interpretation or administration thereof, or (ii) any act taken by any taxing authority on or after the issue date of the Notes. No redemption pursuant to sub-clause (ii) may be made unless the Issuer receives an opinion of independent counsel that there is a probability that the act taken by the taxing authority leads to one of events mentioned at (a) or (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 at their respective Principal Amount Outstanding at the same time.

7. Taxation

All payments of, or in respect of, principal 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, as the case may be, and shall not be obliged to pay any additional amounts to such Noteholders.

8. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons shall become prescribed unless made within five (5) years from the date on which such payment first becomes due.

9. Principal Deficiency and Subordination

(a) *Interest*

Interest on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes shall be payable in accordance with the provisions of Conditions 4 and 5, subject to the terms of this Condition and subject to the provisions of the Trust Deed.

In the event that on any Notes Calculation Date the Issuer has insufficient funds available to it to satisfy in full its obligations in respect of amounts of interest due on the Notes on the next Quarterly Payment Date, the amount available (if any) shall firstly be applied to pay amounts of interest and costs ranking higher in priority in accordance with the applicable priority of payments set forth in the Trust Deed, including the amount of the interest due on such Quarterly Payment Date to the holders of the Senior Class A Notes. Any remaining amounts shall firstly be used to pay, pro rata, the interest due on the applicable Quarterly Payment Date to the holders of the Mezzanine Class B Notes and thereafter to pay, pro rata, the interest due on such date to the holders of the Mezzanine Class C Notes and thereafter be used to pay, pro rata, the interest due on such date to the holders of the Junior Class D Notes. Any further remaining amounts shall be used to pay, pro rata, the interest due on such Quarterly Payment Date to the holders of the Subordinated Class E Notes.

(b) *Principal*

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero, the holders of the Mezzanine Class B Notes will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. As from that date the Principal Amount Outstanding of the Mezzanine Class B Notes will be redeemed in accordance with the provisions of Condition 6, provided that if, on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Deficiency on such date. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero, the Mezzanine Class C Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class C Notes. As from that date the Principal Amount Outstanding of the Mezzanine Class C Notes will be redeemed in accordance with the provisions of Condition 6, provided that if, on any Quarterly Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class C Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Deficiency on such date. The Mezzanine

Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class C Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero and the Principal Amount Outstanding of all Mezzanine Class C Notes is reduced to zero, the Junior Class D Noteholders will not be entitled to any repayment of principal in respect of the Junior Class D Notes. As from that date the Principal Amount Outstanding of the Junior Class D Notes will be redeemed in accordance with the provisions of Condition 6, provided that if, on any Quarterly Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class D Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Deficiency on such date. The Junior Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class D Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

If on any Notes Calculation Date all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class E Notes, have been paid or will be available for payment on the Quarterly Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will on the Quarterly Payment Date immediately succeeding such Notes Calculation Date form part of the Notes Interest Available Amounts and will be available to redeem or partially redeem the Subordinated Class E Notes. If on the Quarterly Payment Date on which all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class E Notes, have been paid or will be paid (i) no balance is standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, then notwithstanding any other provisions of these Conditions the Subordinated Class E Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class E Notes, or (ii) a balance is standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, then notwithstanding any other provisions of these Conditions the principal amount payable on the redemption of each Subordinated Class E Note on such date shall not exceed the balance standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, divided by the number of Subordinated Class E Notes then outstanding. The Subordinated Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class E Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

(c) *General*

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

10. Events of Default

The Security Trustee at its discretion may or, if so directed by an Extraordinary Resolution of the Senior Class A Noteholders or if no Senior Class A Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class B Noteholders or, if no Senior Class A Notes and Mezzanine Class B Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class C Noteholders or, if no Senior Class A Notes, Mezzanine Class B Notes and Mezzanine Class C Notes are outstanding, by an Extraordinary Resolution of the Junior Class D Noteholders or, if no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes are outstanding, by an Extraordinary Resolution of the Subordinated Class E Noteholders (subject, in each case, to being indemnified to its satisfaction) (in each case, the "**Relevant Class**") shall (but in the case of the occurrence of any of the events mentioned in subparagraph (a) up to and including (f) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Relevant Class) give notice (an "**Enforcement Notice**") to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur:

- (a) the Issuer is in default for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the Relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty (30) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) days; or

- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer in respect of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (f) the Issuer files a petition for a suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or is declared bankrupt or becomes subject to any other regulation having a similar effect,

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

11. Enforcement

(a) Enforcement

At any time after the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the Security pursuant to the terms of the Trust Deed and the Pledge Agreements, including the making of a demand for payment thereunder, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Senior Class A Noteholders or, if all amounts due in respect of the Senior Class A Notes have been fully paid, the Mezzanine Class B Noteholders or, if all amounts due in respect of the Senior Class A Notes and the Mezzanine Class B Notes have been fully paid, the Mezzanine Class C Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes have been fully paid, the Junior Class D Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes have been fully paid, the Subordinated Class E Noteholders and (ii) it shall have been indemnified to its satisfaction. The Security Trustee will enforce the Security pursuant to the terms of the Trust Deed and the Pledge Agreements for the benefit of all Security Beneficiaries, including, but not limited to, the Noteholders, and will apply the net proceeds received or recovered towards satisfaction of the Parallel Debt. The Security Trustee shall distribute such net proceeds (after deduction of the amounts due and payable to the Savings Mortgage Participant) to the Security Beneficiaries (other than the Savings Mortgage Participant) in accordance with the Post-Enforcement Priority of Payments set forth in the Trust Deed.

(b) *No Action against Issuer by Noteholders*

No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

(c) *Undertaking Noteholders and Security Trustee*

The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the last maturing Note is paid in full.

(d) *Limitation of Recourse*

The Noteholders accept and agree that the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

12. Indemnification of the Security Trustee

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

13. Notices

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

14. Meetings of Noteholders; Modification; Consents; Waiver

(a) *Meeting of Noteholders*

The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Transaction Documents, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such class

of Notes referred to below as a "**Basic Terms Change**") shall be effective except that, if the Security Trustee is of the opinion that such a Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default, such Basic Terms Change may be sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below.

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

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

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Mezzanine Class C Noteholders and/or the Junior Class D Noteholders and/or the Subordinated Class E Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Mezzanine Class C Noteholders and/or, as the case may be, the Junior Class D Noteholders or it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders or

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

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

(b) Modification, authorisation and waiver without consent of Noteholders

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

(c) Indemnification for individual Noteholders

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders and the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and the Junior Class D Noteholders and the Subordinated Class E Noteholders each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Replacements of Notes and Coupons

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

16. Governing Law

The Notes and Coupons are governed by, and will be construed in accordance with, the laws of the Netherlands. In relation to any legal action or proceedings arising out of or in connection with

the Notes and Coupons the Issuer irrevocably submits to the jurisdiction of the Court of first instance (*rechtbank*) in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the holders of the Notes and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

17. Additional obligations

For as long as the Notes are listed on the Official Segment of the Stock Market of Euronext Amsterdam, the Issuer will comply with the provisions set forth in Article 2.1.20 Section a-g of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam or any amended term of the said provisions as in force at the date of the issue of the Notes.

THE GLOBAL NOTES

Each Class of the Notes shall be initially represented by (i) in the case of the Senior Class A Notes, a Temporary Global Note in bearer form, without coupons attached, in the principal amount of € 1,234,500,000 (ii) in the case of the Mezzanine Class B Notes a Temporary Global Note in bearer form, without coupons attached, in the amount of € 32,000,000, (iii) in the case of the Mezzanine Class C Notes a Temporary Global Note in bearer form, without coupons attached, in the amount of € 26,000,000, (iv) in the case of the Junior Class D Notes, a Temporary Global Note in bearer form without coupons attached, in the amount of € 14,000,000, and (v) in the case of the Subordinated Class E Notes, a Temporary Global Note in bearer form without coupons attached, in the amount of € 13,000,000. Each Temporary Global Note will be deposited with Deutsche Bank AG, London as common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about 21 October 2004. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg will credit each purchaser of Notes represented by such Temporary Global Note with the amount of the relevant Class of Notes equal to the amount thereof which it has purchased and paid for. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than forty (40) days after the issue date of the Notes (the "**Exchange Date**") for interests in a permanent global note (each a "**Permanent Global Note**"), in bearer form, without coupons attached, in the amount of the Notes of the relevant Class (the expression "**Global Notes**" meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression "Global Note" means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class, the Permanent Global Note will remain deposited with the common depository.

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

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case of any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the

day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

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

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or the Principal Paying Agent or the Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

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

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

DUTCH TAXATION

The following summary outlines certain Dutch tax consequences to holders of the Notes. The following summary is based on the current law and practice of the Netherlands, which is subject to changes that could prospectively or retrospectively affect the stated tax consequences. Prospective holders of Notes who may be in any doubt as to their respective tax positions should consult their own professional advisors.

Withholding Tax

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

Taxes on Income and Capital Gains

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

- (i) such holder is neither a resident nor deemed to be a resident of the Netherlands, nor, if he is an individual, has elected to be taxed as a resident of the Netherlands; and
- (ii) such holder does not have 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 and to which enterprise or part of an enterprise, as the case may be, the Notes are attributable; and
- (iii) if such holder is an individual, such income or capital gain do not form "benefits from miscellaneous activities in the Netherlands" (resultaat uit overige werkzaamheden in Nederland), which would for instance be the case if the activities in the Netherlands with respect to the Notes exceed "normal active asset management" (normaal, actief vermogensbeheer).

A holder of Notes will not be subject to taxation in the Netherlands by reason only of the execution, delivery and/or enforcement of the Transaction Documents and the issue of the Notes or the performance by the Issuer of its obligations thereunder or under the Notes.

Gift, Estate and Inheritance Taxes

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of Notes by way of a gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

- (i) such holder at the time of the gift has or at the time of his 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 enterprise or part of an enterprise, as the case may be, the Notes are or were attributable; or
- (ii) in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

Turnover Tax

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

Capital Tax

No Dutch capital tax will be payable in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of the Netherlands) of the Transaction Documents or the performance by the Issuer of its obligations thereunder or under the Notes.

Other Taxes and Duties

No Dutch registration tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of the Netherlands) of the Transaction Documents or the performance by the Issuer of its obligations thereunder or under the Notes.

European Union Tax Considerations

The EU has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1 July 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

SUBSCRIPTION AND SALE

The Managers have, pursuant to a subscription agreement dated 19 October 2004 between the Managers, the Issuer and the Seller (the "**Subscription Agreement**"), jointly and severally agreed with the Issuer, subject to certain conditions, to subscribe for the Notes at their issue price. The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the Notes.

United Kingdom

Each of the Managers has represented, warranted and agreed that (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

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**") or any other applicable securities law. Subject to certain exceptions, the Notes may not be offered, sold, or delivered within the United States or to, or for the account or benefit of, U.S. persons.

Each of the Managers has agreed that it will not offer, sell or deliver the Notes within the United States or to or for the account of U.S. persons except as permitted by applicable law and the Subscription Agreement. In addition, until forty (40) days after the purchase, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the purchase) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144 or Rule 144A under the Securities Act. As applicable, terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.

Ireland

Each of the Managers has represented and agreed that:

- (a) except in circumstances which do not constitute an offer to the public within the meaning of the Companies Act, 1963 (as amended) of Ireland, (the "**1963 Act**"), it has not offered or sold and will not offer or sell any Notes in Ireland or elsewhere, by means of any document otherwise than in compliance with the provisions of Part XII of the 1963 Act.
- (b) it has complied with and will comply with all applicable provisions of the 1963 Act with respect to anything done by it in relation to the Notes in, from or otherwise involving Ireland.
- (c) it has not made and will not make any offer or any other Notes which would require a prospectus to be issued under the European Communities (Transferable Securities and Stock Exchange) Regulations 1992 of Ireland.
- (d) to the extent applicable, it will not underwrite the issue of or place the Notes otherwise than in

conformity with the provisions of the Irish Investment Intermediaries Act, 1995 (as amended), including, without limitation, Sections 9, 23 (including any advertising restrictions made thereunder) and section 37 (including any codes of conduct issued thereunder) the provisions of the Irish Investor Compensation Act, 1998, including, without limitation, Section 21.

France

Any delivery of this Offering Circular shall not under any circumstances be deemed to constitute an offer to sell financial instruments to the French public within the meaning of Article L. 411-1 of the Financial and Monetary Code nor to trigger the application of French solicitation rules within the meaning of Article L. 341-1 and seq of the same Code. With respect to the foregoing, this Offering Circular has not been and will not be submitted to the prior approval ("visa") of the French Autorité des Marchés Financiers (Authority of Financial Markets, AMF). In France, the notes may only be offered, sold or delivered to qualified investors, acting for their own account, within the meaning of Article 411-2 of the French Financial and Monetary Code and Article 1 of Decree No. 98-880 dated 1st October, 1998.

Germany

Each of the Managers has acknowledged that the Notes are issued under the "Euro 40,000 Exemption" pursuant to Section 2 No. 4 of the Securities Selling Prospectus Act of the Federal Republic of Germany (Wertpapier-Verkaufsprospektgesetz) of September 9, 1998, as amended (the "Securities Selling Prospectus Act") and that no Securities Sales Prospectus (Wertpapier-Verkaufsprospekt) has been published. Each Manager represents and agrees that it has offered and sold and will offer and sell the Notes only (i) in denominations of at least Euro 40,000 or (ii) for an aggregate purchase price per purchaser of at least Euro 40,000 (or foreign currency equivalent), or (iii) if the selling price for all Notes offered does not exceed Euro 40,000 or such other amount as may be stipulated from time to time by applicable German law.

Portugal

The offer of Notes has not been registered with the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários - CMVM) and no action has been or will be taken that would permit a public offering of the Notes in Portugal. Accordingly, no Notes have been or may be offered except in circumstances that will result in compliance with any applicable laws and regulations. In particular, no Notes have been or may be offered, transferred, delivered or sold, directly or indirectly, to unidentified addressees, to all the shareholders of a public company or to more than 200 (non-institutional) Portuguese investors and no offer has been preceded or followed by promotion or solicitation to unidentified investors, public advertisement, publication of any promotional material or in any similar manner. Furthermore, this Offering Circular and/or any other document relating to the Notes as well as information contained therein, may not be supplied to the public in Portugal or used in connection with any offer of Notes to the public in Portugal.

The Republic of 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 shall be offered, sold or delivered, nor copies of the Offering Circular or of any other document relating to the Notes shall be distributed in the Republic of Italy, except:

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

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by investment firms, banks or financial intermediaries authorised to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993, as amended (the "**Banking Act**");
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, pursuant to which the issue or the offering of foreign securities in the Republic of Italy may need to be preceded and followed by appropriate notices to be filed with the Bank of Italy depending, *inter alia*, on the characteristics of the securities issued or offered in the Republic of Italy and on their aggregate value; and
- (c) in compliance with any other applicable laws and regulations.

Spain

The Notes may not be offered or sold and will not be offered or sold to persons in the Kingdom of Spain, in any way that would constitute an offer to the public, except in accordance with the requirements of the Spanish Securities Act (Ley 24/1988, de 28 de julio, del Mercado de Valores), as amended, Act 35/2003, and Royal Decree 291/1992, on Issues and Public Offerings of Securities (Real Decreto 291/1992, de 27 de marzo, sobre Emisiones y Ofertas Públicas de Venta de Valores), as amended, and the decrees and regulations issued thereunder.

Luxembourg

The Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement or other material may be distributed or otherwise made available in or from, or published in, the Grand Duchy of Luxembourg, except for the sole purpose of the listing of the Notes on the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities. The information contained in this Offering Circular is restricted to sophisticated or institutional investors. It is personal to each such person and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of the Offering Circular or of the information contained in this Offering Circular to any person other than sophisticated or institutional investors is unauthorised and any disclosure of any of its contents, without the prior written consent of Issuer is prohibited.

Belgium

The Notes have not been and will not be publicly offered in Belgium. The offering is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and the offering memorandum or any other offering material relating to the Notes has not been and will not be approved by, the Belgian Banking Finance and Insurance Commission (Commission Bancaire, Financière et des Assurances/ Commissie voor het Bank-, Financie- en Assurantiewezen). Accordingly, the offering may not be advertised and each of the initial purchasers has represented, warranted and agreed that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes and that it has not distributed, and will not distribute, any memorandum, information circular, brochure or any similar documents, directly or indirectly, to any individual or legal entity in Belgium other than:

- (a) investors required to invest a minimum of € 500,000 (per investor and per transaction); or
- (b) institutional investors as defined in Article 3, 2°, of the Belgian Royal Decree of 7 July 1999 on the public character of financial transactions, acting for their own account.

This offering memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the offering of notes. Accordingly, the information contained therein may not be used for any other purpose nor disclosed to any other person in Belgium.

The Netherlands

Each of the Managers represents and agrees that (a) it is a PMP and (b) it has offered or sold and will offer or sell, directly or indirectly, as part of the initial distribution or at any time thereafter, the Notes exclusively (i) to PMP's as reasonably identified by the Issuer on the Closing Date or (ii) to persons which cannot reasonably be identified by the Issuer on the Closing Date, provided that the Notes have a denomination of € 500,000 (or the equivalent in any other currency) and shall upon their issuance be included in a clearing institution that is established in a EU Member State, the United States of America, Japan, Australia, Canada or Switzerland; so that it can reasonably be expected that the Managers will transfer the Notes exclusively to other PMP's.

Denmark

The Notes are only offered to natural and legal persons who acquire securities in the course of their business and/or who will invest an amount of minimum DKK 300,000 and therefore no action has or will be taken that would allow an offering of such Notes to the public in Denmark. This Offering Circular has not been and will not be registered with or approved by the Danish Financial Supervisory Authority, the Danish Securities Council or the Danish Commerce and Companies Agency under the relevant Danish acts and regulations on the offering of Notes issued by a Dutch private limited liability company. This Offering Circular may not be made available nor may Notes issued by the Issuer otherwise be marketed or offered for sale in Denmark other than in circumstances which are deemed not to be a marketing or an offer to the public.

Finland

The Notes will not be publicly offered or brought into general circulation in the Republic of Finland other than in compliance with all applicable provisions of the laws of the Republic of Finland and especially in compliance with the Finnish Securities Act (1989/495, as amended) and any regulation made thereunder, as supplemented and amended from time to time.

Austria

The information contained in this Offering Circular does not constitute a prospectus within the meaning of Austrian civil or capital markets law and may not be construed to constitute such prospectus. In Austria the Notes, with a denomination of € 500,000 were and will only be offered to a limited circle of professional investors in accordance with §§ 3/1/9 and 3/1/11 of the Austrian Capital Markets Act (Kapitalmarktgesetz), are exempt from the requirements to publish a prospectus and may not be resold or sold other than in compliance with the Capital Markets Act.

Norway

This Offering Circular has not been produced in accordance with the prospectus requirements laid down in the Norwegian Securities Trading Act 1997 or in accordance with the prospectus requirements laid down in the Norwegian Securities Fund Act 1981. This Offering Circular has not been approved or disapproved by, or registered with, the Oslo Stock Exchange, Kredittilsynet nor the Norwegian Registry of Business Enterprises. The offer to participate in the subscription contained in this Offering Circular is only and exclusively directed to the addressees of this offer and can not be distributed, offered or presented, either directly or indirectly to other persons or entities domiciled in Norway without the consent of the Issuer.

Sweden

The minimum denomination for the Notes will be more than SEK 300,000. No statutory prospectus has been drawn up and registered with the Swedish Financial Supervisory Authority in connection with this offer.

Switzerland

The Notes may not and will not be publicly offered, distributed or redistributed in Switzerland and neither this Offering Circular nor any other solicitation for investments in the Notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a Swiss Code of Obligations. This Offering Circular is not a prospectus within the meaning of Article 1156 and 652a Swiss Code of Obligations and may not comply with the information standards required thereunder. Each of the Managers represents and agrees that it will not apply for a listing of the Notes on any Swiss stock exchange or other Swiss regulated market and this Offering Circular may not comply with the information required under the relevant listing rules. The Notes have not and will not be registered with the Swiss Federal Banking Commission or any other Swiss authority for any purpose, whatsoever.

Cayman Islands

Neither a selling agent nor the Issuer shall offer and sell Notes from a place of business within the Cayman Islands (including an offering from an internet or other electronic service provider located in the Cayman Islands) or in a manner constituting the commencement of business in the Cayman Islands unless it is appropriately registered and licenced or otherwise permitted to undertake such an offer or sale under applicable laws (including, without limitation, the Securities Investment Business Law or the Companies Law of the Cayman Islands).

A selling agent or the Issuer may therefore offer and sell Notes to individuals or persons resident and incorporated in the Cayman Islands without restriction on such selling agent or the Issuer if such selling agent is, according to applicable Cayman Islands law, not located in the Cayman Islands (as a branch,

an incorporated entity, a resident or otherwise) and does not have a place of business in and/or has not commenced the carrying on of business in the Cayman Islands

Notice to investors

The Notes have not been and will not be registered under the Securities Act or any other applicable securities laws, and may not be offered or sold in the United States except pursuant to an effective registration statement or in accordance with an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other laws. Accordingly, the Notes (and any interests therein) are being offered and sold outside the United States to non-US persons in compliance with Regulation S under the Securities Act.

The Notes will be represented upon issuance by a temporary global security which is not exchangeable for definitive securities until the expiration of the 40-day distribution compliance period and, in the case of persons other than distributors, until certification of beneficial ownership of the Notes by a non-U.S. person or a U.S. person who purchased the Notes in a transaction that does not require registration under the Securities Act.

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 ISSUE 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."

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

General

The distribution of this Offering Circular and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. This Offering Circular does not constitute an offer, or an invitation to subscribe for or purchase, any Notes.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 12 October 2004.
2. The Senior Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 020284030, ISIN XS0202840301 and Fondscode 14986.
3. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 020284226, ISIN XS0202842265 and Fondscode 14987.
4. The Mezzanine Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 020284323, ISIN XS0202843230 and Fondscode 14988.
5. The Junior Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 020284404, ISIN XS0202844048 and Fondscode 14989.
6. The Subordinated Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 020284498, ISIN XS0202844980 and Fondscode 14990.
7. There has been no material adverse change in the financial position or prospects of the Issuer since 5 October 2004.
8. Ernst & Young Accountants has given and has not withdrawn its written consent to the issue of this offering circular with its report included herein in the form and context in which it appears.
9. Since its incorporation, the Issuer has not been involved in any legal or arbitration proceedings which may have a significant effect on the Issuer's financial position nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.
10. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours:
 - (i) the Deed of Incorporation of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Paying Agency Agreement;
 - (iv) the Trust Deed;
 - (v) the Security Beneficiaries Agreement;

- (vi) the Mortgage Receivables Pledge Agreement I;
 - (vii) the Mortgage Receivables Pledge Agreement II;
 - (viii) the Issuer Rights Pledge Agreement;
 - (ix) the Issuer Accounts Pledge Agreement;
 - (x) the Servicing Agreement;
 - (xi) the Issuer Administration Agreement;
 - (xii) the Sub-Participation Agreement;
 - (xiii) the Floating Rate GIC;
 - (xiv) the Liquidity Facility Agreement;
 - (xv) the Swap Agreement;
 - (xvi) the Beneficiary Waiver Agreement;
 - (xvii) the Master Definitions Agreement;
 - (xviii) the Commingling Guarantee;
 - (xix) the Construction Deposits Guarantee;
 - (xx) the Subscription Agreement; and
 - (xxi) the articles of association of the Security Trustee.
11. All the historic audited annual financial statements of the Issuer will be made available, free of charge, at the specified offices of the Security Trustee.
 12. 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.
 13. This Offering Circular constitutes a prospectus for the purpose of the Listing and Issuing Rules of Euronext Amsterdam.

ANNEX 1: AMORTISATION PROFILE OF THE A NOTES UNDER DIFFERENT CPR

Payment Date	CPR = 0%	CPR = 3%	CPR = 5%	CPR = 7%	CPR = 9%	CPR = 11%
	Size of the Senior Class A Notes	Size of the Senior Class A Notes	Size of the Senior Class A Notes	Size of the Senior Class A Notes	Size of the Senior Class A Notes	Size of the Senior Class A Notes
21-Oct-04	1,234,500,000	1,234,500,000	1,234,500,000	1,234,500,000	1,234,500,000	1,234,500,000
21-Jan-05	1,233,858,051	1,223,947,095	1,217,211,340	1,210,368,375	1,203,414,134	1,196,344,299
21-Apr-05	1,233,175,692	1,213,433,833	1,200,102,552	1,186,630,205	1,173,012,217	1,159,243,759
21-Jul-05	1,232,485,820	1,202,992,811	1,183,204,243	1,163,311,313	1,143,311,210	1,123,200,980
21-Oct-05	1,231,788,344	1,192,623,389	1,166,513,638	1,140,404,069	1,114,294,688	1,088,185,500
21-Jan-06	1,231,083,172	1,182,324,932	1,150,028,000	1,117,900,980	1,085,946,609	1,054,167,728
21-Apr-06	1,230,370,209	1,172,096,808	1,133,744,623	1,095,794,686	1,058,251,304	1,021,118,924
21-Jul-06	1,229,649,362	1,161,938,388	1,117,660,835	1,074,077,958	1,031,193,467	989,011,172
21-Oct-06	1,228,920,534	1,151,849,049	1,101,773,997	1,052,743,697	1,004,758,148	957,817,354
21-Jan-07	1,228,183,629	1,141,828,168	1,086,081,503	1,031,784,928	978,930,745	927,511,131
21-Apr-07	1,227,438,547	1,131,875,128	1,070,580,778	1,011,194,802	953,696,993	898,066,920
21-Jul-07	1,226,685,191	1,121,989,316	1,055,269,279	990,966,594	929,042,959	869,459,871
21-Oct-07	1,225,903,258	1,112,149,921	1,040,124,296	971,073,494	904,934,836	841,645,644
21-Jan-08	1,225,051,920	1,102,315,760	1,025,102,876	951,468,647	881,319,071	814,560,647
21-Apr-08	1,224,273,128	1,092,628,747	1,010,345,397	932,288,826	858,326,145	788,325,892
21-Jul-08	1,223,485,652	1,083,006,533	995,767,266	913,445,154	835,860,313	762,835,735
21-Oct-08	1,222,689,385	1,073,448,522	981,366,090	894,931,484	813,909,186	738,068,691
21-Jan-09	1,221,884,220	1,063,954,119	967,139,508	876,741,775	792,460,664	714,003,889
21-Apr-09	1,221,070,049	1,054,522,734	953,085,188	858,870,095	771,502,928	690,621,058
21-Jul-09	1,220,101,261	1,045,008,276	939,055,323	841,165,113	750,878,928	667,755,004
21-Oct-09	1,219,142,500	1,035,576,021	925,214,246	823,788,478	730,745,534	645,555,534
21-Jan-10	1,218,172,380	1,026,203,960	911,538,166	806,712,901	711,069,928	623,982,124
21-Apr-10	1,217,231,325	1,016,932,058	898,065,403	789,973,391	691,881,865	603,057,218
21-Jul-10	1,216,370,456	1,007,810,678	884,844,489	773,615,029	673,221,106	582,813,318
21-Oct-10	1,215,419,699	998,668,604	871,702,141	757,460,886	654,905,289	563,060,797
21-Jan-11	1,214,539,345	989,666,284	858,797,649	741,667,585	637,086,670	543,945,838
21-Apr-11	1,213,548,073	980,621,336	845,946,660	726,047,313	619,572,340	525,268,810
21-Jul-11	1,212,647,759	971,735,960	833,350,370	710,798,838	602,557,084	507,219,017
21-Oct-11	0*	0*	0*	0*	0*	0*

Disclaimer: No certainty can be given to any prospective investor in relation to the amortisation profile of the A Notes.

*assuming Optional Redemption of the Notes is exercised on the First Optional Redemption Date.

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