

## Delphinus 2001-II B.V.

(incorporated with limited liability in the Netherlands)

**Euro 1,006,500,000 Senior Class A1 Mortgage-Backed Notes 2001 due 2031, issue price 99.926 per cent.**

**Euro 500,000,000 5.207 per cent. Senior Class A2 Mortgage-Backed Notes 2001 due 2031, issue price 100 per cent.**

**Euro 97,500,000 5.587 per cent. Mezzanine Class B Mortgage-Backed Notes 2001 due 2031, issue price 100 per cent**

**Euro 36,000,000 6.157 per cent. Junior Class C Mortgage-Backed Notes 2001 due 2031, issue price 100 per cent.**

**Euro 18,000,000 Subordinated Class D Notes 2001 due 2031, issue price 100 per cent.**

Application has been made to list the euro 1,006,500,000 Senior Class A1 Mortgage-Backed Notes 2001 due 2031 (the '**Senior Class A1 Notes**'), the euro 500,000,000 5.207 per cent. Senior Class A2 Mortgage-Backed Notes 2001 due 2031 (the '**Senior Class A2 Notes**', together with the Senior Class A1 Notes, the '**Senior Class A Notes**'), the euro 97,500,000 5.587 per cent. Mezzanine Class B Mortgage-Backed Notes 2001 due 2031 (the '**Mezzanine Class B Notes**'), the euro 36,000,000 6.157 per cent. Junior Class C Mortgage-Backed Notes 2001 due 2031 (the '**Junior Class C Notes**'), and the euro 18,000,000 Subordinated Class D Notes 2001 due 2031 (the '**Subordinated Class D Notes**', and together with the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C 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 28 November 2001.

Payments of interest on the Senior Class A1 Notes and the Subordinated Class D Notes will be made quarterly in arrears on each Quarterly Payment Date (as defined herein) and will be payable by reference to successive interest periods as described in the Conditions. The rate of interest will be for the Senior Class A1 Notes three months Euribor plus a margin of 0.29 per cent per annum and for the Subordinated Class D Notes three months Euribor plus a margin of 2.35 per cent per annum. Payments of interest on the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes will be made annually in arrears on each Annual Payment Date (as defined herein) and will be payable by reference to successive interest periods as described in the Conditions. The rate of interest will be for the Senior Class A2 Notes 5.207 per cent. per annum, for the Mezzanine Class B Notes 6.157 per cent. per annum and for the Junior Class C Notes 5.587 per cent. per annum. If following the Quarterly Payment Date November 2011 the Notes of any Class have not been redeemed in full, the interest applicable to the relevant Class of Notes, other than the Subordinated Class D Notes, will be equal to the sum of three months Euribor, plus a margin which will be for the Senior Class A Notes 1.00 per cent. per annum, for the Mezzanine Class B Notes 1.75 per cent per annum, for the Junior Class C Notes 3.00 per cent. per annum, payable quarterly in arrears on each Quarterly Payment Date.

The Notes are scheduled to mature on the Quarterly Payment Date falling in November 2031. On the Quarterly Payment Date falling in February 2007 and each Quarterly Payment Date thereafter the Senior Class A1 Notes, and on the Quarterly Payment Date falling in November 2011 and each Quarterly Payment Date thereafter, the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes, will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with, the Terms and Conditions of the Notes (the '**Conditions**'). On the Quarterly Payment Date falling in November 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 D Notes, in whole but not in part, at their Principal Amount Outstanding, subject to and in accordance with the Conditions. The Subordinated Class D Notes will be subject to mandatory partial redemption in the limited circumstances set out in, and subject to and in accordance with, the Conditions.

It is a condition precedent to issuance that the Senior Class A Notes, on issue, be assigned a 'Aaa' rating by Moody's Investors Service Limited ('**Moody's**') and a 'AAA' rating by Fitch Ratings Ltd. ('**Fitch**'), the Mezzanine Class B Notes, on issue, be assigned at least a 'A1' rating by Moody's and a 'A' rating by Fitch and the Junior Class C Notes, on issue, be assigned at least a 'Baa1' rating by Moody's and a 'BBB' rating by Fitch. Furthermore, it is expected that the Subordinated Class D Notes will, on issue, be assigned a 'Baa2' 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 Notes will be secured directly by a deed of surety from Stichting Security Trustee Delphinus 2001-II (the '**Security Trustee**'), and indirectly by a pledge over the Mortgage Receivables and the Beneficiary Rights (as described below) and a pledge over all the assets of the Issuer. The right to payment of interest and principal on the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be subordinated and may be limited as more fully described herein.

The Notes of each class will be initially represented by a temporary global note in bearer form (each a '**Temporary Global Note**'), without coupons, which is expected to be deposited 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 thereof. 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 (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 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for 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, in whatever capacity acting, including, without limitation, the Seller, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Liquidity Facility Guarantor, the Insurance Companies, the Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Swap Guarantor, the Principal Paying Agent, the Paying Agent, the Reference Agent, the Put Option Provider (each as defined herein), or except for certain limited obligations under the Deed of Surety (as defined below) to – inter alia – the holders of the Notes (the '**Noteholders**'), the Security Trustee. Furthermore, none of the Seller, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Liquidity Facility Guarantor, the Insurance Companies, the Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Swap Guarantor, the Principal Paying Agent, the Paying Agent, the Reference Agent, the Put Option Provider or any other person, in whatever capacity acting, other than the Security Trustee in respect of limited obligations under the Deed of Surety, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Managers, the Pool Servicer, the Company Administrator, the Liquidity Facility Provider, the Liquidity Facility Guarantor, the Insurance Companies, the Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Swap Guarantor, the Principal Paying Agent, the Paying Agent, the Reference Agent or the Put Option Provider will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

### *Senior Class A1 Managers*

**RABOBANK INTERNATIONAL**

**FORTIS BANK**

**ABN AMRO**

**BNP PARIBAS**

**DZ BANK AG**

**ING Barings/BBL**

**MERRILL LYNCH INTERNATIONAL**

**Schroder Salomon Smith Barney**

*Managers to Senior Class A2 Notes, Mezzanine Class B Notes, Junior Class C Notes and  
Subordinated Class D Notes*

**RABOBANK INTERNATIONAL**

**FORTIS BANK**

The Issuer is responsible for the information contained in this Offering Circular other than the information referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, except for the information for which the Seller is responsible, contained in this 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 Netherlands Residential Mortgage Market, Fortis and ASR, Description of Mortgage Loans, and Mortgage Loan Underwriting and Servicing.*

This Offering Circular is to be read in conjunction with the document which is 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 not contained in or not 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 *Purchase 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 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 *Purchase and Sale* below).

In connection with the issue of the Notes and in accordance with applicable law and regulations of the Euronext Amsterdam, 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. Such stabilising, if commenced, may be discontinued at any time but will in any event be discontinued 30 days after the issue date of the Notes.

All references in this Offering Circular to 'Netherlands guilders', 'guilders', 'Dfl' and 'NLG' refer to a denomination of the currency of the Netherlands (with the understanding that since 1 January 1999 such currency is a sub-denomination of the Euro). All references 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).

Schroder is a trademark of Schroder Holdings plc and is used under license by Salomon Brothers International limited.

**CONTENTS**

SUMMARY ..... 4

SPECIAL CONSIDERATIONS ..... 13

CREDIT STRUCTURE..... 22

OVERVIEW OF THE NETHERLANDS RESIDENTIAL MORTGAGE MARKET ..... 30

FORTIS AND ASR ..... 34

DESCRIPTION OF MORTGAGE LOANS ..... 37

MORTGAGE LOAN UNDERWRITING AND SERVICING ..... 47

MORTGAGE RECEIVABLES PURCHASE AGREEMENT ..... 50

SERVICING AGREEMENT ..... 55

SUB-PARTICIPATION AGREEMENT ..... 56

DELPHINUS 2001-II B.V..... 58

USE OF PROCEEDS ..... 60

DESCRIPTION OF SECURITY ..... 61

THE SECURITY TRUSTEE ..... 64

TERMS AND CONDITIONS OF THE NOTES ..... 65

THE GLOBAL NOTES ..... 79

TAXATION IN THE NETHERLANDS..... 81

PURCHASE AND SALE ..... 83

GENERAL INFORMATION ..... 85

ANNEX ..... 87

REGISTERED OFFICES..... 90

## 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.

**Issuer:** Delphinus 2001-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 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam, under number 34165405. The entire issued share capital of the Issuer is owned by Stichting Delphinus 2001-II.

**Seller:** ASR Bank N.V., incorporated under the laws of the Netherlands as a public limited company (*'naamloze vennootschap'*) (the 'Seller' or 'ASR Bank').

### Company

**Administrator:** ATC Financial Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*'besloten vennootschap met beperkte aansprakelijkheid'*).

**Pool Servicer:** ASR Bank.

### Security

**Trustee:** Stichting Security Trustee Delphinus 2001-II, established under the laws of the Netherlands as a foundation (*'stichting'*).

### Stichting

**Delphinus:** Stichting Delphinus 2001-II, established under the laws of the Netherlands as a foundation (*'stichting'*).

**Directors:** ATC Management B.V., the sole director of the Issuer, Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee and ATC Trustees (Netherlands) B.V., the sole director of Stichting Delphinus 2001-II. The sole shareholder of each of the Directors is Amsterdam Trust Corporation B.V..

### Liquidity

#### Facility

**Provider:** ASR Bank.

### Liquidity

#### Facility

**Guarantor:** Fortis Bank nv-sa, incorporated under the laws of Belgium as a public limited company ('Fortis Bank nv-sa').

### Put Option

**Provider:** Fortis Bank nv-sa

### Swap

**Counterparty:** ASR Bank.

### Swap

**Guarantor:** Fortis Bank nv-sa

### Floating Rate

**GIC Provider:** Fortis Bank (Nederland) N.V., incorporated under the laws of the Netherlands as a public limited company (*'naamloze vennootschap'*) ('Fortis Bank (Nederland) N.V.').

**Floating Rate**

**GIC Guarantor:** Fortis Bank nv-sa

**Principal**

**Paying Agent:** Fortis Bank nv-sa

**Paying Agent:** Fortis Bank (Nederland) N.V.

**Reference**

**Agent:** Fortis Bank nv-sa

**Insurance**

**Companies:** Levensverzekering Maatschappij Woudsend N.V., 'De Verzekerings-Unie' Levensverzekering Maatschappij N.V. and Levensverzekering Maatschappij Stad Rotterdam N.V., each a company incorporated under the laws of the Netherlands as a public limited company (*'naamloze vennootschap'*).

**Notes:** The euro 1,006,500,000 Senior Class A1 Mortgage-Backed Notes 2001 due 2031 (the '**Senior Class A1 Notes**'), the euro 500,000,000 5.207 per cent. Senior Class A2 Mortgage-Backed Notes 2001 due 2031 (the '**Senior Class A2 Notes**', together with the Senior Class A1 Notes, the '**Senior Class A Notes**'), the euro 97,500,000 5.587 per cent. Mezzanine Class B Mortgage-Backed Notes 2001 due 2031 (the '**Mezzanine Class B Notes**'), the euro 36,000,000 6.157 per cent. Junior Class C Mortgage-Backed Notes 2001 due 2031 (the '**Junior Class C Notes**'), and the euro 18,000,000 Subordinated Class D Notes 2001 due 2031 (the '**Subordinated Class D Notes**', and together with the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, the '**Notes**') will be issued by the Issuer on 28 November 2001 (or such later date as may be agreed between the Issuer and the Managers) (the '**Closing Date**')

**Issue Price:** The issue prices of the Notes will be as follows:

- (i) the Senior Class A1 Notes 99.926%;
- (ii) the Senior Class A2 Notes 100%;
- (iii) the Mezzanine Class B Notes 100%;
- (iv) the Junior Class C Notes 100%;
- (v) the Subordinated Class D Notes 100%.

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

**Interest:** Interest on the Senior Class A1 Notes and the Subordinated Class D Notes is payable by reference to successive interest periods (each a '**Floating Interest Period**') and will be payable quarterly in arrears in euro in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 28th day of February, May, August and November, 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 28th day) in each year (each such day being a '**Quarterly Payment Date**'). A '**Business Day**' means a day on which banks are open for business in Amsterdam, London and Brussels provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement European Transfer System ('**TARGET System**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in February 2002.

Interest on the Senior Class A1 Notes and the Subordinated Class D Notes for each Floating Interest Period from the Closing Date will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits in euro (determined in accordance with Condition 4(f) plus a margin which will, initially, be equal to for the Senior Class A1 Notes 0.29 per cent. per annum and for the Subordinated Class D Notes 2.35 per cent. per annum.

Interest on the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes is payable by reference to successive interest periods (each a '**Fixed Interest Period**') and will be payable annually in arrears in euro in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 28th day of November or if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 28th day in each year (each such day being an '**Annual Payment Date**'). Each successive Fixed Interest Period will commence on (and include) an Annual Payment Date and end on (but exclude) the next succeeding Annual Payment Date, except for the first Fixed Interest Period which will commence on (and include) the Closing Date and will end on (but exclude) the Quarterly Payment Date falling in November 2002.

The rate of interest on the Senior Class A2 Notes will be 5.207 per cent. per annum, on the Mezzanine Class B Notes 5.587 per cent. per annum and on the Junior Class C Notes 6.157 per cent. per annum.

If following the first Optional Redemption Date (as defined below) the Notes of any Class, other than the Subordinated Class D Notes, have not been redeemed in full, the interest applicable to the relevant Class of Notes will be equal to the sum of Euribor for three months deposits, payable by reference to Floating Interest Periods on each Quarterly Payment Date plus:

- (i) for the Senior Class A Notes, a margin of 1.00 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 1.75 per cent. per annum; and
- (iii) for the Junior Class C Notes, a margin of 3.00 per cent. per annum.

**Final Maturity Date:**

Unless previously redeemed as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in November 2031.

**Mandatory Redemption of the Notes:**

The Issuer will be obliged to apply the Notes Redemption Available Amount (as defined in Condition 6(c), if and to the extent such amount is not used for substitution (see below), to redeem (or partially redeem) on a pro rata basis (i) on the Quarterly Payment Date falling in February 2007 and on each Quarterly Payment Date thereafter up to (but excluding) the first Optional Redemption Date (see *Credit Structure* below) the Senior Class A1 Notes at their Principal Amount Outstanding and (ii) on each Optional Redemption Date the Senior Class A1 Notes (if applicable), the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes at their Principal Amount Outstanding in the following order, (a) firstly, pro rata and pari passu, the Senior Class A1 Notes and the Senior Class A2 Notes, until fully redeemed, and, thereafter, (b) the Mezzanine Class B Notes until fully redeemed and thereafter, (c) the Junior Class C Notes until fully redeemed. The Subordinated Class D Notes will be subject to mandatory partial redemption on each Quarterly Payment Date in the limited circumstances as described in the Conditions.

**Optional  
Redemption  
of the Notes:**

Unless previously redeemed in full, the Issuer will have the option to redeem all of the Notes, other than the Subordinated Class D Notes, in whole but not in part, on each Optional Redemption Date at their Principal Amount Outstanding (as defined in Condition 6(c)) or, in case of a Junior Class C Principal Shortfall (as defined in Condition 6 (e)) or a Mezzanine Class B Principal Shortfall (as defined in Condition 6 (e)), partially redeem the Junior Class C Notes, or the Mezzanine Class B Notes, respectively, at their Principal Amount Outstanding less such Junior Class C Principal Shortfall or, Mezzanine Class B Principal Shortfall, as the case may be, as provided in Condition 6(d), on such date.

**Redemption  
for tax  
reasons:**

In the event of certain tax changes affecting any Class of the Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of any class of Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), the Issuer 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 interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions. 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 pay any additional amounts to such Noteholders.

**Use of  
proceeds:**

The Issuer will use the net proceeds from the issue of the Notes, other than the Subordinated Class D Notes, to pay to the Seller part of the Initial Purchase Price for the Mortgage Receivables (as described below), pursuant to the provisions of an agreement dated 27 November 2001 (the '**Mortgage Receivables Purchase Agreement**') and made between the Seller, the Issuer and the Security Trustee. See further *Mortgage Receivables Purchase Agreement* below. The net proceeds from the issue of the Subordinated Class D Notes, reduced by euro 965,565 that will be applied towards the payment of the Initial Purchase Price, will be credited to the Reserve Account.

**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 Substitute Mortgage Receivables as defined below) of the Seller against certain borrowers (the '**Borrowers**') under or in connection with certain pre-selected Mortgage Loans (as defined below). The Mortgage Receivables relating to Life Mortgage Loans and Investment Mortgage Loans and, as the case may be, Savings Mortgage Loans (all as defined below), will hereinafter be referred to as the '**Life Mortgage Receivables**', the

**'Investment Mortgage Receivables'** and, as the case may be, the **'Savings Mortgage Receivables'**, respectively.

**Substitution:** The Mortgage Receivables Purchase Agreement will provide that the Issuer on a quarterly basis will purchase from the Seller mortgage receivables (**'Substitute Mortgage Receivables'**) subject to the fulfilment of certain conditions and to the extent offered by the Seller. The Issuer will apply towards the purchase of Substitute Mortgage Receivables (i) on each Quarterly Payment Date up to and including the Quarterly Payment Date falling in November 2006, the Notes Redemption Available Amount (as defined in *Credit Structure* below) and, (ii) thereafter, up to the Quarterly Payment Date immediately preceding the Final Maturity Date, certain amounts received in case of a repurchase of Mortgage Receivables by the Seller (as described in *Mortgage Receivables Purchase Agreement* below).

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

- (i) in case any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet certain mortgage loan criteria, are untrue or incorrect;
- (ii) if the Seller agrees with a Borrower to grant a Further Advance (as defined in *Special Considerations under paragraph Credit Mortgages* below);
- (iii) if the Seller agrees with a Borrower to amend the terms of the Mortgage Loan and as a result thereof such Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement;
- (iv) under the terms of an Investment Mortgage Loan (as defined below) the Borrower has requested to switch the premia accumulated in the relevant Savings Insurance Policy (as defined below) with any of the Insurance Companies (*'ASR Spaarhypotheek Garantie'*) into another eligible investment under the Investment Mortgage Loan (see paragraph *Investment Mortgage Loans under Special Considerations* below).

**Mortgage Loans:**

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will relate to loans secured by a first-ranking mortgage right or in case of Mortgage Loans secured on the same mortgaged property, first- and second- or first-, second- and third-ranking mortgage right, over residential property situated in the Netherlands and entered into by the Seller and the relevant Borrowers which meet criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date (the **'Mortgage Loans'**). The Mortgage Loans will as of the Closing Date consist of life mortgage loans (*'levenhypotheek'*) and investment mortgage loans (*'beleggingshypotheek'*) and may, after substitution, also include savings mortgage loans (*'spaarhypotheek'*) or combinations of savings mortgage loans with interest-only mortgages (*'aflossingsvrije hypotheek'*). See further *Description of the Mortgage Loans* below.

**Life Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of life mortgage loans (*'levenhypotheek'*, hereinafter **'Life Mortgage Loans'**), i.e. Mortgage Loans which have the benefit of combined risk insurance policies (i.e. a policy relating to an insurance which pays out upon the death of the insured) and capital insurance policies taken out by Borrowers with any of the Insurance Companies in connection with a Life Mortgage Loan (**'Life Insurance Policies'**). Life Insurance Policies are offered in several alternatives by the Insurance Companies depending on the manner in which the capital insurance element of the premium is invested by the relevant Insurance Company: in fixed income products (*'City*



of Rotterdam Plan') or in certain investment funds ('Waerdye' or 'Maximum+ Plan'). See for more detail *Special Considerations* and *Description of the Mortgage Loan*.

### **Investment Mortgage**

**Loans:** A portion of the Mortgage Loans will be in the form of investment mortgage loans ('*beleggingshypotheken*', hereinafter '**Investment Mortgage Loans**'). These Mortgage Loans have the benefit of risk insurance policies (i.e. to an insurance policy which pays out upon the death of the insured), but not capital insurance policies, taken out by Borrowers with any of the Insurance Companies ('**Risk Insurance Policies**'). In the case of Investment Mortgage Loans the Borrower does not pay principal prior to maturity of the Mortgage Loan, but undertakes to invest, on an instalment basis, an agreed amount (i) in certain investment funds, each managed by SR-Beheer B.V., a company belonging to the same group as the Seller, (ii) by paying premia under a Savings Insurance Policy (see *Savings Mortgage Loans* below) with any of the Insurance Companies ('*ASR Spaarhypotheek Garantie*'), or (iii) by placing the amounts involved in a savings account with ASR Bank ('*ASR Liquide Middelen*') or (iv) in a combination of options (i), (ii), and/or (iii), at the option of the Borrower. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. Borrowers may switch their investments among the investment funds and to and from the savings account with ASR at monthly payment dates. Switching from and to a Savings Insurance Policy can be effectuated at interest rate reset dates. The rights under these investments will be pledged to ASR Bank as security for repayment of the Investment Mortgage Loan. See for more detail *Special Considerations* and *Description of the Mortgage Loans*.

### **Savings Mortgage**

**Loans:** A portion of the Mortgage Loans may, after substitution, be in the form of savings mortgage loans ('*spaarhypotheken*', hereinafter '**Savings Mortgage Loans**'), which consist of Mortgage Loans entered into by the Seller and the relevant Borrowers combined with a savings insurance policy with any of the Insurance Companies. A '**Savings Insurance Policy**' is a combined risk insurance policy (i.e. to an insurance policy which pays out upon the death of the insured) and capital insurance policy taken out by the relevant Borrower with any of the Insurance Companies in connection with the relevant Savings Mortgage Loan or Investment Mortgage Loan (as defined below) if and to the extent the Borrower has entered into a Savings Insurance Policy in connection therewith ('**Investment Savings Mortgage Loan**', see *Investment Mortgage Loans* under *Special Considerations* below). Under the Savings Mortgage Loan and the Investment Savings Mortgage Loan no principal is paid by the Borrower prior to maturity of the Mortgage Loan. Instead, the Borrower/insured pays 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 is equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan or the Investment Savings Mortgage Loan, as the case may be. See for more detail *Special Considerations* and *Description of the Mortgage Loans*.

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

On the Closing Date, the Issuer will enter into a Sub-Participation Agreement with the Insurance Companies (the '**Sub-Participation Agreement**') under which each of the Insurance Companies will acquire participations in the relevant Savings Mortgage Receivables (if any) and Investment Mortgage Receivables if and to the extent the Borrower has entered into a Savings Insurance Policy in connection therewith (the '**Investment Savings Mortgage Receivables**', see further *Investment Mortgage Loans* under *Special Considerations* below). In the Sub-Participation Agreement the Insurance Companies will undertake to pay to the Issuer all amounts scheduled to be received as Savings Premium on

the Savings Insurance Policies. In return, the Insurance Companies are entitled to receive the Participation Redemption Available Amount (as defined in *Sub-Participation Agreement* below) from the Issuer. The amount of the participation (the '**Participation**') with respect to an Investment Savings Mortgage Receivable and, as the case may be, a Savings Mortgage Receivable, consists of the initial participation at the Closing Date or, in case of substitution, the relevant Quarterly Payment Date, which is equal to the sum of all amounts due up to such date to the Insurance Companies as Savings Premium and accrued interest, increased on a monthly basis with the sum of (i) the Savings Premium due to the Insurance Companies and paid to the Issuer and (ii) a pro rata part, corresponding to the Participation in the relevant Investment Savings Mortgage Receivable or, as the case may be, the relevant Savings Mortgage Receivable, of the interest due by the Borrower in respect of such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable. See further *Sub-Participation Agreement* below.

**Sale of  
Mortgage  
Receivables:**

The Issuer has on any Optional Redemption Date the right to sell and assign the Mortgage Receivables to a third party, which may also be the Seller, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes, other than the Subordinated Class D Notes. The purchase price of the Mortgage Receivables shall be equal to the outstanding principal amount, together with accrued interest due but unpaid, if any, of each Mortgage Receivable less, in respect of an Investment Savings Mortgage Receivable or, as the case may be, a Savings Mortgage Receivable, the Participation if such participation is also assigned, 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 at least the lesser of (i) an amount equal to the foreclosure value of the mortgaged property or, if no valuation report of less than 12 months old is available, the indexed foreclosure value, or (ii) the sum of the outstanding principal amount together with accrued interest due but not paid, if any, and any other amount due under the Mortgage Loan less, in respect of an Investment Savings Mortgage Receivable or, as the case may be, a Savings Mortgage Receivable, the Participation if such participation is also assigned.

**Put Option  
Agreement:**

The Issuer will on the Closing Date enter into a put option agreement with, inter alia, the Put Option Provider (the '**Put Option Agreement**') which will provide that the Issuer may, at its option, on giving written notice two months prior to the first Optional Redemption Date, offer the Mortgage Receivables to the Put Option Provider which shall be obliged to purchase and accept assignment of such Mortgage Receivables. Each such sale and assignment of Mortgage Receivables shall be effectuated on the mortgage interest rate reset dates of each of the Mortgage Receivables following the first Optional Redemption Date up to, but excluding, the Final Maturity Date, on similar terms and conditions as described above.

**Security for  
the Notes:**

The Notes will be secured (a) directly, by a deed of surety to be entered into on the Closing Date between the Security Trustee and certain Secured Parties (as defined in *Description of Security* below) pursuant to which the Security Trustee will agree to grant a surety ('*borgtocht*') to the Secured Parties, which include the Noteholders, on a limited recourse basis (the '**Deed of Surety**'); (b) indirectly, through the Security Trustee, by a first ranking pledge by the Seller to the Security Trustee and a second ranking pledge by the Seller to the Issuer over the Mortgage Receivables 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 (c) indirectly, through the Security Trustee, by 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 Liquidity Facility Agreement, the Floating Rate GIC, the Sub-Participation Agreement, the Put Option Agreement and in respect of the Transaction Accounts (as referred to below). The amount payable to the Noteholders and the other Secured Parties under the Deed of Surety will be limited to the amounts available for such purpose to the Security Trustee which, broadly, will consist of amounts recovered by the Security Trustee on the Mortgage Receivables and amounts received by the Security Trustee as creditor under the Mortgage Receivables Purchase Agreement. Payments under the Deed of Surety to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement (as defined in *Credit Structure* below). See for a more detailed description *Description of Security* below.

**Servicing****Agreement:**

Under a servicing agreement to be entered into on the Closing Date (the '**Servicing Agreement**') between the Issuer, the Company Administrator, the Pool Servicer and the Security Trustee, the Pool Servicer will agree to provide (i) administration and management services in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further *Mortgage Loan Underwriting and Servicing* below) and (ii) the Company Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions.

**Management****Agreements:**

The Issuer, Stichting Delphinus 2001-II and the Security Trustee will each enter into a management agreement (together the '**Management Agreements**') with the relevant Director, whereunder the relevant Director will undertake to act as director of the Issuer, Stichting Delphinus 2001-II or, the Security Trustee, respectively, and to perform certain services in connection therewith.

**Liquidity****Facility:**

On the Closing Date, the Issuer will enter into a 364 day term liquidity facility agreement with the Liquidity Facility Provider (the '**Liquidity Facility Agreement**') whereunder the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. The Liquidity Facility Guarantor assumes all rights and obligations of the Liquidity Facility Provider under the Liquidity Facility Agreement in certain circumstances. See *Credit Structure* below.

**Master****Collection****Account:**

The Issuer shall maintain with the Floating Rate GIC Provider an account (the '**Master Collection Account**') to which all amounts of interest, prepayment penalties and principal received under the Mortgage Receivables, will be transferred by the Pool Servicer in accordance with the Servicing Agreement.

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

The Issuer and the Floating Rate GIC Provider will enter into a guaranteed investment contract (the '**Floating Rate GIC**') on the Closing Date, whereunder the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to Euribor on the balance standing from time to time to the credit of the Master Collection Account and the Reserve Account (as defined below, together with the Master Collection Account, the '**Transaction Accounts**'). The Floating Rate GIC Guarantor will guarantee the repayment of the balances standing to the credit of the Transaction Accounts.

**Swap****Agreement:**

On the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty

(the '**Swap Agreement**') to hedge the basis risk between the rate of interest to be received by the Issuer on the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes. The Swap Guarantor will undertake to assume all rights and obligations of the Swap Counterparty under the Swap Agreement if the Swap Counterparty fails to perform under the Swap Agreement.

**Reserve**

**Account:** The net proceeds of the Subordinated Class D Notes, reduced by euro 965,565 that will be applied towards payment of the Initial Purchase Price, will be credited to an account (the '**Reserve Account**') held with the Floating Rate GIC Provider. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (I) in the Interest Priority of Payments (as defined in *Credit Structure* below) in the event of a shortfall of the Notes Interest Available Amount (as defined in *Credit Structure* below) on a Calculation Date. If and to the extent that the Notes Interest Available Amount on any Calculation Date exceeds the amounts required to meet items (a) up to and including (I) of the Interest Priority of Payments, such excess amount will be used to deposit on or, as the case may be, to replenish the Reserve Account by crediting such amount to the Reserve Account up to the maximum amount described below (the '**Reserve Account Target Level**'). The Reserve Account Target Level will be 1.75 per cent. of the aggregate Principal Amount Outstanding of the Notes, excluding the Subordinated Class D Notes, on the Closing Date. See further *Credit Structure* below.

**Listing:** Application has been made for the Notes to be listed on Euronext Amsterdam.

**Rating:** It is a condition precedent to issuance that (i) the Senior Class A Notes, on issue, be assigned a rating of 'Aaa' by Moody's and 'AAA' by Fitch, (ii) the Mezzanine Class B Notes, on issue, be assigned a rating of at least 'A1' by Moody's and 'A' by Fitch and (iii) the Junior Class C Notes, on issue, be assigned a rating of at least 'Baa1' by Moody's and 'BBB' by Fitch. Furthermore it is expected that the Subordinated Class D Notes will, on issue, be assigned a rating of 'Baa2' by Moody's.

**Governing**

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

**Risk Weighting:** The Netherlands Central Bank has stated that, for credit institutions regulated by it, the risk weighting applicable to the Senior Class A Notes shall be 50 per cent., the risk weighting applicable to the Mezzanine Class B Notes and the Junior Class C Notes shall be 100 per cent and the risk weighting applicable to the Subordinated Class D Notes shall be 1250 per cent.

## 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

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Pool Servicer, the Company Administrator, the Managers, the Liquidity Facility Provider, the Liquidity Facility Guarantor, the Insurance Companies, the Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Swap Guarantor, the Principal Paying Agent, the Paying Agent, the Reference Agent, the Put Option Provider or, except for certain limited obligations under the Deed of Surety as more fully described in *Description of Security*, the Security Trustee. Furthermore, none of the Seller, the Pool Servicer, the Company Administrator, the Managers, the Liquidity Facility Provider, the Liquidity Facility Guarantor, the Insurance Companies, the Floating Rate GIC Provider, the Floating Rate GIC Guarantor, the Swap Counterparty, the Swap Guarantor, the Principal Paying Agent, the Paying Agent or the Reference Agent, the Put Option Provider or any other person in whatever capacity acting, other than the Security Trustee in respect of limited obligations under the Deed of Surety, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, the receipt by it of payments under the Swap Agreement and the receipt by it of interest in respect of the balances standing to the credit of the Master Collection Account and the Reserve Account. See further *Credit Structure*. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Account and the amount available to be drawn under the Liquidity Facility for certain of its payment obligations.

### Deed of Surety

The Notes will be secured, inter alia, by the Deed of Surety. Under the terms of the Deed of Surety, the Security Trustee will undertake to pay to the Secured Parties (including the Noteholders), subject to the Priority of Payments upon Enforcement (as described in *Credit Structure* below), all amounts due and payable by the Issuer to the Secured Parties, including amounts due under or in connection with the Notes, if the Issuer does not perform its obligations vis-à-vis the Secured Parties, whether fully or partially. However, the payment obligations to the Secured Parties will be limited, broadly, to amounts received by the Security Trustee as creditor under the Mortgage Receivables Purchase Agreement and amounts recovered under any of the pledge agreements to which the Security Trustee is a party (as more fully described in *Description of Security* below). Given the limited recourse provisions to be contained in the Deed of Surety, it should not be regarded as credit enhancement for the Notes in economic terms. The Deed of Surety will be entered into for purely technical reasons and will be used to create a recourse claim of the Security Trustee against the Issuer, so that as a matter of Netherlands law the Mortgage Receivables can be effectively pledged to the Security Trustee by the Seller. In this respect it is noted that, in order to create such recourse claim, the Security Trustee should first pay the relevant amount to the Secured Parties. The Security Trustee will have to borrow such funds under a liquidity facility agreement to be agreed with a liquidity facility provider. Furthermore, it is noted that in legal literature it has been argued that in the case of a security structure as used in this transaction the security trustee is not entitled to have recourse on the pledged assets if its recourse claim (*'regresvordering'*) or, as the case may be, its claim based upon subrogation (*'vordering verkregen van subrogatie'*) on the debtor only arises or, in case of the subrogation claim, is acquired following bankruptcy or suspension of payments (or emergency regulations) of the debtor. The Issuer has been advised that there are strong arguments for arguing that this view is incorrect. In order to further secure the valid creation of the pledges in favour of the Security Trustee, the Issuer has as a separate and independent obligation, by way of parallel debt, undertaken to pay the Security Trustee amounts equal to the amounts due by it to the Secured Parties. The Issuer has been advised that there are good reasons to conclude that such a parallel debt creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Trustee Pledge Agreements I and II.

### **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 by the Seller to the Borrowers except if certain events occur. For a description of these notification events reference is made to the *Mortgage Receivables Purchase Agreement* below. Under Netherlands law the assignment of a receivable is only perfected if the assignment has been notified to the borrower. Consequently, prior to such notification, legal title to the Mortgage Receivables will remain with the Seller. Notification of the assignment to a Borrower after the Seller has been declared bankrupt or has become subject to emergency regulations 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 protect the Issuer in the situation that notification of the assignment of the Mortgage Receivables can no longer be effectively made due to bankruptcy or emergency regulations involving the Seller, the Seller will grant a first-ranking 'silent' right of pledge (i.e. without notification being required) under Netherlands law to the Security Trustee and a second-ranking 'silent' right of pledge to the Issuer over the relevant Mortgage Receivables and the Issuer will grant a first-ranking 'disclosed' right of pledge to the Security Trustee on the rights deriving from, inter alia, the Mortgage Receivables Purchase Agreement, as more fully described in *Description of Security* below. Notification of the 'silent' rights of pledge in favour of the Security Trustee and the Issuer can be validly made after bankruptcy or emergency regulations have been declared in respect of the Seller. Under Netherlands law the Issuer and the Security Trustee can, in the event of bankruptcy or emergency regulations in respect of the Seller, exercise the rights afforded by law to pledgees as if there were no bankruptcy, suspension of payments, or emergency regulations. However, bankruptcy or emergency regulations 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 emergency regulations involving the Seller having been declared, will be part of the bankrupt estate, although the relevant pledgee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to two months may apply in case of bankruptcy or emergency regulations 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 case of bankruptcy of the Seller.

### **Set-off**

Under Netherlands 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) with 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 vis-à-vis 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 conditions applicable to the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Seller, under Netherlands law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the foregoing applies mutatis mutandis.

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

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

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.

#### **Exercise of call option**

In accordance with the Conditions, the Issuer has the option to call all of the Notes, other than the Subordinated Class D Notes, in whole but not in part, on any Optional Redemption Date (the '**Call Option**'). Pursuant to the Trust Deed the Issuer has on any Optional Redemption Date the right to sell and assign the Mortgage Receivables to a third party, which may also be the Seller, provided that the Issuer shall apply the principal proceeds of such sale to redeem the Notes, other than the Subordinated Class D Notes. The purchase price of the Mortgage Receivables shall be at least equal to the outstanding principal amount, together with accrued interest due but unpaid, if any, of each Mortgage Receivable less, in respect of an Investment Savings Mortgage Receivable or, as the case may be, a Savings Mortgage Receivable, the Participation, if such Participation is also assigned. However, 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 a civil law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) an amount equal to the foreclosure value of the mortgaged property or, if no valuation report of less than 12 months old is available, the indexed foreclosure value, or (ii) the sum of the outstanding principal amount together with accrued interest due but not paid, if any, and any other amount due under the Mortgage Loan less, in respect of an Investment Savings Mortgage Receivable or, as the case may be, a Savings Mortgage Receivable, the Participation, if such Participation is also assigned. No guarantee can be given that the Issuer will exercise the Call Option. If the Call Option is not exercised on the first Optional Redemption Date, the interest applicable to the relevant Class of Notes, other than the Subordinated Class D Notes, will be equal to the sum of Euribor for three months deposits, payable by reference to Floating Interest Periods on each Quarterly Payment Date plus (i) for the Senior Class A Notes, a margin of 1.00 per cent. per annum, (ii) for the Mezzanine Class B Notes, a margin of 1.75 per cent. per annum, and (iii) for the Junior Class C Notes, a margin of 3.00 per cent. per annum.

#### **Put Option Agreement**

Pursuant to the terms of the Trust Deed, the Issuer will be required to use its best efforts in a period beginning six months prior to the first Optional Redemption Date and ending two months prior to the first Optional Redemption Date to sell and assign or, as the case may be, procure the assignment by the Seller of all but not some of the Mortgage Receivables to a third party, which party may also be the Seller. If and to the extent that the Issuer has not succeeded in obtaining a firm commitment to sell and assign all but not some of the Mortgage Receivables on the first Optional Redemption Date, the Issuer will be obliged to offer, by giving notice two months prior to the first Optional Redemption Date, the Mortgage Receivables to the Put Option Provider, which will be obliged to purchase and accept assignment of the Mortgage Receivables. Each such sale and assignment of Mortgage Receivables shall be effectuated on the mortgage interest rate reset dates of each of the Mortgage Receivables following the first Optional Redemption Date up to, but excluding, the Final Maturity Date. Notwithstanding the exercise of its rights under the Put Option Agreement, the Issuer will remain entitled to sell the Mortgage Receivables to a party other than the Put Option Provider with a view to exercising the Call Option (see *Exercise of Call Option* above).

The purchase price for any Mortgage Receivables to be sold by the Issuer pursuant to the Put Option Agreement shall be at least equal to the aggregate outstanding principal amount of such Mortgage Receivables, together with accrued interest due but not paid, if any. With respect to any Mortgage Receivables (i) under which amounts, which are due and payable, have remained unpaid for a period exceeding 90 days or (ii) in respect of which an instruction has been given to the civil law-notary to commence foreclosing proceedings, the purchase price shall be at least equal to the amount which is the lesser of (a) the foreclosure value or (b) the sum of the outstanding principal amount of such Mortgage Receivable together with accrued interest due but not paid, if any, and any other amounts due but not paid, if any.

The ability of the Issuer to exercise its rights under the Put Option Agreement will be dependent upon the Put Option Provider performing its obligations under the Put Option Agreement. If the unsecured, unsubordinated and unguaranteed short term debt obligations of the Put Option Provider are assigned a rating of less than P-1 by Moody's or F1+ by Fitch or any such rating is withdrawn by Moody's or Fitch, then the Put Option Provider will be obliged to use its best endeavours to assist the Issuer in ensuring (if necessary) that, within forty-five days of such reduction or withdrawal of any such rating, the rating of the Notes is that which would have subsisted but for the then current rating in respect of the Put Option Provider. These endeavours shall include, at the cost of the Put Option Provider, (i) obtaining a third party, acceptable to Moody's, Fitch, the Issuer and the Security Trustee, to replace the Put Option Provider as put option provider under the Put Option Agreement, or (ii) obtaining a third party, acceptable to Moody's, Fitch, the Issuer and the Security Trustee, to guarantee the obligations of the Put Option Provider, or (iii) finding any other solution acceptable to Moody's and Fitch to maintain the then current rating of the Notes.

### **Credit Mortgages**

A portion of the Mortgage Receivables sold to the Issuer by the Seller will be secured by mortgage rights created under a mortgage deed in which the Borrower has given security over the mortgaged property in excess of the amount of the initial Mortgage Loan. The mortgage deeds relating to such Mortgage Receivables provide that any further advances granted by the Seller to the relevant Borrower (**'Further Advances'**) are secured by the same mortgage right. It is likely that such Mortgage Receivables should be regarded as *'krediethypotheken'* (**'Credit Mortgages'**). Under Netherlands law it is uncertain whether, in the event of assignment or pledge of a receivable secured by a Credit Mortgage, the Credit Mortgage will follow such receivable.

The Seller will undertake in the Mortgage Receivables Purchase Agreement to partially terminate the relevant mortgage rights securing Mortgage Receivables to the extent that the mortgage right secures debts other than the relevant Mortgage Receivables granted by the Seller to the relevant Borrowers by giving notice of such partial termination to the relevant Borrowers at the same time that the Borrowers will be notified of the assignment (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 assigned to the Issuer and would, in effect, cease to be a Credit Mortgage. Although there is no case law directly to support this 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 credit mortgage character is removed through partial termination prior to transfer of legal title to the Mortgage Receivables to the Issuer.

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.

Under Netherlands 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 terms of the mortgage deeds relating to the Mortgage Loans provide for a termination right in general and not specifically for a partial termination right. However, the Issuer has been advised that even in the latter case there are strong arguments for arguing that, based upon a reasonable interpretation of the termination provisions, it should include a partial termination right.

Should the Seller be declared bankrupt or become subject to emergency regulations, its undertaking to give a notice of partial termination is no longer enforceable and a notice of partial termination received after such date by a Borrower will not be effective. In such a situation the legal transfer of the relevant Mortgage Receivables can no longer be effected, although the Issuer and the Security Trustee will remain pledgees of such Mortgage Receivables (see *Transfer of Legal Title to Mortgage Receivables* above). However, the fact that notice can no longer be given means that it is uncertain, also depending on the specific facts and circumstances involved, whether the Issuer and the Security Trustee will have the benefit of a mortgage right securing such Mortgage Receivables and, if a Borrower will fail to comply with its obligations under the



Mortgage Loan, whether the Issuer or the Security Trustee (as the case may be) would be in a position to foreclose the mortgage right as pledgee of the Mortgage Receivables. If not, the assistance of the Seller's administrator (in case of emergency regulations) or bankruptcy trustee (in 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 will be forthcoming. A similar situation could arise if the Seller becomes subject to emergency regulations or is declared bankrupt after notice of partial termination is given and the courts would come to the conclusion, notwithstanding the arguments against such an interpretation, that a Credit 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 pledge or assignment. Consequently, the Issuer would not have the benefit of the mortgage right securing such Mortgage Receivables and would have to rely on the assistance of the Seller's administrator or bankruptcy trustee to foreclose the mortgage right.

### **Insurance Policies**

The Life Mortgage Loans have the benefit of Life Insurance Policies, the Investment Mortgage Loans have the benefit of Risk Insurance Policies and, if applicable, Savings Insurance Policies, and, as the case may be, the Savings Mortgage Loans have the benefit of Savings Insurance Policies (the Life Insurance Policies, the Risk Insurance Policies and the Savings Insurance Policies, together the '**Insurance Policies**'). In this paragraph, certain legal issues relating to the effects of the assignment of the Life Mortgage Loans, the Investment Savings Mortgage Loans and, as the case may be, the Savings Mortgage Loans on the Insurance Policies are set out. Investors should be aware that it may be 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 Borrower in case the relevant Insurance Company defaults in its obligations as further described in this paragraph. As a consequence thereof the Issuer may not have a claim on the Borrower and may, therefore, not have the benefit of the mortgage right. In such case the rights of the Security Trustee will be similarly affected.

### *Pledge*

All rights of a Borrower under Insurance Policies have been pledged to the Seller. However, the Issuer has been advised that it is probable that the right to receive payment, including the commutation payment (*'afkoopsom'*), under the Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is under Netherlands law not effective if the pledgor is declared bankrupt or is granted a suspension of payments, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. Even if the pledge on the rights on 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 the pledge secures the same liabilities as the Credit Mortgages. The observations on partial termination made in *Credit Mortgages* above apply equally to such right of pledge, except for the pledge of Savings Mortgage Policies entered into in connection with Investment Mortgage Loans in which case no termination right is stipulated by the Seller. This means that in such case no partial termination is possible so that it is uncertain whether the right of pledge will follow in case of assignment and/or pledge of an Investment Mortgage Loan. Since the amount of the commutation payment will normally be similar to the amount of the Participation in the relevant Investment Savings Mortgage Loan any adverse consequences for the Issuer are likely to be mitigated by the Sub-Participation Agreement.

### *Appointment of Beneficiary*

Furthermore, the Seller has been appointed as beneficiary under the Insurance Policies up to the amount owed by the Borrower under the mortgage deed or, in the case of mortgage deeds containing a Credit Mortgage, for all amounts which the Borrower owes under the mortgage deed and/or under any further advances granted to the Borrower (the '**Beneficiary Rights**'), except for many cases where another beneficiary has been appointed who will rank ahead of the Seller, provided that the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the insurance proceeds to the Seller. It is unlikely that the Beneficiary Rights will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee, but on the basis of the wording of the mortgage documentation it can be argued that the Issuer will upon notification of the assignment become beneficiary under the Insurance Policies. The Beneficiary Rights will be pledged to the Security Trustee and the Issuer (see section *Description of Security* below), but it is uncertain whether this pledge will be effective. In the event that the Issuer does

not become beneficiary of the Insurance Policies and the pledge of the Beneficiary Rights is not effective, the Issuer and the Security Trustee will enter into a beneficiary waiver agreement (the '**Beneficiary Waiver Agreement**') with the Seller and the Insurance Companies under which the Seller, subject to the condition precedent of the occurrence of a Notification Event (see *Mortgage Receivables Purchase Agreement* below), 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 Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Notification Event relating to the Issuer. It is, however, uncertain whether such waiver and appointment will be effective. In view hereof the Seller and the Insurance Companies will undertake following a Notification Event to use their best efforts to obtain the co-operation from all relevant parties to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies. For the event an authorisation as described above exists, the Seller, the Insurance Companies will in the Beneficiary Waiver Agreement undertake, following a 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 Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Notification Event relating to the Issuer. It is uncertain whether such co-operation will be forthcoming. If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies 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 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 subject 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 Policy do not serve as a reduction of the Mortgage Receivable (see *Appointment of Beneficiary and Insolvency of Insurance Companies* above), the Borrower may try to invoke a right of set-off of the amount due under the Mortgage Receivable with amounts payable under or in connection with the Insurance Policy. The fact that the Mortgage Receivable is assigned or pledged to the Issuer or the Security Trustee is not likely to interfere with such a set-off, since it is likely that the Mortgage Loans and the Insurance Policies are to be regarded as one legal relationship (see *Set-off* above).

As set out (in *Set-off* above) the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If the waiver is not effective, the Borrowers will in order to invoke a right of set-off, need to comply with the applicable legal requirements. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Insurance Company and the Borrowers and the Mortgage Loans are contracts between the Seller and the Borrowers. Therefore, in order to invoke a right of set-off the Borrowers would have to establish that the Seller and the Insurance Companies should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the Seller and the Insurance Companies are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one interrelated relationship. Furthermore, the Borrowers should have a counterclaim. If the relevant Insurance Company is declared bankrupt or subject to emergency regulations, the Borrower will have the right to unilaterally terminate the Insurance Policy and to receive a commutation payment ('*afkoopsom*'). These rights are subject to the Borrower Insurance Pledge (see above). However, despite this pledge it may be argued that the 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 premia paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off with such claim by Borrowers.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the Seller, the Issuer and/or the Security Trustee. The Borrowers could argue – inter alia – that it was the intention of the parties involved, at least that the Borrowers could rightfully interpret the mortgage documentation and the promotional materials in such manner, that the Mortgage Receivable and the relevant Insurance Policy are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Mortgage Loans 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 Mortgage Loans and the Insurance Policy 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 the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy.

#### *Life Mortgage Loans*

In respect of Life Mortgage Loans the Issuer has been advised that, in view of the factual circumstances involved, the possibility cannot be disregarded that the courts will honour set-off or defences by Borrowers, as described above, if in case of bankruptcy or emergency regulations of any of the Insurance Companies the Borrowers/insured will not be able to recover their claims under their Life Insurance Policies.

#### *Savings Mortgage Loans and Investment Savings Mortgage Loans*

In respect of Savings Mortgage Loans the Issuer has been advised that there is definitely a risk that such a set-off or defence would be successful in view – inter alia – of the close connection between the Savings Mortgage Loan and the Savings Insurance Policy and the wording of the mortgage documentation used by the Seller. 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 relevant Insurance Company of its obligations under the relevant Savings Insurance Policy, and, as a consequence thereof, the Issuer will not have received any amount due and outstanding, the relevant Participation of the relevant Insurance Company will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Participation is equal to the amount of savings premia received by the Issuer plus the accrued yield on such amount (see *Sub-Participation Agreement* below), provided that each Insurance Company will have paid all savings premia received from the relevant Borrowers to the Issuer. Therefore, normally the Issuer would not suffer any damages if the Borrower invoked any such right of set-off or defence, if and to the extent that the amount for which the Borrower invoked set-off or defences did not exceed the amount of the Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Participation. The above applies equally in respect of Investment Savings Mortgage Loans.

#### **Investment Mortgage Loans**

Under the Investment Mortgage Loans the Borrower does not pay principal prior to maturity of the Mortgage Loan. Instead the Borrowers undertake to invest agreed amounts (i) in certain investment funds, or (ii) by paying premium under a Savings Insurance Policy with any of the Insurance Companies, or (iii) by placing the amounts involved on a savings account with ASR Bank, at the option of the Borrower. Certain issues relating to Risk Insurance Policies and Savings Insurance Policies entered into in connection with Investment Mortgage Loans are discussed in *Insurance Policies* above.

#### *Pledge*

All rights of a Borrower in connection with (i) his Investment Account (as defined below) and (ii) his Savings Account (as defined below) have been pledged to the Seller in order to secure the same liabilities as the relevant Mortgage. To the extent the mortgage rights constitute Credit Mortgages, these pledges should be regarded as credit pledges. The observations made above in relation to Credit Mortgages apply equally here.

### *Investment Accounts*

Under the Investment Mortgage Loans the investments in investment funds are effected by the Borrowers paying certain agreed amounts to Stichting ASR Beleggersgiro, which are applied by Stichting ASR Beleggersgiro to acquire participations in certain selected investment funds in accordance with the instructions of the Borrower. The investment funds are managed by SR-Beheer B.V., a group company of the Seller. The participations that are purchased are credited to the investment accounts of the relevant Borrowers, such accounts being administered by Stichting ASR Beleggersgiro (the '**Investment Accounts**'). 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 Stichting ASR Beleggersgiro for the value of the investments. The Issuer has been informed that Stichting ASR Beleggersgiro is a bankruptcy-remote entity. The purpose of Stichting ASR Beleggersgiro is to hold participations in investment funds for custody purposes and normally its obligations vis-à-vis holders of Investment Accounts should be equal to the value of the corresponding participations of Stichting ASR Beleggersgiro in the investment funds. Should Stichting ASR Beleggersgiro 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 of the Seller being insolvent.

### *Savings Account*

Under the Investment Mortgage Loans the Borrowers may transfer certain amounts to a savings account held with ASR Bank (a '**Savings Account**'). If ASR Bank was no longer able to repay (part of) any funds deposited by a Borrower on a Savings Account in connection with an Investment Mortgage Loan, e.g. in case it was declared bankrupt or subject to emergency regulations, this would have the result that such funds would not be available for application in reduction of the relevant Mortgage Receivable. This may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds as discussed under *Set-off or defences* in *Insurance Policies* above. However, the Issuer has been advised that the risk of such set-off being successful is considerably greater than in case of the Insurance Policies, since ASR Bank and the Seller are the same legal entity, whereas in the case of the Insurance Policies Borrowers would have to establish that the Seller and the Insurance Companies are one and the same legal entity. The Issuer has been informed by the Seller that the option for the Borrower to invest amounts by depositing them on a Savings Account with ASR Bank was created to avoid fluctuations in the value of investments close to maturity of the Mortgage Loan and that, due to the unfavourable tax treatment of this product and the fee which is due if Borrowers would switch investments to a Savings Account, the Seller expects that only minimal amounts will be deposited on such Savings Accounts, except where the Investment Mortgage Loans are close to maturity.

### **Proposed European Union Directive on the taxation of savings**

On 18 July 2001 the European Commission presented a new proposal for an EU Directive on the taxation of savings (Proposal for a Council Directive to ensure effective taxation of savings income in the form of interest payments within the Community, 2001/0164 (CNS)). Contrary to the initial proposal of May 20, 1998, which stipulated that each EU Member State would be allowed to choose between the adoption of a withholding tax system or an information reporting system, all Member States will eventually, that is seven years after the date on which the Directive enters into force, adopt an information reporting system. The proposal will also apply to interest on corporate bonds

During the seven year transition period, all EU Member States except Austria, Belgium and Luxembourg will operate an information reporting system. Austria, Belgium and Luxembourg will operate a withholding tax system during the transition period. The EU Member States, including the Netherlands, which will operate the information reporting system from the date on which the Directive enters into force, will automatically communicate information on interest payments by paying agents residing within their jurisdiction to the beneficial owner's Member State of residence without requiring reciprocity. The paying agent is the last intermediary in any given chain of intermediaries who pays interest directly to, or secures the payment of interest for the immediate benefit of, the beneficial owner.

The proposed Directive on the taxation of savings should enter into force at the end of 2002. If the proposed Directive is adopted in its current form, an individual holder of Notes who is resident in an EU Member State other than the Netherlands may become subject to the automatic supply of information on interest payments by the Netherlands to the Member State in which the individual is resident. Pending an agreement on the

scope and precise text of the Directive, it is not possible to say what final effect the adoption of the proposed Directive on the taxation of savings will have on the Notes or payments in respect thereof.

### **Swap Agreement**

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that if due to (i) action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a 'Tax Event'), the Swap Counterparty may (with the consent of the Issuer and the Rating Agencies) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

The Swap Agreement will be terminable by one party if (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, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligations under the Swap Agreement and (iii) insolvency events.

### **Exemption from credit supervision for the Issuer**

The Issuer has been granted an exemption from credit supervision pursuant to the Act on the Supervision of the Credit System by the Netherlands Central Bank on 21 November 2001, which was granted subject to certain conditions. Furthermore, the exemption was issued subject to the restriction that it is valid during a period that ends on 28 November 2011. Prior to expiry of this period the Issuer should according to the Netherlands Central Bank apply for an extension of the exemption with the Netherlands Central Bank. In this respect the Issuer has been advised that in case all relevant facts and circumstances remain as they were on 21 November 2001, the Netherlands Central Bank is likely to renew the exemption.

## CREDIT STRUCTURE

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

### **Mortgage Loan Interest Rates**

The Mortgage Loans pay interest on a fixed rate basis, subject to a reset from time to time. On the Closing Date the weighted average interest rate of the Mortgage Loans is expected to be 5.76 per cent.. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of the Mortgage Loans* below.

### **Cash Collection Arrangements**

Payments by the Borrowers under the Mortgage Loans are due on the first day of each month, interest being payable in advance. All payments made by Borrowers will be paid into the collection account maintained with the Seller. The collection account will also be used for the collection of moneys paid in respect of mortgages other than Mortgage Loans and in respect of other moneys belonging to the Seller.

On each '**Mortgage Payment Date**' (being the sixth business day following the last day of each Mortgage Calculation Period (defined below)) the Seller shall transfer (or procure that the Pool Servicer transfers on its behalf) all amounts of principal, interest and prepayment penalties received by the Seller in respect of the Mortgage Loans and paid to the Seller's collection account during the immediately preceding Mortgage Calculation Period (defined below), to the Master Collection Account.

For these purposes a '**Mortgage Calculation Period**' is the period commencing on (and including) the sixth day of each calendar month and ending on (and including) the fifth day of the following calendar month.

### **Master Collection Account**

The Issuer will maintain with the Floating Rate GIC Provider the Master Collection Account to which all amounts received (i) in respect of the Mortgage Loans and (ii) from the Insurance Companies under the Sub-Participation Agreement will be paid.

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

The Floating Rate GIC Guarantor will guarantee the repayment of the balances standing to the credit of the Transaction Accounts. If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Guarantor are assigned a rating of less than P-1 by Moody's and/or F1+ by Fitch or any such rating is withdrawn by Moody's or Fitch, then the Floating Rate GIC Guarantor will ensure that within 30 days of reduction or withdrawal of such rating it will use its best endeavours (i) to find an alternative Floating Rate GIC Guarantor acceptable to Moody's, Fitch and the Security Trustee or (ii) take any other action as requested by Moody's and Fitch to maintain the then current rating of the Notes.

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

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

- (i) as interest on the Mortgage Receivables, less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, each Savings Mortgage Receivable, an amount calculated as follows:  $R \times P/SMR$  whereby  $R$  = the interest received on such Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable,  $P$  = Participation in such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable and  $SMR$  = the Outstanding Principal Amount of such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable;

- (ii) as interest credited to the Master Collection Account and the Reserve Account;
- (iii) as prepayment penalties under the Mortgage Receivables;
- (iv) as Net Proceeds (as defined in the Conditions) on any Mortgage Receivables, to the extent such proceeds do not relate to principal, less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, each Savings Mortgage Receivable, an amount calculated as follows:  $Q \times P/SMR$  whereby  $Q$  = the amount not relating to principal received on such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable,  $P$  = Participation in such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable and  $SMR$  = the Outstanding Principal Amount of such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable;
- (v) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) (as defined below) on the immediately succeeding Quarterly Payment Date;
- (vi) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (vii) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date;
- (viii) as amounts received in connection with a repurchase of Mortgage Receivables, pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal, less, with respect to each Investment Savings Mortgage Receivable or, as the case may be, each Savings Mortgage Receivable, an amount calculated as follows:  $Q \times P/SMR$  whereby  $Q$  = the amount not relating to principal received on such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable,  $P$  = Participation in such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable and  $SMR$  = the Outstanding Principal Amount of such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable;
- (ix) as amounts received in connection with a sale of Mortgage Receivables, pursuant to the Trust Deed or the Put Option Agreement to the extent such amounts do not relate to principal, less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, such Savings Mortgage Receivable, an amount calculated as follows:  $Q \times P/SMR$  whereby  $Q$  = the amount not relating to principal received on such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable,  $P$  = Participation in such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable and  $SMR$  = the Outstanding Principal Amount of such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable, unless the Participation is assigned to the purchaser of the Investment Savings Mortgage Receivable; and
- (x) as amounts received as post-foreclosure proceeds on the Mortgage Receivables;

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

- (a) first, in or towards satisfaction, pro rata, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) second, in or towards satisfaction, of administration fees and expenses due and payable to the Company Administrator and the Pool Servicer under the Servicing Agreement;

- (c) third, in or towards satisfaction, pro rata, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and the fees and expenses of any legal advisor, auditor, accountants appointed by the Issuer, Moody's and Fitch and (ii) fees and expenses due to (a) the Principal Paying Agent, the Paying Agent and the Reference Agent under the Paying Agency Agreement, (b) the Floating Rate GIC Guarantor under the Floating Rate GIC Agreement (c) the Put Option Provider under the Put Option Agreement and (d) the Swap Guarantor under the Swap Agreement;
- (d) fourth, in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider or, as the case may be, the Liquidity Facility Guarantor under the Liquidity Facility Agreement, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility Agreement and payable under (o) below, or, following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;
- (e) fifth, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement, other than amounts due in connection with the termination of the Swap Agreement including a Settlement Amount (as defined therein);
- (f) sixth, in or towards satisfaction, pro rata, according to the respective amounts thereof, of all amounts of interest due or accrued due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (g) seventh, in or towards making good, pro rata, any shortfall reflected in the Class A1 Principal Deficiency Ledger and the Class A2 Principal Deficiency Ledger (defined below) until the debit balance, if any, on the Class A1 Principal Deficiency Ledger and the Class A2 Principal Deficiency Ledger is reduced to zero;
- (h) eighth, in or towards satisfaction of interest due or accrued due but unpaid on the Mezzanine Class B Notes;
- (i) ninth, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger (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 interest due or accrued due but unpaid on the Junior Class C Notes;
- (k) eleventh, in or towards making good any shortfall reflected in the Class C Principal Deficiency Ledger (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 interest due or accrued due but unpaid on the Subordinated Class D Notes;
- (m) thirteenth, in or towards satisfaction of any sums required to deposit on the Reserve Account (defined below) or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level (defined below);
- (n) fourteenth, in or towards satisfaction of any amounts due under the Swap Agreement in connection with the termination of the Swap Agreement including a Settlement Amount (as defined therein);
- (o) fifteenth, in or towards satisfaction, pro rata, according to the respective amounts thereof, of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (p) sixteenth, in or towards satisfaction of principal due on the Subordinated Class D Notes;



- (q) seventeenth, in or towards satisfaction of amounts (other than fees and expenses set out in item (c) above) due to the Put Option Provider under the Put Option Agreement; and
- (r) eighteenth, in or towards satisfaction of a Deferred Purchase Price Instalment (as defined in *Mortgage Receivables Purchase Agreement* below) to the Seller.

Payments may be made from the Master Collection Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business and (ii) amounts due under the Sub-Participation Agreement.

**Priority of Payments in respect of principal**

The sum of the following amounts, as defined in Condition 6(b) of the Conditions calculated as at any Calculation Date, as being received during the immediately preceding Calculation Period (items (i) up to and including (viii) hereinafter referred to as the '**Notes Redemption Available Amount**')

- (i) by means of 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, and, furthermore, excluding amounts paid as partial prepayments on the Investment Savings Mortgage Receivable and, as the case may be, the Savings Mortgage Receivables, less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, Savings Mortgage Receivable, the Participation in such Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable;
- (ii) as Net Proceeds (as defined in Condition 6(b)) on any Mortgage Receivable, to the extent such proceeds relate to principal less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, each Savings Mortgage Receivable, the Participation in such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable;
- (iii) in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, such Savings Mortgage Receivable, the Participation in such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable;
- (iv) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed or the Put Option Agreement to the extent such amounts relate to principal less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, each Savings Mortgage Receivable, the Participation in such Investment Savings Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable, if and to the extent such Participation is terminated;
- (v) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Servicing Agreement;
- (vi) as Participation Increase pursuant to the Sub-Participation Agreement;
- (vii) as partial prepayment in respect of Mortgage Receivables; and
- (viii) any part of the Notes Redemption Available Amount calculated on the immediately preceding Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;

will be applied by the Issuer on the next succeeding Quarterly Payment Date (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) first, in or towards satisfaction of the purchase price of any Substitute Mortgage Receivables;

- (b) second, in or towards satisfaction up to (but excluding) the first Optional Redemption Date of principal amounts due under the Senior Class A1 Notes on the relevant Quarterly Payment Date and, thereafter, pro rata, according to the respective amounts thereof, of principal amounts due under the Senior Class A1 Notes and the Senior Class A2 Notes on the relevant Optional Redemption Date, or, as the case may be, the Final Maturity Date;
- (c) third, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes on the relevant Optional Redemption Date or, as the case may be, the Final Maturity Date; and
- (d) fourth, in or towards satisfaction of principal amounts due under the Junior Class C Notes on the relevant Optional Redemption Date or, as the case may be, the Final Maturity Date.

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

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Deed of Surety, other than in respect of the Participations, will be paid to the Secured Parties (including the Noteholders, but excluding the Insurance Companies) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the **'Priority of Payments upon Enforcement'**):

- (a) first, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, (iii) the fees and expenses of the Principal Paying Agent, the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iv) the fees and expenses of any legal advisor, auditor, accountants appointed by the Issuer, Moody's and Fitch and/or, as the case may be, the Security Trustee, and (v) the fees and expenses of the Company Administrator and the Pool Servicer under the Servicing Agreement, (vi) the fees of the Put Option Provider under the Put Option Agreement and (vii) the fees of the Swap Guarantor under the Swap Agreement;
- (b) second, in or towards satisfaction of any sums due or accrued due but unpaid under the Liquidity Facility Agreement, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (k) below;
- (c) third, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) all amounts of interest due or accrued due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes and (ii) amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Swap Agreement as determined in accordance with their terms but excluding any other costs to be paid by the Issuer on such early termination payable under subparagraph (j) below;
- (d) fourth, in or towards satisfaction, pro rata, according to the respective amounts thereof, of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;
- (e) fifth, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (f) sixth, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (g) seventh, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class C Notes;
- (h) eighth, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class C Notes; and

- (i) ninth, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class D Notes;
- (j) tenth, to the Swap Counterparty in or towards payments of any amounts due under the Swap Agreement in respect of the Issuer's obligations in respect of the costs (other than any Settlement Amounts) to be paid by the Issuer upon an early termination of the Swap Agreement, as determined in accordance with its terms;
- (k) eleventh, in or towards satisfaction, pro rata, according to the respective amounts thereof, of gross-up amounts or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (l) twelfth, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class D Notes;
- (m) thirteenth, in or towards satisfaction of amounts (other than fees and expenses set out in item (a) above) due to the Put Option Provider under the Put Option Agreement; and
- (n) fourteenth, in or towards satisfaction of the Deferred Purchase Price (as defined in Mortgage Receivables Purchase Agreement below) to the Seller.

#### **Liquidity Facility**

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider and the Liquidity Facility Guarantor. The Issuer will be entitled 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) to make drawings under the Liquidity Facility up to the Liquidity Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of amounts available in the Reserve Account and before any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (j) (inclusive) (but not items (e), (g) and (i)) in the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawing may be made to meet item (h) if there is a debit balance on the Class B Principal Deficiency Ledger and no drawing may be made to meet item (j) if there is a debit balance on the Class C Principal Deficiency Ledger. The Liquidity Facility Provider will rank in priority in point of payments and security to the Notes.

In the Liquidity Facility Agreement it is agreed that the Liquidity Facility Guarantor assumes all rights and obligations thereunder subject to the condition precedent of (i) a Notification Event occurring in respect of the Seller (see *Mortgage Receivables Purchase Agreement* below) or (ii) the Liquidity Facility not being renewed following its commitment termination date. This assumption of rights and obligations will be automatically dissolved if, prior to fulfilment of the condition precedent for such transfer, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Guarantor are assigned a rating of less than P-1 by Moody's and/or F1+ by Fitch. In such event the Issuer and the Liquidity Facility Provider will use their best efforts to find a suitable alternative Liquidity Facility Guarantor.

If prior to the assumption of the rights and obligations of the Liquidity Facility Provider by the Liquidity Facility Guarantor the short-term unsecured, unsubordinated and unguaranteed obligations of the Liquidity Facility Guarantor are assigned a rating of less than P-1 by Moody's or Fitch, or any such rating is withdrawn, the Liquidity Facility Guarantor will use its best endeavours to ensure that within 30 days of such downgrading or withdrawal (i) an alternative Liquidity Facility Guarantor, acceptable to Moody's, Fitch and the Security Trustee is found or (ii) any other solution acceptable to Moody's and Fitch is found to maintain the then current rating of the Notes. If, following the assumption of the rights and obligations under the Liquidity Facility Agreement the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Guarantor are assigned a rating of less than P-1 by Moody's and/or F1+ by Fitch, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Liquidity Facility (a '**Liquidity Facility Stand-by Drawing**') and credit such amount to the Master Collection Account with a corresponding credit to a

ledger to be known as the '**Liquidity Facility Stand-by Ledger**'. Amounts so credited to the Master Collection Account may be utilised by the Issuer in the same manner as if the Liquidity Facility had not been so drawn. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed following its commitment termination date.

For these purposes, '**Liquidity Facility Maximum Amount**' means, on each Calculation Date, an amount equal to 3.0 per cent. of the Principal Amount Outstanding of the Notes on such date.

#### **Reserve Account**

The net proceeds of the Subordinated Class D Notes, reduced by euro 965,565 that will be applied towards payment of the Initial Purchase Price, will be credited to the Reserve Account on the Closing Date.

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

If and to the extent that the Notes Interest Available Amount on any Calculation Date exceeds the amounts required to meet items ranking higher than item (m) in the Interest Priority of Payments, the excess amount will be applied to deposit on the Reserve Account or, as the case may be, 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 shall on any Calculation Date be equal to 1.75 per cent. of the aggregate outstanding principal sum under the Mortgage Receivables on the Closing Date.

To the extent that the balance standing to the credit of the Reserve Account on any Calculation Date exceeds the Reserve Account Target Level, such excess shall be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date and be deposited in the Master Collection Account and shall form part of the Notes Interest Available Amount on such Quarterly Payment Date.

After all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class D Notes, have been paid, 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 Amount and will be available to redeem or partially redeem the Subordinated Class D Notes until fully redeemed and thereafter, towards satisfaction of the Deferred Purchase Price (as defined in *Mortgage Receivables Purchase Agreement* below) to the Seller.

#### **Principal Deficiency Ledger**

A Principal Deficiency Ledger comprising four sub-ledgers, known as the '**Class A1 Principal Deficiency Ledger**', the '**Class A2 Principal Deficiency Ledger**', the '**Class B Principal Deficiency Ledger**' and the '**Class C Principal Deficiency Ledger**', respectively, will be established by or on behalf of the Issuer in order to record any Realised Losses on the Mortgage Receivables, including Realised Losses on the sale of Mortgage Receivables in connection with the exercise of the Call Option (each respectively the '**Class A1 Principal Deficiency**', the '**Class A2 Principal Deficiency**', the '**Class B Principal Deficiency**' and the '**Class C Principal Deficiency**', together a '**Principal Deficiency**'). Any Principal Deficiency shall be debited to the Class C Principal Deficiency Ledger (such debit items being recredited at item (k) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Junior Class C Notes (the '**Class C Principal Deficiency Limit**') and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being recredited at item (l) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Mezzanine Class B Notes (the '**Class B Principal Deficiency Limit**') and thereafter such amounts shall be debited, pro rata, according to the respective amounts thereof to the Class A1 Principal Deficiency Ledger and the Class A2 Principal Deficiency Ledger (such debit items being recredited at item (g) of the Interest Priority of Payments).

### **Realised Losses**

This means, on any Calculation Date, the amount of the difference between (a) the Outstanding Principal Amount on all Mortgage Receivables on which the Seller, the Pool Servicer or the Company has foreclosed from Closing up to and including such Calculation Date and (b) the amount of the proceeds of such foreclosure applied to reduce the Outstanding Principal Amount of such Mortgage Receivables.

### **Interest Rate Hedging**

The Mortgage Loan Criteria (as defined under *Mortgage Receivables Purchase Agreement* below) require that all Mortgage Loans bear a fixed rate of interest subject to a reset from time to time. The interest rate payable by the Issuer with respect to (i) the Senior Class A1 Notes and the Subordinated Class D Notes is calculated as a margin over Euribor and (ii) the Senior Class A2 Notes, the Mezzanine Class B Notes and Junior Class C Notes is fixed until the first Optional Redemption Date. After such date the interest rate payable by the Issuer on the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes will switch to a floating rate of interest and with respect to the Senior Class A1 Notes the margin will increase. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty. Under the Swap Agreement, the Issuer will agree to pay amounts equal to the scheduled interest on the Mortgage Receivables plus the interest accrued on the Master Collection Account, less (a) an excess margin of 0.5 per cent. per annum applied to the relevant Principal Amount Outstanding of the Notes on the first day of the relevant Floating Interest Period or Fixed Interest Period, as the case may be, and (b) certain expenses as described under (a), (b) and (c) of the Interest Priority of Payments and the Swap Counterparty will agree to pay amounts equal to the scheduled interest due under the Notes, and calculated by reference to the floating rate of interest or, as the case may be, to the fixed rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Floating Interest Period or Fixed Interest Period, as the case may be. The notional amount under the Swap Agreement will, however, be reduced to the extent there is a debit balance on the Principal Deficiency Ledgers.

If the sum of all interest actually received by the Issuer (including prepayment penalties and interest accrued on the Transaction Accounts), and including any amounts to be drawn under the Reserve Account, less in case of an Investment Savings Mortgage Receivable, the Participation, falls short of scheduled interest receivable on the Mortgage Receivables in the relevant period(s), less in case of an Investment Savings Mortgage Receivable, the Participation, the payment obligation of the Issuer will be reduced with an amount equal to such shortfall. In such event the payment obligation of the Swap Counterparty will be adjusted accordingly on an euro for euro basis.

If the Swap Counterparty fails to make, when due, any payment to the Company under the Swap Agreement, 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 a reference to the Swap Guarantor, (ii) the Swap Counterparty shall be released from its obligations under the Swap Agreement and (iii) the Swap Guarantor has assumed all obligations of the Swap Counterparty under the Swap Agreement.

Pursuant to the Swap Agreement, if the unsecured, unsubordinated and unguaranteed short term debt obligations of the Swap Guarantor are assigned a rating of less than P-1 by Moody's or F1+ by Fitch or any such rating is withdrawn by Moody's or Fitch, then the Swap Guarantor will be obliged to use its best endeavours to assist the Issuer in ensuring (if necessary) that, within 45 days of such reduction or withdrawal of any such rating, the rating of the Notes is that which would have subsisted but for the then current rating in respect of the Swap Guarantor. These endeavours shall include, at the cost of the Swap Guarantor, (i) obtaining a third party, acceptable to Moody's, Fitch, the Issuer and the Security Trustee, to replace the Swap Guarantor as guarantor under the Swap Agreement, or (ii) the Swap Guarantor providing cash collateral sufficient to maintain the rating of the Senior Class A Notes at the level which would have subsisted but for the then current rating of the Swap Guarantor, or (iii) finding any other solution acceptable to Moody's and Fitch to maintain the then current rating of the Notes.

**OVERVIEW OF THE NETHERLANDS RESIDENTIAL MORTGAGE MARKET**

**Netherlands Residential Mortgage Market**

The size of the Dutch mortgage market has grown considerably over the last number of years. In 2000, more than 510,000 residential mortgage transactions (including refinancing transactions) were completed, for an aggregate amount of EUR 69.6 billion. At the end of 2000, total outstanding mortgage debt equalled EUR 279 billion (source: CBS, 2001).

Residential mortgages are provided by commercial banks, insurance companies, building societies, pension funds, specialised mortgage banks and other institutions. Market share for each originator type, by total lending outstanding is shown in Table 1.

*Table 1: Netherlands mortgage market shares as of July 2001*

Commercial banks	46%
Mortgage banks and building societies	30%
Insurance companies and pension funds	9%
Other	15%

Source: CBS, 2001

The combination of an attractive tax framework, usually long loan interest fixing periods and flexible repayment arrangements results in lenders advancing up to 130% of the foreclosure value of a property. In the Netherlands foreclosure values equal approximately 85% of market values.

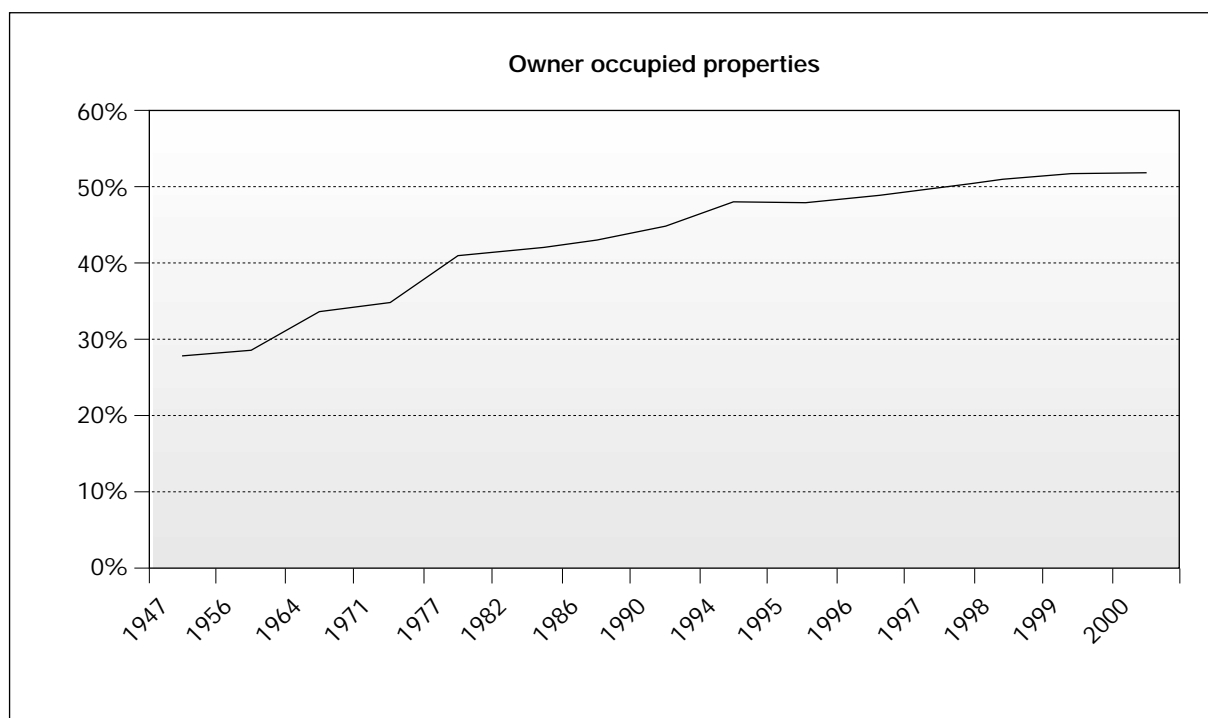
Despite relatively high loan-to-value ratios, losses in the Netherlands mortgage market have always been relatively low: mortgage lenders who have published loss information (ABN AMRO, SNS, ASR) all show losses under 0.01% per annum in the period between 1990-2000 expressed as losses suffered upon foreclosure to total outstanding lending. This is due to a combination of factors including the strong presence of local banks, a strong social security system, the use of direct debit for monthly payments and long interest fixing periods.

Historically, prepayments have been relatively low in comparison to other European Union countries. The tax regime, the small size of the country, prepayment penalties and long fixing periods are important factors contributing to low prepayments. However, prepayments are also a function of the interest rate environment: at the end of the 1990s prepayment levels in the Netherlands increased due to a decline in interest rates to historically low levels.

**Development of the Netherlands Mortgage Market**

Home ownership in the Netherlands rose from 30% after the Second World War to 52% by 2000. Compared to other countries within the European Union this is still low, where an average of 64% of all properties are owner occupied.

Figure 1: Percentage owner occupied properties in the Netherlands



Source: CBS

The following reasons are the main factors that have influenced the development of the Netherlands mortgage market in the last decade.

#### *Interest Rates*

Interest rates declined during the late 1990s, mainly due to monetary integration within the European Union. Monetary integration and in particular the Maastricht criteria forced governments to reduce their respective public sector borrowing requirements and deficits which resulted in downward pressure on inflation leading to historically low interest rates.

#### *Institutional Changes*

Certain institutional changes boosted demand for private dwellings in 1993, when lending banks' underwriting criteria started taking into account both partners' income (where applicable) when assessing the maximum mortgage entitlement. Also the introduction of new mortgage products, such as investment mortgages and redemption free mortgages, was aided by changes in the tax framework making it possible to finance a higher priced property at the same or even lower financing costs to the borrower.

#### *Demographics*

Demographic developments have contributed to increased demand for residential property. Such developments include an increase in the number of households. Furthermore affordability of mortgage loans has increased as the number of households with dual income has risen significantly.

#### *Demand vs. Supply*

Rentals rates have been increasing at a faster rate than property prices. As a result, the relative affordability of property ownership vis-à-vis rented accommodation has improved over the last ten years thus creating more demand for owned properties. Furthermore, strong economic fundamentals (healthy economic growth and low unemployment) have contributed to increased demand for property.

The increasing demand has been difficult to satisfy as a result of limited supply: in the Netherlands there is limited capacity in terms of available land for construction. The actual shortage of housing increased during the first half of the 1990s, whilst during the second half of the decade, there were also increasing problems

in the supply of quality properties for sale, despite a drop in the quantitative shortage. Consequently, properties of high quality were highly sought after as the increase in supply came mainly through the provision of standard housing units in apartment blocks.

**Tax**

The Dutch Government introduced a new tax system which came into enforcement on 1 January 2001. The new tax framework incorporated a number of important amendments to the treatment of residential mortgage loans compared to the previous tax system. The most important amendments concerned the deductibility of mortgage interest from taxable income which is applicable when the following conditions are met:

- property concerned is owner occupied/representing borrower's first home purchase;
- there is a direct relationship between the loan and the purchase or improvement of the home;

Mortgage interest deductibility applies for maximum of 30 years as from 1 January 2001.

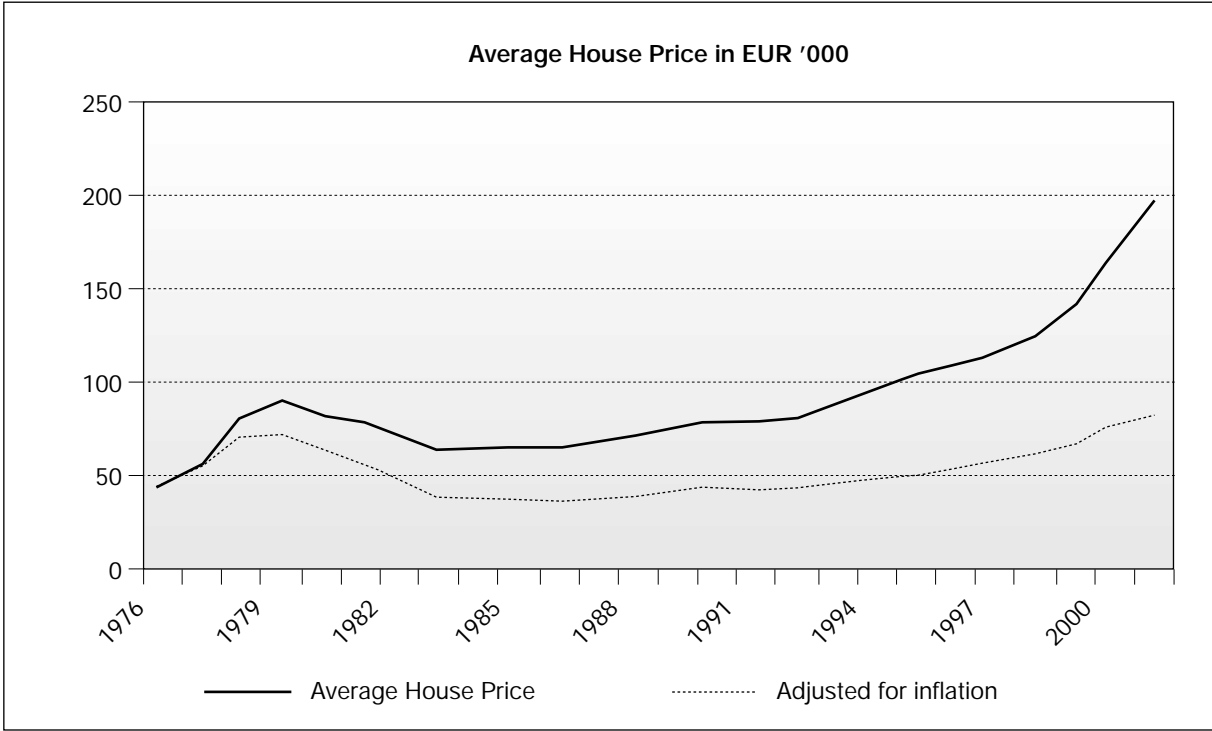
**House Price Development**

In the Netherlands, house prices are recorded by the Netherlands Association of Real Estate Brokers (NVM). NVM reported a modest increase in house prices of circa 5% over the first 3 quarters of 2001, where the average transaction price recorded was EUR 197,400 (3Q, 2001).

After some years of increasing demand for owner occupied houses, the Dutch housing market appears to have entered a period of stabilisation. The demand for new housing is likely to slow down as a result of the overall global economic situation. However, the continuing low interest rates and the historical low number of newly built properties are expected to underpin current house prices.

The following graph demonstrates the development of the price of residential properties in the Netherlands over the last twenty-five years.

Figure 2: Development of House Prices from 1975



Source: NVM, CBS.

<sup>1</sup> About 60% of all transactions are registered by the NVM, so NVM gives a representative picture of the average price on the Dutch residential property market.



**Products**

All institutions offer a large variety of mortgage types. The most common are annuity, linear, savings, life insurance and investment mortgages. During recent years savings mortgages and investment mortgages have become the most popular, capturing the majority of the new mortgages granted. For a loan type description please refer to section *Description of Mortgage Loans*.

Netherlands lenders offer variable or fixed rate mortgages. The interest rate periods vary from one up to thirty years. The majority of mortgages have fixed interest rates with the option to reset every 5, 10, 15 or 20 years.

## FORTIS AND ASR

### CORPORATE PROFILE

Fortis is an international financial services provider active in the fields of insurance, banking and investment. With a market capitalization of circa EUR 31 billion and around 70,000 employees, Fortis ranks among the largest fifteen largest financial institutions in Europe. At year-end 2000 Fortis had total assets of EUR 438 billion and its net profit increased to EUR 2.8 billion. For the first six months of 2001, net profit, including non-operating items, advanced 19% to EUR 1.9 million (+12% organically) in comparison to the corresponding period in year 2000.

In its home market, the Benelux countries, Fortis occupies a leading position and offers a broad range of financial services to individuals, companies and the public sector. Outside its home market, Fortis concentrates on selected market segments.

Fortis is managed with a view to sustainable economic growth and a commitment to the community and the environment. Its commitment to the welfare of its millions of customers keeps Fortis anchored in the local communities in which it operates. By combining know-how and experience with global strength, Fortis supports its customers worldwide in an ongoing process of personal, social and commercial growth.

Fortis is listed on the exchanges of Amsterdam, Brussels, London and Luxembourg and has a sponsored ADR programme in the United States.

ASR Verzekeringsgroep N.V., together with its subsidiaries, was acquired by Fortis at the end of 2000. Subsequently, by notarial deed of 24 April 2001 a legal merger was effected as of 25 April 2001 between AMEV Nederland N.V. and ASR Verzekeringsgroep N.V.. The merged company thus formed, AMEV Stad Rotterdam Verzekeringsgroep (ASR) N.V. ('ASR'), is the Netherlands insurance entity of Fortis and serves as a holding company for a group of companies mainly consisting of insurance and investment companies, as well as a bank, ASR Bank N.V. ('ASR Bank'). ASR has its registered office in Rotterdam and is registered in the Rotterdam Trade Register under number 30070695.

Key figures (EUR million)	First half-year 2001	First half-year 2000	Increase in %
<b>Fortis</b>			
Result before taxation	2,369.3	2,167.9	9.3
Net operating profit <sup>1)</sup>	1,538.0	1,475.6	4.2
Non-operating items	310.4	81.8	
Net profit	1,848.4	1,557.4	18.7
Net equity	14,740.0	15,196.8 <sup>2)</sup>	-3.0
Return on equity	19.7	20.1	-2.0
Total assets	476,215.4	438,082.7 <sup>2)</sup>	8.7
Total assets under management	314,758.0	313,846.0 <sup>2)</sup>	0.3
<b>Insurance</b>			
Gross premium income	11,999.0	9,442.5	27.1
Result before taxation	943.2	943.6	0.0
Net operating profit	680.3	678.9	0.2
Non-operating items	310.4	34.8	
Net profit	990.7	713.7	38.8
<b>Banking</b>			
Total revenue, net of interest expense	4,469.1	4,182.0	6.9
Result before taxation	1,490.0	1,306.9	14.0
Net operating profit	925.6	880.2	5.2
Non-operating items		47.0	
Net profit	925.6	927.2	-0.2

<sup>1)</sup> Net operating profit equals net profit after adjustment for non-operating items.

<sup>2)</sup> Year-end 2000.

### Structure and Activities ASR

ASR is a holding company with interests in companies whose activities are mainly in the field of financial services. The group companies have their own market positions and identities and focus on the market segments in which they have the best growth opportunities. In addition, each group company makes use of the expertise and know-how that for each product/market combination, which is provided to the group by one group company, thereby further improving the speed and efficiency with which the distribution channel is supplied.

Further economies of scale are achieved by co-operation in relation to Actuarial Services, ICT, Finance and Investments, Reinsurance and Human Resource Management. Synergy effects and cost control are promoted by a central support department for these areas. The group's strategy focuses on the use of the independent insurance brokers as a distribution channel. The business activities of ASR are concentrated in Stad Rotterdam Verzekeringen (financial servicer with strong positions in the personal as well as small and medium sized business life, non-life and mortgage markets), AMEV (financial service provider offering extensive line of life, non-life and unit-linked products as well as pension and care insurance products), De Amersfoortse Verzekeringen (occupational disability insurance and life), Europeesche Verzekeringen (market leader in travel and leisure activity insurance), Woudsend Verzekeringen (niche insurance company), ASR Bank (group provider of bank service products as home mortgages personal savings and investments and consumer credit), Basic-life (internet based virtual life insurance), AMEV Ardanta ('funeral' insurance) and Falcon Leven (universal-life linked insurance activities). With a total market share of 12%, measured in terms of premium income (life and non-life together), ASR is a leading Netherlands insurance company being the second largest insurer focussing on intermediaries in the Netherlands.

### Key figures (EUR million)

	First half-year 2001	Full year 2000
<b>ASR</b>		
Net operating profit (EUR million)	260	400
Costs/Gross Written Premia	12%	22%
FTEs (end of period)	5,357	5,479 <sup>1)</sup>
Gross Written Premia Life (EUR million)	2,183	1,566
Gross Written Premia Non-life (EUR million)	1,019	522
Growth of Assets under management <sup>2)</sup>	3.6%	<sup>3)</sup>
Combined ratio Non-life	101	103

<sup>1)</sup> Includes ASR-old figures in 2000

<sup>2)</sup> Change in technical provisions for Life insurance

<sup>3)</sup> Figure not available

### ASR Bank

ASR Bank started its banking activities on 29th June, 1992 under the name SR-Bank N.V. The Board of Directors of ASR Bank has its domicile in the city of Rotterdam. Its main activities are the acceptance of savings deposits and the provision of residential mortgages. At the beginning of 1997, N.V. Bouwkas Rohyp, which has been active in the residential mortgage market since 1932, merged with the legal predecessor of ASR Bank.

Up to September 2001 ASR Bank advanced new mortgage loans of EUR 3.2 billion, which is 5 per cent. more than the total new mortgage loan production in the year 2000. The mortgage portfolio for which ASR bank acts as servicer increased from EUR 9.8 billion in 2000 to EUR 12.3 billion up to September 2001 (+26.0%). The Bank offers a number of different savings products, such as instant access and term savings accounts and also runs statutory employee savings schemes for employers. At the end of 2000, ASR Bank had total savings deposits of EUR 720 million (+9%).

Net result of the banking activities increased from EUR 22.7 million to EUR 25.9 million (+14.1%).

The articles of association of ASR Bank were last amended by notarial deed on April 14th, 2000. ASR Bank has its registered office in Rotterdam and is registered in the Trade Register of Rotterdam under number 24046654. ASR Bank is subject to supervision by De Nederlandsche Bank N.V. (the Netherlands Central

Bank). ASR has declared itself to be liable for all debts resulting from the juridical acts by ASR Bank. ASR Bank currently uses a number of funding channels to finance the mortgage origination. The funding of the mortgage business is roughly organised as follows:

- premium receipts from the company's own life insurance business;
- financing arrangements with partners;
- MBS transactions;
- financing arrangements with Fortis Finance N.V., which is a wholly owned indirect subsidiary of Fortis (B) and Fortis (NL) N.V., each controlling indirectly 50 per cent. of the voting rights.

A financing arrangement has been in place since 1984 with ABP (Algemeen Burgerlijk Pensioenfonds). ABP is the largest Netherlands pension fund, and its business includes providing the pensions of Netherlands civil servants. Under this financing arrangement, ASR Bank manages a mortgage portfolio of EUR 1.6 billion. ASR also manages a mortgage portfolio on behalf of NIB Capital Bank N.V. (approximately EUR 320 million).

In 1994 the joint venture SR-Hypotheken N.V. was set up. NIB Capital Bank N.V. and ASR Bank each have a 50 per cent. share in SR-Hypotheken N.V. At the end of December 2000, this portfolio was worth EUR 1.8 billion.

In 1997 the first MBS transaction (Dutch MBS 97-II) was concluded in co-operation with NIB Capital Bank N.V. This led to further MBS transactions in 1998 (Dutch MBS 98-I), 1999 (Dutch MBS 99-III) and 2001 (Dutch MBS 01-I). These four portfolios, originating from the portfolio of ASR Bank and SR Hypotheken N.V., had a total value of EUR 1.31 billion as per September 2001. Furthermore, Delphinus 2000-I and Delphinus 2000-II were originated in 2000 involving assets from ASR Bank with a combined total value of circa EUR 1.1 billion. In the first half of 2001 the Delphinus 2001-I transaction was concluded with a value of EUR 960.5 million. Of the aggregate portfolio of EUR 12.35 billion, EUR 5.75 billion is currently financed off-balance sheet through financing arrangements referred to above. The servicing of these portfolios is carried out entirely by ASR Bank.

ASR: Executive Board:

C.J. de Swart (Chairman)

J.C van Ek

V.I. Goedvolk

H.J. Rutten

R.Th. Wijmenga

ASR: Supervisory Board:

A. van Rossum (Chairman)

H. Verwilt

G.G.H. Mittler

## DESCRIPTION OF MORTGAGE LOANS

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

The Mortgage Loans are loans secured by a mortgage right, evidenced by notarial mortgage deeds (*'notariële akten van hypotheekstelling'*) entered into by the Seller (or its legal predecessor) and the relevant Borrowers. The mortgage rights secure only the relevant Mortgage Loan (i.e. the loan granted to the Borrower to acquire the mortgaged property) or, in case of a portion of the Mortgage Loans, the mortgage rights secure not only the Mortgage Loan but also any Further Advances granted to the same Borrower (see paragraph *Credit Mortgages* under section *Special Considerations* above).

The Mortgage Loans have been selected according to the criteria list set forth in the Mortgage Receivables Purchase Agreement and are selected in accordance with such agreement, on or before the Closing Date (see *'Mortgage Receivables Purchase Agreement'*). All of the Mortgage Loans were originated by the Seller between 1993 and 2001.

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

The numerical information set out below relates to a provisional pool of mortgage loans (the **'Provisional Pool'**) as of 15 October 2001. On the Closing Date a final portfolio will be selected only from those mortgage loans contained in the Provisional Pool. Therefore, the information set out below in relation to the Provisional Pool may not necessarily correspond to that of the Mortgage Loans actually sold at the Closing Date. In each table the weighted average coupon (**'WAC'**) and the weighted average maturity (**'WAM'**) are specified.

### Mortgage Types

#### *Life Mortgage Loans*

A Life Mortgage Loan consists of a Mortgage Loan entered into by the Seller and the relevant Borrowers, which has the benefit of a Life Insurance Policy taken out by the Borrowers with any of the Insurance Companies. A Life Insurance Policy is a combined risk and capital insurance policy. Under a Life Mortgage Loan the Borrower pays no principal, but interest and premium for the Life Insurance Policy. The premium consists, apart from a cost element, of a risk element and a capital element. There are different types of Life Insurance Policies, (i) depending on the way in which the capital element of the premium is invested by the Insurance Company and (ii) depending on the way in which the risk element of the premium is calculated. The capital element is either invested in certain investment funds (*'Waerdye Hypotheek Plan'* or *'Maximum+ Plan'*) or, in fixed income products (*'Stad Rotterdam Plan'*). In case of 'traditional life' policies the risk element is fixed (*'Waerdye Hypotheek Plan'* and *'Stad Rotterdam Plan'*) and in case of 'universal life' policies, the risk element is re-set annually based upon the probability of the borrower becoming deceased during the next year (*'Maximum+ Plan'*).

The proceeds of the Life Insurance Policy will be applied towards the repayment of the Mortgage Loan at maturity of such policy. The insurance proceeds are due either at the end of the term of the Life Insurance Policy (which is generally 30 years) or, if earlier, upon the death of the Borrower. In case of recent Life Mortgage Loans the part of the Life Mortgage Loan that is not repaid by the insurance proceeds is due at a date that is calculated by the formula: 'year of birth of the Borrower plus 105 years'.

#### *Savings Mortgage Loans ('Succes Hypotheek')*

A Savings Mortgage Loan consists of a Mortgage Loan entered into by the Seller and the relevant Borrower, which has the benefit of a Savings Insurance Policy taken out by the Borrower with any one of the Insurance Companies. A Savings Insurance Policy is a combined risk and capital insurance policy. Under a Savings Mortgage Loan the Borrower pays no principal, but interest and premium for the Savings Insurance Policy. The premium consists, apart from a cost element, of a risk element and a savings element. The savings element 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 are equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan. The proceeds of the Savings Insurance Policy will be used to repay the Mortgage Loan. The insurance proceeds are due either at the end of the term of the Savings Insurance Policy (which is equal to the term of the Savings Mortgage Loan and usually 30 years) or, if earlier, upon death of the Borrower.

#### *Investment Mortgage Loans ('Beleggingshypotheek')*

An Investment Mortgage Loan consists of a Mortgage Loan entered into by the Seller and the relevant Borrower, which has the benefit of a Risk Insurance Policy (as defined in section *Summary* under paragraph *Investment Mortgage Loans*) taken out by the Borrower with any one of the Insurance Companies. Under an Investment Mortgage Loan the Borrower pays no principal, but interest and a monthly instalment. Such monthly instalment is applied (1) at the option of the Borrower (i) to purchase participations in certain investments funds, or (ii) to pay premium under a Savings Insurance Policy with any of the Insurance Companies ('*ASR Spaarhypotheek Garantie*'), or (iii) to place the amounts involved on a savings account with the Seller ('*ASR Liquide Middelen*'), or (iv) towards a combination of the above (the '**Investments**') and (2) towards the Risk Insurance Policy.

The participations in the investment funds are administered on an investment account with Stichting ASR Beleggersgiro. The investment funds are each managed by SR-Beheer B.V., a company belonging to the same group as the Seller. Currently the management is contractually delegated to an independent manager. Borrowers can switch their investments or decide to apply their future instalments differently. Borrowers can on each mortgage payment date switch between the various investment funds and '*ASR Liquide Middelen*' and on mortgage interest reset dates to and from '*ASR Spaarhypotheek Garantie*'. A switch of future instalments is free of charge. The costs for a switch of accrued capital to '*ASR Spaarhypotheek Garantie*' or '*ASR Liquide Middelen*' are 1.0 per cent. of the amount being switched. A switch between the various investment funds is the first three times free of charge and thereafter costs 0.5 per cent. of the amount being switched.

At the relevant maturity date of such Investments (which is generally 30 years) an amount equal to the proceeds of the Investments will be applied towards the repayment of the Mortgage Loan. The part of the Investment Mortgage Loan that is not repaid by the Investments is due at a date that is calculated by the formula: 'year of birth of the Borrower plus 105 years'. The insurance proceeds of the Risk Insurance Policy, will upon death of the Borrower, be applied towards the repayment of the Mortgage Loan. The insurance proceeds can, at the option of the Borrower, be including or excluding the value of the Investments.

#### *Interest Only Mortgage Loans ('Aflossingsvrije Hypotheek')*

The Mortgage Loan should be repaid at maturity or if earlier, upon the death of the Borrower. This Mortgage Loan will only be granted in combination with Savings Mortgage Loans. The term of this Mortgage Loan is calculated by the formula: 'year of birth of the Borrower plus 105 years'.

#### **Interest Rates**

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

##### *Fixed Interest*

There is a fixed rate of interest payable on the Mortgage Loans, subject to resets from time to time (usually 5, 7, 10, 12, 15 or 20 years).

##### *Margin Interest*

The amount of interest payable on the Mortgage Loans is reset annually, subject to caps and floors (relative to a base rate), which provide limited protection against interest rate changes to the borrower. The base rate itself is subject to reset from time to time (usually 5, 8, 10, 12, 15 or 20 years).

##### *Rohyp-Voordeel Interest (only in combination with a 'traditional life' Mortgage Loan or, as the case may be, a Savings Mortgage Loan)*

During the first 12 months of the Mortgage Loan, the Borrower pays interest at a fixed rate based on a money market rate. During this 12 month period, the Borrower has the option to set his future interest payments at

a fixed rate for one of the periods mentioned under sub-paragraph Fixed Interest above. The 12-month option period cannot be renewed.

*Rohyp-Aanloop Interest (only in combination with a 'traditional life' Mortgage Loan, or, as the case may be, a Savings Mortgage Loan)*

This interest type is broadly similar to Rohyp-Voordeel, apart from the fact that the 12-month option period can be renewed annually.

## PROVISIONAL POOL CHARACTERISTICS

A summary of the key characteristics of the Mortgage Loans

**TABLE A**

*Key Characteristics of the Provisional Pool as of 15 October 2001*

Outstanding Principal Balance (EUR)	1,640,220,755
Average Balance by Borrower (EUR)	178,634
Maximum Loan Value (EUR)	1,036,456
Number of Loans	10,212
Number of Borrowers	9,182
Weighted Average Seasoning (months)	11.4
Weighted Average Maturity (months)	334.0
Weighted Average Coupon (%)	5.76
Weighted Average Loan-to-Value Ratio (based on indexed foreclosure value and loan balance) (%) <sup>1</sup>	94.44
Weighted Average Loan-to-Value Ratio (based on indexed estimated fair market value and loan balance) (%) <sup>2</sup>	80.27

<sup>1</sup> Foreclosure values indexed using NVM (Netherlands Association of Real Estate Brokers) data.

<sup>2</sup> Foreclosure values are deemed to be 85% of the fair market values.

### Loan to Indexed Foreclosure Value

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to their current loan to indexed foreclosure value.

**TABLE B.1**

*Loan to Indexed Foreclosure Value*

Range	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
LTV < 20%	234	8,417,129	0.51%	277	5.62
20.0% <= LTV < 30.0%	236	14,503,794	0.88%	307	5.64
30.0% <= LTV < 40.0%	342	30,243,482	1.84%	308	5.67
40.0% <= LTV < 50.0%	519	56,681,961	3.46%	310	5.63
50.0% <= LTV < 60.0%	766	96,570,875	5.89%	312	5.63
60.0% <= LTV < 70.0%	776	110,540,768	6.74%	321	5.66
70.0% <= LTV < 80.0%	966	155,335,701	9.47%	322	5.61
80.0% <= LTV < 90.0%	989	170,276,440	10.38%	327	5.66
90.0% <= LTV < 100.0%	1,209	199,279,373	12.15%	336	5.75
100.0% <= LTV < 105.0%	412	72,343,694	4.41%	338	5.79
105.0% <= LTV < 110.0%	510	98,528,476	6.01%	342	5.78
110.0% <= LTV < 115.0%	690	135,068,046	8.23%	345	5.85
115.0% <= LTV < 120.0%	1,028	206,833,731	12.61%	347	5.93
120.0% <= LTV < 125.0%	956	183,471,116	11.19%	347	5.89
125.0% <= LTV < 130.0%	579	102,126,169	6.23%	350	5.79
<b>Total</b>	<b>10,212</b>	<b>1,640,220,755</b>	<b>100.00%</b>		



### Loan to Indexed Fair Market Value

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to their current loan to indexed fair market value.

**TABLE B.2**

*Loan to Indexed Fair Market Value*

Range	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
LTV < 20%	298	11,554,320	0.70%	283	5.68
20.0% <= LTV < 30.0%	346	24,901,616	1.52%	309	5.65
30.0% <= LTV < 40.0%	514	53,837,744	3.28%	307	5.63
40.0% <= LTV < 50.0%	827	102,837,893	6.27%	311	5.62
50.0% <= LTV < 60.0%	940	132,278,552	8.06%	321	5.67
60.0% <= LTV < 70.0%	1,120	181,851,934	11.09%	324	5.63
70.0% <= LTV < 80.0%	1,223	207,620,839	12.66%	329	5.66
80.0% <= LTV < 90.0%	1,271	216,225,418	13.18%	338	5.79
90.0% <= LTV < 100.0%	1,552	303,287,488	18.49%	344	5.85
100.0% <= LTV < 105.0%	1,314	265,125,584	16.16%	348	5.90
105.0% <= LTV < 110.0%	779	135,718,095	8.27%	349	5.83
110.0% <= LTV < 115.0%	28	4,981,271	0.30%	362	5.39
115.0% <= LTV < 120.0%	0	0	0.00%	NA	NA
<b>Total</b>	<b>10,212</b>	<b>1,640,220,755</b>	<b>100.00%</b>		

### Seasoning

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to their date of origination.

**TABLE C**

*Seasoning of the Mortgage Loans*

Year of Origination	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
1992	0	0	0.00%	NA	NA
1993	1	66,365	0.00%	260	4.60
1994	2	211,008	0.01%	239	6.00
1995	9	1,112,270	0.07%	220	5.77
1996	107	15,515,172	0.95%	291	5.80
1997	281	37,159,599	2.27%	302	5.54
1998	286	41,920,925	2.56%	300	5.33
1999	870	141,912,508	8.65%	308	5.26
2000	2,929	494,097,266	30.12%	331	5.75
2001	5,727	908,225,641	55.37%	344	5.87
<b>Total</b>	<b>10,212</b>	<b>1,640,220,755</b>	<b>100.00%</b>		

### Maturity Date

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to the earlier of (i) the insurance policy maturity date and (ii) the loan maturity date.

**TABLE D**

*Maturity of the Mortgage Loans*

Range of Years	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
2001 <= Maturity < 2005	9	830,647	0.05%	23	5.81
2005 <= Maturity < 2010	31	4,155,473	0.25%	72	5.41
2010 <= Maturity < 2015	101	11,114,910	0.68%	129	5.60
2015 <= Maturity < 2020	263	39,646,110	2.42%	196	5.49
2020 <= Maturity < 2025	749	122,774,147	7.49%	248	5.72
2025 <= Maturity < 2030	1,932	277,015,070	16.89%	314	5.54
2030 <= Maturity < 2035	6,926	1,159,189,903	70.67%	353	5.84
2035 <= Maturity < 2040	165	20,939,855	1.28%	434	5.44
2040 <= Maturity < 2045	12	2,636,057	0.16%	468	5.53
2045 <= Maturity < 2050	2	260,924	0.02%	559	5.50
2050 <= Maturity < 2055	3	460,587	0.03%	613	5.46
2055 <= Maturity < 2075	19	1,197,072	0.07%	785	5.43
<b>Total</b>	<b>10,212</b>	<b>1,640,220,755</b>	<b>100.00%</b>		

### Mortgage Type

The breakdown of Mortgage Loans by loan type in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans).

**TABLE E**

*Type of Mortgage Loans*

Repayment Type	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
Investment	5,239	913,854,425	55.72%	345	5.89
Traditional Life	4,518	655,456,091	39.96%	317	5.57
Savings	0	0	0.00%	NA	NA
Universal Life	455	70,910,239	4.32%	347	5.91
<b>Total</b>	<b>10,212</b>	<b>1,640,220,755</b>	<b>100.00%</b>		

### Interest Type

The breakdown of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to interest rate type.

**TABLE F**

*Interest Type applicable to the Mortgage Loans*

Type	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
Fixed	7,311	1,171,981,565	71.45%	331	5.85
Margin	505	77,276,124	4.71%	322	5.49
Rohyp Aanloop	1,422	229,005,605	13.96%	344	5.42
Rohyp Voordeel	974	161,957,461	9.87%	347	5.72
<b>Total</b>	<b>10,212</b>	<b>1,640,220,755</b>	<b>100.00%</b>		

### Interest Rates

The distribution of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by level of loan interest rate.

**TABLE G**

*Interest rates applicable to the Mortgage Loans*

Range	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
R < 4.0%	19	3,040,327	0.19%	278	3.69
4.0% <= R < 4.5%	44	8,117,261	0.49%	286	4.36
4.5% <= R < 5.0%	397	68,621,768	4.18%	310	4.80
5.0% <= R < 5.5%	2,347	380,154,548	23.18%	331	5.23
5.5% <= R < 6.0%	3,748	575,531,938	35.09%	336	5.69
6.0% <= R < 6.5%	3,120	507,258,987	30.93%	338	6.23
6.5% <= R < 7.0%	516	93,721,566	5.71%	335	6.64
7.0% <= R < 7.5%	19	3,567,889	0.22%	322	7.15
7.5% <= R < 8.0%	2	206,470	0.01%	227	7.58
<b>Total</b>	<b>10,212</b>	<b>1,640,220,755</b>	<b>100.00%</b>		

### Interest Reset Dates

A breakdown of Mortgage Loans in the Provisional Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to interest reset date.

**TABLE H.1**

*Interest Reset Dates applicable to the Mortgage Loans in the Provisional Pool*

Year	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
2001	665	108,288,021	6.60%	339	5.38
2002	2,834	461,407,680	28.13%	348	5.47
2003	69	8,812,718	0.54%	322	5.58
2004	35	5,671,823	0.35%	298	4.84
2005	191	29,824,260	1.82%	329	5.62
2006	1,166	169,811,388	10.35%	344	5.86
2007	28	3,035,715	0.19%	276	5.67
2008	160	21,486,028	1.31%	291	5.36
2009	376	63,509,034	3.87%	300	5.13
2010	1,007	176,762,383	10.78%	323	5.94
2011	2,165	364,698,202	22.23%	339	6.18
2012	35	4,453,367	0.27%	269	6.07
2013	77	10,072,523	0.61%	292	5.60
2014	112	16,408,357	1.00%	293	5.36
2015	121	20,826,492	1.27%	313	5.87
2016	311	48,244,293	2.94%	331	6.33
2017	28	3,365,541	0.21%	269	6.47
2018	136	17,221,128	1.05%	296	5.57
2019	333	52,026,337	3.17%	298	5.31
2020	30	6,260,806	0.38%	314	5.80
2021	332	47,975,388	2.92%	335	6.44
2022	0	0	0.00%	NA	NA
2023	1	59,274	0.00%	263	6.40
<b>Total</b>	<b>10,212</b>	<b>1,640,220,755</b>	<b>100.00%</b>		

## Sizes

The distribution of Mortgage Loans in the Provision Pool (both by outstanding principal balance and number of Mortgage Loans) by reference to their sizes.

**TABLE I.1**

*Size of Outstanding Mortgage Loans*

Range of Loan Sizes (EUR x 1,000)	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
Loan Size < 50	924	26,434,913	1.61%	318	5.75
50 <= Loan Size < 100	1,721	136,782,466	8.34%	326	5.74
100 <= Loan Size < 150	2,767	347,721,849	21.20%	336	5.74
150 <= Loan Size < 200	2,192	381,417,438	23.25%	339	5.75
200 <= Loan Size < 250	1,258	278,961,395	17.01%	340	5.79
250 <= Loan Size < 300	593	162,317,228	9.90%	337	5.78
300 <= Loan Size < 350	325	105,471,694	6.43%	329	5.79
350 <= Loan Size < 400	161	60,186,154	3.67%	322	5.80
400 <= Loan Size < 450	99	41,789,381	2.55%	320	5.68
450 <= Loan Size < 500	61	28,857,050	1.76%	331	5.70
500 <= Loan Size < 550	38	20,058,030	1.22%	325	5.53
550 <= Loan Size < 750	57	36,344,602	2.22%	309	5.70
750 <= Loan Size < 1,000	14	11,821,094	0.72%	327	5.47
1,000 <= Loan Size < 1,250	2	2,057,461	0.13%	281	5.68
<b>Total</b>	<b>10,212</b>	<b>1,640,220,755</b>	<b>100.00%</b>		

## Sizes

The distribution of Mortgage Loans in the Provisional Pool by reference to loan outstandings per borrower.

**TABLE I.2**

*Size of Outstanding Mortgage Loans (on a per borrower basis)*

Range of Loan Sizes (EUR x 1,000)	Number of Loans	Aggregate Outstanding Principal Amount (EUR)	Proportion of Pool (%)	WAM (months)	WAC (%)
Loan Size < 50	358	11,772,777	0.72%	307	5.79
50 <= Loan Size < 100	1,199	96,589,805	5.89%	325	5.75
100 <= Loan Size < 150	2,563	324,132,659	19.76%	336	5.73
150 <= Loan Size < 200	2,242	390,675,766	23.82%	338	5.76
200 <= Loan Size < 250	1,330	295,193,130	18.00%	340	5.80
250 <= Loan Size < 300	653	178,582,157	10.89%	337	5.79
300 <= Loan Size < 350	342	110,846,075	6.76%	333	5.80
350 <= Loan Size < 400	181	67,627,984	4.12%	324	5.82
400 <= Loan Size < 450	112	47,280,441	2.88%	323	5.70
450 <= Loan Size < 500	71	33,580,898	2.05%	325	5.65
500 <= Loan Size < 550	44	23,213,618	1.42%	319	5.55
550 <= Loan Size < 750	65	41,408,335	2.52%	305	5.75
750 <= Loan Size < 1,000	19	16,079,822	0.98%	314	5.54
1,000 <= Loan Size < 1,250	3	3,237,290	0.20%	283	5.31
<b>Total</b>	<b>9,182</b>	<b>1,640,220,755</b>	<b>100.00%</b>		

## MORTGAGE LOAN UNDERWRITING AND SERVICING

### ORIGINATION

#### Introduction

The mortgage loans involved are originated by ASR Bank (or its legal predecessor), which is supervised by the Netherlands Central Bank. Mortgages are distributed through the channel of independent broker agents. New mortgage loans are accepted on the basis of a fixed underwriting protocol. The principal items in the underwriting protocol are:

#### a) *Housing ratio*

The maximum amount of the mortgage loan that will be granted is initially determined by the housing ratio. The housing ratio reflects the maximum percentage of income that can be committed to paying the interest and repayments on the mortgage loan. In determining the housing ratio, a distinction is made between single and dual income households. In the case of single income households, the ratio is higher than the combined ratios of dual income households. The policy on dual income households assumes that the second income will diminish over time. Allowance is made for this from the start by setting a lower housing ratio.

#### b) *Income*

On average 93% of mortgage borrowers of ASR Bank receive income from paid employment. For the other 7% of applications, the income is generated from self-employed activity. The income components are stipulated in the protocol. A check on the income is conducted by requesting a recent employer's declaration. Self-employed persons have to submit full annual accounts (including auditor's report of stamp) for the business over the past three years. A director/majority shareholder is regarded as self-employed.

#### c) *National Credit Register (BKR)*

A check is completed on every mortgage borrower with the National Credit Register ('*Bureau Krediet Registratie*') in Tiel. All financial commitments over the past five years which mortgage borrowers have entered into with financial institutions are recorded here.

#### d) *Collateral*

All collateral offered in the form of existing buildings is valued by an independent valuer not involved in the transaction. For this purpose, a broker is used who is a member of the '*Nederlandse Vereniging van Makelaars*' ('*NVM*') (Netherlands Association of Real Estate Brokers) or the '*Landelijke Makelaars Vereniging*' ('*LMV*') (National Real Estate Brokers' Association). In the Netherlands market, it is common for new property to be valued at the design and specification stage. Mortgage loans are granted up to 130% of the foreclosure value. The foreclosure value equals approximately 85% of the appraisal value. A standard interest rate is charged for mortgages with a maximum size of 60% of the foreclosure value. For mortgage loans higher than 60% of the foreclosure value an additional interest spread is charged to the client. The additional interest spread is calculated on the total mortgage balance.

#### e) *Other underwriting conditions*

Apart from the principal underwriting factors already mentioned, the following rules apply: (i) mortgage loans are granted only to individuals, (ii) joint and several liability for the mortgage receivable (all owners are joint and several debtors) and (iii) mortgage loans are granted on the borrower's own home only (no renting).

#### Mortgage Analysis Program

The mortgage calculations are processed by a computer. For this purpose, every underwriter uses the Mortgage Analysis Program ('*HAP*'). Broker agents can communicate with the origination department through the Mortgage Data Network ('*HDN*'). The HAP carries out checks for NHG status and the maximum mortgage that can be advanced. It also calculates the forecast value of the life insurance policy that forms part of the collateral. Furthermore in HAP the proposals are produced. Periodically, an internal audit checks whether the mortgage loans granted do conform to the set underwriting protocol. Mortgages exceeding NLG 1,045,000 (EUR 475,000) have to be approved by senior management. Mortgages exceeding NLG 1,250,000 (EUR 560,000) or other deviations from the guidelines, have to be approved by the credit committee of the Seller.

## SERVICING

### Introduction

ASR Bank's mortgage activities form part of the Mortgage and Finance divisions. The Mortgage division comprises all commercial activities leading to the granting of mortgage loans and the technical administrative control of the portfolio. Activities carried out by the Finance division and relating to mortgages consist of the collection of interest payments, standard accounting routines and initiation of the procedure for managing arrears.

A daily back-up is made of the information contained in the mainframe systems. The networks and individual personal computers are provided with a back-up by the same method. The back-ups are stored in a fire/burglar-proof safe at the Utrecht branch. An agreement has been entered into with the '*Computer Uitwijk Centrum*' (Computer Back-up Centre) in Delft for any disasters concerning the computer. The procedure for this is tested each year. In the case of externally developed software (HAP), the sources are available and stored. When the Seller was computerised, a service level agreement ('**SLA**') was concluded which has been approved by the Netherlands Central Bank.

### Collections

The portfolio administrative control is divided into collection procedure, administration, administrative control of arrears, technical administrative control, interest rate reviews and file creation. In respect of the Mortgage Loans interest is collected by direct debit for 99.5% of all mortgage loans. Each month the mainframe automatically calculates the amount of interest due. On the first business day of each month the interest amounts are collected in advance. In the case of Borrowers whose balance was insufficient, the direct debit procedure is repeated around the 15th day of the month. When the direct debit still fails, a giro collection form is issued. Borrowers who do not use a direct debit will receive a giro collection form. The interest received is recorded in the mortgage borrower's ledger account. From there on, all payments per borrower are automatically recorded under each operating entity, the key to the system being the combination of the company code and the mortgage number.

### Arrears management

If borrowers fail to meet their payment obligations within 30 days following the due date, the arrears administrative control procedure applies. The arrears administrative control procedure is as follows:

- if, 30 days after the due date, the money has not been received, the first reminder is sent out. This letter is accompanied by a giro collection form and is issued automatically by the system.
- if, 60 days after the due date, no money has been received, a second reminder is sent out. This letter is accompanied by a giro collection form and is issued automatically by the system.
- after 90 days, guarantors, if any, are informed that payment has not been received. The Netherlands local authorities that have issued a municipal guarantee form the largest group of guarantors. In the case of the national mortgage guarantee, this letter is sent after 150 days.
- if no payment has been received 90 days after the due date, a warning is sent by registered letter, which states that if the due payment is still not made then the whole loan may be recalled. The period allowed for payment is fifteen days.
- if at the end of this period payment has still not been made, the borrowers are contacted by telephone.
- if, 120 days after the due date, nothing has been received (see explanatory notes below) and no suitable solution has been found, the loan will be finally recalled.

During the period in which the arrears on payments have occurred, an effort is always made to find an acceptable solution to the arrears for both the borrowers and the company.

### Default management

If there is a failure to comply with the agreed payment schemes, or if it is evident that there is no prospect of the interest and/or premium arrears being paid in the near future, the file is handed over to the arrears management department. As per September 2001, out of a total of 120,064 mortgages, 528 files are currently handled by this specialised department. The arrears management department deals with the specialised handling of these files. Public sale is arranged only if there is no prospect of any solution. Apart from a public



sale resulting from arrears on payments due under the mortgages, such sale may also result from attachment or bankruptcy of the borrowers. In the case of attachment or bankruptcy the auction is ordered immediately.

ASR Bank plays an active role in the public auction process and may bid for properties, regardless of whether the auction relates to a property within ASR Bank's mortgage or servicing portfolio. Such bids are made for the account of ASR Bank. In principle, bids are made up to the foreclosure sale value of the property, with the provision that bids never exceed the amount of the total debt. As servicer under this securitisation transaction ASR Bank will follow the procedures as described above.

If a residual debt remains after the auction or private sale, the borrowers are liable for that residue. In principle, a new payment scheme is arranged for the residual debt. If the borrowers do not wish to agree to any payment scheme, an external collection agency is brought in to see whether the claim can be collected.

## 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, except in special events as further described hereunder (**'Notification Events'**). The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables following such assignment as of the Closing Date.

### Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the **'Initial Purchase Price'**) which shall be payable on the Closing Date, and a deferred purchase price (the **'Deferred Purchase Price'**). The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments and each **'Deferred Purchase Price Instalment'** will be equal to (i) the positive difference, if any, between the Notes Interest Available Amount as calculated on each Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (p) and (ii), after an Enforcement Notice, the amount remaining after payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (l) have been made (see *Credit Structure* above) on such date.

### Representations and warranties

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

- (a) the Mortgage Receivables are duly and validly existing;
- (b) the Seller has full right and title 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) the Seller has power to sell and assign the Mortgage Receivables;
- (d) the Mortgage Receivables are free and clear of any encumbrances and attachments and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables;
- (e) each Mortgage Receivable is secured by a mortgage right on a residential property in the Netherlands and is governed by Netherlands law;
- (f) upon creation of each mortgage right securing the Mortgage Loans, the Seller was granted power by the mortgage deed to unilaterally terminate such mortgage right and such power to terminate has not been revoked, terminated or amended;
- (g) each residential property concerned was valued when application for a Mortgage Loan was made by an independent qualified valuer or surveyor except that in case of Mortgage Loans of which the principal sum outstanding does not exceed 50% of the purchase price of the residential property and Mortgage Loans secured by newly built properties with a value less than NLG 750,000 no valuation is required; valuations are not older than 6 months prior to the date of mortgage application by the Borrower;
- (h) each Mortgage Receivable and the mortgage right and the right of pledge, if any, securing such receivable constitutes legal, valid, binding and enforceable obligations of the relevant Borrower;
- (i) each 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 (*'hypothekrechten'*) and rights of pledge (*'pandrechten'*), respectively, on the assets which are the subject of the mortgage rights and rights of pledge and, to the extent relating to the mortgage rights, entered into the appropriate public register, (ii) have first priority or first and second priority or first, second and third priority and (iii) were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the Seller on behalf of the Borrower, together up to an amount equal to 155 per cent., of the outstanding principal amount;
- (k) each of the Mortgage Loans has been granted, and each of the Mortgages and Borrower Pledges has been vested, substantially in the forms of Mortgage loans attached to the Mortgage Receivables Purchase Agreement as Schedule 5;
- (l) the particulars of each Mortgage Receivable, as set forth in the list of Mortgage Receivables attached to the Mortgage Receivables Purchase Agreement as Schedule 1 and as Annex 1 to the Deed of Assignment to be signed at the Closing Date, are correct and complete in all material respects;
- (m) each of the Mortgage Loans meets the Mortgage Loans Criteria as set forth below;

- (n) each of the Mortgage Loans has been granted in accordance with all applicable legal requirements and the Code of Conduct on Mortgage Loans (*'Gedragscode Hypothecaire Financieringen'*) and materially met the Seller's standard underwriting criteria and procedures as set forth in the Acceptance Conditions attached to the Mortgage Receivables Purchase Agreement;
- (o) all Investment Mortgage Receivables are set out in Part I of Schedule 1 of the Mortgage Receivables Purchase Agreement and all Life Mortgage Receivables (not being Savings Mortgage Receivables and Investment Mortgage Receivables) are set out in Part II of Schedule 1 of the Mortgage Receivables Purchase Agreement;
- (p) each of the Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables, has the benefit of Savings Insurance Policies and either (i) the Seller has been validly appointed as beneficiary (*'begunstigde'*) under such Savings Insurance Policies, upon the terms of the relevant Mortgage Loans and the relevant Savings Insurance Policies, which has been notified to the relevant Insurance Companies, or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant 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 Policies upon the terms of the relevant Mortgage Loans and the relevant Life Insurance Policies, which has been notified to the relevant Insurance Companies, or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable;
- (r) each of the Investment Mortgage Receivables has the benefit of a Risk Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*'begunstigde'*) under such Risk Insurance Policies upon the terms of the relevant Mortgage Loans and the relevant Risk Insurance Policies, which has been notified to the relevant Insurance Companies, or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Mortgage Receivable;
- (s) the insurer under each Insurance Policy is one of the Insurance Companies and in respect of Investments Mortgage Loans and Life Mortgage Loans in the form of *'Maximum + Plan'*, the Investments are those set out in the relevant brochures, which may become available from time to time;
- (t) the Seller has not been notified and is not aware of anything affecting the Seller's title to the Mortgage Receivables;
- (u) the notarial mortgage deeds (*'minuut'*) relating to the Mortgages are kept by a civil law notary in the Netherlands, while the loan files, which include authentic copies of the notarial mortgage deeds, are kept by the Seller;
- (v) to the best knowledge of the Seller, the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (w) each mortgage receivable that is secured by the same Mortgage is sold and assigned to the Company pursuant to the Mortgage Receivables Purchase Agreement;
- (x) the full principal amount of each Mortgage Loan was in case of each of the Mortgage Loans paid to the relevant Borrower, whether or not through the relevant civil law notary and no amounts are held in deposit (*'bouwdepot'*);
- (y) with respect to each of the Mortgage Receivables resulting from an Investment Mortgage Loan, a Life Mortgage Loan or, as the case may be, a Savings Mortgage Loan, to which an Insurance Policy is connected, a valid right of pledge has been entered into by the Seller and the relevant Borrower and such right of pledge has been notified to the relevant Insurance Companies;
- (z) each of the properties on which a Mortgage has been vested to secure the Mortgage Receivable had, at the time the Mortgage Loan was advanced the benefit of buildings insurance (*'opstalverzekering'*) for the full reinstatement value (*'herbouwwaarde'*);
- (aa) the mortgage conditions provide that all payments by the Borrower should be made without any deduction or set-off;
- (bb) the aggregate principal sum outstanding of all Mortgage Receivables is equal to Euro 1,640,220,755.

### Repurchase

If at any time after the Closing Date any of the representations and warranties relating to the Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, the Seller shall within 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 14 days, the Seller shall repurchase and accept assignment of the Mortgage Receivable for a price equal to the outstanding principal amount of the

Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of purchase and assignment of the Mortgage Receivable.

If the Seller agrees with a Borrower to make a Further Advance prior to the occurrence of a Notification Event and partial termination of the relevant mortgage right (*Notification Events* below), it shall repurchase and accept reassignment of the Mortgage Receivable on the terms and conditions set forth above (see also *Substitution* below).

The Seller shall also undertake to repurchase and accept reassignment of a Mortgage Receivable if it agrees with a Borrower to amend the terms of the relevant Mortgage Loan and 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 after such amendment the relevant Mortgage Loan continues to meet each of the Mortgage Loans Criteria (as set out below) and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out above).

Furthermore the Seller shall undertake to repurchase and accept reassignment of a Mortgage Receivable if the Borrower has under the terms of an Investment Mortgage loan, requested to switch the premia accumulated in the relevant Savings Insurance Policy with any of the Insurance Companies (*'ASR Spaarhypotheek Garantie'*) into another eligible investment under the Investment Mortgage Loan.

#### **Mortgage Loans Criteria**

Each of the Mortgage Loans will meet the following criteria:

- (a) the Mortgage Loans are either:
  - a. Life Mortgage Loans (*'levenhypotheeken'*), which can be in the form of *'Waerdije-Hypotheek Plan'*, *'Stad Rotterdam Plan'* or *'Maximum + Plan'*;
  - b. Investment Mortgage Loans (*'beleggingshypotheeken'*);
  - c. Savings Mortgage Loans (*'spaarhypotheeken'*);
  - d. Mortgage Loans which combine Savings Mortgage Loans with interest-only mortgage loans (*'aflossingsvrije hypotheeken'*);
- (b) the Borrower is a resident of the Netherlands and not an employee of the Seller or any of its group companies;
- (c) the mortgaged property was not the subject of residential letting at the time of origination of the Mortgage Loan;
- (d) each mortgage right securing a Mortgage Loan has been created after 1 January 1992;
- (e) the interest rate of each Mortgage Loan is fixed or floating, subject to an interest reset from time to time, or in case of a Mortgage Loan with a so called margin interest rate, variable on an annual basis;
- (f) interest payments are scheduled to be made monthly in advance by direct debit;
- (g) the principal sum outstanding of each Mortgage Loan, or of all Mortgage Loans secured on the same mortgaged property together, did not exceed 130 per cent. of the foreclosure value of the mortgaged property upon origination of the Mortgage Loan or Mortgage Loans, as the case may be;
- (h) each Mortgage Loan, or all Mortgage Loans secured on the same mortgaged property, has a principal sum outstanding of not more than NLG 2,500,000;
- (i) each Mortgage Loan is secured by a first-ranking mortgage right, or in case of Mortgage Loans secured on the same mortgaged property, first and second-ranking mortgage rights or first-, second-, and third-ranking mortgage rights;
- (j) no Mortgage Loan will have a legal maturity beyond 105 years from the date of birth of the relevant Borrower;
- (k) on 15 October 2001 or, in case of substitution, on the relevant Quarterly Payment Date no amounts due under any of the Mortgage Receivables are overdue and unpaid;
- (l) all Mortgage Loans are fully disbursed (no *'bouwhypotheeken'*);
- (m) the mortgaged property is located in the Netherlands;
- (n) where compulsory under the acceptance conditions, the Mortgage has a compulsory Life Insurance Policy or Risk Insurance Policy attached to it; and
- (o) no Mortgage Loan will have an interest fixing period (*'rentevastperiode'*) extending further than 31 October 2031.

The same criteria apply to the selection of Substitute Mortgage Receivables.

### Notification Events

If, inter alia:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party or any other party (except the Issuer and the Security Trustee) does not comply with any of the obligations under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 10 business days after notice thereof has been given by the Company or the Security Trustee to the Seller or such other party; or
- (c) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution (*'ontbinding'*) and liquidation (*'vereffening'*) or legal demerger (*'juridische splitsing'*); or
- (d) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations (*'Noodregeling'*) as referred to in Chapter X of the Netherlands Act on the Supervision of the Credit System 1992 (**'Wtk'**) or for bankruptcy or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) the Seller during a period of any two consecutive months fails to have a solvency ratio on a consolidated basis equal to or greater than the percentage required by clause 4001 of the Guidelines issued pursuant to the Wtk as set out in the Netherlands Central Bank's Credit System Supervision Manual as amended from time to time (**'Handboek Wtk'**) or pursuant to Clause 4101 of the Handboek Wtk the actual liquidity is not greater or equal to the required liquidity under the broad liquidity test, as defined in such Clause 4101 of the Handboek Wtk; or
- (f) the Netherlands Central Bank has restricted the Seller's powers in accordance with Clause 28.3(a) of the Wtk or has made an official announcement as referred to in Clause 28.3(b) of the Wtk and within two weeks after any such events the Seller has not taken the necessary steps resulting in such measures being withdrawn,

then the Seller shall, unless the Security Trustee, after having received confirmation from Moody's and Fitch that no downgrading of the Notes will occur as a result of not giving notice as described below, instructs it otherwise, forthwith notify the Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee of (i) the termination of the mortgage rights and the rights of pledge securing the Mortgage Receivables in so far as they secure other debts than the Mortgage Receivables assigned to the Issuer and (ii) the assignment of the Mortgage Receivables or, at its option, the Issuer shall be entitled to make such notifications itself.

### Substitution

The Mortgage Receivables Purchase Agreement provides that (i) up to the Quarterly Payment Date falling in November 2006 the Issuer shall use the Notes Redemption Available Amount, and (ii) thereafter up to the Quarterly Payment Date immediately preceding the Final Maturity Date any amounts received as a result of a repurchase by the Seller of Mortgage Receivables in connection with (x) the granting of a Further Advance or (y) a switch from a Savings Insurance Policy under an Investment Mortgage Loan to another eligible investment, to the extent such amounts relate to principal less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, each Savings Mortgage Receivable, the Participation and including an amount equal to the Initial Participation of any Substitute Mortgage Receivables and Substitute Investment Mortgage Receivables to which a Savings Insurance Policy is connected, to be purchased on the relevant Quarterly Payment Date (the **'Substitution Available Amount'**), to purchase any Substitute Mortgage Receivables from the Seller if and to the extent offered by the Seller. The initial purchase price payable by the Issuer as consideration for any Substitute Mortgage Receivables shall be equal to the aggregate outstanding

principal amount in respect of such Substitute Mortgage Receivables at the date of completion of the sale and purchase thereof.

The purchase by the Issuer of Substitute Mortgage Receivables will be subject to a number of conditions, which include, inter alia, the conditions that on the relevant date of completion of the sale and purchase of the Substitute Mortgage Receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables sold and relating to the Seller;
- (b) no Notification Event has occurred and is continuing;
- (c) not more than 2.5 per cent. of the aggregate outstanding principal amount of the Mortgage Loans is in arrears for a period exceeding 60 days;
- (d) the amount standing to the credit of the Reserve Account is from the Closing Date up to the Quarterly Payment Date falling in August 2002 at least 1.0 per cent., 1.15 per cent. up to the Quarterly Payment Date falling in August 2003 and thereafter not less than 1.30 per cent. of the aggregate principal amount outstanding of the Notes on the Closing Date;
- (e) the weighted average of the aggregate proportions of the outstanding principal amount of each Mortgage Loan and Substitute Mortgage Loan to the Foreclosure Value of the mortgaged property (the '**LTFV-ratio**') does not exceed 106 per cent. The Company and the Seller may agree to a higher LTFV-ratio up to an amount of 110 per cent., subject to the confirmation of the Rating Agencies that no downgrading of the Notes, excluding the Subordinated Class D Notes, will occur as a result thereof;
- (f) the aggregate outstanding principal amount of the Substitute Mortgage Loans and the Mortgage Loans purchased by the Issuer since the Annual Payment Date immediately preceding the relevant date of completion of the sale and purchase does not exceed 20 per cent. of the aggregate principal amount outstanding of the Notes on such Annual Payment Date (however the Company and the Seller may agree to a higher percentage, subject to the confirmation of the Rating Agencies that no downgrading of the Notes will occur as a result thereof);
- (g) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to Clauses 7 and 9 of the Mortgage Receivables Purchase Agreement;
- (h) the Substitution Available Amount is sufficient to pay the purchase price for the relevant Substitute Mortgage Receivables;
- (i) the then current rating of the Notes by the Rating Agencies is not adversely affected as a result of such substitution; and
- (j) up to the Quarterly Payment Date falling in November 2006, the cumulative Realised Losses do not exceed 0.90 per cent. of the outstanding principal amount of the Mortgage Receivables at the Closing Date and thereafter 1.5 per cent. of the outstanding principal amount of the Mortgage Receivables at the Closing Date;

## SERVICING AGREEMENT

### Services

In the Servicing Agreement the Pool Servicer will agree (i) to provide administration and management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables and the implementation of arrears procedures including the enforcement of mortgage rights (see further *Mortgage Loan Underwriting* and *Servicing* above) and (ii) the Company Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the Seller to the Master Collection Account and the production of monthly reports in relation thereto, (b) drawings (if any) to be made by the Issuer from the Reserve Account, (c) all payments to be made by the Issuer under the Swap Agreement, (d) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (e) the maintaining of all required ledgers in connection with the above and (f) all calculations to be made pursuant to the Conditions under the Notes.

The Pool Servicer will be obliged to administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

## SUB-PARTICIPATION AGREEMENT

Under the Sub-Participation Agreement the Issuer will grant to each of the Insurance Companies a sub-participation in the relevant Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables.

### Participation

In the Sub-Participation Agreement each of the Insurance Companies will undertake to pay to the Issuer:

- 56
- (i) at the Closing Date or, in case of purchase and assignment of substitute Investment Mortgage Receivables to which a Savings Insurance Policy is connected or substitute Savings Mortgage Receivables, the relevant Quarterly Payment Date, the sum of the amounts due up to such date by the relevant Borrowers to the Insurance Companies as Savings Premium and accrued interest thereon (the **'Initial Participation'**);
  - (ii) on each Mortgage Payment Date an amount equal to the amount scheduled to be received by the relevant Insurance Company as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies.

As a consequence of such payments each of the Insurance Companies will acquire a participation (the **'Participation'**) in each of the relevant Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables, which is equal to the Initial Participation in respect of the relevant Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables, increased during each Mortgage Calculation Period on the basis of the following formula (the **'Participation Increase'**):

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

P = the Participation on the first day of the relevant Mortgage Calculation Period in the Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable;

S = the amount of the Savings Premium scheduled to be received in the Mortgage Calculation Period in respect of the relevant Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable, and paid to the Issuer by the relevant Insurance Company;

R = in respect of the relevant Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable, the amount (i) of interest due, but not overdue, received from the relevant Borrower in the Mortgage Calculation Period and/or (ii) of interest due, but unpaid, by the Borrower, but received from the Insurance Company under the Sub-Participation Agreement; and

H = the principal sum outstanding on the Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable on the first day of the relevant Mortgage Calculation Period.

In consideration for the undertaking of the Insurance Companies described above, the Issuer will undertake to pay to each Insurance Company on each Mortgage Payment Date an amount equal to the Participation in each of the Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables in respect of which amounts have been received during the relevant Mortgage 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 Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables, (ii) in connection with a repurchase of Investment Savings Mortgage Receivables and, as the case may be, 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 Investment Savings Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal and (iv) as Net Proceeds on any Investment Savings Mortgage Receivable or, as the case may be,



Savings Mortgage Receivable to the extent such amounts relate to principal (the '**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 Investment Savings Mortgage Receivables or, as the case may be, Savings Mortgage Receivables based upon a default in the performance, whether in whole or in part and for any reason, by the Insurance Company of its obligations under the relevant Savings Insurance Policy; or
- (ii) the Seller fails to pay any amount due by it to the Issuer in accordance with the Mortgage Receivables Purchase Agreement in respect of an Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable,

---

57

---

and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable, the Participation of the relevant Insurance Company in respect of such Investment Savings Mortgage Receivables or, as the case may be, Savings Mortgage Receivables, will be reduced by an amount equal to such amount which the Issuer has failed to so receive and the calculation of the Participation Redemption Available Amount shall be adjusted accordingly.

#### **Enforcement Notice**

If an Enforcement Notice (as defined in Clause 10 of the Conditions) is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of the Insurance Companies may, and if so directed by the Insurance Companies shall, by notice to the Issuer:

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

#### **Termination**

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

## Delphinus 2001-II B.V.

The Issuer was incorporated with limited liability under the laws of the Netherlands on 26 November 2001 under number B.V. 1.183.367. 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 34165405.

The objectives of the Issuer are (a) to acquire, purchase, conduct the management of, dispose of and encumber assets and to exercise any rights connected to such assets, (b) to take up loans by way of issue of securities or by entering into loan agreements to acquire the assets mentioned under (a), (c) to invest and on-lend any funds held by the Issuer, (d) to hedge interest rate and other financial risks amongst others by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, to take up loans by issuing securities or by entering into loan agreements amongst others to repay the principal sum of the securities mentioned under (b), and to grant security rights and (f) to perform all activities which are incidental to or which may be conducive to any of the foregoing.

The Issuer has an authorised share capital of euro 90,000, of which euro 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Delphinus 2001-II.

Stichting Delphinus 2001-II is a foundation (*'stichting'*) incorporated under the laws of the Netherlands on 23 November 2001. The objects of Stichting Delphinus 2001-II are to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Delphinus 2001-II is ATC Trustees (Netherlands) B.V. The managing directors of ATC Trustees (Netherlands) B.V. are J.H. Scholts, R.F. Govaerts, G.F.X.M. Nieuwenhuizen en D.P. Stolp.

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

The sole managing director of the Issuer is ATC Management B.V. The managing directors of ATC Management B.V. are J.H. Scholts, R.F. Govaerts, G.F.X.M. Nieuwenhuizen en D.P. Stolp.

The financial year of the Issuer coincides with the calendar year. The first financial year shall end on 31 December 2002.

### Capitalisation

The following table shows the capitalisation of the Issuer as of 28 November 2001 as adjusted to give effect to the issue of the Notes:

#### Share Capital

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

#### Borrowings

Senior Class A1 Notes	euro	1,006,500,000
Senior Class A2 Notes	euro	500,000,000
Mezzanine Class B Notes	euro	97,500,000
Junior Class C Notes	euro	36,000,000
Subordinated Class D Notes	euro	18,000,000

**Auditors' Report**

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

To the Directors of Delphinus 2001-II B.V.

Rotterdam, 28 November 2001

Dear Sirs:

Delphinus 2001-II B.V. (the '**Company**') was incorporated on 26 November 2001 under number B.V. 1.183.367 with an issued share capital of euro 18,000. The Company has not yet prepared any financial statements. Since its incorporation, the Company 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 28 November 2001.

Yours faithfully,  
Ernst & Young Accountants'

## **USE OF PROCEEDS**

The net proceeds of the issue of the Senior Class A1, the Senior Class A2, the Mezzanine Class B and the Junior Class C Notes will be applied on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement. The net proceeds of the issue of the Subordinated Class D Notes, reduced by euro 965,565 that will be applied towards the payment of the Initial Purchase Price, will be credited to the Reserve Account.

The net proceeds of the Notes to be issued on the Closing Date amount to euro 1,651,970,015.

## DESCRIPTION OF SECURITY

The Notes will be secured by the Deed of Surety to be entered into by the Security Trustee with (i) the Managers as initial Noteholders, (ii) the Directors, (iii) the Company Administrator, (iv) the Pool Servicer (v) the Principal Paying Agent, (vi) the Paying Agent, (vii) the Reference Agent, (viii) the Liquidity Facility Provider, (ix) the Liquidity Facility Guarantor, (x) the Swap Counterparty, (xi) the Swap Guarantor, (xii) the Seller, (xiii) the Insurance Companies and (xiv) the Floating Rate GIC Guarantor (the '**Secured Parties**'). The Security Trustee will agree in the Deed of Surety to grant a surety (*'borgtocht'*) to the Secured Parties and will undertake to pay, as surety, after the date on which an Enforcement Notice has been received (see Condition 10 below) from time to time as soon as reasonably possible and practicable, to the Secured Parties, other than the Insurance Companies, an amount corresponding to the sum of any amounts due and payable by the Issuer:

- (a) to the Noteholders under the Notes;
- (b) as fees or other remuneration to the Directors under the Management Agreements;
- (c) as fees and expenses to the Company Administrator and the Pool Servicer under the Servicing Agreement;
- (d) as fees and expenses to the Principal Paying Agent, the Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (e) to the Liquidity Facility Provider or, as the case may be, the Liquidity Facility Guarantor under the Liquidity Facility Agreement;
- (f) to the Swap Counterparty under the Swap Agreement;
- (g) to the Seller under the Mortgage Receivables Purchase Agreement;
- (h) to the Floating Rate GIC Guarantor under the Floating Rate GIC;
- (i) as fees to the Option Provider under the Put Option Agreement; and
- (j) as fees to the Swap Guarantor under the Swap Agreement,

provided that such amount shall never exceed the Notes Surety Available Amount which consists of the sum of amounts recovered (*'verhaald'*) by it (a) on the Mortgage Receivables and the other assets pledged under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II, other than the Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables, (b) on Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables to the extent the amount exceeds the Participation in the relevant Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables; (c) amounts received in connection with the penalty provided in the Mortgage Receivables Purchase Agreement insofar such penalty relates to (i) Mortgage Receivables and the other assets pledged under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II, other than Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables and (ii) with respect to Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables, the pro rata part of such Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables in relation to the Participation; (d) the amount of any advance having been made available to the Security Trustee under a recourse liquidity facility agreement to the extent the amount so made available will be recovered under (a) or (b) above and will not exceed the amount of such advance and (e) amounts received in connection with Clause 9 of the Trust Deed. Any amounts will be paid to the Secured Parties in accordance with and subject to the Priority of Payments upon Enforcement (see *Credit Structure* above).

In addition, in the Deed of Surety the Security Trustee undertakes to pay to the Insurance Companies the Participation Surety Available Amount which consists of, inter alia, (i) the amounts actually recovered (*'verhaald'*) by it on the Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables, but only to the extent such amounts do not exceed the Participation in such Investment Savings Mortgage Receivables and, as the case may be, such Savings Mortgage Receivables, under any of the Pledge Agreements (as described below), (ii) amounts received in connection with the penalty provided in the Mortgage Receivables Purchase Agreement provided that such amounts relate to the Participation in the Investment Savings Mortgage Receivables and, as the case may be, Savings Mortgage Receivables, and (iii) the amount of any advance having been made available to the Security Trustee under a recourse liquidity facility agreement to the extent the amount so made available will be recovered under (i) above, provided that such amounts shall never exceed the amount due and payable by the Issuer under or in connection with the Sub-Participation Agreement to the Insurance Companies.

The Seller shall grant a first ranking right of pledge (*'pandrecht'*) (the **'Trustee Pledge Agreement I'**) over the Mortgage Receivables and the Beneficiary Rights (see further *Insurance Policies* under *Special Considerations* above) to the Security Trustee on the Closing Date and in respect of any Substitute Mortgage Receivables undertakes to grant a first ranking right of pledge on the relevant Substitute Mortgage Receivables and, if applicable, the relevant Beneficiary Rights on the relevant Quarterly Payment Date. Security in respect of the Mortgage Receivables will be given by the Seller since it will have the legal title to the Mortgage Receivables, until notification has been made. After notification to the Borrowers of the assignment by the Seller to the Issuer of the Mortgage Receivables (which will only be made upon the occurrence of Notification Events, see *Mortgage Receivables Purchase Agreement* above), legal title to the Mortgage Receivables will pass to the Issuer and the Trustee Pledge Agreement I will provide that the Issuer (who shall be a party to such pledge agreement) will be bound by the provisions thereof in such event.

The Trustee Pledge Agreement I 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 Trustee I Notification Event (as defined in the Trustee I Pledge Agreement) has occurred, to the Security Trustee. The penalty is drafted in such manner 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 amount paid to the Security Trustee.

In addition, the Trustee Pledge Agreement I will be created as security for all liabilities (including, without limitation, recourse claims) of the Issuer to the Security Trustee in connection with the Deed of Surety. If the Security Trustee pursuant to its penalty claims on the Seller cannot fully recover all amounts required to meet its obligations under the Deed of Surety, it can create a recourse claim under the Deed of Surety against the Issuer by paying further amounts to the Noteholders. The obligations of the Security Trustee in this respect will, therefore, be conditional upon it having funds available to make such payment. For this purpose, the Security Trustee should borrow an amount equal to the amount which it has as at such date collected and which it will be entitled to recover under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II (see below). After having paid the Noteholders using such borrowed funds, the Security Trustee will be entitled to reimbursement in respect of payments made by it under the Deed of Surety. It will therefore be entitled to apply the amounts held by it under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II to pay its recourse claim and use these amounts to repay drawings made under the recourse liquidity facility agreement together with interest thereon and any related costs. In order to further secure the valid creation of the pledges in favour of the Security Trustee, the Issuer will as a separate and independent obligation, by way of parallel debt, undertake to pay the Security Trustee amounts equal to the amounts due by it to the Secured Parties.

The pledge on the Mortgage Receivables provided in the Trustee Pledge Agreement I will not be notified to the Borrowers except in case of certain Trustee I Notification Events. These Trustee I Notification Events will be similar to the Notification Events defined in the Mortgage Receivables Purchase Agreement. Prior to notification of the pledge to the Borrowers, the pledge will be a 'silent' right of pledge (*'stil pandrecht'*) within the meaning of section 3:239 of the Netherlands Civil Code. The pledge on the Beneficiary Rights will be notified to the relevant Insurance Companies and will, therefore, be a disclosed right of pledge (*'openbaar pandrecht'*).

In order to secure the obligation of the Seller to transfer legal title to the Mortgage Receivables to the Issuer, the Seller will grant a second ranking right of pledge (the **'Company Pledge Agreement'**) over the Mortgage Receivables and the Beneficiary Rights to the Issuer on the Closing Date and in respect of any Substitute Mortgage Receivables undertakes to grant a second ranking right of pledge over the relevant Substitute Mortgage Receivables and, if applicable, the relevant Beneficiary Rights on the relevant Quarterly Payment Date. Since a right of pledge can only be vested as security for a monetary claim, this pledge will secure the payment of the penalty by the Seller, provided in the Mortgage Receivables Purchase Agreement, as described above. This right of pledge on the Mortgage Receivables will also be a 'silent' pledge as described above and the right of pledge on the Beneficiary Rights will also be a disclosed right of pledge, all as described above.

The Issuer will also vest a right of pledge (the '**Trustee Pledge Agreement II**') in favour of the Security Trustee on the Closing Date. This right of pledge secures any and all liabilities (including, without limitation, recourse claims) of the Issuer to the Security Trustee resulting from or in connection with the Deed of Surety and will be vested on all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Liquidity Facility Agreement, (iv) the Floating Rate GIC, (v) the Sub-Participation Agreement, (vi) the Swap Agreement, (vii) the Put Option Agreement and (viii) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore be a 'disclosed' right of pledge (*'openbaar pandrecht'*).

The Deed of Surety described above shall serve as security for the benefit of the Secured Parties, including each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders, but amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to Senior Class A Noteholders and amounts owing to the Junior Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders and the Mezzanine Class B Noteholders and amounts owing to the Subordinated Class D Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Junior Class C Noteholders (see *Credit Structure* above).

## THE SECURITY TRUSTEE

Stichting Security Trustee Delphinus 2001-II (the '**Security Trustee**') is a foundation (*'stichting'*) incorporated under the laws of the Netherlands on 23 November 2001. It has its registered office in Amsterdam, the Netherlands.

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

---

64

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are O.B. Linker and D.P. Stolp. D.P. Stolp is also director of ATC Management B.V., which is the director of the Issuer. The sole shareholder of each of Amsterdamsch Trustee's Kantoor B.V. and ATC Management B.V. is Amsterdam Trust Corporation B.V.



## TERMS AND CONDITIONS OF THE NOTES

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

The issue of the euro 1,006,500,000 Senior Class A1 Mortgage-Backed Notes 2001 due 2031 (the '**Senior Class A1 Notes**'), the euro 500,000,000 5.207 per cent. Senior Class A2 Mortgage-Backed Notes 2001 due 2031 (the '**Senior Class A2 Notes**' and together with the Senior Class A1 Notes, the '**Senior Class A Notes**'), the euro 97,500,000 5.587 per cent. Mezzanine Class B Mortgage-Backed Notes 2001 due 2031 (the '**Mezzanine Class B Notes**'), the euro 36,000,000 6.157 per cent. Junior Class C Mortgage-Backed Notes 2001 due 2031 (the '**Junior Class C Notes**') and the euro 18,000,000 Subordinated Class D Notes 2001 due 2031 (the '**Subordinated Class D Notes**'), and together with the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes, the '**Notes**') was authorised by a resolution of the managing director of Delphinus 2001-II B.V. (the '**Issuer**') passed on 26 November 2001. The Notes are issued under a Trust Deed dated 28 November 2001 (the '**Trust Deed**') between the Issuer and Stichting Security Trustee Delphinus 2001-II (the '**Security Trustee**').

---

65

---

The statements in these terms and conditions of the Notes (the '**Conditions**') include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the '**Coupons**'), the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a Paying Agency Agreement (the '**Paying Agency Agreement**') dated 28 November 2001 between the Issuer, the Security Trustee, Fortis Bank nv-sa as principal paying agent (the '**Principal Paying Agent**') and Fortis Bank (Nederland) N.V. as paying agent (the '**Paying Agent**'), together with the Principal Paying Agent, the '**Paying Agents**') and Fortis Bank nv-sa as reference agent (the '**Reference Agent**'), (iii) a Servicing Agreement (the '**Servicing Agreement**') dated 28 November 2001 between – inter alia – the Issuer, ATC Financial Services B.V. as the '**Company Administrator**', ASR Bank as '**Pool Servicer**' and the Security Trustee, (iv) a deed of surety (the '**Deed of Surety**') dated 28 November 2001 between the Security Trustee and – inter-alia – the Managers as initial holders of the Notes (the '**Noteholders**'), (v) a pledge agreement dated 28 November 2001 between the Seller, the Security Trustee and the Issuer, (vi) a pledge agreement dated 28 November 2001 between the Seller and the Issuer and (vii) a pledge agreement dated 28 November 2001 between the Issuer, the Security Trustee and others (jointly with the two other pledge agreements referred to under (v) and (vi) above, the '**Pledge Agreements**').

Certain words and expressions used below are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated 27 November 2001 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 either the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D Notes, as the case may be.

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

### 1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 500,000 each. Under Netherlands law, the valid transfer of Notes requires, inter alia, delivery ('*levering*') thereof. The Issuer, the Security Trustee and the Paying Agents may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof)

including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

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

- (a) The Notes of each Class, are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class;
- (b) In accordance with the provisions of Conditions 4, 6 and 9, the Trust Deed and the Deed of Surety (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 and (ii) payments of principal and interest on the Junior Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes and (iii) payments of principal and interest on the Subordinated Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes;
- (c) The security for the obligations of the Issuer towards the Noteholders (the '**Security**') will be created pursuant to, and on the terms set out in, the Deed of Surety and the Pledge Agreements, which will create the following security rights:
- (i) a deed of surety ('borgtocht') on a limited recourse basis by the Security Trustee, *inter alia*, to the Noteholders;
  - (ii) a first ranking pledge by the Seller to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights;
  - (iii) a second ranking pledge by the Seller to the Issuer over the Mortgage Receivables and the Beneficiary Rights; and
  - (iv) a first ranking pledge by the Issuer to the Security Trustee on the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the Company Administrator under or in connection with the Servicing Agreement; (c) against the Pool Servicer under or in connection with the Servicing Agreement; (d) against the Swap Counterparty or, as the case may be, the Swap Guarantor under or in connection with the Swap Agreement; (e) against the Floating Rate GIC Provider or, as the case may be, the Floating Rate GIC Guarantor under or in connection with the Floating Rate GIC; (f) against the Liquidity Facility Provider or, as the case may be, the Liquidity Facility Guarantor under or in connection with the Liquidity Facility Agreement; (g) against the Insurance Companies under the Sub-Participation Agreement; (h) against the Put Option Provider under or in connection with the Put Option Agreement, and (i) against the Floating Rate GIC Provider, or, as the case may be, the Floating Rate GIC Guarantor, in respect of the Transaction Accounts.
- (d) The Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be secured (directly and/or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes, the Mezzanine Class B Notes will rank in priority to the Junior Class C Notes and the Subordinated Class D Notes and the Junior Class C Notes will rank in priority to the Subordinated Class D 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 Junior Class C Noteholders and the Subordinated Class D Noteholders, as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the Senior Class A Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A Noteholders on one hand and the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D 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 Junior Class C Noteholders and the Subordinated Class D Noteholders on the other hand and, if no Mezzanine Class B Notes are outstanding, to have regard only to the interests of the Junior Class C Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Junior Class C Noteholders on the one hand and the Subordinated Class D Noteholders on the other hand. In addition,

the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict of interest between the Secured Parties the priority of payments set forth in the Trust Deed determines which interest of which Secured Party prevails.

### 3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and accounting practice and shall not, except to the extent permitted by the Mortgage Receivables Purchase Agreement, the Servicing Agreement, the Pledge Agreements, the Deed of Surety, the Swap Agreement, the Floating Rate GIC, the Sub-Participation Agreement, the Liquidity Facility Agreement, the Note Purchase Agreements, the Notes, the Paying Agency Agreement, the Beneficiary Waiver Agreement, the Put Option Agreement and the Trust Deed (together the '**Relevant 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 28 November 2001 relating to the issue of the Notes and as contemplated in the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Deed of Surety, the Pledge Agreements, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking; or
- (g) have an interest in any bank account other than the Master Collection Account and the Reserve Account, unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(iv).

### 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 part only of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgement) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent or 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 (a) on the basis of the actual number of days in the relevant Fixed Interest Period (as defined below) concerned divided by 365 days, or in the case of an Annual Payment Date falling in a leap year, 366 days and (b) on the basis of actual days elapsed in the Floating Interest Period divided by 360 days.

(b) *Floating and Fixed Interest Periods and Payment Dates*

Interest on the Senior Class A1 Notes and the Subordinated Class D Notes shall be payable by reference to successive interest periods (each a '**Floating Interest Period**') and will be payable in arrears in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Senior Class A1 Notes or the Subordinated Class D Notes, respectively, on the 28th day of November, February, May and August 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 28th day) in each year (each such day being a '**Quarterly Payment Date**'). A '**Business Day**' means a day on which banks are open for business in Amsterdam, London and Brussels, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement European Transfer System ('**TARGET System**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro.. Each successive Floating Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Interest Period, which will commence on the Closing Date and end (but exclude) the Quarterly Payment Date falling in February 2002.

Interest on the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes shall be payable by reference to successive interest periods (each a '**Fixed Interest Period**') and will be payable in arrears in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes on the 28th day of November (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 28th day in each year (each such day being an '**Annual Payment Date**'). Each successive Fixed Interest Period will commence on (and include) an Annual Payment Date and end on (but exclude) the next succeeding Annual Payment Date, except for the first Fixed Interest Period, which will commence on (and include) the Closing Date and will end on (but exclude) the Annual Payment Date falling in November 2002.

(c) *Interest on the Senior Class A1 Notes and the Subordinated Class D Notes*

Interest on the Senior Class A1 Notes and the Subordinated Class D Notes for each Floating Interest Period from the Closing Date will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ('*Euribor*') for three months deposits, increased with, in respect of the Senior Class A1 Notes up to the first Optional Redemption Date (as defined below):

- (i) for the Senior Class A1 Notes, a margin of 0.29 per cent. per annum; and
- (ii) for the Subordinated Class D Notes a margin of 2.35 per cent. per annum.

(d) *Interest on the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes*

Up to the first Optional Redemption Date (as defined in Condition 6), the rate of interest applicable to (i) the Senior Class A2 Notes shall be 5.207 per cent. per annum, (ii) the Mezzanine Class B Notes shall be 5.587 per cent. per annum, and (iii) the Junior Class C Notes shall be 6.157 per cent. per annum, payable, in respect of each Fixed Interest Period, in arrears on each Annual Payment Date.

(e) *Interest following Redemption Date*

If following the first Optional Redemption Date (as defined in Condition 6) the Notes of any Class, other than the Subordinated Class D Notes, have not been redeemed in full, the rate of interest applicable to the relevant Class of Notes will be equal to the sum of Euribor for three months deposits, payable by reference to Floating Interest Periods on each Quarterly Payment Date, increased with:

- (i) for the Senior Class A Notes, a margin of 1 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 1.75 per cent. per annum; and
- (iii) for the Junior Class C Notes, a margin of 3 per cent. per annum.

(f) *Euribor*

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

- (i) The Reference Agent will obtain for each Floating Interest Period the rate equal to the sum of the Euro Interbank Offered Rate ('**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) as at or about 11:00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating Interest Period (each an '**Interest Determination Date**').

- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI – The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
  - (A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the '**Reference Banks**') to provide a quotation for the rate at which three months Euro deposits are offered by it in the Euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and
  - (B) determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
- (iii) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the Euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for one month deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and the Euribor for such Floating 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 (f), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Floating Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Interest Period will be Euribor last determined in relation thereto.

*(g) Determination of the 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 (c) and (e) above for each relevant Class of Notes (the '**Floating Rate of Interest**') and calculate the amount of interest payable on this Class of Notes for the following Floating Interest Period (the '**Floating Interest Amount**') by applying the relevant Floating Rate of Interest to the Principal Amount Outstanding of the relevant Class of Notes. The determination of the relevant Floating Rate of Interest and the Floating Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

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

The Reference Agent will cause the relevant Floating Rate of Interest and the relevant Floating Interest Amount and the Quarterly Payment Date applicable to each relevant Class of Notes to be notified to the Issuer, the Security Trustee, the Paying Agents, the Company Administrator, Euronext Amsterdam N.V. and to the holders of such Class of Notes by an advertisement in the English language in the Official Price List of Euronext Amsterdam N.V. ('*Officiële Prijscourant*'). The Floating Interest Amount and Quarterly Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Interest Period.

*(i) Determination or Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the relevant Floating Rate of Interest or fails to calculate the relevant Floating Interest Amount in accordance with paragraph (g) above,

the Security Trustee shall determine the relevant Floating Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (g) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Floating Interest Amount in accordance with paragraph (g) above, and each such determination or calculation shall be final and binding on all parties.

(j) *Reference Banks and Reference Agent*

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

**5. Payment**

- (a) Payment of principal and interest in respect of 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. All payments of interest shall be made outside the United States.
- (b) At the Final Maturity Date (as defined in Condition 6), or such earlier date 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).
- (c) If the relevant Quarterly Payment Date or Annual Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an Euro account as referred to above, the Paying Agents shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands. The names of the Paying Agents and of their offices are set out below.
- (d) 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 Euronext Amsterdam shall be located in the Netherlands. Notice of any termination or appointment of a Principal Paying Agent or a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 13.

**6. Redemption and purchase**

(a) *Final redemption*

Unless previously redeemed as provided below, the Issuer will redeem the Senior Class A Notes, the

Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes at their Principal Amount Outstanding on the Quarterly Payment Date falling in November 2031 (the '**Final Maturity Date**'), whereby the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be redeemed in accordance with and subject to Condition 9(b).

(b) *Mandatory redemption*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Notes Redemption Available Amount (as defined below) to redeem (or partially redeem) on a pro rata basis (i) on the Quarterly Payment Date falling in February 2007 and on each Quarterly Payment Date thereafter up to (but excluding) the first Optional Redemption Date (as defined in Condition 6(e)) the Senior Class A1 Notes at their Principal Amount Outstanding, (ii) on each Optional Redemption Date the Senior Class A1 Notes (if applicable), the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes at their Principal Amount Outstanding in the following order, (a) firstly, pro rata and pari passu, the Senior Class A1 Notes and the Senior Class A2 Notes, until fully redeemed, and, thereafter, (b) the Mezzanine Class B Notes until fully redeemed and, thereafter, (c) the Junior Class C Notes until fully redeemed.

The principal amount so redeemable in respect of each Note (each a '**Principal Redemption Amount**') on the relevant Optional Redemption Date or in respect of the Senior Class A1 Notes, the relevant Quarterly Payment Date, shall be the Notes Redemption Available Amount on the Calculation Date relating to that Quarterly Payment Date or, as the case may be, the Optional Redemption Date divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) *Definitions*

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

The '**Principal Amount Outstanding**' on any Calculation Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note that have become due and payable prior to such Calculation Date.

'**Notes Redemption Available Amount**' shall mean, on any Calculation Date, the aggregate amount received by the Issuer during the immediately preceding Calculation Period:

- (a) by means of 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, and, furthermore, excluding amounts paid as partial prepayments on the Investment Savings Mortgage Receivable and, as the case may be, the Savings Mortgage Receivables, less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, Savings Mortgage Receivable, the Participation in such Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable;
- (b) as Net Proceeds (as defined in Condition 6(b)) on any Mortgage Receivable, to the extent such proceeds relate to principal less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, Savings Mortgage Receivable, the Participation in such Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable;
- (c) in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, Savings Mortgage Receivable, the Participation in such Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable;

- (d) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed or the Put Option Agreement to the extent such amounts relate to principal less, with respect to each Investment Savings Mortgage Receivable and, as the case may be, Savings Mortgage Receivable, the Participation in such Investment Savings Mortgage Receivable or, as the case may be, Savings Mortgage Receivable, as the case may be, if and to the extent such Participation is terminated;
- (e) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Servicing Agreement;
- (f) as Participation Increase pursuant to the Sub-Participation Agreement;
- (g) as partial prepayment in respect of Mortgage Receivables;
- (h) any part of the Notes Redemption Available Amount calculated on the immediately preceding Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;

**'Net Proceeds'**, shall mean (a) the proceeds of a foreclosure on the mortgage right, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to life insurance and fire insurance, (d) the proceeds of any guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs;

**'Calculation Date'** means, in relation to a Quarterly Payment Date or, as the case may be, Annual Payment Date, the third business day prior to such Quarterly Payment Date or Annual Payment Date;

**'Calculation Period'** means, in relation to a Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Calculation Date;

**'Mortgage Calculation Period'** means the period commencing on (and including) the sixth day of each calendar month and ending on (and including) the fifth day of the following calendar month.

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

- (i) On each Calculation Date, the Issuer shall determine (or cause the Company Administrator to determine) (a) the Principal Redemption Amount and, as the case may be, the Further Redemption Available Amount and (b) the Principal Amount Outstanding of the relevant Note on the first day following the Quarterly Payment Date or, as the case may be, the Annual 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 N.V. and to the holders of Notes by an advertisement in the English language in the Official Price List of Euronext Amsterdam N.V. (*'Officiële Prijscourant'*). If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date or, as the case may be, the Annual 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 Company 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 (c) and paragraph (b) above (but based upon the information in its possession as to the Notes Redemption Available Amount each such determination or calculation shall be deemed to have been made by the Issuer.



(e) *Optional redemption*

Unless previously redeemed in full, the Issuer may, at its option, on giving not more than 60 nor less than 30 days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, on the Quarterly Payment Date falling in November 2011 (or, if such day is not a Business Day (as defined above) 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 28th day) and on any Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') redeem all of the Notes, other than the Subordinated Class D Notes, in whole but not in part, at their Principal Amount Outstanding on such date. In the event that on such Optional Redemption Date there is a Junior Class C Principal Shortfall or, as the case may be, a Mezzanine Class B Principal Shortfall in respect of the Junior Class C Notes or the Mezzanine Class B Notes, respectively, the Issuer may, at its option, subject to Condition 9 (b), partially redeem all (but not some only) Junior Class C Notes or, as the case may be, Mezzanine Class B Notes at their Principal Amount Outstanding less the Junior Class C Principal Shortfall or, as the case may be, Mezzanine Class B Principal Shortfall. Following such redemption the Principal Amount Outstanding of such Junior Class C Notes or, as the case may be, Mezzanine Class B Notes shall be reduced accordingly and be equal to the Junior Class C Principal Shortfall or, as the case may be, the Mezzanine Class B Principal Shortfall. The '**Junior Class C Principal Shortfall**' shall mean an amount equal to the quotient of the balance on the Class C Principal Deficiency Ledger divided by the number of Junior Class C Notes then outstanding on such Optional Redemption Date. The '**Mezzanine Class B Principal Shortfall**' shall mean an amount equal to the quotient of the balance on the Class B Principal Deficiency Ledger divided by the number of Mezzanine Class B Notes then outstanding on such Optional Redemption Date.

(f) *Redemption of Subordinated Class D 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 Amount, if and to the extent that all payments ranking above item (p) in the Interest Priority of Payments have been made in full, to redeem (or partially redeem) on a pro rata basis the Subordinated Class D Notes on each Quarterly Payment Date until fully redeemed.

(g) *General*

In the event of certain tax changes affecting the Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), the Issuer 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 interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions. No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

**7. Taxation**

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders.

**8. Prescription**

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

**9. Subordination**

(a) *Interest*

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

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

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

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

*(b) Principal*

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Annual Payment Date or, as the case may be, 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 Payment Date shall not exceed its Principal Amount Outstanding less the Mezzanine Class B Principal Shortfall on such Payment Date. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero, the Junior Class C Noteholders will not be entitled to any repayment of principal in respect of the Junior Class C Notes. If, on any Annual Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class C Note on such Payment Date shall not exceed its Principal Amount Outstanding less the quotient of the balance on the Class C Principal Deficiency Ledger on such Payment Date, divided by the number of Junior Class C Notes then outstanding. The Junior Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class C Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which there are no balances standing to the credit of the Transaction Accounts.

The Subordinated Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class D Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which there are no balances standing to the credit of the Transaction 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 D Notes or, as the case may be, the Junior 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 D Notes or, as the case may be, the Junior Class C Notes, or, as the case may be, the Mezzanine Class B Notes, the Subordinated Class D Noteholders or, as the case may be, the Junior 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, and if so directed by an Extraordinary Resolution of the Senior Class A Noteholders or if no Senior Class A Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class B Noteholders, or if no Senior Class A Notes and Mezzanine Class B Notes are outstanding, by an Extraordinary Resolution of the Junior Class C Noteholders or, if no Senior Class A Notes, Mezzanine Class B Notes and Junior Class C Notes are outstanding, by an Extraordinary Resolution of the Subordinated Class D Noteholders (subject, in each case, to being indemnified to its satisfaction) (in each case, the '**Relevant Class**') shall (but in the case of the occurrence of any of the events mentioned in (b) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Relevant Class) give notice (an '**Enforcement Notice**') to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur:

- (a) default is made for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the Relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty (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 or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*'akkoord'*) with its creditors; or
- (f) the Issuer files a petition for a suspension of payments (*'surséance van betaling'*) or for bankruptcy (*'faillissement'*) or is declared bankrupt,

---

76

---

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

#### **11. Enforcement**

- (a) At any time after the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Deed of Surety, including the making of a demand for payment thereunder, the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the 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 Junior Class C Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes and the Junior Class C Notes have been fully paid, the Subordinated Class D Noteholders and (ii) it shall have been indemnified to its satisfaction.
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders 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 latest maturing Note is paid in full. The Noteholders accept and agree that, apart from any recourse claims in connection with the Deed of Surety, 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 Relevant Documents without accounting for any profit resulting from such transaction.

#### **13. Notices**

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands, 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 N.V., in the English language in the Official Price List (*'Officiële Prijscourant'*) of Euronext Amsterdam N.V.. Any such notice shall be deemed to have been given on the first date of such publication.

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

- (a) The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such class of Notes referred to below as a '**Basic Terms Change**') shall be effective 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 is adopted with not less than a two-third majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that (for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented, except if the Extraordinary Resolution relates to the removal and replacement of any or all of the managing directors of the Security Trustee, in which case at least 30 per cent. of the Notes of the relevant Class should be represented.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, the Mezzanine Class B Notes, the Junior Class C Notes or the Subordinated Class D 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 Junior Class C Notes or the Subordinated Class D 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 Junior Class C Noteholders and/or the Subordinated Class D Noteholders.

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

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

- (b) The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified Moody's and Fitch and (ii) Moody's and Fitch 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) 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 Junior Class C Noteholders and the Subordinated Class D Noteholders each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

#### **15. Replacements of Notes and Coupons**

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

#### **16. Governing Law**

The Notes and Coupons are governed by, and will be construed in accordance with, the laws of the Netherlands. In relation to any legal action or proceedings arising out of or in connection with the Notes and Coupons the Issuer irrevocably submits to the jurisdiction of the District Court in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the holders of the Notes and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

#### **17. Additional obligations**

For as long as the Notes are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V., 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 N.V. or any amended form 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 A1 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 1,006,500,000, (ii) in the case of the Senior Class A2 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 500,000,000, (iii) in the case of the Mezzanine Class B Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 97,500,000, (iv) in the case of the Junior Class C Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 36,000,000 and (v) in the case of the Subordinated Class D Notes a Temporary Global Note in bearer form without coupons, in the principal amount of euro 18,000,000. Each Temporary Global Note will be deposited with Fortis Bank nv-sa, as common depository for Euroclear Bank S.A./N.V., as operator of Euroclear and Clearstream, Luxembourg on or about 28 November 2001. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Notes (the *'Exchange Date'*) for interests in a permanent global note (each a **'Permanent Global Note'**), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression **'Global Notes'** meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression **'Global Note'** means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class, the Permanent Global Note will remain deposited with the common depository.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for 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 to the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

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

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication 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 principal amount of that Class of Notes and the expression **'Noteholder'** shall be construed accordingly, but without prejudice to the entitlement of the bearer of relevant Global Note to be paid principal thereon and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued by Euroclear or Clearstream, Luxembourg as to the persons shown in its records as being entitled to such Notes and the respective principal amount of such Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after 28 November 2001, the Issuer or the Principal Paying Agent or Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

---

80

- (i) Senior Class A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A1 Notes;
- (ii) Senior Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A2 Notes;
- (iii) Mezzanine Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B Notes;
- (iv) Junior Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Junior Class C Notes; and
- (v) Subordinated Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class D Notes;

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



## TAXATION IN THE NETHERLANDS

The information given below is neither intended as a tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Notes. Prospective purchasers are advised to acquaint themselves with the overall tax consequences of purchasing, holding and/or selling the Notes or Coupons.

The Issuer has been informed that under the current tax law and jurisprudence of the Netherlands:

- A) All payments by the Issuer in respect of the Notes or Coupons can be made without withholding or deduction for or because of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Netherlands tax authorities or any political subdivision thereof or therein. If, in the future, the withholding or deduction of such taxes, duties or charges should be required by law, the Issuer will withhold or deduct such taxes, duties or charges for the account of the Noteholders or Couponholders and shall not pay any additional amounts to the Noteholders or Couponholders in respect of the aforementioned withholdings or deductions.
- B) A holder of a Note or Coupon, who derives income from such Note or Coupon or who realises a gain on the disposal or redemption of a Note or Coupon, will not be subject to Netherlands taxation on income or capital gains, unless:
- (i) the holder is, or is deemed to be, resident in the Netherlands; or
  - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
  - (iii) the holder has a substantial interest, whether deemed or actual, in the Issuer and the substantial interest does not form part of the business assets of the holder; or
  - (iv) the holder is a natural person who is associated (as defined in articles 3.91(2)(b) and 3.92(2)(b),(3) of the Income Tax Act of 2001) with another natural person who has a substantial interest in the Issuer; or
  - (v) the holder is a natural person and such income or gain is attributable to activities in the Netherlands, other than business or employment activities (*'belastbaar resultaat uit overige werkzaamheden'*).

In general, under most treaties for the avoidance of double taxation with respect to taxes on income to which the Netherlands is a party, the Netherlands do not have the right to levy taxes on such income or gain in the situations mentioned under d) and e) above, unless the holder has a fixed base in the Netherlands, to which such income or gain is attributable.

- C) If the holder is, or is deemed to be, resident in the Netherlands and income or gains in respect of the Notes and/or Coupons is not attributable to an enterprise of such a holder, and such a holder cannot be considered as deriving income as meant under (B) condition (iv) or (v) in respect of the Notes and/or Coupons, the actual income derived from and the actual gains realized on the Notes and/or Coupons will not be taxable. In that case taxable income (i.e. income from savings and investment) is determined on the basis of a presumptive, or deemed, return on capital, rather than on the basis of actual income (such as interest actually received). This deemed return has been fixed at 4% of average net capital, that is, assets less qualifying liabilities, measured over the year from 1 January to 31 December. The 4% is applied after deduction of an exempt amount (EUR 17,600). The deemed income is then taxed at a flat rate of 30%.
- D) There will be no Netherlands gift, estate or inheritance taxes levied on the transfer of a Note or Coupon by way of gift by a holder, or on the death of a holder, unless:
- (i) the holder is, or is deemed to be, resident in the Netherlands;
  - (ii) the transfer is construed as an inheritance or as a gift made by or on behalf of a person who at the time of the gift or death, is, or is deemed to be, resident in the Netherlands; or
  - (iii) such a Note or Coupon is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in the Netherlands.

- E) There will be no registration tax, capital transfer tax, customs duty, stamp duty, property transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer, execution, delivery and enforcement by legal proceedings of the Notes or Coupons or the performance of the Issuer's obligations under the Relevant Documents.
- F) No value added tax will be due in the Netherlands in respect of payments in consideration of the issue of the Notes, neither in respect of payments of interest and principal or in respect of the transfer of a Note or Coupon.
- G) A holder of a Note or Coupon will not become and will not be deemed to be, resident in the Netherlands by the sole virtue of holding such Note or Coupon or the execution, performance, delivery and/or enforcement of the Relevant Documents.

## PURCHASE AND SALE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Fortis Bank nv-sa, ABN AMRO Bank N.V., BNP Paribas acting through its London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Bank Brussel Lambert N.V., MERRILL LYNCH INTERNATIONAL and Salomon Brothers International Limited (together, the '**Class A1 Managers**') have, pursuant to a note purchase agreement dated 27 November 2001, among the Class A1 Managers, the Issuer and the Seller (the '**Class A1 Note Purchase Agreement**'), jointly and severally agreed with the Issuer, subject to certain conditions, to purchase the Senior Class A1 Notes at their issue price. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Fortis Bank nv-sa (the '**Class A2, B, C and D Managers**') have, pursuant to a note purchase agreement dated 27 November 2001, among the Class A2, B, C and D Managers, the Issuer and the Seller (the '**Class A2, B, C and D Note Purchase Agreement**' and together with the Class A1 Note Purchase Agreement, the '**Note Purchase Agreements**'), agreed with the Issuer, subject to certain conditions, to purchase the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes at their respective issue prices. The Class A1 Managers, the Class A2, C and D Managers are together referred to as the '**Managers**'. The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the relevant Class of Notes.

### United Kingdom

Each of the Managers has agreed that (i) it has not offered or sold and, prior to the expiration of the period of six months from the Closing Date, will not offer or sell any Notes to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 and, after they come into force, all applicable provisions of the Financial Services and Markets Act 2000, with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom before the repeal of Section 57 of the Financial Services Act 1986 any document received by it in connection with the issue of the Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on. After the repeal of Section 57 of the Financial Services Act 1986, it 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 Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 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**') and are subject to U.S. Tax law requirements. 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, United States Persons.

Each Manager has agreed that it will not offer, sell or deliver the Notes within the United States or to United States persons except as permitted by the Note Purchase Agreements.

In addition, until 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.

As applicable, terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act and the U.S. Internal Revenue Code and regulations thereunder.

### **France**

Each of the Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and that it has not distributed or caused to be distributed and has undertaken that it will not distribute or cause to be distributed this Offering Circular or any amendment or supplement to it or any other offering material relating to the Notes to the public in the Republic of France. The Issuer has undertaken not to offer, directly or indirectly, any Notes to the public in the Republic of France.

### **Germany**

Each of the Managers has acknowledged that the Notes are subject to the restrictions provided in the Securities Selling Prospectus Act of the Federal Republic of Germany (*'Wertpapier-Verkaufsprospektgesetz'*) of December 13, 1990, as amended (the **'Securities Selling Prospectus Act'**) with respect to Euro-Securities (*'Euro-Wertpapiere'*); in particular, the Notes may not be offered in Germany by way of public promotions. Each of the Managers represents and confirms that it is aware of the fact that no German selling prospectus (*'Wertpapier-Verkaufsprospekt'*) has been or will be published in respect of the Notes and that it will comply with the Securities Selling Prospectus Act. In particular, each Manager undertakes not to engage in public offerings in the Federal Republic of Germany with respect to the Notes otherwise than in accordance with the Securities Selling Prospectus Act and any other act replacing or supplementing such Act, and all other applicable laws and regulations.

### **General**

The distribution of this Offering Circular and the offering 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 26 November 2001.
2. The Senior Class A1 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 13934851 and ISIN XS 0139348519 and Fondscodex 13756.
3. The Senior Class A2 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 13934924 and ISIN XS 0139349244 and Fondscodex 13757.
4. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 13934991 and ISIN XS 0139349913 and Fondscodex 13758.
5. The Junior Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 13935050, ISIN XS 0139350507 and Fondscodex 13759.
6. The Subordinated Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 13935106, ISIN XS 0139351067 and Fondscodex 13760.
7. There has been no material adverse change in the financial position or prospects of the Issuer since 26 November 2001.
8. Ernst & Young Accountants have given and have not withdrawn its written consent to the issue of this offering circular with their report included herein in the form and context in which it appears.
9. Since its incorporation, the Issuer is not involved in any legal or arbitration proceedings which may have a significant effect on the Issuer's financial position nor, 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 Note Purchase Agreements;
  - (iv) the Paying Agency Agreement;
  - (v) the Trust Deed;
  - (vi) the Deed of Surety;
  - (vii) the Trustee Pledge Agreement I;
  - (viii) the Trustee Pledge Agreement II;
  - (ix) the Company Pledge Agreement;

- (x) the Servicing Agreement;
- (xi) the Sub-Participation Agreement;
- (xii) the Floating Rate GIC Agreement;
- (xiii) the Swap Agreement;
- (xiv) the Liquidity Facility Agreement;
- (xv) the Beneficiary Waiver Agreement;
- (xvi) the Master Definitions Agreement;
- (xvii) the Put Option Agreement.

11. The audited financial statements of the Issuer prepared annually and a quarterly report prepared by the Company Administrator on the performance of the transaction (including the Mortgage Receivables) will be made available, free of charge, at the specified offices of the Paying Agent.
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. US Taxes:  
The Notes will bear a legend to the following effect: *'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.'*  
The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
14. This Offering Circular constitutes a prospectus for the purpose of the Listing and Issuing Rules of Euronext Amsterdam.

ANNEX

Delphinus 2001-II B.V. Base Case Cashflows (assuming exercise of the call option and 8% CPR)

Class	A1 Notes	A2 Notes	B Notes	C Notes	D Notes
Coupon	3m L + 0.29%	Annual 5.207%	Annual 5.587%	Annual 6.157%	3m L + 2.35%
WAL	8.6	10.0	10.0	10.0	2.5
Dates	Principal Balance	Principal Balance	Principal Balance	Principal Balance	Principal Balance
nov-01	1,006,500,000	500,000,000	97,500,000	36,000,000	18,000,000
feb-02	1,006,500,000	500,000,000	97,500,000	36,000,000	18,000,000
mei-02	1,006,500,000	500,000,000	97,500,000	36,000,000	18,000,000
aug-02	1,006,500,000	500,000,000	97,500,000	36,000,000	18,000,000
nov-02	1,006,500,000	500,000,000	97,500,000	36,000,000	18,000,000
feb-03	1,006,500,000	500,000,000	97,500,000	36,000,000	18,000,000
mei-03	1,006,500,000	500,000,000	97,500,000	36,000,000	17,127,894
aug-03	1,006,500,000	500,000,000	97,500,000	36,000,000	15,643,875
nov-03	1,006,500,000	500,000,000	97,500,000	36,000,000	10,987,098
feb-04	1,006,500,000	500,000,000	97,500,000	36,000,000	9,498,092
mei-04	1,006,500,000	500,000,000	97,500,000	36,000,000	8,010,552
aug-04	1,006,500,000	500,000,000	97,500,000	36,000,000	6,521,176
nov-04	1,006,500,000	500,000,000	97,500,000	36,000,000	1,864,301
feb-05	1,006,500,000	500,000,000	97,500,000	36,000,000	375,843
mei-05	1,006,500,000	500,000,000	97,500,000	36,000,000	0
aug-05	1,006,500,000	500,000,000	97,500,000	36,000,000	0
nov-05	1,006,500,000	500,000,000	97,500,000	36,000,000	0
feb-06	1,006,500,000	500,000,000	97,500,000	36,000,000	0
mei-06	1,006,500,000	500,000,000	97,500,000	36,000,000	0
aug-06	1,006,500,000	500,000,000	97,500,000	36,000,000	0
nov-06	1,006,500,000	500,000,000	97,500,000	36,000,000	0
feb-07	973,336,187	500,000,000	97,500,000	36,000,000	0
mei-07	941,365,074	500,000,000	97,500,000	36,000,000	0
aug-07	910,072,902	500,000,000	97,500,000	36,000,000	0
nov-07	879,402,410	500,000,000	97,500,000	36,000,000	0
feb-08	848,918,101	500,000,000	97,500,000	36,000,000	0
mei-08	819,392,548	500,000,000	97,500,000	36,000,000	0
aug-08	790,523,600	500,000,000	97,500,000	36,000,000	0
nov-08	762,154,197	500,000,000	97,500,000	36,000,000	0
feb-09	734,328,577	500,000,000	97,500,000	36,000,000	0
mei-09	707,029,050	500,000,000	97,500,000	36,000,000	0
aug-09	680,238,497	500,000,000	97,500,000	36,000,000	0
nov-09	653,943,107	500,000,000	97,500,000	36,000,000	0
feb-10	627,927,031	500,000,000	97,500,000	36,000,000	0
mei-10	602,643,446	500,000,000	97,500,000	36,000,000	0
aug-10	577,978,394	500,000,000	97,500,000	36,000,000	0
nov-10	553,442,900	500,000,000	97,500,000	36,000,000	0
feb-11	529,682,629	500,000,000	97,500,000	36,000,000	0
mei-11	506,498,424	500,000,000	97,500,000	36,000,000	0
aug-11	483,690,344	500,000,000	97,500,000	36,000,000	0
nov-11	0	0	0	0	0

[This page is intentionally left blank.]



[This page is intentionally left blank.]

## REGISTERED OFFICES

### ISSUER

Delphinus 2001-II B.V.  
Frederik Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

### SELLER

ASR Bank N.V.  
Weena 70  
3012 CM Rotterdam  
The Netherlands

### POOL SERVICER

ASR Bank N.V.  
Weena 70  
3012 CM Rotterdam  
The Netherlands

### COMPANY ADMINISTRATOR

ATC Financial Services B.V.  
Frederik Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

### SECURITY TRUSTEE

Stichting Security Trustee Delphinus 2001-II  
Frederik Roeskestraat 123  
1076 EE Amsterdam  
The Netherlands

### LEGAL ADVISERS

#### To the Seller and the Issuer:

NautaDutilh  
Prinses Irenestraat 59  
1077 WV Amsterdam  
The Netherlands

#### To the Managers:

Freshfields Bruckhaus Deringer  
Apollolaan 151  
1077 AR Amsterdam  
The Netherlands

### TAX ADVISERS

KPMG Meijburg & Co.  
Burgemeester Rijnderslaan 10  
1185 MC Amstelveen  
The Netherlands

**PAYING AGENT**

Fortis Bank  
Rokin 55  
1012 KK Amsterdam  
The Netherlands

**PRINCIPAL PAYING AGENT AND REFERENCE AGENT**

Fortis Bank nv-sa  
Montagne du parc 3  
B-1000, Brussels  
Belgium

---

91

---

**AUDITORS**

Ernst & Young Accountants  
Marten Meesweg 51  
3068 AV Rotterdam  
The Netherlands

**LISTING AGENT**

Rabobank Nederland  
Croeselaan 18  
3521 HG Utrecht  
The Netherlands

