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## ARENA 2002-I BV

(incorporated with limited liability in the Netherlands)

- euro 605,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2002 due 2054, issue price 100 per cent.
- euro 441,000,000 5.25 per cent. Senior Class A2 Mortgage-Backed Notes 2002 due 2054, issue price 99.899 per cent.
- euro 43,000,000 5.60 per cent. Mezzanine Class B Mortgage-Backed Notes 2002 due 2054, issue price 100.019 per cent.
- euro 11,000,000 6.10 per cent. Junior Class C Mortgage-Backed Notes 2002 due 2054, issue price 99.861 per cent.
- euro 5,500,000 floating rate Subordinated Class D Notes 2002 due 2054, issue price 100 per cent.

Application has been made to list the euro 605,000,000 Senior Class A1 Mortgage-Backed floating rate Notes 2002 due 2054 (the 'Senior Class A1 Notes'), the euro 441,000,000 5.25 per cent. Senior Class A2 Mortgage-Backed Notes 2002 due 2054 (the 'Senior Class A2 Notes' and together with the Senior Class A1 Notes, the 'Senior Class A Notes'), the euro 43,000,000 5.60 per cent. Mezzanine Class B Mortgage-Backed Notes 2002 due 2054 (the 'Mezzanine Class B Notes'), the euro 11,000,000 6.10 per cent. Junior Class C Mortgage-Backed Notes 2002 due 2054 (the 'Junior Class C Notes') and the euro 5,500,000 floating rate Subordinated Class D Notes 2002 due 2054, (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') on the Official Segment of the stock market of Euronext Amsterdam N.V. ('Euronext Amsterdam'). This Offering Circular constitutes a prospectus for the purpose of the listing and issuing rules of Euronext Amsterdam N.V. The effective yield to the first Optional Redemption Date (as defined below) of the Senior Class A2 Notes at their issue price shall be 5.275 per cent. The effective yield to the first Optional Redemption Date of the Mezzanine Class B Notes at their issue price shall be 5.605 per cent. The effective yield to the first Optional Redemption Date of the Junior Class C Notes at their issue price shall be 6.135 per cent. The Notes are expected to be issued on 27 June 2002.

The Senior Class A1 Notes and the Subordinated Class D Notes will carry a floating rate of interest, payable quarterly in arrear, which will be for the Senior Class A1 Notes three months Euribor plus, initially, a margin of 0.20 per cent. per annum and for the Subordinated Class D Notes three months Euribor plus, initially, a margin of 1.12 per cent. per annum. The Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes will, initially, carry fixed rates of interest, payable annually in arrear, which will be for the Senior Class A2 Notes 5.25 per cent., for the Mezzanine Class B Notes 5.60 per cent. and for the Junior Class C Notes 6.10 per cent. If on the Quarterly Payment Date falling in June 2009 the Notes of the relevant Class will not be redeemed in full, in accordance with the terms and conditions of the Notes (the 'Conditions'), the interest for the Principal Amount Outstanding (as defined in the Conditions) on the relevant Class of Notes will be equal to three months Euribor, plus a margin per annum which will be for the Senior Class A1 Notes 1.00 per cent., for the Senior Class A2 Notes 1.00 per cent., for the Mezzanine Class B Notes 1.50 per cent., for the Junior Class C Notes 3.00 per cent. and for the Subordinated Class D Notes 5.00 per cent., payable quarterly in arrear.

The Notes are scheduled to mature on the Quarterly Payment Date falling in June 2054 (the 'Final Maturity Date'). On the Quarterly Payment Date falling in September 2002 and on each Quarterly Payment Date (as defined in Condition 4(b)) thereafter, the Senior Class A1 Notes and the Subordinated Class D Notes will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with the Conditions. On the first Optional Redemption Date and on each Quarterly Payment Date thereafter the Issuer will have the option to redeem all (but not some only) of the Notes then outstanding at their Principal Amount Outstanding, subject to and in accordance with the Conditions. Unless previously redeemed in full, the Notes of the relevant Class will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with the conditions on the first Optional Redemption Date and each Quarterly Payment Date thereafter. In case the withholding or deduction of taxes, duties, assessments or charges are required by law in respect of payments of principal and/or interest of the Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the Noteholders.

It is a condition precedent to issuance that the Senior Class A Notes, on issue, be assigned an "Aaa" rating by Moody's Investors Service Limited ('Moody's') and an "AAA" rating by Fitch Ratings Ltd ('Fitch'), the Mezzanine Class B Notes, on issue, be assigned at least an "A1" rating by Moody's and an "A+" rating by Fitch, the Junior Class C Notes, on issue, be assigned at least a "A3" rating by Moody's and a "BBB+" rating by Fitch and the Subordinated Class D Notes, on issue, be assigned at least a "Baa1" rating by Moody's and a "BBB" rating by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Particular attention is drawn to the section herein titled *Special Considerations*.

The Notes will be secured directly by a deed of surety from Stichting Security Trustee Arena 2002-I (the 'Security Trustee'), and indirectly by a pledge over the Mortgage Receivables and the Beneficiary Rights (as described below) and a pledge over 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 not earlier than 40 days after the Closing Date as defined below 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 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.

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 Sellers, the Insurance Company, the Managers, the MPT Provider, the Defaulted Loan Servicer, the Company Administrator, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Swap Counterparty, the Paying Agent, the Reference Agent (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 Sellers, the Insurance Company, the Managers, the MPT Provider, the Defaulted Loan Servicer, the Company Administrator, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Swap Counterparty, the Paying Agent, the Reference Agent 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 the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Sellers, the Insurance Company, the Managers, the MPT Provider, the Defaulted Loan Servicer, the Company Administrator, the Liquidity Facility Provider, the Floating Rate GIC Provider, the Swap Counterparty, the Security Trustee, the Paying Agent or the Reference Agent will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

**ABN AMRO**

The date of this Offering Circular is 27 June 2002

**Delta Lloyd Bank**

## IMPORTANT INFORMATION

Only the Issuer is responsible for the information contained in this Offering Circular other than the information referred to in the following two paragraphs. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, except for the information for which the Sellers and STATER Nederland B.V. are responsible, contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

The Sellers are responsible solely for the information contained in the following sections of this Offering Circular: *the Dutch Residential Mortgage Market, Delta Lloyd, Description of the Mortgage Loans, Municipality/NHG Guarantee Programme and Mortgage Loan Underwriting and Processing Activities.*

STATER Nederland B.V. is responsible solely for the information contained in the section *Stater Nederland B.V.*

This Offering Circular is to be read in conjunction with the articles of association which is deemed to be incorporated herein by reference (see *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.

Neither this Offering Circular nor any part hereof constitutes an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law. 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 the section entitled *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. Neither this Offering Circular nor any other information supplied 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.

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.

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

The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is unlawful.

The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the ‘**Securities Act**’) and may not be offered, sold or delivered in or into the United States or to or for the account or benefit of US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes are subject to US tax law requirements.

In connection with the issue of the Notes and in accordance with applicable law and regulations of and pursuant to, the Act on the Supervision of the Securities Trade 1992, ABN AMRO Bank N.V. may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which 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 “EUR” and “euro” refer to the single currency which was introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended by the Treaty on European Union).

## CONTENTS

	<i>Page</i>
SUMMARY	4
SPECIAL CONSIDERATIONS	13
CREDIT STRUCTURE	22
THE DUTCH RESIDENTIAL MORTGAGE MARKET	29
DELTA LLOYD	35
DESCRIPTION OF MORTGAGE LOANS	38
MUNICIPALITY / NHG GUARANTEE PROGRAMME	48
MORTGAGE LOAN UNDERWRITING AND MORTGAGE PROCESSING ACTIVITIES	51
STATER NEDERLAND B.V.	54
MORTGAGE RECEIVABLES PURCHASE AGREEMENT	55
ISSUER SERVICES AGREEMENT	60
SUB-PARTICIPATION AGREEMENT	61
THE ISSUER	63
USE OF PROCEEDS	64
DESCRIPTION OF SECURITY	65
THE SECURITY TRUSTEE	68
TERMS AND CONDITIONS OF THE NOTES	69
THE GLOBAL NOTES	82
TAXATION	84
PURCHASE AND SALE	86
GENERAL INFORMATION	87
ANNEX I: AMORTISATION TABLES	89

## 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.

<b>Issuer:</b>	Arena 2002-I B.V. incorporated under the laws of the Netherlands with limited liability as a “ <i>besloten vennootschap met beperkte aansprakelijkheid</i> ”, under number B.V. 1.204.054 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by the Shareholder.
<b>Sellers:</b>	Delta Lloyd Levensverzekering N.V. ( <b>‘Delta Lloyd Life’</b> ) incorporated under the laws of the Netherlands with limited liability as a “ <i>naamloze vennootschap</i> ”; Delta Lloyd Bank N.V. ( <b>‘Delta Lloyd Bank’</b> ) incorporated under the laws of the Netherlands with limited liability as a “ <i>naamloze vennootschap</i> ” and Triahome Hypotheken B.V. ( <b>‘Triahome’</b> ) incorporated under the laws of the Netherlands with limited liability as a “ <i>besloten vennootschap met beperkte aansprakelijkheid</i> ”.
<b>Insurance Company:</b>	Delta Lloyd Life.
<b>Defaulted Loan Servicer:</b>	Delta Lloyd Life.
<b>MPT Provider:</b>	Delta Lloyd Life. The MPT Provider will appoint STATER Nederland B.V., incorporated under the laws of the Netherlands with limited liability as a “ <i>besloten vennootschap met beperkte aansprakelijkheid</i> ” as its sub-agent.
<b>Company Administrator:</b>	ATC Financial Services B.V., incorporated under the laws of the Netherlands with limited liability as a “ <i>besloten vennootschap met beperkte aansprakelijkheid</i> ”.
<b>Security Trustee:</b>	Stichting Security Trustee Arena 2002-I, established under the laws of the Netherlands as a foundation (“ <i>stichting</i> ”).
<b>Shareholder:</b>	Stichting Arena Holding 2002-I, established under the laws of the Netherlands as a foundation (“ <i>stichting</i> ”).
<b>Directors:</b>	ATC Management B.V., the sole director of the Issuer, Amsterdamsch Trustee’s Kantoor B.V., the sole director of the Security Trustee and ATC Management B.V., the sole director of the Shareholder. Each of the Directors belong to the same group of companies.
<b>Swap Counterparty:</b>	Delta Lloyd Life.
<b>Liquidity Facility Provider:</b>	ABN AMRO Bank N.V. ( <b>‘ABN AMRO’</b> ), incorporated under the laws of the Netherlands with limited liability as a “ <i>naamloze vennootschap</i> ”.
<b>Floating Rate GIC Provider:</b>	ABN AMRO.
<b>Paying Agent:</b>	ABN AMRO.
<b>Reference Agent:</b>	ABN AMRO.
<b>Notes:</b>	The euro 605,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2002 due 2054 (the <b>‘Senior Class A1 Notes’</b> ), the euro 441,000,000 5.25 per cent. Senior Class A2 Mortgage-Backed Notes 2002 due 2054 (the <b>‘Senior Class A2 Notes’</b> , and together with the Senior Class A1 Notes, the <b>‘Senior Class A Notes’</b> ), the euro 43,000,000 5.60 per cent. Mezzanine Class B Mortgage-Backed Notes 2002 due 2054 (the <b>‘Mezzanine Class B Notes’</b> ), the euro 11,000,000 6.10 per cent. Junior Class C Mortgage-Backed Notes 2002 due 2054 (the <b>‘Junior Class C Notes’</b> ) and the euro 5,500,000 floating

rate Subordinated Class D Notes 2002 due 2054 (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 27 June 2002 (or such later date as may be agreed between the Issuer and the Managers).

**Issue Price:**

The issue prices of the Notes will be as follows:

- (i) the Senior Class A1 Notes 100 per cent.;
- (ii) the Senior Class A2 Notes 99.899 per cent.;
- (iii) the Mezzanine Class B Notes 100.019 per cent.;
- (iv) the Junior Class C Notes 99.861 per cent.;
- (v) the Subordinated Class D Notes 100 per cent.

**Denomination:**

The Notes will be issued in denominations of euro 500,000 each.

**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 Rate Interest Period**') and will be payable quarterly in arrear in euros in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 27 day of September, December, March and June (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next calendar month in which case the Business Day immediately preceding such 27 day), in each year (each such day being a '**Quarterly Payment Date**'). Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in September 2002.

A '**Business Day**' means a day on which banks are open for business in Amsterdam, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ('**TARGET System**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Interest on the Senior Class A1 Notes and the Subordinated Class D Notes for each Floating Rate Interest Period from the Closing Date will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits in euros (determined in accordance with condition 4(f) plus a margin which will for the Senior Class A1 Notes be equal to 0.20 per cent. per annum and for the Subordinated Class D Notes be 1.12 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 Rate Interest Period**') and will be payable per annum in euros in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 29 day of June (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each such day being an '**Annual Payment Date**'). Each successive Fixed Rate 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 Rate Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) the Annual Payment Date falling in June 2003.

The Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes will carry the following fixed rates of interest per annum:

- (i) the Senior Class A2 Notes 5.25;
- (ii) the Mezzanine Class B Notes 5.60;
- (iii) the Junior Class C Notes 6.10.

**Interest Switch:**

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

- (i) for the Senior Class A1 Notes, a margin of 1.0 per cent. per annum;
- (ii) for the Senior Class A2 Notes, a margin of 1.0 per cent. per annum;
- (iii) for the Mezzanine Class B Notes, a margin of 1.5 per cent. per annum;
- (iv) for the Junior Class C Notes, a margin of 3.0 per cent. per annum;
- (v) for the Subordinated Class D Notes, a margin of 5.0 per cent. per annum.

**Average Life:**

The estimated average life of the Notes from the Closing Date up to the Quarterly Payment Date falling in June 2009 based on a conditional prepayment rate of 8 per cent. will be as follows:

- (i) the Senior Class A1 Notes 3.7 years;
- (ii) the Senior Class A2 Notes 7 years;
- (iii) the Mezzanine Class B Notes 7 years;
- (iv) the Junior Class C Notes 7 years; and
- (v) the Subordinated Class D Notes 8 months.

The expected amortisation profile of the Senior Class A1 Notes is set out in the Annex hereto. The average life of the Notes given above should be viewed with caution; reference is made to the paragraph *Risks inherent to the Notes*.

**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 June 2054 (the '**Final Maturity Date**').

**Payment of Principal to Noteholders:**

The Issuer will be obliged to use all amounts received as principal on the Mortgage Receivables – subject to the Conditions – to (partially) redeem the Notes. The amounts available for the Noteholders will initially be passed through on a quarterly basis to the holders of the Senior Class A1 Notes until fully redeemed and from the later of (i) the date of redemption in full of the Senior Class A1 Notes and (ii) the Quarterly Payment Date falling in June 2009 to the respective Noteholders in the following order (a) firstly, the Senior Class A2 Notes until fully redeemed, (b) secondly, the Mezzanine Class B Notes until fully redeemed and (c) finally, the Junior Class C Notes until fully redeemed.

If the Senior Class A1 Notes are redeemed in full prior to the first Optional Redemption Date, the Notes Redemption Available Amount will not be used for redemption of the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes until on the first Optional Redemption Date. Instead, the Notes Redemption Available Amount will be deposited on the Issuer Collection Account or, at the option of the Issuer, be invested in

euro nominated securities with a maturity not beyond the first Optional Redemption Date either (i) which have been assigned a long term rating of Aaa by Moody's or a short term rating of Prime-1 by Moody's or (ii) of an issuing entity with a short term rating of Prime-1 by Moody's and a long term rating of Aaa by Moody's.

The Subordinated Class D Notes will be (partially) redeemed on each Quarterly Payment Date (the first of which will fall on 27 September 2002). The amount available for redemption will be the remaining amount, if any, of the Notes Interest Available Amount after payment of item (a) up to and including (l) of the Interest Priority of Payments. In addition thereto, on the relevant Optional Redemption Date or on the Final Maturity Date, as the case may be, the balance standing to the credit of the Reserve Account and any amount standing to the credit of the Issuer Collection Account (if any) after all amounts of interest and principal due in respect of the Notes, except for principal on the Subordinated Class D Notes, have been paid will be available for redemption of the Subordinated Class D Notes.

**Optional Redemption of the Notes:**

On the Quarterly Payment Date falling in June 2009 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**'), the Issuer will have the option to redeem all of the Notes, but not some only, at their Principal Amount Outstanding (as defined in the Conditions) 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, as the case may be, the Mezzanine Class B Notes at their Principal Amount Outstanding less the Junior Class C Principal Shortfall or, as the case may be, the Mezzanine Class B Principal Shortfall as provided in Condition 6(e), on such date.

**Redemption for tax reasons:**

In the event of certain tax changes affecting any Class of Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of 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 (but not some only) of the Notes 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.

**Use of proceeds:**

The Issuer will use the net proceeds from the issue of the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes and the Junior Class C Notes to pay to the Sellers (part of) the Initial Purchase Price for the Mortgage Receivables (as described below), pursuant to the provisions of an agreement dated 25 June 2002 (the '**Mortgage Receivables Purchase Agreement**') and made between the Sellers, the Issuer and the Security Trustee. See further *Mortgage Receivables Purchase Agreement* below. The Issuer will use the net proceeds from the issue of the Subordinated Class D Notes to fund the Reserve Account. See further *Credit Structure* below.

**Mortgage Receivables:**

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of any and all rights (the '**Mortgage Receivables**') of (a) Delta Lloyd Life or (b)



Triahome or (c) Delta Lloyd Bank and Delta Lloyd Life jointly, against certain borrowers (the ‘**Borrowers**’) under or in connection with certain selected Mortgage Loans (as defined below). The Mortgage Receivables relating to Savings Mortgage Loans and Life Mortgage Loans (all as defined below), will hereinafter be referred to as the ‘**Savings Mortgage Receivables**’ and the ‘**Life Mortgage Receivables**’, respectively.

**Substitution:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer shall, up to and including the Quarterly Payment Date immediately preceding the first Optional Redemption Date, on a quarterly basis apply any proceeds of the repurchase of Mortgage Receivables in connection with the granting of a further advance (see below) by the relevant Seller or, as the case may be, relevant Sellers to purchase from the relevant Seller or, as the case may be, relevant Sellers mortgage receivables (the ‘**Substitute Mortgage Receivables**’), subject to the fulfilment of certain conditions. In case the proceeds of any such repurchase of Mortgage Receivables are not applied towards the purchase of Substitute Mortgage Receivables, such proceeds will be available for redemption of the Notes. See *Mortgage Receivables Purchase Agreement* below.

**Repurchase of Mortgage Receivables:**

In the Mortgage Receivables Purchase Agreement the relevant Seller or, as the case may be, the relevant Sellers have undertaken to repurchase and accept re-assignment of a Mortgage Receivable:

- (i) in case any of the representations and warranties given by the relevant Seller or, as the case may be, relevant the Sellers in respect of the relevant Mortgage Loan and the relevant Mortgage Receivable, including the representation and warranty that the Mortgage Loan or, as the case may be, the Mortgage Receivable meets certain mortgage loan criteria, are untrue or incorrect;
- (ii) if the relevant Seller or, as the case may be, relevant Sellers agree with a Borrower to grant a further advance under a Mortgage Loan;
- (iii) if the relevant Seller or, as the case may be, the relevant Sellers agree 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;

**Mortgage Loans:**

The Mortgage Receivables to be sold by the Sellers pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by a first-ranking mortgage right or first and sequentially lower ranking mortgage rights, over residential property situated in the Netherlands and entered into by Delta Lloyd Life or Triahome or, in case of a portion of the Savings Mortgage Loans, by Delta Lloyd Life and Delta Lloyd Bank jointly, with the relevant Borrowers which meet the 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 consist of savings mortgages (“*spaarhypotheken*”), linear mortgages (“*lineaire hypotheken*”), annuity mortgages (“*annuïteiten hypotheken*”), interest only mortgages (“*aflossingsvrije hypotheken*”), universal life mortgages (“*Delta Life hypotheken*”), unit-linked mortgages (“*Meerkeuzeplan*”) and traditional life insurance mortgages (“*traditionele levenshypotheken*”). See further *Description of the Mortgage Loans* below.

**Municipality Guarantees/NHG Guarantees:**

Part of the Mortgage Loans will have the benefit of guarantees from municipalities ('**Municipality Guarantees**') or under the "*Nationale Hypotheek Garantie*" ('**NHG Guarantees**'). See further *Municipality NHG Guarantee Programme* below.

**Savings Mortgage Loans:**

It is expected that a portion of the Mortgage Loans will be in the form of savings mortgage loans, which consist of savings mortgages ("*spaarhypotheken*", hereinafter '**Savings Mortgage Loans**') entered into by Delta Lloyd Life, or, in case of a portion of the Savings Mortgage Loans, by Delta Lloyd Life and Delta Lloyd Bank together, with the relevant Borrowers combined with an insurance policy (a '**Savings Insurance Policy**') with the Insurance Company, being Delta Lloyd Life. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the Insurance Company in connection with the relevant Savings Mortgage Loan. In relation to the Savings Insurance Policies the savings part of the premium (the '**Savings Premium**') is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Insurance Company to the relevant Borrower is equal to the amount due by the Borrower to Delta Lloyd Life or, as the case may be, Delta Lloyd Life and Delta Lloyd Bank together, at maturity of the Savings Mortgage Loan. See further *Special Considerations* below.

**Sub-Participation Agreement:**

On the Closing Date, the Issuer will enter into a sub-participation agreement (the '**Sub-Participation Agreement**') with the Insurance Company under which the Insurance Company will acquire participations in the relevant Savings Mortgage Receivables. In the Sub-Participation Agreement the Insurance Company will undertake to pay to the Issuer all amounts received as Savings Premia on the Savings Insurance Policies. In return, the Insurance Company is entitled to receive the Participation Redemption Available Amount (as defined in *Sub-Participation Agreement* below) from the Issuer. The amount of the participation (the '**Participation**') with respect to a Savings Mortgage Receivable 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 received up to but excluding 1st June 2002 in the case of the Closing Date, being the amount of euro 19.786.895,66 or the first day of the month in which the relevant Quarterly Payment Date falls in case of substitution by the Insurance Company as Savings Premia and accrued interest) increased on a monthly basis with the sum of (i) the Savings Premia received by the Insurance Company and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Participation in the relevant Savings Mortgage Receivable, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable. See further *Sub-Participation Agreement* below.

**Life Mortgage Loans:**

A portion of the Mortgage Loans, not being Savings Mortgage Loans, ('**Life Mortgage Loans**'), will have the benefit of combined risk and capital insurance policies ('**Life Insurance Policies**') taken out by Borrowers with the Insurance Company or any other life insurance company ('**Life Insurance Company**'). The Life Mortgage Loans are in the form of universal life mortgages ("*Delta Life hypotheken*") or unit linked mortgages ("*Meerkeuzeplan*") or traditional life insurance mortgages ("*traditionele levenshypotheken*"). See further *Description of the Mortgage Loans* below.

**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 relevant Sellers to the Security Trustee and a second ranking pledge by the relevant Sellers to the Issuer over the Mortgage Receivables and the Beneficiary Rights (as defined below); 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 Sub-Participation Agreement, the Issuer Services Agreement, the Liquidity Facility Agreement and the Floating Rate GIC and in respect of the Transaction Accounts (each 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, *inter alia*, will consist of amounts recovered by the Security Trustee on the Mortgage Receivables and the Beneficiary Rights and amounts received by the Security Trustee as creditor under the Mortgage Receivables Purchase Agreement. 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 further *Special Considerations* below and for a more detailed description see *Description of Security* below.

**Issuer Services Agreement:**

Under a mortgage payment transactions and issuer services agreement to be entered into on the Closing Date (the ‘**Issuer Services Agreement**’) between the Issuer, the MPT Provider, the Defaulted Loan Servicer, the Company Administrator and the Security Trustee, (i) the MPT Provider will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further *Mortgage Loan Underwriting and Processing Activities* below) and (iii) 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:**

Each of the Issuer, the Shareholder and the Security Trustee have entered into a management agreement (together, the ‘**Management Agreements**’) with the relevant Director, whereunder the relevant Director will undertake to act as director of the Issuer, the Shareholder or, as the case may be, the Security Trustee and to perform certain services in connection therewith.

**Liquidity Facility:**

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

**Seller Collection Account:**

The Sellers shall maintain accounts (the ‘**Seller Collection Accounts**’) to which collections of all amounts of interest, prepayment penalties and principal received under the Mortgage Receivables will be paid. The Seller Collection Account is administered by STATER Nederland B.V.

- Issuer Collection Account:** The Issuer shall maintain with the Floating Rate GIC Provider an account (the '**Issuer Collection Account**') to which on a monthly basis all amounts from the Seller Collection Account will be transferred by the Sellers or by STATER Nederland B.V. on their behalf.
- Floating Rate GIC:** The Issuer and the Floating Rate GIC Provider will enter into a guaranteed investment contract (the '**Floating Rate GIC**') on the Closing Date, whereunder the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to one month Euribor minus a margin on the balance standing from time to time to the credit of the Issuer Collection Account and the Reserve Account (as defined in *Credit Structure* below).
- Swap Agreement:** On the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty to hedge the risk between the rates of interest to be received by the Issuer on the Mortgage Receivables and the floating rates of interest or, as the case may be, the fixed rates of interest payable by the Issuer on the relevant Class of Notes (as defined in *Credit Structure under Interest Rate Hedging* below).
- Reserve Account:** The Issuer will pay the proceeds of the Subordinated Class D Notes into an account (the '**Reserve Account**', together with the Issuer Collection Account, the '**Transaction Accounts**') held with the Floating Rate GIC Provider. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (i) in the Interest Priority of Payments (as defined in *Credit Structure* below) in the event that the Notes Interest Available Amount (as defined in *Credit Structure* below) is not sufficient to meet such payment obligations on a Quarterly Payment Date. If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts ranking higher in 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 '**Reserve Account Required Amount**'. The Reserve Account Required Amount shall on any Quarterly Calculation Date be equal to (i) 0.5 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class D Notes, on the Closing Date or (ii) 1.35 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class D Notes, on the Closing Date in case (a) the aggregate outstanding principal amount of the Mortgage Receivables in respect of which payment has been missed (i) once for an amount greater or equal to euro 1,500 or (ii) twice for an amount greater or equal to euro 1,000 or (iii) three times for an amount greater or equal to euro 500 or (iv) four times; exceeds 1.0 per cent. of the aggregate outstanding principal amount of all Mortgage Receivables; or (b) on the first Optional Redemption Date the Notes, other than the Subordinated Class D Notes, have not been redeemed in full, subject to the Conditions.
- Listing:** Application has been made for the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes to be listed on Euronext Amsterdam.
- Withholding Tax:** All payments by the Issuer in respect of the Notes or Coupons can be made without withholdings or deductions for or because of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Dutch 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. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

**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, (iii) the Junior Class C Notes, on issue, be assigned a rating of at least “A3” by Moody’s and “BBB+” by Fitch and (iv) the Subordinated Class D Notes, on issue, be assigned a rating of at least “Baa1” by Moody’s and “BBB” by Fitch.

**Governing Law:**

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

**Risk Weighting:**

The Dutch Central Bank has stated that, for credit institutions regulated by it, the risk weighting applicable to the Senior Class A Notes will be 50 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 Sellers, the Insurance Company, the Managers, the Liquidity Facility Provider, the MPT Provider, the Defaulted Loan Servicer, the Company Administrator, the Floating Rate GIC Provider, the Swap Counterparty, the Paying Agent, the Reference Agent 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 Sellers, the Insurance Company, the Managers, the Liquidity Facility Provider, the MPT Provider, the Defaulted Loan Servicer, the Company Administrator, the Floating Rate GIC Provider, the Swap Counterparty, the Paying Agent, the Reference Agent 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 Transaction Accounts. See further *Credit Structure*. In addition, the Issuer will have available to it the balances standing to the credit of the Transaction Accounts 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 Sellers. 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. 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 Agreement I and the Trustee Pledge Agreement II.

### **Transfer of Legal Title to Mortgage Receivables**

The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the Sellers to the Issuer will not be notified by the Sellers to the Borrowers except if certain events occur. For a description of these notification events reference is made to *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 relevant Seller or, as the case may be, relevant Sellers. Notification of the assignment to a Borrower after any of the Sellers has been declared bankrupt or, in respect of Triahome, after been granted a suspension of payments, or has become subject to emergency

regulations, in respect of Delta Lloyd Life or Delta Lloyd Bank 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 suspension of payments or, as the case may be, emergency regulations involving any of the Sellers, each of the Sellers 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 Mortgage Receivables and the rights of any of the Sellers as beneficiary under any Life Insurance Policy with a Life Insurance Company (“the Life Beneficiary Rights”) and a disclosed right of pledge over the rights of Triahome as beneficiary under any Insurance Policy with Delta Lloyd Life (the ‘**Triahome Beneficiary Rights**’) 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 suspension of payments or, as the case may be, emergency regulations have been declared in respect of the relevant Seller. Under Netherlands law the Issuer and the Security Trustee can, in the event of bankruptcy or suspension of payments or, as the case may be, emergency regulations in respect of any of the Sellers, exercise the rights afforded by law to pledgees as if there were no bankruptcy or suspension of payments or, as the case may be, emergency regulations. However, bankruptcy or suspension of payments or, as the case may be, emergency regulations involving any of the Sellers would affect the position of the Security Trustee and the Issuer as pledgees in some respects, the most important of which are: (i) payments made by Borrowers prior to notification but after bankruptcy or suspension of payments or, as the case may be, emergency regulations in respect of any of the Sellers 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 suspension of payments or, as the case may be, emergency regulations involving any of the Sellers (other than Delta Lloyd Life), 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 such 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 any of the Sellers 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 Sellers, 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 any of the Sellers 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 relevant 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 the paragraph *Insurance Policies* below.

The Sellers 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 relevant 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 any Seller. After notification of the assignment and/or pledges to the Borrowers, the Sellers will no longer have any set-off rights against the relevant Borrowers.

## **Mortgage Rights**

All Mortgage Receivables sold to the Issuer resulting from Mortgage Loans which were originated by the relevant Seller or, as the case may be, the relevant Sellers after 1 January 1992 but prior to 1 March 1999 will be secured by mortgage rights which secure the initial Mortgage Loan and all other amounts which the Borrower may be or become due to the relevant Seller or, as the case may be, the relevant Sellers up to the amount of his repayments or prepayments on the initial Mortgage Loan. All Mortgage Receivables sold to the Issuer resulting from Mortgage Loans which were originated following 1 March 1999 will be secured by mortgage rights which secure not only the initial Mortgage Loan but also any amounts which the Borrower may be or become due to the relevant Seller or, as the case may be, relevant Sellers under further loans and/or credits up to a maximum level. It is likely that both types of 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.

Each of the Sellers will undertake in the Mortgage Receivables Purchase Agreement to partially terminate the relevant mortgage rights securing the relevant Mortgage Receivables to the extent that the mortgage right secures other debts than the relevant Mortgage Receivables 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 paragraph *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 Sellers 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 general conditions applicable to the mortgage deeds relating to the Mortgage Loans specifically provide for a partial termination right.

Should any of the Sellers be declared bankrupt or, as the case may be, granted a suspension of payments or, as the case may be, 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 paragraph *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 as pledgees will have the benefit of a mortgage right securing such Mortgage Receivables and, if a Borrower fails 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 relevant Sellers’ administrator (in case of emergency regulations or, as the case may be, in case of suspension of payments) 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 any of the Sellers becomes subject to emergency regulations or, as the case may be, is granted a suspension of payments 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 relevant Seller’s administrator or bankruptcy trustee to foreclose the mortgage right.

Furthermore, it is noted that if the Issuer does not have the benefit of the mortgage right, it also will not be entitled to claim under any Municipality Guarantee or NHG Guarantee, if applicable.



## **Insurance Policies**

The Life Mortgage Loans and the Savings Mortgage Loans have the benefit of Life Insurance Policies and Saving Insurance Policies respectively (together the ‘**Insurance Policies**’). The Savings Insurance Policies and a part of the Life Insurance Policies are entered into by the relevant Borrowers and the Insurance Company, being Delta Lloyd Life. The other part of the Life Insurance Policies are entered into by the relevant Borrowers and any of the Life Insurance Companies. In this paragraph, certain legal issues relating to the effects of the assignment of the Life Mortgage Loans and Savings Mortgage Loans on the Insurance Policies are set out. Investors should be aware that (i) the Issuer may not benefit from the Insurance Policies and/or (ii) the Issuer may not be able to recover any amounts from the Borrower in case Delta Lloyd Life or the relevant Life Insurance Company defaults in its obligations as further described in this paragraph. As a consequence thereof the Issuer may not have a claim on the Borrower and may, therefore, not have the benefit of the mortgage right. In such case the rights of the Security Trustee will be similarly affected. Due to the dependency on the performance by in particular Delta Lloyd Life of its obligations under the Insurance Policies, a deterioration of the credit quality of Delta Lloyd Life might have an adverse effect on the rating of one or more Classes of the Notes.

### *Pledge*

All rights of a Borrower under the Insurance Policies have been pledged to the relevant Seller or, as the case may be, the relevant Sellers (**‘Borrower Insurance Pledge’**). 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 (emergency regulations), 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 would be effective, it is uncertain whether such right of pledge will pass to the Issuer or, as the case may be, the Security Trustee upon the assignment or pledge of the Mortgage Receivables, since the pledge secures the same liabilities as the Credit Mortgages. The observations on partial termination made in paragraph Mortgage Rights above apply equally to such right of pledge.

### *Appointment of Beneficiary*

Furthermore, the relevant Seller has or, as the case may be, the relevant Sellers have been appointed or, as the case may be, have appointed themselves (if necessary, irrevocably authorised by the relevant Borrower) as beneficiary under the Insurance Policies up to the full amount owed by the Borrower. Contrary to the above mentioned appointment of the relevant Seller or, as the case may be, the relevant Sellers, any other appointment of a beneficiary by the Borrower will remain in force to the extent it relates to insurance proceeds which will become payable after the death of the insured but before the final date determined in the policy, provided that the Insurance Company or the relevant Life Insurance Company is authorised by such beneficiary to apply the insurance proceeds in satisfaction of the Mortgage Receivable. It is unlikely that the Beneficiary Rights will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. The Issuer has been advised that it is unclear how the appointment of Delta Lloyd Life as beneficiary should be interpreted in view of the fact that the Seller is the same legal entity as the Insurance Company. Therefore, only the Triahome Beneficiary Rights and the Life Beneficiary Rights will be pledged to the Security Trustee and the Issuer (see *Description of Security* below), but it is uncertain whether this pledge will be effective. For the situation that no such authorisation exists and the pledge of the Triahome Beneficiary Rights and the Life Beneficiary Rights is not effective, the Issuer will enter into a beneficiary waiver agreement (the **‘Beneficiary Waiver Agreement’**) with the Sellers (Delta Lloyd Life acting also in its capacity as Insurance Company), under which the Sellers, subject to the condition precedent of the occurrence of a Notification Event (see *Mortgage Receivables Purchase Agreement* below) waive their rights as beneficiary under the Insurance Policies, except for Insurance Policies with any of the Life Insurance Companies and appoint (i) the Issuer subject to the dissolving condition (“*ontbindende voorwaarde*”) of a Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent (“*opshortende voorwaarde*”) of the occurrence of a Notification Event relating to the Issuer in respect of such Insurance Policies. It is, however, uncertain whether such waiver and appointment will be effective. In view hereof and in respect of the Insurance Policies with any of the Life Insurance Companies, the Sellers and the Insurance Company will undertake, following a Notification Event, to use their best efforts to obtain the co-operation from all relevant parties (including the Life Insurance Companies) 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 relevant Seller or, as the case may be, the relevant Sellers and the Insurance Company (other than in respect of Life Insurance Policies with any of

the Life 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 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, will not have been validly appointed as beneficiary under the Insurance Policies and the pledge of the Triahome Beneficiary Rights and the Life Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the Sellers or to another beneficiary instead of to the Issuer or the Security Trustee, as the case may be. If the proceeds are due to Delta Lloyd Life or, as the case may be, paid to Delta Lloyd Bank or Triahome and such Seller does not pay the amount involved to the Issuer or the Security Trustee, as the case may be (see paragraph *Insolvency of Delta Lloyd Life* below), or if the proceeds are paid to a beneficiary instead of to 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 trying to invoke set-off rights and defences as further discussed under sub-paragraph *Set-off or defences* below.

#### *Insolvency of Delta Lloyd Life and Life Insurance Companies*

If any of Delta Lloyd Life, in its capacity of Insurance Company, and the Life Insurance Companies would no longer be 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 amounts payable under the Insurance Policies not or only partly being available for application in reduction of the Mortgage Receivables. This may again lead to the Borrower trying to invoke set-off rights and defences as further discussed under paragraph *Set-off or defences*.

#### *Set-off or defences*

If the amounts payable under the Insurance Policy are not applied towards redemption of the Mortgage Receivable (see paragraphs *Appointment of Beneficiary and Insolvency of Delta Lloyd Life and Life Insurance Companies*), 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. As set out (in paragraph *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. In case of Savings Mortgage Receivables of which Delta Lloyd Life is (one of) the Seller(s), this requirement will be met. In case of Mortgage Receivables of which Triahome is the Seller or to which a Life Insurance Policy is connected with any of the Life Insurance Companies, the following is relevant. The Insurance Policies are contracts between the Insurance Company or, as the case may be, the relevant Life Insurance Company and the Borrowers on the one hand and the Mortgage Loans are contracts between Triahome or the relevant Seller(s) respectively and the Borrowers on the other hand. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that Triahome and the Insurance Company or the relevant Seller(s) and the relevant Life Insurance Company should be regarded as one legal entity or possibly that set-off is allowed, even in the absence of a single legal entity, since, based upon interpretation of case law, the Insurance Policies and Mortgage Loans are to be regarded as one inter-related relationship.

Another requirement is that the Borrowers should have a counterclaim. If the Insurance Company or the relevant Life 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. Apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to rescind the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off with such claim by Borrowers.

Finally, set-off vis-à-vis the Issuer and/or the Security Trustee would be subject to the additional requirements for set-off after assignment and/or pledge being met (see paragraph *Set-off* above). In the case of Savings Mortgage Loans such requirement is likely to be met, since the Savings Mortgage Loans and the Savings Mortgage Policies are likely to be regarded as one and the same relationship, but in the case of Life Mortgage Loans with any of the Life Insurance Companies this is unlikely. In the case of Mortgage Loans of which Delta Lloyd Life is (one of) the Seller(s), this requirement is likely to be met. 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 (see paragraph *Set-off*).

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the Sellers, the Issuer and/or the Security Trustee, as the case may be. The Borrowers could, *inter alia*, argue 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 Loan and the Insurance Policy were entered into as a result of “error” (“*dwalings*”) 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 between Delta Lloyd Life or, as the case may be, Delta Lloyd Life and Delta Lloyd Bank and a Borrower with a Life Insurance Policy between the Insurance Company and such Borrower the Issuer has been advised that there is definitely a risk that such set-off or defences would be successful, as described above, in view of the factual circumstance involved, *inter alia*, that the Mortgage Loan and such Life Insurance Policy are sold to the Borrower by one legal entity (i.e. Delta Lloyd Life being both the Seller and the Insurance Company) as one single package. In respect of Life Mortgage Loans between Triahome and a Borrower with a Life Insurance Policy between the Insurance Company and such Borrower, the Issuer has been advised that the possibility cannot be disregarded that the courts will honour set-off or defences of Borrowers. In respect of the (remaining) Life Mortgage Loans with Life Insurance Policies taken out with any of the Life Insurance Companies, the Issuer has been advised that, taking into account that the relevant Seller or, as the case may be, the relevant Sellers have represented that with respect to such Mortgage Loans (i) there is no connection, whether from a legal or a commercial point of view, between the Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge, the rights as beneficiary, (ii) the Mortgage Loans and the Life Insurance Policies are not marketed as one product and (iii) the Borrowers are free to choose the relevant Life Insurance Company, it is unlikely that a court would honour set-off or defences of the Borrowers.

#### *Savings Mortgage Loans*

In respect of Savings Mortgage Loans the Issuer has been advised that the risk that such a set-off or defence would be successful is greater than in the case of Life Mortgage Loans in view, *inter alia*, of the close connection between the Savings Mortgage Loan and the Savings Insurance Policy. The Sub-Participation Agreement will provide that in the case of set-off or defences by Borrowers, including but not limited to a right of set-off or defence based upon a default in the performance by the 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 under the relevant Savings Mortgage Receivable, the relevant Participation of the 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 Premium received by the Issuer plus the accrued yield on such amount (see *Sub-Participation Agreement* below), provided that the Insurance Company will have paid all Savings Premia received from the relevant Borrowers to the Issuer. Therefore, normally the Issuer will not suffer any damages if the Borrower would invoke any such right of set-off or defences, if and to the extent that the amount for which the Borrower would invoke set-off or defence does 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.

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

In accordance with the Conditions, the Issuer has the option to call all (but not some only) of the Notes on any Optional Redemption Date. 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 Sellers, provided that the Company shall apply the proceeds of such sale to redeem the 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 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 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 and (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 a Savings Mortgage Receivable, the Participation, if such Participation is also assigned, and except that with respect to Mortgage Loans having the benefit of a Municipality Guarantee or a NHG Guarantee, the purchase price shall be at least the lesser of (i) the sum of the amount claimable under the Municipality Guarantee or NHG Guarantee, and an amount equal to the foreclosure value of the mortgage property or, if no valuation report of less than 12 months old is available, the indexed foreclosure value and (ii) the sum of the outstanding principal amount together with accrued interest due but not unpaid, if any and any other amount due under the Mortgage Loan less, in respect of a Savings Mortgage Receivable, the Participation, if such Participation is also assigned. No guarantee can be made that the Issuer will exercise this call option. If the call option is not exercised, the interest basis on the Notes will be 3-months Euribor plus a margin per annum, such margin to be for the Senior Class A1 Notes 1.00 per cent., for the Senior Class A2 Notes 1.00 per cent., for the Mezzanine Class B Notes 1.50 per cent., for the Junior Class C Notes 3.00 per cent. and for the Subordinated Class D Notes 5.00 per cent. as of the Floating Rate Interest Period beginning on the first Optional Redemption Date.

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

On 13 December 2001 the ECOFIN Council published a revised proposal for an EU Directive on the taxation of savings. This proposal applies to interest payments made in one Member State to individual beneficial owners resident in another Member State and would require all Member States to adopt an information reporting system with regard to such payments. However, for a transitional period of seven years starting on 1 January 2004, Austria, Belgium and Luxembourg would be permitted to operate a withholding tax system. Member States would be required to implement the Directive by 1 January 2004. Under the information reporting system, a Member State will automatically communicate to the beneficial owner's Member State of residence information regarding interest payments (including the identity and residence of the beneficial owner) made by paying agents established within the former State, without requiring reciprocity. Under the withholding tax system, a Member State will levy a withholding tax at a rate of 15% during the first three years of the transitional period and 20% of the remainder. The term "paying agent" means, generally, the last intermediary in any given chain of intermediaries that pays interest directly to, or secures the payments of interest for the benefit of, the beneficial owner. The term "interest" is defined broadly and would include interest relating to debt-claims of every kind, including income from bonds. The term "beneficial owner" means any individual who receives an interest payment or any individual for whom an interest payment is secured, unless he provides evidence that it was not received or secured for his own benefit.

Agreement on a final text of the Directive and the adoption thereof is expected no later than 31 December 2002. However, it is currently not possible to predict whether, when, or in what form the proposal will ultimately be adopted. 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 to the Member State in which the individual is resident with regard to interest payments made by (or in certain cases, to) paying agents established in the Netherlands. Pending an agreement on the final 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 transaction 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 in the Swap Agreement will be limited to (i) non-payment under the Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligations under the Swap Agreement and (iii) insolvency events. The swap transaction will terminate on the earlier of the Final Maturity Date and the date on which the Notes has been redeemed or written-off in full in accordance with the Conditions.

#### **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 1992 by the Dutch Central Bank on 19 June 2002, which exemption 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 27 June 2009. Prior to expiry of this period the Issuer should according to the Dutch Central Bank apply for an extension of the exemption with the Dutch Central Bank. In this respect the Issuer has been advised that in case all relevant facts and circumstances remain as they were on 19 June 2002 the Dutch Central Bank is likely to renew the exemption. Furthermore, the Issuer has been advised that there are strong arguments for arguing that the Issuer does not require the individual exemption at all, since it benefits from a general exemption regulation. Finally, under the new exemption decree pursuant to the Act on the Supervision of the Credit System as currently proposed comes into force (which is, at the moment, set on 1st July 2002), the above exemption would no longer be required.

#### **Risks inherent to the Notes**

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

##### *(i) Credit Risk*

The risk of loss on principal and interest on the Notes due to losses on principal and interest on the Mortgage Receivables is addressed and mitigated by:

- in the case of the Senior Class A Notes, the subordinated ranking of the Mezzanine Class B Notes and the Junior Class C Notes;
- in the case of the Senior Class A Notes and the Mezzanine Class B Notes the subordinated ranking of the Junior Class C Notes;
- the Reserve Account; and
- the Excess Margin (as defined below in *Credit Structure and the Reserve Account Require Amount*).

##### *(ii) Liquidity Risk*

The risk that interest and/or principal on the underlying Mortgage Receivables is not received on time thus causing temporary liquidity problems to the Issuer is addressed and mitigated by the Excess Margin, the Reserve Account (to the extent available for such payments) and in certain circumstances the Liquidity Facility.

##### *(iii) Prepayment Risk*

The risk that prepayments by the Borrowers result in negative carry costs is addressed as follows:

- as a result of the structure of the Swap Agreement the Issuer will not suffer losses of interest from prepayments;
- the Senior Class A1 Notes permit the return of principal to Noteholders on the Quarterly Payment date falling in September 2002 and on each Quarterly Payment Date thereafter. In case the Senior Class A1 Notes are redeemed prior to the Quarterly Payment Date falling in June 2009, the prepayments will be deposited on the Issuer Collection Account or invested in certain securities.

##### *(iv) Maturity Risk*

The risk that the Issuer will not have received sufficient principal to fully redeem the Notes. The Final Maturity Date for the Notes is the Quarterly Payment Date falling in June 2054. On each Optional Redemption Date, the Issuer may at its option redeem all Notes in accordance with Condition 6(e). If the Issuer does not exercise such call option the interest basis for all the Notes will be a Euribor based floating

rate plus the margin set out above in paragraph *Exercise of the Call Option*. No guarantee can be given that the Issuer will exercise its option to redeem the Notes.

(v) *Interest Rate Risk*

The risk that the interest received on the Mortgage Receivables and the Transaction Accounts is not sufficient to pay the interest on the Notes is addressed by the Swap Agreement.

## CREDIT STRUCTURE

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

### **Mortgage Loan Interest Rates**

The interest rate of each Mortgage Loan is fixed, subject to a reset from time to time. On the Closing Date the weighted average interest rate of the Mortgage Loans is expected to be 5.91 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 Arrangement**

Payments by the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the 1st day of each month, interest being payable in arrear. All payments made by Borrowers will be paid into the Seller Collection Accounts which are administered by STATER Nederland B.V.. The Seller Collection Accounts are not pledged to any party at the moment other than to the bank at which it is maintained pursuant to the applicable terms and conditions. The Seller Collection Account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans and in respect of other moneys belonging to Delta Lloyd Life.

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

For these purposes a ‘**Mortgage Calculation Period**’ is the period commencing on (and including) the first day of a calendar month and ending on (and including) the last day of such calendar month.

### **Issuer Collection Account**

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

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

To the extent the Senior Class A1 Notes have been redeemed in full prior to the first Optional Redemption Date, all principal receipts will be deposited in the Issuer Collection Account. The Issuer may invest such fund into euro nominated securities, subject to certain conditions, including that such securities may not have a maturity beyond the first Optional Redemption Date and that such securities have been assigned a rating of Aaa by Moody’s or Prime-1 by Moody’s or the issuing entity thereof has been assigned a short-term rating by Moody’s of Prime-1 and a long-term rating of Aaa by Moody’s.

If at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Prime-1 by Moody’s and/or F1+ by Fitch or (ii) the amount standing to the credit of the Issuer Collection Account exceeds euro 50,000,000 the long-term unsecured unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Aa3 by Moody’s, the Issuer will be required within 30 days to transfer the balance on the Issuer Collection Account to an alternative bank with the required minimum rating or to obtain a third party, acceptable to Moody’s and Fitch, to guarantee the obligations of the Floating Rate GIC Provider.

### **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 Quarterly Calculation Date (being the fourth business day prior to the Quarterly Payment Date falling in June, September, December and March or, if this is not a business day, the immediately preceding business day) as being received during the Quarterly Calculation Period (as defined in Condition 6(c)(v)) immediately preceding such Quarterly Calculation Date (items (i) up to and including (xi) being hereafter referred to as the ‘**Notes Interest Available Amount**’):

- (i) as interest on the Mortgage Receivables less, with respect to each Savings Mortgage Receivable, an amount calculated as follows:  $R \times P/SMR$  whereby  $R$  = the interest received on such Savings Mortgage Receivable,  $P$  = Participation in such Savings Mortgage Receivable and  $SMR$  = the principal amount due on such Savings Mortgage Receivable in and less any amounts paid to the Swap Counterparty under the Swap Agreement at the two immediately preceding Swap Payment Dates in the relevant Calculation Period;
- (ii) as interest accrued on the Issuer Collection Account and the Reserve Account;
- (iii) as prepayment penalties and interest penalties under the Mortgage 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 Savings Mortgage Receivable, an amount calculated as follows:  $Q \times P/SMR$  whereby  $Q$  = the amount not relating to principal received on such Savings Mortgage Receivable,  $P$  = Participation in such Savings Mortgage Receivable and  $SMR$  = the principal amount due on such Savings Mortgage Receivable;
- (v) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) (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 if any;
- (viii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable, an amount calculated as follows:  $Q \times P/SMR$  whereby  $Q$  = the amount not relating to principal received on such Savings Mortgage Receivable,  $P$  = Participation in such Savings Mortgage Receivable and  $SMR$  = the principal amount due on such Savings Mortgage Receivable;
- (ix) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable, an amount calculated as follows:  $Q \times P/SMR$  whereby  $Q$  = the amount not relating to principal received on such Savings Mortgage Receivable,  $P$  = Participation in such Savings Mortgage Receivable and  $SMR$  = the principal amount due on such Savings Mortgage Receivable unless the Participation is assigned as well to the purchaser of the Savings Mortgage Receivables;
- (x) as amounts received as post-foreclosure proceeds on the Mortgage Receivables; and
- (xi) any (remaining) amounts standing to the credit of the Issuer Collection Account to the extent they relate to interest or penalties.

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 fees and expenses due and payable to the MPT Provider, the Defaulted Loan Servicer and the Company Administrator under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction, pro rata, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer’s business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer’s liability, if any, to tax and sums due to the Moody’s and Fitch and fees and expenses of any legal advisor, auditors and/or accountants appointed by the Issuer and/or the Security Trustee and (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility, but excluding any gross-up amounts due under the Liquidity



Facility and payable under (i) below, or (ii) following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;

- (e) *fifth*, in or towards satisfaction, 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 A Notes and (ii) 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 of interest due or accrued due but unpaid on the Mezzanine Class B Notes;
- (g) *seventh*, in or towards satisfaction of interest due or accrued due but unpaid on the Junior Class C Notes;
- (h) *eighth*, in or towards satisfaction of interest due or accrued due but unpaid in respect of the Subordinated Class D Notes;
- (i) *ninth*, in or towards making good any shortfall reflected in the Principal Deficiency Ledger (defined below) until the debit balance, if any, on the Principal Deficiency Ledger is reduced to zero;
- (j) *tenth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount (defined below);
- (k) *eleventh*, 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);
- (l) *twelfth*, in or towards satisfaction of gross up amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (m) *thirteenth*, in or towards satisfaction of principal amounts due under the Subordinated Class D Notes on the relevant Quarterly Payment Date or, as the case may be, the Final Maturity Date; and
- (n) *fourteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment (as defined in *Mortgage Receivables Purchase Agreement* below) to Delta Lloyd Life on behalf of the Sellers.

#### **Priority of Payments in respect of principal**

The sum of the following amounts, as defined in Condition 6(c) calculated as at any Quarterly Calculation Date, as being received during the immediately preceding Quarterly 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, less, with respect to each Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable;
- (ii) as Net Proceeds (as defined in Condition 6(c)(iii)) on any Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable;
- (iii) in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable excluding, up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date, any proceeds of the repurchase of Mortgage Receivables in connection with a further advance;
- (iv) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal, less, with respect to each Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable unless the Participation is also assigned to the purchaser of the Savings Mortgage Receivable;
- (v) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
- (vi) as Monthly Participation Increase pursuant to the Sub-Participation Agreement;
- (vii) as partial prepayment in respect of Mortgage Receivables;
- (viii) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date; and

- (ix) up to, but excluding the first Optional Redemption Date (as defined below), if and to the extent any proceeds of the repurchase of Mortgage Receivables in connection with a further advance are not applied towards the purchase of Substitute Mortgage Receivables on such 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) (the '**Principal Priority of Payments**')

- (a) *first*, in or towards satisfaction of the purchase price of any Substitute Mortgage Receivables, which Substitute Mortgage Receivables are purchased by applying any proceeds of the repurchase of Mortgage Receivables in connection with a further advance;
- (b) *second*, in or towards satisfaction of principal amounts due under the Senior Class A1 Notes on each Quarterly Payment Date or, as the case may be, the Final Maturity Date;
- (c) *third*, in or towards satisfaction of principal amounts due under the Senior Class A2 Notes on the relevant Optional Redemption Date or, as the case may be, the Final Maturity Date;
- (d) *fourth*, 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
- (e) *fifth*, 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 Company under the Sub-Participation Agreement) 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 Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iv) the fees and expenses of Moody's and Fitch any legal advisor, auditor, accountants appointed by the Issuer and/or, as the case may be, the Security Trustee and (v) the fees and expenses of the MPT Provider, the Company Administrator and the Defaulted Loan Servicer under the Issuer Services 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 due under the liquidity facility payable under (l) 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 A 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 its terms but excluding any other costs to be paid by the Issuer on such early termination payable under subparagraph (k) below;
- (d) *fourth*, in or towards satisfaction, pro rata, of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class C Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class C Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class D Notes;

- (j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class D Notes;
- (k) *eleventh*, to the Swap Counterparty in or towards 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;
- (l) *twelfth*, in or towards satisfaction of gross up amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement, and
- (m) *thirteenth*, in and towards satisfaction of any Deferred Purchase Price Instalment to Delta Lloyd Life on behalf of the Sellers.

### **Liquidity Facility**

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Payment Date to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of 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, before the application of amounts available on 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 (h) (inclusive) in the Interest Priority of Payments in full on that Quarterly Payment Date. The Liquidity Facility Provider will rank in priority in point of payments and security to the Notes.

If, at any time, (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than Prime-1 by Moody's and/or F1+ by Fitch (ii) the Liquidity Facility is not renewed or replaced by the Issuer with a suitable alternative Liquidity Facility Provider within 30 days of such downgrading or alternatively the Liquidity Facility Provider has procured that a guarantee for its obligations in favour of the Issuer has been issued and (iii) the then current ratings of the Notes is materially adversely affected as a result thereof, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Liquidity Facility (a '**Liquidity Facility Stand-by Drawing**') and credit such amount to the Issuer Collection Account with a corresponding credit to a ledger to be known as the '**Liquidity Facility Stand-by Ledger**'. Amounts so credited to the Issuer Collection Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed following its commitment termination date.

For these purposes, '**Liquidity Facility Maximum Amount**' means, on each Quarterly Calculation Date, 3 per cent. of the aggregate Principal Amount Outstanding of the Notes on such date.

### **Reserve Account**

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

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

If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items ranking higher in the Interest Priority of Payments, the excess amount will be applied to replenish and/or build up of the Reserve Account as the case may be, until the balance standing to the credit of the Reserve Account equals the Reserve Account Required Amount. The Reserve Account Required Amount shall on any Quarterly Calculation Date be equal to (i) 0.5 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class D Notes, on the Closing Date or (ii) 1.35 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class D Notes, on the Closing Date in case (a) the aggregate outstanding principal amount of the Mortgage Receivables in respect of which payment has been missed (i) once for an amount greater or equal to euro 1,500 or (ii) twice for an amount greater or equal to euro 1,000 or (iii) three times for an amount greater or equal to euro 500 or (iv) four times; exceeds 1.0 per cent. of the aggregate outstanding principal amount of all Mortgage Receivables; or (b) on the first Optional Redemption Date the Notes, other than the Subordinated Class D Notes, have not been redeemed in full, subject to the Conditions.

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

After all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class D Notes, have been paid, any amount standing to the credit of the Reserve Account will be applied to redeem or partially redeem, as the case may be, the Subordinated Class D Notes.

### **Principal Deficiency Ledger**

The Principal Deficiency Ledger will be established by or on behalf of the Issuer in order to record any losses on the Mortgage Receivables (a '**Principal Deficiency**'). Any Principal Deficiency shall be debited to the Principal Deficiency Ledger (such debit items being reccredited at item (i) of the Interest Priority of Payments) so long as the debit balance on such ledger is less than the Principal Amount Outstanding of the Notes.

### **Interest Rate Hedging**

The Mortgage Loan Criteria (as defined under *Mortgage Receivables Purchase Agreement* below) require that all Mortgage Loans bear floating or a fixed rate of interest, a rate which is subject to a reset from time to time. Up to the first Optional Redemption Date, 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 the Junior Class C Notes is a fixed rate of interest. After such date the interest rate payable by the Issuer on the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes will be calculated as a margin over Euribor. The Issuer will hedge its interest rate exposure by entering into the Swap Agreement.

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

- (a) the scheduled interest on the Mortgage Receivables less, with respect to each Savings Mortgage Receivable, an amount calculated as follows:  $R \times P/SMR$ , whereby R= the interest received on such Savings Mortgage Receivable; P= Participation in such Savings Mortgage Receivable and SMR = the Outstanding Principal Amount of such Savings Mortgage Receivable; and
- (b) the interest accrued on the Transaction Accounts; less
- (y) 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 Rate Interest Period divided by three (the '**Excess Margin**'); and
- (z) the operating expenses set out in items (a) up to and including (c) of the Interest Priority of Payments payable during each Annual Calculation Period divided by twelve.

The Swap Counterparty will agree to pay amounts equal to the scheduled interest due under the Notes, and calculated by reference to the floating rate of interest 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 Rate Interest Period or Fixed Rate Interest Period, as the case may be.

### *Adjustment of Swap Amounts*

If the sum of scheduled interest actually received and interest (including penalties) recovered on the Mortgage Receivables, less in case of a Savings Mortgage Receivable, the Participation, falls short of scheduled interest receivable on the Mortgage Receivables, less in case of a 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 of the Swap Counterparty will be adjusted accordingly on a Euro for Euro basis. Such reduction could result in the Issuer not having sufficient funds available to meet its payment obligations in accordance with the priorities described above. In case there is a swap adjustment made during an Annual Calculation Period, the Deferred Purchase Price will be decreased with the amount of such swap adjustment.

Pursuant to the Swap Agreement, if (i) the rating (if any) assigned to the unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty is set or, as the case may be, falls below Prime-1 by Moody's or F1+ by Fitch or (ii) as long as the Swap Counterparty's unsecured, unsubordinated and

unguaranteed debt obligations are not rated by Moody's and/or Fitch, Moody's and/or Fitch have notified the Issuer that Delta Lloyd Life continuing to act as the Swap Counterparty would result in a downgrade of the Notes, which notification in respect of Moody's could, *inter alia*, be the result of Moody's assigning a rating to the unsecured unsubordinated and unguaranteed debt obligations of CGNU plc, currently the indirect sole shareholder of Delta Lloyd Life, below Prime-1 by Moody's or F1+ by Fitch (currently CGNU plc's short term rating by Moody's and Fitch respectively), the Swap Counterparty shall either (a) transfer and assign its rights and obligations under the Swap Agreement to a third party having a rating acceptable to Moody's and Fitch, or (b) enter into an agreement with a third party, having a rating acceptable to Moody's and Fitch, which party will guarantee the obligations of the Swap Counterparty under the Swap Agreement, or (c) put in place appropriate mark-to-market collateral arrangements which will be based on the 1995 ISDA Credit Support Annex (security interest) and which will relate to collateral in the form of cash or securities or both in support of its obligations under the Swap Agreement, provided that the ratings of the Notes are not adversely affected as a consequence thereof; or (d) find any other solution acceptable to Moody's and Fitch to avoid a downgrade of the Notes.

## THE DUTCH RESIDENTIAL MORTGAGE MARKET

The Dutch housing market is relatively stable compared to certain other European Union countries and has not experienced any drastic downturns like for example the United Kingdom. However, when comparing the Dutch housing market to other European Union countries, some differences are apparent.

The Netherlands have a low level of owner occupancy. Approximately 52 per cent. of all houses are occupied by their owners, compared to 42 per cent. in 1982. The average level of house ownership for all EU countries is 64 per cent. Table 1 below shows the growth of the total Dutch residential stock and the proportion of those that are owner occupied.

**Table 1: Total dwelling and percentage owner occupied**

<i>Year</i>	<i>Total dwelling Stock (in numbers)</i>	<i>Owner occupied (in %)</i>
1948	2,094,800	28.0
1957	2,583,000	29.0
1964	3,072,000	34.0
1971	3,787,000	35.0
1976	3,906,000	41.0
1982	4,957,000	42.0
1985	5,289,317	42.7
1990	5,802,361	45.2
1994	6,191,922	48.0
1995	6,276,045	48.8
1996	6,357,569	49.5
1997	6,440,511	50.5
1998	6,522,362	50.8
1999	6,589,662	51.9
2000	6,650,911	52.2
2001	6,712,691	52.6

*Source:* CBS/VROM/WBO

In the Netherlands an overvalue of almost EUR 370 bln is available to back the Outstanding Mortgage Debt of 318 bln (31/12/2001). This overvalue has been calculated on the basis of an assumed total property value of EUR 700 bln (average property price of 197,000 times total property stock of 6,7 mln times owner occupancy rate of 52%)

### Characteristics of Dutch Mortgages

The most common mortgage types in the Netherlands are annuity, linear, savings, life and investment mortgages. Under the last two types of mortgages no principal is repaid during the term of the contract. Instead, the Borrower makes payments in a saving account, endowment insurance or investment fund. Upon maturity the loan is repaid with the money in the savings account, the insurance contract or the investment fund respectively.

The Netherlands allow full deduction of mortgage interest payments for income tax. Denmark and Greece are the only other European countries that have a similar fiscal regime. Condition to deductibility of interest in the Netherlands are owner occupancy of the property. In addition to this the period for allowed deductibility is restricted to a term of 30 years.

A proportion of the residential mortgage loans has the benefit of a life insurance policy or a savings policy. The government encourages this method of redemption by exempting from tax the capital sum received under the policy, up to a certain amount (plus annual indexation), provided the term of insurance is at least 20 years. In addition, the insurance policies are exempted from wealth tax.

The combination of an attractive fiscal regime, generally long periods of fixed interest rates and attractive repayment arrangements lead to advances of up to 125 per cent. of the foreclosure value. (the foreclosure value amounts to approximately 85 per cent. of the market value of properties in the Netherlands).

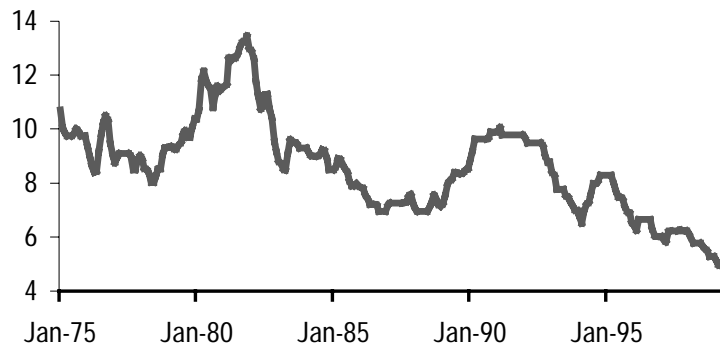
Prepayment rates in the Netherlands are relatively low, mainly due to prepayment penalties that are incorporated in the mortgage contracts. Penalties are generally calculated as the net present value of the interest loss to the lender upon prepayment. As other reason for low prepayment rates can be mentioned

the relative small number of relocations in the Netherlands for work-related reasons due to the small size of the country.

Interest rates on mortgage loans have been stabilising in the last year. Please find below a graph on the development of mortgage interest rates on newly issued mortgages over a period of 25 years in the Netherlands.

(a) *Mortgage interest rates*

(b) *New Mortgages Loans, %*

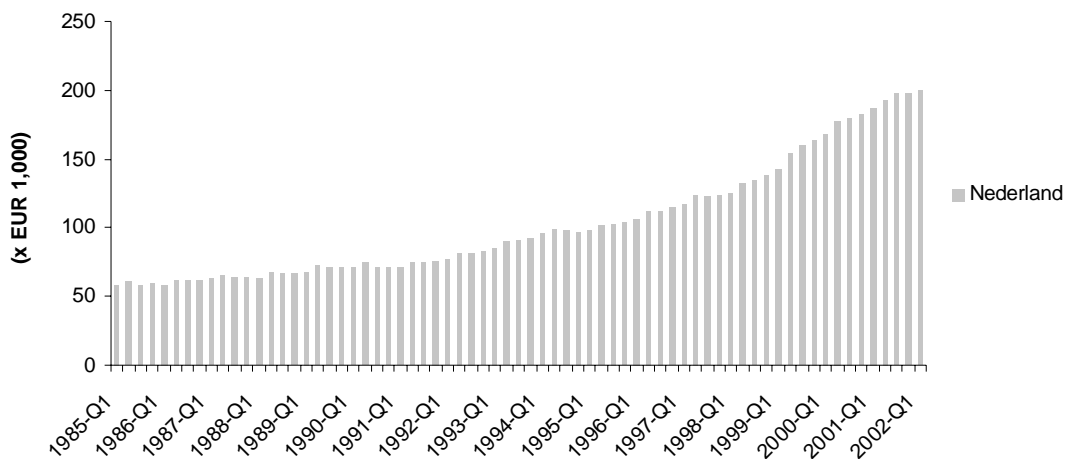


Source: ABN AMRO hypotheek bedrijf

### Property Prices

After a housing recession during 1978-1982 house prices in The Netherlands have steadily increased. Graphic 1 shows the yearly house price developments for the last 17 years. These percentages are derived from the Dutch Association of Real Estate Agencies (“*Nederlandse Vereniging van Makelaars*” “*NVM*”), which covers approximately 65 per cent. of property sales in The Netherlands.

### Dutch Property Price Development



Source: NVM

Price movements of properties in the Netherlands stem from developments on both the demand and supply side of the market. In addition, the change in the average quality of the housing stock is also a factor for house price movements.

### Demand

Several factors contribute to housing demand:

1. The (expected) level of borrowing costs and the tightness of mortgage lending standards have been very decisive factors for housing demand. During the last few years Dutch mortgage rates have decreased and are now stabilising in the light of the EMU settling in.

2. The trend in housing rents as compared to mortgage debt servicing costs is relevant. In the Netherlands, the rise in rents accelerated in the early nineties as a result of government policy directed at making the subsidised rental sector cost-effective. This has increased the attractiveness of owner-occupied properties.
3. Demographic trends, such as the composition of households and population growth, have influenced the demand for housing. In the Netherlands, the number of single-person households has doubled in the past 25 years.
4. Finally, the economic climate can be a factor of influence in housing demand. Dutch GDP growth has declined during the last year and a moderate growth of 1.5% is expected for 2002. Low and stable interest rates are expected to outweigh negative influence from the currently less favourable economic climate.

### Supply

On the supply side, the following factors are of influence:

1. Building costs – including labour and materials – and house and land prices are the main determinants. The fiercer the rise in house prices relative to the increase in building costs and land prices, the more profitable the construction of new housing units will be for contracting firms.
2. The availability of land for housing development is highly important. In the Netherlands, the VINEX-memorandum and Vinac (the actualisation of Vinex for the period 2006 till 2010) – published by the Ministry for Housing, Spatial Planning and Environment – reflects still the basis of the government policy in respect of housing construction in the Netherlands. In Vinex (and in similar policy papers for other locations) the number of houses to be build and their location is determined. According to “Nota Wonen” of the Ministry for Housing, Spatial Planning and Environment (in line with Vinex) the net expansion of housing is to be 65,000 per annum until 2010. In recent years (1995 – 1999) backlog has been build up in of ca. 45,000 dwellings. In the period 2000 – 2005 this backlog is foreseen to be remedied.
3. Dutch government supports the sale of rental houses to the occupants. According to plans ownership of over 25,000 houses a year should be transferred to the public. The government even strives for a sale of 700,000 before 2010 in order to attain owner occupancy target level of 65%. Currently 15,000 – 20,000 rental houses a year are sold.
4. The last determining factor of housing supply in the Netherlands is demolition. The number of demolished properties is fairly constant in time.

According to the research “need for housing” (“*woningbehoefte onderzoek*”) a housing shortage of 96,000 existed in the Netherlands in 1998 and is expected to have increased slightly since then. A shortage in the housing stock is assumed to be a robust contributor to a steady property price development. The table “dwellings per 1000 inhabitants” provides an overview of the number of dwellings available for a number of European countries.

### Dwellings per 1,000 inhabitants

<i>Country</i>	<i>1990</i>	<i>1995</i>	<i>2000</i>
Belgium	na	na	na
Denmark	462	465	467
Germany	421	430	445
Greece	na	na	na
Spain	441	463	466
France	465	479	490
Ireland	290	303	341
Italy	404	441	na
Luxembourg	na	365	na
<b>Netherlands</b>	390	402	415
Austria	380	386	399
Portugal	na	na	482
Finland	441	472	484
Sweden	474	na	482
UK	408	417	417

*Source:* Housing Statistics in the European Union



## Mortgage Loan market

In 2000 and 2001 considerably less newly issued mortgages have been registered. This decrease results mainly from fewer refinances of existing mortgage loans due to lower interest rates and smaller property price rises.

### Newly issued mortgages

<i>Year (amounts in mln euro)</i>	<i>Newly issued mortgages</i>	<i>Change over year</i>
1994	27,242	
1995	25,885	-5.0%
1996	37,605	45.3%
1997	48,323	28.5%
1998	60,037	24.2%
1999	78,036	30.0%
2000	69,594	-10.8%
2001	72,609	4.3%

Source: CBS

Below tables describe the total Outstanding Residential Mortgage Loans and the Housing Expenditures for the major European countries.

### Outstanding residential mortgage loans

<i>Country (index 1990 = 100)</i>	<i>1991</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>Average annual growth %</i>
Belgium	107	114	123	134	141	146	159	178	202	209	7.7
Denmark		100	100	108	112	118	138	151	161	169	6.9
Germany	112	124	139	155	169	178	188	202	223	217	8.2
Greece	101	101	102	106	119	154	188	216	271	344	13.7
Spain	115	120	102	122	137	154	183	227	273	332	13.3
France	104	105	103	105	109	110	112	116	127	137	3.2
Ireland	110	130	139	160	178	228	259	308	386	481	17.2
Italy	117	116	120	122	148	167	175	198	236	265	10.5
<b>Netherlands</b>	107	120	136	152	170	188	214	247	281	312	12.1
Portugal	118	146	158	198	248	315	386	527	695	834	23.8
Finland	93	83	81	91	93	91	93	100	na	na	0.3
Sweden	121	114	113	115	125	128	126	116	133	132	3.2
UK	108	103	114	115	111	133	156	156	191	204	7.8

Source: Housing Statistics in the European Union

## Average housing expenditure 2000

<i>Country</i>	<i>Rent of Tenants (% of total expenditure)</i>	<i>Imputed rent of owner occupiers (% of total expenditure)</i>
Belgium	4.8	14.2
Denmark	6.8	10.2
Germany	na	na
Greece	3.1	11.8
Spain	1.6	17.9
France	4.9	12.4
Ireland	2	5.2
Italy	2.4	10.9
Luxembourg	17	na
<b>Netherlands</b>	8.1	12.2
Austria	4.5	11.2
Portugal	1.6	13
Finland	5.5	14.3
Sweden	9.1	13
UK	4.3	8.4

*Source:* Housing Statistics in the European Union

The Netherlands find themselves in an average position on both records. These tables illustrate the limited risk position of mortgage loans to individuals in the Netherlands.

Given the moderate position with respect to the total mortgage debt and the average housing expenditures, Dutch mortgages have performed strongly over a very long period of time. Even in 1979-1982 recession losses stayed below 0.25%. As a proxy for losses in the entire Dutch mortgage market, a table is presented on claims reported at WEW (this is the Dutch governmental entity that guarantees mortgages, see section municipality/NHG guarantee programme).

### NHG claims

<i>Year</i>	<i>Mortgage Loans guaranteed (in EUR mln)</i>	<i>Claims (in EUR)</i>	<i>Claims on NHG (in %)</i>
1995	37,286	736,304	0.0020%
1996	36,577	688,884	0.0019%
1997	35,507	478,920	0.0013%
1998	34,652	928,752	0.0027%
1999	33,757	502,108	0.0015%
2000	40,639	589,415	0.0015%
2001	36,856	504,195	0.0014%

*Source:* NHG

A number of factors can be mentioned that contribute to the strong performance of Dutch mortgages:

1. Very low defaults due to low unemployment rates, a strong cultural aversion to default and a supportive social security regime
2. Legal ability of lenders in foreclosure to access borrowers' wages or seize their other assets.
3. Quality of mortgage servicing
4. Relatively conservative underwriting criteria including checking comprehensive credit bureau data (BKR)

## Market players

In the Dutch mortgage market different parties are at play in the granting of residential mortgage loans to individuals. The major types of mortgage lenders are: main commercial banks, insurance companies, building societies, pension funds, mortgage banks and other institutions. The market shares of the different originators are described below:

### Dutch Mortgage Market

<i>Year (amounts in billion euro)</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
Mortgage banks and Building Societies	169.0	165.0	182.0	216.0	154.0	156.0
Insurance companies and pension funds	62.0	92.0	91.0	110.0	80.0	68.0
Banks	216.0	258.0	282.0	305.0	246.0	223.0
Other legal entities	19.0	18.0	21.0	31.0	22.0	20.0
Private	3.0	3.0	3.0	4.0	5.0	6.0
Foreign	1.0	1.0	2.0	4.0	8.0	13.0

Source: ABN AMRO Economisch Bureau

## DELTA LLOYD

### Introduction

Delta Lloyd N.V. (together with its affiliates “Delta Lloyd”) is a leading financial services provider based in The Netherlands. The main intermediary insurance companies of Delta Lloyd – the shares of which companies are held by the intermediate holding company Delta Lloyd Verzekeringen B.V. – are: Delta Lloyd Life, Delta Lloyd Schadeverzekering N.V. and Delta Lloyd Zorgverzekering N.V. (the former healthcare insurer Nuts). Other important subsidiaries of Delta Lloyd are Nuts Ohra Beheer B.V., which holds the shares in the companies operating the direct writer insurance activities, and Delta Lloyd Bankengroep N.V., which holds the shares in Delta Lloyd Bank, Ohra Bank N.V., Delta Lloyd Securities N.V./S.A. and Delta Lloyd Bank (Belgium) N.V./S.A. Delta Lloyd’s history dates back to 1807 and can rely on a long-standing experience in financial services. The group currently employs over 6,600 staff. Delta Lloyd Life received a counterparty credit and insurer financial strength interactive rating of AA affirmed by Standard & Poor’s as of 19 September 2001.

The ultimate parent company of Delta Lloyd is CGNU plc.

Delta Lloyd’s articles of association have last been amended by notarial deed on 12 December 2001. Delta Lloyd has its registered office in Amsterdam.

Delta Lloyd Life (Seller and Insurance Company) is a direct, wholly owned subsidiary of Delta Lloyd Verzekeringen B.V.

Delta Lloyd Life’s articles of association have last been amended by notarial deed on 23 December 1987. Delta Lloyd Life has its registered office in Amsterdam.

Delta Lloyd Bank (Seller) is a wholly owned subsidiary of Delta Lloyd Bankengroep N.V.. Delta Lloyd Bank’s articles of association have last been amended by notarial deed on 13 November 1998. Delta Lloyd Bank has its registered office in Amsterdam.

Triahome (Seller) is a wholly owned subsidiary of Delta Lloyd Life, established on 24 June 1999. Triahome’s articles of association have not been amended since its incorporation. Triahome grants mortgage loans on an exclusive basis to the largest franchise of Mortgage shops in the Netherlands.

### Organisation

The new Delta Lloyd organisation, effective from 1 April 2000, has opted for a distinctive divisional structure. The Executive Board is to concentrate on the strategic plans of the overall organisation and the separate divisions.

An intermediary division, operating exclusively through intermediaries. This division includes the life and general insurance activities of Delta Lloyd Verzekeringen B.V. and the health insurance activities of Delta Lloyd Zorg Verzekering N.V.

A direct division, including the insurance activities of Ohra (life, general, and health insurance) and N.V. Nationaal Spaarfonds, with products being offered to consumers directly.

A banking division including Delta Lloyd Bank, Ohra Bank N.V., Delta Lloyd Securities N.V./S.A., Delta Lloyd Bank (Belgium) N.V./S.A. and Bank Nagelmackers 1747 NV.

An asset management division, including Delta Lloyd Asset Management N.V. and Ohra Investments.

A real estate division, consisting of the Delta Lloyd real estate activities.

A German division, comprising Berlinische Leben and Griess & Heissel Bank.

A Belgian division, including the Belgian insurance activities.

The Netherlands Antilles division, represented by insurer Ennia Caribe.

### Group strategy

#### Delta Lloyd

The activities of Delta Lloyd focus on integral services in the field of risk protection, income security and asset accumulation. Being a customer and service oriented financial services provider, Delta Lloyd wants to offer every possible financial solution (all finance) through the distribution channel chosen by the customer (“multi-channel” approach).

In setting its strategy the group anticipates developments such as the Dutch government providing gradually less support for individuals (for instance in the field of health insurance and pensions). Another development is that consumers opt for standard products based on price/quality on the one hand and at the

other hand for advice-sensitive long term flexible products taking into account the client's overall long term finance needs, i.e. products that fit the client's age and life cycle. Hence, the group's products are ranging from simple savings products to tailor-made integral financial solutions.

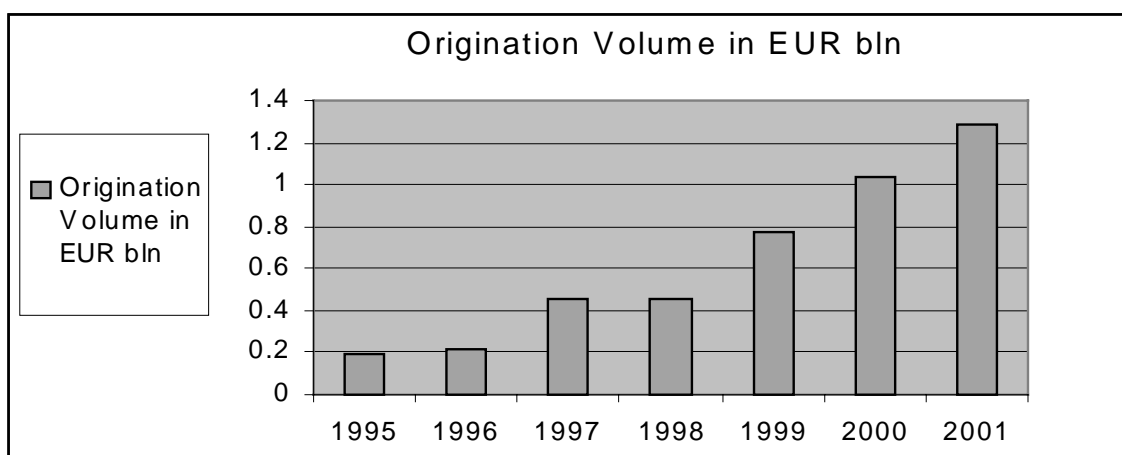
Delta Lloyd will develop and intensify its strategic market approach through existing indirect (intermediaries or insurance brokers) and direct distribution channels, enabling a stronger positioning of the Delta Lloyd and Ohra brands. The position of the group in Northwest Europe will be consolidated and expanded, with a strong focus on the banking and asset-management activities.

The group's long-term financial targets are an increase of premium income and profits of 15 per cent p.a. and a minimum ROE of 13 per cent. p.a.

### Mortgage Origination

Delta Lloyd's share of the insurance-originated Dutch mortgage market was 8.9 per cent. at year end 2000. Delta Lloyd's target 2001 was 10 per cent. of insurance market (i.e. excluding mortgages originated by banks and their subsidiaries). Origination volume was EUR 1.3 bln. in 2001 compared to EUR 1.0 bln. in 2000. Delta Lloyd's origination volume grew 36 per cent. last year, due to competitive interest rates, deals with large business chains and improved services.

With 12,5 per cent. market share of mortgages originated by insurance companies in 2001, Delta Lloyd is the number 4 originator in The Netherlands. The market share of Delta Lloyd Mortgages in the total market (including banks) was 1.5 per cent in 2001.



The above graph includes originations of all Delta Lloyd group companies including Delta Lloyd Life. The latter accounts for approximately 90 per cent. of total volume.

### Delta Lloyd Life

Set out below is a summary of the financial results of Delta Lloyd Life for the past six years ending 31 December:

<i>Delta Lloyd Life</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>
			<i>(Million EUR)</i>			
Revenue	2,652	2,419	2,302	2,000	1,802	1,586
– Gross premium income	1,650	1,325	1,165	1,074	954	804
– Investment income	1,002	1,094	1,123	926	848	782
Result before taxation	242	265	233	213	164	163
Shareholders' funds	1,444	1,857	1,602	1,286	1,221	799

## Delta Lloyd Bank

The core activities of Delta Lloyd Bank consist of professional securities sales, private banking and financial services.

<i>Delta Lloyd Bank</i>	<i>2001*2</i>	<i>2000*2</i>	<i>1999*1</i>	<i>1998*1</i>	<i>1997*1</i>	<i>1996*1</i>
			<i>(Million EUR)</i>			
Net Profit	3.9	17.1	7.0	6.5	8.0	4.3
Balance sheet total	4,577.0	4,479.0	1,053.0	730.0	599.7	495.7
BIS ratio*	14.2	17.2	19.6	14.0	17.7	23.2

\*1 results Delta Lloyd Bank on a consolidated basis

\*2 results Delta Lloyd Bankengroep on a consolidated basis, including Bank Nagelmackers

## Delta Lloyd

For the fiscal year ended 31 December 2001, the group was the 5th largest overall Dutch insurer with a total premium income of EUR 4,146 mln. The group is the 5th biggest life insurer, the 2nd biggest direct writer and a major asset manager in The Netherlands.

For the fiscal year ended 31 December 2001, Delta Lloyd reported a net profit of EUR 299 mln.

Set out below is a summary of the financial results of Delta Lloyd for the past six fiscal years ending 31 December, together with other financial information.

<b>Delta Lloyd</b>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>
			<i>(Million EUR)</i>			
Gross premium income Life	2,687	2,283	1,941	1,705	1,067	909
Gross premium income General	752	774	579	529	490	492
Gross premium income Health	708	685	139			
Total premium	4,146	3,742	2,659	2,234	1,557	1,401
Other	76	129	39	28	13	11
Investment	1,400	1,796	1,842	1,425	1,067	938
Total revenues	5,622	5,667	4,540	3,687	2,637	2,350
Total result before taxation	3,668	354	292	281	283	223
Result after taxation	299	287	240	220	209	149
Group capital	2,354	2,887	2,360	1,779	1,994	1,686
Balance sheet total	34,239	30,992	28,753	21,262	15,752	14,285
Dividend per ordinary share (in EUR)	23.71	27.04	29.46	31	30	23
Profit per ordinary share (in EUR)	88.89	85.75	71.56	68.02	64	45
Number of staff on a full time	6,604	5,639	5,636	3,452	2,319	2,284

## 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 relevant Seller or, as the case may be, the relevant Sellers against any Borrower under or in connection with any Mortgage Loans selected by agreement between the Sellers and the Issuer. Up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date, on a quarterly basis the Issuer shall apply any proceeds received from the relevant Seller or, as the case may be, the relevant Sellers in connection with a repurchase of any Mortgage Receivables relating to a Mortgage Loan under which the relevant Seller or, as the case may be, the relevant Sellers desires to grant a further advance, to purchase and accept the assignment of Substitute Mortgage Receivables from the relevant Seller or, as the case may be, the relevant Sellers provided that certain conditions are met (see further *Mortgage Receivables Purchase Agreement* below).

The Mortgage Loans are loans secured by a mortgage right, evidenced by notarial mortgage deeds (“*notariële akten van hypotheekstelling*”) entered into by the relevant Seller or, as the case may be, the relevant Sellers and the relevant Borrowers. The Mortgage Receivables sold to the Issuer which were originated by the Sellers prior to 1 January 1992 will be secured by mortgage rights which secure the initial Mortgage Loan, increased with interest, reimbursements and costs. The Mortgage Receivables sold to the Issuer which were originated by the Sellers after 1992, but prior to 1 March 1999 will be secured by mortgage rights which secure the initial Mortgage Loan and all other amounts which the Borrower may be or become due to the relevant Seller or, as the case may be, the relevant Sellers up to the amount of his repayments or prepayments on the initial Mortgage Loan. The Mortgage Receivables sold to the Issuer which were originated following 1 March 1999 will be secured by mortgage rights which secure not only the initial Mortgage Loan but also any amounts which the Borrower may be or become due to the relevant Seller or, as the case may be, the relevant Sellers under further loans and/or credits up to a maximum level. See paragraph *Mortgage Rights* 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 Sellers between 1992 and 2002. The interest rate on each Mortgage Loan has been fixed for an initial time period as of the date of the origination of the relevant Mortgage Loan. After this initial period, the interest for the next interest period will be determined by the relevant Seller or, as the case may be, the relevant Sellers in accordance with the then current market rates of interest or, if the Borrower so desires, in accordance with alternatives made available to the Borrower by the relevant Seller or, as the case may be, the relevant Sellers.

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

### ***Mortgage Types***

#### **Annuity Mortgage (“*Annuitaire lening*”)**

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

#### **Linear Mortgage (“*Lineaire hypotheek*”)**

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

#### **Interest Only Mortgages (“*Aflossingsvrije Hypotheek*”)**

These mortgages do not amortise principal and provide for a bullet payment at the end, mostly when the house is eventually sold. The borrowers pay only interest. Due to the higher risk of bullet principal repayment, these mortgages have a maximum loan-to-foreclosure value of 75 per cent.

Borrowers often take one mortgage deed for a loan consisting of a combination of product types. A common combination is for instance an interest-only mortgage for the first 75 per cent. LTV with a savings mortgage for the remainder.

#### **Savings Mortgages (“*Spaarhypotheken*”)**

This type of mortgage combines a loan with a capital/life insurance. The payout at the end of the contract (or earlier at the death of the borrower) always corresponds exactly to the amount of the mortgage loan. The constant monthly payments consist of interest on the principal and a savings/risk premium for the capital/life insurance (“*spaar/risico-premie*”). If the rates have gone up at the end of the chosen fixed-rate period, the interest charge on the loan will increase but the savings premium on the life insurance will decrease and vice versa. The reinvestment rate on accumulated mortgage principal is guaranteed at the mortgage rate.

#### **Unit Linked Mortgage (“*Meerkeuzeplan*”)**

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

#### **Universal Life Mortgage (“*Delta Life Hypotheek*”)**

This is a loan on which no principal repayment is made, together with a very flexible life insurance policy, effectively an improvement of the Unit Linked policy. This is the most popular amongst the Delta Lloyd mortgage product range. The monthly premiums on the insurance policy are being invested in Delta Lloyd investment funds. The final payout will be determined by the return obtained on the funds chosen by the borrower and the return obtained on the amounts invested in Delta Lloyd investment funds. The final payout will therefore not necessarily be equal to the outstanding balance on the loan.

#### **Traditional life insurance mortgages and Life/external insurance mortgage (“*Hypotheek o.b.v. traditioneel gemengde verzekering*”)**

These mortgages provide for a loan with a payment of a mortgage interest, as well as for a separate insurance product. The reinvestment rate on the accumulated premium is not guaranteed, although insurance companies are required to guarantee a minimum 3 per cent. rate. The maximum loan-to-foreclosure-value is set at 125 per cent. The loans can have a maximum maturity of 30 years.



## SUMMARY OF THE POOL

amounts in euro

**TABLE A**  
**Key Characteristics of the Mortgage Pool as of 1 May 2002**

	<i>All Loans</i>	<i>Non – guaranteed</i>	<i>Guaranteed</i>
Outstanding Principal Balance (EUR)	1,120,638,955	724,123,527	396,515,428
Average Balance by Borrower (EUR)	127,028	136,911	112,232
Maximum Loan Value (EUR)	771,426	771,426	271,134
Number of Loanparts	14,350	8,775	5,575
Number of Borrowers	8,822	5,289	3,533
Weighted Average Seasoning (months)	51.80	53.17	49.31
Weighted Average Maturity (months)	301	296	310
Weighted Average Coupon (%)	5.91	5.94	5.85

**TABLE B**  
**Origination Date of the Mortgage Loanparts in the Provisional Pool**

<i>Year of Origination</i>	<i>Aggregate Outstanding Principal Amount (EUR)</i>		<i>Number of Loanparts NHG</i>		<i>Aggregate Outstanding Principal Amount (EUR) NHG</i>	
	<i>separately</i>	<i>Proportion of Pool (%)</i>	<i>separately</i>	<i>Proportion of Pool (%)</i>	<i>distributed</i>	<i>Proportion of Pool (%)</i>
Guaranteed	396,515,428	35.4%	5,575	38.9%		
1975	1,068,586	0.1%	43	0.3%	2,365,941	0.2%
1976	2,472,948	0.2%	62	0.4%	4,447,314	0.4%
1977	6,282,548	0.6%	117	0.8%	7,685,908	0.7%
1978	8,539,346	0.8%	168	1.2%	9,535,686	0.9%
1979	7,013,503	0.6%	121	0.8%	7,546,447	0.7%
1980	6,733,023	0.6%	110	0.8%	9,142,618	0.8%
1981	4,900,871	0.4%	79	0.6%	7,466,692	0.7%
1982	2,338,741	0.2%	48	0.3%	3,459,236	0.3%
1983	6,180,107	0.6%	121	0.8%	8,571,616	0.8%
1984	3,726,976	0.3%	93	0.6%	8,388,343	0.7%
1985	9,257,225	0.8%	198	1.4%	30,122,752	2.7%
1986	7,798,293	0.7%	158	1.1%	19,540,512	1.7%
1987	20,151,439	1.8%	263	1.8%	29,146,267	2.6%
1988	17,728,840	1.6%	253	1.8%	26,115,748	2.3%
1989	24,873,085	2.2%	396	2.8%	32,103,714	2.9%
1990	15,292,056	1.4%	251	1.7%	16,486,469	1.5%
1991	17,712,315	1.6%	274	1.9%	18,969,462	1.7%
1992	163,249	0.0%	3	0.0%	163,249	0.0%
1993	1,152,007	0.1%	23	0.2%	1,352,769	0.1%
1994	1,785,592	0.2%	25	0.2%	2,174,967	0.2%
1995	639,331	0.1%	10	0.1%	1,073,881	0.1%
1996	996,814	0.1%	16	0.1%	1,886,372	0.2%
1997	3,001,984	0.3%	59	0.4%	7,578,515	0.7%
1998	5,068,354	0.5%	73	0.5%	8,888,176	0.8%
1999	18,681,477	1.7%	265	1.8%	28,507,619	2.5%
2000	142,816,812	12.7%	1,505	10.5%	189,862,876	16.9%
2001	313,897,202	28.0%	3,279	22.9%	512,982,647	45.8%
2002	73,850,802	6.6%	762	5.3%	125,073,159	11.2%
Total	1,120,638,955	100.0%	14,350	100.0%	1,120,638,955	100.0%

**TABLE C**  
**Maturity of the Mortgage Loans in the Provisional Pool**

<i>Range of Years</i>	<i>Aggregate Outstanding Principal Amount (EUR)</i>		<i>Number of Loanparts</i>		<i>Aggregate Outstanding Principal Amount (EUR)</i>	
	<i>NHG</i>	<i>Proportion of Pool (%)</i>	<i>NHG</i>	<i>Proportion of Pool (%)</i>	<i>NHG distributed</i>	<i>Proportion of Pool (%)</i>
Guaranteed	396,515,428	35.4%	5,575	38.9%		
2002 <= Maturity < 2005	8,759,288	0.8%	201	1.4%	9,434,033	0.8%
2005 <= Maturity < 2010	43,836,181	3.9%	787	5.5%	54,157,318	4.8%
2010 <= Maturity < 2015	40,774,486	3.6%	638	4.4%	58,258,370	5.2%
2015 <= Maturity < 2020	52,913,020	4.7%	741	5.2%	95,801,878	8.5%
2020 <= Maturity < 2025	35,613,973	3.2%	453	3.2%	42,510,852	3.8%
2025 <= Maturity < 2030	77,721,436	6.9%	1,006	7.0%	109,229,177	9.7%
2030 <= Maturity < 2035	456,764,483	40.8%	4,818	33.6%	741,569,959	66.2%
2035 <= Maturity < 2040	1,380,443	0.1%	22	0.2%	2,203,812	0.2%
2040 <= Maturity < 2045	1,465,618	0.1%	23	0.2%	1,465,618	0.1%
2045 <= Maturity < 2050	3,225,391	0.3%	69	0.5%	3,983,984	0.4%
2050 <= Maturity < 2052	1,669,209	0.1%	17	0.1%	2,023,954	0.2%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>14,350</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE D**  
**Type of Mortgage Loanparts in the Provisional Pool**

<i>Type of Mortgage</i>	<i>Aggregate Outstanding Principal Amount (EUR)</i>		<i>Number of Loanparts</i>		<i>Aggregate Outstanding Principal Amount (EUR)</i>	
	<i>NHG</i>	<i>Proportion of Pool (%)</i>	<i>NHG</i>	<i>Proportion of Pool (%)</i>	<i>NHG distributed</i>	<i>Proportion of Pool (%)</i>
Guaranteed	396,515,428	35.4%	5,575	38.9%	—	
Annuity	1,799,361	0.2%	32	0.2%	3,855,371	0.3%
Interest Only	278,247,731	24.8%	3,799	26.5%	361,851,667	32.3%
Savings/Life	42,667,987	3.8%	722	5.0%	67,507,114	6.0%
Linear	852,801	0.1%	20	0.1%	1,008,613	0.1%
Traditional Life	104,844,693	9.4%	1,571	10.9%	162,971,720	14.5%
Unit Linked	18,394,785	1.6%	226	1.6%	26,266,330	2.3%
Universal Life	277,316,170	24.7%	2,405	16.8%	497,178,139	44.4%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>14,350</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE E**  
**Interest Rates Applicable to the Mortgage Loanparts in the Provisional Pool**

<i>Range of Interest Rates</i>	<i>Aggregate Outstanding Principal Amount (EUR) NHG separately</i>		<i>Number of Loanparts NHG separately</i>		<i>Aggregate Outstanding Principal Amount (EUR) NHG distributed</i>	
	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>
<b>Guaranteed</b>	396,515,428	35.4%	5,575	38.9%		
r < 4.0%	0	0.0%	0	0.0%	79,865	0.0%
4.0% <= r < 4.5%	2,346,111	0.2%	29	0.2%	11,993,369	1.1%
4.5% <= r < 5.0%	53,286,567	4.8%	658	4.6%	72,235,547	6.4%
5.0% <= r < 5.5%	86,918,124	7.8%	1,175	8.2%	166,014,028	14.8%
5.5% <= r < 6.0%	227,021,097	20.3%	2,538	17.7%	415,285,952	37.1%
6.0% <= r < 6.5%	260,722,334	23.3%	2,895	20.2%	304,880,470	27.2%
6.5% <= r < 7.0%	45,755,839	4.1%	630	4.4%	53,754,736	4.8%
7.0% <= r < 7.5%	19,880,153	1.8%	330	2.3%	38,701,496	3.5%
7.5% <= r < 8.0%	15,029,086	1.3%	266	1.9%	32,715,833	2.9%
8.0% <= r < 8.5%	7,214,576	0.6%	148	1.0%	16,223,707	1.4%
8.5% <= r < 9.0%	3,573,582	0.3%	68	0.5%	5,403,496	0.5%
9.0% <= r < 9.5%	1,156,781	0.1%	20	0.1%	1,547,071	0.1%
9.5% <= r < 10.0%	1,018,191	0.1%	15	0.1%	1,602,297	0.1%
10.0% <= r < 10.5%	201,087	0.0%	3	0.0%	201,087	0.0%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>14,350</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE F**  
**Interest Rate Reset Dates Applicable to the Mortgage Loanparts in The Provisional Pool**

<i>Range of Years</i>	<i>Aggregate Outstanding Principal Amount</i>		<i>Number of Loanparts</i>		<i>Aggregate Outstanding Principal Amount</i>	
	<i>(EUR) NHG</i>	<i>Proportion of Pool (%)</i>	<i>NHG</i>	<i>Proportion of Pool (%)</i>	<i>(EUR) NHG distributed</i>	<i>Proportion of Pool (%)</i>
<b>Guaranteed</b>	396,515,428	35.4%	5,575	38.9%		
2002	25,939,619	2.3%	328	2.3%	34,487,404	3.1%
2003	43,551,303	3.9%	574	4.0%	55,036,277	4.9%
2004	23,327,868	2.1%	344	2.4%	26,665,138	2.4%
2005	19,090,739	1.7%	331	2.3%	24,389,440	2.2%
2006	36,288,445	3.2%	556	3.9%	52,708,526	4.7%
2007	49,860,302	4.4%	653	4.6%	67,250,476	6.0%
2008	22,522,964	2.0%	334	2.3%	29,707,396	2.7%
2009	31,504,505	2.8%	466	3.2%	44,781,247	4.0%
2010	76,874,920	6.9%	853	5.9%	104,647,896	9.3%
2011	168,259,812	15.0%	1,793	12.5%	294,693,862	26.3%
2012	40,580,401	3.6%	445	3.1%	77,741,386	6.9%
2013	3,218,115	0.3%	50	0.3%	6,248,232	0.6%
2014	14,937,423	1.3%	220	1.5%	25,717,988	2.3%
2015	48,571,278	4.3%	479	3.3%	74,393,749	6.6%
2016	66,119,814	5.9%	712	5.0%	113,007,238	10.1%
2017	16,673,188	1.5%	172	1.2%	29,705,988	2.7%
2018	3,590,238	0.3%	50	0.3%	8,071,903	0.7%
2019	11,698,552	1.0%	162	1.1%	20,146,964	1.8%
2020	9,609,118	0.9%	104	0.7%	13,088,781	1.2%
2021	8,389,268	0.7%	104	0.7%	12,169,663	1.1%
2022	961,191	0.1%	10	0.1%	1,962,072	0.2%
2023	61,488	0.0%	1	0.0%	190,797	0.0%
2024	223,921	0.0%	4	0.0%	442,985	0.0%
2025	—	0.0%	0	0.0%	103,008	0.0%
2026	—	0.0%	0	0.0%	99,832	0.0%
2027	116,848	0.0%	1	0.0%	455,913	0.0%
2028	—	0.0%	0	0.0%	—	0.0%
2029	108,907	0.0%	1	0.0%	156,084	0.0%
2030	839,656	0.1%	10	0.1%	1,168,146	0.1%
2040	1,203,642	0.1%	18	0.1%	1,400,565	0.1%
2052	—	0.0%	0	0.0%	—	0.0%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>14,350</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE G**  
**Size of Outstanding Mortgage Loans in the Provisional Pool (on a Borrower Basis)**

Range of Loans Sizes (EUR x 1,000)	Aggregate Outstanding Principal		Number of Loans		Aggregate Outstanding Principal	
	Amount (EUR) NHG separately	Proportion of Pool (%)	Loans NHG separately	Proportion of Pool (%)	Amount (EUR) NHG distributed	Proportion of Pool (%)
Guaranteed	396,515,428	35.4%	3,533	40.0%		
Loan Size < 50	28,501,234	2.5%	902	10.2%	44,692,717	4.0%
50 <= Loan Size < 100	86,048,535	7.7%	1,146	13.0%	162,954,994	14.5%
100 <= Loan Size < 150	147,098,707	13.1%	1,183	13.4%	286,017,501	25.5%
150 <= Loan Size < 200	162,298,317	14.5%	927	10.5%	323,494,234	28.9%
200 <= Loan Size < 250	142,105,692	12.7%	642	7.3%	144,877,629	12.9%
250 <= Loan Size < 300	71,471,624	6.4%	263	3.0%	72,002,462	6.4%
300 <= Loan Size < 350	32,617,564	2.9%	101	1.1%	32,617,564	2.9%
350 <= Loan Size < 400	21,193,668	1.9%	57	0.6%	21,193,668	1.9%
400 <= Loan Size < 450	13,803,125	1.2%	33	0.4%	13,803,125	1.2%
450 <= Loan Size < 500	6,964,601	0.6%	15	0.2%	6,964,601	0.6%
500 <= Loan Size < 550	5,828,525	0.5%	11	0.1%	5,828,525	0.5%
550 <= Loan Size <= 600	589,914	0.1%	1	0.0%	589,914	0.1%
600 <= Loan Size <= 650	1,222,030	0.1%	2	0.0%	1,222,030	0.1%
650 <= Loan Size <= 700	680,670	0.1%	1	0.0%	680,670	0.1%
700 <= Loan Size <= 750	2,176,321	0.0%	3	0.0%	2,176,321	0.2%
750 <= Loan Size <= 800	1,523,000	0.3%	2	0.0%	1,523,000	0.1%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>8,822</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE H**  
**Geographical Distribution of the Mortgage Loans in the Provisional Pool**

Region	Aggregate Outstanding Principal		Number of Loans		Aggregate Outstanding Principal	
	Amount (EUR) NHG separately	Proportion of Pool (%)	Loans NHG separately	Proportion of Pool (%)	Amount (EUR) NHG distributed	Proportion of Pool (%)
Guaranteed	396,515,428	35.4%	3,533	40.0%		
Drenthe	17,849,348	1.6%	126	1.4%	30,759,926	2.7%
Flevoland	22,450,056	2.0%	128	1.5%	39,389,118	3.5%
Friesland	16,130,372	1.4%	128	1.5%	34,208,985	3.1%
Gelderland	68,372,432	6.1%	522	5.9%	97,885,026	8.7%
Groningen	17,910,626	1.6%	139	1.6%	33,776,651	3.0%
Limburg	43,848,633	3.9%	408	4.6%	69,559,525	6.2%
Noord-Brabant	109,664,283	9.8%	882	10.0%	160,805,039	14.3%
Noord-Holland	144,893,271	12.9%	964	10.9%	202,632,183	18.1%
Overijssel	40,435,196	3.6%	304	3.4%	72,140,490	6.4%
Utrecht	61,075,677	5.5%	403	4.6%	82,310,598	7.3%
Zuid-Holland	154,744,272	13.8%	1,101	12.5%	261,369,455	23.3%
Zeeland	11,239,149	1.0%	105	1.2%	19,548,578	1.7%
Missing	15,510,212	1.4%	79	0.9%	16,253,382	1.5%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>8,822</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE I**  
**Weighted Average LTV ratio**

	<i>All loans; guaranteed loans have LTV &lt; &gt; 0<sup>3</sup></i>	<i>All loans; guaranteed loans have LTV of 0</i>	<i>All non- guaranteed loans</i>	<i>All guaranteed loans<sup>3</sup></i>
Current Loan-to-Value (Recorded Foreclosure Value)	101.31%	61.04%	94.47%	115.62%
Current Loan-to-Value (Indexed <sup>1</sup> Recorded Foreclosure Value)	88.54%	52.60%	81.41%	103.45%
Current Loan-to-Value (Estimated Fair Market <sup>2</sup> Value)	88.65%	53.41%	82.66%	101.17%
Current Loan-to-Value (Indexed <sup>1</sup> Estimated Fair Market <sup>2</sup> Value)	77.48%	46.03%	71.23%	90.52%
Original LtFV Ratio distribution	102.57%	62.40%	95.99%	116.86%

1: NVM index, 1/1/1985 to Q1/2002 on a province basis

2: Foreclosure value is 87.5% of market value

3: Mortgages with unknown Foreclosure Value omitted

**TABLE J.1**  
**Current LtFV Ratio distribution (Original Recorded Foreclosure Value)**

<i>Range of Loan-to-Value</i>	<i>Aggregate Outstanding</i>		<i>Number of</i>		<i>Aggregate Outstanding</i>	
	<i>Principal Amount (EUR) NHG separately</i>	<i>Proportion of Pool (%)</i>	<i>Loans NHG separately</i>	<i>Proportion of Pool (%)</i>	<i>Principal Amount (EUR) NHG distributed</i>	<i>Proportion of Pool (%)</i>
Guaranteed	396,515,428	35.4%	3,534	40.1%		
0.0% <= 25.0%	5,446,040	0.5%	202	2.3%	5,614,824	0.5%
25.0% <= LTV < 50.0%	43,648,580	3.9%	711	8.1%	47,354,126	4.2%
50.0% <= LTV < 60.0%	42,173,263	3.8%	497	5.6%	46,219,016	4.1%
60.0% <= LTV < 70.0%	58,004,306	5.2%	570	6.5%	63,335,070	5.7%
70.0% <= LTV < 80.0%	74,609,981	6.7%	602	6.8%	83,108,489	7.4%
80.0% <= LTV < 90.0%	83,686,372	7.5%	553	6.3%	95,643,638	8.5%
90.0% <= LTV < 100.0%	47,847,223	4.3%	301	3.4%	58,052,061	5.2%
100.0% <= LTV < 105.0%	35,019,026	3.1%	208	2.4%	42,859,121	3.8%
105.0% <= LTV < 110.0%	39,026,892	3.5%	204	2.3%	51,148,088	4.6%
110.0% <= LTV < 115.0%	59,276,086	5.3%	298	3.4%	80,543,858	7.2%
115.0% <= LTV < 120.0%	62,837,349	5.6%	307	3.5%	99,949,504	8.9%
120.0% <= LTV < 125.0%	152,913,514	13.6%	737	8.4%	282,047,240	25.2%
125.0% <= LTV <= 126.0% / >= 125.0%	19,634,894	1.8%	98.00	1.1%	112,846,290	10.1%
Not Defined (NHG only)					51,917,631	4.6%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>8,822</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE J.2**  
**Current Loan-to-Value (Indexed Recorded Foreclosure Value)**

<i>Range of Loan-to-Value</i>	<i>Aggregate Outstanding Principal Amount (EUR) NHG separately</i>		<i>Number of Loans NHG separately</i>		<i>Aggregate Outstanding Principal Amount (EUR) NHG distributed</i>	
	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>
Guaranteed	396,515,428	35.4%	3,533	40.0%		
0.0% <= LTV < 25.0%	35,649,830	3.2%	734	8.3%	36,307,592	3.2%
25.0% <= LTV < 50.0%	108,065,816	9.6%	1,201	13.6%	122,402,111	10.9%
50.0% <= LTV < 60.0%	47,293,166	4.2%	421	4.8%	55,910,919	5.0%
60.0% <= LTV < 70.0%	60,631,559	5.4%	481	5.5%	68,407,763	6.1%
70.0% <= LTV < 80.0%	60,722,506	5.4%	404	4.6%	69,580,796	6.2%
80.0% <= LTV < 90.0%	58,131,909	5.2%	330	3.7%	74,685,113	6.7%
90.0% <= LTV < 100.0%	70,147,306	6.3%	366	4.1%	94,923,847	8.5%
100.0% <= LTV < 105.0%	50,384,305	4.5%	254	2.9%	78,986,880	7.0%
105.0% <= LTV < 110.0%	57,143,568	5.1%	269	3.0%	94,016,912	8.4%
110.0% <= LTV < 115.0%	97,207,875	8.7%	457	5.2%	180,569,147	16.1%
115.0% <= LTV < 120.0%	65,432,765	5.8%	307	3.5%	158,386,090	14.1%
120.0% <= LTV < 125.0%	13,312,921	1.2%	65	0.7%	31,906,655	2.8%
125.0% <= LTV <= 126.0% / >= 125.0%	0	0.0%	0	0.0%	2,637,499	0.2%
Not Defined (NHG only)					51,917,631	4.6%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>8,822</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE J.3**  
**Current Loan-to-Value (Estimated Fair Market Value)**

<i>Range of Loan-to-Value</i>	<i>Aggregate Outstanding Principal Amount (EUR) NHG separately</i>		<i>Number of Loans NHG separately</i>		<i>Aggregate Outstanding Principal Amount (EUR) NHG distributed</i>	
	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>
Guaranteed	396,515,428	35.4%	3,533	40.0%		
0.0% <= LTV < 25.0%	7,931,088	0.7%	268	3.0%	8,168,024	0.7%
25.0% <= LTV < 50.0%	70,097,916	6.3%	997	11.3%	76,719,967	6.8%
50.0% <= LTV < 60.0%	60,611,303	5.4%	619	7.0%	65,954,552	5.9%
60.0% <= LTV < 70.0%	85,241,863	7.6%	699	7.9%	94,788,981	8.5%
70.0% <= LTV < 80.0%	90,461,608	8.1%	599	6.8%	103,537,181	9.2%
80.0% <= LTV < 90.0%	60,757,340	5.4%	379	4.3%	73,757,323	6.6%
90.0% <= LTV < 100.0%	103,416,139	9.2%	536	6.1%	137,319,797	12.3%
100.0% <= LTV < 105.0%	73,057,862	6.5%	357	4.0%	113,581,969	10.1%
105.0% <= LTV < 110.0%	172,057,404	15.4%	832	9.4%	319,105,389	28.5%
110.0% <= LTV <= 126.0% / >= 110.0% (NHG only)	491,004	0.0%	3	0.0%	75,788,141	6.8%
Not Defined (NHG only)					51,917,631	4.6%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>8,822</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE J.4**  
**Current Loan-to-Value (Indexed Estimated Fair Market Value)**

<i>Range of Loan-to-Value</i>	<i>Aggregate Outstanding Principal Amount (EUR) NHG separately</i>			<i>Aggregate Outstanding Principal Amount (EUR) NHG distributed</i>		
	<i>Proportion of Pool (%)</i>	<i>Number of Loans</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	
Guaranteed	396,515,428	35.4%	3,533	40.0%	51,821,957	4.6%
0.0% <= LTV < 25.0%	50,533,470	4.5%	941	10.7%	146,578,538	13.1%
25.0% <= LTV < 50.0%	126,339,783	11.3%	1,297	14.7%	72,740,715	6.5%
50.0% <= LTV < 60.0%	63,850,022	5.7%	510	5.8%	81,467,970	7.3%
60.0% <= LTV < 70.0%	71,639,602	6.4%	493	5.6%	88,773,530	7.9%
70.0% <= LTV < 80.0%	67,961,616	6.1%	382	4.3%	122,356,925	10.9%
80.0% <= LTV < 90.0%	88,719,390	7.9%	457	5.2%	277,292,251	24.7%
90.0% <= LTV < 100.0%	158,249,683	14.1%	745	8.4%	193,145,285	17.2%
100.0% <= LTV < 105.0%	83,517,039	7.5%	399	4.5%	32,745,536	2.9%
105.0% <= LTV < 110.0%	13,312,921	1.2%	65	0.7%		
110.0% <= LTV <= 126.0% / >= 110.0% (NHG only)	—	0.0%	—	0.0%	1,798,618	0.2%
Not Defined (NHG only)					51,917,631	4.6%
<b>Total</b>	<b>1,120,638,955</b>	<b>100.0%</b>	<b>8,822</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>

**TABLE J.5**  
**Original LtFV Ratio distribution (Original Recorded Foreclosure Value)**

<i>Range of Loan-to-Value</i>	<i>Aggregate Outstanding Principal Amount (EUR) NHG separately</i>			<i>Aggregate Outstanding Principal Amount (EUR) NHG distributed</i>		
	<i>Proportion of Pool (%)</i>	<i>Number of Loans NHG separately</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	<i>Proportion of Pool (%)</i>	
Guaranteed	396,515,428	3,533.00	35.4%	40.0%	3,098,672	0.3%
0.0% <= 25.0%	2,978,420	84.00	0.3%	1.0%	35,022,063	3.1%
25.0% <= LTV < 50.0%	32,407,909	533.00	2.9%	6.0%	41,635,135	3.7%
50.0% <= LTV < 60.0%	38,094,063	454.00	3.4%	5.1%	58,103,429	5.2%
60.0% <= LTV < 70.0%	53,269,156	558.00	4.8%	6.3%	81,399,773	7.3%
70.0% <= LTV < 80.0%	73,955,725	650.00	6.6%	7.4%	99,046,968	8.8%
80.0% <= LTV < 90.0%	86,722,635	602.00	7.7%	6.8%	60,015,700	5.4%
90.0% <= LTV < 100.0%	49,455,880	424.00	4.4%	4.8%	46,563,715	4.2%
100.0% <= LTV < 105.0%	38,890,077	190.00	3.5%	2.2%	54,258,741	4.8%
105.0% <= LTV < 110.0%	41,588,074	243.00	3.7%	2.8%	84,601,229	7.5%
110.0% <= LTV < 115.0%	64,208,188	337.00	5.7%	3.8%	100,271,593	8.9%
115.0% <= LTV < 120.0%	64,352,041	330.00	5.7%	3.7%	287,800,232	25.7%
120.0% <= LTV < 125.0%	157,367,698	774.00	14.0%	8.8%		
125.0% <= LTV <= 126.0% / >= 125.0% (NHG only)	20,833,663	110.00	1.9%	1.2%	51,917,631	4.6%
Not Defined (NHG only)						
<b>Total</b>	<b>1,120,638,955</b>	<b>8,822</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1,120,638,955</b>	<b>100.0%</b>



## MUNICIPALITY / NHG GUARANTEE PROGRAMME

### **Municipality Guarantee**

In 1960, the Netherlands government introduced the ‘municipal government participation’, an open ended scheme in which the municipalities guaranteed, according to a set of defined criteria, residential mortgage loans made by authorized lenders to eligible borrowers to purchase a primary family residence (each a ‘**Municipality Guarantee**’). The municipalities and the State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the Municipality Guarantee, the State would make an interest free loan to cover its obligations. The aim was to promote house ownership among the lower income groups. The Municipality Guarantee covers the outstanding principal, accrued unpaid interest and disposal cost. To the extent that the mortgage loan is partially redeemed either through scheduled payments or prepayments, the Guarantee is reduced accordingly. Further advances made under the mortgage loan are not covered by the Municipality Guarantee to the extent that the outstanding amount of the mortgage loan is greater than the original amount less scheduled repayments.

### **NHG Guarantee**

Since 1 January 1995 a central, privatised entity “*Stichting Waarborgfonds Eigen Woningen*” (‘**WEW**’) is responsible for the administration and granting of the “*Nationale Hypotheek Garantie*” (‘**NHG Guarantee**’), under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. To the extent that the mortgage loan is partially redeemed either through scheduled repayments or prepayments, the NHG Guarantee is reduced accordingly. In addition, irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee is reduced on a monthly basis with an amount which equals the amount of monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. Further advances or re-drawings of prepaid amounts made under the mortgage loan are not covered by the NHG Guarantee to the extent that the outstanding amount of the mortgage loan is greater than the original amount less scheduled principal payments. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such loans for purposes of the calculation of the amount guaranteed under the NHG.

### **Transition from Municipality to NHG Guarantee**

The Dutch State has effectively transferred its reimbursement obligations with respect to Municipality Guarantees to the WEW. All municipalities have transferred their obligations under guarantees issued pursuant to the previous State terms and conditions to the WEW.

The transfer of obligations by the State and the municipalities to the WEW is set forth, respectively, in a ‘buy-off’ agreement (“*afkoopovereenkomst*”) dated 8 December 1994 between the State and the WEW and in standard buy-off agreements entered into between each participating municipality and the WEW. The buy-off agreements basically provide for the WEW to assume all payment obligations of the State and the municipalities under guarantees issued (but not enforced) prior to 1 January 1995 against payment by the State and the participating municipalities of an up-front lump sum (and, if necessary, additional payments) to the WEW.

### **Financing of the WEW**

The WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.30 per cent. of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to the WEW from the State of the Netherlands and the participating municipalities. Should the WEW not be able to meet its obligations under guarantees issued, the State will provide subordinated interest free loans to the WEW of up to 50 per cent. of the difference between the WEW’s own funds and a pre-determined average loss level. Municipalities participating in the NHG Scheme will fund to the WEW, by means of subordinated interest free loans, the other 50 per cent. of the difference. Both the keep well agreement between the State and the WEW and the keep well agreements between the municipalities and the WEW contain general ‘**keep well**’ undertakings of the State and the municipalities to enable the WEW at all times (including in the event of bankruptcy, suspension of payments or liquidation of the WEW) to meet its obligations under guarantees issued.

## **Terms and Conditions**

### *Municipality Guarantees*

The State established the terms and conditions for the Municipality Guarantees. These terms and conditions have been amended from time to time over the years. As of October 1992, to qualify for a Municipality Guarantee under the relevant State terms and conditions, *inter alia*, the following conditions had to be met: (1) a municipality guarantee must be applied for the purchase of a property; (2) the applicant for whose benefit the guarantee is given must be the owner-occupier; (3) the purchase price (as defined in the relevant terms and conditions) must not exceed NLG 250,000; (4) the relevant loan granted for the purchase of the property must have a minimum maturity of five years and a maximum maturity of 30 years; (5) repayments have to be on a monthly basis and can be 'annuity' or 'linear'; (6) the relevant mortgage loan must be secured by a first priority mortgage right securing only the mortgage loan on the mortgaged property, in favour of the lender; (7) the guarantee covers the lender's claims under the mortgage loan as of the date of sale of the Mortgaged Property by the lender enforcing the mortgage; (8) if the mortgage right is combined with a life insurance policy, the rights under the policy must be pledged to the lender; (9) the lender must ensure that the property is adequately insured (by the borrower) against fire damage during the term of the loan. In addition, once the guarantee has been issued, the lender has certain ongoing obligations under the Municipality Guarantee vis-à-vis the municipality; (1) without the consent of the municipality the lender shall not agree to a suspension of payment under the loan; (2) the lender must inform the municipality on a yearly basis as to the amount outstanding under the loan; (3) if and when the borrower is in default of the borrower under the loan, the lender must inform the municipality accordingly; (4) if the default of the borrower under the loan is continuing, the lender may not sell the mortgaged property, except with the consent of the municipality; (5) the lender may not claim under the guarantee, unless the mortgage has been enforced and the property has been sold.

### *NHG Guarantees*

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant Seller and forwarded to the NHG to register the mortgage and establish the guarantee.

The specific terms and conditions for the granting of NHG Guarantees, such as eligible income, purchasing or building costs etc, are set forth in published documents.

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the "*Bureau Krediet Registratie*" ('**BKR**'), a central credit agency used by all financial institutions in the Netherlands, which registers the current and recent (for the previous five years) credit record (if any) of borrowers in the Netherlands.

To qualify for a NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first priority mortgage right and the borrower is required to take out insurance in respect of the mortgaged property against risk of fire, flood and other accidental damage for the full restitution value thereof. The borrower is also required to take out life insurance, the rights under the policy being pledged to the lender, for the term of the loan if the loan is more than 50 per cent. of the free market value of the property. The mortgage conditions should include certain provisions, among which the provision that any proceeds of foreclosure on the mortgage right and the right of pledge shall be applied firstly towards repayment of the loan guaranteed under the NHG.

The NHG Guarantee can be issued up to a maximum of EUR 200.000 (as of 1 January 2002).

### **Claiming under the Municipality Guarantee**

The claim must be made under the same conditions as for the NHG claim (see below). There are three possibilities for claiming payment for a defaulted mortgage loan covered by a Municipality Guarantee: (1) the municipality has joined the NHG arrangement and has transferred its obligations to the NHG, (2) as for (1) but the municipality has retained its old obligations, or (3) the municipality has not joined the NHG arrangement:

- (1) The claim is made to the municipality that issued the guarantee, which checks the validity of the claim and forwards it to the WEW which makes the payment to the lender;
- (2) the claim is made to the issuing municipality which checks the claim and makes the payment to the lender (NHG will reimburse the municipality for 50 per cent. of the claim);
- (3) the claim is made to the issuing municipality which checks the claim and makes the payments to the lender.

In all cases the full file of relevant information must be submitted with the claim within the required time. Payment should be made within two months. If not, interest is payable for the delayed payment period.

In its letter dated 26 October 2000, the WEW has confirmed that the starting point for its policies is that each Financial Institution with which it has a guarantee arrangement acts in good faith (“*te goeder trouw*”) and that breaches of the terms and conditions (the ‘*Voorwaarden en Normen*’), which do not have a material influence on the occurrence and the size of the loss, lead to payment under the claims. The WEW also confirmed that if a Financial Institution should transfer to a third party its rights under mortgage loans which have the benefit of a Guarantee and which are registered with the WEW in accordance with the provisions of the *Voorwaarden en Normen*, pursuant to a sale by that Financial Institution of a mortgage loan portfolio to which the mortgage loans in question belong or in connection with a financial transaction, such third party transferee will become the beneficiary of the Guarantee as provided for in Article 6:142 sub-section 1 of the Dutch Civil Code.

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

When the borrower is in arrears with payments under the mortgage loan for a period of 7 monthly installments, the WEW may approach the lender and/or the borrower to attempt to solve the problem and make the borrower aware of the consequences. If an agreement cannot be reached, the WEW reviews the situation with the lender to endeavor to generate the highest possible proceeds from the property. The situation is reviewed to see whether a private sale of the property, rather than a public auction, would generate proceeds sufficient to cover the outstanding loan. Permission of the WEW is required in case of a private sale.

Within two months of the private or forced sale of the property, the lender must make a formal request to the WEW for payment, using standard forms, which request must include all of the necessary documents relating to the original loan and the NHG Guarantee. After receipt of the claim and all the supporting details, NHG must make payment within two months. If the payment is late, provided the request is valid, NHG must pay interest for the late payment period.

In the event that a borrower fails to meet its obligation to repay the mortgage loan and no or no full payment is made to the lender under the NHG Guarantee by the WEW because of the lender’s culpable negligence, the lender must act vis-à-vis the borrower as if the WEW were still guaranteeing the repayment of the Mortgage Loan during the remainder of the term of the Mortgage Loan. In addition, the lender is not entitled to recover any amounts due under the mortgage loan from the borrower in such case. This is only different if the borrower did not act in good faith with respect to his inability to repay the mortgage loan and has failed to render his full cooperation in trying to have the mortgage loan repaid to the lender to the extent possible.

# MORTGAGE LOAN UNDERWRITING AND MORTGAGE PROCESSING ACTIVITIES

## Introduction

The Mortgage Loans are originated by the relevant Seller or, as the case may be, the relevant Sellers. Mortgages are distributed through the channel of intermediaries only such as insurance brokers, banks, real estate agents and chains.

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

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

## Origination

STATER provides mortgages processing activities and, for the purposes thereof, provides an origination system, including automated underwriting, incorporating the specific Delta Lloyd rules for the underwriting process. STATER then provides the mortgage processing activities with regard to the mortgage and handles therefore contact with the borrower and provides high-quality financial and portfolio performance reports and information. The process is paperless and is conducted on a computer system developed by STATER specifically to allow underwriting rules and controls to be encoded in an automated underwriting system, control the function of mortgage processing activities and provide high-quality performance information.

Direct contact with clients, however, is exclusively maintained by Delta Lloyd.

New mortgage loans are accepted on the basis of a fixed underwriting protocol. The application is sent to Delta Lloyd by mail, fax or HDN ("*Hypotheken Data Netwerk*"). The Delta Lloyd underwriter then enters the application data in the SHS ("*STATER Hypotheek Systeem*") system, which inputs the conditions and assesses the application automatically, including a credit check with BKR ("*Bureau Krediet Registratie*"). If the system approves, then a conditional offer is sent out, subject to verification of the application input such as salary, employment and property details.

## Description of the Origination department

The principal items in the underwriting protocol are:

(a) Maximum amounts

If the loan is guaranteed by the NHG, the maximum amount of the mortgage loan which will be granted is EUR 190,588 for the year 2000. Higher amounts are only possible without NHG and to be approved by the relevant credit approving authorities within Delta Lloyd. The minimum amount at Delta Lloyd is EUR 11,344.

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

The process of verifying the creditworthiness is set up to determine whether the prospective borrower has sufficient monthly income available to meet his payments on the requested mortgage loan as well as to support other financial obligations and monthly living expenses. A check on the income is conducted by requesting a recent employer's declaration. In general, the gross debt service-to-gross income ratio increases with the borrower's income with the percentage ranging between 31 per cent. for a salary up to EUR 31,765 and 39 per cent. with a salary above EUR 68,067.

(c) Collateral

With each application, the potential borrower has to send an original appraisal called valuation report ("*taxatie rapport*"), which is drawn up by a sworn-in appraiser called "*taxateur*" or an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"). The latter is only allowed if the LTV is below 60 per cent. on the basis of such assessment. For new builds no valuation is required if the property is built by professional builders, unless the Relevant Mortgage Loan to be granted exceeds 107 per cent. of the purchase and construction costs of the property involved.

(d) Foreclosure Value

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

(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 only granted on the basis of owner occupancy (no investment mortgages).

### **Mortgage Processing Procedures**

#### *Mortgage Processing Procedures – Payment collections (“inningen”)*

At origination, the borrower always agrees with Delta Lloyd that monthly payments will be automatically withdrawn from his bank account by direct debit. Some 96 per cent. of all Delta Lloyd Life’s borrowers pay this way. Some pay by money transfer or checks. Direct debit will not be successful if the balance of the borrowers’ account is not sufficient to cover the full amount of the scheduled monthly payment. If the balance is insufficient for the full drawing on the payment date, then, depending on the borrower’s bank, there will be a few more attempts to withdraw the full amount of the scheduled payment.

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

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

#### *Mortgage Processing Procedures – Arrears*

At the end of each month, the system detects and keeps track of arrears. Reminder letters are automatically generated by the system and sent out to the borrower. If the borrower misses a payment, a “letter of arrears” is automatically sent during the 2nd to 3rd week in the month following the missing payment date. The arrears on the reminder letter are as up-to-date as possible. A reminder letter is drawn up for each loan. The letter also includes a specification of the penalty interest charged. If the borrower has not been placed on the “active treatment list” (see below) each following month a new letter will be sent in which the wording and contents become increasingly more severe. The fourth and last reminder letter notifies the borrower that measures for collection will be taken including the call of the loan if the arrears are not paid immediately.

Depending on the amount of arrears, a borrower will be given an active treatment status or not: the borrower will only be placed on this list if the total amount of arrears after one month is greater or equal to euro 1,500 or two missing payments is greater or equal to euro 1,000. A borrower with three months of arrears receives active treatment if the total amount is greater or equal to euro 500 and finally, every other borrower with arrears for more than four months is placed on this list.

#### *Mortgage Processing Procedures – Defaults*

The loans with active treatment status are handed over by STATER’s debtors management department to the special servicing team (“*Team Bijzonder Beheer*”) at Delta Lloyd. The members of this team have an average of 15 years’ experience in the mortgage business and it currently employs 8 people. In other words, Delta Lloyd performs the servicing with respect to defaulted loans that require direct contact with the relevant Borrowers. Delta Lloyd will assess whether a solution to the payment problem can be reached. This can range from rescheduling the arrears to a voluntary sale of the property by the borrower.

If no solution can be found, the foreclosure process will start.

From decision to foreclose to actually foreclosure and receive the foreclosure proceeds has generally not taken more than 3 to 4 months. In total the process from first arrears to receiving foreclosure proceeds may

take up to 10 months. For loans with a high LTV Delta Lloyd uses a shorter time frame. Delta Lloyd continues to exert pressure on the Borrower for any losses that remain after foreclosure, ensuring that all obligations are met to the fullest possible extent.

#### *Foreclosure*

When applying for a foreclosure, Delta Lloyd sends the public notary a copy of the letter in which the loan is being called (including amount of the claim, general terms and conditions of Delta Lloyd and the letter sent to the client). An average foreclosure, i.e. from the moment of calling the foreclosure until the transfer of the residence takes 3 to 4 months. A foreclosure requires consent of the President of the court, which sometimes may delay the whole process.

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

STATER Nederland B.V. ('STATER') is the leading independent, third party provider of mortgage payment transactions with regard to residential mortgages in the Netherlands. The activities are provided in a completely automated and paperless electronic format. STATER has pioneered the use of technology through its E-transactions concept for owners of residential mortgage loan portfolios and features capabilities to enhance, accelerate and facilitate securitisation transactions.

STATER started its activities on 1 January 1997. The combination of technology and experience in originating and providing mortgage payment transactions with regard to residential mortgage loans in the Netherlands has led to a market share of more than 30 per cent. in 2002. STATER provides mortgage payment transactions with regard to a total of EUR 30 billion and approximately 340,000 mortgage loans. STATER is a 100 per cent subsidiary of STATER N.V., of which the shares are held for 60 per cent. by ABN AMRO Bank N.V. and for the remainder by (a subsidiary of) ABN AMRO Bouwfonds Nederlandse Gemeenten N.V.

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

In the securitisation process, STATER is able to identify specific loan pools based on underwriting criteria as instructed by its clients and provides the Company Administrator access to pool performance and information. Finally, STATER provides detailed investor reports regarding pool status on a consistent basis.

The STATER computer system, for which STATER also provides back-up facilities, is regularly updated and modified.

## MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will, on the Closing Date, purchase and accept from the relevant Seller or, as the case may be, the relevant Sellers the assignment of the Mortgage Receivables. The assignment of the Mortgage Receivables from the relevant Seller or, as the case may be, the relevant Sellers 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 as of the first of June 2002.

### Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the '**Initial Purchase Price**'), being the aggregate outstanding principal amount of the Mortgage Receivables of euro 1,119,786,888.98 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 on any Quarterly Payment Date will be equal to (a) the positive difference, if any, between the Notes Interest Available Amount as calculated on each Quarterly Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (m) or, as the case may be, (b) the remaining amount after the payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (l) (see *Credit Structure* above) on such date have been made.

### Representations and warranties

The Sellers will represent and warrant on the Closing Date with respect to the Mortgage Receivables that they will sell (the '**Relevant Mortgage Receivables**') and the Mortgage Loans to which such Mortgage Receivables relate (the '**Relevant Mortgage Loans**') that, *inter alia*,

- (a) the relevant Seller has full right and title to the Relevant Mortgage Receivables and power to assign the Relevant Mortgage Receivables and no restrictions on the sale and transfer of the Relevant Mortgage Receivables are in effect and the Relevant Mortgage Receivables are capable of being transferred;
- (b) the Relevant 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 Relevant Mortgage Receivables;
- (c) each Relevant Mortgage Receivable is secured by a first ranking or first and sequentially lower mortgage right on residential property in the Netherlands and is governed by Netherlands law;
- (d) upon creation of each mortgage right securing the Relevant Mortgage Loans originated after 1 January 1992, the relevant Seller was granted power by the mortgage deed in conjunction with the general conditions applicable thereto to unilaterally terminate such mortgage right, in whole or in part, and such power to terminate has not been revoked, terminated or amended;
- (e) each existing residential property concerned was valued when application for a Relevant Mortgage Loan was made (i) by an independent qualified valuer or (ii) in case of Relevant Mortgage Loans of which the principal sum outstanding did not at the time of application by the Borrower exceed 60 per cent. of the Foreclosure Value of the residential property on the basis of an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"); for property to be constructed or in construction at the time of application for a Relevant Mortgage Loan no valuation is required, unless the Relevant Mortgage Loan to be granted exceeded 107 per cent. of the purchase and construction costs of the property involved; no valuation is required if the Relevant Mortgage Loan has the benefit of a Municipality Guarantee or NHG Guarantee;
- (f) each Relevant Mortgage Receivable, the mortgage right and the rights of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower;
- (g) all mortgage rights and all rights of pledge securing the Relevant Mortgage Receivables (i) constitute valid mortgage rights ("*hypotheekrechten*") and rights of pledge ("*pandrechten*") respectively on the assets which are the subject of the mortgage rights and the rights of pledge and, to the extent relating to the mortgage rights to secure the Relevant Mortgage Receivables, have been entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), (ii) have first priority ("*eerste in rang*") or first and sequentially lower priority, and (iii) were vested for a principal sum which is at least equal to the principal sum of the Relevant Mortgage Loan when originated,



increased with interest, penalties, costs and insurance premium, together up to an amount equal to 30 per cent. in respect of Mortgage Loans originated prior to 1 January 1992, 50 per cent. in respect of Mortgage Loans originated prior to 1 March 1999 or, in respect of Mortgage Loans originated after 1 March 1999 40 per cent., of such outstanding principal amount of the Mortgage Receivable, therefore in total up to an amount of not less than 130 per cent. in respect of Mortgage Loans originated prior to 1 January 1992, 150 per cent. in respect of Mortgage Loans originated prior to 1 March 1999 or, in respect of Relevant Mortgage Loans originated after 1 March 1999 140 per cent. of the outstanding principal amount of the Relevant Mortgage Receivable;

- (h) each of the Relevant Mortgage Loans will have been granted in accordance with all applicable legal requirements and the Seller's standard underwriting criteria and procedures prevailing at that time which do not materially differ from the current underwriting criteria and procedures;
- (i) as of the Closing Date or in case of substitution, the relevant Quarterly Payment Date, no amounts due and payable under any of the Relevant Mortgage Receivables, were in arrears for more than one payment;
- (j) each NHG Guarantee connected to the Relevant Mortgage Receivables which have the benefit of a NHG Guarantee, (i) is granted for the full amount of the Relevant Mortgage Receivable, (ii) constitutes legal, valid and binding obligations of *Stichting Waarborgfonds Eigen Woningen*, enforceable in accordance with their terms, (iii) all terms and conditions ("*voorwaarden en normen*") applicable to the "*Nationale Hypotheek Garantie*" at the time of origination of the Relevant Mortgage Loans were complied with and (iv) the Sellers are not aware of any reason why any claim under any NHG Guarantee in respect of any Relevant Mortgage Receivable should not be met in full and in a timely manner;
- (k) each Municipality Guarantee connected to the Relevant Mortgage Receivables which have the benefit of a Municipality Guarantee (i) is granted for the full amount of the Relevant Mortgage Receivable, (ii) constitutes legal, valid and binding obligations of the relevant municipality, enforceable in accordance with their terms, (iii) all conditions set forth in any laws, rules or regulations applicable to the Municipality Guarantee have been fulfilled and (iv) the Sellers are not aware of any reason why any claim under any Municipality Guarantee in respect of any Relevant Mortgage Receivable should not be met in full and in a timely manner;
- (l) each of the Mortgage Loans meets the Mortgage Loans Criteria as set forth below;
- (m) the loan files relating to Mortgage Loans which are in electronic format, contain the same information and details with regard to the Mortgage Loans as the loan files relating to such Mortgage Loans which are kept in paper format; and
- (n) each mortgage right which was created ("*gevestigd*") prior to 1 January 1992 only secures the Mortgage Loan, increased with interest, reimbursements and costs.

### **Repurchase**

If at any time after the Closing Date any of the representations and warranties relating to a Relevant Mortgage Loan or a Relevant Mortgage Receivable proves to have been untrue or incorrect, the relevant Seller or, as the case may be, the relevant Sellers shall within 30 days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of 30 days, the relevant Seller or, as the case may be, the relevant Sellers shall on the next succeeding Mortgage Payment Date repurchase and accept re-assignment of such Relevant Mortgage Receivable for a price equal to the then outstanding principal amount of such Relevant Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment) accrued up to but excluding such Mortgage Payment Date.

If a 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 (see paragraph *Notification Events* below), it shall repurchase and accept re-assignment of the Relevant Mortgage Receivable on the terms and conditions set forth above (see also paragraph *Substitution* below).

The relevant Seller shall also undertake to repurchase and accept re-assignment of a Relevant 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, 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).

### **Mortgage Loan Criteria**

Each of the Mortgage Loans will meet the following criteria:

- (i) the Mortgage Loans are in the form of:
  - (a) interest only (“*aflossingsvrije hypotheek*”);
  - (b) savings mortgages (“*spaarhypotheek*”);
  - (c) annuity mortgages (“*annuïteiten hypotheek*”);
  - (d) linear mortgages (“*lineaire hypotheek*”);
  - (e) life mortgages (“*levenshypotheek*”) which can be in the form of universal life mortgages (“*Delta Life Hypotheek*”), unit linked mortgages (“*Meerkeuzeplan*”) or traditional life insurance mortgages (“*traditionele levenshypotheek*”); and
  - (f) mortgage loans which combine any of the above mentioned forms of mortgage loans;
- (ii) the Borrower is not an employee of any of the Sellers and is a resident of the Netherlands;
- (iii) the interest rate of each Mortgage Loan is fixed, subject to a reset from time to time, or floating;
- (iv) the property encumbered with a Mortgage is not the subject of residential letting and is occupied by the relevant Borrower;
- (v) interest payments and, to the extent applicable, principal payments with respect to each Mortgage Receivable are scheduled to be made monthly, quarterly, semi-annually or annually;
- (vi) the outstanding principal amount of each Mortgage Loan, or of all Mortgage Loans secured on the same mortgaged property together does not exceed euro 800,000 and in case of substitution the outstanding principal amount of each Mortgage Loan, or of all Mortgage Loans secured on the same mortgaged property together, is higher than the amount of euro 800,000 as such amount is increased on a yearly basis beginning in 2002 by the annual inflation percentage as published by “*Centraal Bureau voor Statistiek*” in the calendar month wherein the Annual Payment Date falls;
- (vii) the legal final maturity of each Mortgage Loan does not extend beyond 50 years from the Closing Date;
- (viii) the outstanding principal amount of each Mortgage Loans that does not have the benefit of an NHG Guarantee does not, upon origination equal to or exceed 126 per cent. of the Foreclosure Value of the mortgaged property upon origination or as per a later valuation report of the mortgaged property (if any);
- (ix) each Mortgage Loan is secured by a first ranking mortgage right or, in case of Mortgage Loans secured on the same mortgaged property, as the case may be first and sequentially lower ranking mortgage rights;
- (x) the property encumbered with the mortgage right is located in the Netherlands;
- (xi) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date or, in case of substitution, the relevant Quarterly Payment Date;
- (xii) none of the Mortgage Loans is in arrears for more than one payment on the first day of the month of June 2002 or, in case of substitution, the first day of the month in which the relevant Quarterly Payment Date falls; and
- (xiii) all Mortgage Loans are fully disbursed.

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

### **Notification Events**

If, *inter alia*:

- (a) a default is made by any of the Sellers 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 relevant Seller; or
- (b) any of the Sellers 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 Issuer or the Security Trustee to the relevant Seller or such other party; or

- (c) any of the Sellers 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) any of the Sellers 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*”) in respect of Delta Lloyd Life, as referred to in the Netherlands Act on the Supervision of the Insurance Business and in respect of Delta Lloyd Bank, the Netherlands Act on the Supervision of the Credit System (“*Wet toezicht kredietwezen 1992*; hereinafter ‘**Wtk**’), or for the granting of suspension of payments, in respect of Triahome, or for bankruptcy, as referred to in the Bankruptcy Act or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) Delta Lloyd Banking Group N.V. (**‘Delta Lloyd Banking Group’**) during a period of any two consecutive months fails to have, on a consolidated basis, a solvency ratio at least 0.25 per cent. point above the percentage required by clause 4001 of the Guidelines issued pursuant to the Wtk as set out in the Dutch Central Bank’s Credit System Supervision Manual as amended from time to time (“*Handboek Wtk*”) for tier 1 capital and 0.50 per cent. point above the percentage required by clause 4001 of the Handboek Wtk for tier 1 capital and 0.50 per cent. point above the percentage required by Clause 4101 of the Handboek Wtk for tier 1 capital, upper tier 2 capital and lower tier 2 capital together, 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 during a period of any two consecutive months; or
- (f) the Dutch Central Bank has restricted Delta Lloyd Banking Group or Delta Lloyd Bank’s powers in accordance with Clause 28.3 (b) of the Wtk and within two weeks after any such events Delta Lloyd Banking Group or Delta Lloyd Bank has not taken the necessary steps resulting in such measures being withdrawn; or
- (g) the credit rating, if any, of Delta Lloyd Life’s short term unsecured, unsubordinated and unguaranteed debt obligations falls below Prime-1 by Moody’s and/or F1 by Fitch or is withdrawn or, as long Delta Lloyd Life’s unsecured, unsubordinated and unguaranteed debt obligations are not rated by Moody’s or Moody’s and Fitch, at any time (i) the actual solvency ratio of Delta Lloyd Life as calculated in accordance with the guidelines of and reported to the Pension and Insurance Chamber (“*Pensioen- en Verzekeringskamer*”) falls below 150 per cent. or (ii) upon the earlier of (a) 30 days and (b) the expiration of a grace period set by the Rating Agencies after the Stressed Solvency Ratio (being the actual solvency ratio taking into account certain stress factors agreed with Moody’s and Fitch and which may be amended by Moody’s and/or Fitch from time to time) of Delta Lloyd Life has fallen (y) below 125 per cent. on two consecutive Quarterly Solvency Reporting Dates (being the 16th day of the month following the end of a calendar quarter) or (z) 110 per cent. on a Quarterly Solvency Reporting Date.

then 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, each of the Sellers shall forthwith notify the relevant Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee of (i) the termination of the mortgage rights and rights of pledge securing the assignment of the Mortgage Receivables in as far as they secure other debts than the Mortgage Receivables and (ii) the assignment of the Mortgage Receivables to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself.

### **Substitution**

The Mortgage Receivables Purchase Agreement provides that up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date, the Issuer shall apply any proceeds received as result of a repurchase by the relevant Seller or, as the case may be, the relevant Sellers of Mortgage Receivables in connection with a further advances to purchase any Substitute Mortgage Receivables from the relevant Seller or, as the case may be, the relevant Sellers if and to the extent offered by the relevant Seller or, as the case may be, the relevant Sellers.

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

- (a) the Sellers 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 Sellers in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables sold at that completion and relating to the Sellers;
- (b) no Notification Event has occurred and is continuing on the date of such completion;
- (c) any Realised Losses on the Mortgage Receivables do not exceed 2.5 per cent. of the aggregate outstanding principal amount of the Mortgage Loans at the Closing Date.
- (d) the weighted average of the aggregate proportions of the outstanding principal amount of each Mortgage Loan and Substitute Mortgage Loan (excluding Mortgage Loans having the benefit of a Municipality Guarantee or a NHG Guarantee) to the Foreclosure Value of the mortgaged property (the "LTV ratio") does not exceed the weighted average of the aggregate LTV ratio at the Closing Date plus 1 per cent.. The Issuer and the Sellers may agree to a higher aggregate LTV ratio subject to the confirmation of Moody's and Fitch that no downgrading of the Notes will occur as a result thereof;
- (e) not more than 5 per cent. of the aggregate outstanding principal amount of the Mortgage Loans is in arrears for a period exceeding 60 days;
- (f) the aggregate outstanding principal amount of all Substitute Mortgage Loans does not, on an annual basis, exceed 40 percent. of the aggregate outstanding principal amount of all Mortgage Loans at the first day of the relevant quarter;
- (g) a non-Life Mortgage Receivable will be purchased in case the relevant amount available for substitution result from the repurchase of a non-Life Mortgage Receivable as a result of the granting of a further advance in respect of such non-Life Mortgage Receivable;
- (h) a Mortgage Receivable having the benefit of a NHG Guarantee or a Municipality Guarantee will be purchased in the case the relevant amount available for substitution result from the repurchase of a Mortgage Receivable having the benefit of a NHG Guarantee or a Municipality Guarantee as a result of the granting of a further advance in respect of such Mortgage Receivable having the benefit of a NHG Guarantee or a Municipality Guarantee.

## ISSUER SERVICES AGREEMENT

In the Issuer Services Agreement (i) the **MPT Provider** will agree to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables and (ii) the **Defaulted Loan Servicer** will agree to provide the implementation of arrears procedures including the enforcement of mortgage rights (see further *Mortgage Loan Underwriting and Mortgage Processing Activities* above) and to provide information on the Participation in the Savings Mortgage Loans and (iii) 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 Sellers to the Issuer Collection Account and the production of monthly reports in relation thereto, (b) drawings (if any) to be made by the Issuer under the Liquidity Facility and from the Reserve Account, (c) all payments to be made by the Issuer under the Swap Agreement and under the other Relevant Documents, (d) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (e) all payments to be made by the Issuer under the Sub-Participation Agreement, (f) the maintaining of all required ledgers in connection with the above and (g) all calculations to be made pursuant to the Conditions under the Notes.

The MPT Provider will, in accordance with the Issuer Services Agreement, appoint STATER Nederland B.V. ('**STATER**') as its sub-agent to carry out the activities described above upon the terms and provisions of and in accordance with the Issuer Services Agreement. STATER will accept this appointment and will commit itself, in favour of the Issuer, to carry out the activities subject to and on the terms provided in the Issuer Services Agreement. The Issuer has consented to the appointment of STATER as sub-agent.

## SUB-PARTICIPATION AGREEMENT

Under the Sub-Participation Agreement the Issuer will grant to the Insurance Company a sub-participation in the Savings Mortgage Receivables.

### Participation

In the Sub-Participation Agreement the Insurance Company will undertake to pay:

- (i) at the Closing Date or, in case of purchase and assignment of substitute savings mortgage receivables (the '**Substitute Savings Mortgage Receivables**') or in case of a switch from any type of Mortgage Loan into a Savings Mortgage Loan, the relevant Quarterly Payment Date, to the Issuer the sum of the savings premia received by Delta Lloyd Life with accrued interest up to the first day of the month of the Closing Date or the relevant Quarterly Payment Date (the '**Initial Participation**') in relation to each of the Savings Mortgage Receivables;
- (ii) on each Mortgage Payment Date an amount equal to the amount received by the Insurance Company as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies, provided that in respect of each relevant Savings Mortgage Receivable no amounts will be paid to the extent as a result thereof the Participation in such relevant Savings Mortgage Receivable would exceed the outstanding principal amount of the relevant Savings Mortgage Receivable.

As a consequence of such payments the Insurance Company will acquire a participation (the '**Participation**') in each of the relevant Savings Mortgage Receivables, which is equal to the Initial Participation in respect of the relevant Savings Mortgage Receivables increased during each Mortgage Calculation Period on the basis of the following formula (the '**Monthly Participation Increase**')

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

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

S = the amount received by the Issuer from the Insurance Company in such Mortgage Calculation Period in respect of the relevant Savings Mortgage Receivable pursuant to the Sub-Participation Agreement;

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

R = the amount of interest, due by the Borrower on the Savings Mortgage Receivable and actually received by the Issuer in such Mortgage Calculation Period.

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

### Reduction of Participation

If:

- (i) a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of the relevant Savings Mortgage Receivables 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 Savings Insurance Policy; or

- (ii) any of the Sellers fails to pay any amount due by it to the Issuer pursuant to the Mortgage Receivables Purchase Agreement in respect of a Savings Mortgage Receivable;

and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Savings Mortgage Receivable, the Participation of the Insurance Company in respect of such Savings Mortgage Receivable will be reduced by an amount equal to the 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 Condition 10) is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of the Insurance Company may, and if so directed by the Insurance Company shall, by notice to the Issuer:

- (i) declare that the obligations of the Insurance Company under the Sub-Participation Agreement are terminated;
- (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 Savings Mortgage Receivables.

#### **Termination**

If one or more of the Savings Mortgage Receivables are (i) repurchased by Delta Lloyd Life or, as the case may be, the relevant Sellers from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Trust Deed, the Participation in such Savings Mortgage Receivables will terminate and the Participation Redemption Available Amount in respect of the Savings Mortgage Receivables will be paid by the Issuer to the Insurance Company. If so requested by the Insurance Company, the Issuer will use its best efforts to ensure that the acquiror of the Savings Mortgage Receivables will enter into a Sub-Participation Agreement with the Insurance Company 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 Payment Date the Insurance Company has received the Participation in respect of the relevant Savings Mortgage Receivable.

## THE ISSUER

The Issuer was incorporated with limited liability under the laws of the Netherlands on 21 May 2002 under number B.V. 1.204.054. The registered office of the Issuer is in Amsterdam, the Netherlands.

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 Arena Holding 2002-I.

Stichting Arena Holding 2002-I is a foundation (“*stichting*”) incorporated under the laws of the Netherlands on 21 May 2002. The objects of Stichting Arena Holding 2002-I are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Arena is ATC Management B.V.

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

The sole managing director of the Issuer is ATC Management B.V.

The managing directors of ATC Management B.V. are Mr. J.H. Scholts, Mr. R.F. Govaerts and Mr. G.F.X.M. Nieuwenhuizen.

### Capitalization

The following table shows the capitalization of the Issuer as of 21 May 2002 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 605,000,000

Senior Class A2 Notes euro 441,000,000

Mezzanine Class B Notes euro 43,000,000

Junior Class C Notes euro 11,000,000

Subordinated Class D Notes euro 5,500,000

Initial Participation euro 19,786,895.66

#### Auditors' Report

The following is the text of a report received by the Board of Managing Directors of the Issuer from PriceWaterhouseCoopers N.V., the auditors to the Issuer:

“To the Directors of Arena 2002-I B.V.

Amsterdam, 27 June 2002

Dear Sirs:

Arena 2002-I B.V. (the “Company”) was incorporated on 21 May 2002 under number B.V. 1.204.054 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 25 June 2002.

Yours faithfully,

PriceWaterhouseCoopers N.V.”



## **USE OF PROCEEDS**

The net proceeds of the issue of the Senior Class A1 Notes, the Senior Class A2 Notes, the Mezzanine Class B Notes 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 remaining amount of the Initial Purchase Price will be paid by applying the consideration received from the Insurance Company for the Initial Participation.

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

The net proceeds of the Notes to be issued on the Closing Date will be euro 1,104,004,170.

## 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 defined below) as initial Noteholders, (ii) the Directors, (iii) the MPT Provider, (iv) the Defaulted Loan Servicer, (v) the Company Administrator, (vi) the Paying Agent, (vii) the Reference Agent, (viii) the Liquidity Facility Provider, (ix) the Swap Counterparty, (x) the Insurance Company and (xi) the Sellers (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 by it (see Condition 10 below) from time to time as soon as reasonably possible and practicable, to the Secured Parties, other than the Insurance Company pursuant to the Sub-Participation Agreement, 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 MPT Provider, the Defaulted Loan Servicer and the Company Administrator under the Issuer Services Agreement;
- (d) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement;
- (e) to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (f) to the Swap Counterparty under the Swap Agreement; and
- (g) to the Sellers under the Mortgage Receivables Purchase Agreement;

provided that such amount shall never exceed the Notes Surety Available Amount which consists of the sum of (a) amounts recovered (“*verhaald*”) by it on (i) the Mortgage Receivables and the other assets pledged under the Trustee Pledge Agreement I and the Trustee Pledge Agreement II, other than the Savings Mortgage Receivables, (ii) on Savings Mortgage Receivables to the extent the amount exceeds the Participation in the relevant Savings Mortgage Receivables; (b) 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 Savings Mortgage Receivables and (ii) Savings Mortgage Receivables the pro rata part of such Savings Mortgage Receivables in relation to the Participation, (c) 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) above and will not exceed the amount of such advance and (d) 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 Company the Participation Surety Available Amount which consists of, *inter alia*, (i) the amounts actually recovered (“*verhaald*”) by it on the Savings Mortgage Receivables, under the Trustee Pledge Agreement I, but only to the extent such amounts do not exceed the Participation in such Savings Mortgage Receivables, (ii) the pro rata part of the amounts received in connection with the penalty provided in the Mortgage Receivables Purchase Agreement provided that such amounts relate to the Participation in the Savings Mortgage Receivables; (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 and will not exceed the amount of such advance and (iv) 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) 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 Company.

The Sellers shall grant a first ranking right of pledge (“*pandrecht*”) (the ‘**Trustee Pledge Agreement I**’) over the Mortgage Receivables, the Triahome Beneficiary Rights and the Life Beneficiary Rights (see further *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 Triahome Beneficiary Rights and the Life Beneficiary Rights on the relevant Quarterly Payment Date. Security in respect of the Mortgage Receivables will be given by the Sellers since they will have the legal title to the Mortgage Receivables, until notification has been made. After notification to the Borrowers of the assignment by the Sellers 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 Sellers 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 any 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 Sellers 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 effectuate 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 an 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 on the Mortgage Receivables 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 Triahome Beneficiary Rights will be notified to the Insurance Company and will, therefore, be a disclosed right of pledge (“*openbaar pandrecht*”).

In order to secure the obligation of the Sellers to transfer legal title to the Relevant Mortgage Receivables to the Issuer, the Sellers will grant a second ranking right of pledge (the ‘**Company Pledge Agreement**’) over the Mortgage Receivables, the Triahome Beneficiary Rights and the Life 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 on the relevant Substitute Mortgage Receivables and, if applicable, the relevant Triahome Beneficiary Rights and the Life 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 Sellers, 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 Triahome Beneficiary Rights will also be a disclosed right of pledge, 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 Issuer Services Agreement, (iii) the Floating Rate GIC, (iv) the Liquidity Facility Agreement, (v) the Swap Agreement, (vi) the Sub-Participation Agreement and (vii) 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, *inter alia*, 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 Arena 2002-I (the ‘**Security Trustee**’) is a foundation (“*stichting*”) incorporated under the laws of the Netherlands on 21 May 2002. 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.

The sole director of the Security Trustee is Amsterdamsch Trustee’s Kantoor B.V., having its registered office at Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee’s Kantoor B.V. are Mr. O.B. Linker and Mr. D.P. Stolp.

## 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 605,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2002 due 2054 (the '**Senior Class A1 Notes**'), the euro 441,000,000 5.25 per cent. Senior Class A2 Mortgage-Backed Notes 2002 due 2054 (the '**Senior Class A2 Notes**' and together with the Senior Class A1 Notes, the '**Senior Class A Notes**') the euro 43,000,000 5.60 per cent. Mezzanine Class B Mortgage-Backed Notes 2002 due 2054 (the '**Mezzanine Class B Notes**'), the euro 11,000,000 6.10 per cent. Junior Class C Mortgage-Backed Notes 2002 due 2054 (the '**Junior Class C Notes**') and the euro 5,500,000 floating rate Subordinated Class D Notes 2002 due 2054 (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 Arena 2002-I B.V. (the '**Issuer**') passed on 27 June 2002. The Notes are issued under a trust deed dated 27 June 2002 (the '**Trust Deed**') between the Issuer, Stichting Arena Holding 2002-I and Stichting Security Trustee Arena 2002-I (the '**Security Trustee**').

The statements in these terms and conditions of the Notes (the '**Conditions**') include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the '**Coupons**'), the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the '**Paying Agency Agreement**') dated 27 June 2002 between the Issuer, the Security Trustee and ABN AMRO Bank N.V. as paying agent (the '**Paying Agent**') and as reference agent (the '**Reference Agent**'), (iii) an Issuer Services Agreement (the '**Issuer Services Agreement**') dated 27 June 2002 between, *inter alia*, Delta Lloyd Levensverzekering N.V. as the MPT Provider and the Defaulted Loan Servicer and ATC Financial Services B.V. as the Company Administrator and the Security Trustee, (iv) a deed of surety (the '**Deed of Surety**') dated 27 June 2002 between the Security Trustee and, *inter alia*, the Managers as initial holders of the Notes, (v) a pledge agreement (the '**Trustee Pledge Agreement I**') dated 27 June 2002 between the Sellers, the Security Trustee and the Issuer, (vi) a pledge agreement (the '**Company Pledge Agreement**') dated 27 June 2002 between the Sellers and the Issuer and (vii) a pledge agreement (the '**Trustee Pledge Agreement II**') dated 27 June 2002 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 in these Conditions are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated 25 June 2002 and signed by the Issuer, the Security Trustee, the Sellers 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 Deed of Surety, the Pledge Agreements and the Master Definitions Agreement are available for inspection by holders of the Notes (the '**Noteholders**') at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof 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 Agent may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

### 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 relevant Sellers to the Security Trustee over the Mortgage Receivables and the Triahome Beneficiary Rights and the Life Beneficiary Rights;
  - (iii) a second ranking pledge by the relevant Sellers to the Issuer over the Mortgage Receivables and the Triahome Beneficiary Rights and the Life Beneficiary Rights; and
  - (iv) a first ranking pledge by the Issuer to the Security Trustee on the Issuer’s rights (a) against the Sellers under or in connection with the Mortgage Receivables Purchase Agreement; (b) against MPT Provider, the Defaulted Loan Servicer and the Company Administrator under or in connection with the Issuer Services Agreement; (c) against the Swap Counterparty under or in connection with the Swap Agreement, (d) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement, (e) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC, (f) against the Insurance Company under or in connection with the Sub-Participation Agreement and (g) against the Floating Rate GIC Provider under or in connection with the Transaction Accounts;
- (d) The Senior Class A 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 Senior Class A Notes and Mezzanine Class B Notes are outstanding, to have regard only to the interest 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 interest between the Secured Parties the priority of payments upon enforcement as 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 Issuer Services Agreement, the Pledge Agreements, the Deed of Surety, the Swap Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Sub-Participation Agreement, the Note Purchase Agreement, the Notes, the Paying Agency Agreement, the Beneficiary Waiver

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 25 June 2002 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 Transaction Accounts unless all rights in relation to such account have 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(c) from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgement) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation thereof being duly made, payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on (i) on the basis of the actual days elapsed in the Floating Rate Interest Period (as defined below) divided by 360 days and (ii) on the basis of the actual number of days elapsed in the Fixed Rate Interest Period (as defined below) divided by 365 days, or in the case of a Fixed Rate Interest Payment Date falling in a leap year, 366 days.

##### *(b) 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 Rate Interest Period**') and will be payable in arrear in euro on the 27 day of September, December, March and June (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 case the Business Date immediately preceding such 27th day in each year (each such day being a '**Quarterly Payment Date**'). A '**Business Day**' means a day on which banks are open for business in Amsterdam, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("**TARGET System**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and will end on (but exclude) the Quarterly Payment Date falling in September 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 Rate Interest Period**') and will be payable in arrears annually in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Notes on the 29 day of June (or, if such day is not a Business day, the next succeeding Business Day) in each year (each such day being an '**Annual Payment Date**'). Each successive Fixed Rate Interest Period will commence on (and include) the 29 day of June and end on (but exclude) the next succeeding 29 day of June,



except for the first Fixed Rate Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) 29 June 2003 and the Fixed Rate Interest Period starting on (and include) 29 June 2008 and end on (but exclude) 27 June 2009.

If on the first Optional Redemption Date any Class of Notes have not been redeemed in full, interest on such Class of Notes shall be payable by reference to Floating Rate Interest Period (as defined above) on each Quarterly Payment Date (as defined above).

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

Up to the first Optional Redemption Date interest on the Senior Class A1 Notes and the Subordinated Class D Notes for each Floating Rate Interest Period from the Closing Date will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits, plus in respect of the Senior Class A1 Notes up to but excluding the first Optional Redemption Date a margin of 0.20 per cent. per annum and in respect of the Subordinated Class D Notes up to but excluding the first Optional Redemption Date a margin of 1.12 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 the rate of interest, in respect of each Fixed Rate Interest Period, applicable to:

- (i) the Senior Class A2 Notes shall be 5.25 per cent. per annum;
- (ii) the Mezzanine Class B Notes shall be 5.60 per cent. per annum; and
- (iii) the Junior Class C Notes shall be 6.10 per cent. per annum.

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

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

- (i) for the Senior Class A1 Notes, a margin of 1.00 per cent. per annum;
- (ii) for the Senior Class A2 Notes, a margin of 1.00 per cent. per annum;
- (iii) for the Mezzanine Class B Notes, a margin of 1.50 per cent. per annum;
- (iv) for the Junior Class C Notes, a margin of 3.00 per cent. per annum; and
- (v) for the Subordinated Class D Notes, a margin of 5.00 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 Rate Interest Period the rate equal to the sum of Euribor for three months deposits in euros. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI – The Financial Market Association and which appears for information purposes on the 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 three months deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and the Euribor for such Floating Rate Interest Period shall be the rate per annum equal to the Euro interbank offered rate for Euro deposits as determined in accordance with this paragraph (f), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Floating Rate Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Rate Interest Period will be Euribor last determined in relation thereto.

*(g) Determination of Rates of Interest and Calculation of Interest Amounts*

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

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

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

*(i) Determination or Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the relevant Floating Rates of Interest or fails to calculate the relevant Interest Amounts in accordance with paragraph (g) above, the Security Trustee shall determine the relevant Floating Rates of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (f) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amounts in accordance with paragraph (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 in and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agent in cash or by transfer to an Euro account maintained by the payee with a

bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.

- (b) At the Final Maturity Date (as defined in Condition 6), or such earlier date the Notes become due and payable, the Definitive Notes in should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).
- (c) If the relevant Quarterly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an Euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and of its offices are set out below.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of any of the Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and for as long as the Notes are listed on the Official Segment of the stock market of Euronext Amsterdam N.V. the Issuer will at all times maintain a paying agent in the Netherlands. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13.

## 6. Redemption and purchase

### (a) Final redemption

Unless previously redeemed as provided below, the Issuer will, in respect of the Mezzanine Class B Notes, the Junior Class C Notes and the Subordinated Class D Notes subject to Condition 9(b), 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 June 2054 (the '**Final Maturity Date**').

### (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 the Notes at their Principal Amount Outstanding in the following order, firstly the Senior Class A1 Notes until these Notes are fully redeemed, secondly from the later of (i) the date of redemption in full of the Senior Class A1 Notes and (ii) the Quarterly Payment Date falling in 2009 the Senior Class A2 Notes until fully redeemed, then the Mezzanine Class B Notes until fully redeemed, and finally the Junior Class C Notes until fully redeemed.

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

### (c) Definitions

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

- (i) The '**Principal Amount Outstanding**' on any Quarterly 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 Quarterly Calculation Date.

- (ii) The term '**Notes Redemption Available Amount**' shall mean on any Quarterly Calculation Date the aggregate amount received or held by the Issuer during the immediately preceding Quarterly Calculation Period:
    - (a) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable;
    - (b) as Net Proceeds (as defined in Condition 6(c)(iii) below) on any Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable;
    - (c) in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable excluding, up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date any proceeds of the repurchase of Mortgage Receivables in connection with a further advance;
    - (d) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable, the Participation in such Savings Mortgage Receivable unless the Participation is also assigned to the purchaser of the Savings Mortgage Receivable;
    - (e) as amount by which the Principal Deficiency Ledger is credited on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
    - (f) as Monthly Participation Increase pursuant to the Sub-Participation Agreement;
    - (g) as partial prepayment in respect of the Mortgage Receivables;
    - (h) as any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date; and
    - (i) up but excluding the first Optional Redemption Date (as defined below), if and to the extent any proceeds of the repurchase of Mortgage Receivables in connection with a further advance are not applied towards the purchase of Substitute Mortgage Receivables on such Quarterly Payment Date;
  - (iii) The term '**Net Proceeds**' shall mean (a) the proceeds of a foreclosure on the mortgage right, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to fire insurance, (d) the proceeds of any guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs.
  - (iv) The term '**Quarterly Calculation Date**' means, in relation to a Quarterly Payment Date, the fourth business day prior to such Quarterly Payment Date.
  - (v) The term '**Quarterly Calculation Period**' means a period of three consecutive months commencing on, and including the first day of each of September, December, March and June of each year, except for the first Quarterly Calculation Period which will commence on 1 June 2002 and end on and include the last day of August 2002.
- (d) *Determination of Principal Redemption Amount and Principal Amount Outstanding*
- (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Company Administrator to determine) (x) the Principal Redemption Amount and (y) the Principal Amount Outstanding of the relevant Note on the first day of the next following Floating Rate Interest Period. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
  - (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam N.V.

and to the holders of Notes by an advertisement in the English language in the Euronext Official Daily List (“*Officiële Prijscourant*”) of Euronext Amsterdam N.V., but in any event no later than three business days prior to the relevant Annual Payment Date or Quarterly Payment Date. If no Principal Redemption Amount is due to be made on the Notes on any applicable Optional Redemption 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 (b) and paragraph (a) above (but based upon the information in its possession as to the Notes Redemption Available Amount) and each such determination or calculation shall be deemed to have been made by the Issuer.

*(e) Optional Redemption*

Unless previously redeemed in full, on the Quarterly Payment Date falling in June 2009 and on each Quarterly Payment Date thereafter (the ‘**Optional Redemption Date**’) 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 Conditions 13, redeem all (but not some only) Notes 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 Notes 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 the quotient of the balance on the 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 the quotient of the positive difference (if any) between the balance on the Principal Deficiency Ledger and the Principal Amount Outstanding of the Junior Class C Notes 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 shall be obliged to apply the Notes Interest Available Amount (as defined in the Master Definitions Agreement), if and to the extent that all payments ranking above item (m) in the interest priority of payments as set forth in Clause 6.3 of the Trust Deed 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 any Class of Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of 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 (but not some only) of the Notes 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. In particular, but without limitation, no additional amounts shall

be payable in respect of any Note or Coupon presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

## **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 Quarterly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class B Notes on the next Annual Payment Date or, after the first Optional Redemption Date, Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Annual Payment Date or, after the first Optional Redemption Date, Quarterly Payment Date to the holders of the Mezzanine Class B Notes. In the event of a shortfall, the Issuer shall credit the Mezzanine Class B Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class B Notes on any 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 Quarterly 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, after the first Optional Redemption Date, Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Annual Payment Date or, after the first Optional Redemption Date, Quarterly Payment Date to the holders of the Junior Class C Notes. In the event of a shortfall, the Issuer shall credit the Junior Class C Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Junior Class C Notes on any 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 Quarterly 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 Quarterly Payment Date to the holders of the Subordinated Class D Notes. In the event of a shortfall, the Issuer shall credit the Subordinated Class D Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class D Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Subordinated Class D Notes on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Class D Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Subordinated Class D Note on the next succeeding Quarterly Payment Date.

*(b) Principal*

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

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero, the Junior Class C Noteholders will not be entitled to any repayment of principal in respect of the Junior Class C Notes. If, on any Quarterly Payment Date, there is a balance on the Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class C Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the quotient of the balance on the Principal Deficiency Ledger on such Quarterly Payment Date divided by the number of the Junior Class C Notes. 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 the Issuer no longer holds any Mortgage Receivables and 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 the Issuer no longer holds any Mortgage Receivables and 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, 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 Junior Subordinated Class D Noteholders, the 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 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;

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 or the Junior Class C Notes or the Subordinated Class D Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders or the Junior Class C Noteholders or the Subordinated Class D Noteholders unless an Enforcement Notice in respect of the Senior Class A Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the 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, in the Financial Times (London), or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes are listed on the Official Segment of the stock market of Euronext Amsterdam N.V., in the English language in the Euronext Official Daily List (“*Officiële Prijscourant*”) of Euronext Amsterdam N.V. Any such notice shall be deemed to have been given on the first date of such publication.



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

- (a) The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Junior Class C Noteholders and the Subordinated Class D Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such class of Notes referred to below as a '**Basic Terms Change**') shall be effective, unless such Basic Terms Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below, in which case no such default is required, 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.

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-thirds majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-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, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Class A Notes shall take effect unless it shall have been sanctioned with respect to the Senior Class A Notes by an Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Junior Class C Noteholders and/or the Subordinated Class D Noteholders.

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

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 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 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 605,000,000, (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 441,000,000, (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 43,000,000, (iii) in the case of the Junior Class C Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 11,000,000 and (iv) in the case of the Subordinated Class D Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of euro 5,500,000. Each Temporary Global Note will be deposited with Société Générale Bank and Trust, Luxembourg, as common depository on behalf of Euroclear Bank S.A./N.V., as operator of Euroclear and for Clearstream, Luxembourg on or about 27 June 2002. 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 (the '**Definitive Notes**') only in the circumstances described below. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

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

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

For so long as a Class of the Notes are represented by a Global Note, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class of Notes and the expression '**Noteholder**' shall be construed accordingly, but without prejudice to the entitlement of the bearer of 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 27 June 2002, the Issuer or Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

- (i) Senior Class 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 Notes 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

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

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

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 of 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.
- (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, provided that:
  - (i) such Holder is neither resident nor deemed to be resident nor has opted to be treated as a resident in The Netherlands; and
  - (ii) such Holder or a person related to the Holder by law, contract, consanguinity or affinity to the degree specified in the laws of the Netherlands does not have, or is not deemed to have, a substantial interest\* in the share capital of the Issuer or, in the event that such Holder does have such an interest, the Notes form part of the assets of an enterprise, which is not a permanent establishment in the Netherlands; and
  - (iii) such Holder does not have Netherlands real property or real property rights to which the Notes have any connection; and
  - (iv) such Holder does not have an enterprise or an interest in an enterprise, which is carried on, in whole or in part, through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the Notes are attributable; andif the Holder is a legal entity,
  - (v) such Holder does not have a deemed enterprise which is carried on in The Netherlands (including, but not limited to, activities such as serving as a management or supervisory board member of a Netherlands resident company); andif the Holder is an individual,
  - (vi) such Holder does not perform and has not performed employment activities in the Netherlands, or does not perform or has not performed employment activities outside the Netherlands for remuneration that is subject to Netherlands payroll tax, and for which employment activities the Notes are granted as remuneration; and
  - (vii) such Holder does not derive income and/or capital gains from activities in the Netherlands, other than business income or employment income as described under (iv) and (vi) hereof, to which activities the Notes are attributable.

*\* Generally speaking, the Notes should not be considered as forming part of a substantial interest of a Holder or of a person related to such Holder if the Holder and his spouse, registered partner, certain other relatives or certain persons sharing the Holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total paid-in capital, or the paid-in capital of any class of shares, of the Issuer.*

- (C) If the Holder is, is deemed to be resident, or has opted to be treated as a resident in the Netherlands, and income or capital gains in respect of the Notes and/or Coupons are not attributable to an enterprise of such a Holder, and the Holder cannot be considered as deriving income as meant under (B) condition (vi) or (vii) in respect of the Notes and/or Coupons, not the actual income derived from and the actual gains realized on the Notes and/or Coupons will be taxed, but instead the 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 18,146 per person for the year 2002). 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;
  - (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, at the time of the gift or death;
- or
- (iv) if, in the case of a gift of a Note by an individual who – at the date of the gift – was neither resident nor deemed to be resident in The Netherlands, such an individual takes up or is deemed to take up residence in The Netherlands and dies within 180 days after the date of the gift.
- (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 nor 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 through the execution, performance, delivery and/or enforcement of the Relevant Documents.

## PURCHASE AND SALE

ABN AMRO Bank N.V. and Delta Lloyd Bank N.V. (the ‘**Managers**’) have, pursuant to a note purchase agreement dated 25 June 2002, among the Managers, the Issuer and the Sellers (the “**Notes Purchase Agreement**”), jointly and severally agreed with the Issuer, subject to certain conditions, to purchase the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the 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 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 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 such 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 Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) and to certain persons in offshore transactions in reliance on Regulation S under the Securities Act. Each Manager has agreed that it will not offer, sell or deliver the Notes within the United States or to US persons except in accordance with Rule 903 of Regulation S. In addition, until the expiration of 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 offering) may violate the registration requirements of the Securities Act. Terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder.

### **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 (Westpapier-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.

### **Notice to investors**

The Notes have not been and will not be registered under the Securities Act or any other applicable securities laws, and may not be offered or sold in the United States except pursuant to an effective

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

The Notes will bear a legend to the following effect:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ‘SECURITIES ACT’), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE ISSUE DATE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.”

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

### **General**

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



## GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 20 June 2002.
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 N.V. The Senior Class A1 Notes will bear common code 015005548, ISINCODE XS0150055480 and Fondscode 14292.
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 N.V. The Senior Class A2 Notes will bear common code 015005564, ISINCODE XS0150055647 and Fondscode 14293.
4. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 015005572, ISINCODE XS0150055720 and Fondscode 14294.
5. The Junior Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 015005629, ISINCODE XS0150056298 and Fondscode 19295.
6. The Subordinated Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. will bear common code 015005637, ISINCODE XS0150056371 and Fondscode 14296
7. PricewaterhouseCoopers N.V. has given and has 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.
8. 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.
9. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours within a period of 14 days after the date of this document:
  - (i) the Deed of Incorporation of the Issuer;
  - (ii) the Mortgage Receivables Purchase Agreement;
  - (iii) the Note Purchase Agreement;
  - (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 Issuer Services Agreement;
  - (xi) the Sub-Participation Agreement;
  - (xii) the Liquidity Facility Agreement;
  - (xiii) the Floating Rate GIC;
  - (xiv) the Swap Agreement;
  - (xv) the Master Definitions Agreement;
  - (xvi) the Beneficiary Waiver Agreement;
  - (xvii) the Management Agreement I;
  - (xviii) the Management Agreement II; and
  - (xix) the Management Agreement III.
10. 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.
11. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Paying Agent.

## ANNEX I

### Amortisation Tables

Schedule 1 shows the amortisation table assuming that the Mortgage Loans are subject to prepayments at an annualised constant rate equal to 8% per annum of the principal amounts outstanding of the Mortgage Loans. Schedule 2 shows the amortisation table assuming that the Mortgage Loans are subject to prepayments at an annualised constant rate equal to 0% per annum of the principal amounts outstanding of the Mortgage Loans.

Both Schedule 1 and Schedule 2 have been calculated based on the following assumptions:

- (a) No Mortgage Loans are in default or arrears;
- (b) No Mortgage Loan has been substituted or repurchased by the Sellers;
- (c) The Issuer exercises its right to redeem the Notes on the Quarterly Payment Date falling in June 2009.

### Schedule 1

#### 0% CPR

<i>Payment Dates</i>	<i>Balance</i>		<i>Redemption</i>	
	<i>Senior Class AI Notes</i>	<i>Subordinated Class D Notes</i>	<i>Senior Class AI Notes</i>	<i>Subordinated Class D Notes</i>
Initial Balance	605.000.000	5.500.000		
sep-02	587.023.259	4.118.125	17.976.741	1.381.875
dec-02	568.569.384	2.739.314	18.453.875	1.378.811
mrt-03	550.249.257	1.363.162	18.320.127	1.376.151
jun-03	532.656.913	—	17.592.344	1.363.162
sep-03	514.878.176		17.778.737	
dec-03	497.469.710		17.408.465	
mrt-04	480.083.915		17.385.796	
jun-04	463.072.450		17.011.464	
sep-04	446.586.256		16.486.194	
dec-04	430.290.192		16.296.064	
mrt-05	414.486.085		15.804.107	
jun-05	398.183.693		16.302.391	
sep-05	382.393.224		15.790.469	
dec-05	366.685.913		15.707.312	
mrt-06	350.627.041		16.058.872	
jun-06	335.255.121		15.371.920	
sep-06	319.651.098		15.604.023	
dec-06	304.236.313		15.414.785	
mrt-07	289.548.504		14.687.809	
jun-07	274.150.419		15.398.085	
sep-07	259.212.356		14.938.063	
dec-07	244.350.112		14.862.243	
mrt-08	229.631.444		14.718.668	
jun-08	215.744.601		13.886.843	
sep-08	201.915.107		13.829.494	
dec-08	189.006.005		12.909.102	
mrt-09	176.595.743		12.410.262	
jun-09	—		176.595.743	

**Schedule 2**  
**8% CPR**

<i>Payment Dates</i>	<i>Balance</i>		<i>Redemption</i>	
	<i>Senior Class</i>	<i>Subordinated</i>	<i>Senior Class</i>	<i>Subordinated</i>
	<i>AI Notes</i>	<i>Class D Notes</i>	<i>AI Notes</i>	<i>Class D Notes</i>
Initial Balance	605.000.000	5.500.000		
sep-02	581.221.317	4.118.125	23.778.683	1.381.875
dec-02	557.193.983	2.765.100	24.027.334	1.353.025
mrt-03	533.524.989	1.439.930	23.668.994	1.325.170
jun-03	510.791.872	142.184	22.733.117	1.297.745
sep-03	488.091.529	—	22.700.343	142.184
dec-03	465.964.229		22.127.300	
mrt-04	444.067.794		21.896.436	
jun-04	422.737.123		21.330.671	
sep-04	402.108.665		20.628.457	
dec-04	381.855.223		20.253.443	
mrt-05	362.256.894		19.598.329	
jun-05	342.376.381		19.880.513	
sep-05	323.161.786		19.214.595	
dec-05	304.206.304		18.955.482	
mrt-06	285.106.261		19.100.043	
jun-06	266.818.400		18.287.861	
sep-06	248.492.403		18.325.997	
dec-06	230.512.818		17.979.586	
mrt-07	213.361.051		17.151.766	
jun-07	195.734.502		17.626.549	
sep-07	178.687.524		17.046.978	
dec-07	161.870.864		16.816.660	
mrt-08	145.342.054		16.528.810	
jun-08	129.702.741		15.639.313	
sep-08	114.262.874		15.439.867	
dec-08	99.770.943		14.491.930	
mrt-09	85.848.347		13.922.597	
jun-09	—		85.848.347	

*Note:* Both schedules are based on projections of the pool as of 1 May 2001. No assurance can be given that the estimates and assumptions will prove correct. The estimates must therefore be viewed with considerable caution and the Noteholders should make their own assessment thereof.

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