

## OFFERING CIRCULAR DATED 10 DECEMBER 2008

### STRONG 2008 B.V.

(incorporated with limited liability in the Netherlands)

**€ 1,000,000,000 Senior Class A Mortgage-Backed Notes 2008 due 2051, issue price 100 per cent.**

**€ 50,000 Subordinated Class B Notes 2008 due 2051, issue price 100 per cent.**

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#### Obvion N.V. as Seller and Servicer

The € 1,000,000,000 Senior Class A Mortgage-Backed Notes 2008 due 2051 (the "**Senior Class A Notes**") and the € 50,000 Subordinated Class B Notes 2008 due 2051 (the "**Subordinated Class B Notes**") and together with the Senior Class A Notes, the "**Notes**") are expected to be issued on 12 December 2008.

The Notes will carry floating rates of interest, payable quarterly in arrear on each Quarterly Payment Date (as defined herein). Except for the first Quarterly Interest Period in which the interest rate will be referenced to the linear interpolation of two-months and three-months Euribor, the rate of interest will be equal to three-months Euribor (as defined in the terms and conditions of the Notes, the "**Conditions**") plus a margin per annum which will be 4.70 per cent. for the Senior Class A Notes and 9.00 per cent. for the Subordinated Class B Notes. If on the Quarterly Payment Date falling in February 2012 (the "**First Optional Redemption Date**") the Notes of any Class have not been redeemed in full, the margin for the Senior Class A Notes will increase and the interest applicable to such Notes will then be equal to three-months Euribor plus a margin per annum which will be 7.00 per cent. For the Subordinated Class B Notes such margin will remain at 9.00 per cent.

Payments of principal on the Senior Class A Notes will be made quarterly in arrear on each Quarterly Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions through application of the Notes Redemption Available Amounts. Until the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer shall on any Quarterly Payment Date which is not also a Release Date reserve the positive difference between the Notes Principal Available Amounts and the amount applied towards satisfaction of the Initial Purchase Price of any Further Advance Receivables, Replacement Receivables and/or Substitute Receivables, which amount shall, subject to certain conditions, be applied on the next succeeding Quarterly Payment Dates up to and including the next succeeding Release Date towards the purchase of Substitute Mortgage Receivables. Payments of principal on the Subordinated Class B Notes will be made on each Quarterly Payment Date to the extent Notes Interest Available Amounts are available for such purpose in accordance with the Interest Priority of Payments. The Notes will mature on the Quarterly Payment Date falling in February 2051. On the First Optional Redemption Date and each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") the Issuer will have the option to redeem all of the Senior Class A Notes, in whole but not in part, at their Principal Amount Outstanding, subject to and in accordance with the Conditions.

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

The Notes of each class (each a "**Class**") will be issued in registered form in accordance with the terms of the Trust Deed including the Conditions attached thereto.

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, acting in whatever capacity, including, without limitation, the Seller, the Arranger, the Note Purchaser, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Savings Mortgage Participants, the Reference Agent or the Directors (each as defined herein), except for certain limited obligations of the Security Trustee under the Trust Deed (as defined herein) to - *inter alia* - the Noteholders. Furthermore, none of the Seller, the Arranger, the Note Purchaser, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Savings Mortgage Participants, the Reference Agent, the Directors or any other person, acting in whatever capacity, other than the Security Trustee in respect of limited obligations under the Trust Deed, will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Arranger, the Note Purchaser, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Savings Mortgage Participants, the Reference Agent, the Security Trustee or the Directors will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

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

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Arranger  
Rabobank International

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## SUMMARY

*The following is a summary of the principal features of the transaction described in this Offering Circular including the issue of the Notes. The information in this section does not purport to be complete. This summary should be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any supplement thereto and the documents incorporated by reference. Where a claim relating to the information contained in this Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating this Offering Circular before the legal proceedings are initiated. Civil liability attaches to the Issuer, being the entity which has prepared the summary, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read with other parts of the Offering Circular.*

*Capitalised terms used, but not defined, in this section can be found elsewhere in this Offering Circular via the Index of Terms unless otherwise stated.*

### **Risk Factors**

There are certain risk factors which the prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes, such as (but not limited to) the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and the receipt by it of other funds. Despite certain facilities, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see under *Risk Factors* below).

### **Transaction**

On the Closing Date, the Issuer, will (i) issue the Notes and (ii) apply the net proceeds of the Senior Class A Notes towards payment, in part, of the Initial Purchase Price for the Mortgage Receivables, consisting of any and all rights and claims of the Seller against certain borrowers under or in connection with certain selected mortgage loans having the benefit of an NHG Guarantee and secured by a first-ranking right of mortgage (*hypothekrecht*) or first and sequentially lower ranking rights of mortgage and the Beneficiary Rights relating thereto. The proceeds of the issue of the Subordinated Class B Notes will be used to fund the Reserve Account.

The Portfolio Mortgage Loans have the benefit of an NHG Guarantee which covers the outstanding principal, accrued unpaid interest and disposal costs of the relevant Portfolio Mortgage Loan. Irrespective of scheduled repayments or prepayments made on such Portfolio Mortgage Loan, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments (principal and interest) as if the mortgage loan were being repaid on a thirty year annuity basis. Pursuant to the NHG Conditions, *Stichting Waarborgfonds Eigen Woningen* has no obligation to pay any loss (in whole or in part) incurred by the Seller in its capacity as lender after a private or a forced

sale of the relevant Mortgaged Asset if the Seller has not complied with the NHG Conditions. At the Closing Date the Seller will represent and warrant, *inter alia*, that all NHG Conditions applicable at the time of origination of the Portfolio Mortgage Loan were complied with.

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Liquidity Facility Agreement, Floating Rate GIC, the Sub-Participation Agreements and Swap Agreement to make payments of, *inter alia*, principal and interest due in respect of the Notes, provided that up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer will use the principal received by it in respect of the Mortgage Receivables to purchase Further Advance Receivables, Replacement Receivables and/or to purchase Substitute Receivables, to the extent such Substitute Receivables are offered to the Issuer by the Seller.

It is of note that the obligations of the Issuer in respect of the Notes will rank behind the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments and that the right to payment of principal and interest on the Subordinated Class B Notes will be subordinated to the right to payment of principal and interest on the Senior Class A Notes and may be limited as more fully described herein under Terms and Conditions of the Notes.

Pursuant to the Liquidity Facility Agreement the Issuer will be entitled to make drawings if there are, following application of the amounts standing to the credit of the Reserve Account, insufficient funds available to the Issuer as a result of a shortfall in the Notes Interest Available Amounts (see under *Credit Structure* below).

Pursuant to the Floating Rate GIC the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest on the balance standing from time to time to the credit of the GIC Accounts (see under *Credit Structure* below).

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

#### **The Issuer**

STRONG 2008 B.V. is incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under number BV 1521034, having its official seat in Amsterdam, the Netherlands and registered with the trade register of the Chambers of Commerce under number 34317842. The entire issued share capital of the Issuer is held by Stichting Holding STRONG 2008. The Issuer is established to issue the Notes, to acquire the Mortgage Receivables and to enter into certain transactions described elsewhere in this Offering Circular.

### **Security Structure**

The Noteholders will benefit from the security granted in favour of the Security Trustee, whereas the Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables (including any parts thereof which are placed on Construction Deposits), including all rights ancillary thereto in respect of the Portfolio Mortgage Loans and the Beneficiary Rights relating thereto, and (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Sub-Participation Agreements, the Beneficiary Waiver Agreement and in respect of the GIC Accounts.

In order to ensure the valid creation of the security rights under Dutch law in favour of the Security Trustee, the Issuer has undertaken in the Trust Deed to pay to the Security Trustee, by way of a parallel debt, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the Security Beneficiaries pursuant to the relevant Transaction Documents.

The Trust Deed sets out the priority of the claims of the Security Beneficiaries. See for a more detailed description *Description of Security* below.

### **Redemption of the Notes**

Unless previously redeemed, the Issuer will, subject to Condition 9(b), redeem any remaining Notes outstanding at their respective Principal Amount Outstanding, together with accrued interest, on the Quarterly Payment Date falling in February 2051.

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall on each Quarterly Payment Date apply the Notes Redemption Available Amount towards redemption, at their Principal Amount Outstanding, of the Senior Class A Notes until fully redeemed.

Subject to and in accordance with the Conditions, the Issuer has, provided that no Enforcement Notice has been served in accordance with Condition 10, the option to redeem all of the Senior Class A Notes, in whole but not in part, on any Optional Redemption Date. In addition, the Issuer has the option to redeem the Senior Class A Notes in the event of certain tax changes affecting the Notes at any time. Finally, the Senior Class A Notes shall be redeemed by the Issuer in whole but not in part, following the exercise by the Seller of the Seller Clean-up Call Option.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in the position to express a view on the likelihood of any such contingency occurring.*

*Factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts on or in connection with the Notes. Prospective Noteholders should read the information contained herein in conjunction with the detailed information set out elsewhere in this Offering Circular and should reach their own views prior to making any investment decision.*

*Capitalised terms used, but not defined, in this section can be found elsewhere in this Offering Circular via the Index of Terms, unless otherwise stated.*

### **Liabilities under the Notes and limited recourse**

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, acting in whatever capacity, including, without limitation, the Seller, the Servicer, the Issuer Administrator, the Arranger, the Note Purchaser, the Savings Mortgage Participants, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Reference Agent or the Directors or, except for certain limited obligations under the Trust Deed as more fully described in *Description of Security*, the Security Trustee. Furthermore, none of the Seller, the Servicer, the Issuer Administrator, the Arranger, the Note Purchaser, the Savings Mortgage Participants, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Reference Agent or the Directors or any other entity or person, acting in whatever capacity, other than the Security Trustee in respect of limited obligations under the Trust Deed, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

The obligations of the Issuer under the Notes are limited recourse obligations and the ability of the Issuer to meet its obligations to pay the principal of and interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, payments under the Swap Agreement and the Sub-Participation Agreements, interest in respect of the balances standing to the credit of the GIC Accounts and the availability of the Reserve Account, the Excess Spread Margin and the amounts to be drawn under the Liquidity Facility. See

further under *Credit Structure* below.

Payment of principal and interest on the Notes will be secured indirectly by the security granted by the Issuer to the Security Trustee pursuant to the Security Documents. If the security granted pursuant to the Security Documents is enforced and the proceeds of such enforcement, after payment of all other claims ranking in priority to amounts due under the Notes, are insufficient to repay in full all principal and to pay all interest and other amounts due in respect of the Notes, then, as the Issuer has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. As enforcement of the security by the Security Trustee pursuant to the terms of the Trust Deed, the Pledge Agreements and the Notes is the only remedy available to Noteholders for the purpose of recovering amounts owed in respect of the Notes, the Noteholders shall following the application of the foreclosure proceeds subject to and in accordance with the Post-Enforcement Priority of Payments have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

#### **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.

(i) *Credit Risk*

There is a risk of non-payment of principal and interest on the Notes due to non-payment of principal and interest on the Mortgage Receivables, despite of the following:

- the fact that the Portfolio Mortgage Loans have the benefit of an NHG Guarantee;
- in case of the Senior Class A Notes, the subordinated ranking of the Subordinated Class B Notes;
- the Reserve Account; and
- the Excess Spread Margin.

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

(ii) *Liquidity Risk*

There is a risk that interest on the Portfolio Mortgage Loans is not received on time thus causing temporary liquidity problems to the Issuer, despite (i) the Excess Spread Margin, (ii) the Reserve Account (to the extent available for such purpose) and (iii) in certain circumstances, the Liquidity Facility provided by the Liquidity Facility Provider.

(iii) *Prepayment Risk*

As long as the Seller on each Quarterly Payment Date offers additional mortgage receivables (i.e. Substitute Receivables) in an amount equal to the Notes Principal Available Amounts less the amounts used for payment of the purchase price for Further Advance Receivables and

Replacement Receivables (if any), the Senior Class A Notes will not be redeemed until the First Optional Redemption Date. However, there is a risk that the conditions for substitution (including, without limitation, the Additional Purchase Criteria) are not met or that the Seller does not offer sufficient Substitute Receivables. In that case the Notes Principal Available Amounts (including the part thereof that was reserved by the Issuer pursuant to Condition 6(b)) will on the next succeeding Release Date be used to redeem the Senior Class A Notes. The level of prepayments by the Borrowers can vary and therefore result, if no substitution takes place, in an average life of the Notes which is shorter or longer than may be anticipated. The average life of the Senior Class A Notes are subject to some factors outside the control of the Issuer and consequently no assurance can be given that any estimates and assumptions will prove in any way to be realistic.

(iv) *Maturity Risk*

There is a risk that the Issuer will not have received sufficient principal to fully redeem the Notes at maturity. The Final Maturity Date for the Notes is the Quarterly Payment Date falling in February 2051. The Issuer has on any Optional Redemption Date the right to sell and assign all (but not only part of) the Mortgage Receivables to any party. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, to redeem the Senior Class A Notes in accordance with the Conditions. If the Issuer does not exercise this option on the First Optional Redemption Date, the interest rate for the Notes will be a floating rate based on three-months Euribor plus the margin set out under *Interest Step-up* in the section *Key Parties and Summary of Principal Features* below. No guarantee can be given that the Issuer will exercise its option or that there will be a third party purchaser and therefore that the Notes will be redeemed on such First Optional Redemption Date or any Quarterly Payment Date thereafter.

(v) *Interest Rate Risk*

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

(vi) *Structural/Legal Risk*

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

**Value of the Notes and Liquidity**

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

### **Lack of liquidity in the secondary market may adversely affect the market value of the Notes**

The secondary mortgage markets are currently experiencing disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. As a result, the secondary market for mortgage-backed securities is experiencing limited liquidity. These conditions may improve, continue or worsen in the future. Limited liquidity in the secondary market for mortgage-backed securities has had an adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, investors may not be able to sell their Notes readily. The market values of the Notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to investors.

### **NHG Guarantee**

The Portfolio Mortgage Loans will have the benefit of a '*Nationale Hypotheek Garantie*' ("**NHG Guarantee**"). Pursuant to the NHG Conditions, the '*Stichting Waarborgfonds Eigen Woningen*' ("**WEW**") has no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the NHG Conditions. The Seller will, therefore, with respect to each Portfolio Mortgage Loan, represent and warrant, *inter alia*, that (i) to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), each NHG Guarantee connected to a Portfolio Mortgage Loan constitutes legal, valid and binding obligations of the WEW, enforceable in accordance with its terms, (ii) all NHG Conditions applicable to the NHG Guarantee at the time of origination of the Portfolio Mortgage Loans were complied with and (iii) the Seller is not aware of any reason why any claim under any NHG Guarantee should not be met in full and in a timely manner. The Seller shall be obliged to repurchase the relevant Mortgage Receivables in case of a breach of any of the representations and warranties as mentioned under *Mortgage Receivables Purchase Agreement* below. In addition, the Seller will be obliged to repurchase a Mortgage Receivable if such Mortgage Receivable no longer has the benefit of an NHG Guarantee.

Furthermore, the NHG Conditions stipulate that the NHG Guarantee of the WEW will terminate upon expiry of a period of 30 (thirty) years after the establishment of the NHG Guarantee.

Finally, the NHG Conditions stipulate that the amount guaranteed by the WEW under the NHG Guarantee (irrespective of the type of redemption of the mortgage loan) is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Portfolio Mortgage Loan can be different (see *Description of the Portfolio Mortgage Loans*). This may result in the Issuer not being able to fully recover any loss incurred with the WEW under the NHG Guarantee and may consequently lead to the Issuer not having sufficient funds to fully repay the Senior Class A Notes.

### **Trust Deed**

The Noteholders will benefit from the security granted in favour of the Security Trustee pursuant to the Security Documents. Under the terms of the Trust Deed, the Issuer will undertake to pay to the Security Trustee, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by the Issuer to the Security Beneficiaries (including, but not limited to, the Noteholders) in accordance with the terms and conditions of the relevant Transaction Documents (as defined in the Conditions) (such payment undertaking and the obligations and liabilities resulting from it being referred to as the "**Parallel Debt**"). The Parallel Debt represents an independent claim of the Security Trustee to receive payment thereof from the Issuer, provided that (i) the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Issuer's obligations to the Security Beneficiaries, including the Noteholders, pursuant to the Transaction Documents, and (ii) every payment in respect of such Transaction Documents for the account of or made to the Security Beneficiaries directly in respect of such undertaking shall operate in satisfaction pro tanto of the corresponding covenant in favour of the Security Trustee. The Parallel Debt is secured by the Pledge Agreements.

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

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

Under Dutch law a transfer of title by way of assignment of a receivable can be effected either by means of (i) a deed of assignment executed between the assignee and the assignor and a notification of the assignment to the relevant debtor or (ii) a notarial deed or a registered deed of assignment, without notification of the assignment to the relevant debtor being required (the so-called *stille cessie*). In the latter case notification to the debtor, however, will still be required to prevent such debtor validly discharging its obligations (*bevrijdend betalen*) under the receivable by making a payment to the relevant assignor. The legal ownership of the Mortgage Receivables will be transferred by the Seller to the Issuer on the relevant date of purchase and assignment through a registered deed of assignment. The Mortgage Receivables Purchase Agreement provides that such transfer of legal title to the Mortgage Receivables by the Seller to the Issuer will not be notified to the Borrowers unless certain events (referred to as Assignment Notification Events) occur. For a description of these notification events reference is made to section *Mortgage Receivables Purchase Agreement* below.

Until notification of the transfer of legal title has been made to the Borrowers, the Borrowers can only validly discharge their obligations (*bevrijdend betalen*) under the relevant Portfolio Mortgage Loan by making a payment to the Seller. The Seller has undertaken in the Mortgage Receivables Purchase

Agreement to pay (or procure that the Servicer shall pay on its behalf) on the 10th Business Day of each calendar month all amounts received by it in respect of the Portfolio Mortgage Loans with respect to the immediately preceding Portfolio Calculation Period. However, receipt of such amounts by the Issuer is subject to the Seller actually making such payments.

Payments made by the Borrowers to the Seller prior to notification but after bankruptcy or suspension of payments in respect of the Seller having been declared, will be part of the Seller's bankruptcy estate. However, the Issuer has the right to receive such amounts by preference after deduction of the general bankruptcy costs (*algemene faillissementskosten*).

### **Construction Deposits**

Pursuant to the Mortgage Conditions, in respect of certain Portfolio Mortgage Loans, the Borrower has the right to request that part of the Portfolio Mortgage Loan will be applied towards construction of, or improvements to, the Mortgaged Asset. In that case the Borrower has placed part of the monies drawn down under the Portfolio Mortgage Loan on deposit with the Seller, and the Seller has committed to pay out such deposits to or on behalf of the Borrower in order to enable the Borrower to pay for such construction of, or improvements to, the relevant Mortgaged Asset, provided certain conditions are met (such mortgages are called construction mortgages (*bouwhypotheken*)). Pursuant to the NHG Conditions, a Construction Deposit in respect of a Portfolio Mortgage Loan has to be paid out after the building activities or renovation activities have been finalised. If the remaining Construction Deposit exceeds € 2,500, such Construction Deposit will be set-off against the Mortgage Receivable up to the amount of the Construction Deposit, in which case the Seller will pay the amount of the relevant Construction Deposit to the Issuer to form part of the Notes Principal Available Amounts on the next succeeding Quarterly Payment Date. Pursuant to the NHG Conditions, if the remaining Construction Deposit is less than € 2,500, the Seller has the right to pay out the remaining amount to the relevant Borrower.

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

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

Whether such part of a Mortgage Receivable as relates to a Construction Deposit should be

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

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

#### **Set-off**

Under Dutch law a debtor has a right of set-off if it has a claim which corresponds to its debt to the same counterparty and it is entitled to pay its debt as well as to enforce payment of its claim. Subject to these requirements being met, each Borrower will, prior to notification of the assignment of the Mortgage Receivable to the Issuer having been made, be entitled to set off amounts due by the Seller to it (if any) with amounts it owes in respect of the Mortgage Receivable. As a result of the set-off of amounts due by the Seller to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable will, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus lead to losses under the Notes. The legal requirements for set-off are met in respect of the Construction Deposits.

After assignment of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable, or (ii) the counterclaim of the Borrower has been originated and become due prior to the assignment of the Mortgage Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the Mortgage Receivable and the claim of the Borrower against the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated (*opgekomen*) and become due (*opeisbaar*) prior to notification of the assignment, and, further, provided that all other requirements for set-off have been met (see above). The Construction Deposits result from the same legal relationship as the relevant Mortgage Receivables and, therefore, the legal requirements for the relevant Borrower being able to invoke set-off rights against the Issuer in respect of such Construction Deposits will be met.

If notification of the assignment of the Mortgage Receivables is made after the bankruptcy or suspension of payments of the Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Dutch Bankruptcy Code. Under the Dutch Bankruptcy Code a person which is both debtor and creditor of the bankrupt entity can set off its debt with its claim, if each claim (i) came into existence prior to the moment at which the bankruptcy became effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective.

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

Provided certain conditions are met under the relevant Portfolio Mortgage Loans, the Borrower has the right to require the Seller to pay out the Construction Deposit to or on behalf of such Borrower. Under Dutch law a creditor is entitled to dissolve (*ontbinden*) an agreement and/or demand payment of damages if its debtor defaults in the performance of its obligations under such agreement. A possible bankruptcy involving the Seller in itself would not be grounds for the Borrower to dissolve the agreements under which the Portfolio Mortgage Loans arise unless the parties have agreed otherwise. Should the Seller in that case make the Construction Deposits available to the Borrower in the manner agreed between the Seller and the Borrower, the Borrower will in turn have to perform its obligations to the Seller under the Mortgage Receivables (including in respect of the amounts placed on the Construction Deposit). Upon a bankruptcy or suspension of payments involving the Seller, the Borrower is entitled to require the Seller's bankruptcy trustee to confirm within a reasonable term whether it will perform the Seller's obligations under the relevant Portfolio Mortgage Loan, i.e. making available to the Borrower the Construction Deposit. The Borrower can request that the Seller's bankruptcy trustee provides in these circumstances security for the performance of its obligations. If the Seller's bankruptcy trustee fails to provide such confirmation or such security the Seller's bankruptcy trustee (and possibly also the Issuer and/or the Security Trustee) will lose its/their right to demand performance by the Borrower of his obligations to the extent relating to the relevant Construction Deposit. The Borrower, however, will not be released from his payment obligations in respect of the amounts that it has received under the relevant Portfolio Mortgage Loan from the Seller by payment out of the relevant Construction Deposit. In addition, if the Seller would for any reason fail to fulfil its obligations relating to the Construction Deposits, the Borrower could invoke rights of set-off or other defences vis-à-vis the Issuer, which would reduce the proceeds of the Mortgage Receivables.

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

### **Mortgage Rights**

The Mortgage Receivables sold to the Issuer will be secured by mortgage rights which not only secure the initial loan granted to the Borrower, but also other liabilities and monies that the Borrower, now or in the future, may owe to the Seller (the so-called *bankhypotheeken*, hereinafter referred to as "**Bank Mortgages**").

Under Dutch law a mortgage right is an accessory right (*afhankelijk recht*) which follows by operation of law the receivable with which it is connected. Furthermore, a mortgage right is an ancillary right (*nevenrecht*) and the assignee of a receivable secured by an ancillary right will have the benefit of such right, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law. However, Dutch legal commentators have different views on whether, in the event of assignment or pledge of a receivable secured by a Bank Mortgage, the mortgage will follow such receivable. Based upon case law, the prevailing view has been for a long time that a Bank Mortgage will only follow the receivable which it secures if the relationship between the bank and a borrower has been terminated in such a manner that following the transfer, the bank cannot create or obtain new receivables against the borrower. However, in recent legal literature this view is generally disputed and it is argued, in particular where the mortgage deed indicates that the parties intended this to happen, that the Bank Mortgage will (partially) follow the receivable to the extent that it has been assigned, irrespective of whether the banking relationship between the bank and the borrower has terminated.

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

If the Bank Mortgages would (pro rata) have followed the Mortgage Receivables upon assignment or pledge, this would imply that the Mortgage Rights may be co-held by the Seller and the Issuer in respect of which the rules applicable to co-ownership (*gemeenschap*) apply. The Dutch Civil Code provides for various mandatory rules applying to such co-owned rights. In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and the Security Trustee will agree that the Issuer and/or the Security Trustee, as the case may be, will manage and administer such co-held rights. It is

uncertain whether the foreclosure of the Mortgage Rights will be considered as day-to-day management, and, consequently whether, upon the Seller being declared bankrupt or being granted a suspension of payments, the consent of the Seller's bankruptcy trustee or administrator may be required for such foreclosure. The Seller, the Issuer and the Security Trustee will agree in the Mortgage Receivables Purchase Agreement that in case of foreclosure the share (*aandeel*) in each co-held Mortgage Right of the Security Trustee and/or the Issuer will be equal to the outstanding principal amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the outstanding principal amount of the Mortgage Receivables, increased with interest and costs, if any. It is uncertain whether this arrangement will be enforceable. In this respect it will be agreed that in case of a breach by the Seller of its obligations under these arrangements or if any of such agreements are dissolved, void, nullified, or ineffective for any reason in respect of the Seller, it shall compensate the Issuer and/or the Security Trustee, as the case may be, forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee, as the case may be, incurs as a result thereof. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Seller to actually make such payments.

If the Bank Mortgages would not (pro rata) have followed the relevant Mortgage Receivables upon assignment by the Seller, this means that it is uncertain, depending on the specific facts and circumstances involved, (i) whether the Issuer and, consequently, the Security Trustee (as pledgee), would have the benefit of a Mortgage Right securing such Mortgage Receivables, and (ii) if subsequently a Borrower fails to comply with its obligations under the relevant Portfolio Mortgage Loan, whether the Issuer or the Security Trustee (as the case may be) would be in a position to foreclose the Bank Mortgage (respectively, as legal owner and as pledgee of the relevant Mortgage Receivables). If not, the assistance of the Seller's administrator (in the case of suspension of payments) or bankruptcy trustee (in the case of bankruptcy) would be required to effect a foreclosure which would, in whole or in part, be for the benefit of the Issuer or the Security Trustee, as the case may be. It is uncertain whether such assistance would be forthcoming.

It is noted that if the Issuer does not have the benefit of the Mortgage Right, it will not be entitled to claim under the associated NHG Guarantee (if any).

#### *Borrower Pledges*

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

#### **Insurance Policies**

The Portfolio Mortgage Loans which in whole or in part consist of a Life Mortgage Loan, a Savings

Mortgage Loan or a Switch Mortgage Loan have the benefit of a Life Insurance Policy, Savings Insurance Policy or Savings Investment Insurance Policy, respectively. The Portfolio Mortgage Loans which do not include such a Life Mortgage Loan, Savings Mortgage Loan or Switch Mortgage Loan will have the benefit of a separate Risk Insurance Policy in the event and to the extent the relevant Portfolio Mortgage Loan exceeds 80 per cent. of the value of the relevant property (the Life Insurance Policies, Savings Insurance Policies, Savings Investment Insurance Policies and Risk Insurance Policies being together referred to as the "**Insurance Policies**").

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

#### *Pledge*

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

#### *Appointment of Beneficiary*

The Seller has been appointed as beneficiary under the Insurance Policies up to the amount owed by the Borrowers to the Seller at the moment when the insurance proceeds under the Insurance Policies become due and payable by the relevant Insurance Company (the "**Beneficiary Rights**"), except for cases where another beneficiary has been appointed who will rank ahead of the Seller. In such cases it is provided that the relevant Insurance Company is irrevocably authorised by such beneficiary to apply the insurance proceeds in satisfaction of the Mortgage Receivables. It is unlikely that the Beneficiary Rights will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. The Beneficiary Rights will, to the extent legally possible, be assigned by the Seller to the Issuer and will be pledged by the Issuer to the Security Trustee (see under *Description of Security* below), but it is uncertain whether this assignment and pledge will be effective.

Because of the uncertainty as to whether the Issuer becomes beneficiary of the Insurance Policies and whether the pledge of the Beneficiary Rights is effective, the Issuer will enter into a beneficiary waiver agreement at the Signing Date (the "**Beneficiary Waiver Agreement**") with the Seller and the Security Trustee. In the Beneficiary Waiver Agreement the Seller, subject to the condition precedent of the occurrence of an Assignment Notification Event, waives its rights as beneficiary under the Insurance Policies and appoints as first beneficiary (i) the Issuer subject to the dissolving condition of the occurrence of a pledge notification event (a "**Pledge Notification Event**") as referred to in Clause 7 of the Mortgage Receivables Pledge Agreement relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event referred to in the Mortgage Receivables Pledge Agreement relating to the Issuer. It is, however, uncertain whether such waiver and appointment will be effective, mainly because it is unclear whether or not the right to change the appointment can be validly assigned to the Issuer or is included in the rights of a Seller as pledgee or as beneficiary under the Insurance Policies. In view of this, the Seller will undertake to use its best efforts following an Assignment Notification Event to obtain the co-operation of all relevant parties to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies. It is uncertain whether such co-operation will be forthcoming. In the event that an irrevocable authorisation to apply the insurance proceeds in satisfaction of the Mortgage Receivables as described above exists, the Seller will undertake in the Beneficiary Waiver Agreement, following an Assignment Notification Event, to use its best efforts to change the payment instruction in favour of (i) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event relating to the Issuer. If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies and the pledge and the waiver of the Beneficiary Rights are not effective, any proceeds under the Insurance Policies will be payable to the Seller or to another beneficiary, instead of the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller, it will be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller and the Seller does not pay the amount involved to the Issuer or the Security Trustee, as the case may be, e.g. in the case of bankruptcy of the Seller or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the Mortgage Receivable. This may lead to the Borrower invoking defences against the Issuer or the Security Trustee, as the case may be, for the amounts so received by the Seller as further discussed under *Set-off or defences* below.

#### *Insolvency of the Insurance Companies*

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

### *Set-off or defences*

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

In order to invoke a right of set-off the Borrowers will need to comply with the applicable legal requirements. One of these requirements is that the relevant Borrower should have a claim which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the Insurance Companies and the Borrowers on the one hand and the Portfolio Mortgage Loans are contracts between the Seller and the Borrowers on the other hand. Therefore, in order to invoke a right of set-off the Borrowers would have to establish that the Seller and the Insurance Companies are to be regarded as one legal entity or that, based upon interpretation of case law, set-off is allowed, even if the Seller and the Insurance Companies are not considered as one legal entity, since the Portfolio Mortgage Loans and the Insurance Policies are to be regarded as one interrelated relationship.

Furthermore, the Borrowers should have a counterclaim. If one of the Insurance Companies is declared bankrupt or is subjected to emergency regulations, the Borrower will have the right to unilaterally terminate the Insurance Policy and to receive a commutation payment (*afkoopsom*). These rights are subject to the Borrower Pledge (see *Pledge* above). However, despite this pledge it may be argued that the relevant 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 Pledge. If not, the Borrower Pledge would not obstruct a right of set-off with such claim by the Borrowers.

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

### *Life Mortgage Loans*

Although the possibility cannot be disregarded that the courts will honour any set-off or other defences,

as described above, made by the Borrowers, if in the case of bankruptcy or emergency regulations of the relevant Insurance Company the Borrowers are not able to recover their claims under their Life Insurance Policies, the Issuer has been advised in respect of Life Mortgage Loans that, in view of the factual circumstances involved, the risk that the courts will honour such set-off or other defences is remote (save in respect of Life Mortgage Loans granted prior to 1 November 2005 to which Life Insurance Policies of Interpolis are connected). This view is based on the fact that (i) the relevant Insurance Companies and the Seller are not the same entity; therefore, the legal requirement for set-off that both the debt and the claim are owed and due to the same entity is not met, (ii) such Insurance Companies do not form part of the same group of companies to which the Seller belongs, (iii) there are no marketing ties between the Seller and the Insurance Companies, (iv) the Life Mortgage Loan and the relevant Life Insurance Policy are not sold as one single package, i.e. the Borrowers do have a free choice as to the Insurance Company with which they will take out a Life Insurance Policy in relation to their mortgage loan to be entered into with the Seller, provided that any such insurance company selected is established in the Netherlands and (v) there is no connection, whether from a legal or commercial view, between the Life Mortgage Loans and the relevant Life Insurance Policies other than the relevant Borrower Pledge and Beneficiary Rights. As at the Portfolio Cut-Off Date (as defined below), all Life Insurance Policies are taken out with Insurance Companies which do not form part of the same group of companies as the Seller.

#### *Savings Mortgage Loans and Switch Mortgage Loans*

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

relevant Insurance Company (*i.e.* Interpolis) is the Savings Mortgage Participant which means that there is a risk that an amount equal to the Savings Investments Premiums (in respect of the Switch Mortgage Loans) and the Savings Premiums (in respect of the Savings Mortgage Loans) can no longer be paid to the Issuer if Obvion becomes insolvent. Obvion has undertaken to use its best efforts upon the occurrence of an Assignment Notification Event to find a substitute savings mortgage participant. It is, however, uncertain whether such substitute savings mortgage participant will be forthcoming. Until a substitute savings mortgage participant has been appointed the above arrangement will not apply to any Savings Premiums or Savings Investment Premiums paid by the Borrower in respect of the relevant Savings Mortgage Loan or Switch Mortgage Loan after Obvion becoming insolvent (and therefore unable to comply with its obligations under the relevant Sub-Participation Agreement) and the accrued yield thereon.

### **Investment Mortgage Loans**

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

#### *Investment Accounts*

Under the Investment Mortgage Loans the investments in certain investment funds are effected by the Borrowers paying certain agreed amounts to an entity (usually a foundation (*stichting*) which qualifies as a so-called '*effectengiro*' or '*beleggersgiro*' (see below) (each a "**Foundation**")), which amounts are subsequently applied to acquire participations (*deelnemingsrechten*) in certain selected investment funds in accordance with the instructions of the relevant Borrowers. Each of the investment funds are managed by separate legal entities. The participations that are purchased are credited to the Investment Accounts of the relevant Borrowers. It is the intention that the Mortgage Receivables will be fully or partially repaid with the proceeds of the investments. In this structure the Borrowers have a claim on the relevant Foundation for the value of the investments. The purpose of each of the Foundations is to hold participations in investment funds for custody purposes and normally its obligations to holders of the Investment Accounts should be equal to the value of the corresponding participations of the relevant Foundation in the investment funds. Provided that each of the Foundations is in full compliance with all applicable laws, in particular the Act on the Financial Supervision (*Wet op het financieel toezicht*), and provided the limitations on the scope of its business as set out in its corporate objective (pursuant to which it will be prohibited from conducting any commercial activity other than its activities as custodian in respect of the securities held for the Borrowers and the keeping of the books in respect of the securities accounts) are observed, the investments made by the Borrowers through any of the Foundations will form part of the estate of the relevant Foundation and each of the Foundations can be considered a bankruptcy remote entity. Should any of the Foundations not be able to meet its obligations towards the Borrowers, this could lead to set-off or defences by Borrowers similar to those described under *Insurance Policies* above, except for the set-off or defences described in *Appointment of Beneficiary* in respect of the situation where the Seller is insolvent.

### *Pledge*

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

### **Reduced Value of Investments and incomplete or misleading marketing material**

The value of investments made by the Insurance Companies in connection with the Life Insurance Policies and Savings Investment Insurance Policies or made on behalf of the Borrowers under the Investment Mortgage Loans, may not provide the Borrower with sufficient proceeds to fully repay the related Mortgage Receivables at their maturity. Further, if the development of the value of these investments is not in line with the expectations of a Borrower, such Borrower may try to invoke set-off or other defences against the Seller or the Issuer, as the case may be, by arguing that he has not been properly informed of the risks involved in the investments. Apart from the general obligation of contracting parties to provide information, there are several provisions of Dutch law applicable to offerors of financial products, such as Investment Mortgage Loans, Life Mortgage Loans and Switch Mortgage Loans. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions offerors of these products (and intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified or a Borrower may claim set-off or defences against the Seller or the Issuer (or the Security Trustee). The merits of any such claim will, to a large extent, depend on the manner in which the relevant Portfolio Mortgage Loans have been marketed by the Seller and/or its intermediaries and the promotional material provided to the Borrower. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim. The risk of such claims being made increases, if the value of investments made under Investment Mortgage Loans or Life Insurance Policies or Savings Investment Insurance Policies is not sufficient to redeem the relevant Portfolio Mortgage Loans.

In this respect it is further of note that, in the summer of 2006, the Authority for the Financial Markets has published a report on so-called unit-linked or investment insurance policies whereby the premiums are invested in certain investment funds selected by the insured. The proceeds of the insurance policy are (largely) dependent on the return of such investment funds. According to the report the promotional material provided by some of the insurance companies to its customers was not complete and misleading in some respects (i.e. in respect of transparency of costs). The report was followed by a letter of the Minister of Finance and a report issued by the Committee De Ruyter in December 2006 containing recommendations to the insurance companies to improve the information provided to the customers and to compensate the customers which were misled. This may instigate customers to make claims for compensation against the relevant insurance companies or dissolving or terminating the insurance policies taken out with such insurance companies. In connection therewith, *Stichting Verliespolis*, an initiative of, *inter alia*, the Dutch Association of House Owners (*Vereniging Eigen Huis*)

and the Dutch Association of Stock Owners (*Vereniging van Effectenbezitters*) was established in December 2006. *Stichting Verliespolis* mainly focuses on the shortcomings of the relevant insurance companies in providing the insured with complete and correct (non-misleading) information and prognoses and investigates the possibilities for the insured to commence legal proceedings (individually or through class action law suits) against the relevant insurance company.

Meanwhile, the Dutch Minister of Finance has informed the Parliament that the Dutch Government intends to stimulate a balanced approach for resolving complaints, to prevent a multitude of individual disputes before a complaint institute or in public courts, and has requested the Financial Services Ombudsman and Chairman of the Complaint Institute for Financial Services (*Klachteninstituut Financiële Dienstverlening*) to propose a balanced approach to deal with complaints.<sup>1</sup> This Ombudsman has concluded in its recommendation (published on 4 March 2008) that insurers in general have not provided sufficient transparency concerning the costs of unit-linked insurance products. This may, however, vary per insurer. He recommends insurers to compensate customers of unit-linked insurance products of which the costs over the duration of the policy is higher than an annual rate of 3.5 per cent. of the gross fund output at least for the incremental costs. If all parties would cooperate with these recommendations, this could accelerate a solution and could result in a compromise for an important number of cases.

The Dutch Association of Insurers has in a public communication stated that the recommendation offers a clear framework for a solution in a cumbersome file and that it expects that insurers will take this recommendation seriously. The recommendation addresses primarily individual insurers who should decide on the basis of their portfolio if and to what extent they will adopt this recommendation. It concludes that the recommendation of the Ombudsman makes fast, clear and transparent adaptation possible and prevents lengthy legal procedures which will benefit both insurers and customers. In the press some claimant organisations (including *Stichting Verliespolis*) have announced that the recommendations are disappointing and/or do not offer customers sufficient compensation and new class actions have been announced against two insurance companies. A number of insurers announced that they have reached agreement with certain claimant organisations on compensation of their customers for the costs of investment insurance policies entered into with them.

The above mentioned unit-linked or investment insurance policies may also be linked to Life Mortgage Loans and Switch Mortgage Loans granted by the Seller. If Life Insurance Policies or Savings Investment Insurance Policies related to the Portfolio Mortgage Loans would for the reasons described in this paragraph be dissolved or terminated, this will affect the collateral granted to secure these Portfolio Mortgage Loans (the Beneficiary Rights would cease to exist). The Issuer has been advised that, depending on the circumstances involved, in such case the Portfolio Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will be different depending on the particular circumstances involved. Even if the Portfolio Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer. The analysis in that situation

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<sup>1</sup> The Dutch Minister of Finance has further instructed the Authority for the Financial Markets to perform a factual research relating to the investment insurance policies. The Authority for the Financial Markets has published its results (in a report called '*Feitenonderzoek Beleggingsverzekeringen*') on 9 October 2008. A copy of this report can be obtained at [www.afm.nl](http://www.afm.nl).

is similar to the situation in case of insolvency of the insurer, except if the Seller is itself liable, whether jointly with the insurer or separately, vis-à-vis the Borrower/insured. In this situation, which may depend on the involvement of the Seller in the marketing and sale of the insurance policy, set-off or defences against the Issuer could be invoked, which will probably only become relevant if the insurer and/or the Seller will not indemnify the Borrower. Any such set-off or defences may lead to losses under the Notes.

### **Long Leases**

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

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two (2) consecutive years or commits a material breach of other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder against the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

### **Enforcement of Dutch Security Rights**

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed right of pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables (including any parts thereof corresponding with amounts placed on Construction Deposits), including all rights ancillary thereto in respect of the Portfolio Mortgage Loans and the Beneficiary Rights relating thereto, and (ii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Sub-Participation Agreements, the Beneficiary Waiver Agreement and in respect of the GIC Accounts. Notification of the undisclosed right of pledge in favour of the Security Trustee can be validly made after bankruptcy or the granting of a suspension of payments in respect of the Issuer. Under Dutch law the Security Trustee can, in the event of bankruptcy or suspension of payments of the Issuer, exercise the rights afforded by law to pledgees as if there were no bankruptcy or suspension of payments. However, bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Seller or, after notification of the assignment, to the Issuer, prior to notification of the right of pledge over the Mortgage Receivables but after bankruptcy or (preliminary) suspension of payments of the Seller or, as the case may be, the Issuer, will form part of the bankruptcy estate of the Seller or the Issuer, although the pledgee has the right to receive such amounts as a preferential creditor after deduction of certain bankruptcy-related costs, (ii) a mandatory freezing-period of up to four (4) months may apply in the case of bankruptcy or suspension of payments, which, if applicable,

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

### **Interest Rate Reset Rights**

The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Portfolio Mortgage Loans after the termination of the fixed interest period should be considered as an ancillary right and follows the Mortgage Receivables upon their assignment to the Issuer and the pledge to the Security Trustee, but that in the absence of case law or legal literature this is not certain. To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the Issuer or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates. If the interest reset right remains with the Seller, the co-operation of the bankruptcy trustee (in bankruptcy) or administrator (in suspension of payments) would be required to reset the interest rates. It is uncertain whether or when such co-operation will be forthcoming.

### **Risks of Losses associated with declining property values**

The security for the Notes created under the Pledge Agreements may be affected by, among other things, a decline in the value of those properties subject to the mortgage rights securing the Mortgage Receivables and investments under the Insurance Policies. No assurance can be given that values of those properties have remained or will remain at the level at which they were on the date of origination of the related Portfolio Mortgage Loans. A decline in value may result in losses to the Noteholders if such security is required to be enforced despite of the fact that the relevant Portfolio Mortgage Loan has the benefit of an NHG Guarantee.

### **Subordination**

To the extent set forth in Conditions 4, 6 and 9, the Subordinated Class B Notes are subordinated in right of payment to the Senior Class A Notes. If, upon default by the Borrowers and after exercise by the Servicer of all available remedies in respect of the applicable Portfolio Mortgage Loans, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due on such Notes, to the extent set forth in Condition 9. On any Quarterly Payment Date, any such losses on the Portfolio Mortgage Loans will be allocated as described in *Credit Structure* below.

### **Conflict of interest between the interests of holders of different Classes of Notes**

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) each as a Class, but requiring the Security Trustee in any such case to have regard only to the interests of the holders of the Senior Class A Notes, if, in the

Security Trustee's opinion, there is a conflict between the interests of this Class of Noteholders on one hand and the holders of the Subordinated Class B Notes on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Security Beneficiaries, provided that in case of a conflict interest between the Security Beneficiaries the priority of payments upon enforcement set forth in the Trust Deed determines which interest of which Security Beneficiary prevails.

### **Act on the Financial Supervision**

Under the Act on the Financial Supervision (*Wet op het financieel toezicht*), which entered into force on 1 January 2007, a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the Issuer, must have a license under that act. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Act on the Financial Supervision. The Issuer has outsourced the servicing and administration of the Portfolio Mortgage Loans to the Servicer. The Servicer holds a license under the Act on the Financial Supervision and the Issuer will thus benefit from the exemption. However, if the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Portfolio Mortgage Loans to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Act on the Financial Supervision. If the Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Portfolio Mortgage Loans to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and settle (*afwickelen*) its existing agreements. There are a number of licensed entities in the Netherlands to which the Issuer could outsource the servicing and administration activities. It remains, however, uncertain whether any of these entities will be willing to perform these activities on behalf of the Issuer.

### **Change of law**

The structure of the issue of the Notes are based on Dutch law and, to the extent it relates to the Swap Agreement, English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change in Dutch law or English law or administrative practice in the Netherlands and England and Wales after the date of this Offering Circular.

### **Reliance on third parties**

Counterparties to the Issuer may not perform their obligations under the Transaction Documents, which may result in the Issuer not being able to meet its obligations. It should be noted that there is a risk that, *inter alia*, either (a) Obvion in its capacity as Seller, Servicer, Swap Counterparty and Savings Mortgage Participant, (b) Rabobank in its capacity as Floating Rate GIC Provider and Liquidity Facility Provider and (d) Rabobank International in its capacity as Reference Agent, will not perform its obligations vis-à-vis the Issuer.

### **Swap Agreement**

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

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

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

## KEY PARTIES AND SUMMARY OF PRINCIPAL FEATURES

*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.*

### KEY PARTIES:

**Issuer:** STRONG 2008 B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its official seat in Amsterdam, the Netherlands and registered with the trade register ("**Trade Register**") of the Chambers of Commerce under number 34317842 (the "**Issuer**"). The entire issued share capital of the Issuer is held by Stichting Holding STRONG 2008.

**Seller:** Obvion N.V., incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*), having its official seat in Eindhoven, the Netherlands and registered with the Trade Register of the Chambers of Commerce under number 14054633 (the "**Seller**"). The shares in Obvion N.V. are held by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (70 per cent.) and Stichting Pensioenfonds ABP (30 per cent.).

### Issuer

**Administrator:** ATC Financial Services B.V, incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its official seat in Amsterdam, the Netherlands and registered with the Trade Register of the Chambers of Commerce under number 33210270 (the "**Issuer Administrator**"). The shares in the Issuer Administrator are held by ATC Group B.V., which entity is also the sole shareholder of each of the Directors.

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

**Sub-Servicer:** Stater Nederland B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its official seat in Amersfoort, the Netherlands and registered with the Trade Register of the Chambers of Commerce under number 08716725 (the "**Sub-Servicer**").

**Security**

**Trustee:** Stichting Security Trustee STRONG 2008, established under the laws of the Netherlands as a foundation (*stichting*), having its official seat in Amsterdam, the Netherlands and registered with the Trade Register of the Chambers of Commerce under number 34316391 (the "**Security Trustee**").

**Stichting Holding**

**STRONG 2008:** Stichting Holding STRONG 2008, established under the laws of the Netherlands as a foundation (*stichting*), having its official seat in Amsterdam, the Netherlands and registered with the Trade Register of the Chambers of Commerce under number 34315768.

**Directors:** ATC Management B.V., being the sole director of each of the Issuer and Stichting Holding STRONG 2008 and Amsterdamsch Trustee's Kantoor B.V., being the sole director of the Security Trustee (the "**Directors**"). The Directors and the Issuer Administrator belong to the same group of companies.

**Floating Rate**

**GIC Provider:** Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., incorporated under the laws of the Netherlands as a cooperative with limited liability (*coöperatie met beperkte aansprakelijkheid*) and registered with the Trade Register of the Chambers of Commerce under number 30046259 ("**Rabobank**") (the "**Floating Rate GIC Provider**").

**Liquidity Facility**

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

**Swap**

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

**Reference**

**Agent:** Rabobank International (the "**Reference Agent**").

**Arranger:** Rabobank International (the "**Arranger**")

**Note Purchaser:** Rabobank International (the "**Note Purchaser**").

### **Savings Mortgage**

**Participants:** (i) Fortis ASR Levensverzekering N.V. ("**Fortis ASR**") with respect to Savings Mortgage Loans (as defined below) to which a Savings Insurance Policy of Fortis ASR is connected and (ii) Obvion N.V. ("**Obvion**") with respect to (x) Switch Mortgage Loans and (y) Savings Mortgage Loans to which, respectively, a Savings Investment Insurance Policy and a Savings Insurance Policy of N.V. Interpolis BTL ("**Interpolis**") is connected (each a "**Savings Mortgage Participant**" and together the "**Savings Mortgage Participants**").

### **THE NOTES:**

**Notes:** The € 1,000,000,000 Senior Class A Mortgage-Backed Notes 2008 due 2051 (the "**Senior Class A Notes**"), and the € 50,000 Subordinated Class B Notes 2008 due 2051 (the "**Subordinated Class B Notes**" and, together with the Senior Class A Notes, the "**Notes**") will be issued by the Issuer on 12 December 2008 (or such later date as may be agreed between the Issuer and the Note Purchaser) (the "**Closing Date**").

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

**Denomination:** The Notes will be issued in denominations of € 50,000.

### **Status and Ranking:**

The Notes of each Class (as defined in the Conditions) rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (as defined below) payments of principal and interest on the Subordinated Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes. See further *Terms and Conditions of the Notes* below. The obligations of the Issuer in respect of the Notes will rank behind the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments. See further *Credit Structure* below.

**Interest:** Interest on the Notes will accrue from (and including) the Closing Date by reference to successive interest periods (each a "**Quarterly Interest Period**") and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 22<sup>nd</sup> day of February, May, August and November of each year or, if such day is not a Business Day (as defined below), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event

the Business Day immediately preceding such 22<sup>nd</sup> day is the relevant Business Day (each such day being a "**Quarterly Payment Date**"). A "**Business Day**" means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 ("**TARGET2 System**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Quarterly Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in February 2009. The interest will be calculated on the basis of the actual number of days elapsed in a Quarterly Interest Period divided by 360 days.

Interest on the Notes for the first Quarterly Interest Period will accrue from (and include) the Closing Date at an annual rate equal to the linear interpolation between the Euro Interbank Offered Rate ("**Euribor**") for two-months deposits in Euros and the Euribor for three-months deposits in Euros (determined in accordance with Condition 4) plus a margin per annum which will be 4.70 per cent. for the Senior Class A Notes and 9.00 per cent. for the Subordinated Class B Notes. Interest on the Notes for each successive Quarterly Interest Period up to (but excluding) the Quarterly Payment Date falling in February 2012 (the "**First Optional Redemption Date**") will accrue from the first Quarterly Payment Date at an annual rate equal to Euribor for three-months deposits in euro (determined in accordance with Condition 4) plus a margin per annum which will be 4.70 per cent. for the Senior Class A Notes and 9.00 per cent. for the Subordinated Class B Notes.

**Interest Step up:**

If on the First Optional Redemption Date the Notes of any Class have not been redeemed in full, the margin for the Senior Class A Notes will increase and the interest applicable to this Class of Notes will then be equal to Euribor for three-months deposits in euro, payable by reference to Quarterly Interest Periods on each Quarterly Payment Date, plus a margin per annum which is 7.00 per cent. For the Subordinated Class B Notes such margin will remain at 9.00 per cent.

**Final Maturity**

**Date:**

Unless previously redeemed as provided below, the Issuer will redeem any remaining Notes outstanding on the Quarterly Payment Date falling in February 2051 at their respective Principal Amount Outstanding (as defined in Condition 6) together with accrued interest on such date, subject to and in accordance with the Conditions.

**Payment of  
Principal on  
the Notes:**

Prior to the delivery of an Enforcement Notice (as defined below), the Issuer shall on each Quarterly Payment Date apply the Notes Principal Available Amounts (as defined in Condition 6), subject to the possible application thereof up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date towards payment of the purchase price for the Further Advance Receivables, Replacement Receivables and/or Substitute Receivables (all as defined below), if any, or to make a reservation for such purpose, subject to and in accordance with the Conditions, towards redemption, at their respective Principal Amount Outstanding, of the Senior Class A Notes.

Prior to the delivery of an Enforcement Notice, payment of principal on the Subordinated Class B Notes will be made subject to and in accordance with the Conditions on each Quarterly Payment Date to the extent Notes Interest Available Amounts are available in accordance with the Interest Priority of Payments (as defined below).

**Optional  
Redemption  
of the Notes:**

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

**Redemption  
following  
clean-up call:**

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

**Redemption  
for tax  
reasons:**

In the event of certain tax changes affecting any Class of Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of any Class of Notes the Issuer (whilst

not under any obligation to pay additional amounts in respect of any withholding or deduction) may (but is not obliged to) redeem all of the Notes, in whole but not in part, at their Principal Amount Outstanding together with accrued but unpaid interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, including, without limitation, Condition 9(b). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

#### **Withholding**

##### **tax:**

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

##### **Use of proceeds:**

The Issuer will apply the net proceeds from the issue of the Senior Class A Notes towards payment of part of the Initial Purchase Price for the Mortgage Receivables (both as described below) purchased by the Issuer on the Closing Date, pursuant to the provisions of an agreement (the "**Mortgage Receivables Purchase Agreement**") to be entered into on 10 December 2008 (the "**Signing Date**") and made between the Seller, the Issuer and the Security Trustee. See further *Mortgage Receivables Purchase Agreement* below.

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

##### **Security for the Notes:**

The Noteholders will benefit from the security created by the Issuer in favour of the Security Trustee pursuant to the trust deed entered into on the Signing Date between the Issuer, the Security Trustee and Stichting Holding STRONG 2008 (the "**Trust Deed**") and the Pledge Agreements (as defined in *Description of Security* below) (together with the Trust Deed, the "**Security Documents**").

Under the Trust Deed, the Issuer will undertake to pay to the Security Trustee, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the Note Purchaser as initial

Noteholder, the Directors, the Servicer, the Issuer Administrator, the Reference Agent, the Savings Mortgage Participants, the Liquidity Facility Provider, the Swap Counterparty, the Noteholders and the Seller (the "**Security Beneficiaries**") pursuant to the relevant Transaction Documents, provided that every payment in respect of such Transaction Documents for the account of or made to the Security Beneficiaries directly shall operate in satisfaction pro tanto of the corresponding covenant in favour of the Security Trustee (such a payment undertaking and the obligations and liabilities resulting from it being referred to as the "**Parallel Debt**").

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

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

## **MORTGAGE RECEIVABLES AND PRINCIPAL CONTRACTS**

### **Mortgage**

**Receivables:** Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and accept the assignment of any and all rights and claims (the "**Mortgage Receivables**", which will include Further Advance Receivables, Substitute Receivables and Replacement Receivables and, for the avoidance of doubt, including any parts thereof corresponding with amounts placed on Construction Deposits (all as defined below)) of the Seller against certain borrowers (the "**Borrowers**") under or in connection with certain selected mortgage loans (which may consist of one or more loan parts (*leningdelen*)) that have the benefit of an NHG Guarantee originated by the Seller and that

are secured by a right of mortgage (*hypothekrecht*) (each such right of mortgage a "**Mortgage Right**" and each such loan a "**Mortgage Loan**"). The Mortgage Receivables resulting from Life Mortgage Loans, Investment Mortgage Loans, Savings Mortgage Loans and Switch Mortgage Loans (each as defined below) will hereinafter be referred to as the "**Life Mortgage Receivables**", "**Investment Mortgage Receivables**", "**Savings Mortgage Receivables**" and "**Switch Mortgage Receivables**", respectively. The Seller has the benefit of Beneficiary Rights which entitles the Seller to receive final payment under the relevant Insurance Policies, which payment is to be applied towards redemption of the Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, the Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

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

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

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

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

**Replacement  
Receivables:**

The Mortgage Receivables Purchase Agreement provides that if any of the representations and warranties relating to the Portfolio Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, the Seller shall, if such matter is not capable of being remedied or is not remedied in accordance with the terms of the Mortgage Receivables Purchase Agreement, at the Seller's expense, repurchase and accept re-assignment of the relevant Mortgage Receivable for a price equal to the outstanding principal amount of such Mortgage Receivable together with interest accrued up to but excluding the date of repurchase and re-assignment (each such amount (exclusive of the interest amounts and the costs) a "**Replacement Available Amount**"). Up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer will on the Quarterly Payment Date immediately following the date of repurchase apply the Notes Principal Available Amounts up to the aggregate Replacement Available Amounts to purchase and accept assignment from the Seller any additional mortgage receivables ("**Replacement Receivables**") and the Beneficiary Rights relating thereto, subject to the fulfilment of certain conditions and to the extent offered by the Seller. Such conditions include, *inter alia*, the requirement that any Replacement Receivables should meet the Mortgage Loan Criteria (as defined below) set forth in the Mortgage Receivables Purchase Agreement, that the Mortgage Loans to which such Replacement Receivables relate are fully disbursed (i.e. do not qualify as construction mortgages (*bouwhypotheke*), see *Construction Deposits* below) (see *Mortgage Receivables Purchase Agreement*).

When the Issuer purchases and accepts assignment of a Replacement Receivable and the Beneficiary Rights relating thereto, the Issuer will at the

same time create a first right of pledge on such Replacement Receivable and the Beneficiary Rights relating thereto in favour of the Security Trustee.

**Substitution:**

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer will on each Quarterly Payment Date apply the Notes Principal Available Amounts up to a maximum amount equal to the Notes Principal Available Amounts less the amounts applied towards payment of the purchase price for (i) the Further Advance Receivables (if any) and/or (ii) Replacement Receivables (if any) (the "**Substitution Available Amount**") to purchase and accept assignment from the Seller any additional mortgage receivables ("**Substitute Receivables**") and the Beneficiary rights relating thereto, subject to the fulfilment of certain conditions which include, *inter alia*, the requirement that any Mortgage Loan to which the Substitute Receivables relate should meet the Mortgage Loan Criteria (as defined below) and to the extent offered by the Seller. See further under *Mortgage Receivables Purchase Agreement* below.

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

When the Issuer purchases and accepts assignment of a Substitute Receivable and the Beneficiary rights relating thereto, the Issuer will at the same time create a first right of pledge on such Substitute Receivable and the Beneficiary rights relating thereto in favour of the Security Trustee.

**Reserved Amount:**

On any Quarterly Payment Date which is not also a Release Date, until the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer shall, provided that each of the Additional Purchase Criteria are met on such date, reserve the positive difference between the Notes Principal Available Amounts and the amount applied on such Quarterly Payment Date in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amounts, of any Replacement Receivables and/or, up to the Substitution Available Amount, of any Substitute Receivables, as calculated on the immediately preceding Notes Calculation Date (the "**Reserved Amount**") which amount remains to be deposited in the Transaction Account. The Reserved Amount will be applied towards the purchase of Substitute Receivables on the next succeeding Quarterly Payment Dates up to and

including the next succeeding Release Date, provided that on each such date the conditions for purchase of such Substitute Receivables are met (see under *Mortgage Receivables Purchase Agreement* below) and to the extent any Substitute Receivables are offered by the Seller. Any part of the Reserved Amount which is not applied towards the purchase of Substitute Receivables on a Release Date will be available as Notes Redemption Available Amounts on such date, provided such amount is equal to or greater than € 1,000,000. The Notes Redemption Available Amounts are available for redemption of the Senior Class A Notes on the relevant Quarterly Payment Date.

For these purposes, "**Release Date**" means each third Quarterly Payment Date following the Quarterly Payment Date on which part of the Notes Principal Available Amounts was reserved by the Issuer pursuant to Condition 6(b).

**Repurchase of  
Mortgage  
Receivables:**

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

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

- Borrower of whole or part of the premiums deposited into the Switch Savings Account (as defined below) into an investment in one or more Switch Investment Funds (as defined below) becomes effective;
- (v) within fourteen (14) days immediately following the date on which it appears that the Portfolio Mortgage Loan no longer has the benefit of an NHG Guarantee for the full amount of the Portfolio Mortgage Loan as adjusted in accordance with the NHG Conditions as a result of an action taken or omitted to be taken by the Seller or the Servicer; and
  - (vi) within fourteen (14) days immediately following the date on which the Seller has notified the Issuer that, while it is entitled to make a claim under the NHG Guarantee, will not make such claim.

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

#### **Portfolio Mortgage Loans:**

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from Mortgage Loans which (i) have the benefit of a NHG Guarantee (as defined below) and (ii) are secured by a first-ranking Mortgage Right or, in case of Mortgage Loans (for the avoidance of doubt including any Further Advance, as the case may be) secured on the same Mortgaged Asset, first and sequentially lower ranking Mortgage Rights over (i) real estate (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*), or (iii) a long lease (*recht van erfpacht*) (each such asset, a "**Mortgaged Asset**") situated in the Netherlands and entered into by the Seller and the Borrowers which meet the criteria for such Mortgage Loans set forth in the Mortgage Receivables Purchase Agreement (the "**Portfolio Mortgage Loans**"). The Portfolio Mortgage Loans, in whole or in part, will consist of (i) Linear Mortgage Loans (*lineaire hypotheek*), (ii) Interest-only Mortgage Loans (*aflossingsvrije hypotheek*), (iii) Annuity Mortgage Loans (*annuïteitenhypotheek*), (iv) Life Mortgage Loans (*levenhypotheek*), (v) Investment Mortgage Loans (*beleggingshypotheek*) (vi) Savings Mortgage Loans (*sparhypotheek*) or (vii) Switch Mortgage Loans (*switchhypotheek*) (all as defined below). See further *Description of Portfolio Mortgage Loans* below.

Each Portfolio Mortgage Loan shall have the benefit of a risk insurance policy

(i.e. an insurance policy which pays out upon the death of the insured) (a "**Risk Insurance Policy**") taken out by the Borrower with an insurance company established in the Netherlands (each insurance company so selected and each of Fortis ASR and Interpolis, an "**Insurance Company**" and collectively the "**Insurance Companies**") in the event and to the extent the relevant Portfolio Mortgage Loan exceeds 80 per cent. of the value of the relevant property. In the case of Portfolio Mortgage Loans consisting of more than one loan part including a Life Mortgage Loan, Savings Mortgage Loan or Switch Mortgage Loan such Risk Insurance Policy will be included in the relevant Life Insurance Policy, Savings Insurance Policy or Savings Investment Insurance Policy (all as defined below).

**NHG Guarantee:** Each Portfolio Mortgage Loan will have the benefit of a guarantee under the '*Nationale Hypotheek Garantie*' (each a "**NHG Guarantee**"). See further under *NHG Guarantee Programme* below.

**Linear Mortgage Loans:**

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of linear mortgage loans (hereinafter "**Linear Mortgage Loans**"). Under a Linear Mortgage Loan the Borrower pays a fixed amount of principal each month towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

**Interest-only Mortgage Loans:**

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

**Annuity Mortgage Loans:**

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

**Life Mortgage Loans:**

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of

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

**Investment  
Mortgage  
Loans:**

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

**Savings Mortgage  
Loans:**

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

intention that the Savings Mortgage Loans will be fully repaid by means of the proceeds of the Savings Investment Insurance Policies. See for more detail *Risk Factors* and *Description of the Portfolio Mortgage Loans*.

In respect of the Savings Mortgage Loans to which a Savings Insurance Policy of Fortis ASR is connected, Fortis ASR will, as Savings Mortgage Participant, agree to use the amount of the Savings Premiums scheduled to be received by it (and the interest accrued thereon) to acquire a Savings Participation (as defined in *Sub-Participation Agreements* below) in the relevant Savings Mortgage Receivables.

In respect of the Savings Mortgage Loans to which a Savings Insurance Policy of Interpolis is connected, Obvion will, as Savings Mortgage Participant, agree to use an amount equal to the amount of the Savings Premiums (and the interest received on the Savings Participation) scheduled to be received to acquire a Savings Participation in the relevant Savings Mortgage Receivables (all as defined below).

**Switch Mortgage  
Loans:**

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of switch mortgage loans (hereinafter "**Switch Mortgage Loans**") which are offered by the Seller under the name of Obvion Switchhypotheek. Under a Switch Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead takes out a combined risk and capital insurance policy (a "**Savings Investment Insurance Policy**") with Interpolis whereby part of the premiums paid is invested in certain investment funds selected by the Borrower (each a "**Switch Investment Fund**") and/or deposited into an account held in the name of Interpolis with the Seller (a "**Switch Savings Account**"). The Borrowers may at any time switch (*omzetten*) their investments among the Switch Investment Funds and to and from the Switch Savings Account. The premiums (or part thereof) paid by the Borrowers under the Savings Investment Insurance Policies and deposited into a Switch Savings Account are hereinafter referred to as "**Savings Investment Premiums**".

Obvion N.V. as Savings Mortgage Participant, will agree to use an amount equal to the amount of the Savings Investment Premiums (and the interest received on the Savings Participation) scheduled to be received to acquire a Savings Participation in the Switch Mortgage Receivables (all as defined below). It is the intention that the Switch Mortgage Loans will be fully repaid by means of the proceeds of the Savings Investment Insurance Policies. See for more detail *Risk Factors* and *Description of Portfolio Mortgage Loans*.

**Sub-  
Participation  
Agreements:**

The Issuer will enter into a sub-participation agreement with each of the Savings Mortgage Participants (each a "**Sub-Participation Agreement**") under which each of the Savings Mortgage Participants will acquire participations in the relevant Savings Mortgage Receivables and Obvion as Savings Mortgage Participant will acquire participations in the Switch Mortgage Receivables if and to the extent the Borrowers invest part of the premiums paid on the relating Savings Investment Insurance Policy by making a deposit into the Switch Savings Account (see further *Savings Mortgage Loans and Switch Mortgage Loans* under *Risk Factors* below). In each of the Sub-Participation Agreements the relevant Savings Mortgage Participant will undertake to pay to the Issuer an amount equal to the sum of all amounts scheduled to be received as Savings Premiums on the relevant Savings Insurance Policies or as Savings Investment Premiums on the relevant Savings Investment Insurance Policies, as well as the amounts switched under Savings Investment Policies from investments in certain investment funds to a Switch Savings Account during the Portfolio Calculation Period immediately preceding such Portfolio Payment Date (the "**Switched Savings Participation**").

In return, the Savings Mortgage Participants are entitled to receive the Savings Participation Redemption Available Amount (as defined in *Sub-Participation Agreements* below) from the Issuer. The amount of the Savings Participation (as defined in *Sub-Participation Agreements* below) with respect to a Savings Mortgage Receivable and a Switch Mortgage Receivable consists of (a) the initial participation at the Closing Date, or, in case of the purchase of a Further Advance Receivable, Replacement Receivable or a Substitute Receivable to which a Savings Insurance Policy or Savings Investment Insurance Policy is connected, on the relevant Quarterly Payment Date, which is equal to the sum of all amounts scheduled to be received up to such date by the relevant Insurance Company as Savings Premiums or Savings Investment Premiums in respect of such Mortgage Receivables and accrued interest, plus, in case of a Savings Investment Insurance Policy, the Switched Savings Participation, if any, (b) increased on a monthly basis with an amount equal to the sum of (i) the Savings Premiums or Savings Investment Premiums scheduled to be received from the relevant Borrowers and paid by the relevant Savings Mortgage Participant to the Issuer and (ii) a pro rata part, corresponding to the Savings Participation in the relevant Savings Mortgage Receivable or Switch Mortgage Receivable, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable. The aggregate initial participations with respect to the Savings Mortgage Receivables and

Switch Mortgage Receivables purchased by the Issuer on the Closing Date amounts to € 4,970,689.16. See further *Sub-Participation Agreements* below.

**Construction  
Deposits:**

Pursuant to the Mortgage Conditions, in respect of certain Portfolio Mortgage Loans, the Borrower has the right to request that part of the Portfolio Mortgage Loan will be applied towards construction of, or improvements to, the relevant Mortgaged Asset. In that case the Borrower has placed part of the monies drawn down under the Portfolio Mortgage Loan on deposit with the Seller, and the Seller has committed to pay out such deposits to or on behalf of the relevant Borrowers in order to enable them to pay for construction of, or improvements to, the relevant Mortgaged Asset, provided certain conditions are met (such mortgages are called construction mortgages (*bouwhypotheken*)). The aggregate amount of the deposits placed with the Seller in connection with these construction mortgages (the "**Construction Deposits**") as at the Portfolio Cut-Off Date is € 17,120,084.09.

Pursuant to the terms and conditions (*voorwaarden en normen*) of the NHG Guarantee (the "**NHG Conditions**"), a Construction Deposit has to be paid out after the building activities or renovation activities have been finalised. If the remaining Construction Deposit exceeds € 2,500 such Construction Deposit will be set-off against the Mortgage Receivable up to the amount of the Construction Deposit, in which case the Seller will pay the amount of the relevant Construction Deposit to the Issuer to form part of the Notes Principal Available Amounts on the next succeeding Quarterly Payment Date. Pursuant to the NHG Conditions, if the remaining Construction Deposit is less than € 2,500, the Seller has the right to pay out the remaining amount to the relevant Borrower.

**Sale of  
Mortgage  
Receivables:**

On any Optional Redemption Date the Issuer has the right to sell and assign all (but not only part of) the Mortgage Receivables to any party. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, towards redemption of the Senior Class A Notes.

The purchase price of a Mortgage Receivable shall be at least equal to the outstanding principal amount of such Mortgage Receivable, together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan, except that, with respect to Mortgage Receivables which are in arrears for a period exceeding 90 (*ninety*) days or in respect of which an instruction has been given to the civil law notary to start foreclosure

proceedings, the purchase price shall be equal to (a) the outstanding principal amount, together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan, or (b) if less, an amount equal to the higher of (i) the foreclosure value of the Mortgaged Asset or, (ii) if no valuation report less than twelve (12) months old is available, the Indexed Foreclosure Value or (c) the aggregate of (i) the principal amount reduced on a monthly basis by an amount which is equal to the monthly payments of principal as if the Portfolio Mortgage Loan were being repaid on a thirty year annuity basis, (ii) accrued interest due but unpaid and (iii) any other amount due under the relevant Portfolio Mortgage Loan.

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

**Servicing  
Agreement:**

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

**Issuer  
Administration  
Agreement:**

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

*Servicing Agreement and Issuer Administration Agreement* below).

**Management  
Agreements:**

The Issuer, Stichting Holding STRONG 2008 and the Security Trustee will each enter into a management agreement (together the "**Management Agreements**") with the relevant Director in which the relevant Director will undertake to act as a director of the Issuer, Stichting Holding STRONG 2008 and the Security Trustee, respectively, and to perform certain services in connection therewith.

**Security Beneficiaries**

**Agreement:**

Under a security beneficiaries agreement to be entered into on the Signing Date between the Issuer and each Security Beneficiary (excluding the Noteholders) (the "**Security Beneficiaries Agreement**") each Security Beneficiary agrees and confirms that the security provided pursuant to the provisions of the Security Documents shall, indirectly, through the Security Trustee, be for the exclusive benefit of the Security Beneficiaries (including for the avoidance of doubt, the Noteholders). Under the Security Beneficiaries Agreement each Security Beneficiary moreover agrees to be bound by the relevant terms and provisions of the Trust Deed including, but not limited to, the limited recourse and non-petition provisions contained therein.

**CASH FLOW STRUCTURE:**

**Transaction**

**Account:**

The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Transaction Account**") to which, *inter alia*, all amounts of interest, prepayment penalties and principal received under the Mortgage Receivables will be transferred by the Seller (or the Servicer on its behalf) in accordance with the Servicing Agreement.

**Reserve**

**Account:**

The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Reserve Account**") to which the proceeds of the Subordinated Class B Notes will be credited on the Closing Date. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (h) of the Interest Priority of Payments (as defined in *Credit Structure* below) in the event of a shortfall of the Notes Interest Available Amounts (as defined in *Credit Structure* below) on any Quarterly Payment Date. If and to the extent that the Notes Interest Available Amounts calculated on any Notes Calculation Date (as defined below) exceed the amounts required to meet items (a) up to and including (h) of the Interest

Priority of Payments, such excess amount will be deposited in or, as the case may be, used to replenish the Reserve Account by crediting such amount to the Reserve Account up to the required reserve account target level (the "**Reserve Account Target Level**") on the immediately succeeding Quarterly Payment Date. The Reserve Account Target Level will on any Notes Calculation Date (A) prior to the Quarterly Payment Date immediately preceding the First Optional Redemption Date be equal to (i) € 50,000 or (ii) in case on such Notes Calculation Date the Principal Amount Outstanding of the Senior Class A Notes is equal to or less than 20 per cent. of the Principal Amount Outstanding of the Senior Class A Notes as at the Closing Date, € 1,000,000 and (B) after the Quarterly Payment Date immediately preceding the First Optional Redemption Date be equal to € 1,000,000, provided that if on any Notes Calculation Date the Additional Purchase Criteria, calculated as at such Notes Calculation Date, are not complied with in full, the Reserve Account Target Level will be equal to € 25,000,000 and provided further that if such non-compliance with the Additional Purchase Criteria consists of non-compliance with items (i), (iii), (iv) and/or (v) of the Additional Purchase Criteria and the non-compliance with each of those items ceases to exist on any subsequent Notes Calculation Date, the Reserve Account Target Level will be equal to the amount standing to the balance of the Reserve Account at the Notes Calculation Date immediately preceding such Notes Calculation Date.

#### **Liquidity Facility**

##### **Agreement:**

On the Signing Date, the Issuer will enter into a 364-day term liquidity facility agreement with the Liquidity Facility Provider (the "**Liquidity Facility Agreement**") under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in the Notes Interest Available Amounts. See under *Credit Structure* below.

#### **Liquidity Facility**

##### **Account:**

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

#### **Floating Rate**

##### **GIC:**

The Issuer, the Floating Rate GIC Provider and the Security Trustee will enter into a guaranteed investment contract (the "**Floating Rate GIC**"), under which the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to three-months Euribor on the balance standing from time to time to the credit of the Transaction Account and the Reserve Account

(such accounts being collectively referred to as the "GIC Accounts").

**Swap**

**Agreement:**

On the Signing Date, the Issuer, the Security Trustee and the Swap Counterparty will enter into a swap agreement (the "**Swap Agreement**") to hedge the risk between the rate of interest to be received by the Issuer on the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes. See further under *Credit Structure* below.

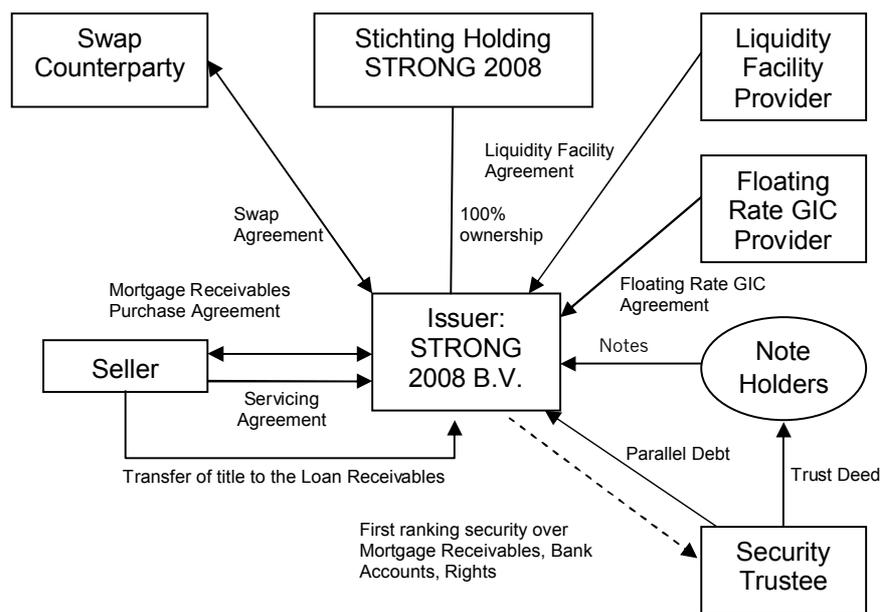
**OTHER:**

**Governing**

**Law:**

The Notes and the Transaction Documents (other than the Swap Agreement) will be governed by and construed in accordance with the laws of the Netherlands. The Swap Agreement will be governed by and construed in accordance with English law.

**Structure Diagram:** The transaction set out in this Offering Circular can be depicted as follows:



## **CREDIT STRUCTURE**

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

### **Use of Proceeds**

The Issuer will use the net proceeds from the issue of the Senior Class A Notes to pay part of the Initial Purchase Price for the Mortgage Receivables purchased by the Issuer on the Closing Date. The net proceeds of the Subordinated Class B Notes will be used to fund the Reserve Account.

### **Mortgage Loan Interest Rates**

The Mortgage Loans pay interest on a floating rate basis or fixed rate basis, subject to a reset from time to time. On the Portfolio Cut-Off Date (as defined below), the weighted average interest rate of the Portfolio Mortgage Loans amounted to 4.95 per cent. The weighted average interest reset period is 176 months. Interest rates vary among individual Portfolio Mortgage Loans. The range of interest rates is described further in *Description of Portfolio Mortgage Loans* below.

### **Cash Collection Arrangements**

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

On the 10th Business Day of each calendar month (each a "**Portfolio Payment Date**"), the Seller shall transfer (or procure that the Servicer shall transfer on its behalf) all amounts of principal, interest, interest penalties and prepayment penalties received by the Seller in respect of the Portfolio Mortgage Loans and paid to the Seller's Collection Accounts during the immediately preceding Portfolio Calculation Period (being the period commencing on (and including) the first day of each calendar month and ending on (but excluding) the first day of the next succeeding calendar month) to the Transaction Account.

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

## **GIC Accounts**

### *Transaction Account*

The Issuer will maintain with the Floating Rate GIC Provider the Transaction Account to which all amounts received (i) in respect of the Portfolio Mortgage Loans and (ii) from the Savings Mortgage Participants under the Sub-Participation Agreements will be paid. Furthermore, any drawing made under the Liquidity Facility Agreement shall be deposited into the Transaction Account. The Issuer Administrator will identify all amounts paid into the Transaction Account. Payments received by the Issuer on each Portfolio Payment Date in respect of the Portfolio Mortgage Loans will be identified as principal, interest or other revenue receipts.

### *Reserve Account*

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

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

If and to the extent that the Notes Interest Available Amounts calculated on any Notes Calculation Date (as defined below) exceed the amounts required to meet items (a) up to and including (h) in the Interest Priority of Payments, the excess amount will be deposited into the Reserve Account or, as the case may be, applied to replenish the Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

The Reserve Account Target Level will on any Notes Calculation Date (being the third Business Day prior to each Quarterly Payment Date) (A) prior to the Quarterly Payment Date immediately preceding the First Optional Redemption Date be equal to (i) € 50,000 or (ii) in case on such Notes Calculation Date the Principal Amount Outstanding of the Senior Class A Notes is equal to or less than 20 per cent. of the Principal Amount Outstanding of the Senior Class A Notes as at the Closing Date, € 1,000,000 and (B) after the Quarterly Payment Date immediately preceding the First Optional Redemption Date be equal to € 1,000,000, provided that if on any Notes Calculation Date the Additional Purchase Criteria, calculated as at such Notes Calculation Date, are not complied with in full, the Reserve Account Target Level will be equal to € 25,000,000 and provided further that if such non-compliance with the Additional Purchase Criteria consists of non-compliance with items (i), (iii), (iv) and/or (v) of the Additional Purchase Criteria and the non-compliance with each of those items ceases to exist on any subsequent Notes Calculation Date, the Reserve Account Target Level will be equal to the amount standing to the balance of the Reserve Account at the Notes Calculation Date immediately preceding such Notes Calculation Date.

To the extent that the balance standing to the credit of the Reserve Account on any Notes Calculation

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

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

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

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

- (i) interest on the Mortgage Receivables, *less*, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, an amount equal to the interest amount received multiplied by a fraction which is equal to the relevant Savings Participation divided by the outstanding principal amount of such Savings Mortgage Receivable or, as the case may be, such Switch Mortgage Receivable (the "**Participation Fraction**");
- (ii) interest credited to the GIC Accounts;
- (iii) prepayment penalties and penalty interest (*boeterente*) in respect of the Mortgage Receivables;
- (iv) Net Proceeds (as defined in the Conditions) in respect of any Mortgage Receivables, to the extent such proceeds do not relate to principal, *less*, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, an amount equal to the proceeds received multiplied by the Participation Fraction;
- (v) amounts to be drawn under the Liquidity Facility (as defined below) on the immediately succeeding Quarterly Payment Date;
- (vi) amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;

- (vii) amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date, excluding, for the avoidance of doubt, any collateral transferred to the Issuer pursuant to the Swap Agreement;
- (viii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal, less, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, an amount equal to the amount received multiplied by the Participation Fraction;
- (ix) amounts received as post-foreclosure proceeds on the Mortgage Receivables, to the extent such amounts are not due and payable to *Stichting Waarborgfonds Eigen Woningen* to satisfy its claim resulting from payment made by it under the NHG Guarantees; and
- (x) after all amounts of interest and principal due in respect of the Notes, other than principal in respect of the Subordinated Class B Notes, have been paid on the Quarterly Payment Date immediately preceding the relevant Notes Calculation Date or will be available for payment on the immediately succeeding Quarterly Payment Date, any amount standing to the credit of the Reserve Account,

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

- (a) *First*, (i) in or towards satisfaction, pro rata, according to the respective amounts thereof, of fees or other remuneration due and payable to the Directors in connection with the Management Agreements and of the fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with the relevant Transaction Documents (including the fees and expenses payable to any legal advisors, accountants and auditors appointed by the Security Trustee) and (ii) by retaining 25 per cent. of the higher of (A) € 2,500 or (B) 10 per cent. of the amount due and payable per annum by the Issuer to its Director, pursuant to item (i) above, representing taxable income for corporate income tax purposes in the Netherlands;
- (b) *Second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees and expenses due and payable to the Issuer Administrator under the Issuer Administration Agreement and (ii) the fees and expenses due and payable to the Servicer under the Servicing Agreement;
- (c) *Third*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the amounts due and payable (but not yet paid prior to the relevant Quarterly Payment Date) to third

parties under obligations incurred in the Issuer's business (other than under the relevant Transaction Documents), including, without limitation, in or towards satisfaction of amounts or provisions for any payment of the Issuer's liability, if any, to tax, (ii) the fees and expenses due and payable to the Reference Agent and any other agent designated under any of the relevant Transaction Documents, (iii) the fees and expenses due and payable to any legal advisors, accountants and auditors appointed by the Issuer and (iv) the commitment fee due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;

- (d) *Fourth*, in or towards satisfaction of any amounts (other than the commitment fee) due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement less any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (l) below (the "**Subordinated Liquidity Facility Amount**");
- (e) *Fifth*, in or towards satisfaction of amounts, if any, due and payable under the Swap Agreement, including a Settlement Amount (as defined therein), except for any termination payment due or payable as a result of the occurrence of an Event of Default (as defined therein) where the Swap Counterparty is the Defaulting Party (a "**Swap Counterparty Default Payment**"), payable under (k) below;
- (f) *Sixth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Senior Class A Notes;
- (g) *Seventh*, in or towards making good, any shortfall reflected in the Class A Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *Eighth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Subordinated Class B Notes;
- (i) *Ninth*, in or towards satisfaction of any sums required to deposit on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (j) *Tenth*, in or towards satisfaction of principal amounts due on the Subordinated Class B Notes;
- (k) *Eleventh*, in or towards satisfaction of the Swap Counterparty Default Payment to the Swap Counterparty under the terms of the Swap Agreement;
- (l) *Twelfth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of any Subordinated Liquidity Facility Amount and gross-up amounts or additional amounts, if any, due under the Issuer Administration Agreement and/or the Servicing Agreement; and

- (m) *Thirteenth*, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

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

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

The "**Notes Principal Available Amounts**" will consist of the sum of the following amounts, calculated as at each Notes Calculation Date as being received during the Notes Calculation Period (as defined in the Conditions) immediately preceding such Notes Calculation Date:

- (i) repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, *less*, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable or Switch Mortgage Receivable;
- (ii) Net Proceeds (as defined in the Conditions) in respect of any Mortgage Receivables, to the extent such proceeds relate to principal, *less*, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable or Switch Mortgage Receivable;
- (iii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, *less*, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable or Switch Mortgage Receivable;
- (iv) amounts to be credited to the Class A Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Administration Agreement;
- (v) Participation Increase, Switched Savings Participation and Initial Savings Participation (other than the Initial Savings Participation received on the Closing Date) pursuant to the Sub-Participation Agreements;
- (vi) partial prepayment in respect of Mortgage Receivables, excluding prepayment penalties, if any;
- (vii) the Reserved Amount; and

- (viii) any part of the Notes Redemption Available Amounts calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the Senior Class A Notes on the immediately preceding Quarterly Payment Date.

The "**Notes Redemption Available Amounts**", as calculated on the immediately preceding Notes Calculation Date, will:

- (x) on any Quarterly Payment Date which is not also a Release Date be equal to the Notes Principal Available Amounts less the sum of:
  - (a) the amount of the Notes Principal Available Amounts applied on such Quarterly Payment Date in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amounts, of any Replacement Receivables and/or, up to the Substitution Available Amount, of any Substitute Receivables; and
  - (b) (i) until the Quarterly Payment Date immediately preceding the First Optional Redemption Date, provided that each of the Additional Purchase Criteria are met on such Quarterly Payment Date, an amount equal to the Notes Principal Available Amounts less the amount referred to under (a) above and (ii) thereafter, zero (the "**Reserved Amount**"),
- (y) on any Quarterly Payment Date which is also a Release Date be equal to the Notes Principal Available Amounts less the amount of the Notes Principal Available Amounts applied on such Quarterly Payment Date in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amounts, of any Replacement Receivables and/or, up to the Substitution Available Amount, of any Substitute Receivables, provided that if the difference between the Notes Principal Available Amounts and the amount of the Notes Principal Available Amounts applied on such Quarterly Payment Date in or towards satisfaction of the Initial Purchase Price of any Mortgage Receivables is less than € 1,000,000, the Notes Redemption Available Amounts shall be deemed to be zero on such Quarterly Payment Date.

Prior to delivery of an Enforcement Notice by the Security Trustee, the Notes Redemption Available Amounts will pursuant to the terms of the Trust Deed be applied by the Issuer on each Quarterly Payment Date towards satisfaction of the principal amounts due on the Senior Class A Notes, until fully redeemed in accordance with the Conditions and thereafter in or towards satisfaction of the Deferred Purchase Price, if any, to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

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

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

- (a) *First*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of fees or other remuneration due and payable to the Directors in connection with the Management Agreements and of the fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with the relevant Transaction Documents (including the fees and expenses payable to any legal advisors, accountants and auditors appointed by the Security Trustee);
- (b) *Second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees and expenses due and payable to the Issuer Administrator under the Issuer Administration Agreement, (ii) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (iii) the fees and expenses due and payable to the Reference Agent under the Reference Agency Agreement and (iv) the commitment fee due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (c) *Third*, in or towards satisfaction of any amounts (other than the commitment fee and the Subordinated Liquidity Facility Amount, if any) due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (d) *Fourth*, in or towards satisfaction pro rata, according to the respective amounts thereof, of (i) all amounts of interest due or accrued but unpaid in respect of the Senior Class A Notes and (ii) amounts, if any, due and payable to the Swap Counterparty under the Swap Agreement including a Settlement Amount (as defined therein), but excluding any Swap Counterparty Default Payment payable under (h) below;
- (e) *Fifth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Senior Class A Notes;
- (f) *Sixth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class B Notes;
- (g) *Seventh*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Subordinated Class B Notes;
- (h) *Eighth*, in or towards satisfaction of the Swap Counterparty Default Payment to the Swap Counterparty under the terms of the Swap Agreement;

- (i) *Ninth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of any Subordinated Liquidity Facility Amount and gross-up amounts or additional amounts, if any, due under the Issuer Administration Agreement and/or the Servicing Agreement; and
- (j) *Tenth*, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

### **Liquidity Facility**

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

Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of any Notes Interest Available Amounts and the amounts available in the Reserve Account and before any drawing under the Liquidity Facility (each a "**Liquidity Facility Drawing**"), there is a shortfall in the Notes Interest Available Amounts to meet items (a) up to and including (h) of the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawings may be made to meet items (e) and (g) of the Interest Priority of Payments, and provided further that no drawings may be made on any Quarterly Payment Date for shortfalls in interest on the Subordinated Class B Notes if there was a Class A Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date.

For these purposes "**Liquidity Facility Maximum Amount**" means, on each Notes Calculation Date, an amount equal to the greater of (i) 2.00 per cent. of the Principal Amount Outstanding of the Notes on such date and (ii) € 12,000,000.

### **Allocation of Realised Losses and Principal Deficiency Ledger**

A principal deficiency ledger known as the "**Class A Principal Deficiency Ledger**" will be established by or on behalf of the Issuer in order to record any Realised Losses (as defined in the Conditions) on the Mortgage Receivables (the "**Class A Principal Deficiency**"). Any Realised Losses will, on the relevant Notes Calculation Date be debited to the Class A Principal Deficiency Ledger (such debit items being re-credited at item (g) of the Interest Priority of Payments) so long as the debit balance on the Class A Principal Deficiency Ledger is not greater than the Principal Amount Outstanding of the Senior Class A Notes.

### **Interest Rate Hedging**

The Mortgage Loan Criteria (as defined under *Mortgage Receivables Purchase Agreement* below) require that all Portfolio Mortgage Loans bear a floating rate of interest or fixed rate of interest, subject to a reset from time to time. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor, which margin will for the Senior Class A Notes increase after the First Optional Redemption Date. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty and the Security Trustee. Under the Swap Agreement, the Issuer will agree to pay amounts equal to (a) the interest scheduled to be received on the Mortgage Receivables (minus (i) with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, an amount equal to the interest amount scheduled to be received multiplied by the relevant Participation Fraction and minus (ii) with respect to the Mortgage Receivables in respect of which the enforcement procedures have been fully and finally terminated an amount equal to the accrued interest thereon) plus (b) the interest credited to the Transaction Account, and plus (c) prepayment penalties and penalty interest (*boeterente*), less (i) certain expenses as described under (a), (b), and (c) of the Interest Priority of Payments, and less (ii) an excess margin (the "**Excess Spread Margin**") of 0.30 per cent. per annum applied to the Principal Amount Outstanding of the Senior Class A Notes on the first day of the relevant Quarterly Interest Period reduced by the Class A Principal Deficiency. In return, the Swap Counterparty will agree to pay amounts equal to the scheduled interest due under each Class of Notes, calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Quarterly Interest Period. The notional amount under the Swap Agreement, however, will be reduced to the extent there is a debit balance on the Class A Principal Deficiency Ledger on the Quarterly Payment Date on which the relevant Quarterly Interest Period ends after application of the Notes Interest Available Amounts. As there is no principal deficiency sub-ledger in respect of the Subordinated Class B Notes, the swap notional amount for the Subordinated Class B Notes will be reduced to zero if there is an outstanding debit on the Class A Principal Deficiency Ledger.

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

Payments under the Swap Agreement will be netted.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement will be terminable by one party if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) certain insolvency events.

Upon the early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be

based on the market value of the Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

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

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

In either event, the Swap Counterparty will at its own cost, if it is unable to transfer its rights and obligations under the Swap Agreement to another office, have the right to terminate the Swap Agreement. Upon such termination, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party.

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

### **Sale of Mortgage Receivables**

Under the terms of the Trust Deed, the Issuer will have the right to sell and assign all (but not only part of) the Mortgage Receivables on any Optional Redemption Date to any party. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, towards redemption of the Senior Class A Notes.

The purchase price of a Mortgage Receivable shall be at least equal to the outstanding principal amount of such Mortgage Receivable, together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan, except that, with respect to Mortgage Receivables which are in arrears for a period exceeding 90 (*ninety*) days or in respect of which an instruction has been given to the civil law notary to start foreclosure proceedings, the purchase price shall be equal to (a) the outstanding principal amount, together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan, or (b) if less, an amount equal to the higher of (i) the foreclosure value of the Mortgaged Asset or, (ii) if no valuation report less than twelve (12) months old is available, the Indexed Foreclosure Value or (c) the aggregate of (i) the

principal amount reduced on a monthly basis by an amount which is equal to the monthly payments of principal as if the Portfolio Mortgage Loan were being repaid on a thirty year annuity basis, (ii) accrued interest due but unpaid and (iii) any other amount due under the relevant Portfolio Mortgage Loan.

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

## OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET<sup>2</sup>

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

Unlike the UK mortgage market in which mortgages (while evolving) remain predominantly floating-rate, Dutch mortgages are predominantly of a fixed rate nature and typically are set for a period of between five (5) and twenty (20) years. The historically low mortgage interest rate in 2005 has proved an additional incentive to opt for mortgages with a long-term fixed interest rate (up to as much as 30 years, which gives people almost life-long certainty). For this reason Dutch mortgage consumers are relatively well insulated against interest rate shocks.

In the Netherlands only a limited amount of subprime mortgages have been sold and the most risk seeking products, such as negative amortisation and alt-A mortgages, never entered the market. In 2006 and 2007, at the top of the subprime market, the combined market share of the main suppliers of these mortgages was less than 1% of the newly issued mortgage production. As in many other countries, these products have now left the market altogether.

Over recent years, outstanding mortgage loans have continued to increase on the back of rising house prices, a gradual increase in the levels of owner-occupation and an environment of slowly increasing mortgage interest rates. Chart 1 below shows that the level of outstanding residential mortgage debt in the Netherlands reached EUR 576 billion mid 2007 (excluding mortgages on commercial property).

Increased competition and the deregulation of the Dutch financial market have resulted in the development of tailor-made mortgage loans consisting of various parts and features. The mortgage products offered by lenders reflect the (until 2001) full tax deductibility of mortgage interest and have encouraged borrowers to defer repayment of principal for as long as possible. This is evidenced by relatively high loan to value ratios and the extensive use of non-amortising mortgage products, which give full tax benefits for the whole maturity of the mortgage without the need to redeem the mortgage. Borrowers often have considerable investments and savings available but choose not to use such funds to acquire a house or to repay their mortgage but instead to minimise their tax liabilities.

As of January 2001, mortgage tax deductibility has been limited by new tax legislation in three areas. Firstly, deductibility applies only to mortgages on the borrower's primary residence and not to second homes such as holiday homes. Secondly, interest deductibility on a mortgage loan for a principal residence is only allowed for periods of up to thirty (30) years. Lastly, the top tax rate has been reduced from 60% to 52%. However, these changes did not have a significant impact on the rate of mortgage origination, mainly because of the then ongoing decrease of mortgage interest rates.

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<sup>2</sup> Source: Kadaster

On top of the limitations that came into force in 2001, tax deductibility of mortgage interest payments has been further restricted as of 1 January 2004. Under this new regulation (Bijleenregeling), tax deductibility is now only granted up to the purchase price of the new house less the realised net profit on the old house. Therefore, moving homeowners are encouraged to reinvest increased amounts of any of the net profits they make from the sale of their previous house into their new house.

Because of that regulation, first time buyers now have an incentive never to pay off any part of their mortgage loan as this limits the amount they have to reinvest in their subsequent homes. This unintentional side effect of the new tax regulations can stimulate future mortgage production. On the other hand, the limitation of interest rate deductibility will probably have a downward impact on total mortgage debt in the medium to long term. Realised profits will have to be reinvested in the housing market, which will result in a larger share of home equity and a reduction in the total tax advantage.

The number of involuntary sales of residential property by public auction is traditionally very small in the Netherlands. Especially in the second half of the 1990s, when the demand for residential property was exceptionally strong, house sales by auction, even in case of a forced sale, almost never occurred or were required. Moreover, the 1990s were characterised by very good employment conditions and a continuing reduction of mortgage interest rates. In the years before the recent cooling-down of the housing market, the total number of foreclosures was therefore limited from two sides.

The relatively prolonged economic downturn of 2001 to 2005 led to a significant rise in the amount of mortgage payment arrears and correspondingly forced house sales (see Chart 5). The number of foreclosures in the Netherlands reported by the Land Registry (Kadaster) gradually rose from 695 in 2002 to its peak of 1,968 forced sales in 2006. Since then the number of foreclosures decelerated slightly to a 12-months-total of 1,893 mid 2008.

Even though in a relative sense the increase over the last years is substantial, the absolute number of forced sales is obviously still extremely small compared to the total number of residential mortgage loans outstanding. There are no precise data of the number of residential mortgage loans outstanding in the Netherlands. However, based on the published total amount of residential mortgage debt outstanding and the current average mortgage loan amount it is estimated that the total number of residential mortgage loans outstanding in the Netherlands is exceeding 3 million. A total of around 2000 foreclosures per year therefore corresponds with approximately 0.06% of the total number of residential mortgage loans outstanding.

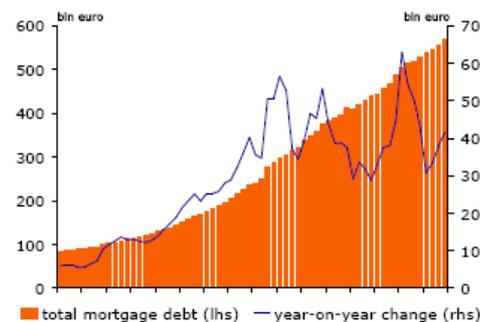
In the unforeseen case that the number of foreclosures was to increase dramatically, this could have a negative effect on house prices. Decreasing house prices could in turn increase loss levels should a borrower default on its mortgage obligations.

However the number of foreclosures (Chart 5) as a percentage of total house sales (Chart 2) still only amounts to 0.97% (end of June 2008). This is clearly too small a portion to be of any real impact on the development of house prices which has shown an average growth of 2.9% annually in 2007 (Chart 3), with the median house price now equalling € 248,000 (Chart 4). Furthermore the Dutch housing market

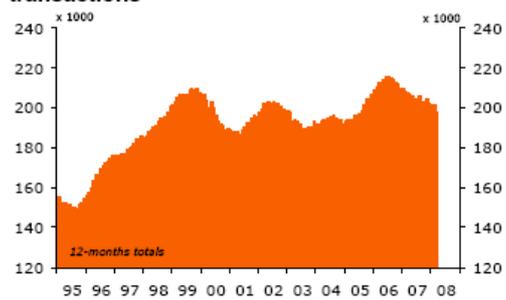
is characterised by a large discrepancy between demand and supply, which mitigates a negative effect on house prices.

Chart 6 illustrates that the three main Dutch banking groups (Rabobank, ING, Fortis & ABN AMRO) are responsible for originating a third of all mortgages in the domestic residential market (although this combined share shows a downward trend from around 53% in 2000 to around 34% in 2005). Specialist mortgage banks, insurance companies and pension funds follow the main banks in the volume of mortgage origination. The Dutch mortgage market is primarily dominated by domestic institutions although there is a small number of foreign banks who are trying to gain market share. Most mortgage lenders have moved towards intermediaries (mortgage brokers, insurance brokers and real estate agents) for product distribution, which by most estimates now sell over half of all new mortgages in the Netherlands. Mortgage brokers are essentially intermediaries whose primary business is to offer products from a number of mortgage lenders. The change over time towards a market in which intermediaries sell most mortgages can be largely explained by the borrower's search for independent advice and the degree of flexibility offered by intermediaries.

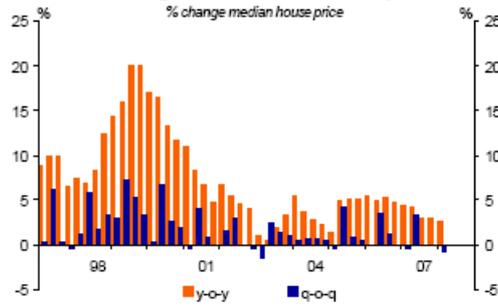
**Chart 1: Total mortgage debt**



**Chart 2: Number of residential real estate transactions**

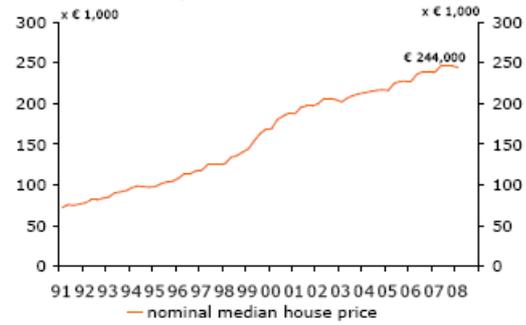


**Chart 3: Change in median house price**



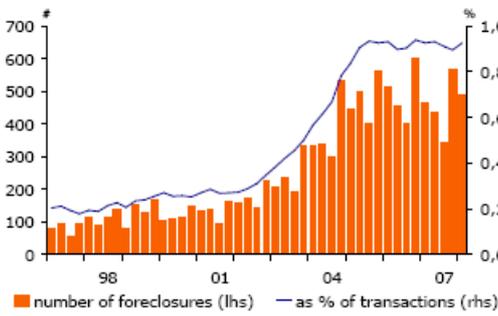
Source: NVM, Rabobank

**Chart 4: Development of median house price**



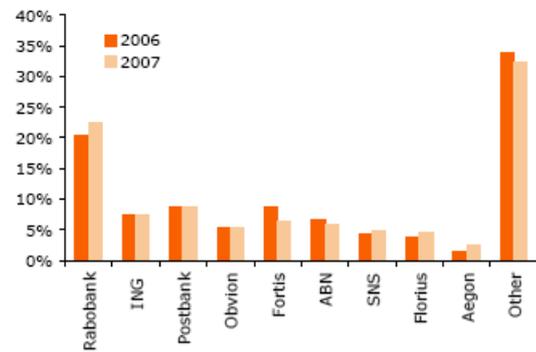
Source: NVM, Rabobank

**Chart 5: Number of foreclosures**



Source: Kadaster, Rabobank

**Chart 6: Market share of residential mortgage production**



Source: Kadaster, Rabobank

## **OBVION N.V.** <sup>3</sup>

### **Characteristics**

Obvion N.V., formerly known as ABP Hypotheken N.V., is an established originator and servicer of Dutch residential mortgages.

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

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

### **Strategy**

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

Obvion's services to the intermediary were further developed in recent years. Obvion has implemented the concept of the "integrated application and offering process" called "Obvion Totaal". In this concept applications for mortgage loans as well as applications for various insurance products and investment accounts can be sent to Obvion via the internet. These applications are automatically passed through to the relevant insurance companies and investment managers. Obvion monitors the timely assessment of these applications by these companies and the investment managers and the system sends an integrated offering to the intermediary. Intermediaries are able to monitor the status of their applications via the internet on an ongoing basis.

Instead of contacting and filing applications with two or more companies, now the intermediary only has to address Obvion. This integrated application process enables the intermediary to concentrate on its core competence which is providing his customer with professional advice on all kinds of financial planning issues.

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

The pricing strategy of Obvion is to be in the top three of the relevant competitors meaning mortgage originators using the same distribution channel and offering the same product range. Obvion provides the management, servicing and administration of mortgage loans that it has originated and that are

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<sup>3</sup> Source: *Obvion N.V. (information relating to the year 2008 unaudited)*.

either on its own balance sheet or on the balance sheet of third parties.

### **Organisational structure**

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

The organisational structure of Operations is among others based on the Obvion Totaal concept. Operations consists of an Underwriting Department, a Servicing Department, an Arrears Management and Anti Fraud Department, a Service Centre and a Support Team. The Underwriting Department is responsible for assessing the loan applications and granting the loans.

Loan modifications are dealt with by the Servicing Department. Arrears (including defaults) are handled by the Arrears Management Team within the Arrears Management and Anti Fraud Department. The Anti Fraud Team concentrates on fraud prevention i.e. detect possible fraud during the underwriting process before an offering is sent to the potential borrower. Furthermore an important task of the Anti Fraud Team is to minimise losses in those cases where fraud has occurred (in close cooperation with the Arrears Management Team).

The Service Centre handles all queries from the most important intermediaries regarding loan applications, applications for insurances and applications for investment accounts.

A Call Centre (within the Service Centre) deals with questions from the other intermediaries and from notaries and borrowers.

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

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

## Key figures

Number of loan applications and mortgage deeds Obvion

	loan applications	mortgage deeds
2002 (April – December)	13,500	3,600
2003	32,900	18,900
2004	31,300	21,100
2005	37,000	24,100
2006	46,800	32,200
2007	40,300	29,800
2008 (yto 06)	23,200	17,000

As of 30 June 2008 Obvion services a mortgage portfolio of around 160.600 mortgage loans, including the loans serviced for third parties (circa 138.100).

Mortgage portfolio Obvion at 30 June 2008 € 4.7 bn.

Off balance mortgage portfolio originated by Obvion at 30 June 2008 € 17.3 bn.

Estimated mortgage production Obvion in 2008 € 5.4 bn.

Market share of Obvion in terms of new production 2008 (Yto 06) 7.1%

Mortgage portfolio ABP at 30 June 2008 € 5.1bn. (incl. € 0.7 bn STReAM I)

Number of mortgage loans ABP at 30 June 2008 48,000 (incl. STReAM I)

## Management

The Management Team of Obvion consists of the following persons:

R. van Diem (Chief Executive Officer)

J. Smulders (Chief Operating Officer)

J. Maes (Manager Operations)

D.M. Dijkstra (Manager Marketing & Sales)

M.H.L.M. Bronzwaer (Manager Treasury)

D.H.M. Brouwers (Manager Control & Financial Accounting)

Y.C. Lange (Manager HRM)

The Supervisory Board of Obvion consists of the following persons:

P.J.A. van Schijndel (chairman) (Rabobank)

J.H.P.M. van Lange (Rabobank)

J.F. Maassen (ABP)

S.J. van Driel (ABP)

## **RABOBANK<sup>4</sup>**

Rabobank Group (the "**Rabobank Group**") was founded over a century ago and is one of the largest banking groups in the Netherlands and ranks in the top twenty (20) banking institutions in the world in terms of Tier 1 capital. Rabobank Group is a cooperative banking organisation comprised of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank**") (a cooperative entity licensed as a credit institution in the Netherlands), Rabobank's local member credit institutions (the "**Local Rabobanks**") and numerous specialised finance and other subsidiaries. In the Netherlands, the Rabobank Group follows an 'Allfinanz' concept, meaning it provides an integrated range of financial services comprised primarily of retail banking, wholesale banking, asset management and investment, insurance leasing and real estate to a wide range of both individual and corporate customers. The Rabobank Group's wholesale activities and the international retail operations are carried out through Rabobank International. At 30 June 2008 the Rabobank Group operated in the Netherlands through 161 Local Rabobanks, more than 1,100 offices and more than 3,100 contact points and internationally through overseas offices in countries outside the Netherlands.

Since Rabobank first obtained its credit ratings, it has generally received for its senior unsecured long term debt an Aaa rating from Moody's (since 1986) and an AAA rating from S&P (since 1984).

At 30 June 2008 Rabobank had total assets of € 568 billion, loans outstanding to private sector borrowers amounting to € 378 billion (net of reserves for loan losses), group equity of € 32 billion and funds entrusted of € 260 billion.

### **Capitalisation**

As a result of Rabobank's cooperative ownership structure, local Rabobanks are not allowed to pay dividends, which benefit Rabobank Group's capital base. Rabobank retains all profits after net payments on Rabobank Member Certificates (RMC's), Trust Preferred Securities II, III, IV, V and VI, N.Z.\$ Perpetual Non-Cumulative Capital Securities and U.S. \$ Perpetual Non-Cumulative Capital Securities, GBP Perpetual Non-Cumulative Capital Securities, CHF Perpetual Non-Cumulative Capital Securities and ILS Perpetual Non-Cumulative Capital Securities (all of which are part of Rabobank Tier-1 regulatory capital). Because a large part of Rabobank's assets is invested in residential mortgages, its risk adjusted capital ratios compare favourably to its peer banks. At 30 June 2008, Rabobank had a Tier 1 ratio of 10.2.

### **Market Position in the residential mortgage market in the Netherlands**

As at 31 December 2007, 22.4 per cent. of the domestic share by amount was provided by local Rabobanks and Rabo Hypotheekbank N.V. and another 5.3 per cent. by Obvion making Rabobank Group the largest residential mortgage provider in the Netherlands.

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<sup>4</sup> Rabobank (information relating to the year 2008 unaudited)

## STICHTING PENSIOENFONDS ABP<sup>5</sup>

### Profile

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

ABP's core business is to provide collective pension arrangements for employers and employees in the public and education sectors. Over the years, ABP became one of the world's largest pension funds, managing the pensions of approximately 2.7 million participants (government and education sector employees), which represented a joint net value of € 205 billion at the end of the first half of 2008. A total of approximately 4,300 organisations, all part of the Dutch government sector, are associated with ABP.

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

### Organisational structure

In 1996, ABP was privatised and it no longer fell within the remit of the ABP Act and its investment restrictions. As part of the privatisation, ABP was transformed into a legal foundation ('*Stichting*') with a new name: "**Stichting Pensioenfonds ABP**". As of 1 March 2008, the pension fund has been separated from the management company. The management company has become a separate legal entity, a full subsidiary of ABP that manages ABP's pension administration and all of ABP's assets. This separation contributes to a modern pension fund governance structure in which there is a clear distinction between policy setting and oversight by the board of trustees of the pension fund and execution by the newly established professional management organization. The board of trustees exists of representatives of both unions and employers with an independent chairperson.

### Portfolio in the Netherlands

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

In 2001, part of the portfolio originated through ABP Hypotheken was securitised. The size of this RMBS transaction (STReAM 1) was € 2.2 billion. This transaction was called at the beginning of

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<sup>5</sup> Source: *Stichting Pensioenfonds ABP* (the information in this paragraph is unaudited)

September 2008.

As at the end of June 2008, the total amount invested in residential mortgages in the Netherlands was € 5.5 billion - of which € 4.6 billion is serviced by Obvion.

## DESCRIPTION OF PORTFOLIO MORTGAGE LOANS

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

The Portfolio Mortgage Loans (or in case of Portfolio Mortgage Loans consisting of more than one loan part, the aggregate of such loan parts) have the benefit of an NHG Guarantee and are secured by a first-ranking, or as the case may be a first and sequentially lower ranking mortgage right, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) entered into by the Seller and the Borrowers. The mortgage rights secure the relevant Portfolio Mortgage Loan and are vested over property situated in the Netherlands. The Portfolio Mortgage Loans and the mortgage rights securing the liabilities arising therefrom are governed by Dutch law.

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

The numerical information set out below relates to the Portfolio Mortgage Loans as of the Portfolio Cut-Off Date and has been extracted without material adjustment from the databases relating to the Mortgage Loans originated by the Seller held at Stater Nederland B.V. The "**Portfolio Cut-Off Date**" is 31 October 2008, provided that in certain cases for calculation purposes 1 November 2008 is used, applying the data as of the Portfolio Cut-Off Date. All amounts mentioned in this section and in the tables below are expressed in euro.

### Mortgage types

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

- (i) Linear Mortgage Loans (*lineaire hypotheeken*);
- (ii) Interest-only Mortgage Loans (*aflossingsvrije hypotheeken*);
- (iii) Annuity Mortgage Loans (*annuïteitenhypotheeken*);
- (iv) Life Mortgage Loans (*levenhypotheeken*);
- (v) Investment Mortgage Loans (*beleggingshypotheeken*);
- (vi) Savings Mortgage Loans (*spaarhypotheeken*); or
- (vii) Switch Mortgage Loans (*switchhypotheeken*).

Each Portfolio Mortgage Loan shall have the benefit of a Risk Insurance Policy taken out by the Borrower with an Insurance Company in the event and to the extent the relevant Portfolio Mortgage Loan exceeds 80 per cent. of the value of the mortgaged property. In the case of Portfolio Mortgage Loans including a Life Mortgage Loan or Savings Mortgage Loan such Risk Insurance Policy will be included in the relevant Life Insurance Policy or Savings Insurance Policy. Each of the above types of Portfolio Mortgage Loans can be in the form of a construction mortgage.

#### *Linear Mortgage Loans*

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

#### *Interest-only Mortgage Loans*

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

#### *Annuity Mortgage Loans*

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

#### *Life Mortgage Loans*

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

#### *Investment Mortgage Loans*

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

#### *Savings Mortgage Loans*

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

### *Switch Mortgage Loans*

A Switch Mortgage Loan is combined with a Savings Investment Insurance Policy, which consists of a combined risk and capital insurance policy taken out by the Borrower with Interpolis in connection with the relevant Switch Mortgage Loan. Under a Switch Mortgage Loan no principal is paid by the Borrower prior to the maturity of the loan. Instead, the Borrower pays a premium on a monthly basis, which consists of a risk element and a savings element, which premium is invested in certain investment funds selected by the Borrower and/or deposited into an account held in the name of the relevant Insurance Company with the Seller. The Borrowers may at any time switch (*omzetten*) their investments among such investment funds and to and from said account.

### **Interest Rates**

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

#### *Fixed Interest*

A fixed rate of interest is payable on the Portfolio Mortgage Loans (or relevant part thereof), subject to resets from time to time (2, 5, 6, 7, 10, 12, 15, 20 years or 30 years).

#### *Floating Interest (not available in combination with Savings Mortgage Loans and Switch Mortgage Loans)*

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

#### *"Obvion Rentevrijheid"*

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

### **Key Characteristics**

The following table is a summary of the key characteristics of the pool of the Portfolio Mortgage Loans as selected on the Portfolio Cut-Off Date. These characteristics demonstrate the capacity to, subject to the risk factors referred to under section Risk Factors above, produce funds to pay interest and principal on the Notes, provided that each such payment shall be subject to the relevant priority of payments as further described under section Credit Structure above.

All amounts mentioned below are expressed in euro.

**TABLE A***Key Characteristics of the pool of Mortgage Loans as of the Portfolio Cut-Off Date*

Outstanding Principal Balance	€	1,004,970,657.93
Outstanding Savings Balance	€	4,970,689.16
Net Outstanding Principal Balance (Net Loan)	€	999,999,968.77
Outstanding construction deposits	€	17,120,084.09
Number of Mortgages		5,741
Number of Mortgage Loan Parts		12,045
Average Loan Balance	€	175,051.50
WALT Foreclosure Value (%)		108.9
WA Seasoning (months)		6
WA Remaining Maturity (months)		348
WA Coupon		4.95
WA Remaining Period until Reset (months)		176

**Loan to Foreclosure Value Ratio**

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

**TABLE B***Loan-to-Foreclosure Value of the pool of Mortgage Loans as of the Portfolio Cut-Off Date<sup>6</sup>*

	number of loans	Net outstanding	% of pool	WAC	WA LtFV
10 < LTFV < 20	7	€ 397,576.59	0.04%		5.07
20 < LTFV < 30	37	€ 2,814,211.43	0.28%		4.99
30 < LTFV < 40	72	€ 7,508,977.94	0.75%		4.90
40 < LTFV < 50	105	€ 11,857,805.77	1.19%		4.90
50 < LTFV < 60	234	€ 31,114,237.16	3.11%		4.87
60 < LTFV < 70	206	€ 30,604,709.26	3.06%		4.89
70 < LTFV < 80	242	€ 38,206,108.32	3.82%		4.92
80 < LTFV < 90	315	€ 52,777,458.20	5.28%		4.91
90 < LTFV < 100	481	€ 81,061,724.40	8.11%		4.91
100 < LTFV < 110	600	€ 110,585,282.15	11.06%		4.90
110 < LTFV < 120	960	€ 180,947,144.13	18.09%		4.93
120 < LTFV < 130	2,164	€ 397,639,096.17	39.76%		5.01
130 < LTFV < 140	281	€ 48,507,488.12	4.85%		5.01
140 < LTFV < 150	37	€ 5,978,149.13	0.60%		4.95
<b>Grand Total</b>	<b>5,741</b>	<b>€ 999,999,968.77</b>	<b>100.00%</b>		<b>4.95</b>

<sup>6</sup> The Loan-to-Foreclosure-Value of most loans is based on the foreclosure value upon origination of the loans except for a few loans which have been revaluated on a later date. Such a revaluation has exclusively been made in respect of loans which have been increased or decreased and has been based on the foreclosure value upon the day of the alteration.

## Sizes

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

**TABLE C**

*Distribution of Loan Size of the pool of Mortgage Loans as of the Portfolio Cut-Off Date*

	number of loans	Net outstanding	% of pool	WAC	WA LtFV	
0-50000	25	€ 1,052,757.44	0.11%		4.96	36
50000-100000	303	€ 25,791,210.31	2.58%		4.97	71
100000-150000	1,505	€ 196,876,100.77	19.69%		4.97	102
150000-200000	2,178	€ 374,853,331.94	37.49%		4.97	110
200000-250000	1,344	€ 301,412,317.51	30.14%		4.94	113
250000-300000	386	€ 100,014,250.80	10.00%		4.92	117
Grand Total	5,741	€ 999,999,968.77	100.00%		4.95	109

## Weighted Average Interest Rates

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

**TABLE D**

*Distribution of Interest Rates of the pool of Mortgage Loans as of the Portfolio Cut-Off Date (specified on the basis of Loan Parts)*

	number of loan parts	Net outstanding	% of pool	WAC	WA LtFV	
3.0 < Interest < 3.5	10	€ 734,764.54	0.07%		3.40	114
3.5 < Interest < 4.0	96	€ 7,087,178.49	0.71%		3.83	110
4.0 < Interest < 4.5	582	€ 46,329,374.44	4.63%		4.31	102
4.5 < Interest < 5.0	5,797	€ 476,129,841.90	47.61%		4.77	109
5.0 < Interest < 5.5	4,551	€ 391,825,594.14	39.18%		5.14	110
5.5 < Interest < 6.0	999	€ 77,232,614.84	7.72%		5.66	111
6.0 < Interest < 6.5	10	€ 660,600.42	0.07%		6.03	108
Grand Total	12,045	€ 999,999,968.77	100.00%		4.95	109

### Mortgage Type

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

**TABLE E**

*Distribution Redemption Types of the pool of Mortgage Loans as of the Portfolio Cut-Off Date (specified on the basis of Loan Parts)*

	number of loan parts	Net outstanding	% of pool	WAC	WA LtFV	
Alternative Savings	1,572	€ 155,076,156.30	15.51%		5.13	115
Annuity	397	€ 18,860,839.27	1.89%		4.91	105
Interest only	6,138	€ 466,872,428.47	46.69%		4.88	107
Investment	432	€ 39,188,765.34	3.92%		4.78	109
Life	1,587	€ 137,862,406.64	13.79%		4.82	107
Linear	19	€ 1,417,266.79	0.14%		4.91	96
SpaarGarant	1,884	€ 179,004,096.15	17.90%		5.15	113
Switch	16	€ 1,718,009.81	0.17%		4.65	119
Grand Total	12,045	€ 999,999,968.77	100.00%		4.95	109

### Origination Date

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

**TABLE F**

*Distribution of year of origination of the pool of Mortgage Loans as of the Portfolio Cut-Off Date (specified on the basis of Loan Parts)*

	number of loan parts	Net outstanding	% of pool	WAC	WA LtFV	
2002	2	€ 227,182.76	0.02%		5.50	83
2003	33	€ 2,830,734.63	0.28%		4.88	105
2004	20	€ 1,707,893.71	0.17%		4.65	108
2005	36	€ 2,837,214.78	0.28%		4.33	96
2006	133	€ 10,850,580.06	1.09%		4.25	94
2007	687	€ 55,547,328.13	5.55%		4.72	102
2008	11,134	€ 925,999,034.70	92.60%		4.98	110
Grand Total	12,045	€ 999,999,968.77	100.00%		4.95	109

### Geographical distribution

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

**TABLE G**

*Geographic Distribution of the pool of Mortgage Loans as of the Portfolio Cut-Off Date*

	number of loans	Net outstanding	% of pool	WAC	WA LtFV	
Drenthe	255	€ 41,687,024.96	4.17%		4.94	112
Flevoland	132	€ 23,279,403.11	2.33%		4.91	110
Friesland	304	€ 49,514,015.90	4.95%		4.95	111
Gelderland	589	€ 106,539,806.69	10.65%		4.97	104
Groningen	396	€ 64,052,590.14	6.41%		4.99	113
Limburg	662	€ 111,846,183.76	11.18%		5.00	109
Noord-Brabant	664	€ 120,658,775.11	12.07%		4.97	103
Noord-Holland	566	€ 99,823,516.49	9.98%		4.92	107
Overijssel	515	€ 90,855,922.17	9.09%		4.95	108
Utrecht	313	€ 61,813,802.89	6.18%		4.94	105
Zeeland	98	€ 14,843,379.66	1.48%		4.98	111
Zuid-Holland	1,161	€ 201,019,234.07	20.10%		4.94	114
Unknown	86	€ 14,066,313.82	1.41%		4.86	98
<b>Grand Total</b>	<b>5,741</b>	<b>€ 999,999,968.77</b>	<b>100.00%</b>		<b>4.95</b>	<b>109</b>

### Interest Reset Dates

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

**TABLE H**

*Distribution of Interest Reset Dates of the pool of Mortgage Loans as of the Portfolio Cut-Off Date (specified on the basis of Loan Parts)*

	number of loan parts	Net outstanding	% of pool	WAC	WA LtFV	
2008	70	€ 3,286,127.12	0.33%		5.49	102
2009	8	€ 611,334.10	0.06%		4.23	92
2010	15	€ 760,787.15	0.08%		4.17	104
2011	19	€ 1,298,192.36	0.13%		3.91	113
2012	17	€ 1,439,627.56	0.14%		4.47	110
2013	427	€ 33,407,291.68	3.34%		4.60	101
2014	37	€ 2,788,648.86	0.28%		4.75	109
2015	300	€ 24,481,743.46	2.45%		4.63	106
2016	86	€ 6,623,763.35	0.66%		4.10	111
2017	359	€ 27,883,429.48	2.79%		4.76	110
2018	6,333	€ 523,460,644.64	52.35%		4.93	112
2019	152	€ 12,814,662.23	1.28%		4.87	106
2020	212	€ 18,131,940.36	1.81%		4.97	105
2021	41	€ 2,900,954.63	0.29%		4.33	99
2022	105	€ 8,974,548.70	0.90%		4.60	104
2023	193	€ 15,300,687.90	1.53%		5.18	104
2024	2	€ 222,098.55	0.02%		5.11	109
2025	14	€ 1,156,935.09	0.12%		4.65	102
2026	119	€ 9,020,368.77	0.90%		4.40	99
2027	279	€ 22,859,913.36	2.29%		4.81	96
2028	1,303	€ 106,885,954.87	10.69%		5.17	104
2031	1	€ 55,000.00	0.01%		5.00	96
2035	1	€ 62,000.00	0.01%		4.00	121
2036	3	€ 186,000.00	0.02%		4.50	108
2037	200	€ 17,427,027.29	1.74%		4.99	106
2038	1,749	€ 157,960,287.26	15.80%		5.17	112
<b>Grand Total</b>	<b>12,045</b>	<b>€ 999,999,968.77</b>	<b>100.00%</b>		<b>4.95</b>	<b>109</b>

### Property type

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

**TABLE I**

*Distribution of Property Type specified per Mortgage Loan as of the Portfolio Cut-Off Date*

	number of loans	Net outstanding	% of pool	WAC	WA	LtFV
Condominium	1,587	€ 243,174,247.25	24.32%		4.96	117
Condominium with garage	46	€ 7,329,714.38	0.73%		4.91	108
Residential Farm house	9	€ 1,615,410.00	0.16%		4.93	62
Shop / House	5	€ 854,888.11	0.09%		5.12	87
Single family house	3,061	€ 553,222,485.50	55.32%		4.95	109
Single family house with garage	1,033	€ 193,803,223.53	19.38%		4.96	100
Grand Total	5,741	€ 999,999,968.77	100.00%		4.95	109

### Age

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

**TABLE J**

*Distribution of Age of the Main Borrower*

	number of loans	Net outstanding	% of pool	WAC	WA	LtFV
10-20	22	€ 2,995,742.12	0.30%		5.20	121.26
20-30	2578	€ 446,419,080.41	44.64%		5.00	118.60
30-40	1806	€ 335,404,550.63	33.54%		4.92	108.69
40-50	970	€ 164,185,536.33	16.42%		4.90	93.10
50-60	298	€ 43,950,817.62	4.40%		4.90	77.58
60-70	59	€ 6,414,469.32	0.64%		4.86	56.42
70-80	7	€ 500,772.34	0.05%		4.85	43.99
Grand Total	5,740	€ 999,870,968.77	100.00%		4.95	109

## **NHG GUARANTEE PROGRAMME**

### **NHG Guarantee**

In 1960, the Netherlands government introduced the 'municipal government participation scheme', an open ended scheme in which both the Dutch State and 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. The municipalities and the Dutch State shared the risk on a 50/50 basis. If a municipality was unable to meet its obligations under the municipality guarantee, the Dutch State would make an interest free loan to the municipality to cover its obligations. The aim was to promote house ownership among the lower income groups.

Since 1 January 1995 'Stichting Waarborgfonds Eigen Woningen' (the "**WEW**"), a central privatised entity, is responsible for the administration and granting of the NHG Guarantee, under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments of principal as if the mortgage loan were being repaid on a thirty year annuity basis. Information on the WEW and the NHG Guarantee can be found on [www.nhg.nl](http://www.nhg.nl).

### **Financing of the WEW**

The WEW finances itself, *inter alia*, by a one-off charge to the borrower of 0.45 per cent. (as of 1 January 2008) of the principal amount of the mortgage loan. Besides this, the NHG scheme provides for liquidity support to the WEW from the Dutch State and the participating municipalities. Should the WEW not be able to meet its obligations under guarantees issued, the Dutch 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 provide subordinated interest free loans to the WEW of the other 50 per cent. of the difference. Both the "keep well" agreement (*achtervangovereenkomst*) between the Dutch State and the WEW and the "keep well" agreements between the municipalities and the WEW contain general 'keep well' undertakings of the Dutch State and the municipalities to enable the WEW at all times (including in the event of bankruptcy (*faillissement*), suspension of payments (*surseance van betaling*) or liquidation (*ontbinding*) of the WEW) to meet its obligations under guarantees issued.

### **The NHG Conditions**

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG 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 lender and forwarded to the WEW to register the mortgage and establish the guarantee. The WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the NHG Conditions, which were applicable at the date of origination of the mortgage loan, unless such non-payment is unreasonable towards the lender.

The specific terms and conditions for the granting of the NHG Guarantees, such as eligible income, purchasing or building costs etc., are set forth in published documents that will be subject to change from time to time.

The NHG scheme has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the National Credit Register (*Bureau Krediet Registratie*) ("**BKR**").

To qualify for an NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first ranking mortgage right (or a second ranking mortgage right in case of a further advance). Furthermore, 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 create a right of pledge in favour of the lender on the rights of the relevant borrower against the insurance company under the relevant life insurance policy connected to the mortgage loan or to create a right of pledge in favour of the lender on the proceeds of the investment funds. The terms and conditions also require a risk insurance policy which pays out upon the death of the borrower/insured for the period that the amount of the mortgage loan exceeds 80 per cent. of the value of the property.

The mortgage conditions applicable to each mortgage loan should include certain provisions, among which the provision that any proceeds of foreclosure on the mortgage right and the right of pledge on the life insurance policy or the investment funds shall be applied firstly towards repayment of the mortgage loan guaranteed under the NHG scheme.

Furthermore, according to the NHG Conditions interest-only mortgage loans are allowed, provided that the interest-only part does not exceed 50 per cent. of the value of the property.

An NHG Guarantee can be issued up to a maximum of euro 265,000 (as of 1 January 2007).

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

When a borrower is in arrears with payments under the mortgage loan for a period of four (4) months, the Seller within thirty (30) days informs the WEW in writing of the outstanding payments, including the guarantee number, borrower's name and address, information about the underlying security, the date of start of late payments and the total of outstanding payments. 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 endeavour 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 mortgage loan. Permission of the WEW is required in case of a private sale. A forced sale of the mortgaged property is only allowed in case the borrower is in arrears with payments under the mortgage loan for a period of seven (7) or more monthly instalments, unless

the WEW has agreed that the forced sale may take place for other reasons or within a period of seven (7) months.

Within three (3) 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, WEW must make payment within two months. If the payment is late, provided the request is valid, WEW 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 payment 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.

#### **Additional loans**

Furthermore, the NHG Conditions contain provisions pursuant to which a borrower who is or threatens to be in arrears with payments under the existing mortgage loan may have the right to request the WEW for a second guarantee to be granted by it in respect of an additional mortgage loan to be granted by the relevant lender. The monies drawn down under the additional loan have to be placed on deposit with the relevant lender and may, up to a maximum period of two (2) years, be used for, *inter alia*, payment of the amounts which are due and payable but unpaid under the existing mortgage loan, interest due and payable under the existing mortgage loan, interest due and payable under the additional mortgage loan and the costs made with respect to the granting of the additional mortgage loan. The relevant borrower needs to meet certain conditions, including, *inter alia*, the fact that the financial difficulties are caused by a divorce, unemployment, disability or death of the partner.

## **MORTGAGE LOAN UNDERWRITING AND SERVICING**

### **Obvion's Origination Process**

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

This section gives an overview of the entire origination process for loans with a guarantee of the WEW as well as loans without such a guarantee, starting from the distribution of the loans through intermediaries until the mortgage loan becomes active. Furthermore, it provides insight into the division of tasks between the intermediaries and Obvion in the origination process and the supporting role of Stater (as defined below) and its mortgage information system in the origination and arrears management process.

### **Independent intermediaries**

Obvion distributes its mortgage loans exclusively through independent, professional (Dutch) intermediaries. The intermediaries are real estate brokers, insurance brokers or mortgage advisors. These parties can either be part of an organised network (franchise) or operate as a separate entity. Obvion cooperates with a total of approximately 1,480 intermediaries throughout the Netherlands.

Within Obvion, two sales managers and nineteen account managers are responsible for the selection of and the relationship with the intermediaries. All intermediaries selected by the account managers have to meet the criteria used by "keurmerk Hypotheekbemiddeling" (certified mortgage advisor).

### **Stater Nederland B.V.**

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

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

Obvion is responsible for marketing and sales support. The advisory role lies with the intermediary while client retention contacts fall within the activities and responsibilities of Obvion. In addition, the entire mortgage quote, acceptance, lending and servicing process is in the hands of Obvion, with the exception of collection of regular payments of interest and/or principal under mortgage loans. This collection falls within the services rendered by Stater, which is authorised to use the account of Obvion for these collection activities. Stater is also responsible for giving the civil law notary instructions and

settling outgoing payments including arranging that the mortgage deed for the loan being extended is drawn up in the name of and for the account and risk of Obvion. Obvion is responsible for query handling as well as for arrears and default management and client file management. Stater also periodically provides information on the rendered services.

### **Mortgage offering process**

The intermediary initiates the mortgage loan quote process after a client has opted for Obvion as the lender. The intermediary has all consumer brochures on the Obvion products as well as an extensive manual outlining Obvion's underwriting criteria, conditions and application forms on paper and electronically via the Obvion portal (the "**Obvion Portal**"), the special internet site of Obvion. The intermediary enters the loan application (or change) data and passes this on to Obvion either electronically via the Obvion Portal or "HDN" – the Mortgage Data Network- or on paper. At present, approximately 78 per cent. of applications are electronic. Standard applications submitted by fax/mail are processed within three (3) business days, whereas electronic applications are processed within one business day.

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

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

In the case of an application of a loan part with an application for an NHG Guarantee, a 'stop' advice resulting from the fact that one or more criteria of the WEW are not met, can not be overruled.

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

As soon as a mortgage loan with an NHG Guarantee is active, the WEW is informed of the new mortgage loan.

#### **Application of savings mortgage loans**

Next to the savings mortgage loans with an attached policy of Fortis ASR, Obvion introduced the SpaarGarant mortgage loan. This is a savings mortgage loan with an insurance policy of Interpolis attached to it.

#### **Application of savings mortgage loans with an attached policy of Fortis ASR**

The application data of the savings mortgage loan including the application data regarding the insurance policy are entered into the Obvion Portal. The application data regarding the mortgage loan and regarding the insurance policy are automatically passed through to the iSHS and a calculation tool of Fortis ASR respectively. The relevant data for the offer of the mortgage loan and of the savings insurance are automatically sent back to the Obvion Portal to produce a combined/integrated offer for the mortgage loan as well as for the savings insurance.

#### **Application of savings mortgage loans with an attached policy of Interpolis**

The application data of the savings mortgage loan including the application data regarding the insurance policy are entered into the Obvion Portal. The application data regarding the mortgage loan and regarding the insurance policy are automatically passed through to the iSHS and a calculation tool of Interpolis respectively. The relevant data for the offer of the mortgage loan and of the savings insurance are automatically sent back to the Obvion Portal to produce a combined/integrated offer for

the mortgage loan as well as for the savings insurance.

After the applicant has accepted the proposal the intermediary returns the signed proposal to Obvion. As soon as Obvion has received and approved all relevant documents (including the medical acceptance by the insurance company), the civil law notary will be instructed to draft the relevant mortgage deed in order to pledge the insurance policy to Obvion. At the same time the insurance company will be requested to issue the (savings) insurance policy, a copy of which is sent to Obvion.

### **Underwriting criteria**

For mortgage loans which have the benefit of an NHG Guarantee the criteria of the WEW are applicable. Both these criteria and the underwriting criteria of Obvion are incorporated in iSHS. As soon as WEW or Obvion changes the criteria Stater is ordered to update the underwriting criteria in iSHS. The most important criteria in relation to the borrower, the collateral and the loan terms and conditions are explained below. In order to qualify for an NHG Guarantee the underwriting criteria must comply with all requirements set by the WEW. This therefore means that the criteria described below only apply in respect of the NHG Mortgage Loan Part to the extent permitted under the WEW and to the extent no other requirements set by the WEW apply (see for more information *NHG Guarantee Programme*)

### **The Collateral**

The collateral must in all cases meet the following requirements:

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

### **Borrower**

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

The income must be of a continuous nature (gross wage or salary, 13th month and holiday allowance, other structural emoluments). To enable Obvion to determine the income of a borrower who is self-employed, the borrower must provide Obvion with balance sheet and profit and loss accounts over the past three (3) years. Furthermore a forecast of the borrower's business in the current year and an auditor's report are required in the case of self-employment. In addition an unqualified auditor's opinion is required.

The loan amount is calculated on the basis of the so-called 'income ratio', which is the percentage of (gross) annual income available for mortgage loan expenses. The income ratio is established every year by WEW and is applicable for all mortgage loans, including non-NHG mortgage loans. Taking the relevant mortgage interest rate (for interest fixation periods < 10 years a minimum interest rate is applicable) and the relevant income into account, this is then converted into the maximum loan amount. For 2008 the ratio, applicable for borrowers with an age of up to 65 years, ranged from 24.3% for the lowest income category (< € 17,000) to 39.6% for the highest income category (> € 101,000). In the case of double-income households, the income of both partners can be counted in full but the applicable ratio is limited to the ratio for the highest income.

Another criterion is that the potential borrower has a sound credit history. A check on credit history is always carried out through the BKR. The standard policy of Obvion is to deny an application if the BKR check shows that the potential borrower has or had an A-code, indicating that the borrower is or has been in arrears on any of the financial obligations that are monitored by the BKR. In addition Obvion also checks the identity of the applicants through the identity verification system (*Verificatie Informatie Systeem; VIS*) of the BKR.

### **Mortgage Loan amount**

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

Initial mortgage loan: € 20,000

Further advances: € 5,000

The maximum loan amount is € 750,000. Above this amount, the underwriting specialist can overrule if the application fulfils all other underwriting criteria without exception and the Credit Underwriting Committee is informed subsequently. For loan amounts in excess of € 1,000,000 the upfront approval of the Credit Underwriting Committee is needed.

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

The interest-only part of the loan may not exceed 75% of the foreclosure value. Depending on the LTFV, the following risk surcharges on the mortgage base rate are applicable (NB: the base rate is applicable to mortgage loans with a LTFV <= 60%).

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

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

In respect of the mortgage loans which have an NHG Guarantee, the maximum loan amount is equal to the sum of the purchase price plus several costs but never more than a maximum established by the WEW year on year (2007: € 265,000).

In the case of a further advance in the mortgage loan, the new loan component is added to the existing loan. The current criteria of the WEW are applicable to both the new loan component and all existing loan components.

#### **Documents to be provided by the borrower**

##### *Valuation Report*

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

- (a) on a newly built property;
- (b) on an existing property, if the loan amount does not exceed 75% of the foreclosure value.

Under (a), foreclosure value is determined by Obvion as a percentage of the acquisition price of the property (85% or 90% depending on the acquisition price). As from December 2007 under (a) the foreclosure value is equal to the development costs of the property. However the maximum loan amount in these cases is 112,5% of foreclosure value. With regard to (b), the value determined in the most recent appraisal report of the municipality (*WOZ-beschikking*) will be used as the foreclosure value. As from July 2008 the foreclosure value with regard to (b) is calculated as 90% of the value determined in the most recent appraisal report of the municipality.

##### *Other Documents*

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

an existing policy or a copy of the insurance quote must be submitted.

## **Obvion's collection and servicing processes**

### *Computer systems*

iSHS is the key computer system in the portfolio servicing activities of Obvion. In addition to iSHS, Obvion uses several other computer systems and software applications. Some of these systems and applications serve to support and process the filing of both electronic mortgage files and paper files. Next to iSHS, the most important computer system and application is HYARCHIS. The systems mentioned will be addressed in the following paragraphs.

### *Mortgage Information system: International Stater Hypotheek Systeem (iSHS)*

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

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

### *Back-up facilities and security of iSHS*

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

### *HYARCHIS*

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

der Doelen groep).

#### *Obvion Portal*

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

#### *Cash flows and bank accounts*

Obvion's mortgage activities cause certain cash flows between Obvion, ABP, Stater, several special purpose entities and other involved parties, such as the civil law notary, the borrowers, the insurance companies and the intermediaries.

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

In the case of a savings mortgage loan or switch mortgage loan, the premiums paid by the borrower to Fortis ASR or Interpolis will be passed on by Fortis ASR or Interpolis to Obvion on separate bank accounts of Obvion on a monthly basis.

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

#### **Obvion's arrears and default management**

The credit management policy of Obvion is focussed on detecting/contacting borrowers who fail to keep up their payments as early as possible. Within the Servicing and Arrears Management team, the credit management specialists are trained in, and carry overall responsibility for, the credit control function. They maintain contact with the borrower, decide what route should be followed, make payment arrangements with clients and maintain contact with bailiffs, etc. Arrears regarding mortgage loans with an NHG Guarantee are managed according to the relevant rules of the WEW.

Certain actions or arrangements must be submitted to the Krediet Commissie Beheer (Credit Management Committee) which consists of the CEO, Manager Operations, Manager Servicing and Arrears Management, Manager Treasury and the relevant credit management specialist and which convenes every week.

Obvion evaluates the credit management experiences and the findings are reported to the underwriting

specialists and management. The experiences are used to improve the acceptance policy and the acceptance process.

### **Arrears management process**

#### *Direct debit*

On the 22nd day of each month, Stater sends a tape with direct debit instructions to Interpay, after which the amount payable is debited from the borrower's account two (2) business days before the end of the month. The monthly processing of the direct debits in iSHS by Stater takes place not later than the first weekend of the subsequent month.

#### *Actions and timeline*

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

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

Obvion will instruct a bailiff if the borrower keeps failing to pay his debt (approximately 63 days after the first arrear). The bailiff will try to contact the borrower during a period of approximately six (6) weeks and try to establish an attachment of part of the borrower's income. If the bailiff is successful with the attachment, this phase can take approximately 3 months.

Should the efforts of the bailiff not be successful for 6 weeks, the Credit Management Committee will be asked by the credit management specialist to approve that Obvion demands repayment of the loan and if necessary to foreclose the loan (approximately 105-155 days after the first arrear). The credit management specialist provides the Credit Management Committee with all relevant information in relation to the loan and the total outstanding debt, the minimum selling price of the mortgaged property, the collateral, the current financial situation of the borrower(s) and the value of any other security provided (for example insurance policies).

The minimum selling price of the mortgaged property, which is a best estimate by an independent qualified valuer or surveyor of the current market value of the property, will be set for the property approximately 100 days after the first arrear.

After approval of the Credit Management Committee the borrower is required to repay the entire debt, including all amounts of principal, arrears, penalties and costs incurred (approximately 120-170 days

after the first arrear).

If the borrower does not repay the loan within 7 days after the latest request, a notary will be instructed to prepare the auction of the mortgaged property (approximately 127-177 days after the first arrear). In respect of a mortgage loan with an NHG Guarantee Obvion is required to ask permission from WEW in accordance with the terms and conditions of the NHG Guarantee and to notify the parties, directly involved, if it wants to sell the mortgaged property.

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

The mortgaged property will then be sold in a public auction within approximately 60 days after the notary is instructed (approximately 187-237 days after the first arrear).

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

During the arrears management process Obvion can choose to have iSHS send monthly dunning letters to the borrower, stating the amounts that are in arrears plus default interest penalties. In any case iSHS automatically sends notification to the BKR as well as to WEW after the borrower has been in arrears for 120 days.

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

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

recorded in iSHS.

#### **Management of deficits after foreclosure**

When all the collateral has been executed, it is established whether there is still any remaining outstanding debt.

Obvion notifies the borrower of the outstanding debt, as he will remain liable for the repayment of this amount. Unless the borrower pays or makes arrangements with Obvion to pay the deficit, Obvion will ask a bailiff or a firm specialised in collecting this kind of debt to use all his efforts and all the legal means at his disposal to get as much as possible of the deficit paid back by or on behalf of the borrower.

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

## MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will purchase and accept from the Seller the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. The assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto from the Seller to the Issuer will not be notified to the Borrowers and the relevant Insurance Companies, except in special events as further described hereunder ("**Assignment Notification Events**"). Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Seller. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables following the Closing Date and to all amounts of principal in respect of the Portfolio Mortgage Loans, which were received by the Seller between the Portfolio Cut-Off Date and the Closing Date.

### **Purchase Price**

The purchase price for the Mortgage Receivables will consist of (i) an initial purchase price (the "**Initial Purchase Price**"), which in respect of the Mortgage Receivables purchased on the Closing Date will be equal to € 1,004,970,657.93, which shall be payable on the Closing Date or, in respect of Further Advance Receivables, Replacement Receivables and Substitute Receivables, on the relevant Quarterly Payment Date and (ii) and a deferred purchase price (the "**Deferred Purchase Price**"). The Initial Purchase Price for the Mortgage Receivables purchased on the Closing Date will be paid by the Issuer by applying the (i) net proceeds received from the issue of the Senior Class A Notes and (ii) the amounts received as consideration for the Savings Participations granted to the Savings Mortgage Participants.

The Deferred Purchase Price for the Mortgage Receivables purchased by the Issuer pursuant to the Mortgage Receivables Purchase Agreement will be equal to the sum of all Deferred Purchase Price Instalments and each such instalment (each a "**Deferred Purchase Price Instalment**") on any Quarterly Payment Date will be equal to (i) any amount remaining after all payments as set forth in the Interest Priority of Payments under (a) up to and including (I), (ii) any part of the Notes Redemption Available Amounts that remains after all payments of principal in respect of the Senior Class A Notes have been made in full and (iii), after an Enforcement Notice, the amount remaining after payments as set forth in the Post-Enforcement Priority of Payments under (a) up to and including (i) have been made on such date (see *Credit Structure* above).

The proceeds of the Senior Class A Notes will be applied by the Issuer, *inter alia*, to pay part of the Initial Purchase Price (see under *Use of Proceeds* below). The sale and purchase of the Mortgage Receivables is conditional upon, *inter alia*, the issue of the Notes. Hence, the Seller can be deemed to have an interest in the issue of the Notes.

### **Representations and warranties**

The Seller will represent and warrant on the Closing Date with respect to the Portfolio Mortgage Loans

and the Mortgage Receivables, *inter alia*, that:

- (a) the Mortgage Receivables are validly existing;
- (b) it has full right and title (*beschikkingsbevoegdheid*) to the Mortgage Receivables, and no restrictions on the sale and transfer of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being transferred;
- (c) it has power to sell and assign the Mortgage Receivables;
- (d) the Mortgage Receivables are free and clear of any rights of pledge or other similar rights (*bepaalde rechten*), encumbrances and attachments (*beslagen*) and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables, other than pursuant to the Transaction Documents;
- (e) each Mortgage Receivable is (i) secured by a first-ranking Mortgage Right (*eerste recht van hypotheek*) or, in the case of Portfolio Mortgage Loans (for the avoidance of doubt including any Further Advance, as the case may be) secured on the same Mortgaged Asset, first and sequentially lower ranking Mortgage Rights over real estate (*onroerende zaak*), an apartment right (*appartementsrecht*), or a long lease (*erfpacht*) situated in the Netherlands and (ii) governed by Dutch law;
- (f) each Portfolio Mortgage Loan has the benefit of an NHG Guarantee and each such NHG Guarantee connected to the relevant Mortgage Loan (i) is granted for the full amount of the relevant Mortgage Loan, (ii) to the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case), constitutes legal, valid and binding obligations of *Stichting Waarborgfonds Eigen Woningen*, enforceable in accordance with their terms, (iii) all NHG Conditions applicable to the NHG Guarantee at the time of origination of the Portfolio Mortgage Loans were complied with and (iv) the Seller is not aware of any reason why any claim made in accordance with the requirements pertaining thereto under any NHG Guarantee in respect of any Portfolio Mortgage Loan should not be met in full and in a timely manner;
- (g) each Mortgaged Asset was valued by an independent qualified valuer or surveyor when the application for the relevant Portfolio Mortgage Loan was made and no such valuations were older than twelve (12) months on the date of such mortgage application by the relevant Borrower, except that no valuation is required if (i) the Portfolio Mortgage Loan (or, in the case of Portfolio Mortgage Loans secured on the same Mortgaged Asset, the aggregate of such Portfolio Mortgage Loans) does not exceed 75 per cent. of the value based upon an assessment by the Dutch tax authorities on the basis of the Act on Valuation of Real Estate (*Wet Waardering Onroerende Zaken*), or (ii) the Portfolio Mortgage Loan is secured by a Mortgage on newly built properties (other than constructions under the Borrower's own management (*onder eigen beheer*)) and no re-valuation of the relevant Mortgaged Asset has been taken place, except in certain cases where the principal amount of the relevant Portfolio Mortgage Loan was increased or decreased;
- (h) upon creation of each Mortgage Right and each right of pledge securing the relevant Portfolio Mortgage Loan, it was granted the power under and pursuant to the mortgage deed to unilaterally terminate such Mortgage Right and right of pledge in whole or in part and such power to terminate has not been revoked, terminated or amended;

- (i) each Mortgage Receivable, and each Mortgage and Borrower Pledge, if any, securing such receivable, constitutes legal, valid, binding and enforceable obligations of the Borrower, subject, as to enforceability, to any applicable bankruptcy laws or similar laws affecting the rights of creditors generally;
- (j) each Portfolio Mortgage Loan was originated by the Seller;
- (k) all Mortgage Rights and rights of pledge granted to secure the Mortgage Receivables (i) constitute valid Mortgage Rights (*hypothekrechten*) and rights of pledge (*pandrechten*), respectively, on the assets which are the subject of such Mortgage Rights and rights of pledge and, to the extent relating to the Mortgage Rights, have been entered into the appropriate public register, (ii) have first priority, or are first and sequentially lower ranking Mortgage Rights and (iii) were vested for a principal sum which is at least equal to the principal sum of the Portfolio Mortgage Loan when originated, increased with an amount in respect of interest, penalties and costs, up to an amount equal to 40 per cent. of such principal sum, therefore in total up to a maximum amount equal to 140 per cent. of at least the principal amount upon origination of the relevant Mortgage Receivables;
- (l) the particulars of each Portfolio Mortgage Loan (or part thereof) as set out in Schedule 3 to the Mortgage Receivables Purchase Agreement and Schedule 1 to the Deed of Assignment (as defined in the Master Definitions Agreement) are complete, true and accurate in all material respects;
- (m) each of the Portfolio Mortgage Loans meets the Mortgage Loan Criteria;
- (n) the Seller only pays out monies under a Construction Deposit to or on behalf of a Borrower after having received relevant receipt by the relevant Borrower relating to the construction;
- (o) each of the Portfolio Mortgage Loans has been granted in accordance with all applicable legal requirements and meets the Code of Conduct on Mortgage Loans (*Gedragscode Hypothecaire Financieringen*) and the Seller's underwriting policy and procedures prevailing at that time and is subject to terms and conditions customary in the Dutch mortgage market at the time of origination and not materially different from the terms and conditions applied by a prudent lender of Dutch residential mortgage loans;
- (p) each of the Savings Mortgage Receivables has the benefit of a Savings Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Savings Insurance Policies, upon the terms of the Savings Mortgage Loans and the Savings Insurance Policies, which appointment has been notified to the relevant Insurance Company, or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Savings Mortgage Receivable;
- (q) each of the Life Mortgage Receivables has the benefit of a Life Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Life Insurance Policy, upon the terms of the Life Mortgage Loans and the relevant Life Insurance Policy, which appointment has been notified to the relevant Insurance Company or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Life Mortgage Receivable;
- (r) with respect to Life Mortgage Loans, (i) there are no marketing ties between the Seller and the relevant Insurance Companies with respect to the Life Mortgage Loans, (ii) the Life Mortgage

Loans and the Insurance Policies relating thereto are not sold as one single package, which means that the Borrowers of the Life Mortgage Loans do have a free choice as to the insurance company with which they will take out an Insurance Policy in relation to their Life Mortgage Loan, provided that any such insurance company elected is established in the Netherlands and (iii) there is no connection, whether from a legal or commercial view, between the Life Mortgage Loans and the relevant Life Insurance Policies other than the relevant Borrower Pledge and Beneficiary Rights;

- (s) each of the Switch Mortgage Receivables has the benefit of a Savings Investment Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Savings Investment Insurance Policy, upon the terms of the Switch Mortgage Loans and the relevant Savings Investment Insurance Policy, which appointment has been notified to the relevant Insurance Company or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Switch Mortgage Receivable;
- (t) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables;
- (u) the notarial mortgage deeds (*minuut*) relating to the Portfolio Mortgage Loans are held by a civil law notary (*notaris*) in the Netherlands, while scanned copies of such deeds and of the other mortgage documents are held by the Servicer and/or its sub-contractor (if any);
- (v) to the best of its knowledge, the Borrowers are not in any material breach of any provision of the Portfolio Mortgage Loans;
- (w) each Portfolio Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the same Mortgage or, as the case may be, if a Further Advance is granted, by first and sequentially lower ranking Mortgage Rights on the same Mortgaged Asset and not merely one or more loan parts (*leningdelen*);
- (x) with respect to each Mortgage Receivable resulting from a Life Mortgage Loan or, as the case may be, Savings Mortgage Loan to which an Insurance Policy is connected, a valid pledge agreement has been entered into by the Seller and the relevant Borrower and the right of pledge is valid and has been notified to the relevant Insurance Company;
- (y) with respect to each of the Mortgage Receivables resulting from an Investment Mortgage Loan, a valid pledge agreement has been entered into by the Seller and the relevant Borrower with respect to the relevant Investment Accounts and the right of pledge is valid and has been notified to the entity at which the Investment Accounts are held;
- (z) the Mortgage Conditions provide that each of the assets on which a Mortgage has been vested to secure the Mortgage Receivable should, at the time of origination of the Portfolio Mortgage Loan, have the benefit of buildings insurance (*opstalverzekering*) satisfactory to the Seller; and
- (aa) the aggregate principal sum outstanding of all Mortgage Receivables as at the Closing Date is equal to € 1,004,970,657.93.

### **Mandatory Repurchase**

If at any time after the Closing Date any of the representations and warranties relating to the Portfolio Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, the Seller shall within fourteen (14) days of receipt of written notice thereof from the Issuer remedy the matter

giving rise thereto and if such matter is not capable of remedy or is not remedied within the said period of fourteen (14) days, the Seller shall, at the Seller's expense, repurchase and accept assignment of the relevant Mortgage Receivable for a price equal to the outstanding principal amount of such Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of repurchase and re-assignment of the Mortgage Receivable.

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

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

Furthermore, the Seller shall within fourteen (14) days immediately following the date on which subject to the terms of a Switch Mortgage Loan, a switch by a Borrower of whole or part of the premiums deposited into the Switch Savings Account into an investment in one or more Switch Investment Funds becomes effective, repurchase and accept re-assignment of the relevant Mortgage Receivables.

Finally, the Seller shall within fourteen (14) days immediately following the date on which (i) it appears that the Portfolio Mortgage Loan no longer has the benefit of an NHG Guarantee for the full amount of such Portfolio Mortgage Loan as adjusted in accordance with the NHG Conditions as a result of an action taken or omitted to be taken by the Seller or the Servicer or (ii) it has notified the Issuer that the Seller, while it is entitled to make a claim under the NHG Guarantee, will not make such claim, repurchase and accept re-assignment of the relevant Mortgage Receivables.

#### **Seller Clean-up Call Option**

On each Quarterly Payment Date, the Seller may, but is not obliged to, repurchase and accept re-

assignment of all (but not only part of) the Mortgage Receivables if on the Notes Calculation Date immediately preceding such Quarterly Payment Date the aggregate principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the sum of the aggregate principal amount outstanding of the Mortgage Receivables on the Closing Date.

### **Mortgage Loan Criteria**

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

- (a) the Portfolio Mortgage Loan includes one or more of the following loan types:
  - (i) a Life Mortgage Loan (*levenhypotheek*);
  - (ii) a Savings Mortgage Loan (*spaarhypotheek*);
  - (iii) a Switch Mortgage Loan (*switchhypotheek*);
  - (iv) an Investment Mortgage Loan (*beleggingshypotheek*);
  - (v) an Annuity Mortgage Loan (*annuïteiten hypotheek*);
  - (vi) an Interest-only Mortgage Loan (*aflossingsvrije hypotheek*); or
  - (vii) a Linear Mortgage Loan (*lineaire hypotheek*);
- (b) the Borrower was, at the time of origination, a resident of the Netherlands;
- (c) the Portfolio Mortgage Loan is secured by a first ranking Mortgage Right or, in the case of Portfolio Mortgage Loans (including, as the case may be, any Further Advance) secured on the same Mortgaged Asset, first and sequentially lower ranking rights of mortgage over (i) real estate (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpacht*) in each case situated in the Netherlands;
- (d) at least one (1) interest payment has been made in respect of the Portfolio Mortgage Loan prior to the Closing Date or, in the case of Replacement Receivables or Substitute Receivables purchased after the Closing Date, the relevant Quarterly Payment Date;
- (e) the Portfolio Mortgage Loan or part thereof does not qualify as a bridge loan (*overbruggingshypotheek*);
- (f) the Portfolio Mortgage Loan (i) is fully disbursed (i.e. does not qualify as a construction mortgage (*bouwhypotheek*)), or (ii) is a construction mortgage with a related Construction Deposit not exceeding € 50,000;

- (g) pursuant to the applicable Mortgage Conditions, (i) the Mortgaged Asset may not be the subject of residential letting at the time of origination, (ii) the Mortgaged Asset is for residential use only and has to be occupied by the relevant Borrower at and after the time of origination and (iii) no consent for residential letting of the Mortgaged Asset has been given by the Seller;
- (h) the interest rate on the Portfolio Mortgage Loan (or, if the Portfolio Mortgage Loan consists of more than one loan part, on each loan part) is a floating rate or fixed rate, subject to an interest reset from time to time;
- (i) interest payments on the Portfolio Mortgage Loan are collected by means of direct debit on or about the second Business Day before the end of each calendar month;
- (j) the aggregate principal sum outstanding under the Portfolio Mortgage Loan does not exceed the maximum guaranteed amount as was applicable pursuant to the NHG Conditions at the time of origination thereof;
- (k) on the Portfolio Cut-Off Date no amounts due under any of the Mortgage Receivables were unpaid;
- (l) where compulsory under the applicable Mortgage Conditions, the Portfolio Mortgage Loan has a Insurance Policy attached to it; and
- (m) the Portfolio Mortgage Loan will not have a legal maturity beyond November 2048.

The same criteria apply to the selection of Further Advance Receivables, Substitute Receivables and Replacement Receivables.

#### **Assignment Notification Events**

If:

- (a) the Seller fails in any material respect to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the other Transaction Documents to which it is a party and such failure, if capable of being remedied, is not remedied within ten (10) Business Days after notice thereof; or
- (b) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than the representations and warranties made in relation to the Portfolio Mortgage Loans and the Mortgage Receivables or under any of the Transaction Documents to which the Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or

- (c) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its dissolution (*ontbinding*) and liquidation (*vereffening*), the Seller applies for or is granted a suspension of payments (*surseance van betaling*), the Seller applies for its bankruptcy or is declared bankrupt (*failliet verklaard*) or any steps have been taken for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (d) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under the Transaction Documents in such a manner that this would have a material adverse effect on its ability to perform such obligations; or
- (e) in case Rabobank has the majority control over the Seller and the financial data of the Seller are included in the consolidated annual accounts of Rabobank, the long-term unsecured, unsubordinated and unguaranteed debt obligations of Rabobank cease to be rated at least A3 by Moody's; or
- (f) in case Stichting Pensioenfonds ABP has the majority control over the Seller and the financial data of the Seller are included in the consolidated annual accounts of Stichting Pensioenfonds ABP, the solvency ratio (*dekkingsgraad*) of Stichting Pensioenfonds ABP falls below 84 per cent. of the level required by the relevant regulator, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) (which used to be the Pensions and Insurance Chamber (*Pensioen- en Verzekeringskamer* or *PVK*)); or
- (g) in case neither Rabobank nor Stichting Pensioenfonds ABP has the majority control over the Seller or the financial data of the Seller are no longer included in the consolidated annual accounts of either Rabobank or Stichting Pensioenfonds ABP, unless at such time another entity whose long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A3 by Moody's has majority control of the Seller and the financial data of the Seller are included in the consolidated annual accounts of such entity,

then, unless (i) in the event of the occurrence of an Assignment Notification Event referred to under (a), such failure, if capable of being remedied is so remedied to the satisfaction of the Issuer and the Security Trustee within a period of ten (10) Business Days, or (ii) in the event of the occurrence of an Assignment Notification Event referred to under (e), (f) or (g), the Security Trustee after having consulted the Noteholders instructs otherwise, the Seller undertakes to (A) forthwith, unless the Security Trustee instructs otherwise, terminate (*opzeggen*) each of the Mortgages and Borrower Pledges granted by the Borrowers to the effect that such Mortgage and Borrower Pledge no longer secures other debts, if any, than the Mortgage Receivables purchased by the Issuer pursuant to the Mortgage Receivables Purchase Agreement, (B) forthwith notify the relevant Borrower, the relevant Insurance Companies and any other related party indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables and the Beneficiary Rights relating thereto, all this

substantially in accordance with the form of the relevant notification letter attached to the Mortgage Receivables Purchase Agreement, and (C) make the appropriate entries in the relevant mortgage register with regard to the assignment of the Mortgage Receivables. The Issuer or the Security Trustee, on behalf of the Issuer, shall be entitled to effect such termination, notification and entry itself for which the Seller, to the extent required, will grant an irrevocable power of attorney to the Issuer and the Security Trustee in the Mortgage Receivables Purchase Agreement.

### **Purchase of Further Advance Receivables, Replacement Receivables and Substitute Receivables**

#### *Further Advance Receivables*

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer shall use the Notes Principal Available Amounts to purchase and accept assignment of any Further Advance Receivables (and relating Beneficiary Rights) resulting from Further Advances granted by the Seller to a Borrower in accordance with the underwriting criteria and procedures prevailing at that time and which may be expected from a reasonably prudent mortgage lender in the Netherlands. The Initial Purchase Price payable by the Issuer in respect of the purchase and assignment of any Further Advance Receivables shall be equal to the aggregate principal amount outstanding of such Further Advance Receivables at the date of completion of the sale and purchase thereof on the relevant succeeding Quarterly Payment Date.

The purchase by the Issuer of any Further Advance Receivables will be subject to a number of conditions, which include that at the relevant date of completion of the sale and purchase of such Further Advance Receivables:

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

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

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

#### *Replacement Receivables*

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer shall apply the Notes Principal Available Amounts up to the aggregate Replacement Available Amounts to purchase and accept assignment of any Replacement Receivables, to the extent offered by the Seller, and the Beneficiary Rights relating thereto. The Initial Purchase Price payable by the Issuer in respect of the purchase and assignment of any Replacement Receivables shall be equal to the aggregate principal amount outstanding of such Replacement Receivables at the date of completion of the sale and purchase thereof on the relevant succeeding Quarterly Payment Date.

The purchase by the Issuer of any Replacement Receivables will be subject to a number of conditions, which include that at the relevant date of completion of the sale and purchase of such Replacement Receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Portfolio Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Replacement Receivables sold and relating to the Seller;
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) the purchase price payable in respect of the Replacement Receivables does not exceed the aggregate Replacement Available Amounts; and
- (d) the Portfolio Mortgage Loan to which the Replacement Receivable relates meets the Mortgage Loan Criteria, provided always that the relevant Portfolio Mortgage Loans are fully disbursed (*i.e.* do not qualify as construction mortgages (*bouwhypotheek*)).

When the Issuer purchases and accepts assignment of the relevant Replacement Receivable and relating Beneficiary Rights, the Issuer will at the same time create a first right of pledge on such Replacement Receivable and relating Beneficiary Rights in favour of the Security Trustee.

*Substitute Receivables*

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer shall use the Notes Principal Available Amounts up to the relevant Substitution Available Amount to purchase and accept assignment from the Seller of any Substitute Receivables and the Beneficiary Rights relating thereto, if and to the extent offered by the Seller. The Initial Purchase Price payable by the Issuer in respect of the purchase and assignment of any Substitute Receivables shall be equal to the aggregate principal amount outstanding of such Substitute Receivables at the date of completion of the sale and purchase thereof on the relevant succeeding Quarterly Payment Date.

The purchase by the Issuer of any Substitute Receivables will be subject to a number of conditions, which include that at the relevant date of completion of the sale and purchase of such Substitute Receivables:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Portfolio Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Receivables sold and relating to the Seller;
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) the Portfolio Mortgage Loan to which the Substitute Receivables relate meets the Mortgage Loan Criteria;
- (d) the purchase price payable in respect of the Substitute Receivables does not exceed the Substitution Available Amount; and
- (e) each of the Additional Purchase Criteria (as described below) are met.

When the Issuer purchases and accepts assignment of the relevant Substitute Receivable and Beneficiary Rights relating thereto, the Issuer will at the same time create a right of pledge on such Substitute Receivable in favour of the Security Trustee.

*Additional Purchase Criteria*

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

- (i) not more than 2.00 per cent. of the aggregate outstanding principal amount of the Mortgage Receivables are Mortgage Receivables under which amounts are due and payable which have remained unpaid for a consecutive period exceeding sixty (60) days;
- (ii) the aggregate of the Realised Losses (as defined below) incurred as from the Closing Date up to the relevant purchase date for the relevant Mortgage Receivables does not exceed 0.20 per cent. of the initial aggregate outstanding principal amount of the Portfolio Mortgage Loans at the Closing Date;
- (iii) as a result of the purchase of the relevant Mortgage Receivables the aggregate outstanding principal amount of the Mortgage Receivables resulting from Interest-only Mortgage Loans does not exceed 60.0 per cent. of the aggregate outstanding principal amount of all Mortgage Receivables at that time;
- (iv) as a result of the purchase of the relevant Mortgage Receivables the aggregate outstanding principal amount of the Mortgage Receivables resulting from Switch Mortgage Loans does not exceed 1.00 per cent. of the aggregate outstanding principal amount of all Mortgage Receivables at that time;
- (v) that the aggregate amount of the Construction Deposits does not exceed € 25,000,000;
- (vi) on the relevant purchase date there is no balance standing to the credit of the Principal Deficiency Ledger; and
- (vii) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement.

## SERVICING AGREEMENT AND ISSUER ADMINISTRATION AGREEMENT

### Servicing Agreement

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

The Servicer which holds a license under the Act on the Financial Supervision (*Wet op het financieel toezicht*) has, in accordance with the terms of the Servicing Agreement, appointed Stater as its sub-servicer to carry out (part of) the activities described above. The Issuer and the Security Trustee have consented to the appointment of Stater as sub-servicer.

The Servicing Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Servicer to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer or the Servicer being declared bankrupt or granted a suspension of payments or if the Servicer no longer holds a licence under the Act on the Financial Supervision (*Wet op het financieel toezicht*). In addition the Servicing Agreement may be terminated by the Servicer upon the expiry of not less than six (6) months' notice, subject to written approval of the Issuer and the Security Trustee, which approval may not be unreasonably withheld. A termination of the Servicing Agreement by either the Issuer and the Security Trustee or the Servicer will only become effective if a substitute servicer is appointed.

Upon the occurrence of a termination event as set forth above, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute servicer and such substitute servicer shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing Agreement, provided that such substitute servicer shall have the benefit of a servicing fee at a level to be then determined. Any such substitute servicer must have experience of handling mortgage loans and mortgages of residential property in the Netherlands and hold a licence under the Act on the Financial Supervision (*Wet op het financieel toezicht*). The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The Servicer does not have any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. The Notes will be solely the obligations and responsibilities of the Issuer and not of any other entity or person involved in the transaction, including,

without limitation, the Servicer, except for certain limited obligations of the Security Trustee under the Trust Deed.

#### **Issuer Administration Agreement**

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

The Issuer Administration Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Issuer Administrator to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Issuer Administrator or the Issuer Administrator being declared bankrupt or granted a suspension of payments. In addition the Issuer Administration Agreement may be terminated by the Issuer Administrator upon the expiry of not less than six (6) months' notice, subject to (i) written approval of the Issuer and the Security Trustee, which approval may not be unreasonably withheld. A termination of the Issuer Administration Agreement by either the Issuer and the Security Trustee or the Issuer Administrator will only become effective if a substitute administrator is appointed.

Upon the occurrence of a termination event as set forth above, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute issuer administrator and such substitute issuer administrator will enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Issuer Administration Agreement, provided that such substitute issuer administrator shall have the benefit of an administration fee at a level to be then determined. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

## SUB-PARTICIPATION AGREEMENTS

Under each of the Sub-Participation Agreements the Issuer will grant to the relevant Savings Mortgage Participant a Savings Participation in the relevant Savings Mortgage Receivables or Switch Mortgage Receivables, as the case may be.

### Savings Participation

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

- (a) at the Closing Date or, in the case of the purchase and assignment of Substitute Receivables, Replacement Receivables or Further Advance Receivables to which a Savings Insurance Policy or Savings Investment Insurance Policy is connected, at the relevant Quarterly Payment Date, an amount equal to the sum of the amounts (scheduled to be) received up to and including 31 October 2008 or, as the case may be, the last day of the calendar month immediately preceding the relevant Quarterly Payment Date, by the relevant Insurance Company from the relevant Borrowers as Savings Premiums or Savings Investment Premiums and accrued interest thereon under the respective Savings Mortgage Loans and Switch Mortgage Loans, respectively (the "**Initial Savings Participation**");
- (b) on each Portfolio Payment Date an amount equal to the amounts switched under the Savings Investment Insurance Policies from investments in one or more Switch Investment Funds into investments being made in the form of a deposit into the Switch Savings Account during the Portfolio Calculation Period immediately preceding such Portfolio Payment Date (the "**Switched Savings Participation**"); and
- (c) on each Portfolio Payment Date an amount equal to the amount (scheduled to be) received by the relevant Insurance Company during the Portfolio Calculation Period immediately preceding such Portfolio Payment Date, as Savings Premium in respect of the relevant Savings Insurance Policies or as Savings Investment Premium in respect of the relevant Savings Investment Insurance Policies,

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

As a consequence of such payments the Savings Mortgage Participant will acquire a savings mortgage participation (the "**Savings Participation**") in the relevant Savings Mortgage Receivables or Switch Mortgage Receivables, which is equal to the Initial Savings Participation and the Switched Savings Participation in respect of the relevant Switch Mortgage Receivables, if any, increased during each

Portfolio Calculation Period with the amount calculated on the basis of the following formula (the "**Participation Increase**"):

$[P/H] \times R + S$ , whereby

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

S = the amount actually received by the Issuer from the Savings Mortgage Participant under the Sub-Participation Agreement in the relevant Portfolio Calculation Period in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable, as the case may be;

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

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

In consideration for the undertaking of each of the Savings Mortgage Participants described above, the Issuer will undertake to pay to the relevant Savings Mortgage Participant on each Portfolio Payment Date an amount equal to the Savings Participation in each of the Savings Mortgage Receivables and Switch Mortgage Receivables in respect of which amounts have been received during the immediately preceding Portfolio Calculation Period (i) by means of repayment and prepayment under such Mortgage Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on such Mortgage Receivables to the extent such partial prepayment does not exceed the difference between (a) the principal amount outstanding under the relevant Mortgage Receivable and (b) the Savings Participation therein, (ii) in connection with a repurchase of such Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale by the Issuer of such Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed to the extent such amounts relate to principal and (iv) as Net Proceeds on such Mortgage Receivables to the extent such amounts relate to principal (the "**Savings Participation Redemption Available Amount**").

### **Reduction of Participation**

If:

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

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

### **Enforcement Notice**

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

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

### **Termination**

If one or more of the Savings Mortgage Receivables and/or Switch Mortgage Receivables are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, the Savings Participation in such Savings Mortgage Receivables and/or Switch Mortgage Receivables will terminate and the Savings Participation Redemption Available Amount in respect of such Savings Mortgage Receivables and/or Switch Mortgage Receivables will be paid by

the Issuer to the relevant Savings Mortgage Participant. If so requested by the relevant Savings Mortgage Participant, the Issuer will use its best efforts to ensure that the acquiror of the Savings Mortgage Receivables and/or Switch Mortgage Receivables will enter into a sub-participation agreement with the relevant Savings Mortgage Participant in a form similar to the Sub-Participation Agreement entered into with such Savings Mortgage Participant. Furthermore, the Savings Participation envisaged in the Sub-Participation Agreement shall terminate if at the close of business on the relevant calculation date the Savings Mortgage Participant has received each Savings Participation in respect of the relevant Savings Mortgage Receivables and/or Switch Mortgage Receivables.

## **STRONG 2008 B.V.**

The Issuer was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 21 November 2008 under number BV 1521034. The official seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands and its telephone number is +31 20 5771 177. The Issuer is registered with the Trade Register of the Chambers of Commerce under number 34317842.

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

The Issuer was established for the limited purposes of the issue of the Notes, the acquisition of the Mortgage Receivables and certain related transactions described elsewhere in this Offering Circular. The Issuer operates under Dutch law, provided that it may enter into contracts which are governed by the laws of another jurisdiction than the Netherlands.

The Issuer has an authorised share capital of € 18,000 of which € 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Holding STRONG 2008.

Stichting Holding STRONG 2008 is a foundation (*stichting*) incorporated under the laws of the Netherlands on 30 October 2008. Stichting Holding STRONG 2008 is registered with the Trade Register of the Chambers of Commerce under number 34315768. The objectives of Stichting Holding STRONG 2008 are to, *inter alia*, acquire and hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. Pursuant to the articles of association of Stichting Holding STRONG 2008 an amendment of the articles of association of Stichting Holding STRONG 2008 requires the prior written consent of the Stichting Security Trustee STRONG 2008. Moreover, the Director shall only be authorized to dissolve the Stichting Holding STRONG 2008, (i) after receiving the prior written consent of the Stichting Security Trustee STRONG 2008 and (ii) after the Issuer has been fully discharged for all its obligations by virtue of the Transaction Documents.

The sole managing director of each of the Issuer and Stichting Holding STRONG 2008 is ATC Management B.V. ATC Management B.V. has elected domicile at the registered office of the Issuer at Frederik Roeskestraat 123, 1076 EE Amsterdam, telephone number +31 20 5771177. The managing

directors of ATC Management B.V. are J.H. Scholts, R. Posthumus, R. Rosenboom, R. Langelaar and A.R. van der Veen.

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

ATC Management B.V. belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the sole Director of the Security Trustee. Therefore, a conflict of interest may arise. In this respect it is of note that in the management agreements entered into by each of the Directors with the entity of which it has been appointed managing director (*statutair directeur*), each of the Directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director (*statutair directeur*) should do or should refrain from doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents. In addition each of the Directors agrees in the relevant management agreement that it will not enter into any agreement in relation to STRONG 2008 B.V., and/or Stichting Holding STRONG 2008 and/or Stichting Security Trustee STRONG 2008 other than the Transaction Documents to which it is a party, without the prior written consent of the Stichting Security Trustee STRONG 2008.

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

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in this Offering Circular nor (ii) prepared any financial statements. There are no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.

The financial year of the Issuer coincides with the calendar year. The first financial year shall end on 31 December 2009.

### **Capitalisation**

The following table shows the capitalisation of the Issuer as of 21 November 2008 as adjusted to give effect to the issue of the Notes. Copies of the deed of incorporation and the articles of association of the Issuer may be obtained at the specified offices of the Issuer and at the specified offices of the Security Trustee during normal business hours.

#### *Share Capital*

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

### *Borrowings*

Senior Class A Notes	€ 1,000,000,000
Subordinated Class B Notes	€ 50,000
Initial Savings Participation	€ 4,970,689.16

### **Act on the Financial Supervision**

The Issuer is not subject to any licence requirement under Section 2:11 of the Act on the Financial Supervision (*Wet op het financieel toezicht*), as amended, due to the fact that the Notes will be offered solely to professional market parties (*professionele marktpartijen*) within the meaning of Section 1.1 of the Act on the Financial Supervision (*Wet op het financieel toezicht*), as amended from time to time and Section 3 of the Decree on Definitions Act on the Financial Supervision (*Besluit Definitiebepalingen Wet op het financieel toezicht*) and the letter of the Dutch Central Bank (*De Nederlandsche Bank N.V.*) dated 15 December 2006 regarding the expansion of the definition of a professional market party within the meaning of Section 1.1 of the Act on the Financial Supervision, as amended from time to time and Section 3 of the Decree Definitions Act on the Financial Supervision (*Besluit Definitiebepalingen Wet op het financieel toezicht*) (each a "**PMP**").

The Issuer is not subject to any licence requirement under Section 2:60 of the Act on the Financial Supervision (*Wet op het financieel toezicht*), as the Issuer has outsourced the servicing and administration of the Portfolio Mortgage Loans to the Servicer. The Servicer holds a license under the Financial Services Act and the Issuer will thus benefit from the exemption.

## ISSUER ADMINISTRATOR

ATC Financial Services B.V. will be appointed as Issuer Administrator in accordance with and under the terms of the Issuer Administrator Agreement (see further under *Servicing Agreement and Issuer Administration Agreement* above). ATC Financial Services B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law on 4 May 1995. It has its official seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Issuer Administrator is registered with the Trade Register of the Chambers of Commerce under number 33210270.

The objects of the Issuer Administrator are (a) to represent financial, economic and administrative interests in the Netherlands and other countries; (b) to act as trust company, as well as to participate in, manage and administer other enterprises, companies and legal entities, and (c) to perform any and all acts which are related, incidental or which may be conducive to the above.

The managing directors of the Issuer Administrator are J.H. Scholts, F.E.M. Kuijpers, R. Posthumus and R. Rosenboom. The sole shareholder of the Issuer Administrator is ATC Group B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands and having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands. The managing directors of ATC Group B.V. are H.P. Sluysen, R.F. Govaerts and J. Lont.

## **USE OF PROCEEDS**

The aggregate proceeds of the Notes to be issued on the Closing Date amount to € 1,000,050,000. The net proceeds of the issue of the Senior Class A 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 on the Closing Date. Furthermore, the Issuer will receive an amount of € 4,970,689.16 as consideration for the Savings Participation granted to the relevant Savings Mortgage Participant in the Savings Mortgage Receivables and Switch Mortgage Receivables. The Issuer will apply this amount towards payment in part of the Initial Purchase Price for the Mortgage Receivables purchased by the issuer on the Closing Date. The proceeds of the issue of the Subordinated Class B Notes will be used to fund the Reserve Account.

## DESCRIPTION OF SECURITY

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

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

The Issuer and the Security Trustee will enter into a pledge agreement (the "**Mortgage Receivables Pledge Agreement**") pursuant to which a first ranking undisclosed right of pledge (*stil pandrecht eerste in rang*) will be granted by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights in order to create security for all liabilities of the Issuer to the Security Trustee in connection with the Trust Deed, including the Parallel Debt and any of the other Transaction Documents. Pursuant to the Mortgage Receivables Pledge Agreement, the Issuer further undertakes, in respect of any Further Advance Receivables, Substitute Receivables or Replacement Receivables, to grant to the Security Trustee a first ranking undisclosed right of pledge on the relevant Further Advance Receivables (unless the Mortgage Receivables resulting from a Portfolio Mortgage Loan in respect of which a Further Advance is granted are being repurchased and re-assigned by the Seller), Substitute Receivables or Replacement Receivables and any associated Beneficiary Rights on the relevant purchase date. In this respect, the Issuer and the Security Trustee acknowledge that (i) the Parallel Debt constitutes undertakings, obligations and liabilities of the Issuer to the Security Trustee which are separate and independent from and without prejudice to the Principal Obligations of the Issuer to any Security Beneficiary and (ii) the Parallel Debt represents the Security Trustee's own claim (*vordering*) to receive payment of the Parallel Debt from the Issuer, provided that the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Principal Obligations to the Security Beneficiaries.

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

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

Upon enforcement of the pledges created pursuant to the Security Documents (which is after delivery of an Enforcement Notice), the Security Trustee shall apply the net proceeds received or recovered towards satisfaction of the Parallel Debt. The Security Trustee shall distribute such net proceeds (after deduction of the amounts due and payable to each of the Savings Mortgage Participants under the Sub-Participation Agreements which amounts will be paid in priority to all other amounts due and payable by the issuer at that time under any of the other Transaction Documents) to the Security Beneficiaries (other than the Savings Mortgage Participants). All amounts to be so distributed by the Security Trustee will be paid in accordance with the Post-Enforcement Priority of Payments (as set forth in *Credit Structure* above).

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

## THE SECURITY TRUSTEE

Stichting Security Trustee STRONG 2008 is a foundation (*stichting*) incorporated under the laws of the Netherlands on 4 November 2008. It has its official seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Security Trustee is registered with the Trade Register of the Chambers of Commerce under number 34316391.

The objects of the Security Trustee are (a) to act as agent and/or trustee of the Noteholders and certain other creditors of the Issuer; (b) to acquire security rights as agent and/or trustee and/or for itself; (c) to hold, administer and enforce the security rights mentioned under (b) for the benefit of the Noteholders and certain other creditors of the Issuer and to perform acts and legal acts (including the acceptance of a parallel debt obligation from, *inter alia*, the Issuer) which are or may be related, incidental or conducive to the holding of the above security rights and (d) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole managing director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands and having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are D.P. Stolp and F.E.M. Kuijpers.

## TERMS AND CONDITIONS OF THE NOTES

*If Notes are issued, the terms and conditions will be as set out below. The Conditions will upon request be made available by the Issuer to a Noteholder.*

The issue of the € 1,000,000,000 Senior Class A Mortgage-Backed Notes 2008 due 2051 (the "**Senior Class A Notes**") and the € 50,000 Subordinated Class B Notes 2008 due 2051 (the "**Subordinated Class B Notes**") and, together with the Senior Class A Notes the "**Notes**") was authorised by a resolution of the managing director of STRONG 2008 B.V. (the "**Issuer**") passed on [●] 2008. The Notes will be issued on 12 December 2008 (or such later date as may be agreed between the Note Purchaser and the Issuer) (the "**Closing Date**") under a trust deed (the "**Trust Deed**") dated 10 December 2008 (the "**Signing Date**") between the Issuer, Stichting Holding STRONG 2008 and Stichting Security Trustee STRONG 2008 (the "**Security Trustee**").

Under a Reference Agency Agreement (the "**Reference Agency Agreement**") dated the Signing Date by and between the Issuer, the Security Trustee and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., trading as Rabobank International as reference agent (the "**Reference Agent**") provision is made for the determination of the interest rates applicable to and interest amounts payable in respect of the Notes.

The statements in these terms and conditions of the Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of (i) the Reference Agency Agreement, (ii) the Trust Deed, (iii) a mortgage receivables purchase agreement (the "**Mortgage Receivables Purchase Agreement**") dated the Signing Date between Obvion N.V., as seller (the "**Seller**"), the Issuer and the Security Trustee, (iv) a servicing agreement (the "**Servicing Agreement**") dated the Signing Date between the Issuer, Obvion N.V., as servicer (the "**Servicer**") and the Security Trustee, (v) an administration agreement (the "**Issuer Administration Agreement**") dated the Signing Date between Issuer, ATC Financial Services B.V., as administrator (the "**Issuer Administrator**") and the Security Trustee, (vi) a Mortgage Receivables Pledge Agreement dated the Signing Date between the Issuer and the Security Trustee, (vii) an Issuer Rights Pledge Agreement dated the Signing Date between, *inter alia*, the Issuer and the Security Trustee and (viii) an GIC Accounts Pledge Agreement dated the Signing Date between, *inter alia*, the Issuer and the Security Trustee (jointly with the two pledge agreements referred to under (vi) and (vii) above, the "**Pledge Agreements**" and the Pledge Agreements together with the Trust Deed, the "**Security Documents**") and together with certain other agreements (see under item 5. *General Information* below), including all the aforementioned agreements and the Notes, the "**Transaction Documents**").

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

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

## **1. Form, Denomination, Title, Transfer and Transfer Certificates**

### *(a) Registered Notes*

The Notes will be issued in registered form in denominations of € 50,000 each.

### *(b) Title*

Title to the Notes passes only by registration in the register of Noteholders. The holder registered in the register of Noteholders will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest) and no person will be liable for so treating the holder. Upon written request the Issuer shall provide a Noteholder with a copy of the (relevant pages of the) register in which the relevant holder is registered as Noteholder. The register of Noteholders may be maintained by the Issuer in electronic form.

### *(c) Transfers*

A Note may be transferred by depositing a duly completed and signed transfer certificate (the "**Transfer Certificate**") at the registered office of the Issuer.

### *(d) Delivery of new Transfer Certificates*

A Transfer Certificate will within five Business Days following receipt of a written request thereto at the registered office of the Issuer, be made available to the Noteholder by registered mail to the address specified in the request for a Transfer Certificate.

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

### (a) Status

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

In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed payments of principal and interest on the Subordinated Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes.

### (b) Security

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

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

The holders of the Notes will benefit from the Security. The Senior Class A Notes will rank in priority to the Subordinated Class B Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Senior Class A Noteholders and the Subordinated Class B Noteholders each as a Class as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) and the Security Trustee need not have regard to the consequences of such exercise for individual Noteholders but is required in any such case to have regard only to the interests of the Senior Class A Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A Noteholders on the one hand and the

Subordinated Class B Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Security Beneficiaries, provided that, in the case of a conflict of interest between the Security Beneficiaries, the priority of payments set forth in the Trust Deed determines which interest of which Security Beneficiary prevails.

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

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

- (a) carry out any business other than as described in the Offering Circular dated 10 December 2008 relating to the issue of the Notes and as contemplated in the Transaction Documents;
- (b) incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Transaction Documents;
- (c) create, promise to create or permit to subsist any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed or the Pledge Agreements, and the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Transaction Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the GIC Accounts, the Liquidity Facility Account;
- (h) amend, supplement or otherwise modify its articles of association or other constitutive documents;
- (i) pay any dividend or make any other distribution to its shareholder(s) or issue any further shares; or

- (j) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in.

#### 4. Interest

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

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6) from and including the Closing Date. Each Note (or, in the case of the redemption of only part of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless 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 payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Issuer Administrator on behalf of the Issuer to the holder thereof as registered in the register of Noteholders (in accordance with Condition 13). Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on the basis of the actual number of days elapsed in the Quarterly Interest Period divided by 360 days.

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

Interest on the Notes shall be payable by reference to successive interest periods (each a "**Quarterly Interest Period**") and will be payable in arrear in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Notes, respectively, on the 22<sup>nd</sup> day of February, May, August and November in each year, or if such day is not a Business Day (as defined below), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 22<sup>nd</sup> day is the relevant Business Day (each such day being a "**Quarterly Payment Date**"). A "**Business Day**" means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 (the "**TARGET2 System**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Quarterly Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in February 2009.

##### *Interest on the Notes*

Except for the first Quarterly Interest Period whereby interest will accrue from (and including) the Closing Date until but excluding the first Quarterly Payment Date at an annual rate equal to the linear interpolation between the Euro Interbank Offered Rate ("**Euribor**")

for three-months deposits in euro and the Euribor for four-months deposits in euro (determined in accordance with Condition 4) plus the margin as set out below, interest on the Notes for each Quarterly Interest Period up to (but excluding) the First Optional Redemption Date will accrue at an annual rate equal to Euribor for three-months deposits in euro, plus:

- (i) for the Senior Class A Notes, a margin of 4.70 per cent. per annum; and
- (ii) for the Subordinated Class B Notes a margin of 9.00 per cent. per annum.

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

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

- (i) for the Senior Class A Notes, a margin of 7.00 per cent. per annum; and
- (ii) for the Subordinated Class B Notes such margin will remain at 9.00 per cent. per annum.

*(d) Euribor*

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

- (i) The Reference Agent will obtain for each Quarterly Interest Period the rate equal to Euribor for three-months deposits in euro. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen EURIBOR01 (or, if not available, any other display page on any screen service maintained by any registered information vendor for the display of the Euribor rate selected by the Reference Agent) at or about 11:00 a.m. (Central European time) on the day that is two (2) Business Days preceding the first day of each Quarterly Interest Period (each an "**Interest Determination Date**").
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
  - (A) request the principal euro-zone office of each of four (4) major banks in the euro-zone interbank market (the "**Reference Banks**") to provide a quotation for the rate at which three-months euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant

Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and

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

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

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

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

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

The Reference Agent will cause the relevant Floating Rate of Interest and the relevant Floating Interest Amount and the Quarterly Payment Date applicable to each relevant Class of Notes to be notified to the Issuer, the Security Trustee, the Issuer Administrator and to the holders of such Class of Notes in accordance with condition 13. The Floating Interest Amount and Quarterly Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Quarterly Interest Period.

(g) *Determination or Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the relevant Floating

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

*(h) Reference Banks and Reference Agent*

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

## **5. Payment**

*(a) Payments in respect of the Notes*

Payment of principal and interest will be made in cash or by transfer to the registered account of the Noteholders. Payment of principal and interest on Notes due on a Quarterly Payment Date will be paid to the holder shown in the register of Noteholders at the close of business on the Notes Calculation Date immediately preceding such Quarterly Payment Date.

For the purposes of this Condition, a Noteholders' registered account means the Euro account maintained by or on behalf of it with a bank and designated as such by the Noteholder to the Issuer, the details of which appear on the register of Noteholders at the close of business and a Noteholders' registered address means its address appearing on the register of Noteholders at that time, provided that if the account is maintained in a jurisdiction in respect of which a payment by the Issuer results in a tax event described in Condition 6(e), the Noteholder will be obliged to designate an account in another jurisdiction in respect of which such tax event would not occur.

*(b) Payments subject to Applicable Laws*

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal

or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7.

(c) *Payments on a Quarterly Payment Date*

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment. Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the relevant payment is made in accordance with this Condition.

(d) *Partial Payments*

If the amount of principal or interest which is due on the Notes is not paid in full, the Issuer will annotate the register of Noteholders with a record of the amount of principal, premium (if any) or interest in fact paid.

## 6. Redemption

(a) *Definitions*

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

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

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

- (i) repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable or Switch Mortgage Receivable;
- (ii) Net Proceeds in respect of any Mortgage Receivables, to the extent such proceeds relate to principal, less, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable or Switch Mortgage Receivable;

- (iii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, less, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable, the Savings Participation in such Savings Mortgage Receivable or Switch Mortgage Receivable;
- (iv) amounts to be credited to the Class A Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Administration Agreement;
- (v) Participation Increase, Switched Savings Participation and Initial Savings Participation (other than the Initial Savings Participation received on the Closing Date) pursuant to the Sub-Participation Agreements;
- (vi) partial prepayment in respect of Mortgage Receivables, excluding prepayment penalties, if any;
- (vii) the Reserved Amount; and
- (viii) any part of the Notes Redemption Available Amounts calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the Senior Class A Notes on the immediately preceding Quarterly Payment Date.

The "**Notes Redemption Available Amounts**", as calculated on the immediately preceding Notes Calculation Date, will:

- (x) on any Quarterly Payment Date which is not also a Release Date be equal to the Notes Principal Available Amounts less the sum of:
  - (a) the amount of the Notes Principal Available Amounts applied on such Quarterly Payment Date in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amounts, of any Replacement Receivables and/or, up to the Substitution Available Amount, of any Substitute Receivables; and
  - (b) the Reserved Amount,
- (y) on any Quarterly Payment Date which is also a Release Date be equal to the Notes Principal Available Amounts less the amount of the Notes Principal Available Amounts applied on such Quarterly Payment Date in or towards satisfaction of the Initial

Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amounts, of any Replacement Receivables and/or, up to the Substitution Available Amount, of any Substitute Receivables, provided that if the difference between the Notes Principal Available Amounts and the amount of the Notes Principal Available Amounts applied on such Quarterly Payment Date in or towards satisfaction of the Initial Purchase Price of any Mortgage Receivables is less than € 1,000,000, the Notes Redemption Available Amounts shall be deemed to be zero on such Quarterly Payment Date.

**"Reserved Amount"** shall mean, on any Quarterly Payment Date which is not also a Release Date, (i) until the Quarterly Payment Date immediately preceding the First Optional Redemption Date, provided that each of the Additional Purchase Criteria are met on such Quarterly Payment Date, an amount equal to the Notes Principal Available Amounts, as calculated on the immediately preceding Notes Calculation Date less the amount of the Notes Principal Available Amounts applied on such Quarterly Payment Date in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amounts, of any Replacement Receivables and/or, up to the Substitution Available Amount, of any Substitute Receivables and (ii) thereafter, zero.

**"Release Date"** shall mean each third Quarterly Payment Date following the Quarterly Payment Date on which part of the Notes Principal Available Amounts was reserved by the Issuer pursuant to Condition 6(b).

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

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

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

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

succeeding calendar month, except for the first Portfolio Calculation Period, which will commence on (and include) 1 November 2008 and end on (but exclude) 1 January 2009.

**"Realised Losses"** means, on any Notes Calculation Date, the sum of (a) the aggregate outstanding principal amount of all Mortgage Receivables, excluding the Savings Participations therein, on which the Seller, the Servicer, the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including such Notes Calculation Date minus the Net Proceeds applied to reduce the outstanding principal amount of such Mortgage Receivables and (b) with respect to Mortgage Receivables sold by the Issuer pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, the amount of the aggregate outstanding principal amount of all such Mortgage Receivables minus the purchase price received, or to be received on the relevant Quarterly Payment Date, in respect of such Mortgage Receivables to the extent relating to principal.

*(b) Application of Notes Principal Available Amounts*

- (i) On each Quarterly Payment Date the Issuer shall apply the Notes Principal Available Amounts in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amounts, of any Replacement Receivables and/or, up to the Substitution Available Amount, of any Substitute Receivables, provided that on such date the conditions for purchase of such Mortgage Receivables as set forth in the Mortgage Receivables Purchase Agreement are met.
- (ii) On any Quarterly Payment Date which is not also a Release Date, until the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer shall reserve the positive difference between (x) the Notes Principal Available Amounts and (y) the amount applied on such Quarterly Payment Date in or towards satisfaction of the Initial Purchase Price of any Further Advance Receivables and/or, up to the Replacement Available Amounts, of any Replacement Receivables and/or, up to the Substitution Available Amount, of any Substitute Receivables, which amount remains to be deposited in the Transaction Account and will subsequently be applied towards the purchase of Substitute Receivables on the next succeeding Quarterly Payment Dates up to and including the next succeeding Release Date, provided that on each such date the conditions for purchase of such Substitute Receivables are met and to the extent any Substitute Receivables are offered by the Seller.

*(c) Final Redemption*

Unless previously redeemed as provided below, the Issuer will, subject to Condition 9(b), redeem any remaining Notes at their Principal Amount Outstanding, together with accrued interest, on the Quarterly Payment Date falling in February 2051 (the "**Final Maturity Date**").

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

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall on each Quarterly Payment Date apply the Notes Redemption Available Amounts towards redemption, at their Principal Amount Outstanding, of the Senior Class A Notes until fully redeemed and thereafter in or towards satisfaction of the Deferred Purchase Price, if any, to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

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

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

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

(f) *Optional redemption*

The Issuer may, at its option, on giving not more than sixty (60) nor less than thirty (30) days written notice to the Security Trustee and the Noteholders in accordance with

Condition 13, on the Quarterly Payment Date falling in February 2012 (the "**First Optional Redemption Date**") and on each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") redeem, subject to Condition 9(b), all (but not only part of) the Senior Class A Notes at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes.

*(g) Redemption following clean-up call*

The Seller has the option to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on any Quarterly Payment Date on which the principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the sum of the aggregate principal amount outstanding of the Mortgage Receivables on the Closing Date (the "**Seller Clean-up Call Option**"). On the Quarterly Payment Date following the exercise by the Seller of its Seller Clean-up Call Option the Issuer shall redeem, subject to Condition 9(b), all (but not only part of) the Senior Class A Notes at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Senior Class A Notes.

*(h) Redemption of Subordinated Class B Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Notes Interest Available Amounts, if and to the extent that all payments ranking above item (j) in the Interest Priority of Payments set forth in the Trust Deed have been made in full, to redeem (or partially redeem) on a pro rata basis the Subordinated Class B Notes on each Quarterly Payment Date until fully redeemed. Any amount so redeemed will be deemed to be a Principal Redemption Amount for the purpose of calculating the Principal Amount Outstanding of each of the Subordinated Class B Notes in accordance with Condition 6(d). Unless previously redeemed in full, the Issuer will, subject to Condition 9(b), redeem the Subordinated Class B Notes at their Principal Amount Outstanding, together with accrued interest, on the Quarterly Payment Date falling in February 2051 .

*(i) Redemption for tax reasons*

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

of independent counsel that there is a probability that the act taken by the taxing authority leads to one of events mentioned at (a) or (b). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed at their respective Principal Amount Outstanding, together with accrued interest, at the same time.

**7. Taxation**

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

**8. Prescription**

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

**9. Principal Deficiency and Principal Shortfall**

*(a) Interest*

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

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

*(b) Principal*

As from the first Quarterly Payment Date the Principal Amount Outstanding of the Senior Class A Notes will be redeemed in accordance with the provisions of Condition 6, provided that if, on any Quarterly Payment Date, there is a balance on the Class A Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the

principal amount payable on redemption of each Senior Class A Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Senior Class A Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Senior Class A Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

In these Conditions, the "**Principal Shortfall**" means, with respect to any Notes Quarterly Payment Date, an amount equal to (i) of the balance of the Class A Principal Deficiency Ledger divided by (ii) the number of Senior Class A Notes on such Notes Quarterly Payment Date

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

(c) *General*

In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the

Noteholders of such Class shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

#### 10. Events of Default

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

- (a) the Issuer is in default for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the Relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Reference Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty (30) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer in respect of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (f) the Issuer files a petition for a suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or is declared bankrupt or becomes subject to any other regulation having a similar effect,

provided, however, that, if Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Subordinated Class B Notes, irrespective of whether an Extraordinary Resolution is passed by the Subordinated Class

B 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 Subordinated Class B Noteholders.

## **11. Enforcement**

### *(a) Enforcement*

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

### *(b) No Action against Issuer by Noteholders*

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

### *(c) Undertaking Noteholders and Security Trustee*

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

### *(d) Limitation of Recourse*

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

## **12. Indemnification of the Security Trustee**

The Trust Deed contains provisions for the indemnification of the Security Trustee and for its

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

### **13. Notices**

#### *(a) Address in register*

Unless otherwise stated herein, each notice, request, demand or other communication to be made to a Noteholder in respect of the Notes shall be made in writing by facsimile or letter to address appearing in respect of such Noteholder in the register of Noteholders.

#### *(b) Language and receipt*

All notices, requests, claims, demands or other communications to a Noteholder shall be in the English language and shall be delivered to such Noteholder in person, by recorded delivery, or by facsimile. If sent by recorded delivery, any notice, request, claim, demand or other communication sent by recorded delivery pursuant to these Conditions shall be deemed to have been received by the Noteholder to whom it was addressed on the first Business Day after the day shown as the day of receipt by a return receipt. If sent by facsimile, it shall be deemed, in the absence of proof to the contrary, to have been received by the Noteholder to whom it was sent on the day of dispatch provided that the report generated by the sender's facsimile machine shows that all pages of such notice, demand or other communications were properly transmitted to the recipients facsimile machine. Without prejudice to any other mode or service, any notice, request, claim, demand or any other communication shall be deemed to have been sufficiently served if sent to the addresses of the Noteholders as set forth in the register of Noteholders.

#### *(c) Change of address*

A Noteholder may change its address for the purpose of these Conditions by notice in writing to the Issuer.

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

#### *(a) Meeting of Noteholders*

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

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

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

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

An Extraordinary Resolution of the Subordinated Class B 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. 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 Subordinated Class B 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) Voting*

Each Note carries one vote. The Issuer and its affiliates may not vote on any Notes held by them directly or indirectly. Such Notes will not be taken into account in calculating the aggregate outstanding amount of the Notes.

*(c) Modification, authorisation and waiver without consent of Noteholders*

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Transaction Documents), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Transaction Documents, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders. 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.

*(d) Indemnification for individual Noteholders*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders and the Subordinated Class B 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. Governing Law**

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

## **DUTCH TAXATION**

*The following summary outlines certain Dutch tax consequences to holders of the Notes in connection with the acquisition, ownership and disposal of Notes. The summary does not purport to present any comprehensive or complete picture of all Dutch tax aspects that could be of relevance to a (prospective) Noteholder who may be subject to special tax treatment. The summary is based on the current tax law and practice of the Netherlands, which is subject to changes that could prospectively or retrospectively affect the stated tax consequences. Prospective holders of Notes who may be in any doubt as to their respective tax positions should consult their own professional advisors as to their tax position.*

### **Withholding Tax**

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

### **Taxes on Income and Capital Gains**

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

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

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

### **Gift, Estate and Inheritance Taxes**

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition or deemed acquisition of Notes by way of a gift by, or on the death of, a holder of Notes who is neither

resident, deemed to be resident nor treated (at the request of the beneficiar(y)(ies) of the gift or estate) as resident in the Netherlands for Dutch inheritance and gift tax purposes, unless:

- (i) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are or were attributable; or
- (ii) in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

#### **Turnover Tax**

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

#### **Other Taxes and Duties**

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

#### **European Union Tax Considerations**

Under the EU Council Directive 2003/48/EU on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have (agreed to) adopt(ed) similar measures.

## **PURCHASE AND SALE**

The Note Purchaser has, pursuant to a note purchase agreement dated 10 December 2008 between the Note Purchaser, the Issuer and the Seller (the "**Note Purchase Agreement**") agreed with the Issuer, subject to certain conditions, to subscribe for the Notes at their issue price. The Issuer has agreed to indemnify and reimburse the Note Purchaser against certain liabilities and expenses in connection with the issue of the Notes.

The Note Purchaser has represented and agreed that (a) it is a PMP and (b) it has offered or sold and will offer or sell, directly or indirectly, as part of the initial distribution or at any time thereafter, the Notes exclusively to PMP's.

### **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 Note Purchaser 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.

## IMPORTANT INFORMATION

Only the Issuer is responsible for the information contained in this Offering Circular. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this 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.

For the information contained in the following sections of this Offering Circular: *Overview of the Dutch Residential Mortgage Market*, *Obvion N.V.*, *Stichting Pensioenfonds ABP*, *Description of Portfolio Mortgage Loans* and *Mortgage Loan Underwriting and Servicing*, the Issuer has relied on information from the Seller. For the information contained in section *Rabobank* of this Offering Circular the Issuer has relied on information from the Arranger. The information in these sections and any other information from third-parties contained and specified as such in this Offering Circular has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular is to be read in conjunction with the articles of association included in the deed of incorporation of the Issuer dated 21 November 2008 which is deemed to be incorporated herein by reference (see section *General Information* below). This Offering Circular shall be read and construed on the basis that such document is incorporated in, and forms part of, this Offering Circular.

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

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Offering Circular in accordance with applicable laws and regulations.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither the delivery of this Offering Circular at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Offering Circular. The Issuer does not have the obligation to update this Offering Circular.

The Note Purchaser and the Seller expressly do not undertake to review the financial condition or

affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

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).

## GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on [●] 2008.
2. Copies of the following documents may be inspected at the specified offices of the Issuer and the Security Trustee during normal business hours, as long as any Notes are outstanding:
  - (i) the Offering Circular;
  - (ii) the deed of incorporation of the Issuer;
  - (iii) the Mortgage Receivables Purchase Agreement;
  - (iv) the Reference Agency Agreement;
  - (v) the Trust Deed;
  - (vi) the Security Beneficiaries Agreement;
  - (vii) the Mortgage Receivables Pledge Agreement;
  - (viii) the Issuer Rights Pledge Agreement;
  - (ix) the GIC Accounts Pledge Agreement;
  - (x) the Servicing Agreement;
  - (xi) the Issuer Administration Agreement;
  - (xii) the Sub-Participation Agreements;
  - (xiii) the Floating Rate GIC;
  - (xiv) the Liquidity Facility Agreement;
  - (xv) the Swap Agreement;
  - (xvi) the Beneficiary Waiver Agreement;
  - (xvii) the Master Definitions Agreement;
  - (xviii) the Note Purchase Agreement; and
  - (xix) the articles of association of the Security Trustee.
3. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. The most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Security Trustee.
4. The following documents are incorporated herein by reference:
  - (a) the deed of incorporation which include the articles of association of the Issuer dated 21 November 2008.

A free copy of the Issuer's articles of association is available at the office of the Issuer.
5. A free copy of the Offering Circular is available at the offices of the Issuer and the Security Trustee.

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