

STICHTING HOLLAND HOMES ORANJE II

(a foundation established under the laws of the Netherlands with its statutory seat in Amsterdam)

euro 24,999,972 Mezzanine Class S Mortgage-Backed Floating Rate Notes 2012 due 2039 issue price 100 per cent.

Application has been made to list the euro 24,999,972 Mezzanine Class S Mortgage-Backed Floating Rate Notes 2012 due 2039 (the "**Mezzanine Class S Notes**"), issued by Stichting Holland Homes Oranje II (the "**Issuer**") on NYSE Euronext in Amsterdam ("**Euronext Amsterdam**"). This Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) as competent authority under Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the "**Prospectus Directive**"). The Mezzanine Class S Notes have been issued on 23 March 2012 (the "**Effective Date**") and are expected to be admitted to listing and trading on or about 5 July 2012.

On 25 July 2007 (the "**Closing Date**") the Issuer issued and listed the euro 577,100,000 Senior Class A Mortgage-Backed Floating Rate Notes 2007 due 2039 (the "**Senior Class A Notes**") and the euro 2,900,000 Subordinated Class B Mortgage-Backed Floating Rate Notes 2007 due 2039 (the "**Subordinated Class B Notes**"), and together with the Senior Class A Notes and the Mezzanine Class S Notes the "**Notes**") under a prospectus dated the Closing Date (the "**Initial Prospectus**"), which has been approved by the Netherlands Authority for the Financial Markets. On the Effective Date, the Issuer has issued the Mezzanine Class S Notes to the holders of the Senior Class A Notes, and has applied the proceeds thereof to redeem the Senior Class A Notes in part on a *pro rata* and *pari passu* basis such that the Principal Amount Outstanding of the Senior Class A Notes is reduced with euro 24,999,972 as of the Effective Date.

The Mezzanine Class S Notes carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date. The rate of interest for the Mezzanine Class S Notes is three months Euribor (or, in respect of the first Interest Period for the Mezzanine Class S Notes, Euribor as determined in respect of the Interest Period for the Senior Class A Notes and the Subordinated Class B Notes commencing on the Quarterly Payment Date falling in January 2012) plus a margin per annum, which is 0.02 per cent. for the Mezzanine Class S Notes.

The Mezzanine Class S Notes are scheduled to mature on the Quarterly Payment Date falling in July 2039 (the "**Final Maturity Date**"). On each Quarterly Payment Date provided that the Senior Class A Notes have been redeemed in full the Mezzanine Class S Notes will be subject to mandatory redemption (in whole or in part) in the circumstances set out in, and subject to, and in accordance with, the Conditions through the application of the Redemption Available Amount. The Mezzanine Class S Notes together with the Senior Class A Notes may be subject to redemption in full if the Issuer exercises its call option as provided for in Condition 6(e). Furthermore, the Issuer has the benefit of a put option pursuant to which it may sell the NHG Mortgage Receivables to the Put Option Provider (i) on the Quarterly Payment Date falling in July 2014 (the "**Put Option Date**") and (ii) on any other Quarterly Payment Date on which the Seller has informed the Issuer that, in certain circumstances, it will not repurchase and accept the re-assignment of one or more of the NHG Mortgage Receivables. Finally, the Issuer will redeem the Notes, including the Mezzanine Class S Notes if the Seller exercises its Regulatory Call Option and/or Clean-up Call Option in accordance with Condition 6(b). Where the withholding or deduction of taxes, duties, assessments or charges are required by law in respect of payments of principal and/or interest of the Mezzanine Class S Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the Mezzanine Class S Noteholders (the "**Mezzanine Class S Noteholders**").

It is a condition precedent to issuance that the Mezzanine Class S Notes, on issue, be assigned a "BBsf" rating by Fitch Ratings Limited ("**Fitch**"). Fitch is registered as rating agency under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation EU No 513/2011 of 18 May 2011 (the "**CRA Regulation**").

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Notes, see *Risk Factors* herein.

The Mezzanine Class S Notes will be (indirectly) secured by a right of pledge over the NHG Mortgage Receivables and the Beneficiary Rights vested by the Issuer in favour of Stichting Security Trustee Holland Homes Oranje II (the "**Security Trustee**") and a right of pledge vested by the Issuer in favour of the Security Trustee over all rights of the Issuer under or in connection with most of the Relevant Documents. The Security will be for the benefit of the Secured Parties, which includes the Mezzanine Class S Noteholders. The right to payment of interest and principal on the Mezzanine Class S Notes will be subordinated and may be limited as more fully described herein.

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

The Mezzanine Class S Notes will be solely the obligations of the Issuer. The Mezzanine Class S Notes will not be the obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Originator, the Participant, the Swap Counterparty, the Collection Account Provider, the Collection Foundation, the MPT Provider, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Construction Guarantor, the Put Option Provider and the Security Trustee, in whatever capacity acting. Furthermore, the Seller, the Originator, the Participant, the Swap Counterparty, the Collection Account Provider, the Collection Foundation, the MPT Provider, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Construction Guarantor, the Put Option Provider and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Originator, the Participant, the Swap Counterparty, the Collection Account Provider, the Collection Foundation, the MPT Provider, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Construction Guarantor, the Put Option Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

Capitalised terms used, but not defined, in this section can be found elsewhere in this Prospectus. For the page reference of the definitions of capitalised terms used herein see *Index of Defined Terms*.

The date of this Prospectus is 29 June 2012

**Sole Arranger
SNS Bank N.V.**

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SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Mezzanine Class S Notes should be based on a consideration of the Prospectus as a whole, including any supplement thereto. Civil liability will only attach to the Issuer, if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Capitalised terms used, but not defined, in this section can be found elsewhere in this Prospectus. For the page reference of the definitions of the capitalized terms used herein see Index of Defined Terms.

The transaction

The Issuer has purchased from the Seller the NHG Mortgage Receivables (i.e. the rights under or in connection with certain pre-selected Mortgage Loans originated by the Originator which have the benefit of NHG Guarantees and which have been purchased by the Seller from the Originator during the period from 21 August 2006 up to and including the Cut-off Date) and has, on the Closing Date, accepted the assignment of the NHG Mortgage Receivables and the Beneficiary Rights by means of a registered deed of assignment as a result of which legal title to the NHG Mortgage Receivables and the Beneficiary Rights has been transferred to the Issuer. The Issuer is entitled to all interest amounts (including penalty interest) and all principal amounts and pre-payment penalties becoming due in respect of the NHG Mortgage Receivables from (and including) the Cut-off Date. Furthermore, the Issuer has, on the Closing Date, issued the Senior Class A Notes and the Subordinated Class B Notes and used the net proceeds thereof to pay to the Seller part of the Purchase Price for the NHG Mortgage Receivables, pursuant to the Mortgage Receivables Purchase Agreement (see further the section *Mortgage Receivables Purchase Agreement* below). The remaining part of the Purchase Price has been paid by the Issuer on the Closing Date through application of the Initial Participation received by the Issuer.

In addition, on the Effective Date, the Issuer has issued the Mezzanine Class S Notes and will redeem on a *pro rata* and *pari passu* basis the Senior Class A Notes with the proceeds thereof.

On each Quarterly Payment Date up to the Quarterly Payment Date immediately preceding the Final Maturity Date, the Issuer will purchase from the Seller Further Advance Receivables and the relevant Beneficiary Rights subject to the fulfilment of certain conditions. Broadly, for such purchases the Issuer shall apply all amounts of principal received in respect of the NHG Mortgage Receivables (including in connection with repurchase or sale of NHG Mortgage Receivables).

The Issuer will use receipts of principal and interest in respect of the NHG Mortgage Receivables together with amounts it receives under the Swap Agreement, the Sub-Participation Agreement, the Construction Guarantee, the Put Option Agreement, the Floating Rate GIC and drawings under the Liquidity Facility Agreement to make payments of, *inter alia*, principal and interest due in respect of the Mezzanine Class S Notes. The obligations of the Issuer in respect of the Mezzanine Class S Notes, will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see *Credit Structure* below) and the right to payment of interest and principal on the Mezzanine Class S Notes will be subordinated to the Senior Class A Notes and limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*.

Pursuant to the Liquidity Facility Agreement the Issuer will be entitled to make drawings, without taking into account any drawing under the Liquidity Facility, if there is a shortfall in the Notes Interest Available Amount to meet certain items of the Interest Priority of Payments in full (see *Credit Structure* below).

Pursuant to the Floating Rate GIC, the Floating Rate GIC Provider agreed to pay a guaranteed rate of interest determined by reference to Euribor on the balance standing from time to time to the credit of the Transaction Accounts (see under *Credit Structure* below).

Pursuant to the Issuer Services Agreement, the (i) MPT Provider will – *inter alia* – provide the mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the NHG Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the NHG Mortgage Receivables, (ii) the Defaulted Loan Servicer will – *inter alia* – provide the implementation of arrears procedures including the enforcement of mortgage rights and (iii) the Issuer Administrator will provide certain administration, calculation and cash management services to the Issuer (see further *Issuer Services Agreement* below).

To mitigate the risk between the rate of interest to be received by the Issuer on the NHG Mortgage Receivables and the rate of interest payable by the Issuer on the Senior Class A Notes and the Subordinated Class B Notes, the Issuer has entered into the Swap Agreement on the Closing Date, which will be amended and restated to include the Mezzanine Class S Notes on the Effective Date (see under *Credit Structure* below).

The Issuer

Stichting Holland Homes Oranje II is established under the laws of the Netherlands as a foundation ("*stichting*") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The Issuer is established to issue the Notes.

Security

The Mezzanine Class S Notes are secured together with the other Classes of Notes indirectly, through the Security Trustee, by (i) a first ranking undisclosed pledge granted by the Issuer to the Security Trustee over the NHG Mortgage Receivables and the Beneficiary Rights and (ii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with (most of) the Relevant Documents.

Furthermore, the Collection Foundation granted on the balance standing to the credit of the Foundation Collection Account a first ranking right of pledge in favour of Stichting Security Trustee Holland Homes MBS 2000-1, Stichting Security Trustee Holland Homes MBS 2003-1, Stichting Security Trustee Holland Homes III, Stichting Security Trustee Holland Homes Oranje MBS, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (the "**Previous Transaction Security Trustees**") and the Security Trustee jointly, and a second ranking right of pledge to Holland Homes MBS 2000-I B.V., Holland Homes MBS 2003-1 B.V., Stichting Holland Homes III, Holland Homes Oranje MBS B.V. and the Seller (the "**Previous Transaction SPVs**") and the Issuer jointly both under the condition that future issuers (and any security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Originator or any of its subsidiaries will also have the benefit of such right of pledge. Such rights of pledge are notified to the Foundation Account Provider, the bank where the Foundation Collection Account is maintained.

In order to ensure the valid creation of the security rights under Netherlands law in favour of the Security Trustee, the Issuer has undertaken in the Parallel Debt Agreement 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 Secured Parties pursuant to the Relevant Documents.

The Trust Deed sets out the priority of the claims of the Secured Parties. For a more detailed description see *Credit Structure* and *Description of Security* below.

The Originator

By means of a deed of legal demerger dated 29 December 2006, DBV Levensverzekeringsmaatschappij N.V. has transferred its entire mortgage business, including any and all rights and obligations under the Mortgage Loans and – *inter alia* – the mortgage receivables purchase agreement dated 21 August 2006, to DBV Finance B.V., a full subsidiary of DBV Levensverzekeringsmaatschappij N.V. On 1 November 2009 SRLEV N.V. ("**SRLEV**") and DBV Levensverzekeringsmaatschappij N.V. merged ("*juridische fusie*") with DBV Levensverzekeringsmaatschappij N.V. as disappearing entity and on 17 March 2011 SNS Bank N.V.

("SNS Bank") and DBV Finance B.V. merged ("*juridische fusie*") with DBV Finance B.V. as disappearing entity. As a result hereof, SNS Bank has become the Originator and SRLEV has become the Participant, the MPT Provider and the Defaulted Loan Servicer.

Interest on the Notes

The Mezzanine Class S Notes will carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date. The rate of interest for the Mezzanine Class S Notes is three months Euribor (or, in respect of the first Interest Period for the Mezzanine Class S Notes, Euribor as determined in respect of the Interest Period for the Senior Class A Notes and the Subordinated Class B Notes commencing on the Quarterly Payment Date falling in January 2012) plus a margin per annum, which is 0.02 per cent. for the Mezzanine Class S Notes.

Redemption of the Mezzanine Class S Notes

Unless previously redeemed, the Issuer will redeem all of the Mezzanine Class S Notes at their respective Principal Amount Outstanding on the Final Maturity Date subject to Condition 9(b).

On each Quarterly Payment Date the Issuer will be obliged to apply the Redemption Available Amount, which broadly consists of all amounts of principal received (i) as repayment or pre-payment on the NHG Mortgage Receivables or (ii) in connection with a repurchase or sale of the NHG Mortgage Receivables, to the extent such amount relates to principal, less the purchase price for Further Advance Receivables, if any, to (partially) redeem the Notes, sequentially starting with the Senior Class A Notes until fully redeemed and thereafter the Mezzanine Class S Notes and thereafter the Subordinated Class B Notes.

On the Put Option Date, the Issuer will offer for sale all of the NHG Mortgage Receivables to the Seller. If the Seller informs the Issuer that it will not repurchase and accept the reassignment of the NHG Mortgage Receivables on the Put Option Date, the Issuer will offer all of the NHG Mortgage Receivables to the Put Option Provider in accordance with the Put Option Agreement and the Issuer will apply the proceeds of such sale towards redemption of the Notes.

Also, the Issuer will have the option to redeem the Notes for tax reasons in accordance with Condition 6(e). Finally, the Issuer will redeem the Notes if the Seller exercises its Regulatory Call Option and/or Clean-Up Call Option in accordance with Condition 6(b).

Listing

Application has been made to list the Mezzanine Class Notes on NYSE Euronext Amsterdam. The Senior Class A Notes and the Subordinated Class B Notes have been listed on NYSE Euronext Amsterdam since the Closing Date.

Rating

It is a condition precedent that the Mezzanine Class S Notes, on issue, be assigned a "BBsf" rating by Fitch.

Risk factors

There are certain factors which prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Mezzanine Class S Notes such as (but not limited to) the fact that the liabilities of the Issuer under the Mezzanine Class S 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 NHG Mortgage Receivables, the proceeds of the sale of any NHG 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 NHG Mortgage Receivables (see *Risk Factors* below).

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Mezzanine Class S Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Mezzanine Class S Notes are also described below. The Issuer believes that the factors described below represent the material risks inherent in investing in the Mezzanine Class S Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Mezzanine Class S Notes may occur for other reasons not known to the Issuer or not deemed to be material enough. The Issuer does not represent that the statements below regarding the risks of investing in any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

RISK FACTORS REGARDING THE ISSUER

The Mezzanine Class S Notes will be solely the obligations of the Issuer

The Mezzanine Class S Notes are solely the obligations of the Issuer. The Mezzanine Class S Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Originator, the Participant, the Swap Counterparty, the Collection Account Provider, the Collection Foundation, the MPT Provider, the Issuer Administrator, the Directors, the Paying Agents, the Reference Agent, the Arranger, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Construction Guarantor, the Put Option Provider and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Participant, the Swap Counterparty, the Collection Account Provider, the Collection Foundation, the MPT Provider, the Issuer Administrator, the Directors, the Paying Agents, the Reference Agent, the Arranger, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Construction Guarantor, the Put Option Provider and the Security Trustee, nor any other person in whatever capacity acting will accept any liability whatsoever to the Mezzanine Class S Noteholders in respect of any failure by the Issuer to pay any amounts due under the Mezzanine Class S Notes. None of the Seller, the Participant, the Swap Counterparty, the Collection Account Provider, the Collection Foundation, the MPT Provider, the Issuer Administrator, the Directors, the Paying Agents, the Reference Agent, the Arranger, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Construction Guarantor, the Put Option Provider and the Security Trustee are under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

The obligations of the Issuer in respect of the Mezzanine Class S Notes, will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see *Credit Structure* below) and the right to payment of interest and principal on the Mezzanine Class S Notes is subordinated to the Senior Class A Notes and limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*

The Issuer has limited resources available to meet its obligations

The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Mezzanine Class S Notes will be dependent on the receipt by it of funds under the NHG Mortgage Receivables, the proceeds of the sale of any NHG Mortgage Receivables, the receipt by it of payments under the Swap Agreement and the receipt by it of interest in respect of the balance standing to the credit of the Transaction Accounts. In addition, the Issuer will have available to it the amounts available to be drawn under the Liquidity Facility for certain of its payment obligations. See further *Credit Structure* below. The Issuer does not have any other resources available to it to meet its obligations under the Mezzanine Class S Notes.

The Issuer has counterparty risk exposure

Counterparties to the Issuer may not perform their obligations under the Relevant Documents, which may result in the Issuer not being able to meet its obligations under the Mezzanine Class S Notes. It

should be noted that there is a risk that (a) SNS Bank in its capacity as Originator will not meet its obligations vis-à-vis the Issuer, (b) SRLEV (as the legal successor of DBV Levensverzekeringsmaatschappij N.V.) in its capacity as MPT Provider, Defaulted Loan Servicer and Participant will not meet its obligations vis-à-vis the Issuer, (c) Trust International Management (T.I.M.) B.V. in its capacity as Issuer Administrator will not meet its obligations vis-à-vis the Issuer under the Issuer Services Agreement, (d) Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. in its capacity as Floating Rate GIC Provider, Liquidity Facility Provider, Swap Counterparty, Construction Guarantor and Put Option Provider will not meet its obligations vis-à-vis the Issuer, (e) Deutsche Bank AG, London Branch as Reference Agent and as Principal Paying Agent and Deutsche Bank AG, Amsterdam Branch as Paying Agent will not perform their obligations under the Paying Agency Agreement and (f) ANT Trust & Corporate Services N.V. and Trust International Management (T.I.M.) B.V. will not perform their obligations under the relevant Management Agreements. Non-performance by a counterparty could lead to losses in respect of the Mezzanine Class S Noteholders.

If a creditor of the Issuer (such as – potentially – the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction, and it is entitled to a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Relevant Documents. In particular, based on a recent decision of the US Bankruptcy Court, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws in respect of creditors subject to US bankruptcy laws which may lead to losses under the Mezzanine Class S Notes. Such laws may be relevant in certain circumstances with respect to US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state).

Effectiveness of the rights of pledge to the Security Trustee in case of insolvency of the Issuer

Under or pursuant to the Pledge Agreements, various rights of pledge have been granted by the Issuer to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Netherlands law to pledgees as if there were no bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle and is therefore unlikely to become insolvent. However, any 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 Issuer to the Security Trustee after notification to the Borrowers of the assignment to the Seller prior to notification of the pledge but after bankruptcy or suspension of payments will be part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four months may apply in case of bankruptcy or suspension of payments involving the Issuer, which, if applicable would delay the exercise of the right of pledge on the NHG Mortgage Receivables and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period following bankruptcy as determined by the judge-commissioner ("*rechter-commissaris*") appointed by the court in case of bankruptcy of the Issuer.

To the extent the receivables pledged by the Issuer to the Security Trustee are future receivables, the right of pledge on such future receivables cannot be invoked against the estate of the Issuer, if such future receivables come into existence after the Issuer has been declared bankrupt or has been granted a suspension of payments. The Issuer has been advised that the assets pledged to the Security Trustee under the Trustee Assets Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Transaction Accounts following the Issuer's bankruptcy or suspension of payments. In respect of the effectiveness of the rights of pledge on the Beneficiary Rights and the Construction Amounts, see also *Risks relating to Beneficiary Rights under the Insurance Policies* and *Risk regarding assignment and pledge of NHG Mortgage Receivables relating to Construction Amounts* respectively below.

Risks related to the creation of pledges on the basis of the Parallel Debt

Under Netherlands law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the

Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt and the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also *Description of Security* below). However, the Issuer has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Parties therefore have a credit risk on the Security Trustee.

Risk related to the jointly held right of pledge pursuant to the Foundation Collection Account Pledge Agreement

Since the Previous Transaction SPVs (and/or the Previous Transaction Security Trustees, as the case may be) and the Issuer (and/or the Security Trustee, as the case may be) jointly have a right of pledge on the amounts standing to the credit of the Foundation Collection Account, the rules applicable to co-ownership ("*gemeenschap*") apply. The Netherlands Civil Code provides for various mandatory rules applying to such co-owned rights. In principle co-owners are required to cooperate with regard to their co-owned goods, but according to section 3:168 of the Netherlands Civil Code it is possible for co-owners to make an arrangement for the management ("*beheer*") of the co-owned goods by one or more of the co-owning parties. The Previous Transaction SPVs, the Issuer, the Security Trustee and the Previous Transaction Security Trustees has further in the Foundation Collection Account Pledge Agreement agreed that the Security Trustee and the Previous Transaction Security Trustees will manage ("*beheren*") such co-held rights jointly. The Issuer has been advised that it is uncertain whether the foreclosure of the rights of pledge will constitute management for the purpose of section 3:168 of the Netherlands Civil Code and as a consequence the cooperation of the Previous Transaction SPVs and the Issuer may be required for such foreclosure to take place.

The Collection Foundation, the Issuer, the Security Trustee, the Previous Transaction SPVs and the Previous Transactions Security Trustees has further agreed in the Foundation Collection Account Pledge Agreement that (i) the share ("*aandeel*") in each co-held right of pledge will be equal to the amounts collected from the respective pools of mortgage receivables purchased by each Previous Transaction SPV respectively and the amounts collected from the mortgage receivables, respectively, and (ii) in case of foreclosure of the right of pledge on the Foundation Collection Account the proceeds will be divided according to each share. It is uncertain whether this sharing arrangement is enforceable in the event that the Issuer, the Security Trustee, the Previous Transaction SPVs and the Previous Transaction Security Trustees should become insolvent. However, the Issuer has been advised that neither the insolvency of the Collection Foundation nor the insolvency of the Seller or the Originator would affect this arrangement. In this respect it will be agreed that in case of a breach by a party of its obligations under the abovementioned agreements or if such agreement is dissolved, void, nullified or ineffective for any reason in respect of such party, such party shall compensate the other parties forthwith for any and all loss, costs, claim, damage and expense whatsoever which such party incurs as a result hereof. It is a condition of this arrangement that future issuers (and security trustees) in securitisation transactions or similar transactions of the Seller or any of its subsidiaries will also have the benefit of such right of pledge.

License requirement under the Act on Financial Supervision

Under the Act on Financial Supervision ("*Wet op het financieel toezicht*" or "*Wft*") as amended from time to time, 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 Financial Supervision. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the MPT Provider and the Defaulted Loan Servicer. The MPT Provider and the Defaulted Loan Servicer hold a license as an insurance company under the Act on Financial Supervision and the Issuer thus benefits from the exemption. However, if the Issuer Services

Agreement is terminated, the Issuer will need to outsource the servicing and administration of the 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 Financial Supervision. If the Issuer Services Agreement is terminated and the Issuer has not outsourced the servicing and administration of the 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 ("*afwikkelen*") its existing agreements. This could result in early redemption of the Mezzanine Class S Notes.

A foundation as Issuer

Under Netherlands law, a foundation ("*stichting*") such as the Issuer is prohibited to make any distribution ("*uitkering*"), including any distribution of profits, to its incorporators, members of its corporate bodies and/or any third party, unless, in respect of any third party, such distribution has an idealistic or social tendency and a foundation is prohibited to have in its statutory objects clause ("*statutaire doelomschrijving*") the making of such distributions. In legal literature, distributions are regarded as a performance ("*prestatie*") for which no consideration or unequal consideration ("*ongelijkwaardige prestatie*") is stipulated or provided. Payments made by a foundation in consideration of goods delivered or services rendered are allowed, provided that the consideration is fair and in proportion to the goods delivered or services rendered. The Issuer has been advised that payments made by the Issuer under the Relevant Documents will not be in violation of the prohibition, assuming that the obligations under which the payments are made are fair and entered into for an equal consideration.

Risk related to the termination of the Swap Agreement

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

The Swap Agreement will be terminable by one party if *inter alia* (i) an event of default (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) insolvency events. If the Swap Agreement terminates the Issuer will be exposed to changes in the relevant rates of interest. As a result, unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments under the Mezzanine Class S Notes.

RISK FACTORS REGARDING THE NHG MORTGAGE RECEIVABLES

Risk related to payments received prior to notification of the assignment to the Issuer

Under Netherlands law, assignment of the legal title of claims, such as the NHG Mortgage Receivables, can be effectuated by means of a notarial deed of assignment or a deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required ("*stille cessie*").

The Seller has acquired the NHG Mortgage Receivables from the Originator pursuant to a mortgage receivables purchase agreement dated 21 August 2006 between the Originator and the Seller through one or more deeds of sale and assignment and registration thereof with the appropriate tax authorities. The assignment of the NHG Mortgage Receivables from the Originator to the Seller will only be

notified to the Borrowers if any of the notification events set forth in the aforementioned mortgage receivables purchase agreement occurs.

By means of a deed of legal demerger dated 29 December 2006, DBV Levensverzekeringsmaatschappij N.V. has transferred its entire mortgage business, including any and all rights and obligations under the Mortgage Loans and – inter alia – the mortgage receivables purchase agreement dated 21 August 2006, to DBV Finance B.V., a full subsidiary of DBV Levensverzekeringsmaatschappij N.V. On 1 November 2009 SRLEV and DBV Levensverzekeringsmaatschappij N.V. merged ("*juridische fusie*") with DBV Levensverzekeringsmaatschappij N.V. as disappearing entity and on 17 March 2011 SNS Bank and DBV Finance B.V. merged ("*juridische fusie*") with DBV Finance B.V. as disappearing entity. As a result hereof, SNS Bank has become the Originator and SRLEV has become the Participant, the MPT Provider and the Defaulted Loan Servicer.

The legal title of the NHG Mortgage Receivables has been assigned on the Closing Date and, in respect of Further Advance Receivables on the relevant Quarterly Payment Date, by the Seller to the Issuer through a deed of assignment and registration thereof with the appropriate tax authorities. The Mortgage Receivables Purchase Agreement provides that the assignment of the NHG Mortgage Receivables by the Seller to the Issuer will not be notified to the Borrowers, except if certain events occur. For a description of these notification events reference is made to the section *Mortgage Receivables Purchase Agreement*.

Until notification of the assignment by the Originator to the Seller, the Borrowers under the NHG Mortgage Receivables can only validly pay to the Originator. Thereafter, until notification to the Borrowers of the assignment by the Seller to the Issuer, the Borrowers under the NHG Mortgage Receivables can only validly pay to the Seller in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. The Originator has undertaken vis-à-vis the Seller to pay on a monthly basis all amounts received by it with respect to the relevant NHG Mortgage Receivables. Therefore, the Issuer has a credit risk on the Seller and the Originator respectively (see also below under *Borrower payments not part of the Seller's estate*).

The Issuer and the Security Trustee have been granted an irrevocable power of attorney by the Originator and the Seller respectively to notify the relevant Borrowers of the assignment of the NHG Mortgage Receivables by the Originator to the Seller and the subsequent assignment of by the Seller to the Issuer upon the occurrence of any of the Notification Events.

Borrower payments not part of the Seller's estate

Each Borrower has given a power of attorney to Stater to direct debit his account for amounts due under the relevant Mortgage Loan. Stater has undertaken in a receivables proceeds distribution agreement entered into by the Collection Foundation, the Previous Transaction SPVs, the Previous Transaction Security Trustees, Stater, the Originator, the Seller and the Issuer (the "**Receivables Proceeds Distribution Agreement**") to debit all amounts relating to the Mortgage Loans into the Foundation Collection Account. The Foundation Collection Account is maintained by Stichting DBV Derdengelden, a bankruptcy remote foundation ('*stichting*'). As a consequence, the Collection Foundation will have a claim against the Foundation Account Provider as the bank where such accounts are held, in respect of the balances standing to the Foundation Collection Account. Only the sole managing director of the Collection Foundation and Stater are entitled to dispose over the Foundation Collection Account. Upon establishment of the Collection Foundation, Schimmelpenninck Trust & Management B.V. has been appointed as managing director of the Collection Foundation.

The Issuer has been advised that in the event of a bankruptcy of the Seller or the Originator any amounts standing to the credit of the Foundation Collection Account relating to the NHG Mortgage Receivables will not form part of the bankruptcy estate of the Seller or the Originator. The Collection Foundation is set up as passive bankruptcy remote entities. The objects clause of the Collection Foundation is limited to manage and distribute amounts received on the Foundation Collection Account to the persons who are entitled to receive such amounts pursuant to the Receivables Proceeds Distribution Agreement.

Upon receipt thereof, the Collection Foundation will distribute to the Issuer or, after the Enforcement Date, the Security Trustee any and all amounts relating to the NHG Mortgage Receivables received by it on the Foundation Collection Account, in accordance with the relevant provisions of the Receivables Proceeds Distribution Agreement. Stater will perform such payment transaction services on behalf of the Collection Foundation.

There is a risk that the Originator (prior to notification of the assignment to the Seller) or the Seller (prior to notification of the assignment to the Issuer) or their receiver (following bankruptcy or suspension of payments but prior to notification) instructs the Borrowers to pay to another bank account. Any such payments by a Borrower would be valid (*'bevrijdend'*). This risk is, however, mitigated by the following. First, each of the Originator and the Seller has undertaken in the Receivables Proceeds Distribution Agreement not to amend the payment instructions and redirect cash flow to the Foundation Collection Account in respect of the NHG Mortgage Receivables to another account, without (i) the prior written approval of each of the Collection Foundation, the Issuer, the Previous Transaction SPVs, the Security Trustee and the Previous Transaction Security Trustees, and (ii) confirmation from **Moody's Investors Service Limited** ("Moody's" and together with Fitch the "**Rating Agencies**") and Fitch that the then current ratings of *inter alia* the Senior Class A Notes and the Mezzanine Class S Notes would not be adversely affected upon such instruction. In addition, Stater has undertaken to disregard any orders from the Originator and the Seller to cause the transfer of amounts in respect of the Mortgage Loans to be made to another account than the Foundation Collection Account without prior approval of the Collection Foundation, the Issuer and the Security Trustee and confirmation from the Rating Agencies that the then current rating of the Notes would not thereby be adversely affected. Besides this, the Seller is obliged to pay to the Issuer any amounts which were not paid on a Foundation Collection Account but to the Originator or the Seller directly.

In respect of any amounts which have not yet been transferred by the Seller to the Issuer at the moment the bankruptcy or suspension of payments of the Seller becomes effective, the Issuer has a non-preferred claim (*'concurrente vordering'*) against the estate of the Seller in respect of such amounts. Payments made to the Issuer 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. In respect of these payments the Issuer will be a creditor of the estate (*'boedelschuldeiser'*) and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate and after deduction of general bankruptcy costs (*'algemene faillissementskosten'*).

Set-off by Borrowers may affect the proceeds under the NHG Mortgage Receivables

Under Netherlands law a debtor has a right of set-off if it has a claim that is due and payable by a certain counterparty which corresponds to a debt that is due and payable to such counterparty.

Subject to these requirements being met, each Borrower will be entitled to set-off amounts due by the Originator to it (if any) with amounts it owes in respect of the NHG Mortgage Receivable prior to notification of the assignment of the NHG Mortgage Receivable to the Seller having been made.

After notification to a Borrower of the assignment of the NHG Mortgage Receivables by the Originator to the Seller, and after the notification of the assignment of the NHG Mortgage Receivables by the Seller to the Issuer, the Borrower will also have such set-off rights vis-à-vis the Issuer, provided that such legal requirements for set-off are met and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant NHG Mortgage Receivable or (ii) the counterclaim of the Borrower against the Originator has been originated and become due prior to notification to the relevant Borrower of the assignment of the NHG Mortgage Receivables to the Seller. Such amounts due and payable by the Originator to a Borrower could, *inter alia*, result from current account balances or deposits made with the Originator. However, the Originator has represented to the Seller that (i) it owes no amounts to a Borrower under an account relationship and (ii) no deposits have been accepted by it from any Borrower, except that the Construction Amounts have been withheld (see *Risk related to the Construction Amounts being set-off with the NHG Mortgage Receivable* below).

The previous paragraph applies *mutatis mutandis* in respect of any claim of a Borrower vis-à-vis the Seller. However, in this respect reference is made to the representation and warranty of the Seller to the

Issuer that (i) it owes no amounts to a Borrower under an account relationship and (ii) no deposits have been accepted by it from any Borrower.

As a result of the set-off of amounts due and payable by the Originator or the Seller to the Borrower with amounts the Borrower owes in respect of the NHG Mortgage Receivable, the NHG Mortgage Receivable will, partially or fully, be extinguished ("*gaat teniet*"). Set-off by Borrowers could thus lead to losses under Notes, including the Mezzanine Class S Notes.

The conditions applicable to the Mortgage Loans (the "**Mortgage Conditions**") provide that payments by the Borrowers should be made without set-off. It is uncertain whether this clause is intended as a waiver by the Borrowers of their set-off rights. Moreover, under Netherlands law it is uncertain whether such waiver will be valid. A provision in general conditions (such as the Mortgage Conditions) is voidable ("*vernietigbaar*") if the provision is deemed to be unreasonably onerous ("*onredelijk bezwarend*") for the party against whom the general conditions are used. A clause containing a waiver of set-off rights is, subject to proof to the contrary, assumed to be unreasonably onerous if the party against which the general conditions are used, does not act in the conduct of its profession or trade (i.e. as a consumer). If, in view of the above, the set-off rights of the Borrowers under the relevant Mortgage Loans have not effectively been waived, the relevant Borrowers will have the set-off rights described in this paragraph.

If notification of the assignment of the NHG Mortgage Receivables is made after the bankruptcy or emergency regulations of the Originator or after the bankruptcy or suspension of payments of the Seller respectively 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 Netherlands Bankruptcy Code. Under the Netherlands Bankruptcy Code a person who is both debtor and creditor of the bankrupt entity can set off its debt with its claims, 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. A similar provision applies in case of (preliminary) suspension of payments (emergency regulations).

The Mortgage Receivables Purchase Agreement provides that if at any time (i) a Borrower invokes a right to set-off amounts due by the Seller or, as the case may be, the Originator of whatever nature, including, without limitation, with any Construction Amount or any amounts under or in connection with an Insurance Policy to him with the NHG Mortgage Receivable and (ii) as a consequence thereof the Issuer does not receive the full amount due in respect of such NHG Mortgage Receivable, the Seller undertakes to pay on the next Mortgage Payment Date to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the NHG Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such NHG Mortgage Receivable.

For specific set-off issues relating to the Life Insurance Policies and Savings Insurance Policies connected to the Mortgage Loans, reference is made to the paragraph *Risk of set-off or defences by Borrowers in case of insolvency of Insurance Companies* below.

Risk that the Bank Security Rights will not follow the NHG Mortgage Receivables upon assignment to the Issuer

The mortgage deeds relating to the NHG Mortgage Receivables to be sold to the Issuer provide that the mortgage rights created pursuant to such mortgage deeds, not only secure the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Originator ("**Bank Mortgages**"). The Mortgage Loans also provide for rights of pledge granted in favour of the Originator, including the Borrower Insurance Pledge, which secure the same debts as the Bank Mortgages ("**Bank Pledges**" and jointly with the Bank Mortgages, the "**Bank Security Rights**").

Under Netherlands 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.

The prevailing view of Dutch legal commentators has been for a long time that upon the assignment of a receivable secured by a Bank Security Right, such security right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed that a Bank Security Right only follows a receivable which it secures, if the relationship between the bank and the borrower has been terminated in such a manner that following the assignment the bank cannot create or obtain further receivables from the relevant borrower secured by the security right. These commentators claim that this view is supported by case law.

There is a trend in recent legal literature to dispute the view set out in the preceding paragraph. Legal commentators following such trend argue that in case of assignment of a receivable secured by a bank security right, the security right will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of a bank mortgage, which is -in this argument- supported by the same case law. Any further claims of the assignor will also continue to be secured and as a consequence the bank security right will be jointly-held by the assignor and the assignee after the assignment. In this view a bank security right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

Although the view prevailing in the past, to the effect that given its nature a bank security right will as a general rule not follow as an accessory right upon assignment of a receivable which it secures, is still defended, the Issuer has been advised that the better view is that as a general rule a bank security right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the bank security right will remain with the original holder of the security right, will be a matter of interpretation of the relevant deed creating the security right.

The Seller will represent and warrant that the form of mortgage deed used by the Originator in respect of each NHG Mortgage Receivable provides that in case of assignment of the NHG Mortgage Receivable to a third party, the mortgage right will partially follow, pro rata, the receivable if it is assigned. This provision is a clear indication of the intentions of the parties in this respect. The Issuer has been advised that in the absence of circumstances giving an indication to the contrary, the inclusion of such provision in the mortgage deed makes clear that the Bank Mortgage follows the NHG Mortgage Receivable as an accessory and ancillary right upon assignment of the NHG Mortgage Receivable, but that there is no case law explicitly supporting this advice.

The Mortgage Loans originated by the Originator do not provide for the Bank Pledges to partially follow the NHG Mortgage Receivable upon assignment thereof. Consequently, there is no clear indication of the intention of the parties. The Issuer has been advised that also in such case the Bank Pledge should (partially) follow the receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on Bank Security Rights in the past as described above, which view continues to be defended by some legal commentators.

The Mortgage Conditions do also not provide that the Bank Security Rights will (partially) follow the NHG Mortgage Receivable upon pledge. Therefore, the analyses made in the previous paragraph applies *mutatis mutandis* in respect of the right of pledge vested by the Issuer in favour of the Security Trustee pursuant to the Trustee Receivables Pledge Agreement.

Finally, it is noted that if the Issuer does not have the benefit of the mortgage right, it also will not be entitled to claim under any NHG Guarantee. If the Issuer or the Security Trustee, as the case may be, does not have the benefit of security over the Mortgaged Asset, this may result in losses to the Mezzanine Class S Noteholders if such security is required to be enforced.

Risk related to jointly-held Bank Security Rights by the Originator, the Seller, the Issuer and the Security Trustee

If the Bank Security Rights have (partially) followed the NHG Mortgage Receivables upon their

assignment, the Bank Security Rights will be jointly-held by the Issuer (or, as the case may be, the Security Trustee), as pledgee and the Seller (provided it acquired and holds a claim on such Borrower which is secured by the same Bank Security Rights as the NHG Mortgage Receivable, such as a loan part which does not have the benefit of an NHG Guarantee (the "**Seller Other Claim**")) and will secure the NHG Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and will secure any claims held by the Originator (the "**Originator Other Claims**").

Where Bank Security Rights are jointly-held by both the Issuer or the Security Trustee and the Originator and the Seller, the rules applicable to a joint estate ("*gemeenschap*") apply. The Netherlands Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Mortgage Receivables Purchase Agreement the Originator, the Seller, the Issuer and the Security Trustee have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights. Certain acts, including acts concerning the day-to-day management ("*beheer*") of the jointly-held rights, may under Dutch law be transacted by each of the participants ("*deelgenoten*") in the jointly-held rights. All other acts must be transacted by all of the participants acting together in order to bind the jointly-held rights. It is uncertain whether the foreclosure of the mortgage rights will be considered as day-to-day management, and, consequently it is uncertain whether the consent of the Originator, the Seller, the Originator's or the Seller's bankruptcy trustee (in case of bankruptcy) or administrator (in case of suspension of payments or emergency regulations), as the case may be, may be required for such foreclosure. The Originator, the Seller, the Issuer and the Security Trustee have agreed that in case of foreclosure the share ("*aandeel*") in each jointly-held Bank Security Right of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount of the NHG Mortgage Receivable, increased with interest and costs, if any, and the shares of the Seller and the Originator jointly will be equal to the Net Foreclosure Proceeds less the Outstanding Principal Amount of the NHG Mortgage Receivable, increased with interest and costs, if any. The Issuer has been advised that although a good argument can be made that this arrangement will be enforceable against the Seller and the Originator or, in case of its bankruptcy or suspension of payments or emergency regulations, its trustee ("*curator*") or administrator ("*bewindvoerder*"), as the case may be, this is not certain. Furthermore, it is noted that this arrangement may not be effective against the Borrower.

If (a trustee or administrator of) the Seller and/or the Originator would, notwithstanding the arrangement set out above, enforce the jointly-held Bank Security Rights securing the NHG Mortgage Receivables, the Issuer and/or the Security Trustee would have a claim against the Seller and/or the Originator (or, as the case may be, the relevant bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred. To secure the obligations of the Seller and the Originator under this arrangement, (i) the Seller shall have an obligation to vest, upon the occurrence of a Notification Event, a right of pledge on the Seller Other Claims in favour of the Issuer and the Security Trustee respectively and (ii) the Originator shall have an obligation to vest, upon the occurrence of any of the notification events set forth in the mortgage receivables purchase agreement dated 21 August 2006 between, *inter alia*, the Originator and the Seller, a right of pledge on the Originator Other Claims in favour of the Issuer and the Security Trustee respectively. Such pledges (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller and the Originator created for this purpose equal to the amount of the Seller Other Claims and the Originator Other Claims in the foreclosure proceeds of a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower. However, it is not certain whether this arrangement will be enforceable in all circumstances. If, after the pledge of the Seller Other Claims, the relevant Notification Event has been cured and is not continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Seller Other Claims. If, after the pledge of the Originator Other Claims, the relevant notification event relating to the Originator has been cured and is not continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Originator Other Claims.

In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Seller Other Claim and Originator Other Claims of a Borrower if the Outstanding Principal Amount in respect of the NHG Mortgage Receivable has been repaid in full.

Risk that the mortgage rights on Long Leases cease to exist

The mortgage rights securing the Mortgage Loans may be vested on a long lease ("*erfpacht*"), as further

described in *Description of Mortgage Loans*. A long lease will, inter alia, end as a result of expiration of the long lease term (in the case of a lease for 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 seriously breaches other obligations under the long lease. In case 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 on the landowner for such compensation. The amount of the compensation will, inter alia, be determined by the conditions of the long lease and may be less than the market value of the long lease.

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease, the Originator will take into consideration the conditions, including the term, of the long lease. The acceptance conditions used by the Originator provide that in such event the Mortgage Loan shall have a maturity that is shorter than the term of the long lease. Furthermore, the general terms and conditions applicable to the Mortgage Loans provide that the Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, (i) the leaseholder has not paid the remuneration, (ii) the conditions of the long lease are changed, (iii) the leaseholder breaches any obligation under the long lease, or (iv) certain the long lease is dissolved or terminated.

Accordingly, certain NHG Mortgage Receivables may become due and payable prematurely as a result of early termination of a long lease due to a leaseholder default or for other reasons and in such event there is a risk that the Issuer will upon enforcement receive less than the market value of the long lease, which could lead to losses under the Notes, including the Mezzanine Class S Notes.

Risk that Borrower Insurance Pledges will not be effective

All rights of a Borrower under the Insurance Policies have been pledged to the Originator (the "**Borrower Insurance Pledge**"). The Issuer has been advised that it is probable that the right to receive payment, including the commutation payment ("*afkoopsom*"), under the Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is, under Netherlands law, not effective if the pledgor is declared bankrupt, granted a suspension of payments or is subject to emergency regulations, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. The Borrower Insurance Pledge secures the same liabilities as the Bank Security Rights and forms part of the Bank Pledges (see *Risk that the Bank Security Rights will not follow the NHG Mortgage Receivables upon assignment to the Issuer* above).

Risks relating to Beneficiary Rights under the Insurance Policies

At the time of origination of the Mortgage Loans, the Originator was appointed as beneficiary under the Insurance Policies up to the full amount owed by the Borrower except that in certain cases another beneficiary was appointed who would rank ahead of the Originator, provided that, *inter alia*, the relevant Insurance Company was irrevocably authorised by such beneficiary to apply the insurance proceeds to the Originator in satisfaction of the NHG Mortgage Receivable (the "**Borrower Insurance Proceeds Instruction**"). It is unlikely that the rights of the Originator as beneficiary followed the NHG Mortgage Receivables upon assignment thereof to the Seller. Moreover, the Issuer has been advised that it is unclear how the appointment of Originator as beneficiary in respect of Insurance Policies with SRLEV (as the legal successor of DBV Levensverzekeringsmaatschappij N.V.) as Participant should be interpreted in view of the fact that the Originator was at the time of origination the same legal entity as the insurance company. Consequently, only the rights of the Originator as beneficiary under any of the Insurance Policies with a legal entity not being the Originator at such time (the "**Beneficiary Rights**") have been assigned to the Seller.

The Seller has assigned and will assign, to the extent legally possible, and the Issuer will accept the assignment of the Beneficiary Rights. Subsequently, the Issuer has granted a first-ranking disclosed right of pledge over the Beneficiary Rights in favour of the Security Trustee (see *Description of Security* below). However, the Issuer has been advised that it is uncertain whether the assignment and pledge will be effective.

In view hereof, the Issuer and the Security Trustee have entered into a beneficiary waiver agreement (the "**Beneficiary Waiver Agreement**") with the Originator and SRLEV in its capacity as Participant under which the Originator, without prejudice to the rights of the Seller and the Issuer as assignees and

the rights of the Security Trustee as pledgee and subject to the condition precedent of the occurrence of any of the notification events set forth in the Mortgage Receivables Purchase Agreement dated 21 August 2006 between, *inter alia*, the Originator and the Seller, waives its rights as beneficiary under the Insurance Policies with the Participant, and appoints as first beneficiary under such Insurance Policies (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Notification Event. It is, however, uncertain whether such waiver, and unlikely that such appointment, will be effective.

In view hereof and for the event the Borrower Insurance Proceeds Instruction exists and in respect of the Life Insurance Policies with any of the Life Insurance Companies, the Originator and in respect of the Life Insurance Policies taken out with the Participant, the Participant has in the Beneficiary Waiver Agreement undertaken to use, following any of the notification events set forth in the Mortgage Receivables Purchase Agreement dated 21 August 2006 between, *inter alia*, the Originator and the Seller, its best efforts to obtain the co-operation from all parties to (a) waive the Originator's rights as beneficiary and appoint as beneficiary (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Notification Event and (b) withdraw the Borrower Insurance Proceeds Instruction in favour of the Originator and to issue such instruction in favour of (i) the Issuer subject to the dissolving condition of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent of the occurrence of a Trustee Notification Event. The termination and appointment of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties involved. It is uncertain whether such co-operation will be forthcoming.

If the Issuer or the Security Trustee, as the case may be, will not have been validly appointed as beneficiary under the Insurance Policies and the pledge of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be due to the Originator or payable to another beneficiary instead of to the Issuer or the Security Trustee, as the case may be. If the proceeds are due and/or paid to the Originator, the Seller will be under the obligation to pay such amount to the Issuer or the Security Trustee, as the case may be. If the proceeds are due and/or paid to the Originator and the Seller does not pay the amount involved to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the Seller, or if the proceeds are paid to another beneficiary instead of to the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the relevant NHG Mortgage Receivable. This may lead to the Borrower trying to invoke set-off rights and defences as further discussed under paragraph *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies* below.

Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies

The Life Mortgage Loans and the Savings Mortgage Loans have the benefit of Life Insurance Policies and Saving Insurance Policies respectively (together the "**Insurance Policies**"). The Savings Insurance Policies, the Life Insurance Policies with the possibility of a Savings Element and the vast majority of the Life Insurance Policies are entered into by the relevant Borrowers and the Participant. The remaining Life Insurance Policies are entered into by the Borrower and the relevant Life Insurance Companies. Under the Insurance Policies the Borrowers pay premium consisting of a risk element and a savings or investment element. The intention of the Insurance Policies is that at maturity of the relevant Mortgage Loan, the proceeds of the savings or investments can be used to repay the relevant Mortgage Loan, whether in full or in part. If any of the Insurance Companies is no longer able to meet its obligations under the Insurance Policies, for example as a result of bankruptcy or having become subject to emergency regulations, this could result in the amounts payable under the Insurance Policies either not, or only partly, being available for application in reduction of the relevant NHG Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the NHG Mortgage Receivables will be, fully or partially, extinguished ("*teniet gaan*") or cannot be recovered for other reasons, which could lead to losses under the Mezzanine Class S Notes.

As set out in *Set-off by Borrowers may affect the proceeds under the NHG Mortgage Receivables* above, the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is

effective. If the provisions described above are not effective, the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off.

One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the relevant Insurance Company and the Borrowers. Therefore, in order to invoke a right of set-off, the Borrowers would have to establish that the Originator and the relevant Insurance Company should be regarded as one legal entity or, possibly, based upon interpretation of case law, that set-off is allowed, even if the Originator and the relevant Insurance Company are not considered as one legal entity, since the Insurance Policies and the Mortgage Loans might be regarded as one inter-related legal relationship.

In case of NHG Mortgage Receivables in respect of which SRLEV (as the legal successor of DBV Levensverzekeringsmaatschappij N.V.) is both the Originator of the NHG Mortgage Receivables and the Participant under the Insurance Policies connected to such NHG Mortgage Receivables this requirement was met at the time of origination of the Mortgage Loan. It could be argued that after the legal demerger of the Mortgage Loans to DBV Finance B.V. (as the legal predecessor of SNS Bank) this requirement is no longer met and the additional requirement for set-off will have to be met (see below).

In case of NHG Mortgage Receivables entered into by the Originator and the Borrowers on the one hand and any Insurance Policies connected to such NHG Mortgage Receivables entered into by a Life Insurance Company and the Borrowers on the other hand, Borrowers, in order to invoke a right of set-off, would have to establish that the Originator and the Life Insurance Company should be regarded as one legal entity, which is unlikely, or that possibly set-off is allowed, even in the absence of a single legal entity, since, based upon interpretation of case law, the Life Insurance Policies and Life Mortgage Loans are to be regarded as one inter-related relationship.

Another requirement is that the Borrowers should have a counterclaim that is due and payable. If the Participant or the relevant Insurance Company is declared bankrupt or subject to emergency regulations, the Borrower will have the right unilaterally to terminate the Insurance Policy and to receive a commutation payment ("*afkoopsom*"). These rights are subject to the Borrower Insurance Pledge. As a consequence of such right of pledge the power to collect the commutation payment has passed to, and the power to terminate may probably only be exercised by, the pledgee in accordance with and subject to the policy conditions. It may be argued that the Borrower will on this basis not be entitled to invoke a right of set-off for the commutation payment, subject, however, to what is stated above under *Risk that Borrower Insurance Pledges will not be effective*. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off in respect of such claim by the Borrowers.

Finally, set-off vis-à-vis (i) the Seller, after notification of the assignment of the NHG Mortgage Receivables by the Originator to the Seller, but prior to the notification of the assignment of the NHG Mortgage Receivables by the Seller to the Issuer and (ii) the Issuer after notification of the assignment of the NHG Mortgage Receivables by the Seller to the Issuer would be subject to the additional requirements for set-off after assignment being met (see *Set-off by Borrowers may affect the proceeds under the NHG Mortgage Receivables* above). In the case of Savings Mortgage Loans and Life Mortgage Loans with the possibility of a Savings Element such requirements are very likely to be met, since it is likely that the Savings Mortgage Loans and the Life Mortgage Loans with the possibility of a Savings Element and the Savings Insurance Policies and the Life Insurance Policies with the possibility of a Savings Alternative to be regarded as one legal relationship but in the case of Life Mortgage Loans (other than Life Mortgage Loans with a Savings Element) connected with Life Insurance Policies with any of the Life Insurance Companies this is unlikely. In the case of Life Insurance Policies connected to Life Mortgage Loans with the Participant, this requirement is also very likely to be met.

If the Mortgage Loan and the Insurance Policy will be regarded as one and the same relationship, the fact that the NHG Mortgage Receivable is assigned to the Seller and subsequently assigned or pledged

to the Issuer or the Security Trustee is not likely to interfere with such a set-off (see paragraph *Set-off by Borrowers may affect the proceeds under the NHG Mortgage Receivables* above).

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

Life Mortgage Loans, other than Life Mortgage Loans with the possibility of a Savings Element

In respect of Life Mortgage Loans between SRLEV (as the legal successor of DBV Levensverzekeringsmaatschappij N.V.) as the Originator (i.e. prior to the legal demerger of the Mortgage Loans to DBV Finance B.V.) and a Borrower with a Life Insurance Policy between SRLEV (as the legal successor of DBV Levensverzekeringsmaatschappij N.V.) as the Participant and such Borrower, the Issuer has been advised that there is a considerable risk ('*een aanmerkelijk risico*') that such set-off or defences would be successful, as described above, in view of the factual circumstances involved, *inter alia*, that the Mortgage Loan and such Life Insurance Policy are sold to the Borrower by one legal entity (i.e. SRLEV (as the legal successor of DBV Levensverzekeringsmaatschappij N.V.) being the Originator and the Participant/insurance company) as one single package.

In respect of the (remaining) Life Mortgage Loans with Life Insurance Policies taken out with any of the Life Insurance Companies, the Issuer has been advised that, taking into account that the Seller will represent and warrant that with respect to such Mortgage Loans (i) there is no connection, whether from a legal or a commercial point of view, between the Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the Life Beneficiary Rights, (ii) the Mortgage Loans and the Life Insurance Policies are not marketed as one product, (iii) the Borrowers are free to choose the relevant Life Insurance Company and (iv) the relevant Life Insurance Companies are not a group company ("*groepsmaatschappij*") of the Originator, it is unlikely that a court would honour set-off defences of the Borrowers.

Savings Mortgage Loans and Life Mortgage Loans with the possibility of a Savings Element

In respect of Savings Mortgage Loans between the Originator and a Borrower with a Savings Insurance Policy between the Participant and such Borrower, the Issuer has been advised that the risk that such a set-off or defence would be successful is greater than in the case of Life Mortgage Loans (other than Life Mortgage Loans with the possibility of a Savings Element) between the Originator and a Borrower with a Life Insurance Policy between the Participant and such Borrower in view of, *inter alia*, the close connection between the Savings Mortgage Loan and the Savings Insurance Policy and the Life Mortgage Loan with the possibility of a Savings Element and the Life Insurance Policies with the possibility of the Savings Alternative.

However, in respect of Savings Mortgage Loans and Life Mortgage Loans with a Savings Element the Sub- Participation Agreement will provide that in case a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim in respect of such Savings Mortgage Loan and such Life Mortgage Loan with a Savings Element if, for whatever reason, the Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy and Life Insurance Policy with the Savings Alternative and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event, the relevant Participation

of the Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Participation is equal to the amount of Savings Premium received by the Issuer plus the accrued yield on such amount (see *Sub-Participation Agreement* below), provided that the Participant will have paid all Savings Premia received from the relevant Borrowers to the Issuer. Therefore, normally the Issuer would not suffer any damages if the Borrower would invoke any such right of set-off or defences, if and to the extent that the amount for which the Borrower would invoke set-off or defence does not exceed the amount of the Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Participation.

The Sub-Participation Agreement does not apply to Life Mortgage Loans with a Unit Linked Alternative. In this respect it is noted that at the Closing Date only a small percentage of all Life Mortgage Loans has a Unit Linked Alternative.

Risk related to the Construction Amounts being set-off with the NHG Mortgage Receivable

Pursuant to the Mortgage Conditions, the Borrowers have the right to request that a part of the Mortgage Loan is withheld and will be applied towards construction of or improvements to the Mortgaged Assets. Such Construction Amount will only be paid to the Borrower in case certain conditions are met.

Pursuant to the terms and conditions of the NHG Guarantee (the "**NHG Conditions**"), Construction Amounts have to be paid out after the building activities or renovation activities have been finalised. If the remaining Construction Amount exceeds Euro 2,500, such Construction Amount will be set-off against the NHG Mortgage Receivable up to the amount of the Construction Amount. Pursuant to the NHG Conditions, if such amount is less than euro 2,500, the remaining amount is paid out to relevant Borrower. If a Notification Event has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the Initial Purchase Price. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Amount.

On the Closing Date or, in case of a purchase and assignment of Further Advance Receivables, on the relevant Quarterly Payment Date, an amount corresponding to the aggregate Construction Amounts will be credited to the Construction Ledger. The Construction Ledger will be debited upon any Construction Amounts being paid out to or on behalf of the Borrowers until has no obligation to pay out any further Construction Amounts to the Borrowers, in which case the Construction Ledger will be reduced to zero. On the Effective Date, the amount standing to the credit of the Construction Ledger was euro 10,815.84.

Risk regarding assignment and pledge of NHG Mortgage Receivables relating to Construction Amounts

Under Netherlands law the distinction between "existing" ("*bestaande*") receivables and "future" ("*toekomstige*") receivables is relevant. 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 granted a suspension of payments (emergency regulations). If, however, receivables are to be considered as existing receivables, the assignment and pledge thereof are not affected by the bankruptcy or suspension of payments (emergency regulations) of the assignor/pledgor. The Issuer has been advised that uncertainty remains whether on the basis of the applicable terms and conditions the part of the NHG Mortgage Receivables relating to the Construction Amounts are considered to be existing receivables. It could be argued that such part of the Mortgage Loan concerned comes into existence only when (and to the extent) the Construction Amount is paid out. If the part of the NHG Mortgage Receivable relating to the Construction Amount is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Amount is paid out on or after the date on which the Originator is declared bankrupt or has become subject to emergency regulations.

In order to secure the obligations of the Originator to pay out any Construction Amounts to the Borrowers, the Construction Guarantor shall provide a guarantee in favour of the Issuer in the amount of the aggregate Construction Amounts. The amount of the guarantee shall decrease with the amount

of any Construction Amounts being paid out to the Borrowers. If there is a default to pay out any Construction Amounts to the Borrowers and this default is not cured within ten (10) business days or the Originator or the Seller becomes subject to any of the insolvency proceedings referred to under (c) or (d) of the Notification Events (see *Mortgage Receivables Purchase Agreement* below), the Issuer is entitled to draw the full amount of the guarantee at that time and credit such amount to the Issuer Collection Account. If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Construction Guarantor are assigned a rating of less than the Required Minimum Rating, the Issuer may (i) within thirty (30) days draw the full amount of the guarantee and deposit such amount on the Issuer Collection Account or (ii) request a third party, acceptable to the Rating Agencies, to provide the guarantee.

Risk that interest rate reset rights will not follow NHG Mortgage Receivables

The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right and follows the NHG Mortgage Receivables upon their assignment to the Seller and, subsequently, 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 NHG Mortgage Receivables to the Seller and, subsequently, to the Issuer or upon the pledge of the NHG 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 Originator, the co-operation of the trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates.

Risk related to the value of investments under the Life Insurance Policies with a Unit-Linked Alternative

The value of investments made by the relevant Life Insurance Company in connection with the Life Insurance Policy with a Unit-Linked Alternative, may not be sufficient for the Borrower to fully redeem the related NHG Mortgage Receivable at its maturity.

Risk relating to the offering of Life Insurance Policies with a Unit-Linked Alternative

Apart from the general obligation of contracting parties to provide information, there are several provisions of Netherlands law applicable to offerors of financial products, such as Life Mortgage Loans to which Life Insurance Policies with a Unit-Linked Alternative are connected. 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 ("*vernietigd*") or a Borrower may claim set-off or defences against the Seller or the Issuer (or the Security Trustee). The merits of such claims will, to a large extent, depend on the manner in which the product was marketed 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 Life Mortgage Loans to which Life Insurance Policies with a Unit-Linked Alternative are connected is not sufficient to redeem the relevant Mortgage Loans.

Since 2006, an issue has arisen in the Netherlands regarding the costs of investment insurance policies ("*beleggingsverzekeringen*"), such as the Life Insurance Policies with a Unit-Linked Alternative, commonly known as the "usury insurance policy affair" ("*woekerpolisaffaire*"). It is generally alleged that the costs of these products are disproportionately high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding these costs has not been transparent. On this topic there have been (i) several reports, including reports from the AFM, (ii) a letter from the Minister of Finance to Parliament and (iii) a recommendation, at the request of the Minister of Finance, by the Financial Services Ombudsman to insurers to compensate customers of investment insurance policies for costs exceeding a certain level. Furthermore, there have been press articles stating (i) that individual law suits and class actions may be, and have been, started against individual insurers and (ii) that certain individual insurers have reached agreement with claimant organisations on compensation of its customers for the costs of investment insurance policies entered

into with the relevant insurer. The discussion on the costs of the investment insurance policies is currently still continuing, since consumer tv-shows and "no-win, no fee" legal advisors argue that the agreements reached with claimant organisations do not offer adequate compensation. Rulings of courts and the Complaint Institute for Financial Services ("*Klachteninstituut Financiële Dienstverlening*") have been published, some of which are still subject to appeal, which were generally favourable for the insured.

If Life Insurance Policies with a Unit-Linked Alternative related to the Life Mortgage Loans would for the reasons described in this paragraph be dissolved or nullified, this will affect the collateral granted to secure these Life Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer has been advised that in such case the Life Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will depend on the particular circumstances involved. Even if the Life Mortgage Loan is not affected, the Borrower/insured may invoke set-off or other defences against the Issuer. The analysis in that situation is similar to the situation in case of insolvency of the insurer (see *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*), in particular if the Originator is the same legal entity as the Insurance company and in the other cases except if the Originator and/or 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 whether the Originator is the same legal entity as the insurer or, alternatively the involvement of the Originator and/or 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 Originator and/or the Seller will not indemnify the Borrower. In this respect it is noted that the Seller has represented that the Insurance Policy, if offered by the Originator, has been granted in accordance with all applicable legal requirements prevailing at the time of origination. In addition, in respect of set-off, reference is made to *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies* above.

The above risks largely depend on which specific information has been provided to the relevant Borrower through sales people and/or sales materials and that in this respect it is also relevant whether applicable statutory and contractual duties, including statutory duties to provide information to prospective Borrowers/insured, have been complied with. Any such set-off or defences may thus affect the proceeds under the relevant NHG Mortgage Receivables which may lead to losses under the Mezzanine Class S Notes.

Payments on the NHG Mortgage Receivables are subject to credit, liquidity and interest rate risks

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

Risks of Losses associated with declining values of Mortgaged Assets

The security for the Mezzanine Class S Notes created under the Trustee Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses to the Mezzanine Class S Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. The Originator and the Seller will not be liable for any losses incurred by the Issuer in connection with the relevant NHG Mortgage Receivables.

Risks related to NHG Guarantees

All Mortgage Loans will have the benefit of a "*Nationale Hypotheek Garantie*" ('**NHG Guarantee**'). Pursuant to the terms and conditions ("*voorwaarden en normen*") of the NHG Guarantee 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 terms and conditions of the NHG Guarantee, unless such non-payment is

unreasonable towards the lender. In the Mortgage Receivables Purchase Agreement the Seller has represented and warranted that (i) the NHG Guarantee connected to each Mortgage Loan constitutes legal, valid and binding obligations of the WEW, enforceable in accordance with its terms, (ii) all terms and conditions applicable to the NHG Guarantee at the time of origination of the Mortgage Loan 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 matter.

The terms and conditions of the NHG Guarantee (irrespective of the type of redemption of the mortgage loan) stipulate that the guaranteed amount is reduced on a monthly basis by an amount which is equal to the amount of the monthly repayments plus interest as if the mortgage loan were to be repaid on a thirty year annuity basis. The actual redemption structure of a Mortgage Loan can be different (see *Description of Mortgage Loans* below). This may result in the Issuer not being able to fully recover any loss incurred with the WEW under the NHG Guarantee and may lead to a Realised Loss in respect of such Mortgage Loan and consequently, in the Issuer not being able to fully repay the Mezzanine Class S Notes.

For a more detailed description of the NHG Guarantee see *NHG Guarantee Programme*.

Changes to tax deductibility of interest may result in an increase of payment defaults

In the Netherlands, subject to a number of conditions, mortgage loan interest payments are deductible from the income of the Borrowers for income tax purposes. The period allowed for deductibility is restricted to a term of 30 years and it only applies to mortgage loans secured by owner occupies properties. It is, however, uncertain if and to what extent such deductibility will remain in force and for how long. As from 2005, it is also no longer allowed, after a refinancing, to deduct interest on any equity extractions. Should there be a change to such deductibility and the right to deduct mortgage loan interest payment, this may among other things have an effect on the house prices and the rate of recovery and, depending on the changes in treatment of existing mortgage loans, may result in an increase of payment defaults, prepayments and repayments.

RISK FACTORS REGARDING THE MEZZANINE CLASS S NOTES

Limited Recourse

There will be no further claim on the Issuer for any Principal Amount Outstanding in respect of the Mezzanine Class S Notes after the date on which the Issuer no longer holds any NHG Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

In the event that the Security in respect of the Mezzanine Class S 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 Mezzanine Class S Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Mezzanine Class S Notes, the Mezzanine Class S Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, pro rata and pari passu, by the holders of the Senior Class A Notes. If the Senior Class A Notes have been redeemed (in part or in full) at such time, this will result in the Mezzanine Class S Notes and the Subordinated Class B Notes bearing a greater loss than that borne by the Senior Class A Notes.

Subordination of the Mezzanine Class S Notes

To the extent set forth in Conditions 6 and 9, the Mezzanine Class S Notes are subordinated in right of payment to the Senior Class A Notes. With respect to the Mezzanine Class S Notes, such subordination is designed to provide credit enhancement to the Senior Class A Notes which have a higher payment priority than the Mezzanine Class S Notes.

If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Mezzanine Class S Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due on the Mezzanine Class S Notes, to the extent set forth in Condition 9(a). On any Quarterly

Payment Date, any Realised Losses on the NHG Mortgage Receivables will be allocated as described in *Credit Structure* below.

Clean-Up Call Option, Regulatory Call Option and Redemption for tax reasons

Should the Seller exercise its Clean-Up Call Option, the Issuer will redeem the Notes, including the Mezzanine Class S Notes by applying the proceeds of the sale of the NHG Mortgage Receivables towards redemption of the Notes, including the Mezzanine Class S Notes subject to and in accordance with Condition 6(b) and subject to Condition 9(b). Should the Seller exercise its Regulatory Call Option, the Issuer will redeem the Notes, including the Mezzanine Class S Notes by applying the proceeds of the sale of the NHG Mortgage Receivables towards redemption of the Notes, including the Mezzanine Class S Notes in accordance with Condition 6(b) and subject to Condition 9(b) on any Quarterly Payment Date. The Issuer will have the option to redeem the Notes, including the Mezzanine Class S Notes upon a Tax Change in accordance with Condition 6(e).

Risk related to prepayments on the Mortgage Loans

The maturity of the Mezzanine Class S Notes will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the NHG Mortgage Receivables by the Issuer, the purchase of any Further Advance Receivables, the Net Foreclosure Proceeds upon enforcement of a Mortgage Loan and repurchase by the Seller of Mortgage) on the Mortgage Loans. The average maturity of the Mezzanine Class S Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans and the amount of Further Advance Receivables purchased after the Closing Date. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect each Class of Notes, including the Mezzanine Class S Notes differently.

Risk related to the limited liquidity of the Mezzanine Class S Notes

There can be no assurance that a secondary market for the Mezzanine Class S Notes will develop or, if a secondary market does develop, that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Mezzanine Class S Notes. To date, no underwriter has indicated that they intend to establish and/or maintain a secondary market in the Mezzanine Class S Notes.

Maturity Risk

The ability of the Issuer to redeem the Mezzanine Class S Notes on the Final Maturity Date in full and to pay all amounts due to the Mezzanine Class S Noteholders, including after the occurrence of an Event of Default, may depend upon whether the value of the NHG Mortgage Receivables is sufficient to redeem the Mezzanine Class S Notes.

No Gross-up for Taxes

As provided in Condition 7, if withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or changes of whatever nature are imposed by or on behalf of the Netherlands, any authority therein or thereof having power to tax, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Mezzanine Class S Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to the Mezzanine Class S Noteholders.

EU Council Directive on taxation of savings income

Under the EU Council Directive 2003/48/EC 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, 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 adopted similar measures. Pursuant to Condition 5(d), the Issuer undertakes that it will

ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EC. It may be possible that such a paying agent does not perform its obligations in this respect under its agreement with the Issuer, which may result in the Issuer not being able to meet its obligation pursuant to the afore-mentioned Condition 5(d), in which case there remains a risk that under certain circumstances the interest payments under the Mezzanine Class S Notes become subject to withholding tax.

Credit ratings may not reflect all risks

The rating of the Mezzanine Class S Notes addresses the assessments made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgment, the circumstances (including a reduction in the credit rating of the Floating Rate GIC Provider, the Liquidity Facility Provider, the Foundation Account Provider, the Originator or the Swap Counterparty) in the future so require.

Any decline in the credit ratings of the Mezzanine Class S Notes or changes in rating methodologies may affect the market value of the Mezzanine Class S Notes. Furthermore, the credit ratings may not reflect the potential impact of all rights related to the structure, market, additional factors discussed above and other factors that may affect the value of the Mezzanine Class S Notes.

Credit ratings included or referred to in this Prospectus have been issued by Fitch, which is established in the European Union and has applied to be registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

Rating Agency Confirmation in relation to the Notes in respect of certain actions cannot be construed as advice for the benefit of any parties to the transaction and/or the Noteholders.

A credit rating is an assessment of credit risk and does not address other matters that may be of relevance to the Noteholder. A Rating Agency Confirmation that any action proposed to be taken by Security Trustee and the Issuer will not have an adverse effect on the then current rating of the Notes does not, for example, confirm that such action (i) is permitted by the terms of the Relevant Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders. While Noteholders are entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of the relevant class (or sub-class) of Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Noteholders, the Security Trustee or any other person or create any legal relationship between the Rating Agencies and the Noteholders, the Security Trustee or any other person whether by way of contract or otherwise.

Any Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Rating Agency shall not be responsible for the consequences thereof. A Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date or the Effective Date.

A Rating Agency Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

The Rating Agencies may change their criteria and methodologies and require that the Relevant Documents be restructured in connection therewith to prevent a downgrade of the Notes. There is, however, no obligation for any party to the Relevant Documents to cooperate with such a restructuring. A failure to restructure the transaction may lead to a downgrade of the credit rating assigned to the Notes.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Mezzanine Class S Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the mortgage-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold mortgage-backed securities, and may thereby affect the liquidity of such securities. Investors in the Mezzanine Class S Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger and or the Seller makes any representation to any prospective investor or purchaser of the Mezzanine Class S Notes regarding the regulatory capital treatment of their investment on the Effective Date or at any time in the future.

Proposed Changes to the Basel Capital Accord

On 26 June 2004, the Basel Committee on Banking Supervision published the text of the new capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" ("**Basel II**"). Basel II, which places enhanced emphasis on market discipline and sensitivity to risk, serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. Basel II has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the Capital Requirements Directive. In October 2008, the European Commission adopted proposals to amend the Capital Requirements Directive in light of the financial crisis, which came into force on 7 December 2010. Recently, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, announced a substantial strengthening of existing capital requirements and fully endorsed the agreements it reached on 26 July 2010, where new rules were proposed amending the existing Basel II Accord on bank capital requirements ("**Basel III**"). It is contemplated to implement these new rules in parts as of the beginning of 2013. It is however uncertain when these new rules will be implemented. Basel II, as published, and Basel III even to a greater extent, will affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the Capital Requirements Directive or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). Consequently, potential investors should consult their own advisers as to the consequences to and effect on them of the application of Basel II, as implemented by their own regulator, to their holding of any Notes. The Issuer and the Security Trustee are not responsible for informing Noteholders of the effects on the changes to risk-weighting which amongst others may result for investors from the adoption by their own regulator of Basel II (whether or not implemented by them in its current form or otherwise).

The Mezzanine Class S Notes may not be a suitable investment for all investors

Potential investors in the Mezzanine Class S Notes must make an informed assessment of the Mezzanine Class S Notes, based upon full knowledge and understanding of the facts and risks. A potential investor must determine the suitability of an investment in the Mezzanine Class S Notes in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Mezzanine Class S Notes and the merits of investing in the Mezzanine Class S Notes and the information contained or incorporated by reference in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Mezzanine Class S Notes will have on his overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Mezzanine Class S Notes, including, but not limited to, where the currency for principal or interest payments is different from the investor's base currency;
- (d) understand thoroughly the terms of the Mezzanine Class S Notes and be familiar with the behaviour of any relevant indices in the financial markets (including, but not limited to, the risks associated thereof) as an investor who is not familiar with such behaviour is more vulnerable to any fluctuations in the financial markets generally; and

- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

The Mezzanine Class S Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Mezzanine Class S Notes will perform under changing conditions, the resulting effects on the value of the Mezzanine Class S Notes and the impact this investment will have on the investor's overall investment portfolio.

Mezzanine Class S Notes in global form

The Mezzanine Class S Notes shall be represented by a permanent Global Note in bearer form, without coupons, in the principal amount of the Mezzanine Class S Notes. The permanent Global Note in respect of the Mezzanine Class S Notes has been deposited with a common safekeeper on or about the Effective Date. The permanent Global Note in respect of the Mezzanine Class S Notes will be exchangeable for Mezzanine Class S Notes in definitive form only in the circumstances as more fully described in Global Notes. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of Mezzanine Class S Note will be entitled to receive any payment made in respect of that Mezzanine Class S Note in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as applicable. Such persons shall have no claim directly against the Issuer in respect of payments due on the Mezzanine Class S Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding.

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

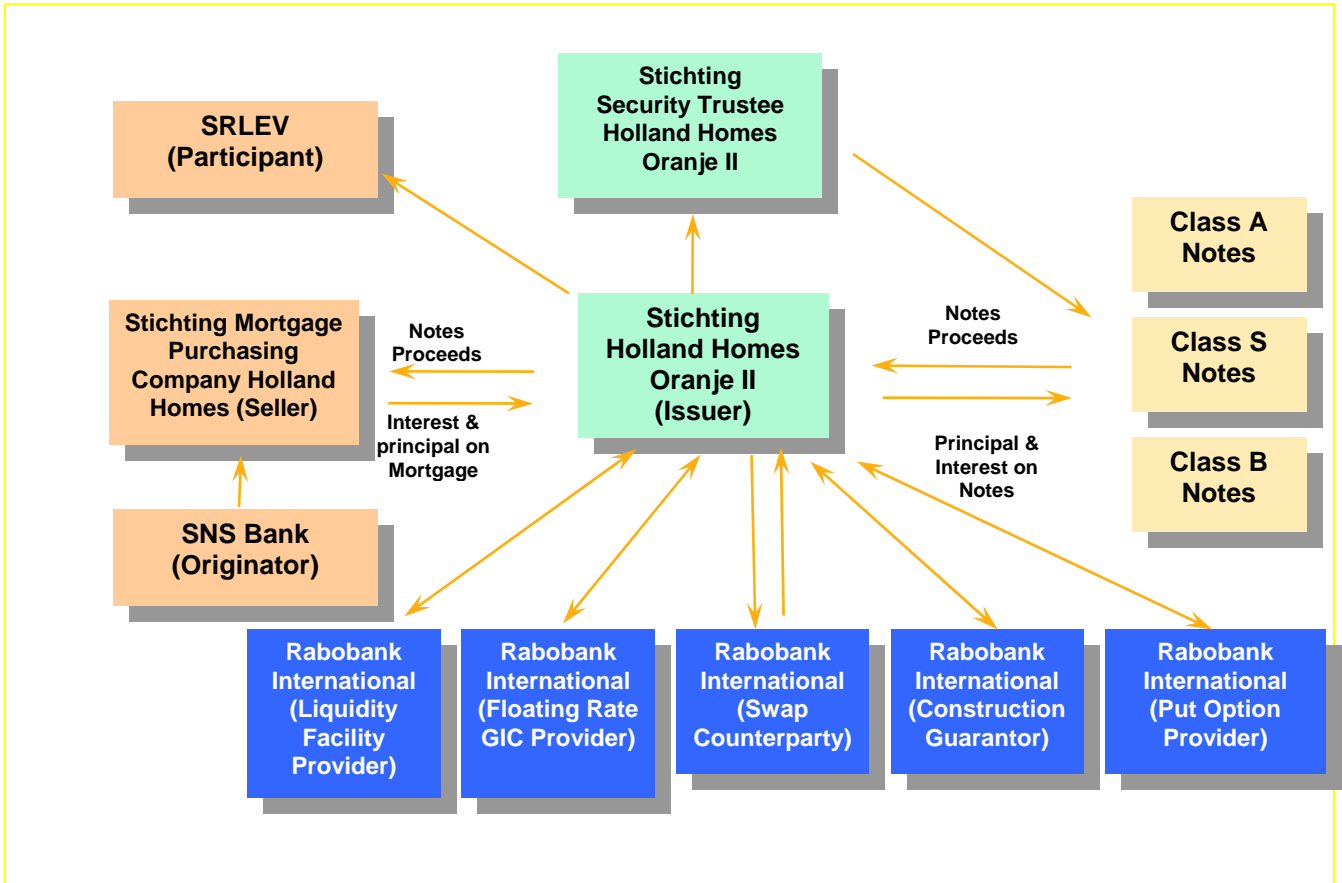
For so long as the Mezzanine Class S Notes are represented by a Global Note, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular Principal Amount Outstanding of Mezzanine Class S Notes will be treated by the Issuer and the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

Rating of the State of the Netherlands

The rating assigned to the Mezzanine Class S Notes by the Rating Agencies takes into account the NHG Guarantee granted in connection with each of the Mortgage Loans. The NHG Guarantee is backed by the State of the Netherlands (see *NHG Guarantee*) which is currently rated 'Aaa' by Moody's and 'AAA' by Fitch. Moreover, '*Stichting Waarborgfonds Eigen Woningen*' (the "**WEW**") is rated "Aaa" by Moody's and 'AAA' by Fitch. In the event that (i) the State of the Netherlands ceases to be rated 'Aaa' by Moody's or 'AAA' by Fitch, respectively, or (ii) the WEW ceases to be rated 'Aaa' by Moody's or 'AAA' by Fitch, this may result in a review by Moody's or Fitch, respectively, of the Mezzanine Class S Notes and could potentially result in a corresponding downgrade of the Mezzanine Class S Notes.

STRUCTURE DIAGRAM

The following structure diagram provides an indicative summary of the principal features of the transaction. The diagram must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Prospectus.



OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

The following provides an overview of the parties and the principal features of the transaction. The overview must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Prospectus.

PARTIES:

Issuer:	Stichting Holland Homes Oranje II, established under the laws of the Netherlands as a foundation ("stichting") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34275648.
Seller:	Stichting Mortgage Purchasing Company Holland Homes, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 342752405.
Originator:	By means of a deed of legal demerger dated 29 December 2006, DBV Levensverzekeringsmaatschappij N.V. has transferred its entire mortgage business, including any and all rights and obligations under the Mortgage Loans and – inter alia – the Mortgage Receivables Purchase Agreement dated 21 August 2006, to DBV Finance B.V., a full subsidiary of DBV Levensverzekeringsmaatschappij N.V. On 1 November 2009 SRLEV and DBV Levensverzekeringsmaatschappij N.V. merged (" <i>juridische fusie</i> ") with DBV Levensverzekeringsmaatschappij N.V. as disappearing entity and on 17 March 2011 SNS Bank and DBV Finance B.V. merged (" <i>juridische fusie</i> ") with DBV Finance B.V. as disappearing entity. As a result hereof, SNS Bank, incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> "), having its corporate seat in Utrecht, The Netherlands has become the Originator.
Issuer Administrator	Trust International Management (T.I.M.) B.V. in its capacity as issuer administrator under the Issuer Services Agreement or its successor or successors.
MPT Provider:	SRLEV (in such capacity, the " MPT Provider "), which merged (" <i>juridische fusie</i> ") with DBV Levensverzekeringsmaatschappij N.V. on 1 November 2009 with DBV Levensverzekeringsmaatschappij N.V. as disappearing. The MPT Provider has appointed Stater Nederland B.V. (" Stater ") as its subagent to provide certain of the MPT Services.
Defaulted Loan Servicer:	SRLEV (in such capacity, the " Defaulted Loan Servicer "). The Defaulted Loan Servicer has appointed Stater as its subagent to provide certain of the Defaulted Loan Services.
Participant:	SRLEV (in such capacity, the " Participant ").
Security Trustee:	Stichting Security Trustee Holland Homes Oranje II,

established under the laws of the Netherlands as a foundation ("*stichting*") and registered with the Commercial Register at the Chamber of Commerce in Amsterdam under number 34275647.

Directors: Trust International Management (T.I.M.) B.V., the sole director of the Issuer and ANT Trust & Corporate Services N.V., the sole director of the Security Trustee.

Floating Rate GIC Provider: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank International**") acting in its capacity as floating rate gic provider under the Floating Rate GIC Agreement.

Liquidity Facility Provider: Rabobank International acting in its capacity as liquidity facility provider under the Liquidity Facility Agreement.

Swap Counterparty: Rabobank International acting in its capacity as swap counterparty under the Swap Agreement.

Principal Paying Agent: Deutsche Bank AG, London Branch, acting in its capacity as paying agent under the Paying Agency Agreement.

Paying Agent: Deutsche Bank AG, Amsterdam Branch, acting in its capacity as paying agent under the Paying Agency Agreement (together with the Principal Paying Agent referred to as **Paying Agents**).

Reference Agent: Deutsche Bank AG, London Branch, acting in its capacity as reference agent under the Paying Agency Agreement.

Construction Guarantor: Rabobank International acting in its capacity as construction guarantor under the Construction Guarantee.

Put Option Provider: Rabobank International acting in its capacity as put option provider under the Put Option Agreement.

Common Safekeeper: Clearstream, Luxembourg

Collection Foundation: Stichting DBV Derdengelden, established under the laws of the Netherlands as a foundation ("*stichting*").

THE NOTES:

Mezzanine Class S Notes: The euro 24,999,972 Mezzanine Class S Mortgage-Backed Floating Rate Notes 2012 due 2039 (the "**Mezzanine Class S Notes**") and together with the Senior Class A Notes and the Subordinated Class B Notes, the "**Notes**") have been issued by the Issuer on 23 March 2012 (the "**Effective Date**")

Notes: On 25 July 2007 (the "**Closing Date**") the Issuer issued and listed the euro 577,100,000 Senior Class A Mortgage-Backed Floating Rate Notes 2007 due 2039 (the "**Senior Class A Notes**") and the euro 2,900,000 Subordinated Class B Mortgage-Backed Floating Rate Notes 2007 due 2039

(the "**Subordinated Class B Notes**", and together with the Senior Class A Notes and the Mezzanine Class S Notes the "**Notes**") on 25 July 2007 under a prospectus dated the Closing Date (the "**Initial Prospectus**"), which has been approved by the Netherlands Authority for the Financial Markets.

On the Effective Date, the Issuer has issued the Mezzanine Class S Notes to the holders of the Senior Class A Notes, and will apply the proceeds therefore to redeem the Senior Class A Notes in part on a *pro rata* and *pari passu* basis such that the Principal Amount Outstanding of the Senior Class A Notes is reduced with euro 24,999,972 as of the Effective Date.

The Senior Class A Notes, the Subordinated Class B Notes and the Mezzanine Class S Notes have been issued subject to and in accordance with the Conditions and the Trust Deed, which will be amended and restated on the Effective Date.

Issue Price: The issue price of the Mezzanine Class S Notes is 100 per cent.

Form: The Mezzanine Class S Notes are in bearer form and in the case of Mezzanine Class S Notes in definitive form, serially numbered with coupons attached.

Denomination: The Mezzanine Class S Notes have been issued in denominations of euro 100,000 with integral multiples of euro 1 each.

Status and Ranking: The Notes of each Class rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed payments of principal and interest on (i) the Mezzanine Class S Notes are subordinated to payments of principal and interest on the Senior Class A Notes and (ii) the Subordinated Class B Notes are subordinated to payments of principal and interest on the Mezzanine Class S Notes and the Senior Class A Notes. See further *Terms and Conditions of the Notes* below.

Interest: Interest on the Mezzanine Class S Notes is payable by reference to successive interest periods. Each successive interest period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date (each an "**Interest Period**"), except for the first Interest Period in respect of the Mezzanine Class S Notes which commenced on (and include) the Effective Date and end on (but excluded) the first Quarterly Payment Date falling in April 2012. The interest will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days.

Interest on the Mezzanine Class S Notes will be payable quarterly in arrear in euro, in each case in respect of the

Principal Amount Outstanding of the Mezzanine Class S Notes on the 10th day of October, January, April and July (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event interest on the Notes will be payable on the Business Day immediately preceding such 10th day) in each year (each such day being a "**Quarterly Payment Date**").

A "**Business Day**" means each 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 payment system which utilises a single shared platform and which was launched on 19 November 2007 ("**TARGET 2**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Interest on the Mezzanine Class S Notes for each Interest Period will accrue from the Effective Date at an annual rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for three months deposits in euros (determined in accordance with Condition 4(d)) three months Euribor (or, in respect of the first Interest Period for the Mezzanine Class S Notes, Euribor as determined in respect of the Interest Period for the Senior Class A Notes and the Subordinated Class B Notes commencing on the Quarterly Payment Date falling in January 2012) plus a margin per annum, which is 0.02 per cent. for the Mezzanine Class S Notes.

Mandatory Redemption of the Notes:

Provided that no Enforcement Notice has been served, the Issuer will be obliged to apply the Redemption Available Amount to redeem, whether in full or in part, at their respective Principal Amount Outstanding the Notes on each Quarterly Payment Date, on a *pro rata* basis in the following order: (i) firstly the Senior Class A Notes until fully redeemed, and, thereafter, (ii) the Mezzanine Class S Notes until fully redeemed and, thereafter, (iii) the Subordinated Class B Notes until fully redeemed.

Final Maturity Date for the Mezzanine Class S Notes:

Unless previously redeemed, the Issuer will redeem all of the Mezzanine Class S Notes and subject to Condition 9(b), at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in July 2039 (the "**Final Maturity Date**").

Redemption for tax reasons:

If the Issuer (a) is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable

measures available to it (a "**Tax Change**"), and (b) will have sufficient funds available on such Quarterly Payment Date to discharge all amounts of principal and interest due in respect of the Notes and any amounts required to be paid in priority or pari passu with each Class of Notes in accordance with the Trust Deed, the Issuer has the option to redeem the Notes, in whole but not in part, on any Quarterly Payment Date at their Principal Amount Outstanding, subject to, in respect of the Mezzanine Class S Notes and the Subordinated Class B Notes, Condition 9(b). The Mezzanine Class S Notes may not be redeemed under such circumstances unless the Senior Class A Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

Clean-Up Call Option:

On each Quarterly Payment Date the Seller has the option (but not the obligation) to repurchase the NHG Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount in respect of the NHG Mortgage Receivables is not more than 10 per cent. of the aggregate Outstanding Principal Amount in respect of the NHG Mortgage Receivables on the Cut-off Date (the "**Clean-Up Call Option**").

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the NHG Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Clean-Up Call Option. The purchase price will be calculated as set out in *Sale of NHG Mortgage Receivables* below. If the Seller exercises its Clean-Up Call Option, then the Issuer will redeem the Notes by applying the proceeds of the sale of the NHG Mortgage Receivables towards redemption of the Notes subject to and in accordance with Condition 6(b) and subject to, in respect of the Mezzanine Class S Notes and the Subordinated Class B Notes, Condition 9(b).

Regulatory Call Option:

On each Quarterly Payment Date, the Seller has the option but not the obligation to repurchase the NHG Mortgage Receivables upon the occurrence of a Regulatory Change (the "**Regulatory Call Option**").

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the NHG Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Regulatory Call Option. The purchase price will be calculated as set out in *Sale of NHG Mortgage Receivables* below. If the Seller exercises its Regulatory Call Option, then the Issuer will redeem the Notes by applying the proceeds of the sale of the NHG Mortgage Receivables towards redemption of the Notes subject to and in accordance with Conditions 6(b) and subject to, in respect of the Mezzanine Class S Notes and the Subordinated Class B Notes, Condition 9(b).

Withholding Tax:

All payments of, or in respect of, principal of and interest on the Mezzanine Class S 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 Mezzanine Class S Noteholders, as the case may be, and shall not pay any additional amounts to such Mezzanine Class S Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Mezzanine Class S Note or Coupon presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

Method of Payment:

For so long as the Mezzanine Class S Notes are represented by a Global Note, payments of principal and interest on the Mezzanine Class S Notes will be made in euros to a common safekeeper for Euroclear and Clearstream, Luxembourg for the credit of the respective accounts of the Mezzanine Class S Noteholders.

Use of proceeds:

The Issuer will use the net proceeds from the issue of the Mezzanine Class S Notes to redeem in part on a pro rata and pari passu basis of the Senior Class A Notes.

Security for the Notes:

The Mezzanine Class S Notes will be (indirectly) secured:

- (i) by a first ranking undisclosed right of pledge by the Issuer to the Security Trustee over (a) the NHG Mortgage Receivables, including all rights ancillary thereto and (b) the Beneficiary Rights; and
- (ii) by a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Construction Guarantee, the Sub-participation Agreement, the Swap Agreement, the Put Option Agreement, the Liquidity Facility Agreement and the Floating Rate GIC and in respect of the Transaction Accounts (together the "**Security**").

The existing Security has been released on the Effective Date and new Security has been vested on the Effective Date in order to ensure that the Security is also for the benefit of the Mezzanine Class S Notes.

After delivery of an Enforcement Notice, the amounts payable to the Mezzanine Class S Noteholders and the other Secured Parties will be limited to the amounts available for such purpose to the Security Trustee which, inter alia, will consist of amounts recovered by the Security Trustee in respect of such rights of pledge and amounts received by the Security Trustee as creditor under the Parallel Debt

Agreement. Payments to the Secured Parties (other than the Participant) will be made in accordance with the Priority of Payments upon Enforcement.

Furthermore, the Collection Foundation granted on the balance standing to the credit of the Foundation Collection Account a first ranking right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees jointly and a second ranking right of pledge to the Issuer and the Previous Transaction SPVs jointly both under the condition that future issuers (and any security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Originator or any of its subsidiaries will also have the benefit of such right of pledge. Such rights of pledge will be notified to the Foundation Account Provider, the bank where the Foundation Collection Account is maintained.

See further *Risk Factors* and *Credit Structure*. For a more detailed description see *Description of Security* below.

Parallel Debt Agreement:

On the Closing Date, the Issuer and the Security Trustee have entered into a parallel debt agreement (the "**Initial Parallel Debt Agreement**") for the benefit of the Secured Parties under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Security Trustee Receivables Pledge Agreement and the Security Trustee Asset Pledge Agreement.

The Initial Parallel Debt Agreement has been replaced by a parallel debt agreement (the "**Parallel Debt Agreement**") on the Effective Date to ensure that the Mezzanine Class S Notes have the benefit of the Parallel Debt and (indirectly) the Security.

THE NHG MORTGAGE RECEIVABLES:

NHG Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement dated 23 July 2007 between, *inter alia*, the Issuer and the Seller (the "**Mortgage Receivables Purchase Agreement**"), the Issuer has purchased and has accepted the assignment of any and all rights on the Closing Date (the "**NHG Mortgage Receivables**" which will include any Further Advance Receivables upon the purchase of any such Further Advance Receivables) of the Seller against certain borrowers (the "**Borrowers**") under or in connection with certain pre-selected Mortgage Loans which have been purchased by the Seller from the Originator during the period from 21 August 2006 up to and including the Cut-off Date pursuant to a Mortgage Receivables Purchase Agreement dated 21 August 2006 between *inter alia* the Originator and the Seller. The Seller has acquired the benefit of the Beneficiary Rights from the Originator which entitle, to the extent the assignment was legally possible, the Seller to receive the

final payment under the relevant Insurance Policies, which payment is to be applied towards redemption of the NHG Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, the Seller has assigned such Beneficiary Rights to the Issuer and the Issuer has accepted such assignment. The Issuer has been and is entitled to all interest amounts (including penalty interest) and all principal amounts and pre-payment penalties becoming due in respect of the NHG Mortgage Receivables from and including the Cut-off Date.

Mortgage Loans:

The NHG Mortgage Receivables sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement result from loans secured by a first-ranking mortgage right over (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*") and together with real property and apartment rights, the "**Mortgaged Assets**", situated in the Netherlands and entered into by the Originator and the relevant Borrowers which meet criteria set forth in the Mortgage Receivables Purchase Agreement and has been selected prior to or on the Closing Date or, in case of Further Advance Receivables, will be selected prior to or on the relevant Quarterly Payment Date (the "**Mortgage Loans**").

The Mortgage Loans will consist of

- (a) interest-only mortgage loans ("*aflossingsvrije hypotheken*");
- (b) annuity mortgage loans ("*annuïteitenhypotheken*");
- (c) savings mortgage loans ("*spaarhypotheken*");
- (d) life mortgage loans ("*levenhypotheken*"); or
- (e) combinations of any of these types of mortgage loans.

The Mortgage Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes.

NHG Guarantee:

All Mortgage Loans will have the benefit of guarantees under the NHG Guarantees. See further *Description of the Mortgage Loans* and *NHG Guarantee Programme*.

Interest-only Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) are or, on the relevant Quarterly Payment Date, will be in the form of interest-only mortgage loans ("*aflossingsvrije hypotheken*") ("**Interest-only Mortgage Loans**") entered into by the Originator with relevant Borrowers. Under an Interest-only Mortgage Loan, the Borrower is not required to pay principal towards redemption of the Interest-only Mortgage Loan until maturity of such Interest-only Mortgage Loan.

Annuity Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) are or, on the relevant Quarterly Payment Date, will be in the form of annuity mortgage loans ("*annuïteiten hypotheken*") ("**Annuity Mortgage Loans**") entered into by the Originator with relevant Borrowers. Under an Annuity Mortgage Loan, the Borrower pays a constant total monthly payment (subject to changes in the prevailing rate of interest), made up of an initially larger and subsequently

decreasing interest portion and an initially small and subsequently increasing principal portion, and calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at the maturity of such Annuity Mortgage Loan.

Savings Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) are or, on the relevant Quarterly Payment Date, will be in the form of savings mortgage loans, which consist of savings mortgage loans (*'spaarhypotheken'*) ("**Savings Mortgage Loans**") entered into by the Originator with relevant Borrowers combined with an insurance policy (a "**Savings Insurance Policy**") with the Participant being the same legal entity as the Originator. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the Participant in connection with the relevant Savings Mortgage Loan. In relation to the Savings Insurance Policies the savings part of the premium (the "**Savings Premium**") is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Participant to the relevant Borrower is equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan. See *Risk factors* above and *Sub-participation Agreement* below.

Life Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) are or, on the relevant Quarterly Payment Date, will be in the form of life mortgage loans ("**Life Mortgage Loans**") entered into by the Originator with the relevant Borrowers, i.e. Mortgage Loans which have the benefit of combined risk and capital insurance policies ("**Life Insurance Policies**") taken out by Borrowers with either (a) the Participant or (b) any insurance company established in the Netherlands other than the Participant (each a "**Life Insurance Company**" and together with the Participant, the "**Insurance Companies**"). Under a Life Mortgage Loan, no principal towards redemption is paid until maturity. The Life Insurance Policies connected to such Life Mortgage Loans are offered by the Participant in several alternatives. The Borrower has the choice between (i) a guaranteed amount to be received when the Life Insurance Policy pays out, (ii) the Unit-Linked Alternative or (iii) a combination of (i) and (ii) or (iv) a policy in which case the Borrower has the option to switch between the Unit-Linked Alternative and the Savings Alternative. "**Unit-Linked Alternative**" means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain investment funds chosen by the Borrower. "**Savings Alternative**" means the alternative under which a certain pre-agreed amount to be received upon pay out of the Life Insurance Policy with, in such case, the Participant and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Alternative is equal to the amount due by the Borrower at maturity of the Life Mortgage Loan. Life Mortgage Loans of which the relevant Borrower has opted for a Savings Alternative are referred to as "**Life Mortgage Loans with a Savings Element**", and the Life Insurance Policies connected to such Life Mortgage Loans are referred to as "**Life Insurance Policies with the Savings**

Alternative". See *Risk factors and Description of the Mortgage Loans* below.

Repurchase of NHG Mortgage Receivables:

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken and in respect of (v) below has the right, to repurchase and accept re-assignment of a NHG Mortgage Receivable:

- (i) on the Mortgage Payment Date immediately following the expiration of the relevant remedy period (as provided in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the NHG Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the NHG Mortgage Receivables meet the Mortgage Loan Criteria, are untrue or incorrect in any material respect;
- (ii) on (a) the Mortgage Payment Date immediately following the date on which the Originator agrees with a Borrower to amend the terms of the Mortgage Loan and such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement, which includes the condition that after such amendment the Mortgage Loan continues to meet each of the Mortgage Loan Criteria and the representations and warranties set forth in the Mortgage Receivables Purchase Agreement will continue to be true and accurate in respect of such NHG Mortgage Receivable unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan or (b) if such Mortgage Payment Date referred to under (a) falls within 14 days of such date, the second Mortgage Payment Date following such date;
- (iii) on the Mortgage Payment Date immediately preceding the date on which the rate of interest in respect of a NHG Mortgage Receivable relating to a Mortgage Loan under which the interest rate is fixed for a period of over one calendar month, will be subject to a reset;
- (iv) on (a) the Mortgage Payment Date immediately following the date on which the relevant Mortgage Loan no longer has the benefit of the NHG Guarantee as a result of any action taken or omitted to be taken by the Seller, the Originator, the MPT Provider or the Defaulted Loan Servicer or (b) if such Mortgage Payment Date referred to under (a) falls within 14 days of such date, the second Mortgage Payment Date following such date; and
- (v) on the Put Option Date.

The purchase price for the NHG Mortgage Receivable in such event will be as set forth under *Purchase price of NHG Mortgage Receivables* below.

Purchase price of NHG Mortgage Receivables:

Other than in connection with (i) obligations of the Seller to repurchase and accept re-assignment of the NHG Mortgage Receivables (as set forth under *Repurchase of NHG Mortgage Receivables* above), (ii) the Seller exercising the Clean-Up Call Option or the Regulatory Call Option, (iii) the option of the Seller to repurchase and accept the re-assignment of the NHG Mortgage Receivables for tax reasons and (iv) the Issuer exercising the Put Option on the Put Option Date, the Issuer may not dispose of the NHG Mortgage Receivables.

The purchase price for the NHG Mortgage Receivables in case of a sale of the NHG Mortgage Receivables to the Seller (or a third party appointed by the Seller) or, as the case may be, the Put Option Provider will be calculated, as follows:

Purchase price of NHG Mortgage Receivables on the Put Option Date

The purchase price of the NHG Mortgage Receivables in the event of the sale of the NHG Mortgage Receivables on the Put Option Date shall be at least equal to the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, of each NHG Mortgage Receivable, except that with respect to NHG Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the indexed foreclosure value of the Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value and (b) the amount claimable under the NHG Guarantee, and (ii) the sum of the outstanding principal amount of the NHG Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the NHG Mortgage Receivable.

Purchase price of the NHG Mortgage Receivables if the Clean-Up Call Option is exercised

In respect of the purchase price, the same as set out above under *Purchase price of NHG Mortgage Receivables on the Put Option Date* applies to the purchase price payable for the sale of the NHG Mortgage Receivables if the Seller exercises the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and subject to, in respect of the Mezzanine Class S Notes and the Subordinated Class B Notes, Condition 9(b).

Purchase price of the NHG Mortgage Receivables if the Regulatory Call Option is exercised

The purchase price of the NHG Mortgage Receivables in case the Seller exercises in its sole discretion the Regulatory

Call Option as a result of which the Seller or any third party appointed by the Seller will purchase all NHG Mortgage Receivables will be at least equal to the Outstanding Principal Amount in respect of the relevant NHG Mortgage Receivables together with any accrued interest up to but excluding the date of (re)purchase and (re)assignment of the NHG Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

Purchase price of the NHG Mortgage Receivables if the NHG Mortgage Receivables are sold for tax reasons

The purchase price of the NHG Mortgage Receivables in case the Seller will purchase all NHG Mortgage Receivables for tax reasons will be at least equal to the Outstanding Principal Amount in respect of the relevant NHG Mortgage Receivables together with any accrued interest up to but excluding the date of (re)purchase and (re)assignment of the NHG Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

Sale of NHG Mortgage Receivables if the Seller is obliged to repurchase

If the Seller is obliged to repurchase any NHG Mortgage Receivable(s) pursuant to the Mortgage Receivables Purchase Agreement, the purchase price of the NHG Mortgage Receivables will be equal to the Outstanding Principal Amount in respect of the relevant NHG Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the NHG Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

Sub-Participation Agreement

On the Closing Date, the Issuer has entered into a sub-participation agreement (the "**Sub-Participation Agreement**") with the Participant under which the Participant will acquire participations in the relevant Savings NHG Mortgage Receivables and/or Life NHG Mortgage Receivables with a Savings Element equal to amounts of Savings Premium paid by the relevant Borrower to the Participant in respect of a Savings Insurance Policy or Life Insurance Policy with a Savings Element. In the Sub-Participation Agreement the Participant has undertaken to pay to the Issuer at (a) the Closing Date in respect of Savings NHG Mortgage Receivables and the Life NHG Mortgage Receivables with a Savings Element or (b) the relevant Quarterly Payment Date in case of a purchase and assignment of Further Advance Receivables or (c) the next succeeding Mortgage Payment Date in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan to which a Savings Insurance Policy with a Savings Element is connected, amounts equal to all amounts received as Savings Premium on the Savings Insurance Policies and Life Insurance Policies with a Savings Element. In return, the Participant is entitled to receive the Participation Redemption Available Amount from the Issuer. The amount of the Participation with respect to a Savings NHG

Mortgage Receivable and a Life NHG Mortgage Receivable with a Savings Element, consists of (a) the Initial Participation at the Closing Date or, in case of the purchase of a Further Advance Receivable, on the relevant Quarterly Payment Date or, in case of a switch from any type of Mortgage Loan into a Savings Mortgage Loan to which a Savings Insurance Policy with a Savings Element is connected, the next succeeding Mortgage Payment Date (which is equal to the sum of all amounts due up to such date to the Participant as Savings Premium and accrued interest), being, in case of the initial participation at the Closing Date, the amount of euro 8,972,396.81, (b) increased on a monthly basis with the sum of (i) amounts equal to the Savings Premium received by the Participant and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Participation in the relevant Savings NHG Mortgage Receivable and/or Life NHG Mortgage Receivable with a Savings Element, of the interest paid by the Borrower in respect of such Savings NHG Mortgage Receivable and or Life NHG Mortgage Receivable with a Savings Element. See further *Sub-Participation Agreement* below.

Put Option Agreement

On the Closing Date, the Issuer and the Security Trustee have entered into a put option agreement with the Seller and the Put Option Provider which provides that the Issuer may on giving written notice and in certain circumstances offer for sale all of the NHG Mortgage Receivables to the Put Option Provider and on such date assign such NHG Mortgage Receivables to the Put Option Provider which shall be obliged to purchase and accept assignment of such NHG Mortgage Receivables. See further *Put Option Agreement* below.

Construction Amounts

Pursuant to the Mortgage Conditions, the Borrowers have the right to request that a part of the Mortgage Loan is withheld and will be applied towards construction of or improvements to the relevant Mortgaged Asset. Such amounts including any interest accrued thereon (each a "**Construction Amount**") will only be paid to the Borrower in case certain conditions are met. The aggregate amount of the Construction Amounts on the Cut-off Date was euro 8,364,931.36.

Pursuant to the NHG Conditions, after the building activities or renovation activities have been finalised, any remaining Construction Amounts will either (i) be paid out by the Originator to the relevant Borrower or (ii) if the Construction Amount exceeds euro 2,500, such Construction Amount will be set-off against the relevant Mortgage Loan up to the amount of the Construction Amount.

On the Closing Date, an amount corresponding to the aggregate Construction Amounts was credited to a ledger (the "**Construction Ledger**"). The Construction Ledger was and will be debited upon any Construction Amounts being paid out by the Originator to or on behalf of the Borrowers

until the Originator has no obligation to pay out any further Construction Amounts to the Borrowers, in which case the Construction Ledger will be reduced to zero.

In order to secure the rights of the Issuer in respect of (the parts of) the NHG Mortgage Receivables corresponding to any Construction Amount (see *Risk Factors*), on the Closing Date the Construction Guarantor has provided a guarantee (the "**Construction Guarantee**") in favour of the Issuer equal to the aggregate Construction Amounts on the Cut-off Date which has been extended prior to the time. The amount of the guarantee shall increase with an amount equal to the aggregate Construction Amounts in respect of the Further Advance Receivables and shall decrease with the amount of any Construction Amounts being paid out as a result of which the amount that may be claimed under the Construction Guarantee at any time is equal to the amount standing to the credit of the Construction Ledger at such time. If – *inter alia* – there is a default to pay out any Construction Amount and this default is not cured within ten (10) days or the Originator or the Seller becomes subject to any of the insolvency proceedings referred to under (c) or (d) of the Notification Events (see *Mortgage Receivables Purchase Agreement* below), the Issuer is entitled to draw the full amount of the guarantee at such time and credit such amount to the Issuer Collection Account which will be part of the Principal Available Amount (see *Credit Structure* below).

CASH FLOW STRUCTURE

Floating Rate GIC:

On the Closing Date, the Issuer, the Security Trustee and the Floating Rate GIC Provider have entered into a floating rate guaranteed investment contract, as amended and restated on the Effective Date (the "**Floating Rate GIC**") under which the Floating Rate GIC Provider agreed to pay a guaranteed rate of interest determined by reference to Euribor on the balance standing to the credit of the Transaction Accounts from time to time.

Liquidity Facility Agreement

On the Closing Date, the Issuer has entered into a liquidity facility agreement with a maximum term of 364 days with the Liquidity Facility Provider, as amended and restated on the Effective Date (the "**Liquidity Facility Agreement**") under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. Any drawing made under the Liquidity Facility Agreement (other than a Liquidity Facility Stand-by Drawing) will be debited from an account maintained with the Liquidity Facility Provider (the "**Liquidity Facility Account**") and credited to the Issuer Collection Account. See further *Credit Structure* below.

Issuer Collection Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Issuer Collection Account**" and together with the Liquidity Facility Account and the Liquidity Facility Stand-by Drawing Account, the

"**Transaction Accounts**") to which on each Mortgage Payment Date all amounts of interest, prepayment penalties and principal received under the NHG Mortgage Receivables, will be transferred by the MPT Provider in accordance with the Issuer Services Agreement or, as the case may be, by the Collection Foundation in accordance with the Receivables Proceeds Distribution Agreement.

Foundation Collection Account

All payments made by the Borrowers in respect of the Mortgage Loans will be paid into an account maintained by the Collection Foundation (the "**Foundation Collection Account**"). The Foundation Collection Account is administered by Stater. This account will also be used for collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys belonging to the Originator.

Swap Agreement:

On the Closing Date the Issuer has entered into an ISDA Master Agreement (which shall include a schedule attached thereto and a swap confirmation evidencing the transaction thereunder) with the Swap Counterparty (the "**Swap Agreement**") to mitigate the risk between the interest to be received by the Issuer on the NHG Mortgage Receivables and the floating risk of interest payable by the Issuer on the Senior Class A Notes and the subordinated Class B Notes (see *Credit Structure* below). On the Effective Date the Swap Agreement has been amended and restated to include the floating risk of interest payable by the Issuer on the Mezzanine Class S notes.

OTHER:

Issuer Services Agreement:

Under the terms of an Issuer Services Agreement entered into on the Closing Date as amended and restated on the Effective Date (the "**Issuer Services Agreement**") between the Issuer, the MPT Provider, the Issuer Administrator and the Security Trustee, (i) the MPT Provider has agreed to provide mortgage payment transactions and the other services in relation to the Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans (the "**MPT Services**") and (ii) the Defaulted Loan Servicer has agreed to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further *Mortgage Loan Underwriting and Mortgage Servicing* below) (the "**Defaulted Loan Services**") and (iii) the Issuer Administrator has agreed 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 pursuant to the Conditions in connection with the Notes.

Management Agreements:

Each of the Issuer and the Security Trustee have entered into a management agreement (together the "**Management Agreements**") with the relevant Director, under which the

relevant Director has undertaken to act as director of the Issuer or the Security Trustee, respectively, and to perform certain services in connection therewith.

Risk Factors

There are certain factors which may affect the Issuer's ability to fulfil its obligations under the Mezzanine Class S Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Mezzanine Class S Notes. Both these factors are described in *Risk Factors* in this Prospectus.

Listing:

Application has been made for the Mezzanine Class S Notes to be listed on NYSE Euronext Amsterdam. The Senior Class A Notes and the Subordinated Class B Notes have been listed on NYSE Euronext Amsterdam since the Closing Date.

Ratings:

It is a condition precedent to issuance that the Mezzanine Class S Notes, on issue, be assigned a rating of BBsf by Fitch.

Settlement:

Euroclear and Clearstream, Luxembourg.

Governing Law:

The Mezzanine Class S Notes are governed by and construed in accordance with the laws of the Netherlands.

IMPORTANT INFORMATION

The Issuer is responsible for the information contained in this Prospectus, except for the information for which the Originator is responsible, as referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus, except for the information for which the Originator is responsible, as referred to in the following paragraph, is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

The Originator is solely responsible for the information contained in the following sections of this Prospectus: *Overview of the Dutch Residential Mortgage Market*, *Documents incorporated by reference*, *SNS Bank N.V., Seller and Residential Mortgage Business* and *Description of Mortgage Loans* and *NHG Guarantee Programme*. To the best of the Originator's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in these paragraphs has been accurately reproduced and as far as the Originator 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. The Originator accepts responsibility accordingly.

Finally, Stater Nederland B.V. is also responsible for the information contained in the section *Stater Nederland B.V.* 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 section is in accordance with the facts and does not omit anything likely to affect the impact of such information. Any information from third-parties contained in this section has been accurately reproduced and does not omit anything which would render the reproduced information inaccurate or misleading. Stater accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Mezzanine Class S Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Originator or the Seller.

The distribution of this document and the offering of the Mezzanine Class S Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A further description of the restrictions on offers, sales and deliveries of the Mezzanine Class S Notes and on the distribution of this Prospectus is set out in the section entitled Purchase and Sale below. No one is authorised by the Issuer, the Originator or the Seller to give any information or to make any representation concerning the issue of the Mezzanine Class S Notes other than those contained in this Prospectus in accordance with applicable laws and regulations.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the issue of the Mezzanine Class S Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Mezzanine Class S Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Prospectus. Neither the Issuer nor the Seller has an obligation to update this Prospectus after the date on which the Mezzanine Class S Notes are issued or admitted to trading.

The Mezzanine Class S Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and include Notes in bearer form that are subject to United States tax law requirements. The Mezzanine Class S Notes may not be offered, sold

or delivered within the United States or to United States persons as defined in Regulation S under the Securities Act, except in certain transactions permitted by US tax regulations and the Securities Act (see Purchase and Sale below).

All references in this Prospectus to "**EUR**", "**euro**" and "**€**" 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 and as amended by the Treaty of Amsterdam).

CREDIT STRUCTURE

The structure of the credit arrangements for the Senior Class A Notes and Subordinated Class B Notes and issue of the Mezzanine Class S Notes may be summarised as follows.

Mortgage Loan Interest Rates

The NHG Mortgage Receivables sold and assigned to the Issuer on the Closing Date bear interest on the basis of any of the following alternatives: (i) fixed rate, whereby the rates can be fixed for a specific period between 1 to 30 years or (ii) floating rate. On the Cut-off Date, the weighted average interest rate of the Mortgage Loans is expected to be 4.40 per cent. per annum. Interest rates vary between the individual Mortgage Loans (as further described in *Description of Mortgage Loans* below).

Cash Collection Arrangements

Payments by the Borrowers under the Mortgage Loans are due and payable on the first day of each month, with interest being payable in arrear. All payments made by Borrowers will be paid into the Foundation Collection Account maintained by the Collection Foundation with ABN AMRO Bank N.V. (the "**Foundation Account Provider**"). The Foundation Collection Account is also used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys to which the Originator is entitled vis-à-vis the Collection Foundation and, *inter alia*, for payment on behalf of the Originator of Construction Amounts to the Borrowers relating to the NHG Mortgage Receivables but such payment will be funded by the Originator.

If the rating of the short-term issuer default rating of the Foundation Account Provider falls below "F1" by Fitch (the "**Short Term Requisite Rating**"), the Collection Foundation will, to maintain the then current rating assigned to the Senior Class A Notes, either: (i) ensure that payments to be made in respect of amounts received on the Foundation Collection Account relating to the NHG Mortgage Receivables will be guaranteed by a party having at least the Short Term Requisite Rating; or (ii) (a) open an escrow account in the name of the Issuer, for its own account, with a party having at least the Short Term Requisite Rating, and (b) transfer to the escrow account an amount equal to the highest single amount of principal, interest and pre-payment penalties received in respect of the NHG Mortgage Receivables since the Closing Date on the Issuer Collection Account during one Mortgage Calculation Period; or (iii) implement any other actions to maintain the then current rating assigned to the Notes.

On each "**Mortgage Payment Date**" (being the 10th day of each calendar month or if this is not a business day the next succeeding business day) the Collection Foundation shall transfer all amounts of principal, interest and prepayment penalties received by the Originator or, as the case may be, the Seller in respect of the NHG Mortgage Receivables and paid to the Foundation Collection Account during the immediately preceding Mortgage Calculation Period, to the Issuer Collection Account.

For these purposes a "**Mortgage Calculation Period**" is the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month starting on the Cut-off Date.

Transaction Accounts

Issuer Collection Account

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

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

Payments may be made from the Issuer Collection Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and under obligations incurred in connection with the Issuer's business and (ii) amounts due to the Participant under the Sub-Participation Agreement and (iii) the repayment of any Liquidity Facility Stand-by Drawing in accordance with the Liquidity Facility Agreement.

If at any time the unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than (i) in respect of Moody's, 'Prime-1' (short-term) by Moody's and (ii) in respect of Fitch, the short-term issuer default rating of 'F-1' by Fitch or the long-term issuer default rating of 'A' by Fitch, provided that for the purposes of the determination of the Required Minimum Rating in respect of any entity, if the ratings assigned to such entity by Fitch are designated by Fitch as being on ratings watch negative then the ratings of that entity will be deemed to be one notch lower than such published Fitch ratings (the "**Required Minimum Rating**") or such rating is withdrawn by any of the Rating Agencies, then the Issuer shall procure that the Floating Rate GIC Provider shall use its best efforts, in accordance with the provisions of the Floating Rate GIC, within thirty (30) days of any such event to (i) to obtain a third party, having at least the Required Minimum Rating, to guarantee the obligations of the Floating Rate GIC Provider or (ii) to transfer the balance standing to the credit of the Accounts to a bank having at least the Required Minimum Rating or (iii) to take any other action to maintain the then current ratings assigned to the Senior Class A Notes and the Mezzanine Class S Notes.

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

"Excess Swap Collateral" means an amount equal to the value of any collateral transferred to the Issuer by the Swap Counterparty under the Swap Agreement that is in excess of the Swap Counterparty's liability to the Issuer thereunder (i) as at the date such Swap Agreement is terminated or (ii) as at any other date of valuation in accordance with the terms of the Swap Agreement.

Any amounts remaining in such accounts upon termination of the Swap Agreement which are not owed to the Issuer by the Swap Counterparty shall be transferred directly to the Swap Counterparty on the termination date under the Swap Agreement.

Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Quarterly Calculation Date (being the fourth business day prior to each Quarterly Payment Date) and which have been received during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date (items (i) up to and including (xi) being hereafter referred to as the "**Interest Available Amount**"):

- (i) as interest on the NHG Mortgage Receivables less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivables with a Savings Element, an amount equal to the amount of interest received, multiplied by the relevant Participation divided by the outstanding principal amount of such Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element (the "**Participation Fraction**");
- (ii) as interest accrued on the Transaction Accounts;
- (iii) as prepayment penalties and interest penalties under the NHG Mortgage Receivables;
- (iv) as Net Foreclosure Proceeds on any NHG Mortgage Receivables to the extent such proceeds do not relate to principal less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, an amount equal to the amount of interest received multiplied by the Participation Fraction;
- (v) as amounts to be drawn under the Liquidity Facility (other than a Liquidity Facility Stand-by

- Drawings) and to be debited from the Liquidity Facility Account on the immediately succeeding Quarterly Payment Date;
- (vi) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date;
 - (vii) as amounts received in connection with a repurchase of NHG Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, an amount equal to the amount of interest received multiplied by the Participation Fraction;
 - (viii) as amounts received in connection with a sale of NHG Mortgage Receivables pursuant to the Trust Deed and, as the case may be, the Put Option Agreement to the extent such amounts do not relate to principal less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, an amount equal to the amount of interest received multiplied by the Participation Fraction;
 - (ix) as amounts received as post-foreclosure proceeds on the NHG Mortgage Receivables; and
 - (x) any amounts standing to the credit of the Issuer Collection Account after all amounts of interest and principal due in respect of the Notes have been paid in full, less
 - (xi) on the first Quarterly Payment Date of each year, the sum of (i) an amount equal to 5 per cent. of the annual fee due to the Director of the Issuer and (ii) an amount of Euro 1500,

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*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) *second*, in or towards satisfaction of an administration fee and all costs and expenses due and payable to the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, (i) any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such taxes cannot be paid out of item (xi) of the Interest Available Amount) and the fees and expenses of the Rating Agencies and any legal advisor, auditor and accountant, appointed by the Issuer or the Security Trustee, (ii) fees and expenses due to the Paying Agents and the Reference Agent under the Paying Agency Agreement and (iii) fees due under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility and to be credited to the Liquidity Facility Account, but excluding fees due under the Liquidity Facility and payable under (c) above and any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (l) below, or (ii) following a Liquidity Facility Standby Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Account;
- (e) *fifth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (except for any termination payment due or payable as a result of the occurrence of an Event of Default where the Swap Counterparty is the Defaulting Party or an Additional Termination Event relating to the credit rating of the Swap Counterparty, including a Settlement Amount (as such terms are defined in the Swap Agreement) (a "**Swap Counterparty Default Payment**"));
- (f) *sixth*, in or towards satisfaction of all amounts of interest due but unpaid in respect of the Senior Class A Notes;
- (g) *seventh*, in or towards satisfaction of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;

- (h) *eighth*, in or towards satisfaction of interest due or accrued due but unpaid on the Mezzanine Class S Notes;
- (i) *ninth*, in or towards satisfaction of sums to be credited to the Class S Principal Deficiency Ledger until the debit balance, if any, on the Class S Principal Deficiency Ledger is reduced to zero;
- (j) *tenth*, in or towards satisfaction of interest due or accrued due but unpaid on the Subordinated Class B Notes;
- (k) *eleventh*, in or towards satisfaction of sums to be credited to the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (l) *twelfth*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement; and
- (m) *thirteenth*, in or towards satisfaction of the Swap Counterparty Default Payment and final payment payable to the Swap Counterparty under the terms of the Swap Agreement.

Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Quarterly Calculation Date and which have been received during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date (items (i) up to and including (viii) hereinafter referred to as the "**Principal Available Amount**" and such amount less item (ix) hereinafter referred to as the "**Redemption Available Amount**"):

- (i) as repayment and prepayment of principal in full under the NHG Mortgage Receivables, but excluding prepayment penalties less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, the Participation in such Savings NHG Mortgage Receivable or Life NHG Mortgage Receivable with a Savings Element;
- (ii) as Net Foreclosure Proceeds on any NHG Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, the Participation in such Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element;
- (iii) as amounts received in connection with a repurchase of NHG Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, the Participation in such Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element;
- (iv) as amounts received in connection with a sale of NHG Mortgage Receivables pursuant to the Trust Deed and, as the case may be, the Put Option Agreement to the extent such amounts relate to principal less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, the Participation in such Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
- (vi) as Monthly Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Mortgage Payment Date pursuant to the Sub-Participation Agreement;
- (vii) as partial prepayment in respect of the NHG Mortgage Receivables;
- (viii) as amounts received under the Construction Guarantee; less
- (ix) the purchase price for any Further Advance Receivables.

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

- (a) *first*, in or towards satisfaction of principal amounts due under the Senior Class A Notes, until fully redeemed;
- (b) *second*, in or towards satisfaction of principal amounts due under the Mezzanine Class S Notes; and
- (c) *third*, in or towards satisfaction of principal amounts due under the Subordinated Class B Notes;

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed, other than in respect of the Participations, will be paid to the Secured Parties (including the Noteholders, but excluding the Participant, which shall be entitled to receive an amount equal to the Participation in each of the Savings NHG Mortgage Receivables and the Life NHG Mortgage Receivables with a Savings Element or if the amount recovered, which amount will not be part of this Priority of Payments upon Enforcement, is less than the Participation, then an amount equal to the amount actually recovered) in the following order of priority (after deduction of costs incurred by the Security Trustee, which will include, *inter alia*, fees and expenses of the Rating Agencies and any legal advisor, auditor and accountant appointed by the Security Trustee) (and in each case only if and to the extent payments of a higher priority have been made in full) (the "**Priority of Payments upon Enforcement**" and together with the Interest Priority of Payments and the Principal Priority of Payments, the "**Priority of Payments**"):

- (a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement;
- (b) *second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) the fees and expenses of the Paying Agents and the Reference Agent incurred under the provisions of the Paying Agency Agreement and (iii) the fees and expenses of the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement but excluding any Liquidity Facility Stand-by Drawing payable under (a) above and any fees payable and any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (k) below;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Swap Agreement as determined in accordance with its terms but excluding any Swap Counterparty Default Payment payable under subparagraph (l) below;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due but unpaid in respect of the Senior Class A Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class S Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class S Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class B Notes;
- (j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class B Notes;
- (k) *eleventh*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement; and
- (l) *twelfth*, in or towards satisfaction of the Swap Counterparty Default Payment and final exchange payment payable to the Swap Counterparty under the terms of the Swap Agreement.

Liquidity Facility

On the Closing Date, the Issuer has entered into the Liquidity Facility Agreement with the Liquidity Facility Provider as amended and restated on the Effective Date. The Issuer will be entitled on any

Quarterly Payment Date (other than on (i) a Quarterly Payment Date if and to the extent the Notes, are redeemed in full on such Quarterly Payment Date or (ii) the Final Maturity Date) to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount. Any such drawing shall be credited to the Issuer Collection Account and debited from the Liquidity Facility Account. The Liquidity Facility Agreement is for a maximum term of 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility Agreement by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, without taking into account any drawing under the Liquidity Facility Agreement, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (f) (inclusive), in full on that Quarterly Payment Date. The Liquidity Facility Provider will rank in priority in respect of payments and security to the Notes.

Upon the occurrence of (a) the downgrade on any day of the debt obligations of the Liquidity Facility Provider below the Required Minimum Rating or any such rating is withdrawn; or (b) the refusal by the Liquidity Facility Provider to accept an Extension Request made by the Issuer; or (c) the Issuer requesting that the Liquidity Facility Provider transfer its rights and obligations under the Liquidity Facility Agreement to a third party, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Liquidity Facility Agreement (a "**Liquidity Facility Stand-by Drawing**") and credit such amount to an account with the Floating Rate GIC Provider (the "**Liquidity Facility Stand-by Drawing Account**"). Amounts may be debited from the Liquidity Facility Stand-by Drawing Account by the Issuer in the same manner and pursuant to the same conditions as a drawing under the Liquidity Facility. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility Provider does not renew the Liquidity Facility following its commitment termination date. If a Liquidity Facility Stand-by Drawing is to be repaid by the Issuer, such repayment shall be made by the Issuer from the Liquidity Facility Stand-by Drawing Account directly to the Liquidity Facility Provider (outside of the Interest Priority of Payments).

For these purposes, "**Liquidity Facility Maximum Amount**" means, on each Quarterly Payment Date, 1 (one) per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date.

Principal Deficiency Ledger

A ledger (the "**Principal Deficiency Ledger**") comprising of three sub-ledgers, known as the "**Class A Principal Deficiency Ledger**" the "**Class S Principal Deficiency Ledger**" and the "**Class B Principal Deficiency Ledger**" will be established by or on behalf of the Issuer in order to record any Realised Losses on the NHG Mortgage Receivables. An amount equal to the Realised Losses shall be debited to the Class B Principal Deficiency Ledger (such debit items being recredited at item (k) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Subordinated Class B Notes and thereafter such amounts shall be debited to the Mezzanine Class S Principal Deficiency Ledger (such debit items being recredited at item (i) of the Interest Priority of Payment) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Mezzanine Class S Notes and thereafter such amount shall be debited to the Class A Principal Deficiency Ledger (such debit items being recredited at item (g) of the Interest Priority of Payments).

"**Realised Losses**" means, on any relevant Quarterly Calculation Date, the sum of (a) the amount of the difference between (i) the aggregate Outstanding Principal Amount of all NHG Mortgage Receivables, less, with respect to the Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element, the Participations, in respect of which the Seller, the Defaulted Loan Servicer or the MPT Provider on behalf of the Issuer, the Originator, the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including the Quarterly Payment Date immediately preceding such Quarterly Calculation Date and (ii) the sum of (x) the Net Foreclosure Proceeds on such NHG Mortgage Receivables other than Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element and (y) the Net Foreclosure Proceeds on such Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element up to the amount of the relevant Savings NHG Mortgage Receivables or Life NHG Mortgage Receivables with a Savings Element less the Participations and (b) with respect to NHG Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (x) the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables sold to the extent relating to principal less with respect to such Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings

Element, the relevant Participations, and (y) the purchase price received in respect of such NHG Mortgage Receivables to the extent relating to the principal less, with respect to Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element, the relevant Participations, whereby, in case of items (a) and (b), for the purpose of establishing the Outstanding Principal Amount in case of set-off or defence to payments asserted by Borrowers any amount by which the NHG Mortgage Receivables have been extinguished ("*teniet gedaan*") will be disregarded.

Interest Rate Hedging

The Mortgage Loan Criteria require that all NHG Mortgage Receivables sold and assigned to the Issuer at the Closing Date either bear a floating rate of interest or a fixed rate of interest for a period of over one calendar month which is subject to a reset from time to time (as further described in *Description of the Mortgage Loans* below). The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer has hedged this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty on the Closing Date which shall be amended and restated on the Effective Date. Under the Swap Agreement, the Issuer has agreed to pay on each Quarterly Payment Date amounts equal to the scheduled interest on the NHG Mortgage Receivables less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, an amount equal to the scheduled interest multiplied by the Participation Fraction, plus the interest accrued on the Issuer Collection Account and any prepayment penalties received less an amount equal to the expenses as described under (a), (b) and (c) of the Interest Priority of Payments and plus any final exchange amount (which shall be equal to the amounts remaining after all payments ranking higher than item (m) of the Interest Priority of Payments or item (l) of the Priority of Payments upon Enforcement have been made).

The Swap Counterparty has agreed to pay on each Quarterly Payment Date amounts equal to the aggregate scheduled interest due under the Notes on such Quarterly Payment Date, and calculated by reference to the Rate of Interest for each Class of Notes applied to an amount equal to the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Interest Period, less an amount equal to any debit balance standing on the relevant sub-ledger of the Principal Deficiency Ledger if any, on the first day of the relevant Interest Period.

Payments under the Swap Agreement will be netted.

The Swap Agreement is documented under an ISDA Master Agreement. The Swap Agreement may be terminated in accordance with Events of Default and Termination Events (each as defined in the relevant ISDA Master Agreement) commonly found in standard ISDA documentation. 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.

If the Swap Counterparty ceases to have certain required ratings by the Rating Agencies, the Swap Counterparty will be required to take certain remedial measures which may include (i) the provision of collateral for its obligations under the Swap Agreement, (ii) arranging for its obligations under the Swap Agreement to be transferred to an entity with the required ratings, (iii) procuring another entity with at least such ratings to become co-obligor in respect of its obligations under the Swap Agreement or (iv) the taking of such other action as it may agree with any of the Rating Agencies. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

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 outside any Priority of Payments and will not be available for the distribution of any amounts due to the Noteholders or the other Secured Parties.

Sale of NHG Mortgage Receivables

The Issuer may not dispose of the NHG Mortgage Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed. If the Issuer in view of its obligations under the Notes has to sell (part of) the NHG Mortgage Receivables it will first offer such NHG Mortgage Receivables to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase and accept the re-assignment of the NHG Mortgage Receivables. After such 15 business day period, the Issuer will, except in case the sale of all of the NHG Mortgage Receivables by the Issuer is the result of the Seller exercising its Clean-Up Call Option or Regulatory Call Option, offer the NHG Mortgage Receivables to the Put Option Provider which has the obligation to accept the NHG Mortgage Receivables, unless in case of a breach in any material respect of any of the representations and warranties given by the Seller in respect of the relevant NHG Mortgage Receivable or the relevant Mortgage Loan from which such NHG Mortgage Receivable results, the Seller has on the basis of the Mortgage Receivables Purchase Agreement between, *inter alia*, the Seller and the Originator dated 21 August 2006, appointed the Originator to purchase the relevant NHG Mortgage Receivable. Except if differently set out below, the Seller or the Put Option Provider, as the case may be, will pay a purchase price equal to the purchase price a third party is willing to pay for the NHG Mortgage Receivables.

Sale of NHG Mortgage Receivables on the Put Option Date

The Issuer will have the right to sell and assign all but not some of the NHG Mortgage Receivables on the Put Option Date, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes.

The purchase price of the NHG Mortgage Receivables in the case of a sale and assignment of the NHG Mortgage Receivables on the Put Option Date shall be equal to at least the relevant Outstanding Principal Amount in respect of the relevant NHG Mortgage Receivables, together with accrued interest due but unpaid, if any, except that with respect to NHG Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the foreclosure value of the corresponding Mortgaged Assets or, if no valuation report of less than twelve (12) months old is available, the indexed foreclosure value and (b) the amount claimable under the NHG Guarantee or (ii) the sum of the Outstanding Principal Amount together with interest due or interest accrued but unpaid, if any, and any other amount due under such NHG Mortgage Receivable.

Sale of NHG Mortgage Receivables if the Clean-Up Call Option is exercised

On each Quarterly Payment Date, the Seller has the option to exercise the Clean-Up Call Option. In

respect of the purchase price, the same as set out above under *Sale of NHG Mortgage Receivables on the Put Option Date* applies to the purchase price payable for the sale of NHG Mortgage Receivables if the Seller exercises the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b).

Sale of NHG Mortgage Receivables if the Regulatory Call Option is exercised

On each Quarterly Payment Date, the Seller has the option to exercise the Regulatory Call Option. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the NHG Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion if the Regulatory Call Option is exercised. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b). The purchase price of the NHG Mortgage Receivables will be at least equal to the Outstanding Principal Amount in respect of the relevant NHG Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the NHG Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

Sale of NHG Mortgage Receivables if the Seller is obliged to repurchase

If the Seller is obliged to repurchase any NHG Mortgage Receivable(s) pursuant to the Mortgage Receivables Purchase Agreement, the purchase price of the NHG Mortgage Receivables will be equal to the Outstanding Principal Amount in respect of the relevant NHG Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the NHG Mortgage Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment.

STICHTING MORTGAGE PURCHASING COMPANY HOLLAND HOMES

Stichting Mortgage Purchasing Company Holland Homes (the "**Seller**") is a foundation ("*stichting*") established under the laws of the Netherlands on 18 July 2006. The statutory seat ("*statutaire zetel*") of the Seller is in Amsterdam, the Netherlands. The registered office of the Seller is at Naritaweg 165, Telestone 8, 1043 BW Amsterdam, the Netherlands and its telephone number is +31 (0)20 5722300. The Seller is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34252405.

The Seller is a special purpose vehicle, which objectives are (a) to acquire, purchase, conduct the management of, dispose of and encumber receivables ("*vorderingen op naam*") and to exercise any rights connected to such receivables, (b) to take up loans by entering into loan agreements to acquire the assets mentioned under (a), (c) to invest and on-lend any funds held by the Seller, (d) if incidental to the foregoing to grant security rights and (e) to perform all activities which are incidental to or which may be conducive to any of the foregoing.

The sole managing director of the Seller is Trust International Management (T.I.M.) B.V.. The managing director of Trust International Management (T.I.M.) B.V. is Wilhelmus Joseph Langeveld, who has chosen domicile at the office address of Trust International Management (T.I.M.) B.V., being Naritaweg 165 Telestone 8, 1043BW Amsterdam.

The sole shareholder of Trust International Management (T.I.M.) B.V. is Citco Nederland B.V.

As of its establishment until 30 March 2012, the Seller has purchased from time to time NHG Mortgage Receivables from the Originator.

The NHG Mortgage Receivables which the Seller has sold and assigned on the Closing Date pursuant to the Mortgage Receivables Purchase Agreement, were originated by the Originator and purchased from the Originator during the period from 21 August 2006 up to and including the Cut-off Date. Up to 30 March 2012, the Seller has sold and assigned Further Advance Receivables to the Issuer. On 10 April 2012, being the Quarterly Payment Date immediately preceding the date hereof, the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables was euro 493,680,145.57.

OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

Market

One of the most important factors influencing the Dutch residential mortgage market is the fiscal policy. In the Netherlands, interest on mortgage loans is tax deductible if the mortgage loan proceeds are used for the purchase or improvement of the first home. The mortgage interest is deductible for a period of 30 years. As a result of this tax treatment many borrowers choose to fully benefit from the tax deductibility and take out the maximum possible mortgage loan. This results in a relative high outstanding mortgage debt per capita.

As of the 26th of April, a five party coalition in the Dutch parliament reached a deal on an austerity package for the 2013 budget. This new package contains some provisions that directly affect the Dutch housing market starting from January 2013. These are summarized below:

- The limitation of the interest rate deductibility to mortgages that have a repayment scheme well defined only therefore excluding interest only mortgages. In addition, the understanding so far is that existing mortgages will be excluded from the existing regime;
- Maximum LTV allowance to be decreased to 100% from 106%;
- Property transfer to be kept at the level of 2%.

Lenders

Banks are the main mortgages lenders in the Netherlands, followed by insurers and other financial institutions such as pension funds and building funds. The top twelve lenders provide more than 80 per cent. of the mortgage loans. These mortgages are offered through branches, call centres, the internet and to an increasing extent via intermediaries.

Mortgage products

In the Netherlands, the typical (legal) term of a mortgage loan is 30 years. It is very common that the mortgage loan consists of several mortgage parts, each of which has its own characteristics. Because of the fiscal treatment, mortgage loans with no redemption on the principal such as investment-based mortgages, savings mortgages and interest-only mortgages have been very popular until now. Under these mortgages no principal is repaid during the term of the contract. Instead, the Borrower makes payments in a saving account, endowment insurance or investment fund. Upon maturity the loan is repaid with the money in the savings account, the insurance contract or the investment fund respectively. Going forward, the new measures expected to be implemented as of January 2013 could change the landscape of Dutch mortgages.

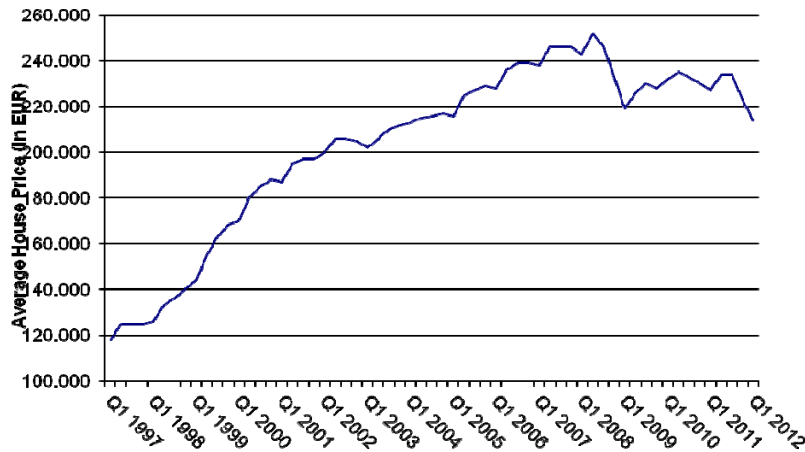
Interest type

Although the 5 and 10-year fixed interest rate have been most popular, there is an increasing appetite for other types, like short term fixed rates and variable rates and capped mortgages. Some lenders also offer collar type of interest rates.

House price developments

Fiscal benefits, economic growth and demographic factors (decreasing number of persons per household) have caused an increasing demand for Dutch houses and an increase in prices in the years pre the financial crisis. However, the last 4 years the credit crisis has put some downwards pressure on house prices in the Netherlands as well. Starting from the second quarter of 2008 we can observe a downwards trend. In the first quarter of 2012 the median house price was 214,000 compared to the higher median house prices of 227,000 in same quarter a year ago according to NVM (Nederlandse Vereniging voor Makelaars).

House Price Development



Prepayment

Borrowers are allowed to prepay between 10 to 20 per cent. free of penalty per year. In addition full prepayment without penalty can only be made at times of interest rate resetting, on sale of the property or in case of death of the borrower. Otherwise a penalty is calculated as the net present value of the difference between the contract rate and the applicable market rate. The lending criteria of the banks, which have become more stringent over the past few years, has made it less attractive for borrowers to refinance their mortgage loans and thus resulting in lower prepayments in comparison with the preceding years.

Default losses have been relatively low

Despite the relatively high loan-to-foreclosure value ("LtFV") or the loan-to-market value ratios, default losses have always been relatively low. During the decrease in house prices (1978-1982) losses peaked up to 30 basis points on an annual basis. In the following years losses have been negligibly low. Currently default losses are showing an upward trend due to a weakening economy during recent years and a slowdown in house price increases.

Until 1 August 2011, in the Netherlands the value of the property is measured as the foreclosure value, which is the estimated forced sale value. The foreclosure value is about 85 to 90 per cent. of the market value with a maximum LtFV of 125-130 per cent.

As of 1 August 2011, in the Netherlands the value of the property is measured as the market value, with a maximum loan-to-market value of 110 per cent.

Tax deductibility of mortgage interest payments

The Dutch tax authorities allow borrowers to deduct mortgage interest payments for owner-occupied residences from their taxable income. Changes in tax deductibility could ultimately have an adverse impact on the ability of Borrowers to repay their NHG Mortgage Receivables. In addition, changes in the deductibility of mortgage interest payments may lead to changes in the prepayment rate by Borrowers on their Mortgage Loans or have an adverse effect on the value of the Mortgaged Assets. However it is too early to predict what the implications of the current discussions on tax deductibility will be, particularly as the measures (if any) might be (partly) offset by other mitigating measures regarding the current taxation of housing or the tax system in general.

Bureau for credit registration (BKR)

The Bureau for Credit Registration ("*Bureau Krediet Registratie*", or "**BKR**") was founded in 1965 by financial institutions to take care of central credit registration. At BKR almost all credit obligations of retail clients in the Netherlands are registered. Credits are registered as of origination until a period of five years after maturity. Before providing a mortgage loan, lenders are obligated to check the history of the borrower in order to prevent overborrowing by the client and to limit the risks for the lender.

SNS BANK N.V.

By means of a deed of division ("*afsplitsing*") dated 29 December 2006, DBV Levensverzekeringsmaatschappij N.V. in its capacity as Seller and Originator only, has transferred to DBV Finance B.V. *inter alia* all its rights and obligations under or in connection with the Mortgage Loans, excluding the obligation to grant a Further Advance, and the Relevant Documents to which it is a party and as a result DBV Finance B.V. has succeeded DBV Levensverzekeringsmaatschappij N.V. in its capacity of Seller and Originator under the Relevant Documents to which it is a party (the "**Demerger**").

On 1 November 2009, DBV Levensverzekeringsmaatschappij N.V. entered into a legal merger ("*juridische fusie*"), with SRLEV as the surviving entity, and on 18 March 2011, DBV Finance B.V. and SNS Bank have entered into a legal merger ("*juridische fusie*"), with SNS Bank as the surviving entity.

Incorporation

SNS Bank N.V., a public limited liability company ("*naamloze vennootschap*"), was incorporated under Dutch law on 18 December 1990 as a result of the merger of several regional savings banks. The corporate seat of SNS Bank is in Utrecht, the Netherlands. The registered office of SNS Bank is Croeselaan 1, 3521 BJ, Utrecht and SNS Bank is registered in the Commercial Register of the Utrecht Chamber of Commerce ("*handelsregister van de Kamer van Koophandel en Fabrieken in Utrecht*"), under number 16062338. The telephone number of SNS Bank is +31(0)30 291 5100. The Articles of Association of SNS Bank were lastly amended by notarial deed on 13 January 2003 before a duly authorised substitute of Mr. P. Klemann, civil law notary in Amsterdam, the draft of these articles having received the approval of the Minister of Justice, number 394.723.

Ownership

SNS Bank is a 100% subsidiary of SNS REAAL N.V. ("**SNS REAAL**") and is part of the group formed by SNS REAAL and its subsidiaries ("**SNS REAAL Group**"). SNS REAAL is the result of a merger in May 1997 between SNS Groep N.V. (primarily a banking group) and Reaal Groep N.V. (primarily an insurance group). As of 27 July 2005 all of the shares issued by SNS REAAL were held by Stichting Beheer SNS REAAL. On 18 May 2006 the shares of SNS REAAL were listed on NYSE Euronext in Amsterdam as part of the IPO of SNS REAAL. As per the date of this Prospectus Stichting Beheer SNS REAAL owns approximately 50.00001% of SNS REAAL's outstanding share capital.

During the extraordinary general meeting of shareholders of SNS REAAL held on 29 January 2008, the decision was taken to amend the articles of association of SNS REAAL. This amendment of the articles of association was effected by executing a notarial deed of amendment of the articles of association on 28 April 2008. The aforementioned amendment of the articles of association was necessary in order to ensure that the share capital of SNS REAAL consists of two types of shares, namely ordinary shares and shares B.

On 12 November 2008 SNS REAAL decided to strengthen its solvency with € 500 million in capital securities, to be issued to Stichting Beheer SNS REAAL and € 750 million in capital securities to be issued to the Dutch State in view of the market environment and in recognition of higher capital market solvency requirements for financial institutions. Aforementioned transactions were completed on 11 December 2008. The documentation is available on www.snsreaal.com under the heading "Investor relations". The proceeds of the transaction have been used to increase SNS Bank's core capital by € 260 million and to strengthen the solvency capital of REAAL by € 975 million. The Dutch State obtained the right to nominate two members for the SNS REAAL Supervisory Board and announced in December 2008 that it would nominate Charlotte Insinger and Ludo Wijngaarden for appointment to SNS REAAL N.V.'s Supervisory Board. After their appointment at SNS REAAL's General Meeting of Shareholders on 15 April 2009 they have also become members of the Supervisory Boards of SNS Bank and REAAL and members of the Audit Committee of SNS Bank.

By way of a press release dated 24 September 2009 SNS REAAL announced the completion of a € 135 million equity issue via an accelerated bookbuild offering. In total, the issue comprised 26,147,259

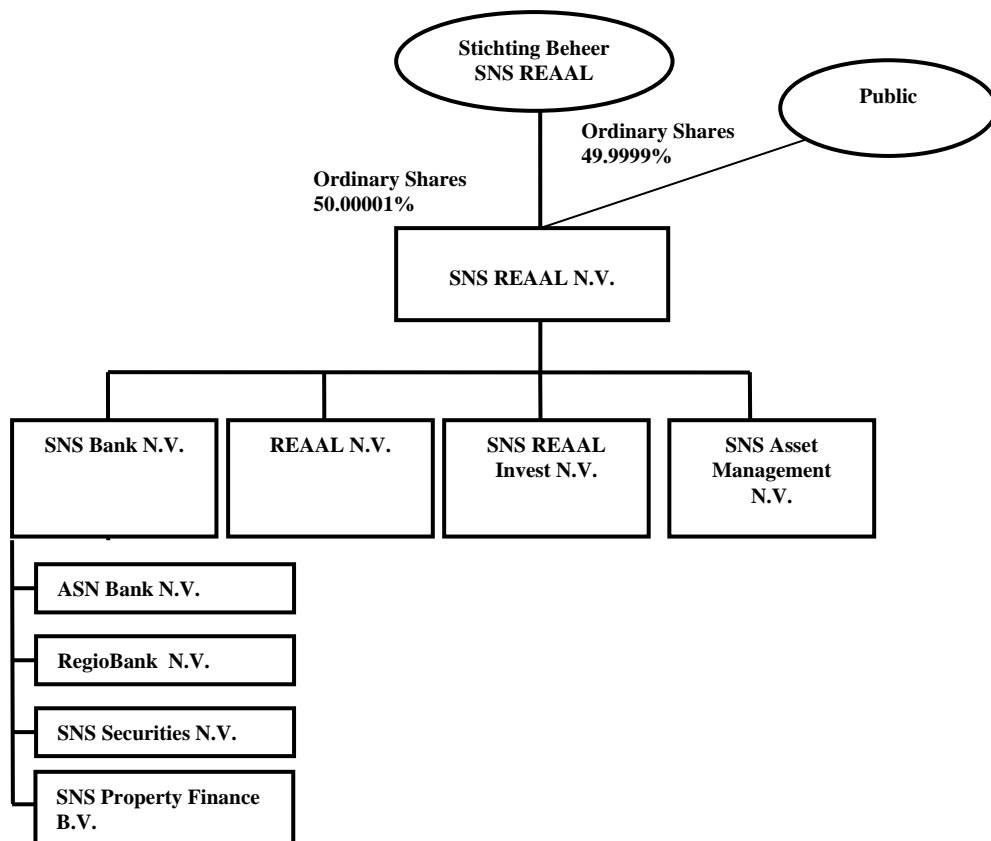
new ordinary shares at a price of € 5.15 per share. Application was made to list the new shares on Euronext Amsterdam. The issue settled on 29 September 2009, at which date the new shares were admitted to trading on NYSE Euronext in Amsterdam.

On 12 November 2009, SNS Bank announced an offer to exchange (the “**Exchange Offer**”) up to €100,000,000 of the €350,000,000 Fixed/Floating Rate Hybrid Capital Securities issued by SNS REAAL N.V. on 17 July 2007 (the “**SNS REAAL Securities**”) and any or all of the €200,000,000 Subordinated Fixed changing to Floating Rate Notes issued by SNS Bank on 22 July 2003 (the “**SNS Bank Notes**”, together with SNS REAAL Securities, the “**Existing Notes**”) for new Euro-denominated Tier 1 notes to be issued by SNS Bank (the “**New Notes**”) under the Debt Issuance Programme of SNS Bank and SNS REAAL, as set out in the base prospectus of such Debt Issuance Programme (and any supplements thereto), dated 8 June 2009. On 20 November 2009, SNS Bank announced that according to information provided by the Exchange Agent as of the Expiration Time on the Expiration Date, EUR 289,353,000 in aggregate principal amount of the SNS REAAL Securities and EUR 189,050,000 in aggregate principal amount of the SNS Bank Notes were validly offered for exchange for New Notes. Subject to the terms and conditions of the Exchange Offer, SNS Bank accepted EUR 100,000,000 in aggregate principal amount of the SNS REAAL Securities and all SNS Bank Notes validly offered. As a result, the SNS REAAL Securities were accepted on a pro rata basis using a pro rata factor of approximately 0.34809. Pursuant to the Exchange Offer, SNS Bank issued EUR 220,866,000 in aggregate principal amount of the New Notes. In addition, on the Settlement Date, SNS Bank issued EUR 99,134,000 in aggregate principal amount of the Additional Notes which will be fungible with the New Notes, taking the aggregate principal amount of New Notes being issued to EUR 320,000,000.

On 30 November 2009, SNS REAAL, by using the proceeds of the equity issue of 24 September 2009 as well, repurchased € 250 million of core tier 1 securities, of which € 185 million were issued to the Dutch State and € 65 million to Stichting Beheer SNS REAAL. The intention to repurchase had been announced on 3 November 2009. Furthermore, in line with the terms of the agreement with the Dutch State, SNS REAAL paid accrued interest on the amount repurchased from the Dutch State from 9 June 2009, representing an amount of € 7 million. No repurchase fee was paid. On 28 January 2010 SNS REAAL announced that the European Commission has, on 28 January 2010, given definitive approval for the capital support by the Dutch State to SNS REAAL.

BLG Hypotheekbank N.V. (as disappearing entity) has merged with SNS Bank (as acquiring entity) effective as of 10 October 2010 whereby BLG Hypotheekbank N.V. has ceased to exist.

SNS REAAL contributed foundation core tier 1 securities to SNS Bank as a contribution in kind of share premium (agio) to the shares in the capital of SNS Bank with economic effect as per 1 January 2011. As a consequence of this contribution the foundation core tier 1 securities ceased to exist pursuant to amalgamation (schuldvorming) and made the foundation core tier 1 securities qualify as core capital in the calculation of the core tier 1 ratio for the European Banking Authority (EBA) stress test. The contribution that was affected does not have any influence on the solvency ratio of SNS Bank. See further below under the header *Recent developments SNS Bank*.



SNS REAAL

With a balance sheet total of almost €128 billion as of the end of December 2010, SNS REAAL is one of the major financial bank-insurance companies in the Netherlands. As a bank and insurer, SNS REAAL holds a distinct position in its market by quickly and effectively translating client needs into accessible and transparent products. In-depth knowledge of products and efficient processes lead to effective standardisations and combination options within product and client groups. SNS REAAL is a decisive and flexible organisation that through its core brands SNS Bank and REAAL Verzekeringen and specialised sales labels enjoy strong positions in the Dutch market. Furthermore the combination has involved the following:

- A single group management centre has been established in Utrecht;
- Centralisation of staff departments within the SNS REAAL Group such as risk management, audit, finance, legal affairs, compliance, fiscal affairs and human resources; and;
- Creation of centralised competence centres and service centres.

Company Structure and Profile

SNS Bank comprises a division for retail operations (SNS Retail Bank) and a division for property finance (SNS Property Finance). Both these divisions pursue focused strategies for product development and distribution. The activities of SNS Property Finance are well aligned with retail banking's SME (small and medium-sized enterprises) operations, which focuses on commercial mortgages. The labels active under aforementioned two business units are all, except for SNS Fundcoach, vested in separate legal entities.

SNS Retail Bank

This segment offers banking products in the field of mortgages, asset growth and asset protection for both the retail and SME markets. In addition to SNS Bank, this segment also comprises the units ASN Bank, BLG Hypotheken, RegioBank and SNS Securities. As per 1 December 2010, SNS Regio Bank changed its trade name back into RegioBank. With this change SNS REAAL aims to position this

distribution channel more distinct from SNS Bank. On 11 October 2010 a legal merger took place between SNS Bank NV and its 100% subsidiary BLG Hypotheekbank N.V. With this legal merger BLG Hypotheekbank NV ceased to exist. The activities of BLG Hypotheekbank NV are continued by SNS Bank under the trade name BLG Hypotheken.

SNS Retail Bank comprises the brands SNS Bank, RegioBank, ASN Bank and BLG Hypotheken. Its customers are private individuals in the Netherlands– and its core product groups are mortgages, savings and investments. SNS Retail Bank aims to simplify finance for its customers by offering them accessible, transparent products and good service. Its shared IT infrastructure serves to achieve efficiency and economies of scale in management and administration.

The SNS Retail Bank brands are developing their own independent positions and distinctive customer values in order to best meet the needs of their target groups.

- SNS Bank is the broad and accessible consumer brand for banking and insurance products with an emphasis on sales and information over the internet and telephone. It provides additional information and advice through its own shops, franchisers' shops and location-independent advisors. SNS Bank also sells its mortgages through third-party websites and retail chains.
- ASN Bank is the brand for sustainable savings, investment and payments and sells its products solely over the internet.
- RegioBank is the bank formula for intermediaries in provinces, focusing on local and personal service.
- BLG Hypotheken is the specialist intermediary brand (of SNS Bank) for mortgages.

SNS Retail Bank seeks to reinforce its distribution capabilities. Its key objectives are to further develop on-line sales, collaboration within SNS REAAL in the areas of distribution and production, a nationwide network of compact SNS Shops (70% of which would include franchise shops) and RegioBank intermediaries, a complete range based on its own standardised products as well as third-party products, and continued growth of ASN Bank. Closer collaboration in production, systems and distribution between the banking labels and with the other business units are expected to create synergies in terms of costs and revenues.

SNS Property Finance operates in all phases of the property cycle, from short-term (project) loans for land purchase, construction and trading transactions to long-term loans for investment properties. SNS Property Finance participates in several projects as a risk-bearing participant in the results if a number of conditions are strictly complied with. SNS Property Finance does not provide loans to property companies that are not (mortgage) secured and usually does not provide working capital funding. SNS Property Finance is one of the major financiers of property investments and projects in the Netherlands. SNS Property Finance is, to a limited extent, also active internationally. However they have announced to reduce the international portfolio and focus on the domestic market. In the second half of 2009, SNS Property Finance started an investigation of several alternatives to reduce the international activities in a controlled and gradual manner over the coming years. As from 1 January 2011, small and medium-sized enterprise (SME) customers are transferred to the new business unit SNS SME, which combines the former SME activities of SNS Retail Bank and part of Property Finance's Dutch investment finance loan portfolio. All of Property Finance's other activities are being phased out. SNS SME aims to use its size, network and knowledge of the Dutch property and SME markets to achieve profitable growth. It has a moderate risk profile and focuses on corporate loans secured by property collateral and based on limited contracts. SNS SME is also engaged in payments, savings and insurance in the SME segment. In view of the considerable growth of the SME savings market, SNS SME eventually aims to finance its own lending activities.

Recent developments SNS Bank

On 28 September 2010 SNS Bank issued a € 1 billion 10 year covered bond. In addition, SNS Bank issued a number of private placements of registered covered bonds and placed notes in securitizations with third parties for an amount of € 600 million in the third quarter of 2010.

On 26 October 2010 SNS Bank raised € 500 million with a lower Tier 2 issue under its Debt Issuance Programme, with a view to future redemptions.

On 9 November 2010 SNS REAAL N.V. announced a net profit of €63 million for the third quarter of 2010. In the third quarter, SNS REAAL posted a net profit of € 63 million, a sharp increase compared to the level of last year, helped by financial markets. Excluding the international portfolio of SNS Property Finance, the core activities of SNS REAAL made a net profit of € 163 million. The net profit of SNS Retail Bank increased sharply and was also significantly higher compared to the average of the first half of 2010. Net interest margins on mortgages improved on a slightly higher mortgage portfolio, in a still contracting market. At the end of the third quarter, SNS REAAL's market share in new mortgages was 6.5%, compared to 6.7% over the first half year. Net interest income from savings deposits was sharply higher, mainly due to the combination of high retention rates and lower interest rates offered on savings products. Savings balances grew by € 0.3 billion compared to the end of June 2010, to € 26.9 billion. Market share of total Dutch retail savings improved to 9.3% at the end of September (9.0% at the end of June 2010). At the end of the third quarter, bank savings, which are included in the total savings balances, amounted to € 554 million, up € 300 million compared to year end 2009 and up € 132 million in the third quarter. The net loss of SNS Property Finance was higher than in the second half of 2009 and in line with the average for the first half of 2010. Interest income at SNS Property Finance was under further pressure in the third quarter, impacted by the continued decline of the loan portfolio and higher funding costs. Total commitments SNS Property Finance have been declined by € 0.5 billion in the third quarter and the international commitments have been reduced by 32% whereby the net international loan portfolio has fallen below € 3.0 billion. For SNS REAAL as a whole, turning around the situation at SNS Property Finance and freeing up capital with a view to repaying the capital support from the State and the Foundation remain, next to servicing customers, the key priorities. At the end of the third quarter, the Tier 1 ratio of SNS Bank stood at 11.0% (end of June 2010: 11.1%) and the Core Tier 1 ratio was 8.5% (end of June 2010: 8.6%). The decline in risk-weighted assets at SNS Property Finance largely compensated for the negative impact of the loss at SNS Property Finance.

As of 1 January 2011, SNS Property Finance has split into two separate units. SNS Property Finance will retain its international loan portfolio and part of its Dutch loan portfolio. This unit will be phased out in a responsible manner over the next two to four years. The remaining part of SNS Property Finance's Dutch portfolio will be combined with the existing small and medium-sized enterprise ("SME") activities of SNS Retail Bank in the new unit SNS SME (*SNS Zakelijk*). The pro forma gross loan portfolio of SNS SME as at the end of September 2010 amounted to approximately € 7.4 billion, predominantly consisting of profitable Dutch investment finance loans of SNS Property Finance and SME mortgage loans of SNS Retail Bank. Approximately € 3 billion in SME savings with SNS Retail Bank will also be transferred to SNS SME. SNS SME will focus on optimising the loan portfolio and improving its funding profile, partly by increasing SME savings. The pro forma gross loan portfolio of SNS Property Finance as at the end of September 2010 amounted to approximately € 6.9 billion, predominantly consisting of international and Dutch project finance loans. SNS Property Finance will focus on phasing out its entire loan portfolio over a period of two to four years.

On 9 March 2011, SNS Bank published its annual report 2010, including SNS Bank's publicly available financial statements and auditors report for the year ended 31 December 2010. Furthermore, on 25 August 2011, SNS Bank published its unaudited (semi-annual) interim financial statements of 2011.

On 25 August 2011 SNS REAAL announced a net profit of € 44 million for the first half year of 2011. Excluding the run-off portfolio of Property Finance, the core activities of SNS REAAL made a net profit of € 162 million. The net profit of SNS Retail Bank increased 32% to € 87 million compared to the first half of 2010. Interest income from savings was up in the first half of 2011, due to a marked increase of the savings portfolio by € 3.0 billion compared to year-end 2010 (+11%). SNS Retail Bank's market share in savings increased to 10.2% (2010: 9.5%). SNS Retail Bank's residential mortgage portfolio of € 51.9 billion was up € 2.6 billion compared to year-end 2010 (€ 49.3 billion). Of this € 2.6 billion, € 2.2 billion was caused by the transfer of securitised retail mortgages from DBV as at 1 January 2011. On the other hand, at the end of June 2011, € 0.5 billion of the mortgage portfolio of SNS Retail Bank was transferred to the Insurance activities. This consisted of REAAL's first half year production of new SNS

Retail Bank mortgages covered by the Dutch Mortgage Guarantee scheme. Organically, SNS Retail Bank's residential mortgage portfolio grew by € 0.9 billion, supported by high retention rates.

SNS Retail Bank's market share of new residential mortgages in the first half of 2011 was 6.4%, stable compared to 2010 as a whole. In the first half of 2011, the proportion of new mortgages covered by the Dutch Mortgage Guarantee scheme was again substantial at 67%. Net interest income from mortgages was relatively stable, despite the impact from the sale of first loss pieces (e-notes) and the transfer of € 0.9 billion of retail mortgages to the Insurance activities in the fourth quarter of 2010. The transfer of the securitised DBV retail mortgages did not have a material impact on net interest income. SNS SME posted a net profit of € 34 million compared to € 43 million for the first half of 2010. This decrease was largely driven by lower interest income and higher impairment charges. In the first half of 2010, impairment charges had been below normalised levels due to releases of provisions. As part of SNS REAAL's capital release programme, commitments at SNS SME (gross loans including undrawn commitments) were reduced from € 7.4 billion at the end of 2010 to € 6.4 billion (-13%). Property Finance posted a net loss of € 118 million compared to a net loss of € 219 million for the first half of 2010. Adjusted for the goodwill impairment of € 68 million in 2010, the net loss decreased from € 151 million to € 118 million. This decrease was fully due to lower impairments, more than compensating for the lower net interest income and higher operating expenses. Total commitments declined from € 6.8 billion at the end of 2010 to € 6.0 billion (-12%), corresponding to a decline in risk-weighted assets by € 0.6 billion. For SNS REAAL as a whole, turning around the situation at Property Finance and freeing up capital with a view to repaying the capital support from the State and the Foundation remain, next to servicing customers, the key priorities. At the end of June 2011, the Tier 1 ratio of SNS Bank stood at 11.3% (end 2010: 10.7%) and the Core Tier 1 ratio was 8.4% (end 2010: 8.1%). The increase was supported by the decline in risk-weighted assets at Property Finance and profit of SNS Retail Bank partly mitigated by the negative impact of the loss at Property Finance.

SNS Bank was subject to the 2011 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Dutch Central Bank (DNB), the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB).

On 27 October 2011, SNS Bank published a press release regarding the new EBA solvency threshold, pursuant to which European banks must meet a 9% threshold for their core Tier 1 ratios, in accordance with the current EBA definition, after revaluing sovereign bond holdings at market rates. Based on the preliminary insights of EBA as published in this EBA press release, SNS Bank met this 9% core Tier 1 ratio threshold at such time. On 8 December 2011, SNS Bank published a press release regarding the final results from the new EBA solvency threshold test, determining that SNS Bank fell short € 159 million. This shortfall must be recovered by the end of June 2012. SNS Bank announced that it will ensure that it shall meet the required 9% core Tier 1 ratio threshold by the end of June 2012, eliminating the € 159 million shortfall.

On 10 November 2011 SNS REAAL published its trading update for the third quarter of 2011.

On 17 November 2011, SNS Bank published a press release announcing an offer to the holders of certain subordinated notes and subordinated fixed rate notes to exchange their notes into euro denominated fixed rate senior notes issued by SNS Bank under its € 25,000,000,000 Debt Issuance Programme in order to enhance the quality of SNS Bank's solvency ratio by creating core Tier 1 capital. On 29 November 2011, SNS Bank published a press release following the completion of this exchange offer, mentioning that the net proceeds of the offer resulted in approximately EUR 72 million.

Supervision

SNS Bank is a credit institution with a full Netherlands banking license and as such is supervised by DNB (*De Nederlandsche Bank N.V.*) and by the AFM.

Key Financial Information

<i>(amounts in millions of EUR)</i>	31 December 2011 (audited)	31 December 2010 (audited)
Total assets	81,272	78,918
Loans and advances to the private	64,778	65,013

sector		
of which mortgage loans	52,920	50,888
Amounts due to customers	40,557	37,880
of which savings	30,342	27,398
Equity distributable to Shareholders	1,723	1,580
Capital base	2,961	3,694
Tier 1 ratio¹	12.2%	10.7%
BIS ratio¹	14.4%	16.7%
Net interest income	803	871
Other income	239	114
of which net commission and management fees	86	92
Net profit	38	(431)
(in numbers)		
Branches (unaudited)	155	143
Cash dispensers (unaudited)	507	490
Employees (fte's, average) (unaudited)	2,426	2,639

* SNS Bank has recognised a provision of €38 million (2009: €38 million) in relation to its share in the deposit guarantee scheme related to DSB Bank. This amount represents the expected uncollectability on the claim in the assets available for distribution of DSB Bank. In 2009 this amount was presented in the balance sheet item 'other liabilities'. In 2010 the compensation to customers of DSB Bank has been partially contributed to the Dutch Central Bank. As a result, SNS Bank has offset the provision with its contribution in the assets available for distribution of DSB. The net amount is presented under other assets.

¹ As from 2008 figures are calculated based on Basel II, taking into account the 80% floor of Basel I.

DESCRIPTION OF MORTGAGE LOANS

The NHG Mortgage Receivables sold and assigned to the Issuer on the Closing Date and any Further Advance Receivables sold and assigned to the Issuer after the Closing Date until 30 March 2012 include any and all rights (whether actual or contingent) of the Seller against the Borrower under or in connection with any Mortgage Loans selected by agreement between the Seller and the Issuer. The Issuer has fully paid the Purchase Price in respect of such NHG Mortgage Receivables and Further Advance Receivables respectively and has been fully acquitted in respect thereof.

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

The Portfolio purchased by the Issuer

The NHG Mortgage Receivables purchased by the Issuer have been selected according to the Originator’s underwriting criteria (see under *Mortgage Loan Underwriting and Mortgage Servicing* below). The information set out below in relation to the Portfolio may not necessarily correspond to that of the NHG Mortgage Receivables actually held by the Issuer on the Effective Date. After the Effective Date, the portfolio of NHG Mortgage Receivables will change from time to time as a result of repayment, prepayment, further advances and repurchase of NHG Mortgage Receivables. For a description of representations and warranties given by the Seller reference is made to *Mortgage Receivables Purchase Agreement* below.

Mortgage Types

The Issuer has purchased the following types of mortgage products:

- (i) Interest-only mortgage loans (“*aflossingsvrije hypotheken*”);
- (ii) Savings mortgage loans (“*spaarhypotheken*”);
- (iii) Annuity mortgage loans (“*annuïteitenhypotheken*”);
- (iv) Life mortgage loans (“*levenhypotheken*”) to which a Life Insurance Policy is connected with (a) a guaranteed final payment; (b) the Unit-Linked Alternative; or (c) a combination of the Unit-Linked Alternative and the Savings Alternative; or
- (v) Mortgage loans which combine any of the above mentioned types of mortgage loans (“*combinatiehypotheken*”).

Interest-only mortgage loans

Under an Interest-only mortgage loan, the borrower pays only interest over the current principal balance. At maturity of the loan the current principal balance will be repaid in full.

One of the Originator's origination criteria is that interest-only loans are possibly up to a maximum of 75% of the foreclosure value.

Savings mortgage loans (“Spaarinvest”)

Under a savings mortgage loan (“*spaarhypotheek*”) the borrower pays to an insurance company monthly interest payments over the current principal balance and a monthly premium, which consists of a risk and a savings part. No principal is paid during the lifetime of the mortgage loan. Instead, the savings premium will be deposited in a “savings account”. The interest rate on the savings account is guaranteed and equals the interest rate of the savings mortgage. The savings premium is calculated on an annuity basis, in such a manner that upon maturity of the loan, the savings receivables of the borrower equals the principal of the loan.

The Issuer, however, will see the savings premium as a principal payment on an annuity where the borrower actually invests in his own loan. A growing part of the fixed payments will therefore flow

towards the “savings account” thus ensuring the guaranteed yield. The client redeems the loan at maturity in full by applying the savings receivables.

Annuity mortgage loans

Annuity mortgage loans are characterised by equal monthly payments. The monthly payment is split between an interest payment and a principal payment. During the contract period of the loan, principal payments increase and interest payments decrease. Upon maturity of the mortgage loan the outstanding principal is fully repaid. If the mortgage loan is above 75% of the foreclosure value a risk life insurance, which is subject to a right of pledge in favour of the Originator, is obligatory.

Life mortgage loans

Under a life mortgage loan the borrower pays interest but no principal payment. Instead, the borrower takes out a life insurance, a combined risk and capital insurance, and pays monthly a premium to the insurance company. Upon maturity of the loan the current principal balance will be repaid in full, largely or completely with the value of the policy. This set up is advantageous for the client, as in the Dutch fiscal system interest paid for a mortgage is tax deductible, whereas the payment of an insurance policy is tax free (all within certain limits and subject to certain restrictions).

The investment strategy depends on the product chosen; the yield can be fully, partly or not guaranteed.

- Life (“Flex Invest”)

Flex Invest is a traditional life insurance policy. The premium is invested in a pool with a guaranteed yield of at least 3%. Every year any net investment returns in excess of 3% are frozen in favour of the customers and are credited to their policies. Actual investment in accordance with the predetermined policy is outsourced to professional asset managers.

- Life (“Life Invest”)

Life Invest is based on the universal life insurance technique, which offers maximum flexibility for the client. Investments are on a unit-linked basis and are held on account and risk for the client. The client can choose to divert his premium to cover up to 4 funds. The Originator offers a range of mutual funds from several investors (ABN AMRO Bank, OHRA and Credit Suisse).

The Life Invest has one special variant; the choice to invest as above or in a fund (“*Leningsrentefonds*” or LRF) that functions in the exact way of a savings mortgage. The yield in the LRF is guaranteed at the interest for the corresponding loan minus 0,5%. The Life Invest loan acts as an annuity for as long as the client invests in the LRF (0-100% of savings premium).

Prepayments

The mortgage loan allows both partial and full repayments. The borrower can annually prepay up to 15% of the original loan balance. Amounts above 15% are penalised by calculating the difference between the current Originators rate for the remaining period and the actual contractual rate.

There is no penalty imposed in the following circumstances:

- (a) payments on the interest-reset date;
- (b) in case of a forced sale;
- (c) at voluntary sale of the property in combination with legal transfer and actual moving of the borrower;
- (d) in case the prepayment takes place within 12 months after the loss of the property; and
- (e) the death of the borrower.

Arrears

Loans in arrears will attract interest upon the amount in arrears based on the current interest and an additional margin of 3%.

PORTFOLIO

The numerical information set out below relates to the aggregate NHG Mortgage Receivables on 10 April 2012 (the "**Portfolio**").

All NHG Mortgage Receivables selected and purchased by the Issuer will comply with the Mortgage Loan Criteria (see *Mortgage Receivables Purchase Agreements* below).

All amounts below are expressed in euro.

Key Characteristics

TABLE A

Key Characteristics of the Portfolio as of 10 April 2012

Outstanding Principle Balance	493.680.145,57
Outstanding Savings Balance	26.307.258,67
Net Outstanding Principle Balance (Net Loan)	467.372.886,90
Outstanding construction deposits	10.859,04
Number of Mortgages	2.861
Number of Mortgage Loan Parts	5.593
Average Loan Balance	163.359,97
W A L T Foreclosure Value (%)	98
W A Seasoning (months)	68
W A Remaining Maturity (months)	283
W A Coupon	4,40
W A Remaining Period until Reset (months)	242

Loan to Foreclosure Value Ratio

The following table shows the distribution of the Portfolio (both by net outstanding principal balance and number of loans) by reference to their loan to foreclosure value ratio.

Table B: Loan-to-Foreclosure Values

Loan-to-Foreclosure Values	Number of Loans	Net Outstanding	% of Pool	AC
0-10	5	105.186,56	0,02%	4,25%
10-20	9	561.293,44	0,12%	4,27%
20-30	38	2.925.226,16	0,63%	4,26%
30-40	110	9.843.223,87	2,11%	4,32%
40-50	168	18.751.088,53	4,01%	4,31%
50-60	187	23.336.765,04	4,99%	4,30%
60-70	116	15.304.379,44	3,27%	4,38%
70-80	191	27.881.699,10	5,97%	4,36%
80-90	251	39.070.876,27	8,36%	4,43%
90-100	299	50.426.471,66	10,79%	4,43%
100-110	444	80.840.339,30	17,30%	4,43%
110-120	702	132.229.610,52	28,29%	4,45%
120-130	296	57.433.131,80	12,29%	4,41%
>130	45	8.663.595,21	1,85%	4,37%
Total	2.861	467.372.887	100%	4,40%

Sizes

The following table shows the distribution of the Portfolio (both by net outstanding principal balance and number of loans) by loan amounts outstanding per Borrower.

Table C: Loan Size

Loan Size	Number of Loans	Net Outstanding	% of Pool	AC
0-25000	4	72.252,66	0,02%	4,39%
25000-50000	14	568.220,56	0,12%	4,48%
50000-75000	111	7.129.297,91	1,53%	4,38%
75000-100000	208	18.323.468,99	3,92%	4,42%
100000-125000	317	35.994.409,89	7,70%	4,40%
125000-150000	407	55.918.545,08	11,96%	4,42%
150000-175000	530	86.264.988,86	18,46%	4,42%
175000-200000	531	99.471.392,45	21,28%	4,38%
200000-225000	462	97.902.965,95	20,95%	4,38%
225000-250000	240	56.296.109,66	12,05%	4,40%
250000-275000	37	9.431.234,89	2,02%	4,52%
Total	2.861	467.372.887	100%	4,40%

Weighted Average Interest Rates

The following table shows the distribution of the Portfolio (both by net outstanding principal balance

and number of loan parts) by interest rates.

Table D: Weighted Average Interest Rates

Interest Rate	Number of Parts	Net Outstanding	% of Pool	AC
3.5-4	580	47.353.534,68	10,13%	3,93%
4-4.5	3063	247.712.918,91	53,00%	4,31%
4.5-5	1766	156.727.782,02	33,53%	4,61%
5-5.5	115	10.201.249,79	2,18%	5,06%
5.5-6	38	2.952.347,61	0,63%	5,62%
6-6.5	31	2.425.053,89	0,52%	6,18%
Total	5.593	467.372.887	100%	4,40%

Mortgage Type

The following table shows the distribution of the Portfolio (both by net outstanding principal balance and number of loan parts) by mortgage type.

Table E: Redemption Type

Redemption Type	Number of Parts	Net Outstanding	% of Pool	AC
Annuity	77	3.917.027,92	0,84%	4,31%
Hybrid	231	26.163.353,88	5,60%	4,41%
Interest only	3029	214.505.501,46	45,90%	4,38%
Life	408	43.201.077,57	9,24%	4,26%
Life (external policy)	87	7.093.739,37	1,52%	4,22%
Savings	1532	148.359.381,50	31,74%	4,48%
Savings/Life	228	24.064.305,20	5,15%	4,52%
Unit Linked	1	68.500,00	0,01%	3,75%
Total	5.593	467.372.887	100%	4,40%

Origination Date

The following table shows the distribution of the Portfolio (both by net outstanding principal balance and number of loan parts) by year of origination.

Table F: Year of Origination

Year of Origination	Number of Parts	Net Outstanding	% of Pool	AC
1999	5	139.764,19	0,03%	5,78%
2000	1	54.526,34	0,01%	6,40%
2001	23	1.901.300,48	0,41%	6,19%
2002	19	1.497.193,06	0,32%	5,91%
2003	44	3.351.903,10	0,72%	5,04%
2004	122	9.712.332,65	2,08%	4,95%

2005	1459	121.798.498,86	26,06%	4,24%
2006	2421	204.518.951,69	43,76%	4,35%
2007	1418	117.432.622,32	25,13%	4,54%
2008	1	157.000,00	0,03%	4,70%
2009	13	1.144.560,27	0,24%	4,43%
2010	36	2.939.197,25	0,63%	4,44%
2011	31	2.725.036,69	0,58%	4,46%
Total	5.593	467.372.887	100%	4,40%

Geographical Distribution

The following table shows the distribution of the Portfolio on 10 April 2012 (both by net outstanding principal balance and number of loan parts) by region.

Table G: Geographical Distribution

Province	Number of Loans	Net Outstanding	% of Pool	AC
Drenthe	109	16.686.252,71	3,57%	4,37%
Flevoland	51	8.278.832,92	1,77%	4,41%
Friesland	99	15.107.918,62	3,23%	4,41%
Gelderland	382	63.594.243,77	13,61%	4,40%
Groningen	110	17.326.311,57	3,71%	4,40%
Limburg	316	50.899.510,80	10,89%	4,43%
Noord-Brabant	361	60.245.466,65	12,89%	4,42%
Noord-Holland	247	41.782.527,22	8,94%	4,38%
Overijssel	261	41.918.910,33	8,97%	4,28%
Unknown*	19	3.070.892,60	0,66%	4,52%
Utrecht	154	27.312.020,44	5,84%	4,37%
Zeeland	143	20.525.976,98	4,39%	4,45%
Zuid-Holland	609	100.624.022,29	21,53%	4,44%
Total	2.861	467.372.887	100%	4,40%

Interest Reset Dates

The following table shows the distribution of the Portfolio (both by net outstanding principal balance and number of loan parts) by interest reset year.

Table H: Interest Reset Dates

Year	Number of Parts	Net Outstanding	% of Pool	AC
2012	26	1.460.998,52	0,31%	4,28%
2013	11	608.738,44	0,13%	4,62%
2014	21	1.145.840,06	0,25%	4,75%

* This item is inserted in respect of loans for which the geographical data cannot be identified as a result of a data error.

2015	58	4.253.879,80	0,91%	4,12%
2016	64	4.582.791,57	0,98%	4,28%
2017	29	1.730.644,78	0,37%	4,77%
2018	9	683.217,88	0,15%	4,98%
2019	17	1.158.773,91	0,25%	4,84%
2020	96	7.674.077,61	1,64%	4,20%
2021	85	6.614.448,53	1,42%	4,35%
2022	42	3.187.588,75	0,68%	4,78%
2023	7	506.976,54	0,11%	5,23%
2024	15	1.057.857,83	0,23%	5,07%
2025	378	30.752.731,14	6,58%	4,24%
2026	355	27.933.981,86	5,98%	4,39%
2027	190	14.673.847,35	3,14%	4,50%
2028	10	712.111,07	0,15%	4,95%
2029	20	1.555.998,81	0,33%	4,99%
2030	594	49.381.250,45	10,57%	4,13%
2031	585	49.012.580,28	10,49%	4,25%
2032	183	14.942.427,44	3,20%	4,52%
2033	11	942.051,25	0,20%	5,25%
2034	68	5.844.161,81	1,25%	5,04%
2035	344	30.487.647,39	6,52%	4,47%
2036	1344	118.360.764,48	25,32%	4,42%
2037	983	84.143.707,15	18,00%	4,56%
2038	1	157.000,00	0,03%	4,70%
2039	5	302.910,69	0,06%	4,35%
2040	21	1.832.563,99	0,39%	4,46%
2041	21	1.671.317,52	0,36%	4,57%
Total	5.593	467.372.887	100%	4,40%

Property Type

The following table shows the distribution of the Portfolio (both by net outstanding principal balance and number of loan parts) by type of underlying property.

Table I: Property Type

Property Type	Number of Loans	Net Outstanding	% of Pool	AC
Condominium	359	52.472.794,56	11,23%	4,47%
Condominium with garage	13	1.963.208,28	0,42%	4,41%
MVE/MGE house	1	150.333,33	0,03%	4,80%
Shop / House	1	216.156,05	0,05%	4,10%
Single family house	1762	293.965.943,89	62,90%	4,41%
Single family house with garage	724	118.395.110,15	25,33%	4,35%
Timberframed property	1	209.340,64	0,04%	4,87%
Total	2.861	467.372.887	100%	4,40%

Age

The following table shows the distribution of the Portfolio (both by net outstanding principal balance and number of loan parts) by age of the main borrower.

Table J: Age of borrower

Age of borrower	Number of Loans	Net Outstanding	% of Pool	AC
<30	890	155.379.811,07	33,25%	4,47%
30-39	1162	199.759.383,84	42,74%	4,41%
40-49	556	82.102.449,06	17,57%	4,33%
50-59	205	25.551.211,46	5,47%	4,30%
60-70	48	4.580.031,47	0,98%	4,27%
Total	2.861	467.372.887	100%	4,40%

MORTGAGE LOAN UNDERWRITING AND MORTGAGE SERVICING

Overview of the origination process in respect of the Portfolio

The distribution of the Originator's mortgages takes place mainly via national and professionally organised intermediaries.

Requests for mortgage proposals are entered into the international Stater Hypotheken Systeem (“i-SHS”). The i-SHS automatically downloads credit information from the Dutch Credit Agency, Bureau voor Krediet Registratie (“BKR”), where all credits in arrears or under default are recorded. Through this procedure, the credit quality of the applicant is checked and no application is processed without being analysed by BKR. In addition to the BKR test, applicants are checked by the i-SHS fraud detection system and by a system internally developed by DBV against a database with fraud data.

For part of the applications data entry is outsourced. The authority for the final approval always rests at the Originator.

The i-SHS is an important aspect of the origination process and it incorporates several features to facilitate the approval process. The i-SHS system has the so-called Capstone module, which is a decision engine and includes all lending criteria set out by the Originator (including NHG rules for NHG applications) using information on the borrower (e.g. income, and BKR details), the property and the requested loan. It informs the credit advisor whether a mortgage application can be honoured.

Mortgage applications (non- NHG) not automatically approved by i-SHS are flagged and are presented to the Credit Department, which study the application in more detail with the help of an internally developed credit enhancement model. In addition to the flagging (generated 'STOP-codes'), Capstone also signals 'INFO's' and 'Attentions', which inform the operator of any specific issues that should be addressed. Approximately one out of four of the non-NHG applications is flagged by Capstone and is consequently presented to the Credit Department. Common issues with these cases are that exceptions are being requested, such as the validity period of the offered interest rate, a request for a lower interest rate, a lower fee or some details that do not fulfil the Originator's requirements.

When the application has been approved the intermediary is informed in writing. For each approved application the applicable terms and conditions are sent to the intermediary together with the product description and including a list with the documents that have to be provided by the applicant. Minimal required documents include (for NHG loans the NHG rules are followed and can differ in detail from non-NHG) :

- Copies of salary slips
- Copy of bank statement which include the net salary payment
- Copy of signed purchase agreement and or proof of ownership
- Copy of valid proof of identity
- Original application form
- Certified statement of employer regarding relevant details of labour contract
- Original appraisal report for the asset to be purchased
- Signed proposal

All documents are checked in various instances. First a credit advisor checks whether the file is complete. This first credit advisor also checks the files for irregularities and possible indication of fraud. Then it is transferred to a second credit advisor who will then make a final check before signing for final approval. Should the credit advisor not approve the file, then either additional documents will be requested or the file will be presented to the Credit Department for a final decision.

After completing the loan file and final acceptance thereof, the loan file is sent to Stater, who scans the loan file into Hyarchis, a paperless mortgage archive system, which is connected to i-SHS. At this point, the loan file is available online and the original paper file is stored by Stater at their off-site storage facilities. In addition, after the final acceptance of the loan, information is automatically generated and sent to the civil law notary. Based on this information, the civil law notary is able to put the mortgage deed into existence.

In order to further improve origination quality Stater Mortgage Investment Services (the consulting

arm of Stater), also in co-operation with the Originator, has developed a system that gives a credit score to all applications. The credit score indicates the probability of the applicant getting into arrears of more than three months within a period of one year.

Underwriting criteria

NHG Rules

The rules set by NHG and the code of conduct have been used as a starting point for the Originator when assessing the market of Non-NHG loans. The NHG rules tend to be on the conservative side and are based on studies performed by NIBUD, an independent institute that studies consumers' financial behaviour. For the benefit of different financial organisations NIBUD publishes the so-called 'woonquota', which is the percentage of a consumer's income that reasonably may be used for living costs. Based on the 'woonquota', the viability of a mortgage application can be evaluated.

BKR

BKR is an organisation where Dutch financial institutions are able to record all credit facilities given ("positive registration"). Based on this data, BKR then informs lenders of the borrowing and repayment behaviour of consumers upon request. For mortgages, arrears per consumer have to be registered as well ("negative registration"). In case the applicant has one or more codes of arrears registered at BKR, the applicant will generally not receive a mortgage from the Originator.

Borrowing capacity: loan to income

To determine the income of the applicant the Originator looks in general at gross salary, holiday allowance, pension or early retirement allowance, irregularity allowance and additional income. Furthermore, the applicant needs to show a permanent employment statement or a statement by the employer that the employment contract will be made permanent within a limited timeframe. As per NIBUD, a certain percentage of the income may be used for payments for the mortgage loan. These percentages are based upon the NHG standards.

Value of the property: loan to value

Financing is possible up to 125 per cent. of the foreclosure value. The foreclosure value is the expected value of the property in the event the property has to be sold in an auction. For mortgages above 75% of the foreclosure value it is also required for the applicant to purchase a life insurance equal to the value in excess of 75% of the foreclosure value. This part in excess of 75% has to be amortised in any case, either by way of an annuity mortgage or by the payout of a life insurance pledged with the Originator. For the calculation of the loan to value a distinction is made between existing properties and properties under construction.

- *Existing properties.* In this case the Originator will calculate with the foreclosure value, as stated in the appraisal report. Both the market value and the foreclosure value will be stated in the appraisal report. The appraisal report will conform to certain DBV standards. Appraisals have to be done by certified members of a limited list of associations. The appraiser is not allowed to be involved in the financial transaction of the appraised property. The appraisal report will generally not be older than twelve months.
- *Properties under construction.* For properties under construction the foreclosure value is set at the sum of the purchase price of the ground and construction costs plus 5%. The maximum loan is 112.5% of the foreclosure value. In this case an appraisal report is generally not necessary.

For self-employed applicants, financing is generally possible up to a maximum of hundred and twenty five per cent. of the foreclosure value.

Other loan related issues

Financing is not granted when the existing or newly build property concerns:

- house belonging to a cooperative entity
- emergency dwellings
- house boat
- farm house used for agricultural purposes;

- house build on polluted ground
- house not suitable for living
- house to be demolished, ordered by the municipality
- house used for commercial purposes
- let out property
- mobile homes or second homes
- properties with a market value below euro 60,000

The minimum amount of a loan is euro 50,000. The following approval hurdles have been set in the system:

- Credit Advisor underwriting authority up to euro 750,000
- Team Leader underwriting authority up to euro 750,000

Regarding life insurance with an insured amount up to euro 300,000, the borrower only has to formally answer a medical questionnaire. Above this limit the applicant insured always needs to produce a medical survey.

Services in respect of the Mortgage Loans

DBV Leven, as the MPT Provider, has outsourced the MPT Services of the mortgages to Stater, whose services and procedures are described below.

The MPT Services are separated into three key activities, carried out by the following departments:

- *Deeds and Payments*: this department deals with handling notary deeds and outgoing payments, including handling of construction accounts.
- *Loans and Policies*: deals with loan modifications and provides information to customers on their loans.
- *Debtors*: this department deals with allocating incoming payments and handling collections ("*inningen*"). Once borrowers are in arrear it takes care of the arrear and foreclosure processes and handles remaining debts in the name and on instructions of the lender.

The high degree of system automation allows each employee to process and handle multiple accounts. A workflow management system and a document imaging system support the processes of the MPT Services.

Deeds & Payments

In the origination process of a mortgage loan, Stater handles the administrative contact with borrowers and co-ordinates all activities concerned. After receiving the final acceptance of the loan offer, as well as the necessary loan and mortgage documents, the mortgage will be vested and the loan will be funded. Stater handles the administrative contacts with the civil notaries. A part of the system is the automated funding of the loans through lenders' bank accounts.

Loans & Policies

Once a mortgage has been established and a loan is funded, Stater starts handling the loan, including the administrative handling of (pre)payments. The loan handling includes providing information to customers, loan modifications, and handling of savings policies.

Debtors

The debtor's department handles all contacts with borrowers related to payments and arrears. All non-paper communication with the borrower and other parties involved is recorded directly into the system whilst paper correspondence is scanned.

Collections

Stater has been authorised by each borrower to collect payments due by direct debit. The Stater-system automatically collects the payments on the day before the last business day of each month. Payments information is monitored daily by the debtors department of Stater.

Arrears process

All arrears are detected and signalled on a daily basis. For each loan in arrears, the Automatic Arrears Processing process (*'Automatische Afhandeling Achterstanden'*) is initiated. If the total amount in arrears is more than euro 5, a first reminder letter is automatically generated by the system and sent out to the borrower within fourteen days after the arrear has been signalled. This letter includes a specification of the arrears. Penalty interest is due as of the missing payment date, but the penalties for payments that are late are not incorporated in the letters until the monthly closing has passed.

In case no payment is received within fourteen days after the first reminder letter has been sent, a second, firmer letter is sent and the debtors department will call the customer. If the borrower does not respond within two weeks the loan of such a borrower is given an active treatment status in the Stater system. A distinction is made between the borrowers, based upon the previous payment-behaviour: (i) normal, (ii) 'sleeper' (technical arrear meaning that due to a misunderstanding the borrower always pay too late) or (iii) 'recidivist' (a borrower who or has been more than three months in arrears in the last twelve months period or who has previously been in a recovery phase).

Default procedure

The debtors department carries out a credit check at BKR once the borrower has been given 'active treatment' status. The outcome of the credit check will indicate whether or not the borrower is experiencing difficulties making other payments on consumer loans or other debts. Once a borrower has arrears for four consecutive months, BKR will be notified and the arrears on the mortgage will be registered in the borrower's record at BKR.

The borrower can make a proposal for a payment settlement in order to catch up the amounts in arrears. This proposal will be assessed by the debtors department upon criteria set by the lender. In case the proposal is accepted, this payment settlement will be monitored automatically.

In case the borrower does not respond to the letter in which it is announced that a bailiff will handle the matter if no payment is received, or does not comply with the payment settlement, a bailiff will in effect be asked by the debtors department to handle the matter further in the name of the MPT Provider. The bailiff will contact the borrower and will summon the borrower to pay the amounts in arrears within a certain period of time. The bailiff will furthermore give notice to the borrower that the lender will exercise its mortgage right if the borrower fails to make the requested payments in time. The bailiff is in principle appointed for a period of eight weeks. If after eight weeks the borrower has not made the required payments or has, in the period of eight weeks, not complied with the payment settlement, the lender can decide to ask the debtors department to instruct third parties, in the name of the MPT Provider, to carry out research on the financial position of the borrower and/or to initiate a foreclosure procedure. The borrower can choose to sell the mortgaged property through a private sale, in which case the borrower has to present a sales assignment from a real estate agent to the debtors department. The debtors department will assess this sales assignment, after approval by the Credit Department. The lender generally may accept a private sale if 1) revenues from the sale are expected to cover the outstanding debt in full, or 2) it is estimated that the costs of the foreclosure procedure will result in a lower recovery value than sale of the property by the borrower himself. If the lender accepts a private sale, the debtors department monitors whether the property is sold within six months. If the property is not sold within such period a foreclosure procedure is pursued by the debtors department in the name of the MPT Provider.

Foreclosure procedure

An essential right for the lender is to publicly sell the mortgaged property if the borrower fails to fulfil his obligations. The lender does not need to obtain an 'executorial title' granting permission prior to the sale. If the proceeds from selling the mortgaged property do not fully cover the claims, the lender may sell any pledged life insurance or investment. However, before the lender is entitled to exercise its rights, the borrower has to be notified in writing that he is in default and he also will be given a reasonable time to comply with his obligations.

In the case of borrower's bankruptcy, the mortgage lender may foreclose on the mortgaged property as if there was no bankruptcy process. Nevertheless, the execution must take place in a reasonable time; otherwise the bankruptcy trustee may take over the execution measures. If this occurs, the lender is obliged to contribute to the bankruptcy costs.

The mortgage lender that wants to sell the mortgage property is required to notify the parties directly involved, including the borrowers as well as the person owning the asset (for the case that these are not the same parties). The notification should include the amount of the arrears, the expenses incurred to date as well as the name of the civil notary responsible for the foreclosure sale.

At the request of the lender, the debtors department may calculate the best method of maximising the sale value of the mortgaged property. Based on the outcome thereof, the lender may decide that the property is sold either in a private sale or by public auction. A private sale may, and often does, precede a public auction.

When the decision to foreclose is made by the lender, the debtors department will give formal instruction to the civil notary in the name of the MPT Provider. The date of the auction will be set by the civil notary within, in principle, three weeks of this instruction and the auction will usually be about six to twelve weeks after the lender's decision to foreclose (depending on, among other things, the region, time of the year and the number of other foreclosures currently being handled by the relevant district court).

If amounts are still outstanding after the foreclosure procedure have been completed, the debtors department, if so requested by the lender, may continue to collect the remaining receivables, conforming to the instructions of the lender. In this process again a third party can be engaged to assess the possibilities for recovering the amounts due. Upon information given by the debtors department, the lender may decide how to continue collecting the remaining debt or, in case the amounts due are unlikely to be recovered, write-off the amounts due.

Other

Throughout the entire process the debtors department works in consultation with and upon instruction of the lender. The debtors department furthermore works in accordance with the '*Gedragcode Hypothecaire Financieringen*' (Code of Conduct of Mortgage Loans), the '*Stichting Bureau Krediet Registratie* "BKR"' (Dutch central Credit Bureau) and Dutch law.

STATER NEDERLAND B.V.

Stater Nederland B.V. (“**Stater**”) is the leading service provider for the Dutch mortgage market. In fulfilling this role, Stater focuses on support for mortgage funders in the sale, handling and financing of mortgage portfolios.

After starting life as part of Bouwfonds Hypotheken, Stater started its activities in January 1997 as an independent service provider in the mortgage market. Stater has since grown to become an international force in the market with circa 800 employees.

Stater Nederland B.V. is a 100 per cent subsidiary of Stater N.V., of which the shares are held for 100 per cent by ABN AMRO Bank N.V.

Stater provides activities consisting of mortgage payment transactions and ancillary activities with regard to a total of more than EUR 171 billion and approximately 960,000 mortgage loans. In the Netherlands, Stater has a market share of about 30 per cent.

The activities are provided in a completely automated and paperless electronic format. Stater has pioneered the use of technology through its e-transactions concept for owners of residential mortgage loan portfolios and features capabilities to enhance, accelerate and facilitate securitisation transactions.

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

In November 2011, rating agency Fitch Ratings affirmed Stater residential “primary servicer” rating at ‘RPS1-NL’. With this rating, which Stater received for its role as “primary servicer”, Stater is the top scoring service provider in Europe. Ratings are awarded on a scale from 1 to 5, with 1 being the highest possible ranking.

In December 2011 KPMG Netherlands, the company’s external auditor, issued an ISAE 3402 Type II assurance report on internal processes at Stater for the period 1 January 2011 until 31 October 2011. ISAE 3402 is an internationally recognized assurance standard for reporting on control processes of service organisations. The audit by external auditors is done annually.

The head office is located at Podium 1, 3826 PA, Amersfoort, the Netherlands.

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 authorised 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 a central privatised entity, "Stichting Waarborgfonds Eigen Woningen" (the "WEW"), is responsible for administration and granting of the "*Nationale Hypotheek Garantie*" ("**NHG Guarantee**") under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. 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 (principal and interest) as if the mortgage loan were being repaid on a thirty year annuity basis. In respect of each mortgage loan, the NHG Guarantee reduces further to take account of scheduled repayments and prepayments under such mortgage loan. Also, amounts paid as savings or investment premium under savings insurance policies or life insurance policies, respectively, are deducted from the amount outstanding on such mortgage loans for purposes of the calculation of the amount guaranteed under the NHG Guarantee (See *Risk Factors* above).

Financing of the WEW

The WEW finances itself, inter alia, by a one-off charge to the borrower of 0.40 per cent. (as of 1 January 2007) 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 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.

Terms and conditions of the NHG Guarantee

Under the NHG scheme, the lender is responsible for ensuring that the guarantee application meets the NHG terms and conditions. If the application qualifies, various reports are produced that are used in the processing of the application, including the form that will eventually be signed by the relevant lender and forwarded to the NHG 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 terms and conditions of the NHG Guarantee, 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 NHG Guarantees, such as eligible income, purchasing or building costs etc., are set forth in published documents by WEW.

The NHG has specific rules for the level of credit risk that will be accepted. The credit worthiness of the applicant must be verified with the National Credit Register ("*Bureau Krediet Registratie*") ("**BKR**"), a central credit agency used by all financial institutions in the Netherlands. All financial commitments over the past five years that prospective borrowers have entered into with financial institutions are recorded in this register. In addition, as of 1 January 2008 the applicant itself must be verified with the Foundation for Fraud Prevention of Mortgages (*Stichting Fraudepreventie*

Hypotheken; "SFH"). If the applicant has been recorded in the SFH system, no NHG Guarantee will be granted.

To qualify for a NHG Guarantee various conditions relating to valuation of the property must be met. In addition, the mortgage loan must be secured by a first 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 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.

Claiming under the NHG Guarantees

When a borrower is in arrears with payments under the mortgage loan for a period of four months, a lender informs the WEW in writing within 30 days 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. When the borrower is in arrears 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 unless sold for an amount higher than the foreclosure value. 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 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 months.

Within three 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 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, on 1 July 2005 provisions were added to the NHG Conditions 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 years, be used for, inter alia, payment of the amounts which are 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.

Main NHG Underwriting Criteria ("Normen") per 1 January 2012

With respect to a borrower, the underwriting criteria include but are not limited to:

1. The lender has to perform a BKR check. "A" and "A1" registrations are allowed in certain circumstances.
2. As a valid source of income the following applies: indefinite contract of employment, temporarily contract of employment if the employer states that the employee will be provided an indefinite contract of employment in case of equal performance of the employee and equal business circumstances, for flexworkers or during a probational period ("*proeftijd*") a three year history of income statements, for self employed three year annual statements.
3. The maximum loan based on the income will be based on the "woonquote" tables and an annuity style redemption (even if the actual loan is (partially) interest only). The mortgage lender shall calculate the borrowing capacity of a borrower of a mortgage loan with a fixed interest terms of less than 10 years on the basis of a percentage determined by the Dutch Association of Mortgage Lenders ("*Contactorgaan Hypothecair Financiers*" or "*CHF*") which is in turn based on the market interest on loans to the State of the Netherlands with a remaining life of 10 years, plus such margin as may be determined by the CHF. This margin is fixed for the time being at 1 percentage point. The mortgage lender may also apply a higher notional interest rate when calculating the borrowing capacity of the borrower. The mortgage lender shall calculate the borrowing capacity for a mortgage loan with a fixed interest term of 10 years or more on the basis of the interest rate actually charged by the mortgage lender during that fixed interest term.

With respect to the mortgage loan, the underwriting criteria include but are not limited to:

1. As of 1 July 2009 the absolute maximum loan amount is EUR 350,000. The loan amount is also limited by the amount of income and the market value of the property. With respect to the latter:
 - (a) For the purchase of existing properties, the loan amount is broadly based on the sum of (i) the lower of the purchase price and the market value based on a valuation report, (ii) the costs of improvements, (iii) 8 per cent. of the amount under (i) plus (ii). In case an existing property can be bought without paying transfer taxes ("*vrij op naam*"), the purchase amount under (i) is multiplied by 97 per cent..
 - (b) For the purchase of a property to be built, the maximum loan amount is broadly based on the sum of (i) purchase-/construction cost increased with a number of costs such as the cost of construction interest, VAT and architects (to the extent not included already in the purchase-/construction cost), (ii) 8 per cent. of the amount under (i).
2. The maximum loan amount that is interest only is 50% of the original value of the property.
3. The risk insurance policy should at a minimum cover the loan amount in excess of 80% of the market value.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement, the Issuer has purchased the NHG Mortgage Receivables and has, on the Closing Date, accepted the assignment of the NHG Mortgage Receivables from the Seller by means of a registered deed of assignment as a result of which legal title to the NHG Mortgage Receivables has been transferred to the Issuer. It was a condition precedent of the Issuer for the purchase and acceptance of the assignment of the NHG Mortgage Receivables that any Beneficiary Rights which are connected to the NHG Mortgage Receivables and are to be applied towards redemption of the NHG Mortgage Receivables, to the extent legally possible and required, were assigned to the Issuer together with such NHG Mortgage Receivables. The Seller has acquired the benefit of the Beneficiary Rights from the Originator which entitle to the extent the assignment was legally possible, the Seller to receive the final payment under the relevant Insurance Policies, which payment is to be applied towards redemption of the NHG Mortgage Receivables. The Seller has assigned such Beneficiary Rights to the Issuer and the Issuer accepted such assignment.

The sale and assignment of the NHG Mortgage Receivables and the Beneficiary Rights from the Originator to the Seller has not been notified to the Borrowers and the Insurance Companies respectively and the subsequent sale and assignment of the NHG Mortgage Receivables and the Beneficiary Rights relating thereto from Seller to the Issuer has not been notified to the Borrowers and the Insurance Companies.

After notification of the sale and assignment of the NHG Mortgage Receivables from the Originator to the Seller, but prior to the notification of the sale and assignment of the NHG Mortgage Receivables from the Seller to the Issuer, the Borrowers will only be entitled to validly pay to the Seller. After notification of the sale and assignment of the NHG Mortgage Receivables and the Beneficiary Rights from the Originator to the Seller and the subsequent sale and assignment of the NHG Mortgage Receivables from the Seller to the Issuer, the Borrowers will only be entitled to validly pay to the Issuer.

Notification of the sale and assignment of the NHG Mortgage Receivables from the Seller to the Issuer will only be made upon the occurrence of any of the Notification Events.

The Issuer has been entitled to all proceeds in respect of the NHG Mortgage Receivables from and including 1 July 2007 (the "**Cut-off Date**"). The Originator (or a third party on its behalf) has paid and will continue to pay to the Issuer on each Mortgage Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the NHG Mortgage Receivables. As an independent obligation, by way of parallel debt, the Collection Foundation has undertaken in the Receivables Proceeds Distribution Agreement to pay the Issuer the same amounts if and to the extent it has received the amounts under or in connection with the NHG Mortgage Receivables on its Foundation Collection Account.

The Issuer has been informed that no revaluation of the Mortgaged Assets has been made for the purpose of this transaction.

Purchase Price

The purchase price for the NHG Mortgage Receivables payable on the Closing Date, (the "**Purchase Price**") was euro 580,000,000, which was equal to the aggregate Outstanding Principal Amount of the NHG Mortgage Receivables at the Cut-off Date. The "**Outstanding Principal Amount**" means, at any moment in time, the principal balance ("*hoofdsom*") of a NHG Mortgage Receivable resulting from a Mortgage Loan at such time and, except in case of a repurchase by the Seller of a NHG Mortgage Receivable, after the occurrence of a Realised Loss in respect of such NHG Mortgage Receivable, zero.

Representations and Warranties

The Seller has represented and warranted with respect to the NHG Mortgage Receivables and the Mortgage Loans from which such NHG Mortgage Receivables result and the Beneficiary Rights relating thereto that on the Closing Date, *inter alia*:

- (a) it has not been notified and is not aware of anything affecting its title to the NHG Mortgage Receivables and the Beneficiary Rights;
- (b) it has full right and title ("*titel*") to the NHG Mortgage Receivables and the Beneficiary Rights and power ("*beschikkingsbevoegd*") to sell and assign the NHG Mortgage Receivables and the Beneficiary Rights and no restrictions on the sale and assignment of the NHG Mortgage Receivables and the Beneficiary Rights are in effect and the NHG Mortgage Receivables and the Beneficiary Rights are capable of being assigned;
- (c) each of the NHG Mortgage Receivables and the Beneficiary Rights is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or in case of Further Advance Receivables, the relevant Quarterly Payment Date;
- (d) the NHG Mortgage Receivables and the Beneficiary Rights are free and clear of any encumbrances and attachments ("*beslagen*") and no rights to acquire the NHG Mortgage Receivables and the Beneficiary Rights relating thereto have been granted in favour of any third party with regard to the NHG Mortgage Receivables and the Beneficiary Rights other than a right of pledge which will be released on or prior to the date of sale and assignment of the NHG Mortgage Receivables and the Beneficiary Rights;
- (e) each NHG Mortgage Receivable is secured by a Mortgage ("*hypotheekrecht*") on a Mortgaged Asset in the Netherlands and is governed by Netherlands law;
- (f) the mortgage deed in respect of each of the Mortgage Loans contains the provision that the mortgage right will partially follow, *pro rata*, the receivable upon its assignment;
- (g) each Mortgaged Asset concerned was valued when application for a Mortgage Loan was made (i) by an independent qualified valuer not more than twelve (12) months before the application of such Mortgage Loan was made or (ii) in the case of Mortgage Loans of which the Outstanding Principal Amount did not at the time of application by the Borrower exceed 80 per cent. of the sale price of the Mortgaged Asset on the basis of an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*"); for property to be constructed or in construction at the time of application for a Mortgage Loan no valuation is required;
- (h) each NHG Mortgage Receivable, the Mortgage and the Borrower Pledge, if any, constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Originator;
- (i) all Mortgages and all Borrower Pledges granted to secure the Mortgage Loans (i) constitute valid mortgage rights ("*hypotheekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of the Borrower Pledges and, to the extent relating to the Mortgages, have been entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), (ii) have first priority ("*eerste in rang*") or first and sequentially lower ranking priority, and (iii) were vested for an Outstanding Principal Amount which was at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated, increased with interest, penalties, costs and insurance premium paid by the Originator on behalf of the Borrower, together up to an amount equal to 140 per cent. of the Outstanding Principal Amount of such Mortgage Loan;
- (j) (x) each of the Mortgage Loans, including the Mortgages and Borrower Pledges have been granted in the form as attached to the Mortgage Receivables Purchase Agreement and (y) the general conditions in the form as attached to the Mortgage Receivables Purchase Agreement do not materially deviate from any general conditions previously used by the Originator;
- (k) each of the Mortgage Loans and, if offered by the Originator, the Insurance Policy connected thereto, has been granted in accordance with all applicable legal requirements prevailing at the time of origination and the Code of Conduct on Mortgage Loans (as amended from time to time) ("*Gedragscode Hypothecaire Financieringen*") in all material respects and met in all material respects the Originator's standard underwriting criteria and procedures prevailing at that time;
- (l) the Borrowers are not in any material breach of any provision of their Mortgage Loans;
- (m) each Mortgage Loan was granted by the Originator and to a private individual only;
- (n) no amounts due and payable under any of the NHG Mortgage Receivables on the Cut-off Date, or in respect of Further Advance Receivables, the first day of the month in which the relevant Quarterly Payment Date falls were in arrears;
- (o) each of the Mortgage Loans meets the Mortgage Loan Criteria;

- (p) the notarial mortgage deeds ("*minuut*") relating to the Mortgages are kept by a civil law notary in the Netherlands, while the Originator keeps the loan files relating to the Mortgage Loans, which loan files include certified copies of the notarial mortgage deeds;
- (q) the loan files relating to Mortgage Loans which are in electronic format, contain the same information and details with regard to the Mortgage Loans as the loan files relating to such Mortgage Loans which are kept in paper format and include authentic copies of the notarial mortgage deeds;
- (r) the particulars of each NHG Mortgage Receivable, as set forth in (i) the List of Loans attached to the Mortgage Receivables Purchase Agreement or, in respect of any Further Advance Receivables, the relevant Purchase Deed of Assignment and Pledge and (ii) the relevant Escrow List of Loans are correct and complete in all material respects;
- (s) in the Mortgage Conditions, excluding, for the avoidance of doubt, in respect of construction deposits, no further drawings and/or further credits have been agreed or anticipated;
- (t) the Mortgage Conditions contain a requirement to have and to maintain a building insurance ("*opstalverzekering*") for the full reinstatement value ("*herbouwwaarde*") of the Mortgaged Assets on which a mortgage to secure the NHG Mortgage Receivable has been vested;
- (u) the Mortgage Conditions provide that all payments by the Borrowers should be made without any deduction or set-off;
- (v) it can be determined in the administration of the Originator without any uncertainty which Beneficiary Rights belong to the NHG Mortgage Receivables;
- (w) with respect to each of the Mortgage Loans secured by a mortgage right on a long lease ("*erfpacht*"), of which the Mortgage Loan has a maturity that is shorter than the term of the long lease, it is envisaged that the long lease will be extended upon maturity and pursuant to the mortgage deed the relevant Outstanding Principal Amount, and accrued interest, will become immediately due and payable if the long lease is not extended and/or the leaseholder does not create a new mortgage right;
- (x) with respect to each of the NHG Mortgage Receivables secured by a Mortgage on a long lease ("*erfpacht*") provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates as a result of a breach by the leaseholder, the leaseholder materially breaches or ceases to perform his payment obligation under the long lease ("*canon*") or if the leaseholder in any other manner breaches the conditions of the long lease;
- (y) other than the aggregate Construction Amounts, all Mortgage Loans have been fully disbursed to the relevant Borrower, whether or not through the relevant civil law notary and no amounts are held in deposit with respect to premia and interest payments ("*rente- en premiedepot*");
- (z) it has accounted for and distinguished between all interest and principal payments relating to the Mortgage Loans;
- (aa) each of the NHG Mortgage Receivables which has the benefit of a Life Insurance Policy with any of the Insurance Companies either (i) the Originator has been validly appointed as beneficiary ("*begunstigde*") under such Insurance Policies upon the terms of the Mortgage Loans and the relevant Insurance Policies or (ii) the Insurance Company or the Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant NHG Mortgage Receivable;
- (bb) with respect to each Savings NHG Mortgage Receivables and the Life NHG Mortgage Receivables, the Seller has the benefit of a Borrower Insurance Pledge and such right of pledge has been notified to the relevant Insurance Company;
- (cc) the Savings Insurance Policies and the Life Insurance Policies are in full force and effect and the lapse of time will not effect in any event such force and effectiveness;
- (dd) in respect of each Life Mortgage Loan with any of the Life Insurance Companies (i) there is no connection, whether from a legal or commercial point of view, between the Life Mortgage Loan and the relevant Life Insurance Policy with any of the Life Insurance Companies other than the relevant Borrower Insurance Pledge and the rights as beneficiary, (ii) the Life Mortgage Loans with any of the Life Insurance Companies and the Life Insurance Policies are not marketed as one product, (iii) the Borrowers are free to choose the relevant Life Insurance Company and (iv) such Life Insurance Company is not a group company ("*groepsmaatschappij*") of the Originator;
- (ee) each Mortgage Loan has the benefit of a NHG Guarantee and (i) such NHG Guarantee was granted for the Outstanding Principal Amount of the NHG Mortgage Receivable upon

- origination, (ii) all terms and conditions ("*voorwaarden en normen*") applicable to the '*Nationale Hypotheek Garantie*' at the time of origination of such Mortgage Loan were complied with; (iii) without prejudice to (iv) below, it is not aware of any reason why any claim under any NHG Guarantee in respect of such Mortgage Loan should not be met in full and in a timely manner; and (iv) each NHG Guarantee constitutes legal, valid and binding obligations of *Stichting Waarborgfonds Eigen Woningen*, enforceable in accordance with their terms upon origination; and
- (ff) (i) it owes no amounts to a Borrower under a current account relationship and (ii) no deposits have been accepted by it from any Borrower;

Mortgage Loan Criteria

Each of the Mortgage Loans have met the following criteria (the "**Mortgage Loan Criteria**") at Closing:

- (i) the Mortgage Loans are either:
 - a. Interest-only mortgage loans ("*aflossingsvrije hypotheken*");
 - b. Savings mortgage loans ("*spaarhypotheken*");
 - c. Annuity mortgage loans ("*annuïteitenhypotheken*");
 - d. Life Mortgage Loans ("*levenhypotheken*") to which a Life Insurance Policy is connected with (a) a guaranteed final payment; (b) the Unit-Linked Alternative; or (c) a combination of the Unit-Linked Alternative and the Savings Alternative; or
 - e. Mortgage Loans which combine any of the above mentioned types of mortgage loans ("*combinatiehypotheken*");
- (ii) the Borrower is a resident of the Netherlands;
- (iii) the Mortgaged Assets are not the subject of residential letting and are occupied by the relevant Borrower and is used for residential purposes by the relevant Borrower;
- (iv) interest payments and, to the extent applicable, principal payments with respect to each NHG Mortgage Receivable are scheduled to be made monthly; and
- (v) the Mortgaged Asset encumbered with the mortgage right is located in the Netherlands;
- (vi) In respect of Mortgage Loan originated prior to 21 August 2006 a Borrower has the right to prepay a maximum of 15% of the Outstanding Principal Amount of the Mortgage Loan without incurring any prepayment penalties and on or in respect of Mortgage Loan originated after 21 August 2006 a Borrower may prepay maximum of 10 % of the Outstanding Principal Amount of the Mortgage Loan without incurring prepayment penalties;

The same criteria have been applied and will apply to the selection of Further Advance Receivables.

Repurchase

If at any time any of the representations and warranties relating to the Mortgage Loans and the NHG Mortgage Receivables given by the Seller proves to have been untrue or incorrect in any material respect, the Seller shall within 14 days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto, or if such matter is not capable of being remedied or is not remedied within the said period of 14 days, the Seller shall repurchase and accept re-assignment of the NHG Mortgage Receivable at the immediately succeeding Mortgage Payment Date.

The Seller has also undertaken to repurchase and accept re-assignment of an NHG Mortgage Receivable on (i) the Mortgage Payment Date immediately following the date on which the Originator agrees with a Borrower to amend the terms of the Mortgage Loan and such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement, which includes the condition that after such amendment the Mortgage Loan continues to meet each of the Mortgage Loan Criteria and the representations and warranties of the Mortgage Receivables Purchase Agreement will continue to be true and accurate in respect of such NHG Mortgage Receivable provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan, the Seller shall not repurchase the relevant NHG Mortgage Receivable or (ii) if such Mortgage Payment Date referred to under (i) falls within 14 days of the date on which the Originator agrees with a Borrower to amend the terms of the Mortgage Loan which is not

in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement, the second Mortgage Payment Date following such date.

Furthermore, if on the Mortgage Payment Date immediately preceding the date on which the rate of interest in respect of a NHG Mortgage Receivable resulting from a Mortgage Loan under which the interest rate is fixed for a period of over one calendar month, will be subject to a reset, the Seller shall repurchase and accept re-assignment of such NHG Mortgage Receivable on the immediately succeeding Mortgage Payment Date.

If the relevant Mortgage Loan no longer has the benefit of the NHG Guarantee as a result of action taken or omitted to be taken by the Seller, the Originator, the MPT Provider, the Defaulted Loan Servicer or the Issuer Administrator, the Seller shall also repurchase and accept re-assignment of such NHG Mortgage Receivable on the immediately succeeding Mortgage Payment Date.

The purchase price for the NHG Mortgage Receivable in such events will be equal to the then Outstanding Principal Amount of such NHG Mortgage Receivable together with interest accrued up to (but excluding) the date of repurchase and re-assignment of the NHG Mortgage Receivable and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment)

Finally, if the Issuer decides to sell and assign the NHG Mortgage Receivables on the Put Option Date and use the proceeds thereof to redeem the Notes in accordance with Condition 6, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to first offer the NHG Mortgage Receivables for sale to the Seller. The Issuer will inform the Seller of the upcoming Put Option Date on the Quarterly Payment Date immediately preceding the Put Option Date. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase and accept the re-assignment of the NHG Mortgage Receivables. If the Seller informs the Issuer within such 15 business days period that it will not repurchase and accept the re-assignment of the NHG Mortgage Receivables, the Issuer will offer the NHG Mortgage Receivables for sale to the Put Option Provider which will accept such offer and will purchase and accept the assignment of the NHG Mortgage Receivables on the Put Option Date in accordance with the Put Option Agreement. The purchase price of the NHG Mortgage Receivables will be calculated in the same manner as described in *Clean-Up Call Option* below.

Other than in the events set out above, the Seller will not be obliged to repurchase any NHG Mortgage Receivables from the Issuer.

Clean-Up Call Option

On each Quarterly Payment Date the Seller may exercise the Clean-Up Call Option. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the NHG Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion, in case of the exercise of the Clean-Up Call Option. The purchase price of the NHG Mortgage Receivables in the case of a sale and assignment of the NHG Mortgage Receivables in such event to either (i) the Seller or (ii) a third party approved by the Seller, shall be equal to at least the relevant Outstanding Principal Amount in respect of the relevant NHG Mortgage Receivables, together with accrued interest due but unpaid, if any, except that, with respect to NHG Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the indexed foreclosure value of the Mortgaged Assets and (b) the amount claimable under the NHG Guarantee, and (ii) the sum of the Outstanding Principal Amount of the NHG Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the NHG Mortgage Receivable.

Regulatory Call Option

On each Quarterly Payment Date the Seller has the option to repurchase the NHG Mortgage Receivables upon the occurrence of a Regulatory Change. A "**Regulatory Change**" will be a change published on or after the Closing Date in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the "**Basle Accord**") or in the international, European or Dutch

regulations, rules and instructions (which includes the solvency regulation on securitisation of the Dutch Central Bank) (the "**Bank Regulations**") applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes.

If the Seller exercises the Regulatory Call Option, the Seller or any third party appointed by the Seller (in its sole discretion) shall repurchase and accept re-assignment of the NHG Mortgage Receivables for a price equal to the Outstanding Principal Amount of such NHG Mortgage Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment and any costs incurred by the Issuer in effecting and completing such repurchase and reassignment.

Redemption for tax reasons

If the Issuer exercises its option to redeem the Notes for tax reasons in accordance with Condition 6(e), the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to first offer the NHG Mortgage Receivables for sale to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the NHG Mortgage Receivables. After such 15 business day period, the Issuer may offer the NHG Mortgage Receivables to any third party. The purchase price of such NHG Mortgage Receivables will be calculated in the same manner as described in *Regulatory Call Option* above.

Notification Events

The Mortgage Receivables Purchase Agreement provides that if, *inter alia*:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within 10 (ten) business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 10 (ten) business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) any of the Seller or the Originator takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*"), liquidation ("*vereffening*"), legal demerger ("*juridische splitsing*") or conversion into a foreign entity, involving the Seller or, as the case may be, the Originator or its assets are placed under administration ("*onder bewind gesteld*"); or
- (d) any of the Seller or the Originator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for (i) in respect of the Originator, its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Act on Financial Supervision ("*Wet op het financieel toezicht*" or "*Wft*") as amended from time to time, or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets or (ii) in respect of the Seller, entering into suspension of payments or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) a Trustee Notification Event occurs; or
- (f) the Collection Foundation has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into suspension of payments or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it,

(each a "**Notification Event**") then the Seller shall, unless the Security Trustee (i) has notified the Rating Agencies and (A) the Rating Agencies have provided a Rating Agency

Confirmation in connection therewith or (B) by the 10th calendar day after the Rating Agencies were notified of any such event, the Rating Agencies have not indicated (x) which conditions are to be met before they are in a position to grant a Rating Agency Confirmation or (y) that the then current ratings assigned by them to any of the Senior Class A Notes or Mezzanine Class S Notes will be adversely affected as a result as a result of not giving such notice upon the occurrence of such event, instructs the Seller otherwise, forthwith notify the relevant Borrowers, the Insurance Companies and any other relevant parties indicated by the Issuer and/or the Security Trustee (a) of the assignment of the NHG Mortgage Receivables and the Beneficiary Rights by the Originator to the Seller or, at its option, the Issuer will make such notifications on the basis of an irrevocable power of attorney granted by the Originator and (b) of the assignment of the NHG Mortgage Receivables and the Beneficiary Rights by the Seller to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself.

In addition, pursuant to the Beneficiary Waiver Agreement, the Originator, subject to the condition precedent of the occurrence of a Notification Event, waives its right as beneficiary under the Insurance Policies, except for Insurance Policies with any of the Life Insurance Companies, and appoints as first beneficiary under such Insurance Policies (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Trustee Notification Event and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Trustee Notification Event.

Furthermore, pursuant to the Beneficiary Waiver Agreement, upon the occurrence of a Trustee Notification Event the Originator will (a) use its best efforts to terminate the appointment of the Originator as beneficiary under the Insurance Policies and to appoint as first beneficiary (x) the Issuer under the dissolving condition of the occurrence of a Trustee Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Trustee Notification Event and (b) with respect to Insurance Policies where a Borrower Insurance Proceeds Instruction has been given, use its best efforts to withdraw the Borrower Insurance Proceeds Instruction in favour of the Originator and to issue such instruction in favour of (x) the Issuer under the dissolving condition of the occurrence of a Trustee Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Trustee Notification Event.

Purchase of Further Advance Receivables

The Mortgage Receivables Purchase Agreement provides that on each Quarterly Payment Date until the Quarterly Payment Date immediately preceding the Final Maturity Date, the Issuer will apply the Principal Available Amount to purchase from the Seller all mortgage receivables resulting from Further Advances (the "**Further Advance Receivables**") if and to the extent offered by the Seller.

Conditions of Purchase of Further Advance Receivables

The purchase by the Issuer of Further Advance Receivables will be subject to the condition that on the relevant Quarterly Payment Date, the following conditions (the "**Purchase Conditions**") are met:

- (a) the Seller will represent and warrant to the Issuer and the Security Trustee (i) the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the NHG Mortgage Receivables and the Beneficiary Rights relating thereto, with respect to the Further Advances and Further Advance Receivables sold on such date and (ii) the matters relating to the Seller in the Mortgage Receivables Purchase Agreement;
- (b) no Notification Event has occurred and is continuing on the date of such completion;
- (c) there has been no failure by the Seller to repurchase any NHG Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (d) the Principal Available Amount is sufficient to pay the Purchase Price for the relevant Further Advance Receivables;
- (e) the Further Advance Receivables have the benefit of the NHG Guarantee;
- (f) the Beneficiary Rights relating to such Further Advance Receivables are assigned to the Issuer;
- (g) the percentage of the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans divided by the aggregate Outstanding Principal Amount in respect of the NHG

Mortgage Receivables does not exceed the percentage of the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans on the Closing Date divided by the aggregate Outstanding Principal Amount in respect of the NHG Mortgage Receivables on the Closing Date plus 5 per cent.;

- (h) the weighted average of the LTV-ratio of all Mortgage Loans, including Further Advances in respect of the Further Advance Receivables purchased on such date, does not exceed the weighted average of the aggregate LTV-ratio at the Closing Date plus 1 per cent.;
- (i) not more than 2 per cent. of the aggregate Outstanding Principal Amount relates to NHG Mortgage Receivables which are in arrears for a period exceeding 90 days;
- (j) the debit balance on the Class B Principal Deficiency Ledger does not exceed 25 per cent. of the Principal Outstanding Amount of the Subordinated Class B Notes; and
- (k) the aggregate Outstanding Principal Amount of the Mortgage Loans granted to Borrowers which are self-employed does not exceed 4 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Loans granted to Borrowers which are self-employed at the Closing Date;

unless (i) the Rating Agencies are notified and (ii)(A) the Rating Agencies have provided a Rating Agency Confirmation in connection therewith or (B) by the 10th calendar day after the Rating Agencies were notified of any such event, the Rating Agencies have not indicated (x) which conditions are to be met before they are in a position to grant a Rating Agency Confirmation or (y) that the then current ratings assigned by them to the Senior Class A Notes and the Mezzanine Class S Notes will be adversely affected if any of the Purchase Conditions other than the Purchase Condition mentioned under (e) above not being met and nevertheless Further Advance Receivables were to be purchased by the Issuer, in which case the Issuer may purchase such Further Advance Receivables.

Set-off by Borrowers

The Mortgage Receivables Purchase Agreement provides that if at any time (i) a Borrower invokes a right to set-off amounts due by the Seller or, as the case may be, the Originator of whatever nature, including, without limitation, with any Construction Amount or any amounts under or in connection with an Insurance Policy to him with the NHG Mortgage Receivable and (ii) as a consequence thereof the Issuer does not receive the full amount due in respect of such NHG Mortgage Receivable, the Seller undertakes to pay on the next Mortgage Payment Date to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the NHG Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such NHG Mortgage Receivable.

PUT OPTION AGREEMENT

On the Closing Date, the Issuer and the Security Trustee entered into the Put Option Agreement with the Put Option Provider under which the Issuer has the right on giving written notice and in the circumstances set-out below to offer for sale some or all of the NHG Mortgage Receivables to Rabobank International in its capacity as Put Option Provider and on such date assign such NHG Mortgage Receivables to the Put Option Provider which shall be obliged to purchase and accept assignment of such NHG Mortgage Receivables (the "**Put Option**").

Exercise of the Put Option

The Issuer has the right to exercise the Put Option if:

- I. the Seller does not repurchase and accept the re-assignment of the relevant NHG Mortgage Receivable(s) if:
 - (a) (x) any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the NHG Mortgage Receivables is untrue or incorrect in any material respect and (y) the Originator has informed the Seller that it has no obligation or that it is not able to purchase and accept the re-assignment of the relevant NHG Mortgage Receivable(s);
 - (b) a Mortgage Loan no longer has the benefit of the NHG Guarantee as a result of any action taken or omitted to be taken by the Seller, the Originator, the MPT Provider or the Defaulted Loan Servicer;
 - (c) the Originator agrees with a Borrower to amend the terms of the Mortgage Loan and such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement, which includes the condition that after such amendment the Mortgage Loan continues to meet each of the Mortgage Loan Criteria and the representations and warranties set forth in the Mortgage Receivables Purchase Agreement will continue to be true and accurate in respect of such NHG Mortgage Receivable unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan; and
 - (d) on the Mortgage Payment Date immediately preceding the date on which the rate of interest in respect of a NHG Mortgage Receivable resulting from a Mortgage Loan under which the interest rate is fixed for a period of over one calendar month, will be subject to a reset;
- II. the Seller has informed the Issuer not to repurchase and accept the re-assignment of the all NHG Mortgage Receivables if:
 - (a) the Issuer exercises its option to redeem the Notes for tax reasons in accordance with Condition 6(e); and
 - (b) the Issuer considers exercising the Put Option on the Put Option Date.

For the avoidance of doubt, the Put Option Provider has no obligation whatsoever under the Put Option Agreement to purchase and accept the assignment of all the NHG Mortgage Receivables in case the Issuer has to sell and assign all of the NHG Mortgage Receivables to the Seller as a result of the Seller exercising its Clean-Up Call Option or Regulatory Call Option.

Upon the occurrence of any of the circumstances set-out above, the Issuer will exercise the Put Option on the relevant Quarterly Payment Date or on the Put Option Date and it will apply the proceeds of such sale towards redemption of the Notes in accordance with Condition 6.

Purchase price

The purchase price for the NHG Mortgage Receivable in the events of a sale of some or all of the NHG Mortgage Receivables as set forth under I (a) up to and including (d) and II (a) above, shall be equal to the then Outstanding Principal Amount of such NHG Mortgage Receivable together with interest accrued up to (but excluding) the date of repurchase and re-assignment of the NHG Mortgage

Receivable and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment).

The purchase price of the NHG Mortgage Receivables in the event of the sale of all of the NHG Mortgage Receivables as set forth under II (b) above, shall be at least equal to the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, of each NHG Mortgage Receivable, except that with respect to NHG Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to publicly sell the Mortgaged Assets, the purchase price shall be at least the lesser of (i) the sum of (a) an amount equal to the indexed foreclosure value of the Mortgaged Assets and (b) the amount claimable under the NHG Guarantee, and (ii) the sum of the outstanding principal amount of the NHG Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the NHG Mortgage Receivable.

Rabobank

Rabobank group (the "**Rabobank Group**") is an international financial service provider operating on the basis of cooperative principles. At 31 December 2011, it comprises 139 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group operates in 46 countries. Its operations include domestic retail banking, wholesale banking and international retail banking, asset management, leasing and real estate. It serves approximately 10 million clients around the world. In the Netherlands, its focus is on broad financial services provision in the Netherlands and primarily on the food and agribusiness internationally. Rabobank Group entities have strong inter-relationships due to Rabobank's cooperative structure.

Rabobank Group is one of the most creditworthy privately owned banks world-wide, which is reflected in the ratings awarded by several rating agencies (Standard & Poor's, Moody's and Fitch Ratings). In terms of Tier 1 capital, Rabobank Group is among the world's 30 largest financial institutions (source: The Banker).

At 31 December 2011, Rabobank Group had total assets of € 731.7 billion, a private sector loan portfolio of € 448.3 billion, amounts due to customers of € 329.9 billion, savings deposits of € 140.0 billion and equity of € 45.0 billion (source: Interim Report Rabobank Group 2011, unaudited).

SUB-PARTICIPATION AGREEMENT

Under the Sub-Participation Agreement, the Issuer will grant to the Participant a sub-participation in the Savings NHG Mortgage Receivables and the Life NHG Mortgage Receivables with a Savings Element.

Participation

In the Sub-Participation Agreement the Participant has undertaken to pay to the Issuer:

- (i) (a) at the Closing Date or (b) on the relevant Quarterly Payment Date in case of a purchase and assignment of Further Advance Receivables or (c) on the relevant Mortgage Payment Date a switch from any type of Mortgage Loan into a Savings Mortgage Loan or a switch of a Life Mortgage Loan into a Life Mortgage Loan with a Savings Element, an amount equal to the sum of the Savings Premia received by the Participant with accrued interest up to the first day of the month in which the Closing Date falls or, as the case may be, the relevant Mortgage Payment Date, or as the case may be, the relevant Quarterly Payment Date (the "**Initial Participation**") in relation to each of the Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element;
- (ii) on each Mortgage Payment Date an amount equal to the amount received by the Participant as Savings Premium during the immediately preceding Mortgage Calculation Period in respect of the relevant Savings Insurance Policies and Life Insurance Policies with a Savings Element,

provided that in respect of each relevant Savings NHG Mortgage Receivable and relevant Life NHG Mortgage Receivable with a Savings Element no amounts will be paid to the extent that, as a result thereof, the Participation in such relevant Savings NHG Mortgage Receivable and relevant Life NHG Mortgage Receivable with a Savings Element would exceed the Outstanding Principal Amount of the relevant Savings NHG Mortgage Receivable and the relevant Life NHG Mortgage Receivable with a Savings Element.

As a consequence of such payments the Participant will acquire a participation (the "**Participation**") in each of the Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element, which is equal to the Initial Participation in respect of such Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element increased during each Mortgage Calculation Period on the basis of the following formula (the "**Monthly Participation Increase**"):

$(\text{Participation Fraction} \times R) + S$, whereby

S = the amount received by the Issuer from the Participant in such Mortgage Calculation Period in respect of the relevant Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element pursuant to the Sub-Participation Agreement;

R = the amount of interest due by the Borrower on the Savings NHG Mortgage Receivable or the Life NHG Mortgage Receivable with a Savings Element and actually received by the Issuer in such Mortgage Calculation Period.

In consideration for the undertakings of the Participant described above, the Issuer undertakes to pay to the Participant on each Mortgage Payment Date an amount equal to the Participation in each of the Savings NHG Mortgage Receivables and the Life NHG Mortgage Receivables with a Savings Element in respect of which amounts have been received during the relevant Mortgage Calculation Period (i) by means of repayment and prepayment under the relevant Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Savings NHG Mortgage Receivables and the Life NHG Mortgage Receivables with a Savings Element, (ii) in connection with a repurchase of Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element pursuant to the Trust Deed and, as the case may be, the Put Option Agreement and to the extent such amounts

relate to principal and (iv) as Net Foreclosure Proceeds on any Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element to the extent such amounts relate to principal (the "**Participation Redemption Available Amount**").

For the avoidance of doubt, the relevant Participation in a Savings NHG Mortgage Receivable or a Life NHG Mortgage Receivable with a Savings Element will not terminate in case a Savings Mortgage Loan switches in whole or in part to another type of Mortgage Loan or, as the case may be, a Life Mortgage Loan with a Savings Element switches to the Unit-Linked Alternative. As a result of the switch, the relevant Participation will no longer be increased with the relevant Monthly Participation Increase and the Participant will be entitled to the pro rata part of the interest received by the Issuer in respect of the relevant Savings NHG Mortgage Receivable or relevant Life NHG Mortgage Receivable with a Savings Element on each Mortgage Payment Date.

Reduction of Participation

If (i) a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of the relevant Savings NHG Mortgage Receivables or Life NHG Mortgage Receivables with a Savings Element or, for whatever reason, the Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy or Life Insurance Policy with a Savings Element or (ii) the Seller fails to pay any amount due by it to the Issuer in respect of a Savings NHG Mortgage Receivable or a Life NHG Mortgage Receivable with a Savings Element and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Savings NHG Mortgage Receivable or Life NHG Mortgage Receivable with a Savings Element, the Participation of the Participant in respect of such Savings NHG Mortgage Receivable or Life NHG Mortgage Receivable with a Savings Element, will be reduced by an amount equal to the amount which the Issuer has failed to so receive.

Enforcement Notice

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

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

Termination

If one or more of the Savings NHG Mortgage Receivables or Life NHG Mortgage Receivables with a Savings Element are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Trust Deed and/or the Put Option Agreement, the Participation in such Savings NHG Mortgage Receivables or the Life NHG Mortgage Receivables with a Savings Element will terminate and the Participation Redemption Available Amount in respect of the Savings NHG Mortgage Receivables or Life NHG Mortgage Receivables with a Savings Element will be paid by the Issuer to the Participant. If so requested by the Participant, the Issuer will use its best efforts to ensure that the acquirer of the Savings NHG Mortgage Receivables or the Life NHG Mortgage Receivables with a Savings Element will enter into a Sub-Participation Agreement with the Participant in a form similar to the Sub-Participation Agreement. Furthermore, the Participation envisaged in the Sub-Participation Agreement shall terminate if at the close of business of any Mortgage Payment Date the Participant has received the Participation in respect of the relevant Savings NHG Mortgage Receivable or Life NHG Mortgage Receivable with a Savings Element.

ISSUER SERVICES AGREEMENT

Services

In the Issuer Services Agreement each of (i) the MPT Provider has agreed to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the NHG Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the NHG Mortgage Receivables, the direction of amounts received by the Seller or the Originator and the Participant to the Issuer Collection Account and the production of monthly reports in relation thereto and (ii) the Defaulted Loan Servicer has agreed to provide the implementation of arrears procedures including the enforcement of mortgage rights (see further *Mortgage Loan Underwriting and Mortgage Services* above) and to provide information on the Participation in the Savings Mortgage Loans and Life Mortgage Loans with a Savings Element and (iii) the Issuer Administrator has agreed to provide certain administration, calculation and cash management services to the Issuer, including (a) drawings (if any) to be made by the Issuer under the Liquidity Facility Agreement, (b) all payments to be made by the Issuer under the Swap Agreement and under the other Relevant Documents, (c) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (d) all payments to be made by the Issuer under the Sub-Participation Agreement, (e) the maintaining of all required ledgers in connection with the above, (f) all calculations to be made pursuant to the Conditions under the Notes and (g) the preparation of quarterly investor reports. The Issuer Administrator will also provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

Each of the MPT Provider and the Defaulted Loan Servicer, which holds a license under the Act on Financial Supervision ("*Wet op het financieel toezicht*"), will be obliged to administer the Mortgage Loans and the NHG Mortgage Receivables with the same level of skill, care and diligence as it administers other mortgage loans originated by the Originator.

The MPT Provider and the Defaulted Loan Servicer has, in accordance with the Issuer Services Agreement, appointed Stater as its sub-agent to carry out certain activities described above upon the terms and provisions of and in accordance with the Issuer Services Agreement. Stater has accepted this appointment and has committed itself, in favour of the Issuer, to carry out the activities subject to and on the terms provided in the Issuer Services Agreement. The Issuer and the Security Trustee has consented to the appointment of Stater as sub-agent.

Termination

The appointment of the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Issuer Services Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the payment on the due date of any payment due and payable by it under the Issuer Services Agreement, (b) a default by the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Issuer Services Agreement or (c) the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into suspension of payments ("*surseance van betaling*") emergency regulations ("*noodregeling*") as referred to in Chapter 3 of the Act on Financial Supervision ("*Wet financieel toezicht*") or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) any of the MPT Provider or the Defaulted Loan Servicer no longer holds a licence as intermediary ("*bemiddelaar*") or offeror ("*aanbieder*") under the Act on Financial Supervision or (d) it becomes unlawful for the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator to perform all or a material part of its obligations under the Issuer Services Agreement.

Upon termination of the Issuer Services Agreement, each of the Security Trustee and the Issuer shall use its best efforts to appoint a substitute mpt provider and/or defaulted loan servicer and/or issuer administrator, as the case may be, and such substitute mpt provider and/or defaulted loan servicer

and/or issuer administrator, as the case may be, shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Issuer Services Agreement, provided that such substitute mpt provider and/or defaulted loan servicer and/or issuer administrator, as the case may be, shall have the benefit of a fee at a level to be then determined. Any such substitute mpt provider and/or defaulted loan servicer must (i) have experience of administering mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a license under the Act on Financial Supervision. 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 Trustee Assets Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The appointment of the Pool Servicer and/or Defaulted Loan Servicer and/or the Issuer Administrator under the Issuer Services Agreement may be terminated by the MPT Provider and/or Defaulted Loan Servicer and/or Issuer Administrator or the Issuer upon the expiry of not less than 6 months' notice of termination given by the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator to each of the Issuer and the Security Trustee or by the Issuer to the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute mpt provider and/or defaulted loan servicer and/or issuer administrator, as the case may be, shall be appointed, such appointment to be effective not later than the date of termination of the Issuer Services Agreement and the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator, as the case may be, shall not be released from its obligations under the Issuer Services Agreement until such substitute mpt provider and/or defaulted loan servicer and/or issuer administrator, as the case may be, has entered into such new agreement.

In the Issuer Services Agreement each of the MPT Provider and the Defaulted Loan Servicer respectively has undertaken with each of the Issuer and the Security Trustee, that it will use reasonable efforts to negotiate an agreement with a back-up servicer following a downgrade of its senior unsecured, unsubordinated long term rating below Baa3 by Moody's or any of such rating is withdrawn.

In case of termination of SRLEV N.V.'s appointment as MPT Provider and Defaulted Loan Servicer under the Issuer Services Agreement, Stater Nederland B.V. has undertaken to replace SRLEV N.V. as MPT Provider and Defaulted Loan Servicer, subject to certain conditions, as further set out in the letter to Stater Nederland B.V. dated 29 June 2012.

THE ISSUER

Stichting Holland Homes Oranje II (the "**Issuer**") is a foundation ("*stichting*") established under the laws of the Netherlands on 7 June 2007. The statutory seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands. The Issuer operates on a cross-border basis when offering the Notes in certain countries. The registered office of the Issuer is at Naritaweg 165 Telestone 8, 1043BW Amsterdam, the Netherlands and its telephone number is +31 (0)20 5722300. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34275648. For specific issues relating to the legal form of the Issuer, reference is made to the *Risk Factors*.

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

Statement by managing director of the Issuer

Since the date of its last published financial statements, 31 December 2010, there has been, as at 29 June 2012, 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 and no financial statements have been drawn up, save for the activities related to its establishment and the securitisation transaction included in the Initial Prospectus and this Prospectus, and (ii) been involved in any legal, arbitration or governmental proceedings or is aware of any such 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 Issuer has the corporate power and capacity to issue the Mezzanine Class S Notes and to perform its obligations under the Relevant Documents (see *Terms and Conditions of the Notes* below).

The sole managing director of the Issuer is Trust International Management (T.I.M.) B.V. The managing director of Trust International Management (T.I.M.) B.V. is Wilhelmus Joseph Langeveld, who have chosen domicile at the office address of Trust International Management (T.I.M.) B.V., being Naritaweg 165 Telestone 8, 1043 BW Amsterdam, the Netherlands.

The sole shareholder of Trust International Management (T.I.M.) B.V. is Citco Nederland B.V.

The managing director of the Issuer has entered into a management agreement with the Issuer. In this management agreement the managing director agrees and undertakes to, *inter alia*, (i) manage the affairs of the Issuer in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and Netherlands accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from taking any action detrimental to the obligations under any of the Relevant Documents. In addition the managing director agrees in the management agreement that it will not enter into any agreement in relation to the Issuer other than the Relevant Documents to which it is a party, without the prior written consent of the Security Trustee and after having received written confirmation by Fitch that there will be no adverse effect on the then current rating assigned to the Senior Class A Notes outstanding.

There are no potential conflicts of interest between any duties to the Issuer of its managing director and private interests or other duties of the managing director.

The financial year of the Issuer coincides with the calendar year, except for the first financial year which started on 7 June 2007 and ends on 31 December 2007. The financial statements of the Issuer

dated 31 December 2008, 31 December 2009 and 31 December 2010 are incorporated by reference (See *Documents Incorporated by Reference*).

Capitalisation

The following table shows the capitalisation of the Issuer as of the Effective Date as adjusted to give effect to the issue of the Mezzanine Class S Notes and the redemption on a pro rata and pari passu basis of the Senior Class A Notes.

Borrowings

Senior Class A Notes	euro 577,100,000
Mezzanine Class S Notes	euro 24,999,972
Subordinated Class B Notes	euro 2,900,000
Initial Participation	euro 26,062,774.48 (as at 29 February 2012)

Responsibility statement

The Issuer is responsible for the information contained in this Prospectus, except for the information for which the Originator is responsible, as referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus, except for the information for which the Originator is responsible, as referred to in the following paragraph, is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

The Originator is solely responsible for the information contained in the following sections of this Prospectus: *Overview of the Dutch Residential Mortgage Market, Documents incorporated by reference, SNS Bank N.V., Seller and Residential Mortgage Business and Description of Mortgage Loans and NHG Guarantee Programme*. To the best of the Originator's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in these paragraphs has been accurately reproduced and as far as the Originator 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. The Originator accepts responsibility accordingly.

Finally, Stater Nederland B.V. is also responsible for the information contained in the section *Stater Nederland B.V.* 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 section is in accordance with the facts and does not omit anything likely to affect the impact of such information. Any information from third-parties contained in this section has been accurately reproduced and does not omit anything which would render the reproduced information inaccurate or misleading. Stater accepts responsibility accordingly.

USE OF PROCEEDS

The net proceeds of the Mezzanine Class S Notes issued on the Effective Date to the Senior Class A Noteholders, amount to euro 24,999,972. The net proceeds have been applied on the Effective Date to redeem in part on a *pro rata* and *pari passu* basis of the Senior Class A Notes.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer irrevocably and unconditionally has undertaken to pay to the Security Trustee (the "**Parallel Debt**") an amount equal to the aggregate amount due ("*verschuldigd*") by the Issuer (i) as fees or other remuneration to the Directors under the Management Agreements, (ii) as fees and expenses to the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under the Issuer Services Agreement, (iii) as fees and expenses to the Paying Agents and the Reference Agent under the Paying Agency Agreement, (iv) to the Liquidity Facility Provider under the Liquidity Facility Agreement, (v) to the Swap Counterparty under the Swap Agreement, (vi) to the Noteholders under the Notes and (vii) to the Participant under the Sub-Participation Agreement (the parties referred to in items (i) through (vii) together the "**Secured Parties**"). The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim ("*eigen en zelfstandige vordering*") to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received. The Initial Parallel Debt Agreement has been replaced by the Parallel Debt Agreement on the Effective Date to ensure that the Mezzanine Class S Notes have the benefit of the Parallel Debt and (indirectly) the Security.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee will distribute such amount among the Secured Parties in accordance with the Priority of Payments upon Enforcement, save for amounts due to the Participant in connection with the Participations. The amounts due to the Secured Parties, other than the Participant, will be the sum of (a) amounts recovered ("*verhaald*") by the Security Trustee on (i) the NHG Mortgage Receivables (other than Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element) and other assets pledged to the Security Trustee under the Pledge Agreements and (ii) each of the Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element to the extent the amount exceeds the Participation in the relevant Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element, (b) the amounts received in connection with the Trust Deed provided such amounts relate (i) to the NHG Mortgage Receivables, other than the Savings NHG Mortgage Receivables and the Life NHG Mortgage Receivables with a Savings Element, and (ii) with respect to the Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element to the extent such amount exceeds the relevant Participation in such Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element and (c) the *pro rata* part of amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the Participations bear to the aggregate NHG Mortgage Receivables); less (y) any amounts already paid by the Security Trustee to the Secured Parties (other than the Participant) pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion the sum of the Participations bear to the aggregate NHG Mortgage Receivables).

The amounts due to the Participant consists of, *inter alia*, (i) the amounts actually recovered ("*verhaald*") by it on the Savings NHG Mortgage Receivables and the Life NHG Mortgage Receivables with a Savings Element under the Trustee Receivables Pledge Agreement, (ii) amounts received in connection with the Trust Deed provided that such amounts relate to the relevant Participation in the Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element and (iii) the *pro rata* part of the amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the Participations bear to the aggregate NHG Mortgage Receivables); less (y) any amounts already paid to the Participant by the Security Trustee pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion the sum of the Participations bear to the aggregate NHG Mortgage Receivables), but only to the extent such amounts do not exceed the relevant Participation in each of such Savings NHG Mortgage Receivables and Life NHG Mortgage Receivables with a Savings Element.

The Issuer will vest a first ranking right of pledge (the "**Trustee Receivables Pledge Agreement** ") on the Effective Date in favour of the Security Trustee on the NHG Mortgage Receivables and the Beneficiary Rights and in respect of any Further Advance Receivables undertakes to grant a first ranking right of pledge on the relevant Further Advance Receivables and, if applicable, the relevant Beneficiary Rights relating thereto, on the Quarterly Payment Date on which they are acquired, which will secure the payment obligations of the Issuer

to the Security Trustee under the Parallel Debt Agreement and any other Relevant Documents. The Security Trustee Receivables Pledge Agreement will replace the trustee receivables pledge agreement entered into on the Closing Date (the "**Initial Trustee Receivables Pledge Agreement**").

The pledge on the NHG Mortgage Receivables will not be notified to the Borrowers except in the event that certain notification events occur which are similar to the Notification Events but relating to the Issuer, and including the delivery of an Enforcement Notice by the Security Trustee (the "**Trustee Notification Events**"). Prior to notification of the pledge to the Borrowers, the pledge is a "silent" right of pledge ("*stil pandrecht*") within the meaning of section 3:239 of the Netherlands Civil Code. The pledge on the Life Beneficiary Rights will not be notified to the Insurance Companies and will, therefore, be a silent right of pledge ("*stil pandrecht*").

In addition, a right of pledge (the "**Trustee Assets Pledge Agreement**" and together with the Trustee Receivables Pledge Agreement, the "**Pledge Agreements**") has been vested by the Issuer in favour of the Security Trustee on the Effective Date over all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Issuer Services Agreement, (iii) the Floating Rate GIC, (iv) the Liquidity Facility Agreement, (v) the Swap Agreement, (vi) the Sub-Participation Agreement, (vii) in respect of the Transaction Accounts, (viii) the Construction Guarantee and (ix) the Put Option Agreement. This right of pledge has been notified to the relevant obligors and will, therefore, be a disclosed right of pledge ("*openbaar pandrecht*"), but the Security Trustee has granted a power to collect to the Issuer which will be withdrawn upon the occurrence of any of the Trustee Notification Events. The Trustee Assets Pledge Agreement will replace the security trustee assets pledge agreement entered into on the Closing Date (the "**Initial Trustee Receivables Pledge Agreement**").

Upon the occurrence of a Trustee Notification Event and, consequently, notification to the Borrowers and the Insurance Companies and withdrawal of the power to collect, the Security Trustee will collect ("*innen*") all amounts due to the Issuer whether by Borrowers or parties to the Relevant Documents. Pursuant to the Trust Deed the Security Trustee will, until the delivery of an Enforcement Notice, for the sole purpose of enabling the Issuer to make payments in accordance with the relevant Priority of Payments, pay or procure the payment to the Issuer, whilst for that sole purpose terminating ("*opzeggen*") its right of pledge.

The rights of pledge created in the Pledge Agreements secure any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement and any other Relevant Documents.

The security rights described above shall serve as security for the benefit of the Secured Parties, including the Mezzanine Class S Noteholders, but, *inter alia*, amounts owing to the Mezzanine Class S Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders (see *Credit Structure*).

Furthermore, the Collection Foundation shall grant on the balance standing to the credit of the Foundation Collection Account a first ranking right of pledge (the "**Foundation Collection Account Pledge Agreement**" in favour of the Security Trustee and the Previous Transaction Security Trustees jointly and a second ranking right of pledge to the Issuer and the Previous Transaction SPVs jointly both under the condition that future issuers (and any security trustees) in securitisation transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Originator or any of its subsidiaries will also have the benefit of such right of pledge. Such rights of pledge will be notified to the Foundation Account Provider.

Since the Previous Transaction SPVs (and/or the Previous Transaction Security Trustees, as the case may be) and the Issuer (and/or the Security Trustee, as the case may be) have a first ranking right of pledge on the amounts standing to the credit of the Foundation Collection Account the rules applicable to co-ownership ('*gemeenschap*') apply. The Netherlands Civil Code provides for various mandatory rules applying to such co-owned rights. In principle co-owners are required to co-operate with regard to their co-owned goods, but according to section 3:168 of the Netherlands Civil Code it is possible for co-owners to make an arrangement for the management ("*beheer*") of the co-owned goods by one or

more of the co-owning parties.

The Previous Transaction SPVs, the Issuer, the Security Trustee and the Previous Transaction Security Trustees have further in the Foundation Collection Account Pledge Agreement agreed that the Security Trustee and the Previous Transaction Security Trustees will manage ("*beheren*") such co-held rights jointly. The Issuer has been advised that it is uncertain whether the foreclosure of the rights of pledge will constitute management for the purpose of section 3:168 of the Netherlands Civil Code and as a consequence the cooperation of the Previous Transaction SPVs and the Issuer may be required for such foreclosure to take place.

Furthermore, such parties have agreed in the Foundation Collection Account Pledge Agreement that (i) the share ("*aandeel*") in each co-held right of pledge will be equal to the amounts collected from the respective mortgage receivables purchased by each Previous Transaction SPV respectively and the amounts collected from the mortgage receivables, respectively, and (ii) in case of foreclosure of the right of pledge on the Foundation Collection Account, the proceeds will be divided according to each share. It is uncertain whether this sharing arrangement is enforceable in the event that the Issuer, the Security Trustee, the Previous Transaction SPVs and the Previous Transaction Security Trustees should become insolvent. However, the Issuer has been advised that neither the Collection Foundation's nor the insolvency of the Originator or any of its subsidiaries would affect this arrangement. In this respect has been agreed that in case of a breach by a party of its obligations under the abovementioned agreements or if such agreement is dissolved, void, nullified or ineffective for any reason in respect of such party, such party shall compensate the other parties forthwith for any and all loss, costs, claim, damage and expense whatsoever which such party incurs as a result hereof.

THE SECURITY TRUSTEE

Stichting Security Trustee Holland Homes Oranje II (the "**Security Trustee**") is a foundation ("*stichting*") established under the laws of the Netherlands on 7 June 2007. It has its registered office in Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer; (b) to acquire, hold and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the Issuer, which is conducive to the holding of the abovementioned security rights; (c) to borrow money; and (d) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is ANT Trust & Corporate Services N.V., having its registered office at Claude Debussylaan 24, Amsterdam, the Netherlands.

The Security Trustee has agreed to act as security trustee for the holders of the Notes and to pay any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements to the Noteholders subject to and pursuant to the Parallel Debt Agreement and the Trust Deed subject to and in accordance with the Priority of Payments upon Enforcement.

In addition, the Security Trustee has agreed to act as security trustee vis-à-vis the other Secured Parties and to pay to such Secured Parties any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements to which the relevant Secured Party is a party subject to and pursuant to the Parallel Debt Agreement and the Trust Deed subject to and in accordance with the Priority of Payments upon Enforcement.

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Deed or any other Relevant Document to which it is a party, except in the event of its wilful misconduct ("*opzet*"), negligence ("*nalatigheid*"), fraud or bad faith and it shall not be responsible for any act or negligence of persons or institutions selected by it in good faith and with due care.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, manager, agent, delegate or other person appointed by it under the Trust Deed shall be indemnified by the Issuer against and shall on first demand be reimbursed in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of the powers of the Trust Deed or of any powers, authorities or discretions vested in it or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to that Trust Deed or otherwise.

As set out in the Trust Deed, the relevant Management Agreement and the Security Trustee's articles of incorporation, the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer to the Secured Parties have been paid in full.

However, the Noteholders can resolve to dismiss the Director of the Security Trustee as the director of the Security Trustee by an Extraordinary Resolution, on the basis of Clause 20 of the Trust Deed and Clause 4.4 of the articles of incorporation of the Security Trustee. The Director of the Security Trustee shall only resign from its position as director of the Security Trustee as soon as a suitable person, trust or administration office, reasonably acceptable to the Issuer, after having consulted the Secured Parties, other than the Noteholders, and subject to the written confirmation of Fitch that there shall be no adverse effect on the then current rating assigned to the Senior Class A Notes, has been contracted to act as director of the Security Trustee.

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the euro 577,100,000 Senior Class A Mortgage-Backed Notes 2007 due 2039 (the "**Senior Class A Notes**") and the euro 2,900,000 Subordinated Mortgage-Backed Class B Notes 2007 due 2039 (the "**Subordinated Class B Notes**") was authorised by a resolution of the managing director of Stichting Holland Homes Oranje II (the "**Issuer**") passed on 20 July 2007. The Notes are issued under a trust deed (the "**Trust Deed**") dated 25 July 2007, as amended and restated on 23 March 2012 (the "**Effective Date**") between the Issuer and Stichting Security Trustee Holland Homes Oranje II (the "**Security Trustee**").

The issue of the euro 24,999,972 Mezzanine Class S Mortgage-Backed Notes 2012 due 2039 (the "**Mezzanine Class S Notes**", and together with the Senior Class A Notes and the Subordinated Class B Notes, the "**Notes**") was authorised by a resolution of the managing director of the Issuer passed on 21 March 2012 and was approved by Extraordinary Resolutions of the holders of the Senior Class A Notes dated 19 March 2012. The Mezzanine Class S Notes will be issued on a *pro rata* and *pari passu* to the holders of the Senior Class A Notes, which will be obliged to accept these Mezzanine Class S Notes on a *pro rata* and *pari passu* against partial redemption of each of the Senior Class A Notes on a *pro rata* and *pari passu* with an amount equal to the Principal Amount Outstanding of the Mezzanine Class S Notes upon issue, as provided in Condition 6(g) below.

These are the terms and conditions of the Notes which are amended as of the Effective Date and will read as follows as of such date. These amendments are approved by Extraordinary Resolutions of the holders of the Senior Class A Notes dated 19 March 2012.

The statements in these terms and conditions of the Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the "**Coupons**"), the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the "**Paying Agency Agreement**") dated 25 July 2007 between the Issuer, the Security Trustee, Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**") and Deutsche Bank AG, Amsterdam Branch as paying agent (the "**Paying Agent**" and together with the Principal Paying Agent, the "**Paying Agents**") and as reference agent (the "**Reference Agent**"), (iii) an issuer services agreement (the "**Issuer Services Agreement**") dated 25 July 2007, as amended and restated on the Effective Date, between the Issuer, the Security Trustee, SRLEV N.V. (formerly known as DBV Levensverzekeringsmaatschappij N.V.), as the MPT Provider and the Defaulted Loan Servicer, and Trust International Management (T.I.M.) B.V. as the the Issuer Administrator, (iv) a parallel debt agreement (the "**Parallel Debt Agreement**") dated the Effective Date between the Issuer, the Security Trustee and the Secured Parties, (v) a pledge agreement dated the Effective Date (the "**Trustee Receivables Pledge Agreement**") between the Issuer and the Security Trustee, (vi) a pledge agreement dated the Effective Date (the "**Trustee Assets Pledge Agreement**" jointly with the other pledge agreement referred to under (v) above, the "**Pledge Agreements**") between the Issuer, the Security Trustee and others and (vii) a pledge agreement dated 25 July 2007 (the "**Foundation Collection Account Pledge Agreement**") between the Issuer, the Security Trustee, Stichting DBV Derdengelden as the Collection Foundation and others.

Certain words and expressions used below are defined in a master definitions agreement (the "**Master Definitions Agreement**") dated 23 July 2007, as amended and restated on the Effective 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 either the Senior Class A Notes, the Mezzanine Class S Notes or the Subordinated Class B Notes, as the case may be. If the terms or definitions of the Master Definitions Agreement would conflict with the terms and definitions used herein, the terms and

definitions of these Conditions shall prevail and any reference to any document is considered to be a reference to such document as amended, supplemented, restated or otherwise modified from time to time.

Copies of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and certain other Relevant Documents (see under *General Information* in the Prospectus) are available for inspection, free of charge, by holders of the Senior Class A Notes (the "**Senior Class A Noteholders**"), the holders of the Mezzanine Class S Notes (the "**Mezzanine Class S Noteholders**") and the holders of the Subordinated Class B Notes (the "**Subordinated Class B Noteholders**" and together with the Senior Class A Noteholders and the Mezzanine Class S Noteholders, the "**Noteholders**") at the specified office of the Principal Paying Agent and the present office of the Security Trustee, being at the date hereof Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

1. Form, Denomination and Title

The Senior Class A Notes and the Subordinated Class B Notes will be in bearer form serially numbered with Coupons attached on issue in denomination of euro 50,000 each and the Mezzanine Class S Notes will be in bearer form serially numbered with Coupons attached on issue in denomination of euro 100,000 with integral multiple of euro 1 each. Under Netherlands law, the valid transfer of Notes requires, *inter alia*, delivery ("*levering*") thereof. The Issuer, the Security Trustee and the Paying Agents may, to the fullest extent permitted by law, treat the holder of any Note as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

2. Status, Relationship between the Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class.
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Mezzanine Class S Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (ii) payments of principal and interest on the Subordinated Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class S Notes.
- (c) The security for the obligations of the Issuer towards the Noteholders (the "**Security**") will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
 - (i) a pledge by the Issuer to the Security Trustee of the NHG Mortgage Receivables and the Beneficiary Rights;
 - (ii) a pledge by the Issuer to the Security Trustee of the Issuer's rights (i) (a) against the Seller and the Originator under or in connection with the Mortgage Receivables Purchase Agreement, (b) against the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under or in connection with the Issuer Services Agreement, (c) against the Swap Counterparty under or in connection with the Swap Agreement, (d) against the Participant under or in connection with the Sub-Participation Agreement, (e) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC, (f) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement, (g) against the Construction Guarantor in connection with the Construction Guarantee, (h) against the Put Option Provider in connection with the Put Option Agreement, (i) against the Collection Foundation in connection with the Receivables Proceeds Distribution Agreement and (ii) in respect of the Transaction Accounts;
 - (iii) on the amounts standing to the credit of the Foundation Collection Account a second ranking right of pledge in favour of the Previous Transaction SPVs and the Issuer

jointly and a first ranking right of pledge in favour of the Previous Transaction Security Trustees and the Security Trustee jointly under the condition that future issuers in securitisation transactions of the Seller will also have the benefit of such right of pledge.

- (d) The Senior Class A Notes, the Mezzanine Class S Notes and the Subordinated Class B Notes will be secured (directly and/or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class S Notes and the Subordinated Class B Notes and the Mezzanine Class S Notes will rank in priority to the Subordinated Class B Notes in the event of the Security being enforced. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholder, as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) but requiring the Security Trustee in any such case to have regard only to the interests of the Senior Class A Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A Noteholders on the one hand and the Mezzanine Class S Noteholders on the other hand and if no Senior Class A Notes are outstanding, to have regard only to the interests of the Mezzanine Class S Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class S Noteholders on the one hand and the Subordinated Class B Noteholders on the other hand.
- (e) In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that, in case of a conflict of interest between the Secured Parties, the Priority of Payments upon Enforcement set forth in the Trust Deed, determines which interest of which Secured Party prevails.

3. Covenants of the Issuer

As long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and accounting practice, and shall not, except to the extent permitted by the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Swap Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Notes Purchase Agreement, the Sub-Participation Agreement, the Beneficiary Waiver Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Deed of Assignment, any Purchase Deed of Assignment and Pledge, the Put Option Agreement and the Trust Deed, (together with the Master Definitions Agreement, the "**Relevant Documents**") or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated 25 July 2007 relating to the issue of the Notes and except as contemplated by the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness and except as contemplated by the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights on any part of its assets and except as contemplated by the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Parallel Debt Agreement and the Pledge Agreements, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations or consent to any waiver;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than (i) the Transaction Accounts or (ii) an account in which collateral under the Swap Agreement is transferred, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii); and
- (h) fail to maintain a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the EU Council Directive 2003/48 EU.

4. Interest

(a) *Period of Accrual*

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

(b) *Interest Periods and Quarterly Payment Dates*

Interest on the Notes is payable by reference to successive interest periods. Each successive interest period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next following Quarterly Payment Date (each an "**Interest Period**"), except for (i) the first Interest Period in respect of the Senior Class A Notes and the Subordinated Class B Notes which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in October 2007, and (ii) the first Interest Period in respect of the Mezzanine Class S Notes, which will commence on (and include) the Effective Date and end on (but exclude) the first Quarterly Payment Date falling in April 2012.

Interest on each of the Notes shall be payable quarterly in arrear in euros, in each case in respect of the Principal Amount Outstanding of each Class of Notes on the 10th day of January, April, July and October (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 10th day) in each year (each such day being a "**Quarterly Payment Date**").

A "**Business Day**" means each 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 payment system which utilises a single shared platform and which was launched on 19 November 2007 ("**TARGET 2**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

(c) *Rate of Interest*

Interest on the Notes for each Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for three months deposits (determined in accordance with paragraph (e) below) (or, (i) in respect of the first Interest Period for the Senior Class A Notes and the Subordinated Class B Notes, the rate which represents the linear interpolation of Euribor for two and three months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards and (ii) in respect of the first Interest Period for the Mezzanine Class S Notes, Euribor as determined in respect of the Interest Period for the Senior Class A Notes and the Subordinated Class B Notes commencing on the Quarterly Payment Date falling in January 2012) plus:

- (i) for the Senior Class A Notes a margin of 0.02 per cent. per annum;
- (ii) for the Mezzanine Class S Notes a margin of 0.02 per cent. per annum; and
- (iii) for the Subordinated Class B Notes a margin of 2.50 per cent. per annum.

The rates of interest set forth in Condition 4(c) is hereinafter referred to as the "**Rates of Interest**".

(d) *Euribor*

For the purpose of Condition 4(c) Euribor will be determined as follows:

- (i) The Reference Agent will, subject to Condition 4(c) obtain for each Interest Period the rate equal to Euribor for three months deposits in euros. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the 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) as at or about 11.00 am (Amsterdam time) on the day that is two Business Days preceding the first day of each Interest Period (each an "**Euribor Interest Determination Date**").
- (ii) If, on the relevant Euribor Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI — The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
 - (A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the "**Euribor 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 am (Brussels time) on the relevant Euribor 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) if at least two quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as provided; and
- (iii) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the Euro-zone, selected by the Reference Agent, at approximately 11.00 am (Brussels time) on the relevant Euribor 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 Interest Period shall be the rate per annum equal to Euribor for three months 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 Interest Period, Euribor applicable to the Senior Class A Notes, the Mezzanine Class S Notes and the Subordinated Class B Notes during such Interest Period will be Euribor last determined in relation thereto.

(e) *Determination of the Rates of Interest and Calculation of Interest Amounts*

The Reference Agent will, as soon as practicable after 11.00 am (Brussels time) on each Euribor Interest Determination Date, determine the Rates of Interest referred to in paragraph (c) above for each Class of Notes and calculate the amount of interest payable on each of the Notes for the following Interest Period (the "**Interest Amount**") by applying, as provided in Condition 4(a), the relevant Rates of Interest to the Principal Amount Outstanding of each Class of Notes respectively. The determination of the relevant Rates of Interest and each Interest Amount by the Reference Agent shall be final and binding on all parties.

(f) *Notification of Rates of Interest and Interest Amounts*

The Reference Agent will cause the relevant Rate of Interest and the relevant Interest Amount applicable to each relevant Class of the Notes for the relevant Interest Period and the Quarterly Payment Date on which that Interest Period will end to be notified to the Issuer, the Security Trustee, the Principal Paying Agent, the Issuer Administrator as soon as possible after the determination in accordance with Condition 13. The Rates of Interest, the Interest Amount and the 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 Interest Period.

(g) *Determination or Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the relevant Rates of Interest or fails to calculate the relevant Interest Amount in accordance with Condition 4(e) above, the Security Trustee shall determine the relevant Rate of Interest, at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 4(d) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amounts in accordance with Condition 4(e) above, and each such determination or calculation shall (in the absence of manifest error) 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 prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent or of any Reference Bank by giving at least 90 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Class of Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as a Reference Bank, or the Reference Agent (as the case may be) or if the appointment of any Reference Bank or the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor Reference Bank or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

5. Payment

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

in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 13.

6. Redemption and purchase

(a) *Final redemption*

If and to the extent not otherwise redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in July 2039 (the "**Final Maturity Date**") and subject to, in respect of the Mezzanine Class S Notes and the Subordinated Class B Notes, Condition 9(b).

(b) *Mandatory redemption*

Subject always to Condition 10 and provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall apply the Redemption Available Amount to redeem, whether in full or in part, at their respective Principal Amount Outstanding the Notes on each Quarterly Payment Date, on a *pro rata* basis in the following order, (i) firstly, the Senior Class A Notes at their Principal Amount Outstanding until fully redeemed and, thereafter, (ii) secondly, the Mezzanine Class S notes at their Principal Amount Outstanding until fully redeemed and (iii) thirdly, the Subordinated Class B Notes at their Principal Amount Outstanding until fully redeemed.

The principal amount so redeemable in respect of each relevant Note, (each a "**Principal Redemption Amount**") on the relevant Quarterly Payment Date shall be the Redemption Available Amount (as applicable to each Class of Notes) as calculated on the Quarterly 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 of the relevant Class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) *Definitions*

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

"**Principal Amount Outstanding**" of any Note on any Quarterly Calculation Date of any Note, shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts that have become due and payable prior to such Quarterly Payment Date, provided that for the purpose of Conditions 4, 6 and 10 all Principal Redemption Amounts that have become due and not been paid shall not be so deducted.

"**Redemption Available Amount**" shall mean on any Quarterly Calculation Date the aggregate amount received or held by the Issuer during the immediately preceding Quarterly Calculation Period:

- (i) as repayment and prepayment of principal in full under the NHG Mortgage Receivables, but excluding prepayment penalties less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, the Participation in such Savings NHG Mortgage Receivable or Life NHG Mortgage Receivable with a Savings Element;
- (ii) as Net Foreclosure Proceeds on any NHG Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, the Participation in such Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element;
- (iii) as amounts received in connection with a repurchase of NHG Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, the

- Participation in such Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element;
- (iv) as amounts received in connection with a sale of NHG Mortgage Receivables pursuant to the Trust Deed and, as the case may be, the Put Option Agreement to the extent such amounts relate to principal less, with respect to each Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element, the Participation in such Savings NHG Mortgage Receivable and Life NHG Mortgage Receivable with a Savings Element;
 - (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
 - (vi) as Monthly Participation Increase and as amounts to be received as Initial Participation on the immediately succeeding Mortgage Payment Date pursuant to the Sub-Participation Agreement;
 - (vii) as partial prepayment in respect of the NHG Mortgage Receivables;
 - (viii) as amounts received under the Construction Guarantee; less
 - (ix) the purchase price for any Further Advance Receivables.

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

"Quarterly Calculation Date" means, in relation to a Quarterly Calculation Period, the fourth business day prior to each Quarterly Payment Date.

"Quarterly Calculation Period" means, in relation to a Quarterly Calculation Date, the three successive Mortgage Calculation Periods immediately preceding such Quarterly Calculation Date.

"Mortgage Calculation Period" means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month, starting on the Cut-off Date.

- (d) *Determination of the Principal Redemption Amount, the Redemption Available Amount and the Principal Amount Outstanding*
 - (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (x) the Redemption Available Amount and (y) the Principal Redemption Amount due for each Note of the relevant Class of Notes on the Quarterly Payment Date and (z) the Principal Amount Outstanding of the relevant Note on the first day following the Quarterly Payment Date. Each such determination by or on behalf of the Issuer shall in each case (in the absence of manifest error) be final and binding on all persons.
 - (ii) The Issuer or the Issuer Administrator on its behalf will on each Quarterly Calculation Date cause each determination of (x) the Redemption Available Amount and (y) the Principal Redemption Amount due for the relevant Class on the Quarterly Payment Date and (z) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Principal Paying Agent, the Reference Agent, Euroclear and Clearstream, Luxembourg, Euronext Amsterdam and to the holders of Notes by an advertisement in the English language in the Euronext Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam, for as long as the Notes are listed on Euronext Amsterdam. If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13.

- (iii) If the Issuer or the Issuer Administrator on its behalf does not at any time for any reason determine (x) the Redemption Available Amount and (y) the Principal Redemption Amount due for the relevant Class of Notes on the Quarterly Payment Date and due for the relevant Class of Notes on the Quarterly Payment Date, and (z) the Principal Amount Outstanding of the Notes, such (x) Redemption Available Amount and (y) Principal Redemption Amount due for the relevant Class of Notes on the Quarterly Payment Date and (z) Principal Amount Outstanding of the Notes shall be determined by the Security Trustee in accordance with Condition 6(a) and (b) (but based upon the information in its possession as to the Principal Redemption Amount due for the relevant Class of Notes on the Quarterly Payment Date) and each such determination or calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of manifest error) be final and binding on all persons.

(e) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their Principal Amount Outstanding, subject to Condition 9(b), on any Quarterly Payment Date, if the Issuer has satisfied the Security Trustee that:

- (a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any charge in, or amendment to, the application of the laws or regulations of the Netherlands (including any guidelines issued by the tax authorities) or any other jurisdiction or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (b) the Issuer will have sufficient funds available on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date to discharge all amounts of principal and interest due in respect of the each Class of the Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the Trust Deed.

No Class of Notes may be redeemed unless all other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 days' written notice to the Noteholders and the Security Trustee prior to the relevant Quarterly Payment Date.

(f) *Put Option of the Issuer*

If the Seller has informed the Issuer that it shall not repurchase and accept the reassignment of the NHG Mortgage Receivables on the Put Option Date, the Seller shall offer all of the NHG Mortgage Receivables to the Put Option Provider in accordance with the Put Option Agreement.

(g) *Redemption on the Effective Date*

The Issuer shall use the net proceeds of the issue of the Mezzanine Class S Notes which will be issued at an issue price of 100 per cent. (the "**Mezzanine Class S Notes Proceeds**") to partially redeem the Senior Class A Notes on a *pro rata* and *pari passu* basis on the Effective Date. The principal amount so redeemable in respect of each Senior Class A Note on the Effective Date (the "**Redemption Amount**") shall be the Mezzanine Class S Proceeds divided by the number of Senior Class A Notes, rounded down to the nearest euro. Following application of the Mezzanine Class S Notes Proceeds to partly redeem a Senior Class A Note, the Principal Amount Outstanding of such Note shall be reduced accordingly. The obligation to pay the purchase price for the Mezzanine Class S Notes will be netted automatically with the Redemption Amount through the clearing systems without further action being required. No actual cashflows will occur.

7. Taxation

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges by the Issuer of the Paying Agents (as the case may be) are required by law. In that event, the Issuer or the Paying Agents (as the case may be) will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.

8. Prescription

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

9. Subordination

(a) Interest

Interest on the Mezzanine Class S Notes and 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.

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

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

(b) Principal

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 such Senior Class A Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Class A Principal Shortfall on such Quarterly Payment Date. The "**Class A Principal Shortfall**" shall mean an amount equal to the balance on the Class A Principal Deficiency Ledger divided by the number of the Senior Class A Notes on such Quarterly Payment Date. The Senior Class A Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on such Senior Class A Notes after the earlier of (i) the Final Maturity Date or if earlier (ii) the date on which the Issuer no longer holds any NHG Mortgage Receivables and there are no balances standing to the credit of the Transaction Account Accounts and the Issuer has no further rights under or in connection with the Relevant Documents.

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero, the Mezzanine Class S Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class S Notes. If on any Quarterly Payment Date, there is a balance on the Class S Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Mezzanine Class S Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Class S Principal Shortfall on such Quarterly Payment Date. The "**Class S Principal Shortfall**" shall mean an amount equal to the balance on the Class S Principal Deficiency Ledger divided by the number of Mezzanine Class S Notes outstanding on such Quarterly Payment Date. The Mezzanine Class S Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class S Notes after the earlier of (i) the Final Maturity Date or if earlier (ii) the date on which the Issuer no longer holds any NHG Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes and all Mezzanine Class S Notes is reduced to zero, the Subordinated Class B Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class B Notes. If on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Subordinated Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Shortfall on such Quarterly Payment Date. The "**Class B Principal Shortfall**" shall mean an amount equal to the balance on the Class B Principal Deficiency Ledger divided by the number of Subordinated Class B Notes outstanding on such Quarterly Payment Date. 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 or if earlier (ii) the date on which the Issuer no longer holds any NHG Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

(c) *General*

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

10. Events of Default

The Security Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Senior Class A Noteholders, or if no Senior Class A Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class S Noteholders, or if no Mezzanine Class S

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 (b) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Relevant Class) give notice (an "**Enforcement Notice**") to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur:

- (a) default is made for a period of 15 days in the payment of the principal of, or default is made for a period of 15 days in the payment of interest on, the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, the Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of 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 30 days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment ("*akkoord*") with, its creditors; or
- (f) the Issuer files a petition for a suspension of payments ("*surseance van betaling*") or for bankruptcy ("*faillissement*") or is declared bankrupt,

(each an "**Event of Default**") provided that, if more than one Class of Notes is outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of any Class of Notes ranking junior to the most senior Class of Notes then outstanding, irrespective of whether an Extraordinary Resolution is passed by the holders of such Class or Classes of Notes ranking junior to the most senior Class of Notes then outstanding, unless an Enforcement Notice in respect of the most senior Class of 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 most senior Class of Notes then outstanding, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the most senior Class of Notes then outstanding.

11. Enforcement

- (a) At any time after an Enforcement Notice has been given and the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Parallel Debt Agreement, including the making of a demand for payment thereunder, the Trust Deed, the Pledge Agreements and the Notes and Coupons, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Senior Class A Noteholders or, if all amounts due in respect of the Senior Class A Notes have been fully paid, the Mezzanine Class S Noteholders or, if all amounts due in respect of the Mezzanine Class S Notes have been fully paid, the Subordinated Class B Noteholders and (ii) it shall have been indemnified to its satisfaction.
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at

least one year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

12. Indemnification of the Security Trustee

The Trust Deed contains provisions for the indemnification of the Security Trustee in the circumstances set out therein and for its relief from responsibility.

13. Notices

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

14. Meetings of Noteholders; Modification; Consents; Waiver

The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class S Noteholders and the Subordinated Class B Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents.

(a) Meeting of Noteholders

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.

(b) Basic Terms Change

No change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such Class of Notes referred to below as a '**Basic Terms Change**') shall be effective, unless such Basic Terms Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below, except that, if the Security Trustee is of the opinion that such a Basic Terms Change is (a) being proposed by the Issuer as a result of, or in order to avoid, an Event of Default and (b) unless such Basic Terms Change does not in any way affect the Senior Class A Notes and (i) the Security Trustee has notified the Rating Agencies of such Basic Terms Change and (ii)(A) the Rating Agencies have provided a confirmation that the then current ratings assigned to the Notes will not be adversely affected (a "**Rating Agency Confirmation**") in connection therewith or (B) by the 10th calendar day after the Rating Agencies were notified of any such event, the Rating Agencies have not indicated (x) which conditions are to be met before they are in a position to grant a Rating Agency Confirmation or (y) that the then current ratings assigned by them to any of the Senior Class A Notes or Mezzanine Class S Notes will be adversely affected, no such Extraordinary Resolution is required.

(c) Extraordinary Resolution Quorum and maturity

The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-third of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes

at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-third 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 amount of validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented.

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).

Limitations

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

An Extraordinary Resolution of the Mezzanine Class S Noteholders and/or 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 and/or the Mezzanine Class S Noteholders, as the case may be, or if it's sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and/or the Mezzanine Class S Noteholders, as the case may be. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class S Noteholders and the Subordinated Class B Noteholders, irrespective of the effect on their interests.

(d) *Modifications by the Security Trustee*

The Security Trustee may agree with, without the consent of the Noteholders, to (i) any modification of any of the provisions of Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee has notified the Rating Agencies thereof and (ii)(A) the Rating Agencies have provided a confirmation that the then current ratings assigned to the notes will not be adversely affected (a "**Rating Agency Confirmation**") in connection there with or (B) by the 10th calendar day after the Rating Agencies were notified of any such event, the Rating Agencies have not indicated (x) which conditions are to be met before they are in a position to grant a Rating Agency Confirmation or (y) that the then current ratings assigned by them to any of the Senior Class A Notes or Mezzanine Class S Notes will be adversely affected. For the avoidance of doubt, any such notification to Moody's and Fitch does not address whether such modification, authorisation or waiver is in the best interests of, or prejudicial to, some or all 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.

(e) *Exercise of Security Trustee's functions*

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, the Mezzanine Class S Noteholders and the Subordinated Class B Noteholders and each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Replacements of Notes and Coupons

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

16. Governing Law and Jurisdiction

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

THE GLOBAL NOTES

The Mezzanine Class S Notes are initially represented by a temporary global note (the "**Temporary Global Note**") in bearer form, without coupons, in the principal amount of euro 24,999,972. The Temporary Global Note is deposited with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on the Effective Date. Upon deposit of such Temporary Global Note, Euroclear and Clearstream, Luxembourg, as the case may be, will credit each holder of Mezzanine Class S Notes represented by such Temporary Global Note with the principal amount of the Mezzanine Class S Notes equal to the principal amount thereof for which it has acquired. Interests in each Temporary Global Note will be exchangeable (provided certification of non-US beneficial ownership by the Mezzanine Class S Noteholders has been received) not earlier than 40 days after the Effective Date (the "**Exchange Date**") for interests in a permanent global note (each a "**Permanent Global Note**"), in bearer form, without coupons, in the principal amount of the Mezzanine Class S Notes (the expression "**Global Notes**" meaning the Temporary Global Notes and the Permanent Global Note of and the expression "**Global Note**" means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note, the Permanent Global Note will remain deposited with the common safekeeper.

The Global Notes are transferable by delivery. The Permanent Global Note is exchangeable for Mezzanine Class S Notes in definitive notes only in the circumstances described below. Such definitive notes shall be issued in denominations of euro 100,000 or, as the case may be, in the then Principal Amount Outstanding of the Mezzanine Class S Notes on such exchange date. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Mezzanine Class S Note is entitled to receive any payment made in respect of that Mezzanine Class S Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Mezzanine Class S Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-US beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Mezzanine Class S Note for a Permanent Global Mezzanine Class S Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Mezzanine Class S Notes.

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

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

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

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated

maturity following an Event of Default, or (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Effective Date, the Issuer or Principal Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will, at its sole cost and expense, issue Mezzanine Class S Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class S Note and in each case within thirty (30) days of the occurrence of the relevant event, subject in each case to certification as to non-US beneficial ownership.

TAXATION IN THE NETHERLANDS

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

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

Subject to the foregoing:

1. No registration, stamp, transfer or turnover taxes or other similar duties or taxes will be payable in the Netherlands in respect of the offering and the Issue of the Notes by the Issuer or in respect of the signing and delivery of the Documents.
2. No Netherlands withholding tax will be due on payments of principal and/or interest.
3. A holder of Notes (a 'Holder') will not be subject to Netherlands taxes on income or capital gains in respect of the acquisition or holding of Notes or any payment under the Notes or in respect of any gain realised on the disposal or redemption of the Notes, provided that:
 - (i) such Holder is neither a resident nor deemed to be a resident nor has opted to be treated as a resident in the Netherlands; and
 - (ii) such Holder does not have an enterprise or an interest in an enterprise that, in whole or in part, is carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Notes are attributable;

and, if the Holder is a legal person, an open limited partnership (“*open commanditaire vennootschap*”), or another company with a capital divided into shares or a special purpose fund (“*doelvermogen*”),

- (iii) such Holder does not have a substantial interest* in the share capital of the Issuer and/or the Seller or in the event that such Holder does have such an interest, such interest either forms part of the assets of an enterprise or such interest is not held with the main purpose or one of the main purposes of evading income tax or dividend tax;
- (iv) such Holder does not have a deemed Netherlands enterprise to which enterprise the Notes are attributable;

and, if the Holder is a natural person,

- (v) such Holder does not derive benefits from miscellaneous activities carried out in The Netherlands in respect of the Notes, including, without limitation, activities which are beyond the scope of active portfolio investment activities; and
- (vi) such Holder or a person related to the Holder by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands does not have, or is not deemed to have, a substantial interest* in the share capital of the Issuer and/or the Seller.

*Generally speaking, an interest in the share capital of the Issuer and/or the Seller should not be considered as a substantial interest if the Holder of such interest, and if the Holder is a natural person his spouse, registered partner, certain other relatives or certain persons sharing the Holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five per cent. or more of the total issued and

outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer and/or the Seller.

4. No Netherlands gift or inheritance taxes will arise on the transfer of the Notes by way of a gift by, or on the death of, a Holder who is neither resident nor deemed to be resident in the Netherlands, unless:
 - (i) in case of a gift of the Notes under a suspensive condition by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual is resident or deemed to be resident in the Netherlands at the date (a) of the fulfillment of the condition; or (b) of his/her death and the condition of the gift is fulfilled after the date of his/her death.
 - (ii) in case of a gift of Notes by an individual who at the date of the gift or - in case of a gift under a suspensive condition - at the date of the fulfillment of the condition was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift or the fulfillment of the condition, while being resident or deemed to be resident in the Netherlands.

PURCHASE AND SALE

On the Effective Date, the Issuer has issued the Mezzanine Class S Notes to the holders of the Senior Class A Notes, and will apply the proceeds thereof to redeem the Senior Class A Notes in part on a pro rata and pari passu basis such that the Principal Amount Outstanding of the Senior Class A Notes reduced with euro 24,999,972 as of the Effective Date.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a '**Relevant Member State**'), it is required that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the '**Relevant Implementation Date**') no offer of Notes may be made which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State: (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the manager nominated by the Issuer for any such offer; or (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an '**offer of Notes to the public**' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression '**Prospectus Directive**' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression '**2010 PD Amending Directive**' means Directive 2010/73/EU.

France

The Notes may only be offered or sold to qualified investors ("*investisseurs qualifiés*") and/or to a restricted circle of investors ("*cercle restreint d'investisseurs*"), provided such investors act for their own account, and/or to persons providing portfolio management financial services ("*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*"), in the Republic of France, within the meaning of Article L.411-1, L.411-2 and D.411-1 to D.411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code Monétaire et Financier (Monetary and Financial Code).

The Prospectus, which has not been submitted to the *Autorité des Marchés Financiers*, and any information contained therein and any offering material relating to the Notes, are not to be further distributed or reproduced (in whole or in part) by the addressee and have been distributed on the basis the addressee invests for its own account, as necessary, and does not resell or otherwise retransfer, directly or indirectly, the Notes to the public in the Republic of France, other than in compliance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code. Persons in to whose possession this offering material comes must inform themselves about and observe any such restrictions.

Italy

No action has been or may be taken which would allow a public offering (or a "*offerta al pubblico*") of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; and no application has been filed to obtain an authorisation from the Commissione Nazionale per le Società e la Borsa ("*Consob*") for the public offering of the Notes in the Republic of Italy ("*Italy*").

Accordingly, the Notes cannot be offered, sold or delivered in Italy nor may any copy of this Prospectus or any other document relating to the Notes be distributed in Italy other than:

- (i) to the categories of qualified investors (*investitori qualificati*) including individuals and small and medium size enterprises, as defined by CONSOB Regulation no. 11971 of 14 May 1999, as amended from time to time and recently supplemented by resolution n. 17326 of 13 May 2010 and resolution n. 17389 of 23 June 2010, on the basis of the relevant criteria set out by the Prospectus Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, pursuant to art. 100, paragraph 1, lett. a) of Italian Legislative Decree no. 58 of 24 February 1998, as amended ("Decree No. 58"); and
- (ii) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by Decree 58 and the relevant implementing regulations (including CONSOB Regulation no. 11971 of 14 May 1999, as amended) applies.

Any offer, sale or delivery of the Notes to professional investors or distribution to the latter of copies of this Prospectus or any other document relating to the Notes in Italy must be made:

- (a) by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy and to the extent duly authorised to engage in the placement and/or underwriting of financial instruments in Italy, in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Decree No. 58, CONSOB Regulation No. 16190 of 31 October 2007 and any other applicable laws and regulations;
- (b) only to qualified investors (*investitori qualificati*) as set out above; and
- (c) in compliance with any other applicable laws and regulations and other possible requirements or limitations which may be imposed by Italian authorities.

The Notes cannot be offered, sold or delivered on a retail basis, either in the primary or in the secondary market, to any individuals residing in Italy.

United Kingdom

Any holder of the Notes will be required to represent and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

United States

The Notes have not been and will not be registered under the US Securities Act and may not be offered, sold or delivered within the United States or to US persons, except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the US Securities Act. The Notes are in bearer form and are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax

regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

The Notes may not be offered, sold or delivered (i) as part of its distribution at any time and (ii) otherwise until forty (40) days after the later of the commencement of the offering on the Effective Date within the United States or to, or for the account or benefit of, US persons and it will have sent to each distributor, or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, US persons.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of the Notes within the United States may violate the registration requirements of the US Securities Act. Terms used in these paragraphs have the meanings given to them by Regulation S and the US Internal Revenue Code and regulations thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the 'FIEL') and the Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organised under the Laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws and regulations of Japan.

General

Each holder of the Notes will be required to comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the Arranger shall have any responsibility therefor.

Neither the Issuer nor the Arranger shall represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the AFM shall be deemed to be incorporated in, and to form part of, this Prospectus:

- a. the Issuer's publicly available audited financial statements including the explanatory notes and the auditor's report for the year ended 31 December 2008 (set forth on pages 4 up to and including 19 of its 2008 annual report);
- b. the Issuer's publicly available audited financial statements including the explanatory notes and the auditor's report for the year ended 31 December 2009 (set forth on pages 6 up to and including 21 of its 2009 annual report); and
- c. the Issuer's publicly available audited financial statements including the explanatory notes and the auditor's report for the year ended 31 December 2010 (set forth on pages 5 up to and including 20 of its 2010 annual report).

Any other information which is contained in any document mentioned under points (a) through (c) above but not specifically stated as being incorporated by reference is either not relevant for investors or covered elsewhere in this Prospectus.

These documents can be obtained without charge at the offices of the Issuer and the Paying Agent, each as set out at the end of this Prospectus and the documents incorporated by reference may also be obtained by contacting the issuer by telephone (+31 (0)20 5722300) or by email: structuredfinance@citco.com.

GENERAL INFORMATION

1. The issue of the Mezzanine Class S Notes has been duly authorised by a resolution of the board of directors of the Issuer passed on 21 March 2012.
2. Application has been made to list the Mezzanine Class S Notes on Eurolist by Euronext Amsterdam. The estimated total costs involved with such admission amount to euro 5,000.
3. The Mezzanine Class S Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and bear common code 072821742 and ISIN Code XS0728217422.
4. The addresses of the clearing systems are: Euroclear, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
5. There are no legal, arbitration or governmental proceedings neither is the Issuer aware of any such 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.
6. As long as any of the Mezzanine Class S Notes are outstanding, copies of the following documents may be inspected at the specified offices of the Security Trustee and the Principal Paying Agent during normal business hours:
 - (i) the Deed of Incorporation, including the Articles of Association of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Deed of Assignment;
 - (iv) the Notes Purchase Agreement;
 - (v) the Management Agreements;
 - (vi) the Paying Agency Agreement;
 - (vii) the Trust Deed;
 - (viii) the Parallel Debt Agreement;
 - (ix) the Trustee Receivables Pledge Agreement;
 - (x) the Trustee Assets Pledge Agreement;
 - (xi) the Issuer Services Agreement;
 - (xii) the Floating Rate GIC;
 - (xiii) the Liquidity Facility Agreement;
 - (xiv) the Swap Agreement;
 - (xv) the Sub-Participation Agreement;
 - (xvi) the Put Option Agreement;
 - (xvii) the Beneficiary Waiver Agreement;
 - (xviii) the Master Definitions Agreement; and
 - (xix) the Initial Prospectus.
7. A copy of this Prospectus (in print) will be available (free of charge) at the registered office of the Issuer, the Security Trustee and the Principal Paying Agent.
8. The audited annual financial statements of the Issuer will be made available, free of charge, from the specified office of the Issuer.
9. The accountants at KPMG Accountants N.V. are registered accountants ("registeraccountants") and are a member of the Netherlands Institute for Registered Accountants ("NIVRA").
10. A free copy of the Deed of Incorporation, including the Articles of Association of the Issuer will be available at the registered office of the Issuer.
11. US Taxes:

The Mezzanine Class S Notes will bear a legend to the following effect: "any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code".

The sections referred to in such legend provide that a United States person who holds a Mezzanine Class S Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Mezzanine Class S Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

12. A quarterly report on the performance, including the arrears and the losses, of the transaction, together with current stratification tables can be obtained at the specified office of the Issuer and at structuredfinance@citco.com. The Issuer does not intend to make available any post-issuance information.

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