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Dutch MBS XVI B.V.  
(incorporated with limited liability in the Netherlands)

EUR 221,200,000 Class A1 Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.  
EUR 484,400,000 Class A2 Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.  
EUR 11,700,000 Class B Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.  
EUR 11,200,000 Class C Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.  
EUR 9,200,000 Class D Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.  
EUR 12,300,000 Class E Mortgage-Backed Notes 2011 due 2043, issue price 100 per cent.  
EUR 3,800,000 Class F Notes 2011 due 2043

The prospectus has been approved by the Netherlands Authority for the Financial Markets ("*Stichting Autoriteit Financiële Markten*") (the "**Financial Regulator**"), as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). The Financial Regulator only approves this prospectus as meeting the requirements imposed under Netherlands and EU law pursuant to the Prospectus Directive. Such approval relates only to the notes which are to be admitted to trading on the regulated market of Euronext Amsterdam ("*Euronext*") by NYSE Euronext or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. This prospectus (the "**Prospectus**") constitutes a prospectus for the purposes of the Prospectus Directive. Application has been made to Euronext for the EUR 221,200,000 Class A1 Mortgage-Backed Notes 2011 due 2043 (the "**Class A1 Notes**"), the EUR 484,400,000 Class A2 Mortgage-Backed Notes 2011 due 2043 (the "**Class A2 Notes**" and together with the Class A1 Notes, the "**Class A Notes**"), the EUR 11,700,000 Class B Mortgage-Backed Notes 2011 due 2043 (the "**Class B Notes**"), the EUR 11,200,000 Class C Mortgage-Backed Notes 2011 due 2043 (the "**Class C Notes**"), the EUR 9,200,000 Class D Mortgage-Backed Notes 2011 due 2043 (the "**Class D Notes**") and the EUR 12,300,000 Class E Mortgage-Backed Notes 2011 due 2043 (the "**Class E Notes**" and together with the Class B Notes, the Class C Notes and the Class D Notes, the "**Subordinated Notes**"), to be admitted to the official list and trading on its regulated market. In addition, the Issuer will issue the EUR 3,800,000 Class F Notes 2011 due 2043 (the "**Class F Notes**" and together with the Class A Notes and the Subordinated Notes, the "**Notes**"), which will not be listed. The Notes are expected to be issued on the Closing Date.

The Notes, which are to be issued by Dutch MBS XVI B.V. (the "**Issuer**"), will carry a floating rate of interest, payable monthly in arrear on the Monthly Payment Date falling in June 2011 and on each Monthly Payment Date thereafter. The rate of interest for the Notes will be one month Euribor plus, up to (but excluding) the first Optional Redemption Date, a margin per annum which will be 1.10 per cent. for the Class A1 Notes, 1.65 per cent. for the Class A2 Notes, 2.00 per cent. for the Class B Notes, 2.50 per cent. for the Class C Notes, 3.00 per cent. for the Class D Notes, 3.50 per cent. for the Class E Notes and 4.00 per cent. for the Class F Notes. On the first Optional Redemption Date, the margin of the Notes will be reset subject to and in accordance with the Terms and Conditions of the Notes (the "**Conditions**").

The Notes are scheduled to mature on the Monthly Payment Date falling in May 2043 (the "**Final Maturity Date**"). On the Monthly Payment Date falling in June 2011 and each Monthly Payment Date thereafter, the Notes will be subject to mandatory partial redemption in the circumstances set out in, and subject to, and in accordance with the Conditions through the application of the Principal Redemption Amounts (or Interest Available Amount in respect of the Class F Notes), to the extent available. On the Monthly Payment Date falling in May 2016 and on each Monthly Payment Date thereafter (each an "**Optional Redemption Date**") the Issuer will have the option to redeem all (but not some only) of the Notes, other than the Class F Notes, then outstanding at their Principal Amount Outstanding, subject to and in accordance with the Conditions. If the Notes are not redeemed in full on any Optional Redemption Date, the Notes will remain subject to mandatory redemption in accordance with Condition 6(b). Also, the Issuer will have the option to redeem the Notes upon the occurrence of a Tax Change in accordance with Condition 6(f) and subject to, in case of the Subordinated Notes, Condition 9(b). On the Monthly Payment Date falling in June 2011 and on each Monthly Payment Date thereafter, provided that no Enforcement Notice has been given, the Class F Notes will be subject to mandatory partial redemption in the circumstances set out in, subject to and in accordance with Condition 6(i) through the application of the amount remaining of the Interest Available Amount after all payments or deposits ranking higher have been made on such date. Finally, the Issuer will redeem the Notes, other than the Class F Notes, in accordance with Conditions 6(g) or 6(h), if the Sellers exercises their option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change ("**Regulatory Call Option**") and/or the Clean-Up Call Option and subject to, in the case of the Subordinated Notes, Condition 9(b). The Class F Notes will in such events be subject to redemption in accordance with and subject to Condition 6(i) and Condition 9(b).

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned a 'AAA' sf rating by Fitch Ratings Ltd ("**Fitch**") and a 'Aaa' (sf) rating by Moody's Investors Service Limited ("**Moody's**" and, together with Fitch, the "**Rating Agencies**"), the Class B Notes, on issue, be assigned at least a 'AA' sf rating by Fitch and a 'Aa1' (sf) rating by Moody's, the Class C Notes, on issue, be assigned at least a 'A' sf rating by Fitch and a 'Aa2' (sf) rating by Moody's, the Class D Notes, on issue, be assigned at least a 'BBB' sf rating by Fitch and a 'A1' (sf) rating by Moody's and, the Class E Notes, on issue, be assigned at least a 'Ba1' (sf) rating by Moody's. The Class F Notes will not be assigned a rating.

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 Notes will be (indirectly) secured by a right of pledge over the Mortgage Receivables and the Beneficiary Rights relating thereto vested by the Issuer in favour of Stichting Security Trustee Dutch MBS XVI (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 right to payment of interest and principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will be subordinated and may be limited as more fully described in the Conditions.

The Notes of each Class will be initially represented by a temporary global note in bearer form (each a "**Temporary Global Note**"), without coupons, which is expected to be deposited with a common 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 issue date thereof. Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the relevant Class (each a "**Permanent Global Note**"), without coupons not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for definitive notes in bearer form ("**Definitive Notes**") as described in the Conditions. The expression "**Global Notes**" means the Temporary Global Note of each Class and the Permanent Global Note of each Class and the expression "**Global Note**" means each Temporary Global Note or each Permanent Global Note, as the context may require.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (the "**ICSDs**") as common safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem

either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Notes will be solely the obligations of the Issuer. The Notes will not be the obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, each Seller, the Cash Advance Facility Provider, the Insurance Companies, the Swap Counterparty, the MPT Provider, the Sub MPT Providers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Managers, the GIC Provider, the Savings Participants and the Security Trustee, in whatever capacity acting. Furthermore, none of the Sellers, the Cash Advance Facility Provider, the Insurance Companies, the Swap Counterparty, the MPT Provider, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Arranger, the Managers, the GIC Provider, the Savings Participants 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 Sellers, the Cash Advance Facility Provider, the Savings Participants, the Swap Counterparty, the MPT Provider, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Managers, the GIC Provider, the Savings Participants 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).

The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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

The date of this Prospectus is 8 June 2011.

Arranger

NIBC Bank N.V.

Class A Managers

Deutsche Bank AG  
Morgan Stanley  
NIBC Bank N.V.

Class B, C, D, E and F Manager  
NIBC Bank N.V.

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## 1. OVERVIEW

*This overview must be read as an introduction to this Prospectus and any decision to invest in the 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 overview 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 capitalised terms used herein see Index of Defined Terms.*

### **The transaction**

The Issuer will purchase from the relevant Sellers the Relevant Mortgage Receivables (i.e. the rights under or in connection with certain pre-selected Mortgage Loans held by the relevant Sellers) and will, on the Closing Date, accept the assignment of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto by means of a registered deed of assignment as a result of which legal title to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. Furthermore, the Issuer will on the Closing Date issue the Notes and use the net proceeds thereof (other than the proceeds of the Class F Notes, which will be deposited on the Reserve Account to provide credit enhancement for the other Classes of Notes) to pay to the relevant Sellers (part of) the Initial Purchase Price for the Relevant Mortgage Receivables, pursuant to the Mortgage Receivables Purchase Agreement. In addition, the Issuer will pay the Deferred Purchase Price to the Sellers, which is to be paid on each Monthly Payment Date in Deferred Purchase Price Instalments, if any (see further *Mortgage Receivables Purchase Agreement* below).

On any Monthly Payment Date the funds available to the Issuer as a result of a repurchase of Relevant Mortgage Receivables must be applied towards the purchase from any Seller of Relevant Substitute Mortgage Receivables and the Beneficiary Rights relating thereto, subject to the fulfilment of certain conditions and to the extent offered by any of the Sellers.

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Cash Advance Facility Agreement, the Swap Agreement, the Sub-Participation Agreements, drawings from the Reserve Account and the GIC Account, to make payments of, *inter alia*, principal and interest due in respect of the Notes. The obligations of the Issuer in respect of the 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 Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will be subordinated to the Class A Notes and limited as more fully described herein under *Credit Structure and Terms and Conditions of the Notes*.

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

Pursuant to the GIC, the GIC Provider will agree to pay a guaranteed rate of interest determined by reference to EONIA on the balance standing from time to time to the credit of the Transaction Accounts (see *Credit Structure* below).

The Issuer will enter into a Services Agreement with NIBC (as the MPT Provider) on the Closing Date, pursuant to which the MPT Provider will agree to (i) provide administration and management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Receivables and the implementation of arrears procedures including the enforcement of mortgage rights and any other collateral; (ii) communicate with the relevant Borrowers and (iii) investigate payment delinquencies. The MPT Provider will initially appoint Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V., Quion Services B.V. and Stater Nederland B.V. as its sub MPT

providers. Furthermore, the Issuer Administrator will agree (a) to provide certain administration, calculation and cash management services to the Issuer and (b) to submit certain statistical information regarding the Issuer to certain governmental authorities if and when requested (see *Services Agreement and Administration Agreement* below).

The Issuer will on the Closing Date enter into Sub-Participation Agreements with each of the Savings Participants. Pursuant to these agreements the Issuer will, on the Closing Date, receive from the Savings Participants a payment equal to the amount built up in the savings policies. In consideration of such payment the Savings Participants will receive a Savings Participation. These Savings Participations will be increased on a monthly basis with the premiums paid by the Borrowers and paid on to the Issuer and accrued interest received under the related Mortgage Loans which is attributable to the Savings Participations. The consideration received for the Savings Participations by the Issuer are applied towards redemption of the Notes (see *Sub-Participation Agreements* below).

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

### **The Issuer**

Dutch MBS XVI B.V. is incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") under number B.V. 52033554. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by Stichting Dutch MBS XVI Holding. The Issuer is established to purchase the Mortgage Receivables and to issue the Notes.

### **Security**

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed pledge granted by the Issuer to the Security Trustee over the 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 and the Receivables Proceeds Distribution Agreements and in respect of the Transaction Accounts.

In order to ensure the valid creation of the security rights under Netherlands law in favour of the Security Trustee, the Issuer shall undertake 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 Security Beneficiaries pursuant to the Relevant Documents.

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

The Collection Foundations shall grant a first right of pledge on the balance standing to the credit of the relevant Collection Foundation Account in favour of the Issuer and the Previous Transaction SPVs jointly, and the Issuer and the Previous Transaction SPVs by way of repledge create a first right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees each subject to the agreement 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 NIBC will also have the benefit of a right of pledge and agree to cooperate to facilitate such security. Such rights of pledge will be notified to The Royal Bank of Scotland N.V. or its successor as provider of the Collection Foundation Accounts.

### **Collection Foundations**

All direct debit payments by Borrowers and payments by Life Insurance Companies are made to bank accounts maintained by the Collection Foundations, which have been set up as bankruptcy remote foundations ("*stichtingen*") under Dutch law, rather than to the relevant Seller directly. Each foundation will be obliged to forward all amounts received by it in respect of the Mortgage Receivables to the GIC Account.

### **Interest on the Notes**

The Notes will carry a floating rate of interest, payable monthly in arrear on the Monthly Payment Date falling in June 2011 and on each Monthly Payment Date thereafter. The rate of interest for the Notes will be one

month Euribor plus a margin. On the first Optional Redemption Date, the margin of the Notes (other than the Class F Notes) will be reset subject to and in accordance with the Conditions.

### **Redemption of the Notes**

Unless previously redeemed, the Issuer will, subject to Condition 9(b), redeem all of the Notes at their respective Principal Amount Outstanding on the Monthly Payment Date falling in May 2043.

On the Monthly Payment Date falling in June 2011 and on each Monthly Payment Date thereafter until the delivery of an Enforcement Notice, 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 Mortgage Receivables or (ii) in connection with a repurchase (unless applied towards the purchase of Substitute Mortgage Receivables as set out above) or sale of the Mortgage Receivables, to (partially) redeem the Notes, other than the Class F Notes, in the following order: (i) *first*, the Class A1 Notes, until fully redeemed and, subsequently, the Class A2 Notes, until fully redeemed, provided that if the Pro Rata Trigger applies, the Class A1 Notes and the Class A2 Notes pro rata, until fully redeemed (ii) *second*, the Class B Notes, until fully redeemed, (iii) *third*, the Class C Notes, until fully redeemed, (iv) *fourth*, the Class D Notes, until fully redeemed and (v) *finally*, the Class E Notes.

The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given and the Pro Rata Trigger does not apply, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes and then to the Class A2 Notes. To the extent that the Redemption Available Amount is insufficient to redeem the Class A1 Notes and/or the Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Class A2 Notes do not therefore purport to provide credit enhancement to the Class A1 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this could result in the Class A2 Notes being more exposed to losses than at the Closing Date.

The Issuer will have the option to redeem all of the Notes, (other than the Class F Notes) but not some only, on each Optional Redemption Date at their Principal Amount Outstanding in accordance with Condition 6(e) subject, in the case of the Subordinated Notes, to Condition 9(b). If the Notes are not redeemed in full on any Optional Redemption Date, the Notes will remain subject to mandatory redemption in accordance with Condition 6(b). Also, the Issuer will have the option to redeem the Notes upon the occurrence of a Tax Change in accordance with Condition 6(f) and subject to, in case of the Subordinated Notes, Condition 9(b). On the Monthly Payment Date falling in June 2011 and on each Monthly Payment Date thereafter, provided that no Enforcement Notice has been given, the Class F Notes will be subject to mandatory partial redemption in the circumstances set out in, subject to and in accordance with Condition 6(i) through the application of the amount remaining of the Interest Available Amount after all payments or deposits ranking higher have been made on such date. Finally, the Issuer will redeem the Notes, other than the Class F Notes, in accordance with Conditions 6(g) or 6(h), if the Sellers exercise their option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change ("**Regulatory Call Option**") and/or the Clean-Up Call Option and subject to, in the case of the Subordinated Notes, Condition 9(b). The Class F Notes will be subject to redemption in accordance with and subject to Condition 6(i) and Condition 9(b).

### **Listing**

Application has been made to Euronext for the Notes (other than the Class F Notes), to be admitted to the official list and trading on its regulated market.

### **Rating**

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned a 'AAA' sf rating by Fitch and a 'Aaa (sf)' rating by Moody's, the Class B Notes, on issue, be assigned at least a 'AA' sf rating by Fitch and a 'Aa1 (sf)' rating by Moody's, the Class C Notes, on issue, be assigned at least a 'A' sf rating by Fitch and a 'Aa2 (sf)' rating by Moody's, the Class D Notes, on issue, be assigned at least a 'BBB' sf rating by Fitch and a 'A1 (sf)' rating by Moody's and, the Class E Notes, on issue, be assigned at least a 'Ba1 (sf)' rating by Moody's. The Class F Notes will not be assigned a rating. Credit ratings included or referred to in

this Prospectus have been issued by Moody's and Fitch, each of 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.

**Risk factors**

There are certain factors which prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes. One of these risk factors concerns the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and the receipt by it of other funds. Despite certain facilities, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see *Risk Factors* below).



Certain features of the Notes are summarised below (see further '*Key Features of the Notes*' below):

	1. <u>Class A1</u>	2. <u>Class A2</u>	3. <u>Class B</u>	4. <u>Class C</u>	5. <u>Class D</u>	6. <u>Class E</u>	7. <u>Class F</u>
Principal Amount	EUR 221,200,000	EUR 484,400,000	EUR 11,700,000	EUR 11,200,000	EUR 9,200,000	EUR 12,300,000	EUR 3,800,000
Subordination	Subordination of Class F Notes, Class E Notes, Class D Notes Class C Notes and Class B Notes	Subordination of Class F Notes, Class E Notes, Class D Notes Class C Notes and Class B Notes	Subordination of Class F Notes, Class E Notes, Class D Notes and Class C Notes	Subordination of Class F Notes, Class E Notes and Class D Notes	Subordination of Class F Notes and Class E Notes	Subordination of Class F Notes	Not Applicable
Margin up to but excluding the Monthly Payment Date falling in May 2016	1.10 per cent. p.a.	1.65 per cent. p.a.	2.00 per cent. p.a.	2.50 per cent. p.a.	3.00 per cent. p.a.	3.50 per cent. p.a.	4.00 per cent. p.a.
Margin from and including the Monthly Payment Date in May 2016 (first Optional Redemption Date)	2.20 per cent. p.a.	3.30 per cent. p.a.	3.00 per cent. p.a.	3.50 per cent. p.a.	4.00 per cent. p.a.	4.50 per cent. p.a.	4.00 per cent. p.a.
Interest accrual	Act/360	Act/360	Act/360	Act/360	Act/360	Act/360	Act/360
Monthly Payment Dates	Interest and principal will be payable monthly in arrear on the 25 <sup>th</sup> day of each calendar month, subject to adjustment for non-business days, modified following						
Final Maturity Date	Monthly Payment Date falling in May 2043	Monthly Payment Date falling in May 2043	Monthly Payment Date falling in May 2043	Monthly Payment Date falling in May 2043	Monthly Payment Date falling in May 2043	Monthly Payment Date falling in May 2043	Monthly Payment Date falling in May 2043
Rating	AAA sf / Aaa (sf)	AAA sf / Aaa (sf)	AA sf / Aa1 (sf)	A sf / Aa2 (sf)	BBB sf / A1 (sf)	NR / Ba1 (sf)	Not Rated

## 2. RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in 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 Notes are also described below. The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons 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 Notes will be solely the obligations of the Issuer**

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, any Seller, the Cash Advance Facility Provider, the Insurance Companies, the Swap Counterparty, the MPT Provider, the Sub MPT Providers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Managers, the GIC Provider, the Savings Participants and the Security Trustee, in whatever capacity acting. Furthermore, none of the Sellers, the Cash Advance Facility Provider, the Insurance Companies, the Swap Counterparty, the MPT Provider, the Sub MPT Providers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Managers, the GIC Provider, the Savings Participants 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 Sellers, the Cash Advance Facility Provider, the Insurance Companies, the Swap Counterparty, the MPT Provider, the Sub MPT Providers, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Managers, the GIC Provider, the Savings Participants 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, such as the payments due under the Swap Agreement by the Swap Counterparty and the payments due under the Cash Advance Facility Agreement by the Cash Advance Facility Provider).

#### **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 Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, the receipt by it of payments under the Swap Agreement, drawings under the Cash Advance Facility and the receipt by it of interest in respect of the balance standing to the credit of the GIC Account. See *Credit Structure* below. The Issuer does not have any other resources available to it to meet its obligations under the Notes.

#### **The Issuer has counterparty risk exposure**

The Issuer is for the performance of its obligations fully dependent on its counterparties. Counterparties to the Issuer may not perform their obligations under the Relevant Documents. If any of the counterparties to the Issuer does not perform its obligations under the Relevant Documents, this may result in the Issuer not performing its obligations under the Relevant Documents and/or not receiving sufficient funds and as a consequence thereof not being able to meet its obligations under the Notes, including any payments on the Notes. It should be noted that there is a risk that (a) NIBC in its capacity as MPT Provider, Issuer Administrator, Paying Agent and Reference Agent will not meet its obligations vis-à-vis the Issuer, (b) ABN AMRO Bank N.V. in its capacity as Cash Advance Facility Provider will not meet its obligations vis-à-vis the Issuer, (c) HypInvest, Seyst, Nieuwegein, Estate, Atrios, Capitalum, Huizen, Royal Residentie, Muzen, Amstelstaete, Quion I, Quion III, Quion 14, Quion 30 and IKS in their capacities as Sellers will not meet its obligations vis-à-vis the Issuer, (d) Deutsche Bank AG, London Branch in its capacity as Swap Counterparty will not meet its obligations vis-à-vis the Issuer, (e) ABN AMRO Bank N.V. in its capacity as GIC Provider will not meet its obligations vis-à-vis the Issuer, (f) Generali, Allianz, Avero Achmea and SRLEV as Savings

Participants will not perform their obligations under the Sub-Participation Agreements and (g) ANT Securitisation Services B.V. and ATC Management B.V. will not perform their respective obligations under the relevant Management Agreements.

#### **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 will be 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 notwithstanding 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 Borrowers to the Issuer after notification of the assignment to the Issuer and after bankruptcy or suspension of payments but prior to the notification of the pledge to the Security Trustee 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 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 receivable cannot be invoked against the estate of the Issuer, if such future receivable comes 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 Assets Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the GIC Account following the Issuer's bankruptcy or suspension of payments. With respect to Beneficiary Rights, reference is made to *Risks relating to Beneficiary Rights under the Insurance Policies* 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 Security Beneficiaries. 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 Receivables Pledge Agreement and the Assets Pledge Agreement.

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 Security Beneficiaries therefore have a credit risk on the Security Trustee. However, the Security Trustee is a special purpose vehicle and is therefore unlikely to become insolvent.

#### **Licence requirement under the Wft**

Under the Netherlands Act on Financial Supervision as amended from time to time ("*Wet op het financieel toezicht*" or "*Wft*"), 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 licence under the Wft. An exemption from the licence requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the MPT Provider. The MPT Provider holds a licence as intermediary ("*bemiddelaar*") and offeror of credit ("*aanbieder van krediet*") under the Wft and the Issuer thus benefits from the exemption. However, if the 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 licence itself. In the latter case, the Issuer will have

to comply with the applicable requirements under the Wft. If the 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 licence itself, the Issuer will have to terminate its activities and settle ("*afwikkelen*") its existing agreements, which may ultimately result in, among others, an early redemption of the Notes.

#### **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 any change in tax law, 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 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 also 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 in respect of the Issuer. If the Swap Agreement terminates the Issuer may have to pay a termination payment to the Swap Counterparty and will be exposed to changes in the relevant rates of interest. As a result the Issuer may have insufficient funds to make payments under the Notes.

#### **RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES**

##### **Risk related to payments received by a Seller prior to notification of the assignment to the Issuer**

Under Netherlands law, assignment of the legal title of claims, such as the Mortgage Receivables, can be effectuated by means of a notarial deed of assignment or a private deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required ("*stille cessie*"). The legal title of the Relevant Mortgage Receivables will be assigned on the Closing Date and, in respect of the Relevant Substitute Mortgage Receivables on the relevant Monthly Payment Date, by the relevant Seller to the Issuer through a deed of assignment and registration thereof with the appropriate tax authorities. The Mortgage Receivables Purchase Agreement will provide that the assignment of the Relevant Mortgage Receivables by the relevant Seller to the Issuer will not be notified by the relevant Seller or, as the case may be, the Issuer to the Borrowers except if any of the Assignment Notification Events occur. For a description of these notification events reference is made to *Mortgage Receivables Purchase Agreement*.

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Relevant Mortgage Receivables can only validly pay to the relevant Seller in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. The relevant Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay on each Mortgage Payment Date to the Issuer any amounts received in respect of the Relevant Mortgage Receivables during the immediately preceding Mortgage Calculation Period. However, receipt of such amounts by the Issuer is subject to the relevant Seller actually making such payments. If the relevant Seller is declared bankrupt or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts (for mitigation of this risk see below).

Payments made by Borrowers to the relevant Seller prior to notification of the assignment to the Issuer but after bankruptcy, (preliminary) suspension of payments or emergency regulations in respect of the relevant Seller having been declared will be part of the relevant 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 the general bankruptcy costs ("*algemene faillissementskosten*"), which may be material.

The risks set out in the preceding two paragraphs, are mitigated by the following. Each Borrower has given a power of attorney to the Sellers or the Sub MPT Providers respectively to direct debit his account for amounts due under the relevant Mortgage Loan. The Sellers will undertake or procure that the Sub MPT Providers undertake to direct debit all amounts of principal and interest to one or more bank accounts (each a "**Collection Foundation Account**") each maintained by a foundation ("*stichting*") (each a "**Collection Foundation**" (a bankruptcy remote foundation ("*stichting*")). In addition each Seller has represented that it has given and will give instructions to the relevant Insurance Companies to pay any amounts in respect of the Beneficiary Rights into the Collection Foundation Accounts. The Collection Foundation Accounts are maintained by Stichting Hypotheek Ontvangsten in respect of Quion I, Quion III, Quion 14, Quion 30 and IKS and by Stichting Ontvangsten Hypotheek gelden in respect of the other Sellers. As a consequence, the Collection Foundations will have a claim against The Royal Bank of Scotland N.V. as foundation accounts provider (or its successor) as the bank where such accounts are held, in respect of the balances standing to the relevant Collection Foundation Account.

The Issuer has been advised that in the event of a bankruptcy of any of the Sellers any amounts standing to the credit of the relevant Collection Foundation Account(s) relating to the Relevant Mortgage Receivables will not form part of the bankruptcy estate of the relevant Seller. The Collection Foundations are set up as passive bankruptcy remote entities. The objects clause of each Collection Foundation is limited to manage and distribute amounts received on the relevant Collection Foundation Account to the persons who are entitled to receive such amounts pursuant to the relevant receivables proceeds distribution agreement (the "**Receivables Proceeds Distribution Agreement**").

Upon receipt thereof, the relevant Collection Foundation will distribute to the Issuer or, after the Enforcement Date, to the Security Trustee any and all amounts relating to the Relevant Mortgage Receivables received by it on the relevant Collection Foundation Account, in accordance with the relevant provisions of the relevant Receivables Proceeds Distribution Agreement. Pursuant to the relevant Receivables Proceeds Distribution Agreement NIBC and after an insolvency event relating to NIBC, the Sub MPT Providers respectively will perform such payment transaction services on behalf of the Collections Foundations (See for a description of the cash collection arrangements *Credit Structure* below).

There is a risk that any of the Sellers prior to notification of the assignment or its liquidator (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 Sellers has undertaken towards the Issuer and the Security Trustee not to amend the payment instructions and not to redirect cash flows to the Collection Foundation Accounts in respect of the Relevant Mortgage Receivables to another account, without prior approval of the Issuer and the Security Trustee and confirmation from the Rating Agencies that the then current ratings of the Notes (other than the Class F Notes) would not thereby be adversely affected and/or notified the Rating Agencies. In addition, the Sub MPT Providers have undertaken to disregard any orders from any of the Sellers to cause the transfer of amounts in respect of the Relevant Mortgage Receivables to be made to another account than the relevant Collection Foundation Accounts without prior approval of the Issuer and the Security Trustee and the abovementioned confirmation from and/or notification to the Rating Agencies. Notwithstanding the above, the Sellers are obliged to pay to the Issuer any amounts which were not paid on a Foundation Account but to the relevant Seller directly.

The balance of each Collection Foundation Account will be pledged to the Issuer and the Previous Transaction SPVs, and the Issuer and the Previous Transactions SPVs by way of repledge create a first right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees in view of the (remote) bankruptcy risk of the relevant foundation. The pledge will be shared with other beneficiaries, most of which are set up as bankruptcy remote securitisation special purpose vehicles. Each beneficiary will have a certain *pari passu* ranking undivided interest, or "share" ("*aandee*") in the co-owned pledge, entitling it to part of the foreclosure proceeds of the pledge over that Collection Foundation Account. As a consequence, the rules applicable to co-ownership ("*gemeenschap*") apply to the joint right of pledge. The share of the Security Trustee will be equal to the amounts in the Collection Foundation Account relating to the Relevant Mortgage Receivables owned by the Issuer. Section 3:166 of the Dutch Civil Code provides that co-owners will have equal shares, unless a different arrangement follows from their legal relationship.

The co-pledgees have agreed that each pledgee's share within the meaning of section 3:166 of the Dutch Civil Code ("*aandeel*") in respect of the balance of each Collection Foundation Account from time to time is equal to the sum of the amounts standing to the credit of such Collection Foundation Account which relate to the mortgage receivables owned and/or pledged to them from time to time. In case of foreclosure of the co-owned right of pledge on a Collection Foundation Account (i.e. if the relevant Collection Foundation defaults in forwarding the amounts received by it as agreed), the proceeds will be divided according to each beneficiary's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of section 3:166 of the Dutch Civil Code and thus whether it is enforceable in the event of bankruptcy or suspension of payments of one of the pledgees.

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

Under Netherlands law a debtor has a right of set-off if it has a claim that corresponds to its debt to the same counterparty and it is entitled to pay its debt as well as to enforce payment of its claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the relevant Seller to it (if any) with amounts it owes in respect of the Relevant Mortgage Receivable prior to notification of the assignment of the Relevant Mortgage Receivable to the Issuer having been made. Such amounts due and payable by a Seller to a Borrower could, *inter alia*, result from deposits made with such Seller. Also, such claims of a Borrower could, *inter alia*, result from (x) services rendered by a Seller to the Borrower, if rendered at all, such as investment advice rendered by any of the Sellers in connection with Investment Mortgage Loans or (y) services for which the relevant Seller is liable. As a result of the set-off of amounts due and payable by a Seller to the Borrower with amounts the Borrower owes in respect of the Relevant Mortgage Receivable, the Relevant Mortgage Receivable will, partially or fully, be extinguished ("*gaat teniet*"). Set-off by Borrowers could thus lead to losses under the Notes.

In respect of the Relevant Mortgage Receivables sold by each Seller, reference is made to the representation made by it that (i) it owes no amounts to a Borrower under a savings account or a current account or an other account relationship and (ii) no deposits have been accepted by it from any Borrower. NIBC offers savings accounts and term deposits to its customers, which may include Borrowers. Such savings account or term deposit is a contract between NIBC and the customer, which may also be a Borrower, whereas the Mortgage Loan is a contract between the relevant Seller and the Borrower. In these circumstances one of the requirements for set-off, i.e. that the Borrower must have a claim which corresponds to this debt to the same counterparty, is not met. The Issuer has been advised that, in view of the representations by each Seller that any such savings account and the Mortgage Loan are offered in such manner that it is clear to the Borrower that (i) the savings account is held with NIBC, (ii) the Mortgage Loan is granted by the relevant subsidiary and (iii) NIBC and the relevant subsidiary are different legal entities, in principle the Borrower will not have a right of set-off. However the Borrower may possibly establish that set-off is allowed, if the savings account or the term deposit and the Mortgage Loan are to be regarded as one inter-related legal relationship. In view of the representation by each Seller that (i) neither NIBC nor any intermediary offers the Mortgage Loans and the savings accounts or the term deposits as products which are in any way connected, (ii) the Mortgage Loan and the savings account or the term deposit are not connected, for example by means of set-off provisions, (iii) the savings account or the term deposit and the Mortgage Loan are not offered at the same time and (iv) the rights under the savings account or the term deposit will not be pledged to the Subsidiary as security for the Mortgage Loan, the Issuer has been advised that the Mortgage Loan and the savings account will not be regarded as one inter-related legal relationship and based upon these representations, and subject to what is stated otherwise in this paragraph, the Borrower will not have the right to set off the balance on a savings account or term deposit with NIBC with amounts due under a Mortgage Loan.

In the Mortgage Receivables Purchase Agreement, each of the Sellers represent that the mortgage conditions applicable to the Relevant Mortgage Loans provide that all payments by the Borrowers should be made without any set-off. Considering the wording of this provisions, it is uncertain whether it is intended as a waiver by the relevant Borrowers of their set-off rights vis-à-vis the relevant Seller, but if this clause can be regarded as such, under Netherlands law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the Borrowers will have the set-off rights described in this paragraph.

After assignment of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above) and further provided that (i) the counterclaim of the Borrower results from the same legal

relationship as the relevant Mortgage Receivable or (ii) the counterclaim of the Borrower has originated ("*opgekomen*") and became due and payable ("*opeisbaar*") prior to the assignment of the Mortgage Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the relevant Mortgage Receivable and the claim of the Borrower against a Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated ("*opgekomen*") and become due and payable ("*opeisbaar*") prior to notification of the assignment, provided that all other requirements for set-off have been met (see above). In the case of deposits, it will depend on the terms of the deposit whether the balance thereof will be due and payable at the moment of notification of the assignment. The Issuer has been informed by the Sellers that in most cases a balance on a deposit account can be withdrawn at any time and, consequently, such balance is due and payable ("*opeisbaar*") at any time.

If notification of the assignment of the Relevant Mortgage Receivables is made after the bankruptcy or emergency regulations of the relevant Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Netherlands Bankruptcy Code. Under the Netherlands Bankruptcy Code a person which 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 becomes effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of suspension of payments or emergency regulations.

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

For specific set-off issues relating to the Life Insurance Policies or, as the case may be, Savings Insurance Policies connected to the Mortgage Loans or specific set off issues relating to the Investment Mortgage Loans, reference is made to *Risk of set-off or defences by Borrowers in case of insolvency of Insurance Companies* and *Risks related to offering of Investment Mortgage Loans and Life Insurance Policies or Savings Insurance Policies with the Investment Alternative* below.

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

The mortgage deeds relating to the 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 relevant Mortgaged Asset, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Seller ("**Bank Mortgages**") or, alternatively, provide that the mortgage rights secure all drawings or amounts that are or may become due by the relevant Borrower under or in connection with the Mortgage Loan ("**Credit Mortgages**"). The Mortgage Loans also provide for rights of pledge granted in favour of the relevant Seller, which secure the same debts as the Bank Mortgages ("**Bank Pledges**" or the Credit Mortgages ("**Credit Pledges**" and jointly with the Bank Mortgages and Credit Mortgages, the "**Bank Security Rights**"). The comments set out below on Bank Mortgages and Bank Pledges apply mutatis mutandis to Credit Mortgages and Credit Pledges.

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.

In respect of the Mortgage Receivables originated after 1 January 1999 (other than any Relevant Mortgage Receivables originated by Quion I, Quion III, Quion 14 and Quion 30 prior to 2002), the relevant mortgage deeds stipulate that in case of assignment of the receivable the mortgage right and right of pledge will partially follow. These stipulations are 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 these provisions in the Mortgage Loans makes clear that the Bank Security Right (partially) follows the Mortgage Receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice. The mortgage deeds in respect of the Mortgage Receivables which are originated prior to 1 January 1999 or which are originated by Quion I, Quion III, Quion 14 and Quion 30 prior to 2002, do not contain any explicit provision on the issue whether the mortgage right or right of pledge follows the receivable upon its assignment. In these cases there is no clear indication of the intention of the parties. The Issuer has been advised that also in such case the Bank Security Right 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 above applies *mutatis mutandis* in the case of the pledge of the Mortgage Receivables by the Issuer to the Security Trustee under the Receivables Pledge Agreement.

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

If the Bank Security Rights have (partially) followed the Mortgage Receivables upon their assignment, the Bank Security Rights will be jointly-held by the Issuer (or the Security Trustee, as pledgee) and the relevant Seller and will secure both the Relevant Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any claims held by the relevant Seller vis-à-vis the relevant Borrower (the "**Other Claims**").

Where the Bank Security Rights are jointly-held by both the Issuer or the Security Trustee and the relevant 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 each 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 Bank Security Rights will be considered as day-to-day management, and, consequently it is uncertain whether the consent of the relevant Seller, the relevant Seller's bankruptcy trustee ("*curator*") (in case of bankruptcy) or administrator ("*bewindvoerder*") (in case of (preliminary) suspension of payments or emergency regulations), as the case may be, may be required for such foreclosure. Each Seller, the Issuer and the Security Trustee will agree that in case of foreclosure the share ("*aandeel*") in each jointly-held Bank Security Right of the Issuer and/or the Security Trustee will be equal to the Outstanding Principal Amount of the Relevant Mortgage Receivable, increased with interest and costs, if any, and the share of the relevant Seller will be equal to the Net Proceeds less the Outstanding Principal Amount, 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 relevant Seller or, in case of its bankruptcy or emergency regulations, its trustee or administrator, as the case may be, this is not certain. Furthermore, it is noted that this arrangement may not be effective against the Borrower.

Each of the Sellers will agree that in case of a breach by a Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of a Seller, such Seller shall compensate the Issuer and/or the Security Trustee (as applicable) forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Seller to actually make such payments.

In respect of Mortgage Loans originated by Quion I, Quion III, Quion 14 and Quion 30, this arrangement will not be effective against the Borrower as the mortgage conditions in respect of such Mortgage Loans stipulate that, *inter alia*, (i) the shares of the relevant Seller and any assignee respectively will be *pro rata* the size of the claim they have against the Borrower and (ii) any power to manage or administer such jointly - held rights requires the explicit and written approval of the other party.

If (a bankruptcy trustee or administrator of) the relevant Seller would, notwithstanding the arrangement set out above, enforce the jointly-held Bank Security Rights, the Issuer and/or the Security Trustee would have a claim against the relevant Seller (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred.

Each of the Sellers will undertake in the Mortgage Receivables Purchase Agreement that, until the Notes have been fully redeemed in accordance with the Conditions and the Issuer has no further obligation under any of the other Relevant Documents, it shall not grant or acquire any Other Claim against a Borrower, unless it will repurchase the Relevant Mortgage Receivable from the Issuer on the immediately succeeding Mortgage Payment Date.

### **Long lease**

The mortgage rights securing the Mortgage Loans may be vested on a long lease ("*erfpacht*"), as further described in the section *Description of Mortgage Loans*. A long lease will, *inter alia*, end as a result of expiration of the long lease term (in case of 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 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 Sellers will take into consideration the conditions, including the term, of the long lease. The acceptance conditions used by the Sellers provide that in certain events the Mortgage Loan shall have a maturity that is shorter than the term of the long lease. The general terms and conditions of 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 lease holder breaches any obligation under the long lease, or (iv) the long lease is dissolved or terminated.

### **Risk that Borrower Insurance Pledges and Borrower Investment Pledges will not be effective**

All rights of a Borrower under the Insurance Policies have been pledged to the relevant Seller (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 same applies to any rights of pledge on the rights of the relevant Borrower in connection with the investment accounts in relation to Investment Mortgage Loans to the extent the rights of the Borrower qualify as future claims, such as options ("*opties*") (the "**Borrower Investment Pledge**").

To the extent the Borrower Insurance Pledges secure the same liabilities as the Bank Security Rights (and should therefore be regarded as Bank Pledges), reference is made to *Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer* above.

### **Risks relating to Beneficiary Rights under the Insurance Policies**

The relevant Seller has been appointed as beneficiary under the relevant Insurance Policy (the "**Beneficiary Rights**"), except that in certain cases another beneficiary is appointed who will rank ahead of the relevant Seller, provided that, *inter alia*, the relevant Insurance Company is irrevocably authorised by such beneficiary to pay the proceeds of the Insurance Policy to the relevant Seller (the "**Borrower Insurance Proceeds Instruction**"). The Issuer has been advised that it is unlikely that the appointment of the relevant Seller as beneficiary will be regarded as an ancillary right and that it will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee. The Beneficiary Rights will be assigned by the relevant Seller to the Issuer and will be pledged to the Security Trustee by the Issuer (see *Description of Security* below). However, the Issuer has been advised that it is uncertain whether this assignment and pledge will be effective.

Each Seller will undertake that it will use its best efforts upon the occurrence of an Assignment Notification Event relating to it to terminate the appointment of the relevant Seller as beneficiary under the Insurance Policies and to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies. In the event that a Borrower Insurance Proceeds Instruction has been given, the relevant Seller, will undertake to use its best efforts following an Assignment Notification Event to withdraw the Borrower Insurance Proceeds Instruction in favour of the relevant Seller and to issue such instruction in favour of (i) the Issuer subject to the dissolving condition ("*ontbindende voorwaarde*") of a Pledge Notification Event relating to it and (ii) the Security Trustee under the condition precedent ("*opschortende voorwaarde*") of the occurrence of a Pledge 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, has not become beneficiary of the Insurance Policies or the assignment and pledge of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the relevant Seller or to another beneficiary rather than to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the relevant Seller, it will pursuant to the Mortgage Receivables Purchase Agreement be obliged to pay the amount involved to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the relevant Seller and the relevant Seller does not pay such amount to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the relevant Seller, or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the Relevant Mortgage Receivables. This may lead to the Borrower invoking set-off or defences against the Issuer or, as the case may be, the Security Trustee for the amounts so received by the relevant Seller or another beneficiary, as the case may be. However, the Issuer has been advised that payments by the Insurance Companies into the Collection Foundation Accounts would fall outside the estate of the Sellers. The Collection Foundations would be obliged to forward such amount to the Issuer, as agreed between the Issuer and the Seller. In case of insolvency of the Seller, a liquidator would be bound by such agreement.

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

Under certain types of Mortgage Loans the relevant Seller has the benefit of rights under Life Insurance Policies and Savings Insurance Policies (together the "**Insurance Policies**") with Life Insurance Companies and the Savings Participants respectively (together the "**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 Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences which may have the result that the Mortgage Receivables will be, fully or partially, extinguished ("*teniet gaan*") or cannot be recovered for other reasons, which could lead to losses under the Notes.

As set out in *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables* above, the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If this provision described above is 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 relevant Seller 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 relevant Seller 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. Furthermore, the Borrowers should have a counterclaim that is due and payable. If the relevant Insurance Company is declared bankrupt or has become 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. However, despite this pledge, it could be argued that the Borrower will 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 the Issuer after notification of the assignment 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 Mortgage Receivables* above).

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the relevant Seller, the Issuer and/or the Security Trustee, as the case may be. The Borrowers will naturally have all defences afforded by Netherlands law to debtors in general. A specific defence one could think of would be based upon interpretation of the mortgage conditions and the promotional materials relating to the Mortgage Loans. Borrowers could argue that the Mortgage Loans and the Insurance Policies are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or rescission of the Mortgage Loans or possibly suspension of their obligations thereunder. They could also argue that it was the intention of the Borrower, the relevant Seller and the relevant Insurance Company, at least they could rightfully interpret the mortgage conditions and the promotional materials in such a manner, that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the relevant Insurance Policy and that, failing such proceeds being so applied, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. Also, a defence could be based upon principles of reasonableness and fairness ("*redelijkheid en billijkheid*") in general, i.e. that it is contrary to principles of reasonableness and fairness for the Borrower to be obliged to repay the Mortgage Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy. The Borrowers could also base a defence on "error" ("*dwaling*"), i.e. that the Mortgage Loans and the Insurance Policy were entered into as a result of "error". If this defence would be successful, this could lead to annulment of the Mortgage Loan, which would have the result that the Issuer no longer holds a Mortgage Receivable.

### *Life Mortgage Loans*

In respect of Life Mortgage Loans originated by the Sellers where the Borrowers have taken out Life Insurance Policies with any of the Insurance Companies, other than Life Mortgage Loans to which the Life Insurance Policies described in the two succeeding paragraphs are connected, the Issuer has been advised that it is unlikely that a court would honour set-off or defences of the Borrowers, as described above, taking into account that (x) each Seller has informed the Issuer that (i) there is no connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the risk that a Borrower can successfully set-off its obligations under the Life Mortgage Loan with its claims under the Life Insurance Policy or that it can invoke defences in this respect, (ii) the relevant Life Mortgage Loans and the Life Insurance Policies are not marketed as one combined mortgage and life insurance product or under one name, (iii) the Borrowers are free to choose the relevant Life Insurance Company and (iv) the Life Insurance Company is not a group company of the relevant Seller, and that (y) each Seller will represent and warrant in respect to these Life Mortgage Loans (a) the items (ii), (iii) and (iv) and (b) that to the best of its knowledge there are no circumstances resulting in a connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the set-off risk as described in this section (the "**Insurance Set-off Risk**"). However, if any circumstances which would result in a connection (as set out in (y)(b) above) between the Life Mortgage Loan and a Life Insurance Policy exist, the risk that the courts will honour set-off or defences invoked by Borrowers, as described above, will increase.

In respect of the Life Mortgage Loans associated with a Life Insurance Policy entered into with (a) ASR Verzekeringen N.V. to the extent it is the legal successor of Falcon Leven N.V., Erasmus Leven (a trade name of Delta Lloyd Levensverzekering N.V.), SRLEV N.V. to the extent it is a legal successor of Axa Leven N.V., Reaal Levensverzekering N.V., Generali Levensverzekering Maatschappij N.V., or (b) Cordares Levensverzekeringen (a trade name of Loyalis Leven N.V.) or Goudse Levensverzekeringen N.V. (formally known as Goudse Levensverzekering Maatschappij N.V.), Achmea Pensioen- en Levensverzekering N.V., to the extent originated by Hypinvest B.V., or (c) Allianz Nederland Levensverzekering N.V., to the extent originated by Estate Hypotheken B.V. or Royal Residentie Hypotheken B.V., or (d) SRLEV N.V., to the extent originated by Seyst Hypotheken B.V., the Issuer has been informed that the Life Mortgage Loans have also been marketed in the relevant brochures under the name of the relevant Life Insurance Company as one product with the associated Life Insurance Policy, under the trade name of the relevant Life Insurance Company on behalf of relevant Seller (which is not a group company of any of the relevant Life Insurance Companies). In respect of these Mortgage Loans, the Issuer has been advised that, given the commercial connection, the possibility can certainly not be disregarded ("*de mogelijkheid kan zeker niet worden uitgesloten*") that in the event that the Borrowers cannot recover their claims under these Life Insurance Policies from the relevant Life Insurance Company, the courts will honour set-off or defences invoked by Borrowers, as described above.

In respect of the Life Mortgage Loans sold and assigned by Amstelstaete Hypotheken B.V., Quion 14 B.V. and Hypinvest B.V. (to the extent originated by SRLEV N.V.), to the extent these Life Mortgage Loans have been originated by an Originator which is not the Seller and have been transferred to Amstelstaete Hypotheken B.V., Quion 14 B.V. and Hypinvest B.V. (to the extent originated by SRLEV N.V.), respectively, the Issuer has been advised that there is a considerable risk ("*een aanmerkelijk risico*") that any set-off or defences (as described above) would be successful, in view of the fact that these Life Mortgage Loans have been originated by the Insurance Company which also granted the Life Insurance Policy connected to such Mortgage Loan and this Life Mortgage Loan and Life Insurance Policy were marketed as one single package under one name.

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

In respect of Savings Mortgage Loans and Switch Mortgage Loans, the Issuer has been advised that there is a considerable risk ("*een aanmerkelijk risico*") that such a set-off or defence would be successful in view of, *inter alia*, the close connection between the Savings Mortgage Loan and Switch Mortgage Loan and the Savings Insurance Policy and the wording of the mortgage deeds relating to the Savings Mortgage Loans and Switch Mortgage Loans.

In respect of Savings Mortgage Loans and Switch Mortgage Loans which are subject to a Savings

Participation, each of the Sub-Participation Agreements will provide that should a Borrower invoke a defence, including but not limited to a right of set-off or counterclaim in respect of such Savings Mortgage Loan if, for whatever reason, the relevant Savings Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy or Savings Investment Insurance Policy and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivables with a Savings Alternative, the relevant Savings Participation of the Savings Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Savings Participation is equal to the amounts of Savings Premium received by the Issuer plus the accrued yield on such amount (see *Sub-Participation Agreements* below), provided that the relevant Savings Participant will have paid all amounts equal to the amounts due under the relevant Sub-Participation Agreement to the Issuer. Therefore, normally the Issuer will not suffer any damages if the Borrower invokes any such set-off or defence, if and to the extent that the amount for which the Borrower invokes set-off or defences does not exceed the amount of the relevant Savings Participation. However, the amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Savings Participation. Furthermore, the Sub-Participation Agreements will not apply to the Investment Alternative of a Savings Investment Insurance Policy connected to a Switch Mortgage Receivables.

#### **Risk of set-off or defences in respect of investments under Investment Mortgage Loans**

The Sellers have represented that under the investment mortgage loans ("*beleggingshypotheken*" (the "**Investment Mortgage Loans**") the securities are purchased on behalf of the relevant Borrower by a bankruptcy remote securities giro ("*effectengiro*"), a bank or investment firm ("*beleggingsonderneming*") for the account of the Borrowers and that these securities are held in custody by an admitted institution of Euroclear Netherlands if these securities qualify as securities defined in the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*", the "**Wge**") or, if they do not qualify as such, by a separate depository vehicle in accordance with Section 6:18 of the Further Regulation on Conduit Supervision of Financial Enterprises. The Issuer has been advised that on the basis of this representation the relevant investments should be effectuated on a bankruptcy remote basis and that, in respect of these investments, the risk of set-off or defences by the Borrowers should not become relevant in this respect. However, if this is not the case and the investments were to be lost, this may lead to the Borrowers trying to invoke set-off rights or defences against the Issuer on similar grounds under *Risk of set-off and defences by Borrowers in case of insolvency of Insurance Companies*.

#### **Risk related to the value of investments under Investment Mortgage Loans or Life Insurance Policies**

The value of investments made under the Investment Mortgage Loans or by one of the Life Insurance Companies in connection with the Life Insurance Policies may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity.

#### **Risk relating to Further Advances**

Part of the Mortgage Receivables sold and assigned to the Issuer relate to Mortgage Loans which have been originated by Originators other than the relevant Seller. All rights and obligations under these Mortgage Loans have been transferred ("*contractsoverneming*") to the relevant Seller. The Issuer has been advised that in case of such transfer (other than by means of assignment) it is not certain whether any Further Advances granted, or to be granted, by the relevant Seller after any such transfer are validly secured by the mortgage right and borrower pledges vested in favour of the Originator. For this question it is relevant, inter alia, whether the Further Advance resulted from the same legal relationship as the Mortgage Loan or whether it constitutes a new legal relationship. If a Further Advance Receivable is not validly secured by a mortgage right, this constitutes a breach of the representations and warranties granted by the relevant Seller, resulting in an obligation of the relevant Seller to repurchase the relevant Further Advance Receivable. To the extent the Further Advance is granted after the Closing Date, the relevant Seller will be obliged to repurchase the Relevant Mortgage Receivable.

#### **Risk that interest rate reset rights will not follow 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 Mortgage Receivables upon their assignment to the Issuer and the pledge to the Security Trustee, but that in the absence of case law or legal literature this is not certain. To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the Issuer or upon the pledge of the Mortgage Receivables to the Security

Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates. If the interest reset right remains with the relevant Seller, the co-operation of the trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates.

### **Risks related to offering of Investment Mortgage Loans, Life Mortgage Loans or Switch Mortgage Loans with the Investment 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 Investment Mortgage Loans, Life Mortgage Loans and Switch Mortgage Loans with the Investment Alternative. 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 ("*vernietigen*") or a Borrower may claim set-off or defences against the relevant Seller or the relevant 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 Investment Mortgage Loans or Life Insurance Policies 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 or Savings Investment Insurance Policies with the Investment 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 consumers.

If Life Insurance Policies or Savings Investment Insurance Policies with the Investment Alternative related to the Mortgage Loans would for the reasons described in this paragraph be dissolved or nullified, this will affect the collateral granted to secure these Mortgage Loans (the Borrower Insurance Pledges and the Beneficiary Rights would cease to exist). The Issuer has been advised that in such case the Mortgage Loans connected thereto can possibly also be dissolved or nullified, but that this will depend on the particular circumstances involved. Even if the 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*), except if the relevant Seller is itself liable, whether jointly with the insurer or separately, vis-à-vis the Borrower/insured. In this situation, which may depend on the involvement of the relevant 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 relevant Seller will not indemnify the Borrower. Any such set-off or defences may lead to losses under the Notes.

### **Risk related to prepayments on the Mortgage Loans**

The maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Proceeds upon enforcement of a Mortgage Loan and repurchase by the relevant Seller of Relevant

Mortgage Receivables should such amount received in connection with the repurchase not be applied towards substitution) on the Mortgage Loans and the amount of Substitute Mortgage Receivables offered by the Sellers. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. 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 differently. The estimated average lives must therefore be viewed with considerable caution and the Noteholders should make their own assessment thereof.

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other 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 Mortgage Receivables.

**Risks of Losses Associated with Declining Values of Mortgaged Assets**

The security for the Notes created under the 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 Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. The relevant Seller will not be liable for any losses incurred by the Issuer in connection with the Relevant Mortgage Loans.

**Changes to tax treatment of interest may impose various risks**

The Netherlands tax system allows borrowers to deduct all mortgage interest payments for owner-occupied residences from their taxable income. There is currently a wide tendency within certain political parties in the Netherlands to end (part of) the favourable tax treatment of mortgage debts or to introduce other changes to the tax treatment of such residences or the funding thereof that may affect the value of the tax deduction of mortgage interest payments (hereinafter: '*changes in tax treatment*'). It is not clear whether this will happen in the near future, but it cannot be ruled out. Changes in tax treatment could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Loans. In addition, changes in tax treatment may lead to increased (or decreased) prepayments by Borrowers on their Mortgage Loans, see *Risk related to prepayments on the Mortgage Loans*. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of Losses Associated with Declining Values of Mortgaged Assets*.

**RISK FACTORS REGARDING THE NOTES**

**Factors which might affect an investor's ability to make an informed assessment of the risks associated with Notes**

Investors in the Notes must be able to make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. Investors must determine the suitability of that investment in light of its own circumstances. The following factors might affect an investor's ability to appreciate the risk factors outlined below, placing such investor at a greater risk of receiving a lesser return on his investment:

- if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined below;
- if such an investor does not 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 Notes will have on his overall investment portfolio;
- if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an

investment in the Notes, including where the currency for principal or interest payments is different from the investor's currency;

- if such an investor does not understand thoroughly the terms of the Notes and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated thereof) as such investor is more vulnerable from any fluctuations in the financial markets generally; and

- if such an investor is not 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.

Potential investors should consider the tax consequences of investing in the Notes and consult their tax advisor about their own tax situation.

### **Clean-Up Call Option, redemption for tax reasons and redemption for regulatory reasons**

Should the Issuer exercise the Clean-Up Call Option it will redeem all the Notes, other than the Class F Notes, in accordance with Condition 6(h). The Issuer will have the option to redeem the Notes, other than the Class F Notes, for tax reasons in accordance with Condition 6(f). The Issuer will have the option to redeem the Notes, other than the Class F Notes, for regulatory reasons in accordance with Condition 6(g). The purchase price of the Mortgage Receivables will be calculated as described in Sale of Mortgage Receivables under Credit Structure below.

If the Clean-Up Call Option, is exercised or if the Issuer redeems the Notes for tax reasons or redeems the Notes for regulatory reasons, this may lead to the Notes being redeemed prematurely. Noteholders may not be able to invest the amounts received as a result of the redemption of the Notes on condition similar to those of the Notes.

### **Optional Redemption and Maturity Risk**

As a result of the increase in the margin payable on and from the first Optional Redemption Date in respect of the floating rate of interest on the Notes, the Issuer may have an incentive to exercise its right to redeem the Notes, other than the Class F Notes, on the first Optional Redemption Date or on any Optional Redemption Date thereafter. No guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of Mortgage Receivables still outstanding at that time. The Notes, other than the Class A Notes can be redeemed at an amount less than their Principal Amount Outstanding (see Conditions 6 and 9(b) in Conditions below)

The ability of the Issuer to redeem all the Notes on each Optional Redemption Date or, as the case may be, on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the proceeds of the Mortgage Receivables is sufficient to redeem the Notes.

### **Risk that changes of law will have an effect on the Notes**

The structure of the issue of the relevant Notes is based on the laws of the Netherlands (or England and Wales in respect of the Swap Agreement) in effect as at the date of this Prospectus and the relevant ratings which are to be assigned to them are based thereon. No assurance can be given as to the impact of any possible change to the laws of the Netherlands (or England and Wales in respect of the Swap Agreement) or administrative practice in the Netherlands (or England and Wales in respect of the Swap Agreement) after the date of this Prospectus.

### **Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes**

To the extent set forth in Condition 9 (a) the Class B Notes are subordinated in right of payment to the Class A Notes, (b) the Class C Notes are subordinated in right of payment to the Class A Notes and the Class B Notes, (c) the Class D Notes are subordinated in right of payment to the Class A Notes, the Class B Notes and the Class C Notes, (d) payments of principal and interest on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes



and the Class D Notes and (e) payments of principal and interest on the Class F Notes are subordinated to payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. With respect to any Class of Notes, other than the Class F Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes, other than the Class F Notes.

The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given and the Pro Rata Trigger does not apply, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes and then to the Class A2 Notes. To the extent that the Redemption Available Amount is insufficient to redeem the Class A1 Notes and/or the Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Class A2 Notes do not therefore purport to provide credit enhancement to the Class A1 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes bearing a greater loss than that borne by the Class A1 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 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 Notes, to the extent set forth in Condition 9. On any Monthly Payment Date, any Realised Losses on the Mortgage Loans will be allocated as described in Credit Structure below.

#### **Risks related to the limited liquidity of the Notes**

The secondary market for the Notes has experienced and is experiencing severe disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities and increased investor yield requirements for those loans and securities. As a result, the secondary market for mortgage-backed securities is experiencing extremely limited liquidity. Limited liquidity in the secondary market for mortgage-backed securities has had a severe adverse effect on the market value of mortgage-backed securities. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor. In addition, the forced sale into the market of mortgage-backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market.

#### **Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-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 asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Managers, NIBC Bank N.V. nor the Sellers makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the date hereof or at any time in the future.

In particular, in Europe, investors should be aware of Article 122a of the Capital Requirements Directive, as implemented in the Netherlands by the Dutch Regulation Securitisations of 26 October 2010 ("*Regeling securitisaties Wft 2010*") which applies in general to new securitisations issued on or after 1 January 2011 and, after 31 December 2014, to existing securitisations where new underlying exposures are added or substituted after 31 December 2014. Article 122a restricts an EU regulated credit institution from investing in

asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 122a. Article 122a also requires an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

Prospective noteholders should therefore make themselves aware of the requirements of Article 122a, where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

There remains considerable uncertainty with respect to Article 122a and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non compliance with Article 122a should seek guidance from their regulator. Similar requirements to those set out in Article 122a are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings and certain hedge fund managers) in the future.

Article 122a of the Capital Requirements Directive and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

#### **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 by the end of 2011. 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 and Basel III, 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 will result for investors from the adoption by their own regulator of Basel II or Basel III (whether or not implemented by them in its current form or otherwise).

#### **Notes in global form**

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form. Each Temporary Global Note will be deposited with a common safekeeper. Interests in each Temporary Global Note will be exchangeable (provided certification of non-US beneficial ownership by the Noteholders has been received) not earlier than the Exchange Date for interests in the relevant Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. Each Permanent Global Note will be exchangeable for 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 a Note will be entitled to receive any payment made in respect of that 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 Notes, which must

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

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

#### **No gross-up for taxes**

As provided in Condition 7, if withholding of, or deduction for, or an account of any present or future taxes, duties or charges of whatsoever nature are imposed by or on behalf of the Netherlands or any other jurisdiction or any political subdivision or any authority therein or thereof having power to tax, the Issuer or the Paying Agent (as applicable) will make the required withholding or deduction of such taxes, duties or charges for the account of the Noteholders as the case may be, and shall not be obliged to pay any additional amounts to the Noteholders.

#### **Credit ratings may not reflect all risks**

The rating of each Class of the Notes, other than the Class F Notes, addresses the assessment made by Fitch and Moody's of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date. The Class F Notes will not be rated.

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 judgement, the circumstances in the future so require.

Due to the dependency on the performance of the relevant counterparties of their obligations in connection with this transaction, a deterioration of the credit quality of any of these counterparties (including a reduction in the credit rating of NIBC, the Cash Advance Facility Provider, the GIC Provider or the Swap Counterparty) might have an adverse effect on the rating of one or all classes of Notes.

#### **Notes may not be recognised as eligible Eurosystem collateral**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility, this means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper. This does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as amended from time to time.

#### **Risk that the rating of the Notes changes**

The ratings to be assigned to the Notes by the Rating Agencies are based - inter alia - on the value and cash flow generating ability of the Mortgage Receivables and other relevant structural features of the transaction, and reflect only the view of each of the Rating Agencies. There is no assurance that any such rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies if, in any of the Rating Agencies' judgement, circumstances so warrant.

#### **No Recourse against the Rating Agencies**

Notwithstanding that none of the Security Trustee and the Noteholders may have any right of recourse against the Rating Agencies in respect of any confirmation given by them and relied upon by the Security Trustee, the Security Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Conditions or any of the Relevant Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agencies have

confirmed that the then current rating of the applicable Class or Classes of Notes would not be adversely affected by such exercise.

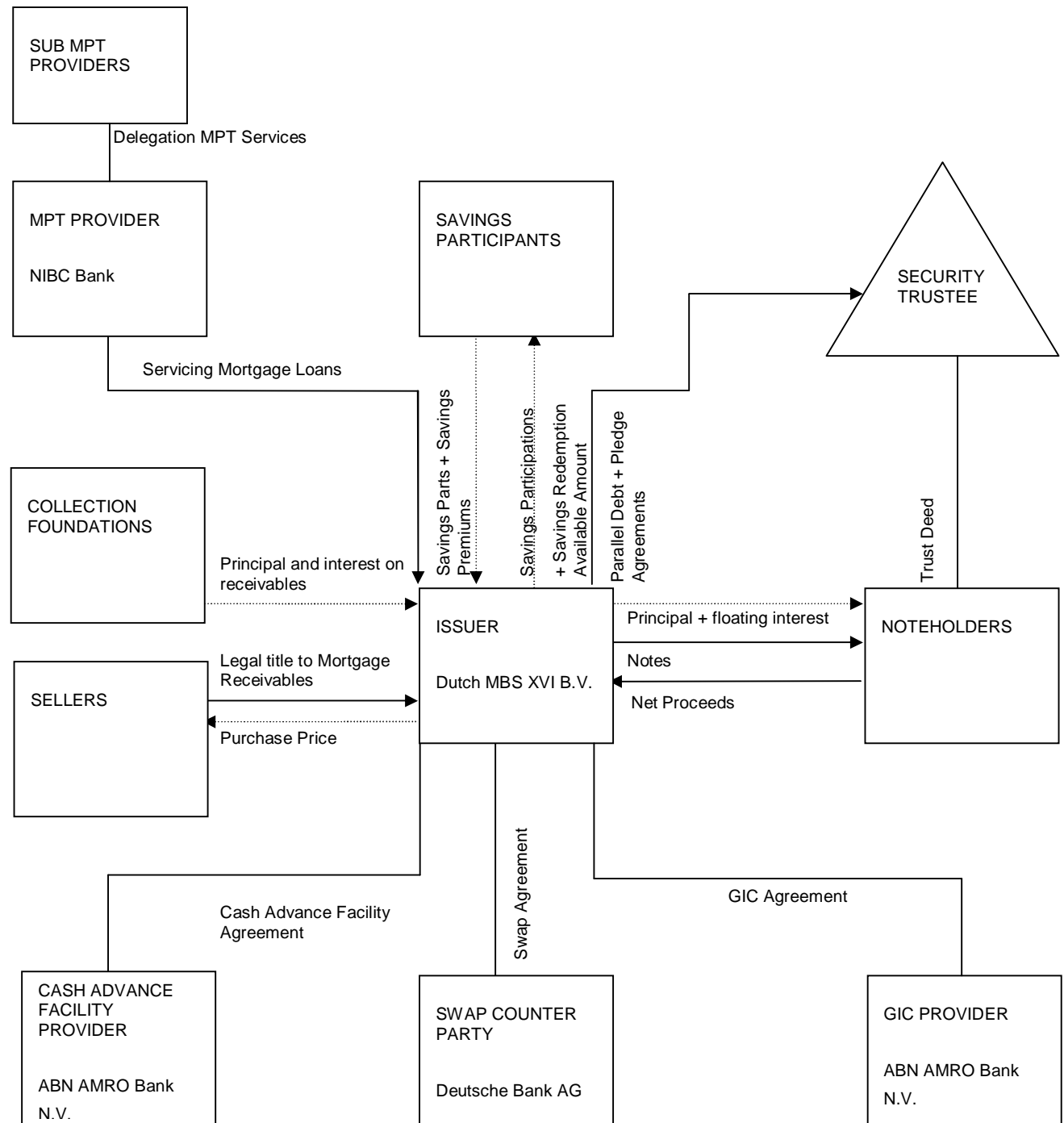
It is agreed and acknowledged that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to rely on the fact that the Rating Agencies have confirmed that the then current rating of the relevant Class or Classes of Notes would not be adversely affected, it is expressly agreed and acknowledged by the Security Trustee and specifically notified to the Noteholders (and to which they are bound by the Conditions) that the above does not impose or extend any actual or contingent liability for the Rating Agencies to the Security Trustee, the Noteholders or any other person or create any legal relations between the Rating Agencies and the Security Trustee, the Noteholders or any other person whether by way of contract or otherwise.

**Forecasts and estimates**

Forecasts and estimates in this prospectus are forward looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or will vary from actual results. Consequently, the actual result might differ from the projections and such differences might be significant.

### 3. 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.



#### 4. 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

<b>Issuer:</b>	Dutch MBS XVI B.V., incorporated under the laws of the Netherlands as a private company with limited liability ( <i>'besloten vennootschap met beperkte aansprakelijkheid'</i> ) having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 52095088 (the " <b>Issuer</b> "). The entire issued share capital of the Issuer is held by the Shareholder.
<b>Issuer Administrator:</b>	NIBC Bank N.V. (" <b>NIBC</b> ") incorporated under the laws of the Netherlands as a public company ( <i>'naamloze vennootschap'</i> ) having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27032036 (the " <b>Issuer Administrator</b> ").
<b>Sellers:</b>	<p>HypInvest B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>'besloten vennootschap met beperkte aansprakelijkheid'</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27169419 ("<b>HypInvest</b>");</p> <p>Seyst Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>'besloten vennootschap met beperkte aansprakelijkheid'</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27159557 ("<b>Seyst</b>");</p> <p>Royal Residentie Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>'besloten vennootschap met beperkte aansprakelijkheid'</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27159558 ("<b>Royal</b>");</p> <p>Muzen Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>'besloten vennootschap met beperkte aansprakelijkheid'</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27185657 ("<b>Muzen</b>");</p> <p>Nieuwegein Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>'besloten vennootschap met beperkte aansprakelijkheid'</i>), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 30108842 ("<b>Nieuwegein</b>");</p> <p>Estate Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>'besloten vennootschap met</i></p>

*beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27260432 ("**Estate**");

ATRIOS Hypotheekfonds B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27263477 ("**Atrios**");

Amstelstaete Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27169418 ("**Amstelstaete**");

Quion I B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27151794 ("**Quion I**");

Quion III B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27173364 ("**Quion III**");

Quion 14 B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 33281382 ("**Quion 14**");

Quion 30 B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27169414 ("**Quion 30**");

IKS Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27158412 ("**IKS**");

Capitalum Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial

Register of the Chamber of Commerce for the Haaglanden under number 27268783 ("**Capitalum**"); and

Huizen Hypotheken B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for the Haaglanden under number 27243228 ("**Huizen Hypotheken**").

(each a "**Seller**" and collectively referred to as the "**Sellers**"). All outstanding shares in the capital of each of the Sellers are indirectly held by NIBC.

<b>Cash Advance Facility Provider:</b>	ABN AMRO Bank N.V. (the " <b>Cash Advance Facility Provider</b> ").
<b>Swap Counterparty:</b>	Deutsche Bank AG, London Branch (the " <b>Swap Counterparty</b> ") a company incorporated under the laws of Germany and acting through its London Branch.
<b>GIC Provider:</b>	ABN AMRO Bank N.V. (the " <b>GIC Provider</b> "), incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> ").
<b>MPT Provider:</b>	NIBC (the " <b>MPT Provider</b> "). The MPT Provider will initially appoint STATER Nederland B.V., Quion Hypotheekbemiddeling B.V., Quion Services B.V., and Quion Hypotheekbegeleiding B.V. (as the Sub MPT Providers) as its sub-agents to provide certain of the MPT services in respect of the Mortgage Receivables.
<b>Sub MPT Providers:</b>	STATER Nederland B.V., Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V. each incorporated under the laws of the Netherlands as a private company with limited liability (" <i>besloten vennootschap met beperkte aansprakelijkheid</i> ") and each an " <b>Sub MPT Provider</b> ".
<b>Savings Participants:</b>	Generali Levensverzekering Maatschappij N.V. (" <b>Generali</b> "), Allianz Nederland Levensverzekering N.V. (" <b>Allianz</b> "), Achmea Pensioen- en Levensverzekeringen N.V. (" <b>Achmea</b> ") and SRLEV N.V. (" <b>SRLEV</b> "), each with respect to the Mortgage Loans which have attached a or Savings Investment Insurance Policy or a Savings Insurance Policy taken out with it (each a " <b>Savings Participant</b> " and together the " <b>Savings Participants</b> ").
<b>Security Trustee:</b>	Stichting Security Trustee Dutch MBS XVI (the " <b>Security Trustee</b> "), established under the laws of the Netherlands as a foundation (" <i>stichting</i> ").
<b>Previous Transaction Security Trustees:</b>	Stichting Security Trustee Essence IV, Stichting Security Trustee Essence III, Stichting Security Trustee Dutch MBS XV, Stichting Security Trustee Dutch MBS XIV, Stichting Security Trustee Dutch MBS 99-I, Stichting Security Trustee Dutch MBS 99-II, Stichting Security Trustee Dutch MBS IX, Stichting Security Trustee Dutch MBS X, Stichting Security Trustee Dutch MBS XI, Stichting Security Trustee Dutch MBS XII, Stichting Security Trustee Essence I, Stichting Security Trustee SOUND I, Stichting Security Trustee SOUND II, Stichting Security Trustee SwAFE, Stichting Security Trustee Essence II, Stichting Security



Trustee NIBC Covered Bond Company (each a "**Previous Transaction Security Trustee**" and together the "**Previous Transaction Security Trustees**").

**Previous Transaction SPVs:** Essence IV B.V., Essence III B.V., Dutch MBS XV B.V., Dutch MBS XIV B.V., Dutch MBS 99-I B.V., Dutch MBS 99-II B.V., Dutch MBS IX B.V., Dutch MBS X B.V., Dutch MBS XI B.V., Dutch MBS XII, B.V. Essence I B.V., Essence II B.V., SOUND I B.V., SOUND II B.V., SwAFE I B.V., NIBC Covered Bond Company B.V. (each a "**Previous Transaction SPV**" and together the "**Previous Transaction SPVs**").

**Shareholder:** The entire issued share capital of the Issuer is held by Stichting Dutch MBS XVI Holding, established under the laws of the Netherlands as a foundation ('*stichting*').

**Directors:** ATC Management B.V., the sole director of the Issuer and of Stichting Dutch MBS XVI Holding (together the "**Directors**") and ANT Securitisation Services B.V., the sole director of the Security Trustee.

**Paying Agent:** NIBC (the "**Paying Agent**").

**Reference Agent:** NIBC (the "**Reference Agent**").

**Listing Agent:** NIBC (the "**Listing Agent**").

**Arranger:** NIBC (the "**Arranger**")

**Managers:** NIBC, Deutsche Bank AG, London Branch and Morgan Stanley & Co. International plc ("**Morgan Stanley**") (together the "**Managers**")

**Common Service Provider:** BNP Paribas Securities Services, Luxembourg Branch

**Common Safekeeper:** In respect of the Class A Notes, Euroclear and in respect of the Notes, other than the Class A Notes, BNP Paribas Securities Services, Luxembourg Branch (the "**Common Safekeeper**").

## THE NOTES

**Notes:** The Notes shall be the following notes of the Issuer, which are expected to be issued on or about 9 June 2011 (or such later date as may be agreed upon between the Issuer and the Managers) (the "**Closing Date**"):

- (i) the Class A1 Notes;
- (ii) the Class A2 Notes;
- (iii) the Class B Notes;
- (iv) the Class C Notes;
- (v) the Class D Notes;
- (vi) the Class E Notes; and
- (vii) the Class F Notes.

**Issue Price:** The issue price of the Notes shall be as follows:

- (i) the Class A1 Notes 100 per cent.;
- (ii) the Class A2 Notes 100 per cent.;
- (iii) the Class B Notes 100 per cent.;

- (iv) the Class C Notes 100 per cent.;
- (v) the Class D Notes 100 per cent.;
- (vi) the Class E Notes 100 per cent.; and
- (vii) the Class F Notes 100 per cent.

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

**Denomination:** The Notes will be issued in denominations of EUR 100,000.

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

The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes and then to the Class A2 Notes. To the extent that the Redemption Available Amount is insufficient to redeem the Class A1 Notes and/or the Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Class A2 Notes do not therefore purport to provide credit enhancement to the Class A1 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes bearing a greater loss than that borne by the Class A1 Notes.

See further *Terms and Conditions of the Notes*.

**Interest:** Interest on the Notes is payable by reference to successive interest periods. Each interest period will commence on (and include) a Monthly Payment Date and end on (but exclude) the next succeeding Monthly Payment Date (each an "**Interest Period**"), except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Monthly Payment Date falling in June 2011. The interest will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days.

Interest will be payable monthly in arrear in respect of the Principal Amount Outstanding on the 25<sup>th</sup> day of each calendar month (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 day) in each year (each such day being a "**Monthly 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 ("**TARGET 2**") (or its predecessor) or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Interest on the Notes for each Interest Period will accrue from the Closing Date at an annual rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for one month deposits in EUR (determined in accordance with Condition 4) (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for two (2) and three (3) weeks deposits in EUR), plus a margin which up to (but excluding) the first Optional Redemption Date, will be:

- (i) for the Class A1 Notes, a margin of 1.10 per cent. per annum;
- (ii) for the Class A2 Notes, a margin of 1.65 per cent. per annum;
- (iii) for the Class B Notes, a margin of 2.00 per cent. per annum;
- (iv) for the Class C Notes, a margin of 2.50 per cent. per annum;
- (v) for the Class D Notes, a margin of 3.00 per cent. per annum;
- (vi) for the Class E Notes, a margin of 3.50 per cent. per annum;
- and
- (vii) for the Class F Notes, a margin of 4.00 per cent. per annum.

**Interest  
Step-Up:**

If on the first Optional Redemption Date the relevant Class of Notes has not been redeemed in full, the rate of interest applicable for the Notes will accrue at an annual rate equal to the sum of Euribor for one month deposits in EUR determined in accordance with Condition 4, plus a margin which will be:

- (i) for the Class A1 Notes, a margin of 2.20 per cent. per annum;
- (ii) for the Class A2 Notes, a margin of 3.30 per cent. per annum;
- (iii) for the Class B Notes, a margin of 3.00 per cent. per annum;
- (iv) for the Class C Notes, a margin of 3.50 per cent. per annum;
- (v) for the Class D Notes, a margin of 4.00 per cent. per annum;
- (vi) for the Class E Notes, a margin of 4.50 per cent. per annum;
- and
- (vii) for the Class F Notes, a margin of 4.00 per cent. per annum.

**Redemption  
of the Notes:**

The Issuer will be obliged to apply the Redemption Available Amount to (partially) redeem the Notes (other than the Class F Notes) on the Monthly Payment Date falling in June 2011 and each Monthly Payment Date thereafter at their respective Principal Amount Outstanding, on a *pro rata* basis within a Class, in the following order:

- (a) *first*, the Class A1 Notes, until fully redeemed and, subsequently, the Class A2 Notes, until fully redeemed, provided that if the Pro Rata Trigger applies, the Class A1 Notes and the Class A2 Notes pro rata, until fully redeemed;
- (b) *second*, the Class B Notes, until fully redeemed;
- (c) *third*, the Class C Notes, until fully redeemed;

- (d) *fourth*, the Class D Notes, until fully redeemed; and
- (e) *fifth*, the Class E Notes, until fully redeemed.

The Class F Notes will be subject to mandatory partial redemption on the Monthly Payment Date falling in June 2011 and on each Monthly Payment Date thereafter in the limited circumstances as described in the Conditions.

**Optional Redemption of the Notes:**

The Issuer will have the option to redeem all of the Notes, other than the Class F Notes, but not some only, on each Optional Redemption Date at their respective Principal Amount Outstanding, subject to Condition 9(b).

**Final Maturity Date:**

If and to the extent not otherwise redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Monthly Payment Date falling in May 2043 (the "**Final Maturity Date**").

**Average life:**

The estimated average life of the Notes from the Closing Date up to (but excluding) the first Optional Redemption Date based on a Conditional Prepayment Rate ("**CPR**") of 7 per cent. and the assumption that the Issuer will redeem the Notes on the first Optional Redemption Date will be as follows:

- (i) the Class A1 Notes 1.9 years;
- (ii) the Class A2 Notes 5.0 years;
- (iii) the Class B Notes 5.0 years;
- (iv) the Class C Notes 5.0 years;
- (v) the Class D Notes 5.0 years; and
- (vi) the Class E Notes 5.0 years;

The expected amortisation profile of the Notes based on this assumption is given in the Annex hereto. The average lives of the Notes given above should be viewed with caution; reference is made to the paragraph *Risk related to prepayments on the Mortgage Loans* in the *Risk factors*.

**Redemption for regulatory reasons:**

In the event of the occurrence of a Regulatory Change, the Issuer may, if so directed by NIBC, the sole (indirect) shareholder of the Sellers, redeem the Notes, in whole but not in part, on any Monthly Payment Date at their Principal Amount Outstanding on such date, together with interest accrued up to and including the date of redemption, subject to and in accordance with the Conditions (including Condition 9(b)) (the "**Regulatory Call Option**"). The Sellers have undertaken in the Mortgage Receivables Purchase Agreement to repurchase and accept reassignment of the Relevant Mortgage Receivables, if the Issuer upon the direction of NIBC exercises the Regulatory Call Option, or alternatively the Sellers may appoint a third party at their discretion and the Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to such third party. The purchase price will be calculated as described in *Sale of Mortgage Receivables* in *Credit Structure*.

**Retention and disclosure requirements under the Capital Requirements Directive:**

In respect of the issue of the Notes NIBC and with respect to each Seller, in its capacity as allowed entity under paragraph 2 of article 122a of Directives 2006/48/EC and 2006/49/EC, as amended by Directive 2009/111/EC, as the same may be amended from time to time (the "Capital Requirements Directive"), shall, or undertakes that any entity designated by NIBC as allowed entity under paragraph 2 of article 122a

of the Capital Requirements Directive shall, retain, on an ongoing basis, a material net economic interest which, in any event, shall not be less than 5%. At the date of this Prospectus such interest is retained in accordance with item (d) of article 122a paragraph 1 of the Capital Requirements Directive, by holding a part of the most junior Classes of Notes and, if necessary, other tranches of Notes having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, so that the retention equals in total no less than 5 % of the nominal value of the Notes issued under this Prospectus.

In addition, each Seller shall (i) adhere to the requirements set out in paragraph 6 of article 122a of the Capital Requirements Directive and (ii) make appropriate disclosures to Noteholders about the retained net economic interest in the Programme and ensure that the Noteholders have readily available access to all materially relevant data as required under paragraph 7 of article 122a of the Capital Requirements Directive. In the Notes Purchase Agreements, NIBC Bank N.V. and each Seller shall undertake to the relevant Managers and the Issuer that it shall comply with Dutch Regulation Securitisations of 26 October 2010 ("*Regeling securitisaties Wft 2010*") implementing *inter alia* article 122a of the Capital Requirements Directive.

NIBC and the Sellers accept responsibility for the information set out above under *Retention and disclosure requirements under the Capital Requirements Directive*.

**Clean-Up Call Option:**

If on any Monthly Payment Date the aggregate Outstanding Principal Amount of the Mortgage Receivables is equal to or less than ten (10) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date, the Issuer has the option (but not the obligation) to redeem all of the Notes (other than the Class F Notes), in whole but not in part at their Principal Amount Outstanding, subject to Condition 9(b). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (other than the Class F Notes) (or such of them as are then outstanding) are also redeemed in full (subject to Condition 9(b)) at the same time.

**Redemption  
for tax reasons:**

If 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 change in, or amendment to, the laws or regulations of the Netherlands or any other jurisdiction or any political sub-division 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, the Issuer has the option to redeem the Notes, in whole but not in part, on any Monthly Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, subject to and in accordance with the Conditions (including Condition 9(b)) (the "**Tax Call Option**").

**Withholding  
Tax:**

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands,

any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. 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.

**Method of Payment:**

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

**Use of proceeds:**

The Issuer will use the net proceeds from the issue of the Notes (other than the Class F Notes) to pay part of the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of a mortgage receivables purchase agreement dated 8 June 2011 (the "**Mortgage Receivables Purchase Agreement**") and made between the Sellers, the Issuer and the Security Trustee and the proceeds of the Class F Notes will be deposited on the Reserve Account.

MORTGAGE RECEIVABLES

**Mortgage Receivables:**

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of any and all rights (the "**Mortgage Receivables**", which will include any Substitute Mortgage Receivables upon the purchase and acceptance of the assignment thereof), of each of the Sellers against certain borrowers (the "**Borrowers**") under or in connection with certain pre-selected Mortgage Loans. The Issuer will be entitled to the principal proceeds of the Mortgage Receivables from (and including) 1 March 2011 (the "**Cut-off Date**") and to the interest proceeds (including prepayment penalties) from (and including) the Closing Date. The Mortgage Receivables relating to Life Mortgage Loans will hereinafter be referred to as the "**Life Mortgage Receivables**".

Each Seller has the benefit of Beneficiary Rights which entitle the relevant Seller to receive the final payment under the relevant Insurance Policies, which payment is to be applied towards redemption of the Relevant Mortgage Receivables. Under the Mortgage Receivables Purchase Agreement, each Seller will assign such Beneficiary Rights to the Issuer and the Issuer will accept such assignment.

**Mortgage Loans:**

The Mortgage Receivables to be sold by the Sellers pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by a mortgage right over (i) a real property ("*onroerende zaak*") or (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*") and (together with real property, the "**Mortgaged Assets**") situated in the Netherlands and between any of the Sellers and the relevant Borrowers which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date (the "**Mortgage Loans**").

Part of the Mortgage Loans sold by Amstelstaete, Hypinvest and Quion 14 have been originated by Originators other than these respective Sellers and have been transferred to these Sellers. See *Mortgage Loan Underwriting and Servicing Activities* below.

The pool of Mortgage Loans (or any loan parts comprising a Mortgage Loan) will consist of interest only mortgage loans ("*aflossingsvrije hypotheken*"), investment mortgage loans ("*beleggingshypotheken*"), life mortgage loans ("*levenhypotheken*"), savings mortgage loans ("*spaarhypotheken*"), switch mortgage loans ("*switch hypotheken*"), linear mortgage loans ("*lineaire hypotheken*") and annuity mortgage loans ("*annuïteiten hypotheken*") or combinations of these types of loans.

All Mortgage Loans are secured by a first ranking or first and sequentially lower ranking mortgage right and were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium. Mortgage Loans may consist of one or more loan parts ("*leningdelen*"). If a Mortgage Loan consists of one or more loan parts, the Sellers shall sell and assign and the Issuer shall purchase and accept the assignment of all, but not some, loan parts of such Mortgage Loan at the Closing Date (or the Relevant Monthly Payment Date as the case may be). See *Description of Mortgage Loans*.

The Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service payments due and payable under the Notes.

#### **Risk Insurance Policies:**

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

#### **Life Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of life insurance mortgage loans ("**Life Mortgage Loans**"), i.e. Mortgage Loans or parts thereof which have the benefit of combined risk and capital insurance policies ("**Life Insurance Policies**") taken out by Borrowers/insured with an Insurance Company. Under a Life Mortgage Loan, no principal is paid until maturity. The Life Insurance Policies are offered in the following alternatives by the Insurance Companies. 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), in which case the Borrower has the option to switch between the Unit-Linked Alternative and the guaranteed amount. "**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. See *Risk Factors* and *Description of the Mortgage Loans*.

#### **Investment**

A portion of the Mortgage Loans will be in the form of investment

**Mortgage  
Loans:**

mortgage loans (the "**Investment Mortgage Loans**"). Under Investment Mortgage Loans the Borrower does not pay principal prior to maturity of the Mortgage Loan, but undertakes to invest on an instalment basis or by means of a lump sum investment an agreed amount in certain investment funds. It is the intention that the Investment Mortgage Loans will be fully or partially repaid by means of the proceeds of these investments. The rights under these investments are pledged to the relevant Seller as security for repayment of the relevant Investment Mortgage Loan. See *Risk Factors* and *Description of Mortgage Loans*.

**Savings Mortgage Loans:**

A portion of the Mortgage Loans sold by the Sellers will be in the form of savings mortgage loans ("*spaarhypotheken*", hereinafter "**Savings Mortgage Loans**"), which consist of Mortgage Loans between a Seller and the relevant Borrowers combined with a savings insurance policy (a "**Savings Insurance Policy**") with a Savings Participant. The Mortgage Receivables relating to the Savings Mortgage Loans will hereinafter be referred to as the "**Savings Mortgage Receivables**".

A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the relevant Savings Participant in connection with the relevant Savings Mortgage Loan. Under the Savings Mortgage Loan no principal is paid by the Borrower prior to maturity of the Mortgage Loan. Instead, the Borrower/insured pays premium on a monthly basis, which consists of a risk element and a savings element (the "**Savings Premium**"). The Savings Premium is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the relevant Insurance Company to the relevant Borrower is equal to the amount due by the Borrower to the relevant Seller at maturity of the Savings Mortgage Loan. See further *Risk Factors* and *Description of the Mortgage Loans*.

**Switch Mortgage Loans**

A portion of the Mortgage Loans or parts thereof will be in the form of switch mortgage loans (hereinafter "**Switch Mortgage Loans**"). Under a Switch Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead takes out a combined risk and capital insurance policy (a "**Savings Investment Insurance Policy**") with the relevant Insurance Company whereby the premiums paid are invested in certain investment funds selected by the Borrower (each a "**Investment Alternative**") and/or deposited into an account held in the name of the relevant Insurance Company with the relevant Seller (each a "**Savings Alternative**"), whereby the interest rate received on the credit balance is equal to that under the Mortgage Loan. The Borrowers have the possibility to switch ("*omzetten*") their investments in the Investment Alternative to and from the relevant Savings Alternative.

**Interest-only Mortgage Loans:**

A portion of the Mortgage Loans or parts thereof will be in the form of interest-only mortgage loans (hereinafter "**Interest-only Mortgage Loans**"). Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans may have been granted up to an amount equal to 100 per cent. of the Foreclosure Value of the Mortgaged Asset of origination.

**Annuity  
Mortgage**

A portion of the Mortgage Loans (or parts thereof) will be in the form of annuity mortgage loans (the "**Annuity Mortgage Loans**"). Under an



<b>Loans:</b>	Annuity Mortgage Loan the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that such Mortgage Loan will be fully redeemed at the end of its term.
<b>Linear Mortgage Loans:</b>	A portion of the Mortgage Loans (or parts thereof) will be in the form of linear mortgage loans (the " <b>Linear Mortgage Loan</b> "). Under a Linear Mortgage Loan the Borrower redeems a fixed amount on each instalment, such that at maturity the entire loan will be redeemed. The Borrower's payment obligation decreases with each payment as interest owed under such Mortgage Loan declines over time.
<b>NHG Guarantee:</b>	A portion of the Mortgage Loans will have the benefit of a guarantee given by Stichting Waarborgfonds Eigen Woningen (the " <b>NHG Guarantee</b> ").
<b>Repurchase of Mortgage Receivables:</b>	<p>In the Mortgage Receivables Purchase Agreement, each of the Sellers has undertaken to repurchase and accept reassignment of a Relevant Mortgage Receivable on the Mortgage Payment Date immediately following:</p> <ul style="list-style-type: none"> <li>(i) the expiration of the relevant remedy period (as provided for in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by such Seller in respect of the Relevant Mortgage Loans and the Relevant Mortgage Receivables, including the representation and warranty that the Relevant Mortgage Loans or, as the case may be, the Relevant Mortgage Receivables meet certain mortgage loan criteria, are untrue or incorrect in any material respect; or</li> <li>(ii) the date on which the relevant Seller agrees with a Borrower to grant a further advance under a Relevant Mortgage Loan, which may include a new mortgage loan, which is secured by the mortgage right which also secures the relevant Mortgage Loan (a "<b>Further Advance</b>") and any and all claims of the Seller on the relevant Borrower in connection with the relevant Further Advance (the relevant "<b>Further Advance Receivable</b>"); or</li> <li>(iii) the date on which the relevant Seller obtains or acquires an Other Claim in respect of such Relevant Mortgage Receivable vis-à-vis the relevant Borrower; or</li> <li>(iv) the date on which the relevant Seller agrees with a Borrower to amend the terms of the Relevant Mortgage Loan, or part of such Relevant Mortgage Loan, as a result of which such Relevant Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the Relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of such Relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Relevant Mortgage Loan such Seller shall not repurchase such Relevant Mortgage Receivable; or</li> </ul>

- (v) the date on which a Savings Participant complies with a request from the Borrower under the terms of a Switch Mortgage Loan with a Savings Alternative to switch whole or part of the premia accumulated in the Savings Alternative into the Investment Alternative (the "**Savings Switch**"); or
- (vi) the date on which the Insurance Company complies with a request from the Borrower under the terms of a Switch Mortgage Loan with an Investment Alternative to switch whole or part of the premia accumulated Investment Alternative into the Savings Alternative and the Insurance Company has not entered into a Sub-Participation Agreement with the Issuer in respect of such Switch Mortgage Receivable; or
- (vii) in respect of Mortgage Loans or loan parts that have the benefit of an NHG Guarantee the date on which it appears that (i) a Relevant Mortgage Loan or the relevant loan part no longer has the benefit of a NHG Guarantee as a result of an action taken or omitted to be taken by the MPT Provider, provided that the relevant Seller shall not be obliged to repurchase such Relevant Mortgage Receivable if following a claim made under a NHG Guarantee (*'Stichting Waarborgfonds Eigen Woningen'*) does not pay the full amount of such Relevant Mortgage Receivable due to (a) the difference in the redemption structure of the such Relevant Mortgage Loan or the relevant loan part and the redemption structure set forth in the NHG Conditions or (b) the higher than expected foreclosure costs which are outside the control of the MPT Provider or (c) the occurrence of any other events not due to misconduct by or negligence of the MPT Provider and/or (ii) a Seller, while it is entitled to make a claim under the NHG Guarantee relating to such Relevant Mortgage Loan or the relevant loan part, will not make such claim; or
- (viii) in respect of Quion I, Quion III, Quion 14 and Quion 30 only, the date on which (i) the interest on the Relevant Mortgage Receivable will be reset, if the interest rate in respect of such Relevant Mortgage Receivable is reset and the Relevant Mortgage Loan shall according to the relevant mortgage conditions used by Quion I, Quion III, Quion 14 or Quion 30, as the case may be, be transferred to another legal entity (other than the Seller) or (ii) an amendment of the terms of the Relevant Mortgage Loan upon the request of a Borrower is refused by any of Quion I, Quion III, Quion 14 and Quion 30 and the Relevant Mortgage Loan shall, according to the relevant mortgage conditions used by Quion I, Quion III, Quion 14 or Quion 30, as the case may be, be transferred to another legal entity (other than the Seller); or.

The purchase price for the Relevant Mortgage Receivable in such event will be equal to the Outstanding Principal Amount, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and reassignment of the Relevant Mortgage Receivable, provided that in case of a repurchase pursuant to an amendment of the mortgage conditions set out in item (iv) above with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in

respect of which an instruction has been given to the civil-law notary to 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 appraised foreclosure value (which appraisal may not be older than 3 months) of such Mortgaged Assets and (b) the value of all other collateral and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

**Substitution:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will on each Monthly Payment Date up to (but excluding) the Final Maturity Date purchase from the relevant Seller(s) mortgage receivables ("**Substitute Mortgage Receivables**") and, in relation to the relevant Seller, the "**Relevant Substitute Mortgage Receivables**") subject to fulfilment of certain conditions and to the extent offered by such Seller.

The Issuer will apply towards the purchase of Substitute Mortgage Receivables amounts received as a result of the repurchase of Mortgage Receivables in accordance with the Mortgage Receivables Purchase Agreement (see *Repurchase of Mortgage Receivables* above) to the extent such amounts relate to principal (less the Savings Participation, if any) (the "**Substitution Available Amount**").

In case the proceeds of any such repurchase of Mortgage Receivables are not applied towards the purchase of Substitute Mortgage Receivables on the relevant Monthly Payment Date such proceeds will be available for redemption of the Notes. See *Mortgage Receivables Purchase Agreement*.

**Sellers Clean-Up Call Option:**

On each Monthly Payment Date the Sellers, acting jointly, have the option (but not the obligation) to repurchase the Mortgage Receivables if on the Monthly Calculation Date immediately preceding such Monthly Payment Date the aggregate Outstanding Principal Amount of the Mortgage Receivables is not more than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-off Date (the "**Sellers Clean-Up Call Option**").

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Relevant Mortgage Receivables to the relevant Seller(s), or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers exercise the Sellers Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes subject to and in accordance with Conditions and Condition 9(b). The purchase price will be as described in *Sale of Mortgage Receivables* below.

**Sale of  
Mortgage  
Receivables:**

On each Optional Redemption Date, the Issuer may sell and assign all, but not some, of the Mortgage Receivables to a third party provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes in full, subject to, in respect of the Subordinated Notes, Condition 9(b) (other than the Class F Notes).

In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Sellers have the obligation to repurchase certain Relevant Mortgage Receivables in certain events (see above under *Repurchase of Mortgage Receivables*) and all Mortgage Receivables if the Sellers Clean-Up Call Option or the Regulatory Call Option or Tax Call Option is exercised.

The purchase price of each Mortgage Receivable in the event of the Clean-Up Call Option, the Regulatory Call Option or the Tax Call Option shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to 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 appraised foreclosure value (which appraisal may not be older than 3 months) of such Mortgaged Assets and (b) the value of all other collateral and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

**Sub-Participation Agreements:** On the Closing Date, the Issuer will enter into a sub-participation agreement with each of the Savings Participants (together the "**Sub-Participation Agreements**") under which each of the Savings Participants will acquire participations in the relevant Savings Mortgage Receivables or Switch Mortgage Receivables with a Savings Alternative equal to amounts of Savings Premium paid by the relevant Borrower to the relevant Savings Participant in respect of a Savings Insurance Policy or Savings Alternative or Savings Investment Insurance Policy (including accrued interest thereon). In each Sub-Participation Agreement, the relevant Savings Participant will undertake to pay to the Issuer amounts equal to all amounts received as Savings Premium (including in respect of the Initial Saving Participation only, accrued interest thereon) on the relevant Savings Insurance Policies or Savings Alternative or Savings Investment Insurance Policy. In return, each Savings Participant is entitled to receive the Participation Redemption Available Amount in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative from the Issuer. The amount of the Savings Participation with respect to a Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, consists of (a) the initial savings participation at the Closing Date or in the case of purchase of a Substitute Mortgage Receivable to which a Savings Insurance Policy or Savings Alternative is connected, on the relevant Monthly Payment Date (which is equal to the sum of all amounts due to the relevant Savings Participant as Savings Premium and accrued interest), being, in case of the total initial savings participation at the Closing Date, the amount of EUR 10,205,913, (b) increased on a monthly basis with the sum of (i) amounts equal to the Savings Premium received by the relevant Savings Participant and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Savings Participation in the relevant Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable or Switch Mortgage Receivable. See further *Sub-Participation Agreements* below.

**Security for the Notes:**

The Notes will be secured:

- (i) by a first ranking undisclosed right of pledge by the Issuer to the Security Trustee over (a) the 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 Cash Advance Facility Agreement, the Services Agreement, the Sub-Participation Agreements, the Swap Agreement and the GIC in respect of the Transaction Accounts.

After delivery of an Enforcement Notice, the amounts payable to the Noteholders and the other Security Beneficiaries 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 Security Beneficiaries will be made in accordance with the Priority of Payments upon Enforcement. See further *Credit Structure and Description of Security* below.

In addition, the Collection Foundations shall grant a first right of pledge on the balance standing to the credit of the Collection Foundation Accounts in favour of the Issuer and the Previous Transaction SPVs jointly, and the Issuer and the Previous Transaction SPVs by way of repledge create a first right of pledge in favour of the Security Trustee and the Previous Transaction Security Trustees each subject to the agreement 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 NIBC will also have the benefit of a right of pledge and agree to cooperate to facilitate such security. Such rights of pledge will be notified to the Foundation Accounts Provider.

**Parallel Debt Agreement:**

On the Closing Date, the Issuer and the Security Trustee will – among others – enter into a parallel debt agreement (the "**Parallel Debt Agreement**") for the benefit of the Security Beneficiaries 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 Security Beneficiaries, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.

**Administration Agreement**

Under an administration agreement to be entered into on the Closing Date (the "**Administration Agreement**") between the Issuer, the Issuer Administrator and the Security Trustee, the Issuer Administrator will agree (a) to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions and (b) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

**Services Agreement:**

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

In accordance with the Services Agreement, the MPT Provider will initially appoint STATER Nederland B.V., Quion Hypotheekbemiddeling B.V., Quion Services B.V., and Quion Hypotheekbegeleiding B.V. (as the Sub MPT Providers) as its sub-agents to provide certain of the MPT Services in respect of the Mortgage Loans.

#### CASH-FLOW STRUCTURE:

##### **Swap Agreement:**

On or about the Closing Date, the Issuer will enter into an ISDA Master Agreement (which shall include the schedule thereto, the credit support annex thereto and the confirmation evidencing the transaction thereunder) with the Swap Counterparty (the "**Swap Agreement**") to hedge the risk between interest to be received by the Issuer on the Mortgage Receivables and the floating rate of interest due and payable by the Issuer on the Notes.

See *Credit Structure* below.

##### **Interest Rate Reset Agreement**

On the Closing Date, the Swap Counterparty, the Sellers, the MPT Provider, the Issuer and the Security Trustee will enter into an interest rate reset agreement (the "**Interest Rate Reset Agreement**") pursuant to which each of the Sellers and Issuer undertakes that it will, after (i) the occurrence of an insolvency event in relation to NIBC or any of the Sellers and (ii) in case of the Sellers prior to and in case of the Issuer after, notification to the Borrowers of the assignment by the Sellers of the Mortgage Receivables to the Issuer, set the interest rates for the Mortgage Receivables, subject to certain limitations and subject to an interest rate reset in accordance with new interest rate offers made by the Swap Counterparty.

The Issuer Administrator will provide the Swap Counterparty with all information necessary in order to enable it to perform its roles as calculation agent under the Swap Agreement.

##### **Cash Advance Facility Agreement:**

On the Closing Date, the Issuer will enter into a Cash Advance Facility agreement with a maximum term of 364 days with ABN AMRO Bank N.V. (the "**Cash Advance Facility Provider**") (the "**Cash Advance Facility Agreement**") under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further *Credit Structure* below.

##### **Transaction Accounts:**

The Issuer shall maintain with the GIC Provider the following accounts (together the "**Transaction Accounts**"):

- (i) an account to which on each Mortgage Payment Date - *inter alia* - all amounts received in respect of the Mortgage Receivables will be transferred by the MPT Provider in accordance with the Services Agreement (the "**GIC Account**");
- (ii) an account to which, on the Closing Date, the proceeds of the Class F Notes, and on each Monthly Payment Date, certain amounts to the extent available in accordance with the Interest Priority of Payments, will be transferred (the "**Reserve Account**");
- (iii) an account to which the Cash Advance Facility Stand-by Drawing will be transferred (the "**Cash Advance Facility**");

**Stand-by Account"); and**

- (iv) an account to which only collateral pursuant to the Swap Agreement will be transferred (the **"Swap Collateral Account"**).

**Collection Foundation Accounts:**

All payments made by the Borrowers in respect of the Mortgage Loans will be paid into the Collection Foundation Accounts.

**Guaranteed Investment Contract:**

On the Closing Date the Issuer will enter into a guaranteed investment contract (the **"Guaranteed Investment Contract"** or the **"GIC"**) with the GIC Provider, under which the GIC Provider agrees to pay a guaranteed interest rate determined by reference to Euribor on the balance standing to the credit of each of the Transaction Accounts from time to time. See '*Credit Structure*'.

OTHER

**Management Agreements:**

Each of the Issuer, the Security Trustee and Stichting Dutch MBS XVI Holding have entered into a management agreement (together the **"Management Agreements"**) with the relevant Director, under which the relevant Director will undertake to act as director of the Issuer, the Security Trustee or the Shareholder, respectively, and to perform certain services in connection therewith.

**Paying Agency Agreement:**

On the Closing Date the Issuer will enter into a paying agency agreement (the **"Paying Agency Agreement"**) with the Paying Agent and the Reference Agent pursuant to which the Paying Agent undertakes, *inter alia*, to perform certain payment services on behalf of the Issuer towards the Noteholders.

**Risk Factors:**

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

**Listing:**

Application has been made to Euronext for the Notes (excluding the Class F Notes), to be admitted to the official list and trading on its regulated market.

**Ratings:**

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned a 'AAA' sf rating by Fitch and a 'Aaa (sf)' rating by Moody's, the Class B Notes, on issue, be assigned at least a 'AA' sf rating by Fitch and a 'Aa1 (sf)' rating by Moody's, the Class C Notes, on issue, be assigned at least a 'A' sf rating by Fitch and a 'Aa2 (sf)' rating by Moody's, the Class D Notes, on issue, be assigned at least a 'BBB' sf rating by Fitch and a 'A1 (sf)' rating by Moody's and, the Class E Notes, on issue, be assigned at least a 'Ba1 (sf)' rating by Moody's. The Class F Notes will not be assigned a rating. Credit ratings included or referred to in this Prospectus have been issued by Moody's and Fitch, each of 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.

**Settlement:**

Euroclear and Clearstream, Luxembourg.

**Governing Law:**

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



## 5. CREDIT STRUCTURE

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

### **Use of proceeds**

The net proceeds of the issue of the Notes (other than the Class F Notes) will be used to pay (part of) the Initial Purchase Price for the Mortgage Receivables and the net proceeds from the issue of the Class F Notes will be credited to the Reserve Account (see further section 16, *Use of Proceeds*).

### **Mortgage Loan Interest Rates**

The Mortgage Loans pay interest on a floating basis or on a fixed rate basis, subject to a reset from time to time. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of the Mortgage Loans*. On the Cut-off Date, the amount of Mortgage Loans of which the first interest reset date falls before the first Optional Redemption Date is 60.9 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables. After an interest reset the relevant Mortgage Receivables will remain in the pool subject to the prepayment by the relevant Borrower (see also *Interest Rate Hedging*).

### **Cash Collection Arrangements**

Payments by the Borrowers under the Mortgage Loans are due on the first day of each month, interest being payable in arrear. All payments made by the Borrowers in respect of the Mortgage Receivables sold by the Sellers will be paid into the Collection Foundation Accounts maintained by the Collection Foundations with the Foundation Accounts Provider. The Collection Foundation Accounts are 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 Sellers are entitled vis-à-vis Collection Foundations.

If at any time the unsecured, unsubordinated and unguaranteed debt obligations of The Royal Bank of Scotland N.V. (or a successor bank where the Collection Foundation Accounts are held) is assigned a rating of less than 'F-1' (short-term issuer default rating) (and not on rating watch negative) and 'A' (long-term issuer default rating) (and not on rating watch negative) by Fitch or 'P-1' (short-term) by Moody's (or such other rating from time to time notified by the relevant Rating Agency) (the "**Bank Required Rating**"), the Collection Foundations will as soon as reasonably possible, but at least within 30 days either (i) transfer the Collection Foundation Accounts to an alternative bank with at least the Bank Required Rating or (ii) ensure that payments to be made in respect of amounts received on a Collection Foundation Account relating to Mortgage Receivables will be guaranteed, a copy of which guarantee shall in advance be submitted for approval to the Rating Agencies and shall otherwise meet the relevant Rating Agency requirements, where applicable, by a party having at least the Bank Required Rating and provided that such guarantee does not have an adverse effect on the then current ratings assigned to the Notes other than the Class F Notes or (iii) implement any other actions agreed at that time with Moody's or Fitch.

All reasonable costs and expenses, if any, incurred by the relevant Collection Foundation relating to the transfer of the Collection Foundation Accounts resulting from a downgrading below the Bank Required Ratings, shall be borne by the relevant bank where the Collection Foundation Accounts are held and such bank shall reimburse the relevant Collection Foundation for such costs and expenses immediately after it will have received a written statement from such Collection Foundation, detailing such costs and expenses.

On each Mortgage Payment Date all amounts of principal, interest (including penalty interest) and prepayment penalties received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Loans will be transferred to the GIC Account by the relevant Collection Foundation in accordance with the relevant Receivables Proceeds Distribution Agreement. Each of the Sellers (or the MPT Provider (or its sub-agent) on its behalf in accordance with the Services Agreement) has the obligation to transfer (or procure the transfer of) such amounts.

On each fifth Business Day following the last day of each Mortgage Calculation Period (a "**Mortgage Payment Date**") the relevant Seller shall procure that all amounts of principal, interest and prepayment penalties received by the Collection Foundation in respect of the Mortgage Receivables (or by or on behalf of the relevant Seller) during the immediately preceding Mortgage Calculation Period will be transferred to the GIC Account held by the Issuer.

## Transaction Accounts

### *GIC Account*

The Issuer will maintain with the GIC Provider the GIC Account to which – *inter alia* – all amounts received (i) in respect of the Mortgage Receivables, (ii) from the Savings Participants under the relevant 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 GIC Account in respect of the Mortgage Receivables. The amount standing to the credit of the GIC Account will pay interest equal to EONIA minus 5 basis points on the balance standing from time to time to the credit of the GIC Account.

The Issuer Administrator will identify all amounts paid into the GIC Account in respect of the Mortgage Receivables by crediting such amounts to ledgers established for such purpose. Payments received on each relevant Mortgage Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to the relevant principal ledger or the revenue ledger, as the case may be.

Payments may be made from the GIC Account other than on a Monthly Payment Date only to satisfy amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business.

The Issuer will also maintain with the GIC Provider the Reserve Account, the Cash Advance Facility Stand-by Account and the Swap Collateral Account (see below).

### *Rating GIC Provider*

If at any time the rating of the GIC Provider falls below the Bank Required Rating or any such rating is withdrawn by Fitch or Moody's, the Issuer will be required within 30 days (a) to transfer the balance of the relevant Transaction Accounts to another bank having at least the Bank Required Rating, (b) to obtain a third party with at least the Bank Required Rating to guarantee the obligations of the GIC Provider or, (c) to find another solution so that the then current ratings of the Notes, other than the Class F Notes, are not adversely affected as a result thereof.

### *Swap collateral accounts*

The Issuer will maintain with the GIC Provider the Swap Collateral Account to which any collateral in the form of cash may be credited by the Swap Counterparty pursuant to the Swap Agreement. If any collateral in the form of securities is provided to the Issuer by the Swap Counterparty, the Issuer will be required to open a custody account in which such securities will be held.

No withdrawals may be made in respect of the Swap Collateral Account or such other account in relation to securities other than:

- (i) to effect the return of Excess Swap Collateral to the Swap Counterparty (which return shall be effected by the transfer of such Excess Swap Collateral directly to the Swap Counterparty without deduction for any purpose, outside the Interest Priority of Payments); or
- (ii) following the termination of the Swap Agreement where an amount is owed by the Swap Counterparty to the Issuer, which will form part of the Interest Available Amount (for the avoidance of doubt, after any close out netting has taken place).

**"Excess Swap Collateral"** means, (x) in respect of the date such Swap Agreement is terminated, collateral of a value equal to the amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued exceeds the value of the amounts owed by the Swap Counterparty (if any) to the Issuer and (y) in respect of any other valuation date under the Swap Agreement, collateral of a value equal to the amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued exceeds the value of the Swap Counterparty's collateral posting requirements under the credit support annex forming part of the Swap Agreement on such date.

### **Swap termination and payment by replacement swap counterparty**

If following the termination of the Swap Agreement (i) an amount is due by the Issuer to the Swap Counterparty as termination payment, other than in relation to the return of Excess Swap Collateral or any

other Unpaid Amount (as defined in the Swap Agreement), and (ii) the Issuer receives an upfront payment from a replacement swap counterparty in connection with the entering into a replacement swap agreement as a result of the market value of such swap agreement, then the Issuer shall apply such amounts received from that replacement swap counterparty to pay the remaining amounts which are due as termination payment (disregarding any Unpaid Amount due by the Issuer) to the Swap Counterparty (outside the Priority of Payments in respect of interest and such amount will not form part of the Interest Available Amount (but only up to the amount due upon termination to the Swap Counterparty)).

### **Calculations**

The Issuer Administrator will calculate the amounts available to the Issuer on the basis of information received by it, including but not limited to the Mortgage Reports provided by the MPT Provider for each Mortgage Calculation Period.

In case the Issuer Administrator does not receive a Mortgage Report from the MPT Provider with respect to a Mortgage Calculation Period, then the Issuer and the Issuer Administrator on its behalf may use the three most recent Mortgage Reports for the purposes of the calculation of the amounts available to the Issuer to make payments, as further set out in the Administration Agreement. When the Issuer Administrator receives the Mortgage Reports relating to the Mortgage Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments by drawing amounts from the Reconciliation Ledger as set out in the Administration Agreement. Any (i) calculations properly done on the basis of such estimates in accordance with the Administration Agreement, and (ii) payments made and not made under any of the Notes and Relevant Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with the Administration Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the Relevant Documents and will in itself not lead to an Event of Default or any other default under any of the Relevant Documents or breach of any triggers included therein (including but not limited to Assignment Notification Events).

### **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 on each Monthly Calculation Date (being the third Business Day prior to each Monthly Payment Date) as being received during or in respect of the Mortgage Calculation Period (as defined in Condition 6) preceding such Monthly Calculation Date (items under (i) up to and including (xi) less (xii) hereafter being referred to as the "**Interest Available Amount**"):

- (i) as interest, including penalty interest, on the Mortgage Receivables received by the Issuer on or prior to such Monthly Calculation Date and paid by the Borrowers during such Mortgage Calculation Period, including, in respect of interest, any amounts paid by the Borrowers on the first, second and third Business Day following such Mortgage Calculation Period (and, for the avoidance of doubt, including in respect of the first Mortgage Calculation Period the amounts received as Pre-Closing Proceeds to the extent not relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundations during such Mortgage Calculation Period and already included in the Interest Available Amount calculated on the Monthly Calculation Date immediately preceding such Monthly Calculation Date, and less, with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable which is subject to a Savings Participation, the interest amount received in respect of such Mortgage Receivable multiplied by a fraction which is equal to the Savings Participation in respect of that Mortgage Receivable divided by the outstanding principal amount of such Mortgage Receivable (the "**Savings Participation Fraction**");
- (ii) as interest accrued on the Transaction Accounts;
- (iii) as prepayment penalties under the Mortgage Receivables;
- (iv) as Net Proceeds on any Mortgage Receivables, to the extent such proceeds do not relate to principal less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable which is subject to a Savings Participation, the interest amount received in respect of such Mortgage Receivable multiplied by the Savings Participation Fraction;
- (v) as amounts to be drawn under the Cash Advance Facility whether or not from the Cash Advance

Facility Stand-by Account (other than Cash Advance Facility Stand-by Drawings) on the immediately succeeding Monthly Payment Date;

- (vi) as amounts to be received from the Swap Counterparty under the Swap Agreement, on the immediately succeeding Monthly Payment Date, excluding for the avoidance of doubt, any collateral provided by the Swap Counterparty pursuant to the Swap Agreement;
- (vii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable which is subject to a Savings Participation, the interest amount received in respect of such Mortgage Receivable multiplied by the Savings Participation Fraction;
- (viii) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less with respect to each Savings Mortgage Receivable and each Switch Mortgage Receivable which is subject to a Savings Participation, the interest amount received in respect of such Mortgage Receivable multiplied by the Savings Participation Fraction and to the extent such amounts relate to principal, but only such part that is in excess of the relevant Outstanding Principal Amount of the relevant Mortgage Receivable;
- (ix) as amounts received as post-foreclosure proceeds on the Mortgage Receivables;
- (x) as amounts to be drawn from the Reserve Account and the Reconciliation Ledger on the immediately succeeding Monthly Payment Date;
- (xi) any amounts standing to the credit of any of the Transaction Accounts after all amounts of interest and principal due in respect of the Notes, other than principal in respect of the Class F Notes, have been paid in full;  
  
less
- (xii) on the first Monthly Payment Date of each year, an amount equal to 10 per cent. of the Issuer's annual operational expenses of the immediately preceding calendar year in accordance with item (a) of the Interest Priority of Payments, but only to the extent the amount of such expenses is not directly related to the Issuer's assets and/or liabilities increased with an amount equal to 10 per cent. of the Issuer's equity.

will pursuant to the terms of the Trust Deed be applied by the Issuer on the immediately succeeding Monthly 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, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements, (ii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents (as defined in the Conditions), (iii) the fees and expenses due and payable to the MPT Provider under the Services Agreement, (iv) the fees and expenses due and payable to the Issuer Administrator under the Administration Agreement, (v) the Cash Advance Facility Commitment Fee to the Cash Advance Facility Provider under the Cash Advance Facility Agreement and (vi) fees and expenses due to the GIC Provider under the GIC;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (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 amounts cannot be paid out of item (xii) 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 and (ii) fees and expenses due to the Paying Agent and the Reference Agent under the Paying Agency Agreement;

- (c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amounts due and payable to the Cash Advance Facility Provider under the Cash Advance Facility Agreement or, following a Cash Advance Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Cash Advance Facility Stand-by Account, but excluding the Cash Advance Facility Commitment Fee and any gross-up amounts or additional amounts due under the Cash Advance Facility Agreement payable under sub-paragraph (r) below and (ii) to replenish the Reserve Account up to the amount of the Reserve Account Cash Advance Drawing made on the previous Monthly Payment Date;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement (except for any termination payment due and payable as a result of the occurrence of (i) an Event of Default where the Swap Counterparty is the Defaulting Party or (ii) an Additional Termination Event arising pursuant to the occurrence of a Rating Event, including Settlement Amounts (all as defined in the Swap Agreement) (a "**Swap Counterparty Subordinated Payment**");
- (e) *fifth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of interest due on the Class A1 Notes and the Class A2 Notes;
- (f) *sixth*, 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;
- (g) *seventh*, in or towards satisfaction of interest due or accrued due but unpaid on the Class B Notes;
- (h) *eighth*, 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;
- (i) *ninth*, in or towards satisfaction of interest due or accrued due but unpaid on the Class C Notes;
- (j) *tenth*, in or towards satisfaction of sums to be credited to the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (k) *eleventh*, in or towards satisfaction of interest due or accrued due but unpaid on the Class D Notes;
- (l) *twelfth*, in or towards satisfaction of sums to be credited to the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (m) *thirteenth*, in or towards satisfaction of interest due or accrued due but unpaid on the Class E Notes;
- (n) *fourteenth*, in or towards satisfaction of sums to be credited to the Class E Principal Deficiency Ledger until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;
- (o) *fifteenth*, in or towards satisfaction of any sums required to be deposited on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (p) *sixteenth*, in or towards satisfaction of interest due or accrued due but unpaid on the Class F Notes;
- (q) *seventeenth*, in or towards satisfaction of principal amounts due under the Class F Notes;
- (r) *eighteenth*, in or towards satisfaction of any gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement;
- (s) *nineteenth*, in or towards satisfaction of the Swap Counterparty Subordinated Payment due to the Swap Counterparty under the terms of the Swap Agreement; and

- (t) *twentieth*, in or towards satisfaction of a Deferred Purchase Price Instalment to NIBC for the benefit of the Sellers.

**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 (as also defined in Condition 6(c)) calculated on any Monthly Calculation Date as being received during (or in respect of) the Mortgage Calculation Period preceding such Monthly Calculation Date (items under (i) up to and including (vii) less (viii) hereinafter being referred to as the "**Redemption Available Amount**"):

- (i) as repayment and prepayment of principal under the Mortgage Receivables received by the Issuer on or prior to such Monthly Calculation Date and paid by the Borrower during such Mortgage Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Mortgage Calculation Period (and, for the avoidance of doubt, including in respect of the first Mortgage Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundations during such Mortgage Calculation Period and already included in the Redemption Available Amount calculated on the Monthly Calculation Date immediately preceding such Monthly Calculation Date, excluding prepayment penalties less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable;
- (ii) as Net Principal Proceeds on any Mortgage Receivable less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable;
- (iii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable;
- (iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Monthly Payment Date in accordance with the Administration Agreement;
- (vi) as Savings Participation Increase and as amounts to be received as Initial Savings Participation on the immediately succeeding Monthly Payment Date pursuant to the relevant Sub-Participation Agreement;
- (vii) any part of the Redemption Available Amount calculated on the immediately preceding Monthly Calculation Date, which has not been applied towards redemption of the Notes on the immediately preceding Monthly Payment Date, other than any amount to be drawn from the Reconciliation Ledger on the immediately preceding Monthly Payment Date to the extent relating to interest; and

less:

- (viii) the Substitution Available Amount, if and to the extent such amount will be actually applied to the purchase of Substitute Mortgage Receivables on the next succeeding Monthly Payment Date;

will pursuant to terms of the Trust Deed be applied by the Issuer on the immediately succeeding Monthly 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 "**Principal Priority of Payments**").

- (a) *first*, in or towards satisfaction of principal amounts due under the Class A1 Notes on the relevant Monthly Payment Date including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions and, subsequently, in or towards satisfaction of principal amounts due under the Class A2 Notes on the relevant Monthly Payment Date including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions, provided that if the Pro Rata Trigger applies, in or towards satisfaction of principal amounts due under the Class A1 Notes and the Class A2 Notes on a pro rata basis on the relevant Monthly Payment Date including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions;
- (b) *second*, in or towards satisfaction of principal amounts due under the Class B Notes on the relevant Monthly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions;
- (c) *third*, in or towards satisfaction of principal amounts due under the Class C Notes on the relevant Monthly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions;
- (d) *fourth*, in or towards satisfaction of principal amounts due under the Class D Notes on the relevant Monthly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions; and
- (e) *fifth*, in or towards satisfaction of principal amounts due under the Class E Notes on the relevant Monthly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed in accordance with the Conditions.

The "**Pro Rata Trigger**" applies if an amount is recorded on the Class A Principal Deficiency Ledger.

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

Following delivery of an Enforcement Notice any amounts recovered by the Security Trustee and payable under the Trust Deed (less the amounts payable to the Savings Participants), will be paid to the Security Beneficiaries (including the Noteholders but excluding the Savings Participants) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the "**Priority of Payments upon Enforcement**"):

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due to the Directors (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, (iii) the fees and expenses of the Paying Agent incurred under the provisions of the Paying Agency Agreement, and (iv) the fees and expenses of the MPT Provider under the Services Agreement and (v) the fees and expenses of the Issuer Administrator under the Administration Agreement;
- (b) *second*, to (i) the Cash Advance Facility Provider, in or towards satisfaction of amounts due but unpaid under the Cash Advance Facility Agreement, excluding the amounts payable under item (p) below and (ii) the GIC Provider fees and expenses due to the GIC Provider under the GIC;
- (c) *third*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement, except for any Swap Counterparty Subordinated Payment;
- (d) *fourth, pro rata*, in or towards satisfaction of all amounts due but unpaid in respect of interest on the Class A1 Notes and the Class A2 Notes;
- (e) *fifth, pro rata*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class A1 Notes and the Class A2 Notes;

- (f) *sixth*, in or towards satisfaction of all amounts due or accrued due but unpaid in respect of interest on the Class B Notes;
- (g) *seventh*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class B Notes;
- (h) *eighth*, in or towards satisfaction of all amounts due or accrued due but unpaid in respect of interest on the Class C Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class C Notes;
- (j) *tenth*, in or towards satisfaction of all amounts due or accrued due but unpaid in respect of interest on the Class D Notes;
- (k) *eleventh*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class D Notes;
- (l) *twelfth*, in or towards satisfaction of all amounts due or accrued due but unpaid in respect of interest on the Class E Notes;
- (m) *thirteenth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class E Notes;
- (n) *fourteenth*, in or towards satisfaction of all amounts due or accrued due but unpaid in respect of interest on the Class F Notes;
- (o) *fifteenth*, in or towards satisfaction of all amounts of principal and all other amounts due but unpaid in respect of the Class F Notes;
- (p) *sixteenth*, in or towards satisfaction of gross-up amounts or additional amounts due, if any, to the Cash Advance Facility Provider pursuant to the Cash Advance Facility Agreement;
- (q) *seventeenth*, in or towards satisfaction of the Swap Counterparty Subordinated Payment due to the Swap Counterparty under the terms of the Swap Agreement; and
- (r) *eighteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to NIBC for the benefit of the Sellers.

#### **Cash Advance Facility Agreement**

On the Closing Date, the Issuer will enter into the Cash Advance Facility Agreement with ABN AMRO Bank N.V. (the "**Cash Advance Facility Provider**"). The Issuer will be entitled on any Monthly Payment Date (other than (x) a Monthly Payment Date if and to the extent that on such date the Notes will be redeemed in full, subject to Condition 9(b), and (y) the Final Maturity Date) to make drawings under the Cash Advance Facility Agreement up to the Cash Advance Facility Maximum Amount, subject to certain conditions. The Cash Advance Facility Agreement is for a maximum term of 364 days. The commitment of the Cash Advance Facility Provider is extendable at its option. Any drawing under the Cash Advance Facility Agreement by the Issuer may only be made on a Monthly Payment Date if and to the extent that, without taking into account any drawing under the Cash Advance Facility Agreement or from the Reserve Account, there is a shortfall in the Interest Available Amount to meet items (a) to (m) (inclusive) but excluding items (f), (h), (j) and (l), provided that no drawing may be made to meet items (g), (i), (k) or (m) to the extent that, after the application of the Interest Available Amount, in respect of item (g) a debit balance would remain on the Class B Principal Deficiency Ledger and, in respect of item (i), a debit balance would remain on the Class C Principal Deficiency Ledger and, in respect of item (k), a debit balance would remain on the Class D Principal Deficiency Ledger and, in respect of item (m), a debit balance would remain on the Class E Principal Deficiency Ledger (each such amount the "**Permitted Cash Advance Drawing Amount**"), less any drawing from the Reserve Account made on such date for such purpose. The Cash Advance Facility Provider will rank in priority in respect of payments and security to the Notes.



If a Monthly Payment Date the Permitted Cash Advance Drawing Amount is higher than zero, the Issuer shall, prior to any drawing under the Cash Advance Facility, first draw an amount equal to the Permitted Cash Advance Drawing Amount from the Reserve Account (each such amount being a "**Reserve Account Cash Advance Drawing**"). If and to the extent not sufficient moneys are available on the Reserve Account for such purpose, it shall draw the remaining amount of the Permitted Cash Advance Drawing Amount under the Cash Advance Facility Agreement from the Cash Advance Facility Provider or from the Cash Advance Facility Stand-by Account.

If, at any time, (I) (a) the rating of the Cash Advance Facility Provider is below the Bank Required Rating or any such rating is withdrawn by Fitch or Moody's, and (b) within thirty (30) calendar days, (i) the Cash Advance Facility Provider, is not replaced by the Issuer with a cash advance facility provider having the Bank Required Rating and (ii) a third party having the Bank Required Rating has not guaranteed the obligations of the Cash Advance Facility Provider which guarantee does not have an adverse affect on the then current ratings assigned to the Notes other than the Class F Notes and (iii) another solution acceptable to Moody's and Fitch is not found or (II) the Cash Advance Facility provider refuses to comply with an extension request, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Cash Advance Facility (a "**Cash Advance Facility Stand-by Drawing**") and credit such amount to an account to be known as the "**Cash Advance Facility Stand-by Account**". Amounts so credited to the Collection Account may be utilised by the Issuer in the same manner as a drawing under the Cash Advance Facility if the Cash Advance Facility had not been so drawn.

"**Cash Advance Facility Maximum Amount**" will be equal to the higher of (i) 2.00 per cent. of the Principal Amount Outstanding of the Notes (other than the Class F Notes) at the relevant time or (ii) 1.00 per cent. of the Principal Amount Outstanding of the Notes (other than the Class F Notes) on the Closing Date or (iii) any other amount agreed with the Rating Agencies and the Cash Advance Facility Provider.

#### **Reserve Account**

The net proceeds of the Class F Notes will be credited to the Reserve Account on the Closing Date.

Amounts credited to the Reserve Account will be available on any Monthly Payment Date to meet items (a) to (n) (inclusive) of the Interest Priority of Payments, provided that all other amounts available to the Issuer for such purpose have been used or shall be used on such Monthly Payment Date to meet these items (a) to (n) (inclusive) of the Interest Priority of Payments, including any drawings from the Reserve Account in respect of a Permitted Cash Advance Drawing Amount (described in the succeeding paragraph) and drawings under the Cash Advance Facility Agreement.

In addition, the Issuer shall on each Monthly Payment Date make the required Reserve Account Cash Advance Drawing (if any) from the Reserve Account if and to the extent there is a balance on the Reserve Account. The Reserve Account shall be replenished with an amount up to Reserve Account Cash Advance Drawing on the preceding Monthly Payment Date in accordance with and subject to item (c) of the Interest Priority of Payments.

Moreover, if and to the extent that the Interest Available Amount on any Monthly Calculation Date exceeds the amounts required to meet items ranking higher than item (n) in the Interest Priority of Payments, the excess amount will be used to replenish the Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

The "**Reserve Account Target Level**" shall on any Monthly Calculation Date be equal to the higher of (a) 0.50 per cent. of the Principal Amount Outstanding of the Notes, other than the Class F Notes, at the Closing Date and (b) the aggregate Outstanding Principal Amount of the Mortgage Receivables in respect of which the amount in arrears exceeds 3 monthly payments.

On the Monthly Payment Date on which all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Class F Notes, have been or will be paid, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will thereafter form part of the Interest Available Amount and be available, subject to the Interest Priority of Payments, for redemption of the Class F Notes on each Monthly Payment Date.

### Principal Deficiency Ledger

A Principal Deficiency Ledger comprising five sub-ledgers, known as the "Class A Principal Deficiency Ledger", the "Class B Principal Deficiency Ledger", the "Class C Principal Deficiency Ledger", the "Class D Principal Deficiency Ledger" and the "Class E Principal Deficiency Ledger" (together the "Principal Deficiency Ledger" respectively, will be established by or on behalf of the Issuer in order to record any Realised Losses on the Mortgage Receivables (each respectively the "Class A Principal Deficiency", the "Class B Principal Deficiency", the "Class C Principal Deficiency", the "Class D Principal Deficiency" and the "Class E Principal Deficiency" and together a "Principal Deficiency"). Any Realised Losses shall be debited to the Class E Principal Deficiency Ledger (such debit items being reccredited at item (n) 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 Class E Notes and thereafter such amounts shall be debited to the Class D Principal Deficiency Ledger (such debit items being reccredited at item (l) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the Class D Notes and thereafter such amounts shall be debited to the Class C Principal Deficiency Ledger (such debit items being reccredited at item (j) 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 Class C Notes and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (h) 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 Class B and thereafter such amounts shall be debited, *pro rata* according to the Principal Amount Outstanding of the Class A Notes on the Closing Date, to the Class A Principal Deficiency Ledger (such debit items being reccredited at item (f) of the Interest Priority of Payments).

"Realised Losses" means, on any relevant Monthly Calculation Date, the sum of (a) with respect to the Mortgage Receivables in respect of which the relevant Seller or the MPT Provider on behalf of the Issuer, the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including the immediately preceding Mortgage Calculation Period the amount of difference between (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables less, with respect to the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation, the Savings Participations, and (ii) the amount of the Net Proceeds applied to reduce the Outstanding Principal Amount of the Mortgage Receivables less, with respect to Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation, the Savings Participations; and (b), with respect to the Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables, less, with respect to Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation, the Savings Participations, and (ii) the purchase price of the Mortgage Receivables sold to the extent relating to principal, less, with respect to the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation, the Savings Participations; and (c) with respect to the Mortgage Receivables in respect of which the Borrower has successfully asserted set-off or defence to payments, the amount by which the Mortgage Receivables have been extinguished ("*teniet gegaan*") unless, and to the extent, such amount is received from the relevant Seller.

### Interest Rate Hedging

The Mortgage Loan Criteria require that all Mortgage Receivables sold and assigned to the Issuer at Closing either bear (i) a fixed rate of interest or (ii) a floating rate of interest (as further described in *Description of the Mortgage Loans* below). The Mortgage Loan Criteria permit Mortgage Receivables bearing alternative types of interest offered by the relevant Seller. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty. Under the Swap Agreement, the Issuer will agree to pay on the Monthly Payment Date falling in June 2011 and on each Monthly Payment Date thereafter an amount equal to:

- (i) the scheduled interest on the Mortgage Receivables due (calculated on each Monthly Calculation Date as being due with respect to the Mortgage Calculation Period prior to such date) less, with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, an amount equal to the scheduled interest multiplied by the Savings Participation Fraction; plus

- (ii) the interest accrued on the Transaction Accounts, other than interest accrued in respect of an amount equal to the balance standing to the credit of the Cash Advance Facility Stand-by Account and the Swap Collateral Account;

less:

- (x) an excess margin of 0.50 per cent. per annum applied to the Outstanding Principal Amount of the Mortgage Receivables as of the first day of the immediately preceding Mortgage Calculation Period; and
- (y) an amount equal to the expenses as described under (a) and (b) of the Interest Priority of Payments on the first day of the relevant Interest Period plus the interest due on drawings under the Cash Advance Facility Agreement.

The Swap Counterparty will agree to pay on the Monthly Payment Date falling in June 2011 and on each Monthly Payment Date thereafter an amount equal to the aggregate interest due under the Notes, on such Monthly 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 (other than the Class F Notes) on such date less for each of the Class A Notes, Class B Notes, Class C Notes, Class D Notes and the Class E Notes an amount equal to the balance standing on the relevant sub-ledger of the Principal Deficiency Ledger, if any (whereby in the event of a balance on the Class A Principal Deficiency Ledger, such balance will be subdivided between the Class A1 Notes and the Class A2 Notes *pro rata* by reference to the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes up to the Principal Amount Outstanding) on the first day of the relevant Interest Period and, with respect to the Class F Notes, on the first day of the relevant Interest Period, an amount equal to the lower of (i) the aggregate Principal Amount Outstanding of the Class F Notes and (ii) the amount standing to the credit of the Reserve Account.

Payments under the Swap Agreement will be netted.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement may be terminated upon the occurrence of one of certain specified Events of Default and Termination Events (each as defined therein) 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, if it is unable to transfer at its own cost 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, calculated as described above.

If the unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least A (long-term issuer default rating) and F1 (short-term issuer default rating) by Fitch or A2 (long-term) and Prime-1 (short-term) by Moody's (the "**Swap Required Ratings**"), 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 (pursuant to the credit support annex which forms part of the Swap Agreement on the basis of the standard ISDA documentation, which stipulates certain requirements relating to the provision of collateral by the Swap Counterparty at any time after the Closing Date depending on the value at risk of the Issuer), (ii) arranging for its obligations under the Swap Agreement to be transferred to an entity having at least the Swap Required Ratings, (iii) procuring another entity with at least the Swap Required 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 be required to maintain or, as the case may be, restore the then current rating assigned to the Notes. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

The Issuer and the Swap Counterparty will enter into a credit support annex which forms part of the Swap Agreement on the basis of the standard ISDA documentation, which forms part of the Swap Agreement and stipulates certain requirements relating to the provision of collateral by the Swap Counterparty if it ceases to have at least the Swap Required Ratings.

Any collateral provided by the Swap Counterparty which is in excess of its obligations to the Issuer under the credit support annex will promptly be returned to such Swap Counterparty prior to the distribution of any amounts due by the Issuer under the Relevant Documents.

#### **Sale of Mortgage Receivables**

Under the terms of the Trust Deed, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes in full, subject to, in respect of the Subordinated Notes, Condition 9(b) (other than the Class F Notes) (see Condition 6(e)) (see also *Risk that the Issuer will not exercise its right to redeem the Notes at the Optional Redemption Dates* in *Risk Factors* above).

Under the terms of the Trust Deed, the Issuer will also have the right to sell and assign all, but not some, of the Mortgage Receivables, if the Issuer exercises its option to redeem the Notes for tax reasons or regulatory reasons in accordance with Condition 6. If the Issuer decides to offer for sale the Mortgage Receivables on an Optional Redemption Date or for tax reasons or for regulatory reasons as described above, the Issuer will first offer such Mortgage Receivables to the relevant Sellers. Furthermore, under the terms of the Mortgage Receivables Purchase Agreement, (i) the Issuer shall be obliged to sell and assign the Mortgage Receivables to the relevant Seller, or any third party appointed by the relevant Seller at its sole discretion, if the Sellers, acting jointly, exercise the Sellers Clean-Up Call Option, and (ii) the Sellers shall be obliged to repurchase and accept reassignment of the Mortgage Receivables, or alternatively the Sellers may appoint any third party jointly at their discretion, following which the Issuer shall be obliged to sell and assign the Mortgage Receivables to such third party if the Issuer, at the direction of NIBC, exercises the Regulatory Call Option.

#### **Purchase Price**

The purchase price of each Mortgage Receivable in the event of each Sellers Clean-Up Call Option, Clean-Up Call Option, the Regulatory Call Option, the Tax Call Option or optional redemption of the Notes, shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid and reasonable costs relating thereto, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to 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 appraised foreclosure value (which appraisal may not be older than 3 months) of such Mortgaged Assets and (b) the value of all other collateral and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

## 6. THE DUTCH RESIDENTIAL MORTGAGE MARKET

### Market Size

*Over Euro 600 bn in outstanding mortgages.*

Per ultimo Q4 2010, the total outstanding mortgage debt in the Netherlands was ca. EUR 630.0 bn according to the Dutch Central Bank ("**DNB**"). Gross mortgage production in 2010 was EUR 66.3bn, according to Kadaster, which was somewhat higher than the EUR 61.8bn of new lending that occurred in 2009. The average house price in December 2010 was ca. EUR 234,739, according to Kadaster. After a number of years of annual growths of ca. 3 – 5%, house prices in the Netherlands have shown a decrease of ca. 5.3% in 2009, but more or less stabilised in 2010.

### *Low level of owner occupancy*

In the Netherlands in 2009 ca. 59% of all houses were owner-occupied according to the Centraal Bureau voor de Statistiek ("**CBS**"). The average level of home ownership for all EU countries is around 60%.

### *The Netherlands has a relatively high Mortgage-Debt-to-GDP ratio*

Compared to other European countries, the Dutch market has a relatively high degree of mortgage indebtedness. The Dutch tax system gives an incentive to homeowners to maximise their mortgage loan through tax deductibility of mortgage interest payments. Because borrowers tend to take full advantage of the tax system, this leads to a relatively high average mortgage-debt-to-GDP ratio in the Netherlands, which was ca. 106.5% in 2009.

### *The Dutch market is characterised by relatively high Loan-to-Value ratios ("**LTV**")*

The National Mortgage Guarantee ("**NHG**"), a government-related guarantee for mortgages that comply with certain criteria, has had an additional upward effect on the average LTV ratio. Maximum LTV in the Netherlands for existing property is 125% of foreclosure value (or 130% if the last 5% is used for a down-payment on payments protection insurance).

### *The borrowing capacity of households increased*

Dutch commercial banks determine the theoretical maximum borrowing capacity of a household by calculating the percentage of the disposable household income that is expended on repayments and interest payments. The borrowing capacity of households used to be based on one household salary. Since the early 1990s, a second household salary is also being taken into account in part. This has resulted in a substantial increase in the borrowing capacity of households with double income.

Last spring the financial markets supervisor ("**AFM**") proposed to limit the mortgage amount to 112% of the purchase sum. This differs little from the current standard of 125% of the foreclosure value, assuming that the foreclosure value amounts to 90% of the purchase value. A second element the AFM proposed is the compulsory redemption of the part of the mortgage loan that exceeds 100% of the purchase price within a period of seven years after origination. This proposal was intended to enter into force during 2011. In February 2011 the Dutch banks and insurers made a counterproposal to the Dutch Minister of Finance which in their view would be more suitable than the AFM proposal. The banks and insurers proposed that mortgage borrowers redeem their mortgages at least to 50% of the purchase price in 30 years. Such changes in regulations might result in a tightening of the credit rules for borrowers buying a house. As a consequence of such new measures, the monthly debt service of a loan could increase in case the loan exceeds 100% of the purchase price, if the initial AFM proposal is passed, or in case more than half of the purchase price is financed through a mortgage, if the counterproposal is accepted. As a result of such increased debt service, banks will likely revisit downwards the maximum mortgage amounts they will be offering. Such action would bring some downward pressure on the housing prices. The measure proposed by the AFM would, however, only affect those who intended to negotiate a mortgage of more than 100% of the foreclosure value and had no intention to bring the sum of the mortgage below the 100% level within seven years. This concerns mostly first time buyers on the housing market, as many current house owners have a positive amount of build up equity, due to an increase in house prices in the past.

If the counterproposal is accepted, this might concern the vast majority of the new mortgages, as, due to tax incentives in the Netherlands close to 100% of the house purchase price is financed through a mortgage.

### *Default losses have always been relatively low*

Despite relatively high LTV ratios, default losses have always been relatively low. Several causes for these low losses can be indicated:

The Netherlands has a well-developed credit culture, making it socially unacceptable not to service debt. In addition BKR registers negative credit events on all types of credit; the small size of the country enables people to change jobs without moving; conveyance fees and taxes are ca. 10% of total price and limit mobility; mortgage lending is usually carried out by a bank's local branch, this local branch is likely to provide a full range of banking services to the customer, giving it extensive knowledge of the customer, which typically limits the likelihood of default; under Dutch law the lender is able to seize a portion of the borrower's earnings from his employer in cases where the borrower defaults.

*The tax system operates as a strong disincentive for prepayment*

Prepayments in the Netherlands have always been relatively low. The most important explanation for low prepayments is the deductibility of mortgage interest payments. Prepayment will lead to a loss of the tax advantage offered to borrowers. Moreover, prepayment penalties are severe, although the penalty is tax deductible for the borrower. Lending legislation in the Netherlands allows a borrower to prepay up to 10 % - 15% a year of the original amount that has been borrowed without incurring a prepayment penalty. Full prepayment without penalty is only possible in cases of moving home and in cases of death. A borrower can also prepay his mortgage on an interest-reset date without incurring a penalty.

### **Market players**

*Banks are the most dominant players on the Dutch mortgage market*

The traditional mortgage lenders are either commercial banks or specialised mortgage banks. Mortgage lenders can also be found among building societies, insurance companies and pension funds. Research by the Dutch Central Bank shows the Dutch mortgage market to be highly competitive. In the 1980's, commercial banks lost market share to other financial institutions, notably insurance companies. Since the early 1990s, however, the market share of the commercial banks is increasing again. Competition among issuers is based on product innovation, extension of distribution channels, cross-selling and price competition.

In November 2010 the Netherlands Competition Authority published its findings from an investigation regarding competition in the Dutch mortgage market. It found that the margins on Dutch mortgage loans have been relatively high since mid 2009, both by historical standards and in comparison with neighbouring countries (although not fully comparable). The results of a more extensive follow-up sector study are expected early 2011. At this stage, it is premature to draw any conclusions regarding study outcomes.

*A special feature of the mortgage market is the role of intermediaries*

In the last 10 years, many large and independent chains of mortgage intermediaries have come into existence. Refinancing transactions in particular seem to be stimulated by this market trend. Because of the increasing role of intermediaries, the traditional mortgage lenders have lost a part of their advisory role.

### **Government policy and restrictions**

*Mortgage interest payments are tax deductible*

In the Netherlands it used to be possible to deduct all mortgage interest payments from taxable income. However, the new Dutch tax system introduced in January 2001 limits tax deductibility for mortgage interest payments for a house that is being used as a primary residence only. Moreover, it limits the period for deductibility of interest payments to 30 years. The '*Bijleenregeling*' or additional loan regulation is relevant in cases of moving home and only grants additional tax deductibility of mortgage interest payments for a mortgage amount equal to the additional expenditure on the new home. The Dutch government also levies a property tax, the so-called '*Huurwaardeforfait*', on homeowners. This only partly offsets the tax advantage of the interest payment deduction.

Due to tax deductibility, a large portion of the mortgage loan does not amortise during the legal lifetime. In most cases the bullet redemption is made by a life insurance policy, an investment policy or a savings insurance policy. The most common term of legal life is 30 years, which coincides with the maximum allowable for tax deductibility.

The government encourages this method of redemption by exempting from tax the capital sum received under the policy, up to a certain amount, including annual indexing, provided the term of insurance is at least

20 years. In addition, the (deemed) income in respect of insurance policies is exempted from Dutch income tax.

The new government of the Netherlands, which has taken office in October 2010, has decided to leave the tax deductibility of mortgage loan interest payments unchanged, which creates more certainty about the government policy on the housing market. However, changes in tax deductibility by future government(s) cannot be ruled out, see *Risk Factors* under Changes to tax treatment of interest may impose various risks.

## 7. NIBC BANK N.V.

NIBC was established on 31 October 1945 as Maatschappij tot Financiering van Nationaal Herstel by the Dutch government along with a number of commercial banks and institutional investors. It was set up to provide financing for the post-World War II economic recovery of the Netherlands. This entity was renamed De Nationale Investeringsbank ("**DNIB**") in 1971 and was listed on the Dutch stock exchange, now Euronext Amsterdam, from 1986 to 1999. During this time DNIB focused on providing and participating in long-term loans and private equity investments in selected asset classes and sectors.

In 1999, two of Europe's largest pension funds, Algemeen Burgerlijk Pensioenfonds ("**ABP**") and Stichting Pensioenfonds voor de Gezondheid, Geestelijke en Maatschappelijke Belangen ("**PGGM**"), made a public offer for the shares of DNIB through a new joint venture, named NIB Capital N.V. ("**NIB Capital**"). They acquired an 85 percent stake, leaving the Dutch government with a minority interest of approximately 15 percent. NIB Capital acquired these remaining shares from the Dutch state in May 2004. The acquisition and change of name to NIB Capital in 1999 marked the beginning of the evolution from what was essentially a long-term lending bank to an enterprising bank offering advisory, financing and co-investing.

In December 2005, a consortium of international financial institutions and investors organised by J.C. Flowers & Co. and ultimately controlled by New NIB Ltd., a company incorporated under the laws of Ireland ("**New NIB Ltd**") (collectively, the "**Consortium**") purchased all of the outstanding equity interests of NIB Capital.

In connection with this acquisition, NIBC Holding N.V. was formed and NIB Capital became its wholly-owned subsidiary. Subsequently, NIB Capital changed its name from NIB Capital Bank N.V. to NIBC, and is a Dutch public limited liability company with statutory seat and headquarters in The Hague, the Netherlands.

### Business Overview

NIBC is a Dutch bank that offers tailor-made solutions to clients. For every transaction NIBC puts together a cross-discipline team from its Merchant Banking and Specialised Finance divisions. NIBC builds long-term relationships with its clients – corporate clients, financial institutions, institutional investors, financial sponsors, family offices, entrepreneurial investors and retail clients. NIBC is organised around two pillars – Merchant Banking and Specialised Finance – that work closely together. Indispensable to those pillars and to NIBC's entire business are Treasury, Risk Management and Corporate Center.

Merchant Banking enables corporate clients, financial institutions, entrepreneurial investors and family offices to grow their businesses. NIBC gives clients access to its investment banking products, like M&A advisory, lending and equity/mezzanine. Its franchise is built on offering integrated solutions to its clients. These integrated solutions are based on the established 'triple play' model of advising, financing and co-investing with clients.

NIBC's sector experts share ideas and market knowledge on specific sectors in the Benelux and Germany – including among others food, agri & retail, technology, media & services industries - for the benefit of its clients.

Specialised Finance combines NIBC's expertise in specific sectors with its balance sheet and capital markets capabilities to provide solutions to clients. It focuses on asset and project financing in the segments shipping, oil & gas services, infrastructure & renewables and commercial real estate. Its retail activities in residential mortgages and retail savings (via NIBC Direct) are also part of Specialised Finance. Treasury is responsible for adequately funding NIBC's assets and managing the interest and liquidity position.

Risk Management is at the heart of NIBC's operations, with sophisticated and integrated risk management systems to measure and manage financial risk on a bank-wide basis.

Corporate Center provides essential support in areas such as Finance & Tax, Legal & Compliance, Internal Audit, ICT & Operations, Human Resources and Corporate Communications.



### *Supervisory Board*

W.M. van den Goorbergh	Acting Chairman, former Vice Chairman and CFO of the Executive Board of Rabobank Nederland
D. Morgan	Vice Chairman, former CEO of Westpac Banking Corporation
A. Bergen	Former CEO of KBC Group
M. Christner	Managing director JC Flowers & Co UK Ltd
C. H. van Dalen	Member of the Managing Board of Directors and CFO of Vimpelcom Ltd.
N.W. Hoek	Chairman of the Executive Board of Delta Lloyd Groep
A. de Jong	Former Managing Director at Credit Suisse First Boston Ltd. responsible for investment banking activities in the Benelux
Sir M.C. McCarthy	Chairman JC Flowers & Co Europe
S.A. Rocker	Managing Director at J.C. Flowers & Co LLC
D. Rümker	Former Executive Vice President of Westdeutsche Landesbank and former CEO and Chairman of the Managing Board of Landesbank Schleswig-Holstein
A.H.A. Veenhof	Former CEO of Koninklijke Wessanen N.V.

### *Managing Board*

Jeroen Drost	Chairman, Chief Executive Officer
Kees van Dijkhuizen	Vice Chairman, Chief Financial Officer
Rob ten Heggeler	Member
Jeroen van Hessen	Member
Jan Sijbrand	Chief Risk Officer

### **Mortgage Activities**

Against a background of institutional investors increasingly looking for direct financing relationships with individual companies, for direct purchases of assets and for increased yield, NIBC is increasingly acting as originator and arranger of structured transactions. It has played a leading role in the development of securitisation in the Netherlands. Since the early 1990s, NIBC has acquired portfolios of residential mortgages from several Dutch insurance companies and other mortgage lenders, assuming the underlying credit risk in respect of the borrower. Management of these portfolios is either retained by the institution concerned or subcontracted to specialised third parties. Initially, NIBC carried these portfolios exclusively on its own balance sheet. Parts of the portfolios were progressively passed on to institutional investors as they acquired interests in them. At the end of 1997, NIBC successfully structured and placed the first pass-through residential mortgage-backed certificates in the Dutch financial market, the Dutch MBS 97-I and Dutch MBS 97-II transactions. Since then, NIBC has successfully structured and/or placed 20 Dutch RMBS transactions. As well as acting as arranger and (joint-) lead manager, NIBC also performs the functions of paying agent and issuer administrator in these transactions.

NIBC Bank N.V. (consolidated)	2010	2009	2008
Group capital base	2.291	2.197	2.334
Loans to customers	8.693	8.352	8.069
Residential mortgages (own book)	4.429	5.817	6.201
Residential mortgages (securitised)	5.338	4.783	5.250
Balance sheet total	28.009	29.189	28.937
Interest income	142	72	213
Net fee and commission income	26	32	43
Other operating income	155	217	82
Operating expenses	163	154	181
Impairments	75	124	62
Tax	6	1-	1
Profit after tax	80	43	93
Result attributable to minority interest	3	1-	1
Net profit attributable to parent shareholder	76	44	92
Return on net asset value	5%	3%	6%
Tier 1 ratio	14,5%	16,2%	16,6%
BIS-ratio	15,8%	18,4%	18,9%
Efficiency Ratio	50%	48%	54%
Number of FTEs end of year	669	644	625

## 8. DESCRIPTION OF THE MORTGAGE LOANS

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

The Mortgage Loans are loans secured by a mortgage right, evidenced by notarial mortgage deeds ("*notariële akten van hypotheekstelling*") and are in force and effect between the Sellers and the relevant Borrowers.

The Mortgage Loans in the mortgage loan portfolio have been selected according to the criteria set forth in the Mortgage Receivables Purchase Agreement on or before the Closing Date. All of the loans forming part of the mortgage loan portfolio were originated by the Originators between 1980 and 2011.

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

Based on the numerical information set out below, but subject to what is set out in '*Risk Factors*' the securitised assets backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes.

The numerical information set out below relates to the mortgage loan portfolio on the Cut off Date. In each table the weighted average coupon ("**WAC**") and the weighted average remaining fixed rate term in years ("**WAM**") are specified. All amounts are in euro.

After the Closing Date the portfolio will change from time to time as a result of repayment, prepayment, substitution, amendment and repurchase of Mortgage Receivables.

Preliminary portfolio Dutch MBS XVI as of 1 March 2011

Key characteristics	
Cut-off Date	1-mar-2011
Principal amount	760,205,913
Value of savings deposits	10,205,913
Outstanding principal balance	750,000,000
Number of loans (borrowers)	4,186
Number of loans (parts)	8,741
Average principal balance (borrowers)	179,169
Average principal balance (parts)	85,803
NHG as percentage of the pool (value)	7.9%
Weighted average current interest rate (WAC)	4.92%
Weighted average remaining fixed rate term in years (WAM)	6.1
Seasoning in months	79.9
Construction accounts (total of construction deposits amount)	-

TABLE A - Sub MPT Providers

<i>Servicers</i>	Value	%	# Loans	%	Average part	WAC	WAM
Stater Nederland B.V.	504,350,375	67.2%	2,447	58.5%	206,110	4.8%	6.0
QUION Groep B.V.	245,649,625	32.8%	1,739	41.5%	141,259	5.1%	6.2
Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1

TABLE B - Sellers of the mortgage loans

<i>Sellers</i>	Value	%	# Parts	%	Average part	WAC	WAM
Royal Residentie Hypotheken B.V.	24,293,789	3.2%	243	2.8%	99,974	5.6%	6.0
Hypinvest B.V.	254,304,393	33.9%	2,730	31.2%	93,152	4.8%	5.3
Muzen Hypotheken B.V.	2,723,076	0.4%	29	0.3%	93,899	5.4%	4.9
Seyst Hypotheken B.V.	43,868,270	5.8%	489	5.6%	89,710	5.1%	7.1
Amstelstaete Hypotheken B.V.	130,397,446	17.4%	1,657	19.0%	78,695	4.8%	6.7
Nieuwegein Hypotheken B.V.	4,160,669	0.6%	94	1.1%	44,262	5.5%	6.2
Capitalum Hypotheken B.V.	30,511,586	4.1%	289	3.3%	105,576	4.3%	7.1
Estate Hypotheken B.V.	6,494,754	0.9%	71	0.8%	91,475	4.6%	6.7
ATRIOS Hypotheken B.V.	6,642,340	0.9%	50	0.6%	132,847	4.1%	6.7
Quion I B.V.	2,792,465	0.4%	56	0.6%	49,865	5.3%	4.1
Quion III B.V.	262,794	0.0%	5	0.1%	52,559	5.5%	4.5
QUION 14 B.V.	7,255,297	1.0%	130	1.5%	55,810	5.3%	6.1
QUION 30 B.V.	214,929,546	28.7%	2,662	30.5%	80,740	5.2%	6.4
IKS Hypotheken B.V.	20,409,523	2.7%	226	2.6%	90,308	4.5%	4.9
Huizen Hypotheken B.V.	954,051	0.1%	10	0.1%	95,405	4.8%	12.1
Total	750,000,000	100%	8,741	100%	85,803	4.9%	6.1

TABLE C - Redemption type of the mortgage loan parts

<i>Redemption type</i>	Value	%	# Parts	%	Average part	WAC	WAM
Annuity	2,168,904	0.3%	62	0.7%	34,982	5.1%	7.2
Investment	14,658,827	2.0%	160	1.8%	91,618	4.9%	5.3
Interest Only	455,706,543	60.8%	5,690	65.1%	80,089	4.8%	6.3
Life	223,652,733	29.8%	2,199	25.2%	101,707	5.0%	5.4
Linear	216,014	0.0%	4	0.0%	54,003	6.1%	3.4
Savings	51,585,489	6.9%	603	6.9%	85,548	5.5%	7.6
Switch	2,011,490	0.3%	23	0.3%	87,456	4.9%	8.5
Total	750,000,000	100%	8,741	100%	85,803	4.9%	6.1

TABLE D - Insurance company (life and savings)

<i>Insurance company (life and savings)</i>	Value	%	# Parts	%	Average part	Savings value
ABN AMRO Levensverzekering N.V.	90,756	0.0%	1	0.0%	90,756	-

AEGON Levensverzekering N.V.	2,209,423	0.3%	24	0.3%	92,059	-
Allianz Nederland Levensverzekering N.V.	35,803,732	4.8%	312	3.6%	114,756	2,053,523
AVERO ACHMEA	13,894,994	1.9%	162	1.9%	85,772	703,173
Conservatrix N.V.	814,648	0.1%	8	0.1%	101,831	-
Cordares	216,226	0.0%	3	0.0%	72,075	-
Goudse Levensverzekering Maatschappij N.V.	13,859,124	1.8%	148	1.7%	93,643	-
Delta Lloyd Levensverzekering N.V.	5,354,995	0.7%	62	0.7%	86,371	-
Fortis Levensverzekering N.V.	31,662,582	4.2%	329	3.8%	96,239	-
GENERALI Levensverzekeringmaatschappij N.V.	23,379,503	3.1%	297	3.4%	78,719	3,357,645
ING	1,796,228	0.2%	22	0.3%	81,647	-
Klaverblad Verzekeringen	170,000	0.0%	1	0.0%	170,000	-
Legal & General Nederland Levensverzekering Mij N.V.	1,123,974	0.1%	12	0.1%	93,664	-
Monuta Levensverzekering N.V.	569,588	0.1%	7	0.1%	81,370	-
Onderlinge Levensverz.-Mij. 's-Gravenhage	951,352	0.1%	8	0.1%	118,919	-
SRLEV N.V.	145,352,589	19.4%	1,429	16.3%	101,716	4,091,572
None	472,750,287	63.0%	5,916	67.7%	79,910	-
<b>Total</b>	<b>750,000,000</b>	<b>100.0%</b>	<b>8,741</b>	<b>100%</b>	<b>85,803</b>	<b>10,205,913</b>

TABLE E - Interest reset dates

<i>Interest reset dates</i>	Value	%	# Parts	%	Average part	WAC	WAM
< 31 Mar 2011	34,924,023	4.7%	424	4.9%	82,368	4.1%	-
01 Apr 2011 - 31 Dec 2011	92,818,610	12.4%	1,078	12.3%	86,103	4.4%	0.5
01 Jan 2012 - 31 Dec 2012	80,679,650	10.8%	933	10.7%	86,473	5.0%	1.3
01 Jan 2013 - 31 Dec 2013	93,975,582	12.5%	1,049	12.0%	89,586	5.1%	2.2
01 Jan 2014 - 31 Dec 2014	47,370,496	6.3%	618	7.1%	76,651	5.2%	3.3
01 Jan 2015 - 31 Dec 2015	57,996,060	7.7%	673	7.7%	86,175	4.4%	4.5
01 Jan 2016 - 31 Dec 2016	31,490,444	4.2%	369	4.2%	85,340	4.6%	5.2
01 Jan 2017 - 31 Dec 2017	39,693,422	5.3%	473	5.4%	83,918	5.3%	6.4
01 Jan 2018 - 31 Dec 2018	29,796,052	4.0%	413	4.7%	72,145	5.5%	7.4
01 Jan 2019 - 31 Dec 2019	56,483,229	7.5%	729	8.3%	77,480	5.6%	8.3
01 Jan 2020 - 31 Dec 2020	24,255,739	3.2%	285	3.3%	85,108	4.9%	9.5
01 Jan 2021 - 31 Dec 2021	7,782,128	1.0%	107	1.2%	72,730	5.0%	10.2
01 Jan 2022 - 31 Dec 2022	17,840,914	2.4%	176	2.0%	101,369	5.7%	11.4
01 Jan 2023 - 31 Dec 2023	20,734,294	2.8%	214	2.4%	96,889	5.5%	12.2
01 Jan 2024 - 31 Dec 2024	4,426,536	0.6%	55	0.6%	80,482	5.3%	13.4
01 Jan 2025 - 31 Dec 2025	40,952,150	5.5%	398	4.6%	102,895	4.4%	14.5

01 Jan 2026 - 31 Dec 2026	26,494,170	3.5%	274	3.1%	96,694	4.6%	15.1
01 Jan 2027 - 31 Dec 2027	14,815,815	2.0%	177	2.0%	83,705	5.2%	16.3
01 Jan 2028 - 31 Dec 2028	2,851,538	0.4%	45	0.5%	63,368	5.9%	17.5
01 Jan 2029 - 31 Dec 2029	1,488,376	0.2%	21	0.2%	70,875	6.1%	18.1
01 Jan 2030 - 31 Dec 2030	533,262	0.1%	8	0.1%	66,658	5.7%	20.5
01 Jan 2031 - 31 Dec 2031	1,997,514	0.3%	28	0.3%	71,340	4.9%	20.4
01 Jan 2032 - 31 Dec 2032	5,698,692	0.8%	48	0.5%	118,723	5.0%	21.1
01 Jan 2033 - 31 Dec 2033	905,534	0.1%	11	0.1%	82,321	5.6%	22.2
01 Jan 2034 - 31 Dec 2034	1,123,214	0.1%	14	0.2%	80,230	5.5%	23.7
01 Jan 2035 - 31 Dec 2035	3,409,521	0.5%	32	0.4%	106,548	4.7%	24.4
01 Jan 2036 - 31 Dec 2036	1,474,234	0.2%	18	0.2%	81,902	4.5%	25.3
01 Jan 2037 - 31 Dec 2037	5,698,839	0.8%	48	0.5%	118,726	5.1%	26.4
01 Jan 2038 - 31 Dec 2038	2,224,960	0.3%	22	0.3%	101,135	5.5%	27.1
01 Jan 2039 - 31 Dec 2039	65,000	0.0%	1	0.0%	65,000	6.2%	28.1
01 Jan 2040 - >	-	0.0%	-	0.0%	-	-	-
<b>Total</b>	<b>750,000,000</b>	<b>100%</b>	<b>8,741</b>	<b>100%</b>	<b>85,803</b>	<b>4.9%</b>	<b>6.1</b>

TABLE F - Legal maturity dates

<i>Legal maturity dates</i>	Value	%	# Parts	%	Average part	WAC	WAM
< 31 Mar 2011	-	0.0%	-	0.0%	-	-	-
01 Apr 2011 - 31 Dec 2015	2,137,602	0.3%	55	0.6%	38,865	5.5%	3.4
01 Jan 2016 - 31 Dec 2020	16,998,413	2.3%	274	3.1%	62,038	5.6%	6.2
01 Jan 2021 - 31 Dec 2025	29,932,897	4.0%	408	4.7%	73,365	5.2%	6.3
01 Jan 2026 - 31 Dec 2030	129,046,191	17.2%	1,540	17.6%	83,796	5.3%	6.5
01 Jan 2031 - 31 Dec 2035	406,088,795	54.1%	4,393	50.3%	92,440	4.8%	5.0
01 Jan 2036 - 31 Dec 2040	165,708,833	22.1%	2,068	23.7%	80,130	4.7%	8.5
01 Jan 2041 - 31 Dec 2045	87,270	0.0%	3	0.0%	29,090	5.7%	5.7
01 Jan 2046 - >	-	0.0%	-	0.0%	-	-	-
<b>Total</b>	<b>750,000,000</b>	<b>100%</b>	<b>8,741</b>	<b>100%</b>	<b>85,803</b>	<b>4.9%</b>	<b>6.1</b>

TABLE G - Loan to original foreclosure value

<i>Loan to original foreclosure value</i>	Value	%	# Loans	%	Average loan	WAC	WAM
Average LTV	94.1%						

0% - 50%	41,091,531	5.5%	497	11.9%	82,679	4.9%	6.1
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50% - 55%	16,526,602	2.2%	144	3.4%	114,768	5.0%	6.4
55% - 60%	28,340,073	3.8%	221	5.3%	128,236	4.9%	7.6
60% - 65%	28,607,121	3.8%	201	4.8%	142,324	4.9%	7.0
65% - 70%	35,666,575	4.8%	243	5.8%	146,776	4.9%	7.3
70% - 75%	51,959,738	6.9%	323	7.7%	160,866	4.8%	7.8
75% - 80%	24,595,210	3.3%	148	3.5%	166,184	5.1%	6.9
80% - 85%	38,745,595	5.2%	211	5.0%	183,628	4.9%	6.3
85% - 90%	58,882,999	7.9%	280	6.7%	210,296	4.8%	6.9
90% - 95%	24,577,977	3.3%	130	3.1%	189,061	5.0%	5.9
95% - 100%	52,239,046	7.0%	244	5.8%	214,094	5.0%	6.6
100% - 105%	36,708,104	4.9%	161	3.8%	228,001	5.0%	7.0
105% - 110%	49,262,669	6.6%	216	5.2%	228,068	4.7%	5.8
110% - 115%	37,715,807	5.0%	171	4.1%	220,560	5.1%	5.5
115% - 120%	62,824,472	8.4%	270	6.5%	232,683	4.9%	5.5
120% - 125%	162,256,480	21.6%	726	17.3%	223,494	4.9%	4.5
125% - >	-	0.0%	-	0.0%	-	-	-
Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1

TABLE H - Loan to indexed market value

<i>Loan to indexed market value</i>	Value	%	# Loans	%	Average loan	WAC	WAM
Average LTIMV	73.7%						

0% - 50%	126,527,597	16.9%	1,224	29.2%	103,372	5.1%	6.6
50% - 55%	46,094,206	6.1%	293	7.0%	157,318	5.0%	6.9
55% - 60%	46,195,204	6.2%	270	6.5%	171,093	4.9%	7.2
60% - 65%	50,147,722	6.7%	284	6.8%	176,576	5.0%	6.8
65% - 70%	47,115,791	6.3%	234	5.6%	201,350	5.0%	6.6
70% - 75%	50,599,911	6.7%	244	5.8%	207,377	4.8%	5.8
75% - 80%	46,693,185	6.2%	200	4.8%	233,466	4.9%	6.6
80% - 85%	47,910,728	6.4%	203	4.8%	236,013	5.0%	6.2
85% - 90%	74,077,941	9.9%	317	7.6%	233,684	4.9%	5.3
90% - 95%	58,315,171	7.8%	269	6.4%	216,785	5.0%	4.9
95% - 100%	61,860,591	8.2%	252	6.0%	245,479	4.6%	4.5
100% - 105%	53,142,076	7.1%	226	5.4%	235,142	4.6%	5.5
105% - 110%	30,242,533	4.0%	127	3.0%	238,130	4.9%	7.2
110% - 115%	11,077,344	1.5%	43	1.0%	257,613	5.0%	6.2

115% - >	-	0.0%	-	0.0%	-	-	-
Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1

TABLE I - Mortgage loan size

<i>Mortgage loan size</i>	Value	%	# Loans	%	Average loan	WAC	WAM
< 50,000	5,952,826	0.8%	156	3.7%	38,159	5.4%	5.6
50,000 - 75,000	19,945,266	2.7%	311	7.4%	64,133	5.3%	6.4
75,000 - 100,000	35,790,081	4.8%	398	9.5%	89,925	5.2%	6.0
100,000 - 125,000	49,047,029	6.5%	431	10.3%	113,798	5.0%	5.6
125,000 - 150,000	75,080,273	10.0%	542	12.9%	138,524	4.9%	5.8
150,000 - 175,000	80,565,166	10.7%	494	11.8%	163,087	4.9%	6.0
175,000 - 200,000	81,342,115	10.8%	433	10.3%	187,857	4.9%	5.3
200,000 - 225,000	70,770,016	9.4%	332	7.9%	213,163	4.9%	5.6
225,000 - 250,000	70,013,324	9.3%	293	7.0%	238,953	4.9%	6.3
250,000 - 275,000	62,932,664	8.4%	239	5.7%	263,317	4.8%	6.1
275,000 - 300,000	50,402,055	6.7%	175	4.2%	288,012	4.9%	6.3
300,000 - 350,000	52,557,157	7.0%	162	3.9%	324,427	4.8%	6.6
350,000 - 400,000	39,467,258	5.3%	106	2.5%	372,333	4.9%	7.3
400,000 - 450,000	21,323,012	2.8%	50	1.2%	426,460	4.9%	7.6
450,000 - 500,000	13,338,415	1.8%	28	0.7%	476,372	4.7%	5.7
500,000 - 550,000	6,806,148	0.9%	13	0.3%	523,550	5.1%	6.0
550,000 - 600,000	4,686,500	0.6%	8	0.2%	585,813	5.0%	8.1
600,000 - 650,000	3,780,978	0.5%	6	0.1%	630,163	4.9%	9.6
650,000 - 700,000	4,000,740	0.5%	6	0.1%	666,790	4.8%	8.5
700,000 - 750,000	2,198,980	0.3%	3	0.1%	732,993	5.0%	3.7
750,000 - >	-	0.0%	-	0.0%	-	-	-
Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1

TABLE J - Geographic region

<i>Province</i>	Value	%	# Loans	%	Average loan	WAC	WAM
Drenthe	25,834,208	3.4%	147	3.5%	175,743	4.8%	6.1
Flevoland	22,401,892	3.0%	135	3.2%	165,940	4.8%	5.2
Friesland	15,308,726	2.0%	104	2.5%	147,199	4.9%	6.5
Gelderland	84,475,839	11.3%	453	10.8%	186,481	4.9%	5.6
Groningen	22,400,630	3.0%	150	3.6%	149,338	5.0%	6.9
Limburg		6.0%		6.7%		4.9%	



	45,333,074		279		162,484		6.8
Noord-Brabant	116,976,566	15.6%	656	15.7%	178,318	4.9%	6.9
Noord-Holland	142,875,577	19.1%	745	17.8%	191,779	4.9%	6.3
Overijssel	38,320,592	5.1%	234	5.6%	163,763	4.8%	6.2
Utrecht	67,173,551	9.0%	323	7.7%	207,968	5.0%	6.0
Zeeland	12,109,124	1.6%	74	1.8%	163,637	4.7%	6.0
Zuid-Holland	156,790,222	20.9%	886	21.2%	176,964	5.0%	5.4
Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1

TABLE K - Property type

<i>Property type</i>	Value	%	# Loans	%	Average loan	WAC	WAM
Condominium	59,410,155	7.9%	316	7.5%	188,007	4.8%	4.7
Single family house	690,589,845	92.1%	3,870	92.5%	178,447	4.9%	6.2
Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1

TABLE L - Interest rate group

<i>Interest rate group</i>	Value	%	# Parts	%	Average part	WAC	WAM
<= 2.00%	-	0.0%	-	0.0%	-	-	-
2.00% - 2.50%	-	0.0%	-	0.0%	-	-	-
2.50% - 3.00%	225,000	0.0%	2	0.0%	112,500	2.9%	0.7
3.00% - 3.50%	719,296	0.1%	7	0.1%	102,757	3.3%	0.5
3.50% - 4.00%	90,683,778	12.1%	1,003	11.5%	90,413	3.8%	2.3
4.00% - 4.50%	130,686,575	17.4%	1,408	16.1%	92,817	4.2%	6.9
4.50% - 5.00%	178,335,814	23.8%	1,939	22.2%	91,973	4.7%	5.9
5.00% - 5.50%	170,953,654	22.8%	2,077	23.8%	82,308	5.2%	6.6
5.50% - 6.00%	120,685,199	16.1%	1,455	16.6%	82,945	5.7%	7.2
6.00% - 6.50%	44,880,881	6.0%	670	7.7%	66,986	6.2%	6.9
6.50% - 7.00%	10,532,140	1.4%	146	1.7%	72,138	6.6%	7.9
7.00% - 7.50%	2,191,391	0.3%	31	0.4%	70,690	7.1%	6.8
7.50% - 8.00%	106,272	0.0%	3	0.0%	35,424	7.7%	6.4
8.00% - >	-	0.0%	-	0.0%	-	-	-
Total	750,000,000	100%	8,741	100%	85,803	4.9%	6.1

TABLE M - Origination date

<i>Origination date loan level</i>	Value	%	# Loans	%	Average loan	WAC	WAM
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< 31 Dec 1985	-	0.0%	-	0.0%	-	-	-
01 Jan 1986 - 31 Dec 1991	77,131	0.0%	2	0.0%	38,566	5.9%	5.2
01 Jan 1992 - 31 Dec 1992	-	0.0%	-	0.0%	-	-	-
01 Jan 1993 - 31 Dec 1993	99,605	0.0%	1	0.0%	99,605	4.8%	8.2
01 Jan 1994 - 31 Dec 1994	328,452	0.0%	3	0.1%	109,484	5.3%	6.6
01 Jan 1995 - 31 Dec 1995	1,066,834	0.1%	13	0.3%	82,064	5.2%	4.1
01 Jan 1996 - 31 Dec 1996	2,435,598	0.3%	28	0.7%	86,986	5.0%	7.1
01 Jan 1997 - 31 Dec 1997	3,712,071	0.5%	41	1.0%	90,538	5.7%	5.2
01 Jan 1998 - 31 Dec 1998	14,784,052	2.0%	157	3.8%	94,166	5.8%	6.6
01 Jan 1999 - 31 Dec 1999	60,482,207	8.1%	486	11.6%	124,449	5.6%	7.4
01 Jan 2000 - 31 Dec 2000	19,347,970	2.6%	121	2.9%	159,901	5.5%	5.9
01 Jan 2001 - 31 Dec 2001	22,626,920	3.0%	147	3.5%	153,925	5.4%	3.2
01 Jan 2002 - 31 Dec 2002	58,716,821	7.8%	340	8.1%	172,697	5.6%	4.6
01 Jan 2003 - 31 Dec 2003	112,674,858	15.0%	649	15.5%	173,613	5.2%	4.5
01 Jan 2004 - 31 Dec 2004	64,439,212	8.6%	329	7.9%	195,864	4.9%	4.3
01 Jan 2005 - 31 Dec 2005	149,268,251	19.9%	758	18.1%	196,924	4.3%	6.2
01 Jan 2006 - 31 Dec 2006	110,023,774	14.7%	512	12.2%	214,890	4.3%	6.9
01 Jan 2007 - 31 Dec 2007	81,639,164	10.9%	374	8.9%	218,287	5.0%	9.3
01 Jan 2008 - 31 Dec 2008	26,654,184	3.6%	115	2.7%	231,776	5.3%	8.8
01 Jan 2009 - 31 Dec 2009	10,550,924	1.4%	52	1.2%	202,902	4.9%	3.7
01 Jan 2010 - 31 Dec 2010	9,851,368	1.3%	53	1.3%	185,875	4.5%	3.0
01 Jan 2011 - 31 Dec 2011	1,220,603	0.2%	5	0.1%	244,121	4.8%	4.6
<b>Total</b>	<b>750,000,000</b>	<b>100%</b>	<b>4,186</b>	<b>100%</b>	<b>179,169</b>	<b>4.9%</b>	<b>6.1</b>

TABLE N - Loan to income ratio

<i>LTI</i>	Value	%	# Loans	%	Average loan	WAC	WAM
<= 0	-	0.0%	-	0.0%	-	-	-
0.00 - 1.00	1,226,338	0.2%	38	0.9%	32,272	5.8%	4.8
1.00 - 2.00	24,186,087	3.2%	317	7.6%	76,297	5.1%	6.2
2.00 - 3.00	84,066,446	11.2%	700	16.7%	120,095	5.2%	7.0
3.00 - 4.00	189,679,867	25.3%	1,093	26.1%	173,541	5.0%	6.7
4.00 - 5.00	266,743,414	35.6%	1,270	30.3%	210,034	4.9%	5.8
5.00 - 6.00	158,108,980	21.1%	668	16.0%	236,690	4.6%	5.3
6.00 - 7.00	20,663,881	2.8%	79	1.9%	261,568	4.7%	6.3
7.00 - 8.00	5,324,986	0.7%	21	0.5%	253,571	5.0%	7.2
8.00 >	-	0.0%	-	0.0%	-	-	-

Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1
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TABLE O - Payment to income ratio

<i>PTI</i>	Value	%	# Loans	%	Average loan	WAC	WAM
<= 0	-	0.0%	-	0.0%	-	-	-
0.00 - 0.10	8,772,611	1.2%	148	3.5%	59,274	4.9%	5.2
0.10 - 0.20	115,615,111	15.4%	996	23.8%	116,079	5.0%	6.7
0.20 - 0.30	370,660,508	49.4%	1,926	46.0%	192,451	4.9%	6.1
0.30 - 0.40	237,803,150	31.7%	1,051	25.1%	226,264	5.0%	5.8
0.40 - 0.50	16,144,924	2.2%	60	1.4%	269,082	5.3%	6.6
0.50 - 0.60	1,003,697	0.1%	5	0.1%	200,739	5.4%	6.1
0.60 - >	-	0.0%	-	0.0%	-	-	-
Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1

TABLE P - Interest fixed rate period

<i>Interest fixed rate period</i>	Value	%	# Parts	%	Average part	WAC	WAM
Floating	26,225,179	3.5%	327	3.7%	80,199	3.9%	-
1 year	17,479,531	2.3%	240	2.7%	72,831	4.6%	0.4
2 years	9,628,149	1.3%	133	1.5%	72,392	4.9%	0.9
3 years	4,355,512	0.6%	72	0.8%	60,493	5.2%	1.4
4 years	4,723,667	0.6%	56	0.6%	84,351	5.2%	1.3
5 years	59,190,640	7.9%	768	8.8%	77,071	5.3%	1.9
6 years	84,392,306	11.3%	917	10.5%	92,031	4.2%	1.1
7 years	32,447,887	4.3%	401	4.6%	80,917	4.9%	2.3
10 years	233,736,332	31.2%	2,681	30.7%	87,183	4.9%	4.0
12 years	14,242,504	1.9%	156	1.8%	91,298	5.0%	6.0
15 years	63,547,147	8.5%	784	9.0%	81,055	5.1%	8.0
20 years	166,757,802	22.2%	1,879	21.5%	88,748	5.2%	12.5
25 years	17,853,442	2.4%	171	2.0%	104,406	5.4%	15.2
30 years	15,419,903	2.1%	156	1.8%	98,846	5.2%	24.9
Total	750,000,000	100%	8,741	100%	85,803	4.9%	6.1

TABLE Q - Arrears

<i>Arrears (months)</i>	Value	%	# Loans	%	Average loan	WAC	WAM
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<= 0	750,000,000	100.0%	4,186	100.0%	179,169	4.9%	6.1
0.00 - 1.00	-	0.0%	-	0.0%	-	-	-
1.00 - >	-	0.0%	-	0.0%	-	-	-
Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1

TABLE R - Employment type

<i>Employment type per borrower</i>	Value	%	# Loans	%	Average loan	WAC	WAM
Employed	674,627,569	90.0%	3,752	89.6%	179,805	4.9%	6.1
Self-employed	45,911,228	6.1%	188	4.5%	244,209	5.0%	6.0
Pensioners	29,461,204	3.9%	246	5.9%	119,761	4.7%	5.2
Total	750,000,000	100%	4,186	100%	179,169	4.9%	6.1

## 9. 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 '*Stichting Waarborgfonds Eigen Woning*' ("**WEW**"), a central privatised entity, is responsible for the administration and granting of the NHG Guarantee, under a set of uniform rules. The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. Irrespective of scheduled repayments or prepayments made on the mortgage loans, the NHG Guarantee reduces on a monthly basis by an amount which is equal to the monthly payments (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 (See the section Risk Factors).

### Financing of the WEW

The WEW finances itself, inter alia, by a one-off charge to the borrower of 0.55 per cent. (2011) 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 WEW to register the mortgage and establish the guarantee. The WEW has, however, no obligation to pay any loss (in whole or in part) incurred by a lender after a private or a forced sale of the mortgaged property if such lender has not complied with the 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 website of the WEW is [www.nhg.nl](http://www.nhg.nl), which does not form part of the Prospectus).

The WEW 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, and must be verified with the Foundation on Fraud Prevention Mortgages ("*Stichting Fraudepreventie Hypotheken*") ("**SFH**"). All financial commitments over the past five years that prospective borrowers have entered into with financial institutions, as well as registrations of certain defaults and arrears under financial commitments, are recorded in this register, except for normal performing procedures.

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

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

As of 1 July 2009 an NHG Guarantee can be issued up to a maximum amount of EUR 350,000.

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

If 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 its inability to repay the mortgage loan and has failed to render its 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 Underwriting Criteria 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 ("voorwaarden en normen") per 2011 ("NHG Underwriting Criteria")**

As from January 2007 an NHG loan must also meet with the criteria of The Code of Conduct on Mortgaged Credits ("*Gedragscode Hypothecaire Financieringen*") monitored by the Mortgage Lenders Contact Organisation ("*Contactorgaan Hypothecaire Financiers*" or "**CHF**") for example with respect to the maximum loan to income ([www.nvb.nl](http://www.nvb.nl)).

As from April 2007, the interest rate used to calculate the maximum loan to income is also prescribed by the CHF for fixed interest periods of less than 10 years.

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

- (i) The lender has to perform a BKR check. "A" and "A1" registrations (indicating arrears with respect to other financial obligations of the relevant borrower) are allowed in certain circumstances.
- (ii) 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 a three year history of income statements, for self employed three year annual statements.
- (iii) 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 CHF which is in turn based on the market interest on loans to the Dutch State 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 loan, the underwriting criteria include but are not limited to:

- (a) 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:
  - (i) 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) 12 per cent. of the amount under (i) plus (ii). In case an existing property can be bought without paying stampduty ("*vrij op naam*"), the purchase amount under (i) is multiplied by 93 per cent.
  - (ii) For the purchase of a properties 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).
- (b) The maximum loan amount that is interest only is 50% of the market value of the property.
- (c) The risk insurance policy should at a minimum cover the loan amount in excess of 80% of the market value.

## 10 . MORTGAGE LOAN UNDERWRITING AND SERVICING ACTIVITIES

### Origination

The Mortgage Loans involved are originated by (i) the Sellers (all 100 per cent. subsidiaries of NIBC), (ii) in the case of Mortgage Loans sold by Amstelstaete and which were originated prior to 16 December 2004, by Zwitserleven, (iii) in the case of Mortgage Loans sold by Hypinvest, partly by GMAC RFC Nederland, and (iv) in the case of Mortgage Loans sold by Quion 14, partly by Quion 7 B.V. (the Sellers, Zwitserleven, GMAC RFC Nederland, SRLEV N.V. to the extent it is the legal successor of DBV Levensverzekeringsmaatschappij N.V., SNS Bank N.V. to the extent it is the legal successor of DBV Finance B.V., and Quion 7 collectively referred to as the "**Originators**"). To the extent a Relevant Mortgage Loan was not originated by the relevant Seller, such Relevant Mortgage Loan was either (i) transferred to the relevant Seller by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation or (ii) assigned to Amstelstaete, as the case may be, which assignment was notified to the Borrowers.

The only business activity of the Sellers is originating mortgage loans. The registered address of the Sellers (other than Quion III B.V., Quion 14 B.V. and Quion 30 B.V.) is Carnegieplein 4, 2517 KJ The Hague. The registered address of Quion III B.V., Quion 14 B.V. and Quion 30 B.V. is Lichtenauerlaan 170, 3062 ME Rotterdam.

All Mortgage Loans are administered and serviced by NIBC in its capacity as MPT Provider. The MPT Provider will provide mortgage payment transactions and other services to and on behalf of the Issuer on a day-to-day basis in relation to the Mortgage Loans. The duties of the MPT Provider include the collection of payments of principal, interest and other amounts in respect of the Mortgage Loans.

In accordance with the Issuer Services Agreement, the MPT Provider will initially appoint (a) Stater Nederland B.V. as its sub-agent to carry out (part of) the activities described above for all Mortgage Loans originated by HypInvest, Seyst, Nieuwegein, Estate, Atrios, Capitalum, Huizen, Royal Residentie, Muzen and Amstelstaete (together the "**Sellers A**"), and (b) Quion Hypotheekbemiddeling B.V., Quion Hypotheekbegeleiding B.V. and Quion Services B.V. (each a 100 per cent. subsidiary of Quion Groep B.V.) as its sub-agents to carry out (part of) the activities described below for all Mortgage Loans originated by Quion I, Quion III, Quion 14, Quion 30, and IKS Hypotheken (together the "**Sellers B**").

### Mortgage Loans originated by Sellers A

#### *Underwriting rules*

The underwriting rules for mortgage loans are set by the Sellers and typically include the following:

- (i) credit bureau information;
- (ii) amount of debt that can be advanced against the borrower's monthly income and definition of income for the purposes of this calculation as well as minimum income level;
- (iii) length of time that the borrower has been in his/her current job;
- (iv) loan-to-value limitations;
- (v) loan purpose, property type;
- (vi) foreclosure and market valuations;
- (vii) occupation details (i.e. owner-occupied, rental); and
- (viii) age of borrower and marital status of borrower.



With regards to loans with a NHG Guarantee, the underwriting rules comply with all the requirements set down by WEW (for more information see '*NHG Guarantee Programme*').

In partnership with HNC software Inc., Stater has introduced an automated lending decision management system ("**Capstone**"), which system is used by the Sellers in the origination of the mortgage loans. Capstone provides rule bases and risk models to regulate the underwriting process. In addition, it acts to accelerate the processing time of decisions on a loan application. It includes the ability to tailor rules to the lender's risk and reward expectations and business policies, by means of a Stater proprietary credit scoring model. Capstone is also used to incorporate underwriting criteria set by WEW.

#### *Origination process*

The NIBC subsidiaries indicated as Sellers A originate and distribute Mortgage Loans via partnerships. The origination process is outsourced to business partners that operate within a mandate given by NIBC. Loan application forms are submitted electronically to these business partners, by mail or fax by an intermediary, such as a mortgage adviser, insurance agent or real estate broker. The information on the loan application is entered into the international Stater Mortgage System ("**iSHS**"). iSHS automatically collects credit information about the applicant from *Bureau Krediet Registratie* ("**BKR**") and *Stichting Fraudebestrijding Hypotheken* ("**SFH**"). BKR provides positive and negative credit information on all borrowers with credit histories at financial institutions in the Netherlands. Stater, or the respective business partner, reviews loan applications which have been submitted by the intermediary. The actual loan acceptance and the final check of the loan files take place at Stater, or are made by the business partner, depending on the mandate.

After the application data have been entered into iSHS, the application is evaluated by Capstone, the automated underwriting system that is part of iSHS. This system also contains a fraud detection system. Each application is automatically evaluated on the basis of the underwriting criteria set by the Sellers, with respect to the NHG Mortgage Loans including those set in accordance with the terms and conditions of WEW. In the event of the underwriting criteria not being met Capstone generates a STOP-rule. In those cases a loan proposal cannot be sent to the client. In the general origination procedures the underwriter will contact NIBC, who will decide whether or not the STOP-rule may be overruled and will inform the business partner in writing. For mortgages to be eligible for an NHG Guarantee however, a STOP-rule cannot be overruled. In the event that the application is rejected, the applicant is informed in writing through the intermediary.

If the loan is in compliance with the underwriting criteria, Stater or the business partner can offer the applicant a loan proposal. The proposal is sent out through the intermediary. Once the proposal is accepted by the applicant, the underwriter collects the signed proposal, together with all other required loan documents, which will be reviewed (evidence of income, the sales contract, appraisal report, insurance application if applicable, etc.). Once the file is completed and approved, final acceptance is approved by a second underwriter. In respect of an NHG Mortgage Loan, after completing the loan file and final acceptance thereof, the loan is reported to WEW in order to be registered for an NHG Guarantee. Subsequently, the loan file is sent to Stater and scanned onto Hyarchis (document archive system), which is connected to iSHS. The loan file is then available online to NIBC. Stater stores the original paper file at a separate storage facility. In addition, after the final acceptance of the loan, information for the notary is automatically generated and sent out to the notary. On the basis of this information the notary can create the mortgage deed. Each mortgage loan is secured by a first ranking mortgage right or first and sequentially lower ranking mortgage right. The borrower is required to take out 'bricks and mortar' insurance in respect of the mortgaged property for the full restitution value thereof. The notary formally checks this requirement on origination. All the original deeds are stored by the notary and are registered with the land register (the "**Kadaster**").

#### *Processing activities*

The processing activities at Stater are separated into three (3) key activities, carried out by the following departments:

Payments & Assets: this department is responsible for all procedures involved in passing the notary deeds, the management of outgoing and incoming payments, the deduction of payments from construction deposits.

Managing & Redeeming: this department deals with modifications on loans and policies, and handles the settlement of redemptions

Contact Center & Document Management: this department provides information to customers on their loans and handles the scanning and registering of all incoming correspondence linked to the loans.

The high degree of system automation allows each employee to process and service multiple accounts. All documents are scanned and made accessible through workflow management.

#### *Collections*

All monthly payments of principal and interest on the Mortgage Loans are collected from borrowers by direct debit. The sub-agent is mandated by each lender to draw the payments from the borrower's bank account directly into NIBC's collection foundation accounts. The payments are automatically collected on the day before the last business day of each month. Payment information is monitored daily.

In respect of arrears management see *Arrears management in respect of all Mortgage Loans* below.

### **Mortgage Loans originated by Sellers B**

#### *Underwriting rules*

Quion has two different operating models: the Generic Funding Model and specific funding models. In the Generic Funding Model, the underwriting criteria are set by Quion in consultation with the Sellers. In specific funding models, the underwriting rules for mortgage loans are set by the Sellers. Overall, the underwriting rules typically include the following:

- (i) credit bureau information;
- (ii) amount of debt that can be advanced against the borrower's monthly income and definition of income for the purposes of this calculation as well as minimum income level;
- (iii) length of time that the borrower has been in his/her current job;
- (iv) loan-to-value limitations;
- (v) loan purpose, property type;
- (vi) foreclosure and market valuations; and
- (vii) age of borrower and status of borrower.

Mortgage Loans originated by Quion I B.V., Quion III B.V., Quion 14 B.V. and Quion 30 B.V. are originated under the Generic Funding Model. Mortgage Loans originated by IKS Hypotheken B.V. are originated under specific funding model. For all NHG Mortgage Loans originated by Sellers B that will be sold and assigned to the Issuer, however, the underwriting rules comply with all requirements set down by WEW in order to qualify for an NHG Guarantee (for more information see NHG Guarantee Programme).

#### *Origination process*

The origination process is started when a borrower opts for one of the Quion mortgage products advised by an intermediary. The intermediary has all borrower brochures available, as well as an extensive manual outlining the mortgage lending criteria and conditions and application forms. Quion provides the

intermediaries with an IT application enabling the intermediary to make all necessary calculations, check the mortgage loan criteria and send the application electronically to Quion. An application can also be faxed.

As soon as Quion receives the application, the origination department enters the loan specifics in the mortgage origination system ('**QSP**' for new applications and 'HYPOS' for alterations of existing mortgage loans). QSP automatically rechecks the underwriting criteria from BKR. Quion does a fraud check based on a score of fraud indicators and also checks the SFH system. If QSP gives a 'stop' advice (i.e. if at least one of the criteria mentioned is not satisfied) the application will be declined unless individual assessment by a staff member of the origination team results in a request to the lender to accept the application. In the event that the assessor concludes that the criteria are not met, the application will be rejected.

If the loan complies with all underwriting conditions, Quion will submit an offer to the intermediary. This offer is valid for three (3) weeks. The borrower must accept, sign and return the offer, together with the required documentation, to Quion within that period, after which the offer will be valid for three (3) months. Another maximum extension of three (3) months after the initial offer is possible if the borrower pays a fee of 0.25 per cent. per month.

When all documents have been received and finally approved by the origination department, the mortgage processing department will file all relevant documents with the administration. At the same time notification is sent to the intermediary, who then informs the borrower. As soon as this has been done, everything is recorded in the administration system ("**HYPAS**"), after which Quion will inform the civil law notary. Subsequently the civil law notary will fax the date of foreclosure to Quion. Quion then transfers the money from the account of the lender to the civil law notary who temporarily places the money in a separate account. The civil law notary is responsible for the execution of the mortgage deed, after which all relevant documents are sent to Quion.

Quion aims to use QSP both for the origination and administration of mortgage loans from mid May 2011 onwards and will then transfer all existing loans from HYPOS and HYPAS to QSP.

#### *Collections*

Quion is authorised by each lender, who has been authorised by the borrower, to draw the monthly payments from the borrower's bank account through direct debit directly into NIBC's collection foundation accounts. The computer system of Quion automatically collects the payments on the day before the last business day of each month. Payments information is monitored daily by the mortgage servicing department of Quion.

#### *IT*

The central backup system generates a daily automatic back up of QSP, HYPAS and the central file servers. In the afternoon a backup is made of all the changes until 17.00 Central European Time, while at night a complete backup is generated. The backup tapes are circulated to different internal and external secure locations. Furthermore, weekly, monthly and annual backup tapes are also stored with Escrow Europe. An emergency plan is in place that enables all the applications to run at a location in Utrecht in the Getronics Business Continuity Centre ("**GBC**"). In case of a calamity event, Quion will relocate approximately 10 key staff members to the GBC. In this way all servicing and administration activities can be fully operational at the GBC within four (4) business days. This procedure is tested annually. Quion has established a software depot foundation ('*stichting*') to guarantee servicer continuity. In case Quion ceases to exist the lenders have the right to continue to use the IT systems and data files. Also the right to access the software source code is granted to the lenders in case of a discontinuation of Quion. All mortgage loan information is stored and operated using HYPAS.

### **Arrears management in respect of all Mortgage Loans**

#### *Introduction*

NIBC has outsourced the primary servicing of mortgage loans to Stater and Quion whereas the arrears and foreclosure management is managed by NIBC itself (since April 2006 for Stater serviced loans – Sellers A

and February 2009 for Quion serviced loans – Sellers B). For this purpose NIBC has established a separate business unit of B.V. NIBC Mortgage Backed Assets trading under the name of "*Vredezicht Incasso Maatschappij*" ("**VIM**"), with a team of specialised credit managers. The main goal is to enhance efficiency and create one standardised process for arrears. VIM uses its experience in arrears and foreclosure management to enhance the origination process and the underwriting criteria in order to prevent arrears and losses. VIM distinguishes two phases in arrears and foreclosure management.

#### *Phase 1*

VIM uses the OnGuard software to manage the arrears and foreclosure management process. This system interfaces on a daily basis with both the Quion and Stater software so that VIM has all relevant and up-to-date loan information to be able to effectively manage arrears. On the first business day after a missed payment, a reminder letter is sent out to the borrower. Recidivists receive a first phone call instead of a reminder letter. If the borrower does not pay or respond within the time set out in the reminder letter, a first phone call is made 5 business days after the first reminder letter. A second reminder letter, of which the tone is more severe, is sent out in the second week of arrears. Every borrower, as long as the missed payment has not been paid, receives 4 reminder letters and 4 phone calls within the first month after the missed payment. Reminder letters are automatically generated by OnGuard and sent out to borrowers by VIM. VIM collects detailed information regarding the borrower's current job status, current income, property and monthly expenditure in order to be able to attach earnings, to distress properties, or to make a payment arrangement.

If the arrears situation continues into the second month after the missed payment, VIM can take several actions in depending on the severity of the situation. A borrower's earnings and/or possessions can be attached with the help of a bailiff. Unannounced borrower house visits are made and an extensive recovery information report can be drawn up by a specialised third party.

Borrowers can be advanced to phase 2 before the end of the second month in certain special circumstances (for instance in case of unemployment, inability to work, divorce and/or decease, double housing expenses, fraud cases).

#### *Phase 2*

A credit check is carried out at BKR, the outcome of which indicates whether the borrower is experiencing difficulties in making other payments on consumer loans or other debt instruments. After four consecutive months of delinquency, BKR is notified.

If it is not possible to levy an attachment on the borrower's salary due to insufficient actual income, VIM sends the borrower a power of attorney. A signed power of attorney allows NIBC to start a private sale on behalf of the borrower.

VIM works in accordance with the Code of Conduct of Mortgage Loans (*'Gedragscode Hypothecaire Financieringen'*) with regard to a solution to a delinquent borrower's payment problems can be reached. The borrower can present a proposal to VIM at any point for repaying the arrears balance. VIM will then assess the borrower's proposal and a counter-proposal can be made. The borrower can also propose to sell the property at any stage through a private sale. VIM may accept this if (a) revenues from the private sale are expected to cover the outstanding debt in full, or (b) it is estimated that the costs of the foreclosure process will result in a lower recovery value than a private sale of the property by the borrower.

Ultimately, VIM will call the loan and organise a public auction to recover the outstanding debt and arrears amount.

#### *Default management*

NIBC shall, on behalf of the Issuer, sell the mortgaged property via private sale or an auction if the borrower fails to fulfil its obligations. The Issuer has, as a first ranking mortgagee, an 'executorial title', which means that it does not have to obtain permission from court prior to foreclosure on the mortgaged property. If the proceeds from the sale (auction) of the mortgaged property do not fully cover the Issuer's claims, NIBC, on

behalf of the Issuer, may sell any pledged associated life insurance or investment deposit. However, Dutch law requires that, before a lender may foreclose on a borrower's mortgaged property, the borrower must be notified in writing that it is in default and it must also be given reasonable time to comply with the lender's claims.

In respect of NHG Mortgage Receivables, if NIBC, on behalf of the Issuer, wants to sell the mortgaged property it is required to ask permission from WEW in accordance with the terms and conditions of the NHG Guarantee programme and to notify the parties directly involved, including the borrower as well as the person owning the asset (in the event that these are not the same party). The notification should include the amount outstanding and the expenses incurred to date, as well as the name of the civil law notary responsible for the foreclosure sale.

#### *Foreclosures*

In the case of a borrower's bankruptcy, the borrower's mortgaged property may be foreclosed upon regardless of the bankruptcy. Nevertheless, the execution must take place within a reasonable time; otherwise the bankruptcy trustee may take over the execution measures. If this occurs, the lender will be obliged to contribute to the bankruptcy costs.

VIM will calculate the best method of maximising the sale value of the mortgaged property. Based on the outcome of this calculation, it decides either to sell the property in a private sale or by public auction. When the notification of foreclosure is made, VIM gives formal instructions to the civil notary about the location of the property. The date of the sale will be selected by the civil law notary within, in principle, three (3) weeks of this instruction and the sale will take place about six (6) weeks after the decision to foreclose.

In respect of NHG Mortgage Receivables, in the event that the proceeds from the sale are insufficient to cover the mortgage loan, the foreclosure costs and the interest on arrears of the remaining amount can be claimed at WEW in accordance with the terms and conditions of the NHG Guarantee programme.

In general, it takes VIM approximately two (2) months to foreclose on a property once the decision to foreclose has been made. Throughout the foreclosure process, VIM works in accordance with the terms and conditions of the NHG Guarantee programme, the instructions of NIBC, guidelines set down by Dutch law, the Code of Conduct of Mortgage Loans and the BKR.

## 11. SUB MPT PROVIDERS

### **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 166 billion and approximately 950,000 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 loan pool. A credit-scoring model and a fraud detection system form part of automated underwriting.

In July 2010, rating Agency Fitch Ratings upgraded Stater residential "primary servicer" rating to 'RPS1-NL' and has affirmed the residential "special servicer" rating at 'RSS2-NL' Ratings are awarded on a scale from 1 to 5, with 1 being the highest possible ranking. The rating Stater received for its role as "primary servicer" made Stater the top scoring service provider in Europe.

Ernst & Young, the company's external auditors, completed a SAS 70 audit on Stater NL in 2008. SAS70 is a report for the certification of the internal control processes of service organisations. Stater received SAS70 Type II certification in December 2009, which was reviewed for the reporting period 1 January until 31 October 2009. The certification is renewed annually.

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

The information under this heading has been provided for by Stater.

### **Quion Groep B.V.**

Quion Groep B.V. ("**Quion**"), whose registered office is in Rotterdam, is an independent mortgage servicer which offers a full range of mortgage servicing activities to financial institutions. Its activities range from origination and monthly collections, to arrears and foreclosure management of the mortgage loan portfolios. Quion has ratings from Fitch Ratings Limited for both its primary and special services. The head office is located at Fascinatio Boulevard 1302, 2909 VA, Capelle aan den IJssel, the Netherlands.

In 1993, Quion (then named Hypotrust) was founded to meet the demand by financial institutions for an efficient way to invest directly in the Dutch mortgage market. In Quion's generic funding model, a group of different mortgage lenders offer identical mortgage products under standardised conditions. The mortgage lenders compete with each other on the interest rate offered to the borrower. Quion matches the borrower with a mortgage lender offering the lowest interest rate, and acts as a mediator. The mortgage loans are distributed through a network of a few thousand intermediaries.

Quion's current mid office and back office IT systems are developed in-house and will be replaced by a flexible SAAS ("software as a service") environment during 2011. Complementing the mid and back office IT systems Quion uses a number of best of breed applications used for document management and financial management. Quion identifies specific mortgage pools based on underwriting criteria and provides detailed portfolio data for investor reporting in securitisation transactions. To ensure servicer continuity, Quion has set up a mechanism to safeguard its software and customer data, giving the mortgage lenders the ability to obtain software licences with respect to the software systems used by Quion (see further 'Mortgage Loan Underwriting and Processing Activities') including data in the event that Quion discontinues its operations. Quion employs a special fraud team and has developed a fraud policy based on its extensive experience in the mortgage industry. Quion presently services over 140,000 mortgages, a portfolio of approximately EUR 24 billion.

The information under this heading has been provided by Quion.

## 12. MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Relevant Mortgage Receivables and will accept the assignment of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto from each Seller by means of a registered deed of assignment as a result of which legal title to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. The assignment of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto from each Seller to the Issuer will not be notified to the Borrowers and the relevant Insurance Companies, except upon the occurrence of any Assignment Notification Event. Until such notification the Borrowers will only be entitled to validly pay ("*bevrijdend betalen*") to the relevant Seller. The Issuer will be entitled to all principal proceeds in respect of the Mortgage Receivables and to all interest (including prepayment penalties and penalty interest) in respect of the Mortgage Receivables as of 1 March 2011 (the "**Cut-off Date**"). Each Seller will pay or procure that the relevant Collection Foundation will pay to the Issuer on each Mortgage Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Relevant Mortgage Receivables.

### Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price which shall be payable on the Closing Date or, in case of Substitute Mortgage Receivables on the relevant Monthly Payment Date (the "**Initial Purchase Price**") and a deferred purchase price (the "**Deferred Purchase Price**"). The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Closing Date will be EUR 760,205,913, which is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Cut-off Date. The Deferred Purchase Price shall be equal to the sum of all instalments in respect of the Deferred Purchase Price and each instalment (each a "**Deferred Purchase Price Instalment**") will, with respect to a Monthly Payment Date, be equal to (A) prior to the delivery of an Enforcement Notice, an amount equal to the part of the Interest Available Amount that exceeds (if any) the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (s) or (B), after the delivery of an Enforcement Notice, the amount remaining after all payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (q) have been made (see *Credit Structure* above). The "**Outstanding Principal Amount**" in respect of a Mortgage Receivable means, (a) on any date the (then remaining) aggregate principal sum ("*hoofdsom*") due by the relevant Borrower under the relevant Mortgage Receivable and (b) after the occurrence of a Realised Loss of the type (a) and (b) in respect of such Mortgage Receivable, zero.

### Representations and warranties

Each of the Sellers will represent and warrant on the Closing Date with respect to the Mortgage Receivables that it will sell (the "**Relevant Mortgage Receivables**") and the Mortgage Loans to which such Mortgage Receivables relate (the "**Relevant Mortgage Loans**") and the Beneficiary Rights relating thereto, *inter alia*:

- (a) the Relevant Mortgage Receivable and the Beneficiary Rights relating thereto 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 the case of Substitute Mortgage Receivables, the relevant Monthly Payment Date;
- (b) the relevant Seller has full right and title to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto and it has power ("*is beschikkingsbevoegd*") to sell and assign the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto and no restrictions on the sale and transfer of the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto are in effect and the Relevant Mortgage Receivables are capable of being transferred or pledged;
- (c) the Relevant Seller has not been notified and is not aware of anything affecting its title to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto;
- (d) the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto are free and clear of any encumbrances and attachments ("*beslagen*") and no option to acquire the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto has been granted by it in favour of any third party with regard to the Relevant Mortgage Receivables and the Beneficiary Rights relating thereto;
- (e) each Relevant Mortgage Receivable is secured by a first ranking or first and sequential lower ranking mortgage right ("*hypothekrecht*") on a Mortgaged Asset used for a residential purpose in the Netherlands and is governed by Netherlands law;
- (f) each mortgage deed used by (i) any of the Originators in respect of a Relevant Mortgage Loan originated after 1999 (except for any Relevant Mortgage Receivables originated by Quion 1, Quion



- III, Quion 14 and Quion 30 prior to 2002) contains provisions that in case of assignment of a Relevant Mortgage Receivable to a third party, the Mortgage or right of pledge will partially follow, pro rata, the Mortgage Receivable if it is assigned to a third party and (ii) Quion 1, Quion III, Quion 14 and Quion 30 does not contain any specific wording to the extent that the mortgage right or right of pledge will or will not follow the receivable if it is assigned to a third party;
- (g) each Mortgaged Asset concerned was valued (i) by an independent qualified valuer, or (ii) in the case the valuation of the Relevant Mortgage Loans was based on an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*") the Foreclosure Value did not exceed 90% of such valuation by the Netherlands tax authorities. Valuations by an independent qualified valuer are not older than twelve months prior to the date of the mortgage application by the Borrower. In certain cases, newly built Mortgaged Assets are exempted from valuation requirements. No revaluation of the Mortgaged Assets has been made for the purpose of the securitisation transaction described in this Prospectus;
  - (h) each Relevant Mortgage Receivable and each mortgage right and right of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the relevant Seller;
  - (i) all mortgage rights and rights of pledge granted to secure the Relevant Mortgage Receivables (i) constitute valid mortgage rights ("*hypothekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of the rights of pledge respectively and, to the extent relating to the mortgage rights, entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), (ii) have first priority or first and sequentially lower ranking priority and (iii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Relevant Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium paid by the relevant Originator on behalf of the Borrower, up to an amount equal to at least 40 per cent. of such Outstanding Principal Amount since 2002, therefore in total up to a maximum amount equal to 140 per cent. of the Outstanding Principal Amount of the Relevant Mortgage Receivable;
  - (j) each of the Relevant Mortgage Loans has been granted, and each of the mortgage rights and rights of pledge has been vested, subject to the general terms and conditions and in the forms of mortgage deeds attached to the Mortgage Receivables Purchase Agreement;
  - (k) each of the Relevant Mortgage Loans and each of the Insurance Policies offered by it has been granted in accordance with all applicable legal requirements prevailing at the time of origination in all material respects, and the Code of Conduct on Mortgage Loans ("*Gedragscode Hypothecaire Financieringen*") and the relevant Originators standard underwriting criteria and procedures, including borrower income requirements, prevailing at that time and these underwriting criteria and procedures are in a form as may reasonably be expected from a lender of Dutch residential mortgages;
  - (l) with respect to Investment Mortgage Loans, the relevant investments held in the name of the relevant Borrower have been validly pledged to the relevant Seller and the securities are purchased on behalf of the relevant Borrower by:
    - (i) an investment firm ("*beleggingsonderneming*") in the meaning ascribed thereto in the Wft, being either a broker ("*bemiddelaar*") or an asset manager ("*vermogensbeheerder*"), which is by law obliged to administer the securities in the name of the relevant Borrower through a bank (see the next paragraph) or a separate securities giro ("*effectengiro*"); or
    - (ii) a bank, which is by law obliged to (x) administer the securities through a separate depositary vehicle and/or (y) only administer securities the transfer of which is subject to the Wge;
  - (m) with respect to Savings Mortgage Loans, the relevant Seller has the benefit of a valid right of pledge on the rights under the Savings Insurance Policies and either (i) the relevant Seller has been validly appointed as beneficiary under such policy or (ii) the Savings Participant is irrevocably authorised to apply the insurance proceeds in satisfaction of such Savings Mortgage Loan;
  - (n) each of the Life Mortgage Loans or Switch Mortgage Loans has the benefit of a valid right of pledge on the rights under a Life Insurance Policy and either (i) the relevant Seller has been validly appointed as beneficiary ("*begunstigde*") under such Life Insurance Policies upon the terms of such Life Mortgage Loans and Switch Mortgage Loans and the relevant Life Insurance Policies, which has been notified to the relevant Insurance Companies, or (ii) the relevant Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of such Life Mortgage Receivable or Switch Mortgage Receivable;

- (o) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same mortgage right is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (p) each Relevant Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");
- (q) to the best of its knowledge, the Borrowers are not in any material breach of any provision of their Relevant Mortgage Loans;
- (r) with respect to the Relevant Mortgage Receivables secured by a mortgage right on a long lease ("*erfpacht*"), the Relevant Mortgage Loan (a) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Relevant Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the relevant Seller provide that certain provisions should be met and (b) becomes due if the long lease terminates for whatever reason;
- (s) it is a requirement under the mortgage conditions that each of the Mortgaged Assets had, at the time the Relevant Mortgage Loan was advanced, the benefit of buildings insurance ("*opstalverzekering*") for the full reinstatement value ("*herbouwwaarde*");
- (t) the mortgage conditions applicable to the Relevant Mortgage Loans provide that all payments by the Borrowers should be made without any set-off;
- (u) each Relevant Mortgage Loan meets the Mortgage Loan Criteria as set forth below;
- (v) under each of the Relevant Mortgage Receivables interest and, if applicable, principal due in respect of at least one month has been paid by the relevant Borrower;
- (w) in respect of each relevant Life Mortgage Loan to which a Life Insurance Policy is connected other than with (i)(a) ASR Verzekeringen N.V. to the extent it is the legal successor of Falcon Leven N.V., Erasmus Leven (a trade name of Delta Lloyd Levensverzekering N.V.), SRLEV N.V. to the extent it is a legal successor of Axa Leven N.V., Reaal Levensverzekering N.V., Generali Levensverzekering Maatschappij N.V., or (b) Cordares Levensverzekeringen (a trade name of Loyalis Leven N.V.) or Goudse Levensverzekeringen N.V. (formally known as Goudse Levensverzekering Maatschappij N.V.), Achmea Pensioen- en Levensverzekering N.V., to the extent originated by Hypinvest B.V., or (c) Allianz Nederland Levensverzekering N.V., to the extent originated by Estate Hypotheken B.V. or Royal Residentie Hypotheken B.V., or (d) SRLEV N.V., to the extent originated by Seyst Hypotheken B.V., or (ii) if the Relevant Life Mortgage Receivable is sold by Amstelstaete Hypotheken B.V., Quion 14 B.V. and Hypinvest B.V. (to the extent originated by SRLEV N.V.), to the extent these Life Mortgage Loans have been originated by an Originator which is not the Seller and have been transferred to Amstelstaete Hypotheken B.V., Quion 14 B.V. and Hypinvest B.V. (to the extent originated by SRLEV N.V.), respectively, (I) to the best of its knowledge there are no circumstances resulting in a connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the risk that a Borrower can successfully set-off its obligations under the Life Mortgage Loan with its claims under the Life Insurance Policy or that it can invoke defences in this respect, (II) the relevant Life Mortgage Loans and the Life Insurance Policies are not marketed as one combined mortgage and life insurance product or under one name, (III) the Borrowers are free to choose the relevant Life Insurance Company, and (IV) to the best of its knowledge there are no circumstances resulting in a connection between the relevant Life Mortgage Loan and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the relevant Beneficiary Rights, which would increase the Insurance Set-off Risk;
- (x) other than in respect of Life Mortgage Receivables which are sold by Amstelstaete, Quion 14 and Hypinvest (to the extent originated by SRLEV N.V.), respectively, to the extent these Life Mortgage Loans have been originated by an Originator which is not the Seller and have been transferred to Amstelstaete, Quion 14 and Hypinvest (to the extent originated by SRLEV N.V.), respectively, the Insurance Company is not a group company of the relevant Originator;
- (y) each Relevant Mortgage Loan was originated by any of the Originators and, to the extent it was not originated by the relevant Seller, (i) subsequently transferred by means of a contract transfer to which the relevant Borrowers have not abstained their cooperation and (ii) no longer secures any other claims of the relevant Originator after such contract transfer;
- (z) on the Cut-off Date, or in case of Substitute Mortgage Receivables the relevant Monthly Payment Date, no amounts due under any of the Relevant Mortgage Receivables were unpaid;
- (aa) with respect to each Relevant Mortgage Loan or relevant loan part which has the benefit of an NHG Guarantee, (i) the NHG Guarantee is granted for the full amount of the Relevant Mortgage Loan or

- relevant loan part excluding, in general, a Further Advance, (ii) the NHG Guarantee was in compliance with all terms and conditions ("*voorwaarden en normen*") applicable to it at the time of origination of the Relevant Mortgage Loans or relevant loan part and (iii) the Seller has not done anything or omitted to do anything which could compromise the enforceability of its claim nor is the Seller aware of any reason why any claim under any NHG Guarantee granted by Stichting Waarborgfonds Eigen Woningen in respect of the Relevant Mortgage Loan or relevant loan part should not be met in full and in a timely manner;
- (bb) (A) any savings account of the Borrower held with NIBC and the Relevant Mortgage Loan are offered in such manner that it should be clear to the Borrower that (i) such savings account is held with NIBC, (ii) the Relevant Mortgage Loan is granted by the relevant Originator and (iii) NIBC and the relevant Originator are different legal entities and (B)(i) neither NIBC nor any intermediary offer any savings accounts or the term deposits as products which are in any way connected with the Relevant Mortgage Loans, (ii) the Relevant Mortgage Loan is not connected to any savings account or any term deposit with NIBC, for example by means of set-off provisions, (iii) the Relevant Mortgage Loan are not offered at the same time with a savings account or the term deposit with NIBC, and (iv) no rights under a savings account or term deposit with NIBC will be pledged to the Seller as security for the Relevant Mortgage Loan;
  - (cc) it has no Other Claim vis-à-vis any Borrower;
  - (dd) the principal sum was in case of each of the Relevant Mortgage Loans 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 premiedepots*") or construction deposit ("*bouwdepots*");
  - (ee) the aggregate Outstanding Principal Amount of all Mortgage Receivables on the Cut-off Date is equal to the Initial Purchase Price;
  - (ff) interest payments in respect of the Mortgage Receivables by the Borrowers are executed by way of direct debit procedures;
  - (gg) the notarial Mortgage Deeds ("*minuut*") relating to the Mortgages are kept by a civil law notary in the Netherlands and are registered in the appropriate registers, while the Loan Files, which include certified copies of the notarial Mortgage Deeds, are kept on behalf of it by the MPT Provider;
  - (hh) none of the Borrowers had a negative BKR registration ("*BKR codering*") upon origination;
  - (ii) none of the Borrowers holds a savings account, current account or term deposit with the Sellers or its subsidiaries
  - (jj) payments in respect of the Relevant Mortgage Receivables by the Borrowers are made directly into the relevant Collection Foundation Account;
  - (kk) it can be determined in its administration which Beneficiary Rights relate to which Relevant Mortgage Receivables; and
  - (ll) payments made under the Mortgage Receivables are not subject to withholding tax.

### **Mortgage Loan Criteria**

Each of the Mortgage Loans will meet the following criteria (the "**Mortgage Loan Criteria**") on the Cut-off Date:

- (i) the Mortgage Loans are either:
  - a) Interest-only Mortgage Loans ("*aflossingsvrije hypotheek*");
  - b) Investment Mortgage Loans ("*beleggingshypotheek*");
  - c) Life Mortgage Loans ("*levenhypotheek*");
  - d) Linear Mortgage Loans ("*lineaire hypotheek*");
  - e) Annuity Mortgage Loans ("*annuïteitenhypotheek*");
  - f) Savings Mortgage Loans ("*spaarhypotheek*");
  - g) Switch Mortgage Loans ("*Switch Mortgage Loans*");
  - h) Mortgage Loans which combine any of the above mentioned types of mortgage loans;
- (ii) the Borrower is a private individual, a resident of the Netherlands and not an employee of any of the Sellers;
- (iii) each Mortgage Loan is secured by a first ranking mortgage right or, in case of Mortgage Loans secured on the same property, first and sequentially lower ranking mortgage rights;
- (iv) each Mortgage Loan is (until the reset date, if applicable) either (i) a Mortgage Loan that has a fixed interest rate for a period of 1 to 30 years. Following the expiry of the fixed term which will reset onto another fixed rate for a following period of 1-30 years or will become a Floating Rate Mortgage

- ("Fixed Rate Mortgage") or (ii) a Mortgage Loan that has an interest rate which resets monthly or quarterly ("Floating Rate Mortgage");
- (v) each Mortgaged Asset is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination;
  - (vi) interest payments are scheduled to be made monthly or quarterly;
  - (vii) the maximum Outstanding Principal Amount of each Mortgage Loan, or all such Mortgage Loans secured by the same Mortgaged Asset together, has not exceeded 125 per cent. of the Foreclosure Value of the Mortgaged Asset at origination as determined in the most recent valuation report, or 130 per cent. of the Foreclosure Value of the Mortgaged Asset at origination if the excess over 125 per cent. is used for payment of income protection insurance;
  - (viii) no Mortgage Loan or part thereof qualifies as a bridge loan ("*overbruggingshypotheek*");
  - (ix) each Mortgaged Asset is located in the Netherlands;
  - (x) on the Cut-off Date or, in the case of Substitute Mortgage Loans, the first day of the month preceding the relevant Monthly Payment Date on which the Issuer purchased such Substitute Mortgage Loans, no amounts due under any of the Mortgage Loans acquired on such date were overdue and unpaid;
  - (xi) none of the Mortgage Loans has a maturity date beyond 31 March 2041;
  - (xii) all Mortgaged Assets are single family houses (with garage) or apartment rights ("*appartementsrechten*");
  - (xiii) none of the Mortgaged Assets are farmhouses or are subject to semi-commercial use;
  - (xiv) the Outstanding Principal Amount of each Mortgage Loan or the aggregate Outstanding Principal Amount of all Mortgage Loans secured on the same property does not exceed EUR 750,000;
  - (xv) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date;
  - (xvi) the Mortgage Receivable has not been based on a self-certified income statement or advisor-verified income statement of the Borrower;
  - (xvii) for each Mortgage Loan, the cumulative principal amount of the loan (parts) that qualifies as an Interest-only Mortgage Loan did not exceed 100 per cent. of the Foreclosure Value at origination; and
  - (xviii) none of the Borrowers has a negative BKR registration ("*BKR codering*") upon origination.

### **Mandatory Repurchase**

In the Mortgage Receivables Purchase Agreement, each of the Sellers has undertaken to repurchase and accept reassignment of a Relevant Mortgage Receivable on the Mortgage Payment Date immediately following:

- (i) the expiration of the relevant remedy period (as provided for in the Mortgage Receivables Purchase Agreement), if any of the representations and warranties given by such Seller in respect of the Relevant Mortgage Loans and the Relevant Mortgage Receivables, including the representation and warranty that the Relevant Mortgage Loans or, as the case may be, the Relevant Mortgage Receivables meet certain mortgage loan criteria, are untrue or incorrect in any material respect; or
- (ii) the date on which the relevant Seller agrees with a Borrower to grant a Further Advance; or
- (iii) the date on which the relevant Seller obtains or acquires an Other Claim in respect of such Relevant Mortgage Receivable vis-à-vis the relevant Borrower; or
- (iv) the date on which the relevant Seller agrees with a Borrower to amend the terms of the Relevant Mortgage Loan, or part of such Relevant Mortgage Loan, as a result of which such Relevant Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement (a "**Mortgage Loan Amendment**", 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 such Relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Relevant Mortgage Loan such Seller shall not repurchase such Relevant Mortgage Receivable; or
- (v) the date on which a Savings Participant complies with a request from the Borrower under the terms of a Switch Mortgage Loan with a Savings Alternative to a Savings Switch; or
- (vi) the date on which the Insurance Company complies with a request from the Borrower under the terms of a Switch Mortgage Loan with a Investment Alternative to switch whole or part of the premia accumulated Investment Alternative into the Savings Alternative and the Insurance Company has not entered into a Sub-Participation Agreement with the Issuer in respect of such Switch Mortgage Receivable; or

- (vii) in respect of an NHG Mortgage Receivable the date on which it appears that (i) a Relevant Mortgage Loan or the relevant loan part no longer has the benefit of a NHG Guarantee as a result of an action taken or omitted to be taken by the MPT Provider, provided that the relevant Seller shall not be obliged to repurchase such Relevant Mortgage Receivable if following a claim made under a NHG Guarantee ("*Stichting Waarborgfonds Eigen Woningen*") does not pay the full amount of such Relevant Mortgage Receivable due to (a) the difference in the redemption structure of the such Relevant Mortgage Loan or the relevant loan part and the redemption structure set forth in the NHG Conditions or (b) the higher than expected foreclosure costs which are outside the control of the MPT Provider or (c) the occurrence of any other events not due to misconduct by or negligence of the MPT Provider and/or (ii) a Seller, while it is entitled to make a claim under the NHG guarantee relating to such Relevant Mortgage Loan or the relevant loan part, will not make such claim; or
- (viii) in respect of Quion I, Quion III, Quion 14 and Quion 30 only, the date on which the interest on the Relevant Mortgage Receivable will be reset, if the interest rate in respect of such Relevant Mortgage Receivable is reset and the Relevant Mortgage Loan shall according to the relevant mortgage conditions used in Quion I, Quion III, Quion 14 or Quion 30, as the case may be, be transferred to another legal entity (other than the Seller) ) or (ii) an amendment of the terms of the Relevant Mortgage Loan upon the request of a Borrower is refused by any of Quion I, Quion III, Quion 14 and Quion 30 and the Relevant Mortgage Loan shall, according to the relevant mortgage conditions used by Quion I, Quion III, Quion 14 or Quion 30, as the case may be, be transferred to another legal entity (other than the Seller).

The purchase price for the Relevant Mortgage Receivable in such event will be equal to the Outstanding Principal Amount, together with due and overdue interest and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and assignment), accrued up to (but excluding) the date of repurchase and reassignment of the Relevant Mortgage Receivable, provided that in case of the Mortgage Loan Amendment, that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to 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 appraised foreclosure value (which appraisal may not be older than 3 months) of such Mortgaged Assets and (b) the value of all other collateral and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

#### **Sellers Clean-Up Call Option**

On each Monthly Payment Date the Sellers, acting jointly, have the right to exercise the Sellers Clean-Up Call Option. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Relevant Mortgage Receivables to the relevant Seller(s), or any third party appointed by the relevant Seller at its sole discretion, in case the Sellers, acting jointly, exercise the Sellers Clean-Up Call Option.

#### **Regulatory Call Option**

On each Monthly Payment Date the Issuer has the option to exercise, upon the direction of NIBC, the Regulatory Call Option upon the occurrence of a Regulatory Change in which case the Sellers have an obligation to repurchase the Relevant Mortgage Receivables. A "**Regulatory Change**" will be a change published on or after 22 September 2010 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 NIBC (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 NIBC, has the effect of adversely affecting the rate of return on capital of NIBC or increasing the cost or reducing the benefit to NIBC with respect to the transaction contemplated by the Notes.

The Sellers have undertaken in the Mortgage Receivables Purchase Agreement to repurchase and accept reassignment of the Relevant Mortgage Receivables, if the Issuer upon the direction of NIBC exercises the Regulatory Call Option, or alternatively the Sellers may appoint a third party at their discretion and the Issuer

has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to such third party.

### Repurchase Price

The purchase price of each Mortgage Receivable in the event of exercise of the Clean-Up Call Option, the Regulatory Call Option or the Tax Call Option shall be at least equal to the relevant Outstanding Principal Amount at such time, increased with interest due but not paid, except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to 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 appraised foreclosure value (which appraisal may not be older than 3 months) of such Mortgaged Assets and (b) the value of all other collateral and (ii) the sum of the Outstanding Principal Amount of the Mortgage Receivable, together with accrued interest due but unpaid, if any, and any other amounts due under the Mortgage Receivable.

### Assignment Notification Events

if – *inter alia* –:

- (a) a default is made by any of the Sellers in the payment on the due date of any amount due and payable by the relevant Seller under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within 10 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller; or
- (b) any of the Sellers fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the Relevant Documents (as defined in Condition 3) to which it is a party and such failure, if capable of being remedied, is not remedied within 20 Business Days after notice thereof has been given by the Issuer or the Security Trustee to the relevant Seller; or
- (c) any representation, warranty or statement made or deemed to be made by any of the Sellers in the Mortgage Receivables Purchase Agreement, other than those relating to the Relevant Mortgage Loans and the Relevant Mortgage Receivables, or under any of the Relevant Documents to which the relevant Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (d) any Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in Chapter 3 of Wft as amended from time to time, or (preliminary) suspension of payments ("*voorlopige surseance van betaling*"), or for bankruptcy ("*faillissement*") 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) any of the Sellers has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") or its assets are placed under administration ("*onder bewind gesteld*"); or
- (f) any of the Sellers has given materially incorrect information or not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into of the Mortgage Receivables Purchase Agreement and/or any of the other Relevant Documents; or
- (g) the indirect shareholding interest of NIBC in any of the Sellers falls at any time below 51 per cent., (i) unless the Security Trustee, after having notified the Rating Agencies and after the Security Trustee in its reasonable opinion has determined that the then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant event or matter (the "**Rating Agency Notification and Trustee Confirmation**") and (ii) after the confirmation of the Swap Counterparty in relation to its rights under the Interest Rate Reset Agreement (the "**Swap Counterparty Confirmation**"); or

- (h) the long-term senior unsecured, unsubordinated and unguaranteed debt obligations of NIBC are assigned a rating of less than BB+ by Fitch or Ba1 by Moody's or any such rating is withdrawn; or
- (i) the relevant Collection Foundation holding the bank account into which payments under the Mortgage Receivables are made 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; or
- (j) a Pledge Notification Event has occurred; or
- (k) the rating of the MPT Provider falls below BBB- by Fitch and no back-up mpt provider is appointed in time in accordance with the Services Agreement,

then the Sellers to which the Assignment Notification Event relates shall, unless the Security Trustee delivers an Assignment Notification Stop Instruction:

(i) notify the Borrowers of the Relevant Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Relevant Mortgage Receivables to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself;

(ii) notify the relevant Insurance Company of the assignment of the Beneficiary Rights relating to the Relevant Mortgage Receivables and use its best efforts to obtain the co-operation from the relevant Insurance Companies and all other parties (a) (i) to waive its rights as first beneficiary under the relevant Insurance Policies (to the extent such rights have not been waived), (ii) to appoint as first beneficiary under the relevant Insurance Policies (to the extent such appointment is not already effective) (x) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event and (b) with respect to Insurance Policies whereby the initial appointment of the first beneficiary has remained in force as a result of the instructions of such beneficiary to the relevant Insurance Company to make any payments under the relevant Insurance Policy to the relevant Seller, to convert the instruction given to the Insurance Companies to pay the insurance proceeds under the relevant Insurance Policy in favour of the relevant Seller towards repayment of the Relevant Mortgage Receivables into such instruction in favour of (x) the Issuer under the dissolving condition of the occurrence of a Pledge Notification Event and (y) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event, the Security Trustee; and

(iii) if so requested by the Security Trustee and/or the Issuer, make the appropriate entries in the relevant public registers ("*Dienst van het Kadaster en de Openbare Registers*") relating to the assignment of the Relevant Mortgage Receivables, also on behalf of the Relevant Mortgage Receivables, also on behalf of the Issuer, or, at its option, the Issuer or the Security Trustee shall be entitled to make such entries itself, for which entries each of the Sellers herewith grant an irrevocable power of attorney to the Issuer and the Security Trustee.

(such actions together the "**Assignment Actions**")

**"Assignment Notification Stop Instruction"** means that upon the occurrence of an Assignment Notification Event, the Security Trustee shall, after having notified the Rating Agencies, be entitled to deliver a written notice to the relevant Seller (copied to the Issuer) instructing the relevant Seller not to undertake the Assignment Actions or to take any actions other than the Assignment Actions.

The Security Trustee shall not deliver any Assignment Notification Stop Instruction or shall withdraw any such Assignment Notification Stop Instruction that has been previously delivered by the Security Trustee to any Seller, if such Seller is in breach of any of its undertakings to the Swap Counterparty to determine Mortgage Interest Rates under the Interest Rate Reset Agreement.

## **Substitution**

The Mortgage Receivables Purchase Agreement will provide that the Issuer shall on each Monthly Payment Date up to (but excluding) the Final Maturity Date use the Substitution Available Amount, subject to the satisfaction of the Substitution Conditions, to purchase and accept the assignment of the Substitute Mortgage Receivables from any of the Sellers, if and to the extent offered by any of the Sellers. The purchase price payable by the Issuer as consideration for any Substitute Mortgage Receivables shall be equal to the Initial Purchase Price in respect thereof and the relevant part of the Deferred Purchase Price at the date of completion of the sale and purchase thereof.

#### *Substitution Conditions*

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

- (a) the relevant Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Relevant Mortgage Loans, the Relevant Mortgage Receivables and the relevant Seller in the Mortgage Receivables Purchase Agreement with respect to the Substitute Mortgage Receivables sold and relating to the relevant Seller (with certain exceptions to reflect that the Substitute Mortgage Receivables are sold and may have been originated after the Closing Date);
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) not more than 1.0 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Loans is in arrears for a period exceeding 60 days;
- (d) the weighted average of the aggregate proportions of the Outstanding Principal Amount of each Mortgage Loan and Substitute Mortgage Loan to the Foreclosure Value of the mortgaged property (the "**LTFV-ratio**") may not increase as a result of the sale and purchase of Substitution Mortgage Receivables (for the avoidance of doubt, on a weighted average and aggregate basis in respect of all Mortgage Loans);
- (e) the aggregate Outstanding Principal Amount of the Substitute Mortgage Receivables purchased by the Issuer (starting from the Closing Date) shall not exceed 15 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date. The Issuer and NIBC on behalf of the relevant Seller may agree to a higher percentage, subject to the Swap Counterparty Confirmation and the Rating Agency Notification and Trustee Confirmation;
- (f) the aggregate Outstanding Principal Amount of the Interest-only Mortgage Loan as a percentage of the aggregate Principal Amount Outstanding of all Mortgage Loans shall not increase by more than 1.0 per cent. compared to the percentage at Closing as a result of the sale and purchase of Substitute Mortgage Receivables;
- (g) there has been no failure by any of the Sellers to repurchase any Relevant Mortgage Receivable which it is required to repurchase pursuant to Clause 7 of the Mortgage Receivables Purchase Agreement;
- (h) the Substitution Available Amount is sufficient to pay the purchase price for the relevant Substitute Mortgage Receivables;
- (i) the Substitute Mortgage Receivable has not been granted to a self employed, unemployed or retired borrower;
- (j) there is no debit balance on the Principal Deficiency Ledger; and
- (k) the aggregate Realised Losses do not exceed 0.4 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Closing Date;

except that Substitution Condition (c) and (f) will not apply if, as a consequence of the purchase of Substitute Mortgage Receivables, in respect of item (c), the percentage of Mortgage Loans in arrears for a period exceeding 60 days is maintained or lowered and, in respect of item (f), the percentage of interest-only Mortgage Loans will be maintained or decrease.

#### **Set-off by Borrowers**

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



amount actually received by the Issuer in respect of such Mortgage Receivable.

### 13. SUB-PARTICIPATION AGREEMENTS

Under the Sub-Participation Agreements the Issuer will grant to the Savings Participants a sub-participation in the Savings Mortgage Receivables and Switch Mortgage Receivables, provided that this will only apply to a Switch Mortgage Receivables to which a Savings Alternative is connected.

#### Savings Participation

In each of the Sub-Participation Agreements, the relevant Savings Participant will undertake to pay to the Issuer:

- (i) at (a) in respect of Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative, the Closing Date or (b) thereafter in each case of the purchase and assignment of substitute savings mortgage receivables and switch mortgage receivables with a savings alternative by the Issuer on the relevant Monthly Payment Date (the "**Substitute Savings Mortgage Receivables**") or (c) in respect of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or Switch Mortgage Receivables with a Savings Alternative, the next succeeding Mortgage Payment Date, an amount equal to the sum of the Savings Premia received by the Savings Participant with accrued interest up to the Cut-off Date or, respectively, the relevant Monthly Payment Date, the relevant Mortgage Payment Date (the "**Initial Savings Participation**") in relation to each of the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation;
- (ii) on each Mortgage Payment Date an amount equal to the amount received by the Savings Participant as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies or Savings Alternative provided that in respect of each relevant Savings Mortgage Receivable or Switch Mortgage Receivable no amounts will be paid to the extent that, as a result thereof, the Savings Participation in such relevant Mortgage Receivable would exceed the Outstanding Principal Amount of such relevant Mortgage Receivable which is subject to a Savings Participation.

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

$(P/H \times R) + S$ , whereby

- P = the Savings Participation on the first day of the relevant Mortgage Calculation Period in the relevant Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative;
- S = the amount received by the Issuer from the Savings Participant in such Mortgage Calculation Period in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, pursuant to the relevant Sub-Participation Agreement;
- H = the principal sum outstanding on the relevant Savings Mortgage Receivable or Switch Mortgage Receivable with a Savings Alternative, on the first day of the relevant Mortgage Calculation Period;
- R = the amount of interest, due by the Borrower on the relevant Savings Mortgage Receivable and Switch Mortgage Receivables with a Savings Alternative and actually received by the Issuer in such Mortgage Calculation Period.

In consideration for the undertakings of the Savings Participant described above, the Issuer will undertake to pay to such Savings Participant on each Mortgage Payment Date an amount equal to the Savings Participation in each of the Savings Mortgage Receivables and Switch Mortgage Receivables with a Savings Alternative which are subject to a Savings Participation 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 Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation, but excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the relevant Savings Mortgage Receivable or Switch Mortgage Receivable, (ii) in connection with a repurchase of Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale pursuant to the Trust Deed of Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation to the extent such amounts relate to principal and (iv) as Net Proceeds on any Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation to the extent such amounts relate to principal (the "**Participation Redemption Available Amount**").

#### **Reduction of Savings Participation**

If a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of a Savings Mortgage Receivable or Switch Mortgage Receivable, based upon a default in the performance, whether in whole or in part, by the relevant Savings Participant or, for whatever reason, the Savings Participant does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable with the Savings Alternative, the Savings Participation of the Savings Participant in respect of such Savings Mortgage Receivable or Switch Mortgage Receivable with the Savings Alternative, will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Participation Redemption Available Amount shall be adjusted accordingly.

#### **Enforcement Notice**

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

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

#### **Termination**

If one or more of the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation are (i) repurchased by the relevant 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 or (iii) in respect of Switch Mortgage Loans, in case of a Savings Switch, the Savings Participation in such Savings Mortgage Receivables and Switch Mortgage Receivables will terminate and the Participation Redemption Available Amount in respect of the relevant Savings Mortgage Receivables or Switch Mortgage Receivables will be paid by the Issuer to the Savings Participants. If so requested by the relevant Savings Participant, the Issuer will use its best efforts to ensure that the acquirer of the relevant Savings Mortgage Receivables or Switch Mortgage Receivables with a Savings Alternative will enter into a Sub-Participation Agreement with the relevant Savings Participant in a form similar to the Sub-Participation Agreement. Furthermore, the Savings Participation envisaged in the Sub-Participation Agreement shall terminate if at the close of business of any Mortgage Payment Date the Savings Participant has received the Savings Participation in respect of the relevant Savings Mortgage Receivable or Switch Mortgage Receivable.

## 14. SERVICES AGREEMENT AND ADMINISTRATION AGREEMENT

### Services Agreement

In the Services Agreement the MPT Provider will (i) agree to provide management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables resulting from such Mortgage Loans, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto and the implementation of arrears procedures including the enforcement of mortgage rights and any other collateral (see further *Mortgage Loan Underwriting and Servicing Activities* above) and (ii) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law, for submission to the relevant regulatory authorities. The MPT Provider will be obliged to manage the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

The MPT Provider will, in accordance with the terms of the Services Agreement, initially appoint Quion Hypotheekbemiddeling B.V. (in relation to Quion I B.V., Quion III B.V., Quion 14 B.V., Quion 30 B.V.), Quion Hypotheekbegeleiding B.V. together with Quion Services B.V. (in relation to IKS Hypotheken B.V.) and Stater Nederland B.V. (in relation to HypInvest B.V., Seyst Hypotheken B.V., Capitalum Hypotheken B.V., Royal Residentie Hypotheken B.V., Muzen Hypotheken B.V., Nieuwegein Hypotheken B.V., Estate Hypotheken B.V., ATRIOS Hypotheken B.V., Amstelstaete Hypotheken B.V. and Huizen Hypotheken B.V.) as its sub-agent to carry out (part of) the activities described above.

The Services Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the MPT Provider to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the MPT Provider or the MPT Provider being declared bankrupt or granted a suspension of payments or (only in respect of the MPT Provider) the MPT Provider no longer holds a licence as intermediary ("*bemiddelaar*") or offeror of credit ("*aanbieder*") under the Wft. In addition the Services Agreement may be terminated by the MPT Provider upon the expiry of not less than six months' notice, subject to written approval of the Issuer and the Security Trustee, which approval may not be unreasonably withheld and subject to Rating Agency Notification and Trustee Confirmation. A termination of the Services Agreement by either the Issuer and the Security Trustee or the MPT Provider will only become effective if a substitute mortgage payment transactions provider is appointed.

### Administration Agreement

The Issuer Administrator will in the Administration Agreement agree to provide certain administration, calculation and cash management services to the Issuer, including, *inter alia*, (a) the application of amounts received by the Issuer to the Transaction Accounts and the production of monthly reports in relation thereto, (b) procuring that, if required, drawings are made by the Issuer under the Cash Advance Facility Agreement, whether or not from the Cash Advance Facility Stand-by Account (c) procuring that all payments to be made by the Issuer under the Swap Agreement and any of the other Relevant Documents are made, (d) procuring that all payments to be made by the Issuer under the Notes are made in accordance with the Paying Agency Agreement and the Conditions, (e) the maintaining of all required ledgers in connection with the above, (f) all administrative actions in relation thereto, (g) procuring that all calculations to be made pursuant to the Conditions are made and (h) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

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

In the Administration Agreement the Security Trustee and the Issuer will agree to use their reasonable efforts to appoint a back-up issuer administrator within forty (40) business days if at any time the rating of the Issuer Administrator's long-term unsecured, unsubordinated and unguaranteed debt obligations falls below Baa3 by Moody's or such rating is withdrawn. The back-up issuer administrator shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Administration Agreement.

#### **Market Abuse Directive**

The Directive 2003/6/EC of 28 January 2003 on insider dealing and market manipulation (the "**Market Abuse Directive**") and the Dutch legislation implementing this Directive (the Market Abuse Directive and the Dutch implementing legislation together referred to as the "**MAD Regulations**") *inter alia* impose on the Issuer the obligations to disclose inside information and to maintain a list of persons that act on behalf of or for the account of the Issuer and who, on a regular basis, have access to inside information in respect of the Issuer.

The Issuer Administrator has accepted the tasks of maintaining the list of insiders and to organise the assessment and disclosure of inside information, if any, on behalf of the Issuer. The Issuer Administrator shall have the right to consult with the MPT Provider and any legal counsel, accountant, banker, broker, securities company or other company other than the Rating Agencies and the Security Trustee in order to analyse whether the information can be considered to be inside information which must be disclosed in accordance with the MAD Regulations. If disclosure is required, the Issuer Administrator shall procure the publication of such information in accordance with the MAD Regulations. Notwithstanding the delegation of compliance with the MAD Regulations to the Issuer Administrator, the Issuer shall ultimately remain legally responsible and liable for such compliance.

## 15. THE ISSUER

Dutch MBS XVI B.V. (the "**Issuer**") was incorporated with limited liability under the laws of the Netherlands on 21 February 2011. The corporate 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 Frederik Roeskestraat 123, 1076 EE Amsterdam and its telephone number is +31 20 5771 177. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 52095088.

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.

The Issuer has an authorised share capital of EUR 90,000, of which EUR 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Dutch MBS XVI Holding.

Stichting Dutch MBS XVI Holding is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 11 February 2011. The objects of Stichting Dutch MBS XVI Holding are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Dutch MBS XVI Holding is ATC Management B.V.

### **Statement by managing director of the Issuer**

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in this Prospectus nor (ii) prepared any financial statements. There are no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer since May 2010.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Relevant Documents (see further *Terms and Conditions of the Notes* below).

The sole managing director of the Issuer is ATC Management B.V. The managing directors of ATC Management B.V. are R. Arendsen, R. Rosenboom, R. Posthumus, R. Langelaar and A.R. van der Veen. The managing directors of ATC Management B.V. have chosen domicile at the office address of ATC Management B.V., being Frederik Roeskestraat 123, 1076 EE Amsterdam.

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

Each of the Directors of Stichting Dutch MBS XVI Holding and the Issuer has entered into a management agreement with the entity of which it has been appointed managing director. In these management agreements each of the Directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do and refrain from what an adequate managing director should not do, and (ii) refrain from taking any action detrimental to the obligations under any of the Relevant Documents or the then current ratings assigned to the Notes outstanding. In addition each of the Directors agrees in the relevant 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 Rating Agency Notification and Trustee Confirmation.

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

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2011.

### **Capitalisation**

The following table shows the capitalisation of the Issuer as of the Closing Date as adjusted to give effect to the issue of the Notes:

#### **Share Capital**

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

#### **Borrowings**

Class A1 Notes	EUR 221,200,000
Class A2 Notes	EUR 484,400,000
Class B Notes	EUR 11,700,000
Class C Notes	EUR 11,200,000
Class D Notes	EUR 9,200,000
Class E Notes	EUR 12,300,000
Class F Notes	EUR 3,800,000
Initial Savings Participation	EUR 10,205,913

## **16. USE OF PROCEEDS**

The aggregate net proceeds of the Notes to be issued on the Closing Date amount to EUR 753,800,000.

The net proceeds of the issue of the Notes (other than the Class F Notes) will be applied by the Issuer on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement and the net proceeds from the issue of the Class F Notes will be credited to the Reserve Account.



## 17. DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee (the "**Parallel Debt**") an amount equal to the aggregate amount due ("*verschuldigd*") by the Issuer (i) as fees, costs, expenses or other remuneration to the Directors under the Management Agreements, (ii) as fees and expenses to the MPT Provider under the Services Agreement, (iii) as fees and expenses to the Issuer Administrator under the Administration Agreement, (iv) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (v) to the Cash Advance Facility Provider under the Cash Advance Facility Agreement, (vi) to the Swap Counterparty under the Swap Agreement, (vii) to the Noteholders under the Notes, (viii) to each Seller under the Mortgage Receivables Purchase Agreement and (ix) to the Savings Participants under the Sub-Participation Agreements (the parties referred to in items (i) through (ix) together the "**Security Beneficiaries**"). 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 Security Beneficiaries shall be reduced by an amount equal to the amount so received and vice versa.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount, save for amounts due to the Savings Participants in connection with the Savings Participations, among the Security Beneficiaries in accordance with the Priority of Payments upon Enforcement. The amounts due to the Security Beneficiaries, other than the Savings Participants, will, broadly, be equal to amounts recovered ("*verhaald*") by the Security Trustee on (i) the Mortgage Receivables (other than Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation) and other assets pledged to the Security Trustee under the Receivables Pledge Agreement and the Asset Pledge Agreement and (ii) on each of the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation to the extent the amount exceeds the Savings Participation in the relevant Savings Mortgage Receivables and Switch Mortgage Receivables.

The amounts due to the Savings Participants will be equal to the Savings Participation in each of the Savings Mortgage Receivables and Switch Mortgage Receivables which are subject to a Savings Participation or if the amount recovered is less than the Savings Participation in such Savings Mortgage Receivables and Switch Mortgage Receivables the amount equal to the amount actually recovered.

The Issuer will vest a right of pledge (the "**Receivables Pledge Agreement**") in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights on the Closing Date and in respect of any Substitute Mortgage Receivables undertakes to grant a first ranking right of pledge on the relevant Substitute Mortgage Receivables and the Beneficiary Rights relating thereto on the Monthly 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 pledge on the Mortgage Receivables and the Beneficiary Rights relating thereto will not be notified to the Borrowers and the Insurance Companies, respectively, except in the event that certain notification events occur, which are similar to the Assignment Notification Events but relating to the Issuer, including the issuing of an Enforcement Notice by the Security Trustee (the "**Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers or the Insurance Companies, the pledge will be a "silent" right of pledge ("*stil pandrecht*") within the meaning of article 3:239 of the Netherlands Civil Code.

In addition, a right of pledge (the "**Assets Pledge Agreement**", and together with the Receivables Pledge Agreement, the "**Pledge Agreements**") will be vested by the Issuer in favour of the Security Trustee on the Closing Date over all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Cash Advance Facility Agreement, (iii) the Services Agreement, (iv) the Sub-Participation Agreements, (v) the Swap Agreement, and (vi) the GIC and (b) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge ("*openbaar pandrecht*"), but the Security Trustee will grant a power to collect to the Issuer which will be withdrawn upon the occurrence of any of the Pledge Notification Events.

From the occurrence of a Pledge 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 the Borrowers, the Insurance Companies or any other 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 of certain amounts 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 Security Beneficiaries, including each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders but amounts owing to the Class B Noteholders will rank in priority of payment after amounts owing to Class A Noteholders and amounts owing to the Class C Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and the Class B Noteholders and amounts owing to the Class D Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders and amounts owing to the Class E Noteholder will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders and amounts owing to the Class F Noteholders, will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (see *Credit Structure* above). The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes and then to the Class A2 Notes. To the extent that the Redemption Available Amount is insufficient to redeem the Class A1 Notes and/or the Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Class A2 Notes do not therefore purport to provide credit enhancement to the Class A1 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes bearing a greater loss than that borne by the Class A1 Notes.

Pursuant to the collection foundation pledge agreements (including any future collection foundation pledge agreements entered into in replacement of such agreement or, the "**Collection Foundation Pledge Agreements**"), the Collection Foundations shall grant a first right of pledge on the balance standing to the credit of the relevant Collection Foundation Account in favour of the Issuer and the Previous Transaction SPVs jointly, and the Issuer and the Previous Transaction SPVs by way of repledge create a first right of pledge in favour of, *inter alia*, the Security Trustee and the Previous Transaction Security Trustees jointly each subject to the agreement that future issuers (and any security trustees) in securitisations and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by NIBC will also have the benefit of a right of pledge and agree to cooperate to facilitate such security. Such rights of pledge will be notified to the bank where the relevant Collection Foundation Account is maintained.

Since the Previous Transaction Security Trustees (and certain Previous Transaction SPVs, as the case may be) and the Security Trustee have a first right of pledge on the amounts standing to the credit of the Collection Foundation Accounts, 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 will further in the Collection Foundation Account Pledge Agreements agree that the Security Trustee and the Previous Transaction Security Trustees (and certain Previous Transaction SPVs, as the

case may be) 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 will agree in the Collection Foundation Account Pledge Agreements 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 and the amounts collected from the Mortgage Receivables, respectively, and (ii) in case of foreclosure of the right of pledge on the Collection Foundation Accounts 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 the insolvency of the Collection Foundations would not 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.

## 18. THE SECURITY TRUSTEE

Stichting Security Trustee Dutch MBS XVI (the "**Security Trustee**") is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 11 February 2011. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Claude Debussylaan 24, 1082 MD 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 Securitisation Services B.V., having its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. The managing directors of ANT Securitisation Services B.V. are L.J.J.M. Lutz and H.M. van Dijk.

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 Security Beneficiaries 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 the Trust Deed and the articles of incorporation of the Security Trustee. Moreover, each of the Director and the Security Trustee may terminate the appointment as managing director upon giving 90 days' written notice. 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 Security Beneficiaries, other than the Noteholders, and provided that the Security Trustee has notified the Rating Agencies of such event and that the Security Trustee, in its reasonable opinion, does not expect that the then current ratings assigned to the Notes, other than the Class F Notes, will be adversely affected as a consequence thereof.

## 19. TERMS AND CONDITIONS OF THE NOTES

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

The issue of the EUR 221,200,000 Class A1 Mortgage-Backed Notes 2011 due 2043 (the "**Class A1 Notes**"), the EUR 484,400,000 Class A2 Mortgage-Backed Notes 2011 due 2043 (the "**Class A2 Notes**" and together with the Class A1 Notes, the "**Class A Notes**"), the EUR 11,700,000 Class B Mortgage-Backed Notes 2011 due 2043 (the "**Class B Notes**"), the EUR 11,200,000 Class C Mortgage-Backed Notes 2011 due 2043 (the "**Class C Notes**"), the EUR 9,200,000 Class D Mortgage-Backed Notes 2011 due 2043 (the "**Class D Notes**"), the EUR 12,300,000 Class E Mortgage-Backed Notes 2011 due 2043 (the "**Class E Notes**" and together with the Class B Notes, the Class C Notes and the Class D Notes and the Class E Notes, the "**Subordinated Notes**") and the EUR 3,800,000 Class F Notes 2011 due 2043 (the "**Class F Notes**" and together with the Class A Notes and the Subordinated Notes, the "**Notes**") was authorised by a resolution of the managing director of Dutch MBS XVI B.V. (the "**Issuer**") passed on 6 June 2011. The Notes are issued under a trust deed dated 9 June 2011, as amended from time to time (the "**Trust Deed**") between the Issuer, Stichting Security Trustee Dutch MBS XVI (the "**Security Trustee**") and Stichting Dutch MBS XVI Holding.

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 forms of the Notes and the interest coupons appertaining to the Notes (the "**Coupons**"), and the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the "**Paying Agency Agreement**") dated 9 June 2011, between the Issuer, the Security Trustee and NIBC Bank N.V. as paying agent (the "**Paying Agent**") and reference agent (the "**Reference Agent**"), (iii) a services agreement dated 9 June 2011, between, *inter alia*, NIBC Bank N.V., the Issuer and the Security Trustee (the "**Services Agreement**"), (iv) a parallel debt agreement (the "**Parallel Debt Agreement**") dated 9 June 2011 between the Issuer, the Security Trustee and the Security Beneficiaries, (v) a pledge agreement dated 9 June 2011 (the "**Receivables Pledge Agreement**" ) between the Issuer and the Security Trustee, (vi) a pledge agreement dated 9 June 2011 (the "**Assets Pledge Agreement**") between the Issuer, the Security Trustee and others (jointly with the Receivables Pledge Agreement, the "**Pledge Agreements**") and (vii) an interest rate reset agreement dated 9 June 2011 (the "**Interest Rate Reset Agreement**") between the Issuer, the Security Trustee, the Sellers, the MPT Provider and the Swap Counterparty.

Certain words and expressions used below are defined in a master definitions agreement as amended from time to time (the "**Master Definitions Agreement**") dated 8 June 2011 and entered into between the Issuer, the Security Trustee, the Sellers and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the terms or definitions in the Master Definitions Agreement would conflict with terms or definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, "**Class**" means either the Class A Notes (being the Class A1 Notes and the Class A2 Notes jointly), the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as the case may be. The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes and then to the Class A2 Notes. To the extent that the Redemption Available Amount is insufficient to redeem the Class A1 Notes and/or the Class A2 Notes in full when due in accordance with the Conditions for a period of fifteen days or more, this will constitute an Event of Default in accordance with Condition 10(a). The Class A2 Notes do not therefore purport to provide credit enhancement to the Class A1 Notes. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes bearing a greater loss than that borne by the Class A1 Notes.

Copies of the Paying Agency Agreement, the Trust Deed, the Pledge Agreements, and the Master

Definitions Agreement and certain other Relevant Documents (see under General Information) are available for inspection, free of charge, by holders of the Notes (the "**Noteholders**") at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. Any reference to a Relevant Document shall be a reference to such Relevant Document as amended from time to time. 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 Notes will be in bearer form serially numbered with Coupons attached on issue in denominations EUR 100,000 each. Under Netherlands law, the valid transfer of Notes or Coupons requires, *inter alia*, delivery ('*levering*') thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

**2. Status, Relationship between the Class A Notes the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F 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. The Class A Notes comprise of the Class A1 Notes and the Class A2 Notes and the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among all Notes of such Class in respect of the Security and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Class A Notes are applied firstly to the Class A1 Notes and then to the Class A2 Notes.
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes (ii) payments of principal and interest on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B Notes and (iii) payments of principal and interest on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes and the Class C Notes, (iv) payments of principal and interest on the Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and (v) payments of principal and interest on the Class F Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.
- (c) The security for the obligations of the Issuer towards, *inter alia*, the Noteholders (the "**Security**") will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create, *inter alia*, the following security rights:
  - (i) a first ranking pledge by the Issuer to the Security Trustee over the Mortgage Receivables and the rights of such relevant Sellers vis-à-vis the Insurance Companies under the Insurance Policies (the "**Beneficiary Rights**") and all rights ancillary thereto;
  - (ii) a first ranking pledge by the Issuer to the Security Trustee on the Issuer's rights (a) against the Sellers under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the MPT Provider under or in connection with the Services Agreement; (c) against the Issuer Administrator under or in connection with the Administration Agreement; (d) against the GIC Provider under or in connection with the GIC and in respect of the Transaction Accounts, (e) against the Swap Counterparty under or in connection with the Swap Agreement and (f) against the Cash Advance Facility Provider under or in connection with the Cash Advance Facility Agreement.
- (d) The obligations under the Notes are secured (directly and/or indirectly) by the Security. The

obligations under the Class A Notes (being the Class A1 Notes and the Class A2 Notes jointly) will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes; the Class B Notes will rank in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes; the Class C Notes will rank in priority to the Class D Notes, the Class E Notes and the Class F Notes; the Class D Notes will rank in priority to the Class E Notes and the Class F Notes; the Class E Notes will rank in priority to the Class F Notes in the event of the Security being enforced. The Trust Deed contains provisions requiring the Security Trustee to have regard only to the interests of the Security Beneficiaries as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the highest ranking Class of Noteholders and, in case of the Class A Noteholders. In this respect the order of priority is as follows: firstly, the Class A Noteholders, secondly, the Class B Noteholders, thirdly, the Class C Noteholders, fourthly, the Class D Notes, fifthly, the Class E Notes and finally, the Class F Noteholders. In addition, the Security Trustee shall have regard to the interest of the other Security Beneficiaries, provided that in case of a conflict of interest between the Security Beneficiaries the Priority of Payments upon Enforcement set forth in the Trust Deed determines which interest of which Security Beneficiary prevails.

### 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 (i) to the extent permitted by the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, the Deed of Assignment, any Substitute Deeds of Assignment, the Swap Agreement, the GIC, the Cash Advance Facility Agreement, the Services Agreement, the Sub-Participation Agreements, the Pledge Agreements, the Notes Purchase Agreements, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Collection Foundation Agreements, the Interest Rate Reset Agreement and the Trust Deed, (together the "**Relevant Documents**") or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated 8 June 2011, relating to the issue of the Notes and as contemplated in the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness except as contemplated in the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets except as contemplated by the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any person;
- (e) permit the validity or effectiveness of the Relevant Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, 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 except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking; and
- (g) have an interest in any bank account other than the Transaction Accounts unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(ii) or an account to which collateral under the swap agreement is transferred.

### 4. Interest

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

The Notes shall bear interest on their "**Principal Amount Outstanding**" (as defined in Condition 6 (c)) from and including the Closing Date. Each Note (or in the case of the redemption of part only of

a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any 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 Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest Period), such interest shall be calculated on the basis of the actual days elapsed in such period and a 360 day year.

(b) *Interest Periods and Monthly Payment Dates*

Interest on the Notes is payable by reference to successive interest periods. Each successive interest period will commence on (and include) a Monthly Payment Date and end on (but exclude) the next succeeding Monthly Payment Date (each an "**Interest Period**"), except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Monthly Payment Date falling in June 2011.

Interest on each of the Notes shall be payable monthly in arrear in EUR in respect of the Principal Amount Outstanding (as defined in Condition 6(c)) of each Class of Notes on the 25<sup>th</sup> day of each calendar month (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 day) in each year (each such day being a "**Monthly Payment Date**").

A "**Business Day**" means each day on which banks are open for general 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 ("**TARGET 2**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

(c) *Interest up to (and including) the first Optional Redemption Date*

Up to (and including) the first Optional Redemption Date (as defined in Condition 6(c)), interest on the Notes for each Interest Period will accrue from the Closing Date at an annual rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for one month deposits in EUR (determined in accordance with paragraph (e) below) (or, in respect of the first Interest Period, the rate which represents the linear interpolation of Euribor for two (2) and three (3) weeks deposits in EUR, rounded, if necessary, to the 5<sup>th</sup> decimal place with 0.000005, being rounded upwards), plus:

- (i) for the Class A1 Notes, a margin of 1.10 per cent. per annum;
- (ii) for the Class A2 Notes, a margin of 1.65 per cent. per annum;
- (iii) for the Class B Notes, a margin of 2.00 per cent. per annum;
- (iv) for the Class C Notes, a margin of 2.50 per cent. per annum;
- (v) for the Class D Notes, a margin of 3.00 per cent. per annum;
- (vi) for the Class E Notes, a margin of 3.50 per cent. per annum; and
- (vii) for the Class F Notes, a margin of 4.00 per cent. per annum;

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

If on the first Optional Redemption Date (as defined in Condition 6(e)) any Class of Notes (other than the Class F Notes) will not have been redeemed in full, the rate of interest applicable to the relevant Class of Notes will accrue at an annual rate equal to the sum of Euribor for one month deposits, plus:

- (i) for the Class A1 Notes, a margin of 2.20 per cent. per annum;
- (ii) for the Class A2 Notes, a margin of 3.30 per cent. per annum;
- (iii) for the Class B Notes, a margin of 3.00 per cent. per annum;
- (iv) for the Class C Notes, a margin of 3.50 per cent. per annum;



- (v) for the Class D Notes, a margin of 4.00 per cent. per annum;
- (vi) for the Class E Notes, a margin of 4.50 per cent. per annum; and
- (vii) for the Class F Notes, a margin of 4.00 per cent. per annum.

(e) *Euribor*

For the purpose of Conditions 4(c) and (d) 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 one month 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 (Brussels time) on the day that is two Business Days preceding the first day of each Interest Period (each an "**Interest Determination Date**")
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI — The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
  - (A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the "**Euribor Reference Banks**") to provide a quotation for the rate at which one month euro deposits are offered by it in the Euro-zone interbank market at approximately 11.00 am (Brussels time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and
  - (B) 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 Interest Determination Date for one month deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Interest Period shall be the rate per annum equal to Euribor for one month euro deposits as determined in accordance with this paragraph (e), 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes during such Interest Period will be Euribor determined in relation thereto.

(f) *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 Interest Determination Date, determine the rates of interest referred to in paragraphs (c) and (d) (the "**Rates of Interest**") 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 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 (in the absence of manifest error) be final and binding on all parties.

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

The Reference Agent will cause the relevant Rates of Interest and the relevant Interest Amount and the Monthly Payment Date applicable to each relevant Class of the Notes to be notified to the

Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, the holders of such Class of Notes (other than the Class F Notes) and Euronext. The Rates of Interest, Interest Amount and Monthly Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(h) *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 Amounts 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(f) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amounts in accordance with Condition 4(f) above, and each such determination or calculation shall be final and binding on all parties.

(i) *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 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 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 Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as the Reference Agent or if the appointment of the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor reference agent 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 the 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 Agent by transfer to a euro account maintained by the payee with a bank in the Netherlands. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the Final Maturity Date (as defined in Condition 6(a)), or at such earlier date on which 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 unenforceable pursuant to Condition 8).
- (c) If the relevant Monthly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note and Coupon (a "**Local Business Day**") the holder of the Note shall not be entitled to payment until the next following Local Business Day, such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and details of its offices are set out on the last page of the Prospectus.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agents located in the United States of America will be appointed. Notice of any termination or appointment of a Paying Agent will be given to the Noteholders in accordance with Condition 13.

## 6. Redemption

- (a) *Final redemption*

If and to the extent not otherwise redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding, in respect of the Notes, other than the Class A Notes, subject to Condition 9, on the Monthly Payment Date falling in May 2043 (the "**Final Maturity Date**").

(b) *Mandatory redemption*

Provided that no Enforcement Notice has been served in accordance with Condition 10, without prejudice to the obligations in Condition 6(e), the Issuer shall be obliged to apply on the Monthly Payment Date falling in June 2011 and each Monthly Payment Date thereafter the Redemption Available Amount to redeem the Notes, whether in full or in part, at their respective Principal Amount Outstanding, on a *pro rata* basis within each Class in the following order:

- (i) *firstly*, the Class A1 Notes until fully redeemed and, subsequently, the Class A2 Notes until fully redeemed, provided that if the Pro Rata Trigger applies, the Class A1 Notes and the Class A2 Notes pro rata, until fully redeemed; and
- (ii) *secondly*, the Class B Notes until fully redeemed; and
- (iii) *thirdly*, the Class C Notes until fully redeemed; and
- (iv) *fourthly*, the Class D Notes until fully redeemed; and
- (v) *fifthly*, the Class E Notes until fully redeemed.

The principal amount so redeemable in respect of each relevant Note (each a "**Principal Redemption Amount**") in respect of a Note, other than the Class F Notes, on the relevant Monthly Payment Date shall be the aggregate amount (if any) of the Redemption Available Amount on the Monthly Calculation Date relating to that Monthly Payment Date available for a Class of Notes 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"** on any Monthly 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 Monthly Calculation 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 Monthly Calculation Date the sum of the following amounts as being received during (or in respect of) the Mortgage Calculation Period preceding such Monthly Calculation Date:

- (i) as repayment and prepayment of principal under the Mortgage Receivables received by the Issuer on or prior to such Monthly Calculation Date and paid by the Borrower during such Mortgage Calculation Period, including, in respect of principal, any amounts paid on the first, second and third Business Day following such Mortgage Calculation Period (and, for the avoidance of doubt, including in respect of the first Mortgage Calculation Period the amounts received as Pre-Closing Proceeds to the extent relating to principal), but excluding any such amounts received by the Sellers and/or the Collection Foundations during such Mortgage Calculation Period and already included in the Redemption Available Amount calculated on the Monthly Calculation Date immediately preceding such Monthly Calculation Date, excluding prepayment penalties less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable; and
- (ii) as Net Principal Proceeds on any Mortgage Receivable less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable;

- (iii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable;
  - (iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and/or the Trust Deed to the extent such amounts relate to principal but up to the aggregate Outstanding Principal Amount of such Mortgage Receivables less with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable;
  - (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Monthly Payment Date in accordance with the Administration Agreement;
  - (vi) as Savings Participation Increase and as amounts to be received as Initial Savings Participation on the immediately succeeding Monthly Payment Date pursuant to the Sub-Participation Agreements;
  - (vii) any part of the Redemption Available Amount calculated on the immediately preceding Monthly Calculation Date, which has not been applied towards redemption of the Notes on the immediately preceding Monthly Payment Date; and
- less:
- (viii) the Substitution Available Amount, if and to the extent such amount will be actually applied to the purchase of Substitute Mortgage Receivables on the next succeeding Monthly Payment Date;

**"Net Principal Proceeds"** shall mean the Net Proceeds after deduction of the amount to be applied towards interest due and/or accrued due (including penalty interest) under the relevant Mortgage Receivable.

**"Net 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 Mortgage Receivable, (c) the proceeds, if any, of collection of any Life Insurance Policies in connection with the Mortgage Receivable, including but not limited to life insurance and fire insurance, (d) the proceeds of any guarantees or sureties, including resulting from an NHG Guarantee and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of the amount of the foreclosure costs.

**"Monthly Calculation Date"** means the third Business Day prior to each Monthly Payment 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 except for the first Mortgage Calculation Period which will commence on the Closing Date and end on and include the last day of June 2011.

**"Substitution Available Amount"** shall mean the sum of the amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable and Switch Mortgage Receivable which is subject to a Savings Participation, the Savings Participation in such Mortgage Receivable;

The **"Pro Rata Trigger"** applies if an amount is recorded on the Class A Principal Deficiency Ledger.

- (d) *Determination of the Redemption Available Amount, Principal Redemption Amount and Principal*

*Amount Outstanding*

- (i) On each Monthly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Redemption Available Amount, (b) the Class F Redemption Amount, (c) the amount of the Principal Redemption Amount due for the relevant Class of Notes on the Monthly Payment Date and (d) the Principal Amount Outstanding of the relevant Note on the first day following the Monthly Payment Date. Each such determination by or on behalf of the Issuer shall in each case (in the absence of a manifest error) be final and binding on all persons.
- (ii) The Issuer will on each Monthly Calculation Date cause each determination of (a) the Redemption Available Amount, (b) the Class F Redemption Amount, (c) the Principal Redemption Amount due for the relevant Class of Notes on the Monthly Payment Date and (d) the Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear and Clearstream, Luxembourg and to the holders of Notes in accordance with Condition 13. If no Principal Redemption Amount, is due to be made on the Notes on any applicable Monthly 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 any of the amounts set forth in item (i) above, such amount shall be determined by the Security Trustee in accordance with Condition 6(a), (b), (c) and (i) (but based upon the information in its possession as to the relevant amounts 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 a manifest error) be final and binding on all persons.

(e) *Optional Redemption*

Unless previously redeemed in full, the Issuer may, at its option on the Monthly Payment Date falling in May 2016 and on any Monthly Payment Date thereafter (each an "**Optional Redemption Date**") redeem all Notes (but not some only) subject to Condition 9(b), other than the Class F Notes, at their Principal Amount Outstanding.

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 days notice to the Noteholders and the Security Trustee prior to the relevant Monthly Payment Date in accordance with Condition 13.

(f) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Monthly Payment Date, at their Principal Amount Outstanding, subject to Condition 9(b), if, immediately prior to giving such notice, 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 change in, or amendment to, the application of the laws or regulations of the Netherlands or any other jurisdiction or any political subdivision 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 Monthly Calculation Date immediately preceding such Monthly Payment Date to discharge all amounts of principal and interest due in respect of the Notes (other than the Class F 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 shall notify the exercise of such option by giving not more than 60 nor less than 30 days notice to the Noteholders and the Security Trustee prior to the relevant Monthly Payment Date. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding, other than the Class F Notes) are also redeemed in full (subject to Condition 9(b)) at the same time.

(g) *Redemption for regulatory reasons*

The Notes may be redeemed in whole, but not in part, by the Issuer, upon the direction of NIBC Bank N.V., (the sole (indirect) shareholder of the Sellers) on any Monthly Payment Date, at their Principal Amount Outstanding, subject to Condition 9(b), if:

- (a) a change published on or after 9 June 2011 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 (the "**Bank Regulations**") applicable to NIBC Bank N.V. (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 authority) which has the effect of adversely affecting the rate of return on capital of NIBC Bank N.V. or increasing the cost or reducing the benefit to NIBC Bank N.V. with respect to the transaction contemplated by the Notes (a "**Regulatory Change**"); and
- (b) the Issuer will have sufficient funds available on the Monthly Calculation Date immediately preceding such Monthly 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 (other than the Class F Notes) in accordance with the Trust Deed.

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

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding, other than the Class F Notes) are also redeemed in full (subject to Condition 9(b)) at the same time.

(h) *Clean-Up Call Option*

If on any Monthly Payment Date the aggregate Outstanding Principal Amount of the Mortgage Receivables is equal to or less than ten (10) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date, the Issuer has the option (but not the obligation) to redeem all of the Notes (other than the Class F Notes), in whole but not in part at their Principal Amount Outstanding, subject to Condition 9(b). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (other than the Class F Notes) (or such of them as are then outstanding) are also redeemed in full (subject to Condition 9(b)) at the same time.

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

(i) *Mandatory Redemption of Class F Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Class F Redemption Available Amount to redeem (or partially redeem) on a *pro rata* basis the Class F Notes on the Monthly Payment Date falling in June 2011 and each Monthly Payment Date thereafter until fully redeemed. For the purpose of this Condition, "**Class F Redemption Available Amount**" shall mean on the Monthly Calculation Date immediately preceding the relevant Monthly Payment Date until the Class F Notes are redeemed in full, the Interest Available Amount remains after all payments ranking above item (q) in the Interest Priority of Payments have been made in full.

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

Amount Outstanding of such Class F Notes shall be reduced accordingly.

## **7. Taxation**

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to 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 Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F 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 Monthly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class B Notes on the next Monthly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of interest due on such Monthly Payment Date to the holders of the Class B Notes. In the event of a shortfall, the Issuer shall credit the Class B Notes Interest Shortfall Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class B Notes, on any Monthly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the 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 Class B Notes for such period, and a *pro rata* share 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 Class B Note on the next succeeding Monthly Payment Date.

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

In the event that on any Monthly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class D Notes on the next Monthly Payment Date, the amount available (if any) shall be applied to the amount of interest due on such Monthly Payment Date to the holder of the Class D Notes. In the event of a shortfall, the Issuer shall credit the Class D Notes Interest Shortfall Ledger, with an amount equal to the amount

by which the aggregate amount of interest paid on the Class D Notes, on any Monthly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Class D Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Class D Notes for such period, and 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 the Class D Notes on the next succeeding Monthly Payment Date.

In the event that on any Monthly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class E Notes on the next Monthly Payment Date, the amount available (if any) shall be applied to the amount of interest due on such Monthly Payment Date to the holder of the Class E Notes. In the event of a shortfall, the Issuer shall credit the Class E Notes Interest Shortfall Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class E Notes, on any Monthly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Class E 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 Class E Notes for such period, and 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 the Class E Notes on the next succeeding Monthly Payment Date.

In the event that on any Monthly Calculation Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class F Notes on the next Monthly Payment Date, the amount available (if any) shall be applied to the amount of interest due on such Monthly Payment Date to the holder of the Class F Notes. In the event of a shortfall, the Issuer shall credit the Class F Notes Interest Shortfall Ledger, with an amount equal to the amount by which the aggregate amount of interest paid on the Class F Notes, on any Monthly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Class F 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 Class F Notes for such period, and 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 the Class F Notes on the next succeeding Monthly Payment Date.

*(b) Principal*

Until the date on which the Principal Amount Outstanding of all Class A Notes is reduced to zero, the Class B Noteholders will not be entitled to any repayment of principal in respect of the Class B Notes. If, on any Monthly 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 Class B Note on such Monthly Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Shortfall on such Monthly Payment Date. The "**Class B Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class B Principal Deficiency Ledger and the number of Class B Notes outstanding on such Monthly Payment Date. The Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class B Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance 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 Class A Notes and the Class B Notes is reduced to zero, the Class C Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes. If, on any Monthly Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Class C Note on such Monthly Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Shortfall on such Monthly



Payment Date. The "**Class C Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class C Principal Deficiency Ledger and the number of Class C Notes outstanding on such Monthly Payment Date. The Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class C Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance 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 Class A Notes, the Class B Notes and the Class C Notes is reduced to zero, the Class D Noteholder will not be entitled to any repayment of principal in respect of the Class D Notes. If, on any Monthly Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Class D Note on such Monthly Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Shortfall on such Monthly Payment Date. The "**Class D Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class D Principal Deficiency Ledger and the number of Class D Notes outstanding on such Monthly Payment Date. The Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class D Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance 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 Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is reduced to zero, the Class E Noteholder will not be entitled to any repayment of principal in respect of the Class E Notes. If, on any Monthly Payment Date, there is a balance on the Class E Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Class E Note on such Monthly Payment Date shall not exceed its Principal Amount Outstanding less the Class E Principal Shortfall on such Monthly Payment Date. The "**Class E Principal Shortfall**" shall mean an amount equal to the quotient of the balance on the Class E Principal Deficiency Ledger and the number of Class E Notes outstanding on such Monthly Payment Date. The Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class E Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance 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.

The Class F Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class F Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance 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. If, on any date, the Security is to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Class A Notes. If the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes bearing a greater loss than that borne by the Class A1 Notes.

**10. Events of Default**

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

Class C Notes are outstanding, by an Extraordinary Resolution of the Class D Noteholders, or if no Class A Notes, Class B Notes, Class C Notes and Class D Notes are outstanding, by an Extraordinary Resolution of the Class E Noteholders, or if no Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes are outstanding, by an Extraordinary Resolution of the Class F 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 (each an "**Event of Default**"):

- (a) default is made for a period of 7 days in the payment of the principal of, or default is made for a period of 14 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 liquidation 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 (preliminary) suspension of payments ("*voorlopige surseance van betaling*") or for bankruptcy ("*faillissement*") or has been declared bankrupt,

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

## 11. Enforcement

- (a) At any time after the obligations under 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 Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Class A Noteholders or, if all amounts due in respect of the Class A Notes have been fully paid, by an Extraordinary Resolution of the Class B Noteholders or, if all amounts due in respect of the Class B Notes have been fully paid, by an Extraordinary Resolution of the Class C Noteholders or, if all amounts due in respect of the Class C Notes have been fully paid, by an Extraordinary Resolution of the Class D Noteholders or, if all amounts due in respect of the Class D Notes have been fully paid, by an Extraordinary Resolution of the Class E Noteholders or, if all amounts due in respect of the Class E Notes have been fully paid, by an Extraordinary Resolution of the Class F Noteholders and (ii) it shall have been indemnified to its satisfaction.
- (b) Notwithstanding Condition 11 (a) above, if the obligations under the Notes have become due and payable pursuant to Condition 10 otherwise than by reason of a default in payment of any amount

due pursuant to the obligations under the Class A Notes, the Security Trustee will not be entitled to dispose of the assets pledged to it on the basis of the Pledge Agreements, unless either a sufficient amount would be realised to allow discharge in full of, all amounts owing to the Class A Noteholders or if the Security Trustee is of the opinion, reached after considering the advice of a financial adviser selected by the Security Trustee for the purpose of giving such advice, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders in accordance with the Priority of Payments as set out in the Trust Deed.

- (c) The Noteholders may not 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.
- (d) The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one year after the latest maturing Note has been paid in full. The Noteholders accept and agree that, the only remedy against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

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

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

## **13. Notices**

With the exception of the publications of the Reference Agent or Paying Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands, or, if all such newspapers shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes (other than the Class F Notes) are listed on Euronext, any notice will also be made to Euronext. Any such notice shall be deemed to have been given on the first date of such publication.

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

- (a) The Trust Deed contains provisions for convening meetings of the Class A Noteholders, Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change to any of these Conditions or any provisions of the Relevant Documents, provided that no change of certain terms by any of the Noteholders of any Class including the date of maturity of the Notes in the relevant Class, the Monthly Payment Dates 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 and the prior written consent of the Swap Counterparty has been obtained, except that, if the Security Trustee is of the opinion that such a Basic Terms Change is: (i) being proposed by the Issuer as a result of, or in order to avoid, an Event of Default; and (ii) is not materially prejudicial to the Noteholders, no such Extraordinary Resolution of the Noteholders of the relevant Class of Notes is required provided furthermore that (Y) the Swap Counterparty's consent to such Basic Terms Change has been obtained in advance (not to be unreasonably withheld); and (Z) the Rating Agencies are notified thereof in advance.

A meeting as referred to above may be convened by the Noteholders of any Class holding not less than 10 per cent. of the principal amount of the Notes of such Class for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-thirds of the principal amount of the Notes of the relevant Class then outstanding

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 principal amount of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the votes cast at that meeting. If at such meeting the aforesaid quorum is not represented, a second meeting of the 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 may be passed by at least a simple majority of the validly cast votes regardless of the principal amount of the Notes of the relevant Class then represented.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating the maturity of any Class of Notes or any date for payment of interest thereon, or increasing the amount of principal or the rate of interest payable in respect of any Class of Notes shall take effect unless it shall have been sanctioned by an Extraordinary Resolution of the holders of Notes of each of the Classes ranking higher in priority than the relevant Class pursuant to Condition 2(d).

An Extraordinary Resolution of the holders of any Class of Notes shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of Notes of any Class ranking higher in priority than the relevant Class pursuant to Condition 2(d) or it is sanctioned by an Extraordinary Resolution of the holders of Notes of each of the Classes ranking higher in priority than the relevant Class pursuant to Condition 2(d).

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

- (b) The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that the Security Trustee has notified the Rating Agencies. 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. The Security Trustee may not waive, modify or amend, or consent to any waiver, modification or amendment of any Relevant Documents without the prior written consent of the Swap Counterparty such that the Swap Counterparty's position in the priority of payments set forth in the Trust Deed is adversely affected, provided that such consent will not be unreasonably withheld or delayed. The Security Trustee may not waive, modify or amend, or consent to any waiver, modification or amendment that results in changes to the Trust Deed, the Mortgage Receivables Purchase Agreement, the Administration Agreement or the Services Agreement that materially adversely affect the Swap Counterparty's financial position under the Swap Agreement, unless in each case the Swap Counterparty has provided its prior written consent, such consent not to be unreasonably withheld or delayed and it will in any case provide a written response on the substance of the changes within five (5) London business days.
- (c) In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

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

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the Paying Agent upon payment by the claimant of the expenses incurred in connection therewith and on

such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered, in the case of Notes together with all unmatured Coupons appertaining thereto, in the case of Coupons together with the Note and all unmatured Coupons to which they appertain ("*mantel en blad*"), before replacements will be issued.

**16. Governing Law**

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

## 20. THE GLOBAL NOTES

Each Class of Notes shall be initially represented by a temporary global note in bearer form, without coupons (the "**Temporary Global Note**"), (i) in the case of the Class A1 Notes in the principal amount of EUR 221,200,000, (ii) in the case of the Class A2 Notes in the principal amount of EUR 484,400,000, (iii) in the case of the Class B Notes in the principal amount of EUR 11,700,000, (iv) in the case of the Class C Notes in the principal amount of EUR 11,200,000, (v) in the case of the Class D Notes in the principal amount of EUR 9,200,000, (vi) in the case of the Class E Notes in the principal amount of EUR 12,300,000 and (vii) in the case of the Class F Notes in the principal amount of EUR 3,800,000. Each Temporary Global Note will 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 Closing Date. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg, as the case may be, will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-US beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Notes (the "**Exchange Date**") for interests in a permanent global note (each a "**Permanent Global Note**"), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression "**Global Notes**" meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression "**Global Note**" means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with the common safekeeper.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Class A Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

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

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

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

For so long as the Notes of a particular Class are represented by a Global Note, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class of Notes and the expression "**Noteholder**" shall be construed

accordingly, but without prejudice to the entitlement of the bearer of 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 Notes held by them shall be conclusive for all purposes.

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

- (i) Class A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A Notes; and
- (ii) Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A Notes; and
- (iii) Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class B Notes; and
- (iv) Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class C Notes; and
- (v) Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class D Notes; and
- (vi) Class E Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class E Notes; and
- (vii) Class F Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class F Notes,

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

## 21. DUTCH TAXATION

*The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Notes, which term, for the purpose of this summary, includes Coupons, Talons and Receipts. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Notes. Each prospective Note holder should consult a professional adviser with respect to the tax consequences of an investment in the Notes. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.*

*This summary is based on The Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of the Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect. Where in this summary the terms "the Netherlands" and "Dutch" are used, these terms solely refer to the part of the Kingdom of the Netherlands that is situated in Europe.*

*With the exception of paragraph (a), this summary does not address the Netherlands tax consequences of:*

- (a) a Noteholder holding a substantial interest ("aanmerkelijk belang") in the Issuer, within the meaning of Section 4.3 of the Dutch Income Tax Act 2001 ("Wet inkomstenbelasting 2001"). Generally speaking, a Noteholder (including both individuals and entities) holds a substantial interest in the Issuer, if such Noteholder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of five percent or more of the total issued capital of the Issuer or of five percent or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;*
- (b) a Noteholder qualifying as an investment institution ("fiscale beleggingsinstellingen"); and*
- (c) a Noteholder qualifying as a pension fund, exempt investment institution ("vrijgestelde beleggingsinstellingen") or other entity that is exempt from Netherlands corporate income tax.*

*Where in this summary reference is made to a "Noteholder", this includes, without limitation, an individual to whom, or an entity to which, benefits derived from Notes are attributed for Dutch tax purposes.*

### **General**

The Issuer has been advised that under the existing laws of The Netherlands:

- (a) all payments by the Issuer under the Notes can be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein;
- (b) a Noteholder deriving income from a Note or realising a gain on the disposal or redemption of a Note will not be subject to Netherlands taxation on income or capital gains unless:
  - (i) the holder is treated as resident in The Netherlands for the purpose of the relevant provisions; or
  - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on by or for the benefit of the Noteholder through a permanent establishment or a permanent representative in The Netherlands; or
  - (iii) the holder is an individual and such income or gain qualifies as income from miscellaneous activities ("*belastbaar resultaat uit overige werkzaamheden*") in The Netherlands as defined in section 3.4 of the Dutch Income Tax Act 2001;
- (c) Netherlands gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a Noteholder, unless:
  - (i) the Noteholder is, or is deemed to be, a resident of The Netherlands for the purpose of the Netherlands gift and inheritance tax ("*Successiewet 1956*"); or
  - (ii) the transfer is construed as an inheritance or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be, resident in The Netherlands for the purpose of



the relevant provisions;

- (d) there is no Netherlands registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty other than court fees payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes;
- (e) there is no Netherlands value added tax payable in respect of payments in consideration for the issue of a Note or in respect of the payment of interest or principal under the Notes or the transfer of a Note; and
- (f) a holder of a Note will not have a permanent establishment, or be deemed to have a permanent establishment, in The Netherlands by reason only of the holding of a Note or the execution, performance delivery and/or enforcement of a Note.

### **European Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States of the European Union (the Member States and each a Member State) are required, from 1 July 2005, 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. For a transitional period Luxembourg and Austria are instead allowed (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).

Also with effect from 1 July 2005, a number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (either provision of information or transitional withholding a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

## 22. PURCHASE AND SALE

Morgan Stanley & Co. International plc, Deutsche Bank AG, London Branch and NIBC (together, the "**Class A Managers**") have, pursuant to a notes purchase agreement dated 8 June 2011, among the Class A Managers, the Issuer and the Sellers (the "**Class A Notes Purchase Agreement**"), agreed with the Issuer, subject to certain conditions, to purchase the Class A Notes at their respective issue prices. Furthermore, NIBC (together, the "**Class B, C, D, E and F Manager**" and, together with the Class A Managers, the "**Managers**") has, pursuant to a notes purchase agreement dated 8 June 2011, among the Class B, C, D, E and F Manager, the Issuer and the Sellers (the "**Junior Notes Purchase Agreement**"), agreed with the Issuer, subject to certain conditions, to purchase the Notes, other than the Class A Notes, at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the Notes.

### 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**"), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Manager nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the Issuer or any Manager 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.

### United Kingdom

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

### France

Each of the Managers has represented and agreed that this Prospectus or any offering material relating to the Notes have not been and will not be subject to any approval by or registration (visa) with the French *Autorité des Marchés Financiers*. Accordingly, each of the Managers has represented and agreed that it will represent and agree in respect of the Notes that, in connection with its initial distribution, it has not:

- (a) offered, sold or otherwise transferred and will not offer, sell or otherwise transfer directly or indirectly, any Notes to the public in the Republic of France (*offre public*); and
- (b) subject to the provisions set out below, distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France this Prospectus or any other offering material relating to the Notes.

Such offers, sales, distributions and other transfers have been and shall only be made in the Republic of France to (i) qualified investors (*investisseurs qualifiés*) provided that such investors are acting for their own account except as otherwise stated under French laws and regulations and/or to a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account and/or persons providing portfolio management services on a discretionary basis (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), all as defined in and in accordance with articles 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 Monetary and Financial Code and any implementing regulation and/or (ii) to non-resident investors (*investisseurs non-résidents*).

This Prospectus 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 application has been or will be made by any person to obtain an authorization from Commissione Nazionale per le Società e la Borsa ("**CONSOB**") for the public offering (*offerta al pubblico*) of the Notes in the Republic of Italy. Accordingly, each of the Managers represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy any of the Notes nor any copy of this Prospectus or any other offering material relating to the Notes other than:

- (i) to 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. 16850 of 1 April 2009, 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 D.Lgs. no. 58 of 24 February 1998, as amended (the Decree No. 58); or
- (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 No. 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 or any offering material relating to the Notes in the circumstances described in the preceding paragraphs (a) and (b) shall be made:

- (i) only by banks, investment firms (*imprese di investimento*) or financial companies enrolled on the register provided for in art. 106 of Legislative Decree no. 385 of 1 September 1993, as amended (the "**Italian Banking Act**"), in each case to the extent duly authorised to engage in the placement and/or underwriting (*sottoscrizione e/o collocamento*) of financial instruments (*strumenti finanziari*) in Italy in accordance with the Italian Banking Act, the Decree No. 58 and the relevant implementing regulations;
- (ii) only to qualified investors (*investitori qualificati*) as set out above; and
- (iii) in accordance with all applicable Italian laws and regulations, including all relevant Italian securities and tax laws and regulations and any limitations as may be imposed from time to time by CONSOB or the Bank of Italy.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, a U.S. person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until forty (40) days after the later of the commencement of the offering or the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each distributor, dealer 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, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulations under the Securities Act.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with available exemption from registration under the Securities Act.

#### **General**

The distribution of this Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. This Prospectus or any part thereof does not constitute an offer, or an invitation to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The Managers have undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish this Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

#### **Capital Requirements Directive**

NIBC and each of the Sellers undertake that it shall, or undertakes that any entity designated by NIBC as allowed under paragraph 2 of article 122a of the Capital Requirements Directive shall at all times comply with Dutch Regulation Securitisations of 26 October 2010 (*Regeling securitisaties Wft 2010*) implementing, inter alia, Article 122a of the Directives 2006/48/EC and 2006/49/EC (the "**Capital Requirements Directive**"), as amended by Directive 2009/111/EC.

## 23. IMPORTANT INFORMATION AND RESPONSIBILITY STATEMENTS

Only the Issuer is responsible for the information contained in this Prospectus, other than the information for which the Sellers and NIBC are responsible as referred to in the following three paragraphs. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information (except for the information for which the Sellers and NIBC are responsible as referred to in the following paragraphs) contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts such responsibility accordingly. Any information from third-parties contained and specified as such in this Prospectus, except for the information for which the Sellers or NIBC is responsible as referred to in the following paragraphs, has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Sellers are responsible solely for the information contained in the following sections of this Prospectus: *'The Dutch Residential Mortgage Market'*, *'Description of Mortgage Loans'*, *'NHG Guarantee Programme'*, *'Sub MPT Providers'* and *'Mortgage Loan Underwriting and Servicing Activities'*. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Sellers accepts responsibility accordingly. Any information from third-parties contained and specified as such in these sections has been accurately reproduced and as far as the Sellers are aware and are 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 Sellers are not responsible for information contained in any other section, and consequently do not assume any liability in respect of the information contained in any other section.

NIBC is responsible solely for the information contained in the section *'NIBC Bank N.V.'* in this Prospectus. 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 paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. NIBC accepts such responsibility accordingly. NIBC is not responsible for information contained in any other section, and consequently does not assume any liability in respect of the information contained in any other section.

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 Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, each Seller or the Managers.

The distribution of this document and the offering of the 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 fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in the section entitled *Purchase and Sale* above. No one is authorised by the Issuer or each Seller to give any information or to make any representation concerning the issue of the 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 Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this

Prospectus. Neither the Issuer nor any Seller has an obligation to update this Prospectus after the date on which the Notes are issued or admitted to trading.

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

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

## 24. GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 6 June 2011.
2. Application has been made to list the Notes (excluding the Class F Notes) on the Euronext. The estimated expenses relating to the admission to trading of the Notes (excluding the Class F Notes) on the regulated market of Euronext are approximately EUR 4.125.
3. The Class A1 Notes have been accepted for clearance through Euroclear and Clearstream and will bear common code 061930035 and ISIN XS0619300352.
4. The Class A2 Notes have been accepted for clearance through Euroclear and Clearstream and will bear common code 061930213 and ISIN XS0619302135.
5. The Class B Notes have been accepted for clearance through Euroclear and Clearstream and will bear common code 061930388 and ISIN XS0619303885.
6. The Class C Notes have been accepted for clearance through Euroclear and Clearstream and will bear common code 061930540 and ISIN XS0619305401.
7. The Class D Notes have been accepted for clearance through Euroclear and Clearstream and will bear common code 061930680 and ISIN XS0619306805.
8. The Class E Notes have been accepted for clearance through Euroclear and Clearstream and will bear common code 061930884 and ISIN XS0619308843.
9. The Class F Notes have been accepted for clearance through Euroclear and Clearstream and will bear common code 061930990 and ISIN XS0619309908.
10. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 21 February 2011.
11. 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 since May 2010.
12. As long as any of the Notes are outstanding, copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours and will be available either in physical or in electronic form, as the case may be:
  - (i) the Deed of Incorporation of the Issuer, including its Articles of Association;
  - (ii) the Mortgage Receivables Purchase Agreement;
  - (iii) the Deed of Assignment;
  - (iv) the Notes Purchase Agreement;
  - (v) the Paying Agency Agreement;
  - (vi) the Trust Deed;
  - (vii) the Asset Pledge Agreement;
  - (viii) the Receivables Pledge Agreement;
  - (ix) the Services Agreement;
  - (x) the Administration Agreement;
  - (xi) the Swap Agreement;
  - (xii) the Guaranteed Investment Contract;
  - (xiii) the Interest Rate Reset Agreement; and
  - (xiv) the Master Definitions Agreement.
13. A copy of the Prospectus (in print) will be available (free of charge) at the registered office of the

Issuer, the Security Trustee and the Paying Agent.

14. The Issuer has not yet commenced operations and as of the date of this Prospectus no financial statements have been produced. As long as the Notes are listed on Euronext the most recent audited annual financial statements of the Issuer will be made available, free of charge from the specified office of the Security Trustee.
15. US taxes:

The Notes will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in 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 Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
16. The Issuer intends to provide the following post-issuance transaction information on the transaction: (i) a monthly investor report on the performance of the Mortgage Receivables, including the arrears and the losses, and the Notes admitted to trading and (ii) the loan by loan data issued by the Issuer Administrator, can be obtained at: [www.assetbacked.nl](http://www.assetbacked.nl).
17. The accountants at PriceWaterhouseCoopers Accountants N.V. are registered accountants ("*registeraccountants*") and are a member of the Netherlands Institute for Registered Accountants ("*NIVRA*").
18. NIBC is acting solely in its capacity as listing agent for the Issuer in connection with the Notes (excluding the Class F Notes) and is not itself seeking admission of these Notes to the Official List of Euronext or to trading on its regulated market for the purposes of the Prospectus Directive.



## 25. ANNEX

The amortisation profiles are based on, amongst others, the following assumptions:

- (i) no losses having occurred on the Mortgage Loans;
- (ii) exercise of the call option by Issuer on the first Optional Redemption Date; and
- (iii) a Conditional Prepayment Rate ("CPR") of 7 per cent.

### Expected amortisation profile

Balance after payment date in	Size of the A1 Class	Size of the A2 Class	Size of the B Class	Size of the C Class	Size of the D Class	Size of the E Class
Initial	221,200,000	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
May-11	221,200,000	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jun-11	202,696,681	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jul-11	198,140,904	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Aug-11	193,612,811	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Sep-11	189,112,233	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Oct-11	184,639,005	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Nov-11	180,192,961	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Dec-11	175,773,938	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jan-12	171,381,770	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Feb-12	166,890,757	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Mar-12	162,552,574	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Apr-12	158,240,759	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
May-12	153,955,153	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jun-12	149,642,047	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jul-12	145,409,000	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Aug-12	141,201,686	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Sep-12	137,019,949	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Oct-12	132,851,882	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Nov-12	128,642,264	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Dec-12	124,407,753	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jan-13	120,328,282	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Feb-13	116,273,614	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Mar-13	112,227,267	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Apr-13	108,180,856	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
May-13	104,200,924	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jun-13	100,174,279	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jul-13	96,204,208	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Aug-13						

	92,297,185	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Sep-13	88,343,673	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Oct-13	84,406,858	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Nov-13	80,571,926	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Dec-13	76,760,683	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jan-14	72,901,857	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Feb-14	69,137,588	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Mar-14	65,369,136	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Apr-14	61,581,217	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
May-14	57,862,581	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jun-14	54,190,003	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jul-14	50,504,191	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Aug-14	46,876,376	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Sep-14	43,224,861	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Oct-14	39,587,527	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Nov-14	35,929,671	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Dec-14	32,361,648	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jan-15	28,844,538	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Feb-15	25,348,829	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Mar-15	21,854,148	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Apr-15	18,400,976	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
May-15	14,968,818	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jun-15	11,516,754	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Jul-15	8,041,894	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Aug-15	4,634,045	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Sep-15	1,205,135	484,400,000	11,700,000	11,200,000	9,200,000	12,300,000
Oct-15	-	482,228,205	11,700,000	11,200,000	9,200,000	12,300,000
Nov-15	-	478,810,339	11,700,000	11,200,000	9,200,000	12,300,000
Dec-15	-	475,524,503	11,700,000	11,200,000	9,200,000	12,300,000
Jan-16	-	471,994,442	11,700,000	11,200,000	9,200,000	12,300,000
Feb-16	-	468,718,785	11,700,000	11,200,000	9,200,000	12,300,000
Mar-16	-	465,495,291	11,700,000	11,200,000	9,200,000	12,300,000
Apr-16	-	462,291,421	11,700,000	11,200,000	9,200,000	12,300,000
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